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**CITY OF COLLINS, MISSISSIPPI**

**Audited Financial Statements**

**For Year Ended September 30, 2014**

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**NOV 05 2015**

**CHARLES ROBERT PRINCE  
CERTIFIED PUBLIC ACCOUNTANT**

CITY OF COLLINS, MISSISSIPPI

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### INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor V.O. Smith and  
Members of the Board of Aldermen  
City of Collins, Mississippi

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Collins, Mississippi, ("City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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.

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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 and the Budgetary Comparison Schedules and corresponding notes on pages 36 through 39 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

The Schedule of Surety Bonds for City Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated July 31, 2015, on my consideration of the City's, internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



July 31, 2015  
Magee, Mississippi

CITY OF COLLINS, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF COLLINS, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

Within this section of the City of Collins' (City) annual financial report, the management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. The discussion focuses on the City's primary government. To the extent this discussion contains any forward-looking statements of the City's plans, expectations, and prospects, the actual results could differ materially from those discussed herein.

This discussion and analysis is a new element of Required Supplementary Information specified in the *Governmental Accounting Standards Board's* (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented.

**Financial Highlights**

The City's assets exceeded its liabilities by \$16,715,106 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$ 17,277,378.

- Total net position is comprised of the following:
  - (1) Capital assets, net of related debt, of \$11,632,921 included property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Restricted, expendable net position of \$4,029,031 represent the portion restricted for public safety of \$85,253, public works of \$170,160, unemployment compensation of \$ 112,001, water, sewer and electricity of \$ 3,423,422, cable of \$ 78,655, and meter deposits of \$159,540.
  - (3) Unrestricted net position of \$ 1,053,154 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported ending fund balance of \$ 1,272,011 this year. This compares to the prior year ending fund balance of \$ 1,403,636 showing a decrease of \$ 131,625 during the current year. These fund balances include restricted for public safety of \$ 85,253, restricted for public works of \$ 170,160, restricted for unemployment compensation of \$ 112,001, assigned to economic development and assistance of \$ 568,931, and unassigned of \$ 335,666.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$ 380,598 or 15.70% of total General Fund expenditures including transfers and 16.70 % of total General Fund revenues including transfers.
- Total liabilities of the City increased by \$ 316,940 to \$ 1,042,714.

**Overview of the Financial Statements**

Management's Discussion and Analysis introduces the City's financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

## CITY OF COLLINS, MISSISSIPPI

### MANAGEMENT'S DISCUSSION AND ANALYSIS September 30, 2014

#### **Government-wide Financial Statements**

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both the government-wide financial statements distinctively report government activities of the City that are principally supported by taxes and intergovernmental revenue, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, cultural and recreation, and interest on long-term debt. Business-type activities include electrical and water utilities, and television cable system. Fiduciary activities such as employee retirement plans are not included in the government-wide statements since these assets are not available to fund City programs.

The City's financial reporting entity includes only the funds of the City. The City has no component units to be reported on.

#### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objections. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The City has three categories of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same function reported as government activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

CITY OF COLLINS, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2014

Since the government-wide focus includes the long-term view, comparison between these two perspectives may provide insight into long-term impact of short-term financing decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are the utility enterprise fund and the cable fund. These funds essentially encompass the same function reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as electric and water utilities and the television cable system.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

*Notes to the financial statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

*Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* and *Supplemental Information*. *Required Supplementary Information* includes budgetary comparison schedules for the general fund and major special revenue funds. These schedules demonstrate compliance with the City's adopted and final revised budget. *Supplemental Information* includes a schedule of surety bonds for city officials. This information follows the notes to financial statements.

**Financial Analysis of the City as a Whole**

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole.

The City's net position at year-end is \$ 16,715,106. This is a \$ 562,272 decrease over last year's net position of \$ 17,277,378. The following table provides a summary of the City's net position at September 30:

CITY OF COLLINS, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2014

**Summary of Net Position**

	Governmental Activities		Business-type Activities		Total		Amount of Change	% of Change
	2014	2013	2014	2013	2014	2013		
Current and other assets	\$ 2,004,286	2,062,906	3,920,613	4,196,716	5,924,899	6,259,622	(334,723)	(5.3)
Capital assets	7,559,046	7,308,147	4,273,875	4,435,383	11,832,921	11,743,530	89,391	0.8
Total Assets	<u>9,563,332</u>	<u>9,371,053</u>	<u>8,194,488</u>	<u>8,632,099</u>	<u>17,757,820</u>	<u>18,003,152</u>	<u>(245,332)</u>	<u>(1.4)</u>
Other liabilities	783,718	513,458	258,996	212,316	1,042,714	725,774	316,940	43.7
Total Liabilities	783,718	513,458	258,996	212,316	1,042,714	725,774	316,940	43.7
Net position:								
Invested in capital assets, net of related debt	7,359,046	7,308,147	4,273,875	4,435,383	11,632,921	11,743,530	(110,609)	(0.9)
Restricted	367,414	430,210	3,661,617	3,984,400	4,029,031	4,414,610	(385,579)	(8.7)
Unrestricted	1,053,154	1,119,238			1,053,154	1,119,238	(66,084)	(5.9)
Total Net Position	\$ <u>8,779,614</u>	<u>8,857,595</u>	<u>7,935,492</u>	<u>8,419,783</u>	<u>16,715,106</u>	<u>17,277,378</u>	<u>(562,272)</u>	<u>(3.3)</u>

The City reported positive balances in net position for both governmental and business-type activities. Net position decreased by \$77,981 in governmental activities and decreased by \$484,291 in business-type activities. The City's overall financial position did not improve during fiscal year 2014.

The City's governmental activities rely heavily on sales tax. Maintenance of a relatively strong economy has kept sales tax revenues at a reasonably healthy level.

Business-type activities continue to reflect an excess of expenditures over revenues. While revenues have increased, expenses, primarily cost of providing electricity, has caused the expenses to increase at a rate higher than revenue being generated.

CITY OF COLLINS, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2014

The following table provides a summary of the City's changes in net position for the year ended September 30:

**Summary of Changes in Net Position**

	Governmental Activities		Business-type Activities		Total		Amount of Change	% of Change
	2014	2013	2014	2013	2014	2013		
<b>Revenues:</b>								
<b>Program Revenues</b>								
Charges for services	\$ 356,768	304,839	5,488,796	5,105,640	5,845,564	5,410,479	435,085	CHANGES
Operating grants and contributions	16,768	38,717			16,768	38,717	(21,949)	(56.7)
Capital grants and contributions	36,900	94,265		136,679	36,900	230,944	(194,044)	(84.0)
<b>General Revenue</b>								
Sales taxes	1,409,475	1,367,363			1,409,475	1,367,363	42,112	3.1
Property taxes	601,700	596,564			601,700	596,564	5,136	0.9
Franchise fees	15,031	17,054	27,198	90,572	42,229	107,626	(65,397)	(60.8)
Other	153,086	403,060	12,887	22,864	165,973	425,924	(259,951)	(61.0)
<b>Total Revenues</b>	<b>2,589,728</b>	<b>2,821,862</b>	<b>5,528,881</b>	<b>5,355,755</b>	<b>8,118,609</b>	<b>8,177,617</b>	<b>(59,008)</b>	<b>(0.7)</b>
<b>Expenses:</b>								
General government and administration	1,103,871	879,218			1,103,871	879,218	224,653	25.6
Public safety	1,165,693	1,010,244			1,165,693	1,010,244	155,449	15.4
Public works	215,958	497,323			215,958	497,323	(281,365)	(56.6)
Cultural and recreational	182,187	202,764			182,187	202,764	(20,577)	(10.1)
Electricity and water utilities			5,511,579	4,944,992	5,511,579	4,944,992	566,587	11.5
Television and cable system			501,593	463,162	501,593	463,162	38,431	8.3
<b>Total Expenses</b>	<b>2,667,709</b>	<b>2,589,549</b>	<b>6,013,172</b>	<b>5,408,154</b>	<b>8,680,881</b>	<b>7,997,703</b>	<b>683,178</b>	<b>8.5</b>
Increase in net assets before transfers	(77,981)	232,313	(484,291)	(52,399)	(562,272)	179,914	(742,186)	(412.5)
Transfers		611,202		(611,202)				
Changes in net position	(77,981)	843,515	(484,291)	(663,601)	(562,272)	179,914	(742,186)	
Beginning net position	8,857,595	8,014,080	8,419,783	9,083,384	17,277,378	17,097,464	179,914	1.1
<b>Ending net position</b>	<b>\$ 8,779,614</b>	<b>8,857,595</b>	<b>7,935,492</b>	<b>8,419,783</b>	<b>16,715,106</b>	<b>17,277,378</b>	<b>(562,272)</b>	<b>(3.3)</b>

The cost of total governmental activities for the year was \$2,667,709. Of this amount public safety was the largest operating service cost, at 43.7% of total cost of services in 2014, primarily funded by the City's taxing power. Other governmental activities with significant tax-based funding include general government and administration, and public works.

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CITY OF COLLINS, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2014

**Financial Analysis of the City's Funds**

*Governmental Funds*

As discussed, governmental funds are reported in the funds statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. Governmental funds reported ending fund balance of \$1,272,011. Approximately 26.39% of this total amount constitutes an unassigned fund balance of \$335,666, which is available for spending at the City's discretion. Of the remaining fund balance, \$367,414 (28.88%) is restricted for specific purposes and \$568,931 (44.73%) is assigned to specific purposes.

*Major Governmental Funds*

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund decreased by \$162,744.

The Garbage Collection and Disposal Fund had an ending fund balance of \$170,160 which was an increase of \$6,527, mainly because of an increase in revenue.

The Fire Protection Fund had an ending negative fund balance of \$44,932 with the deficit increasing by \$17,341.

*Proprietary Funds*

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

*Major Proprietary Funds*

Major proprietary funds consist of the operations of electric and water utility fund and the television cable system fund. Cost saving efforts and the maintenance of adequate rates both contributed to the overall productivity of these funds. An increase in overall expense is the main reason for the decrease in net position for these funds of \$484,291 for 2014.

**General Fund Budgetary Highlights**

The original adopted General Fund budget for fiscal year 2014 was approximately \$2.489 million. This was a decrease of approximately \$.375 million over the previous year's original budget.

The General Fund adopted budget was amended once during the 2014 fiscal year. This amendment was made to increase anticipated revenue by \$4,295 and anticipated expenditures by \$25,472. The General Fund budget complied with the budgetary process required by the State of Mississippi and maintained core City services.

CITY OF COLLINS, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2014

**Capital Assets**

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2014 was \$7,559,046 and \$4,273,876, respectively. Major capital assets additions during the current fiscal year include Civic Center, street improvements, and fire department building.

**Capital Assets  
Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities		Total		Amount of Change	% of Change
	2014	2013	2014	2013	2014	2013		
Non depreciable assets								
Land	\$ 609,205	612,345	64,400	64,400	673,605	676,745	(3,140)	(0.5)
Construction in progress	36,900	187,762			36,900	187,762	(150,862)	(80.3)
Depreciable assets								
Buildings	2,890,674	2,750,180	45,617	47,062	2,936,291	2,797,242	139,049	5.0
Infrastructure and improvements other than buildings	3,106,449	3,131,666	3,715,180	3,843,284	6,821,629	6,974,950	(153,321)	(2.2)
Furniture, machinery and equipment	915,818	626,194	438,179	469,637	1,353,997	1,095,831	258,166	23.6
Intangible assets			10,500	11,000	10,500	11,000	(500)	(4.5)
Total	<u>\$ 7,559,046</u>	<u>7,308,147</u>	<u>4,273,876</u>	<u>4,435,383</u>	<u>11,832,922</u>	<u>11,743,530</u>	<u>89,392</u>	<u>0.8</u>

**Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finance, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like additional information, contact the City Clerk's office at 300 Main Street, Collins, Mississippi 39428.

CITY OF COLLINS, MISSISSIPPI

BASIC FINANCIAL STATEMENTS

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CITY OF COLLINS, MISSISSIPPI  
Statement of Net Position  
September 30, 2014

Exhibit A

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash	\$ 664,851	379,559	1,044,410
Investments	481,063	2,314,697	2,795,760
Accrued interest receivable	316	2,126	2,442
Property tax receivable	458,359		458,359
Franchise tax receivable	2,107	3,054	5,161
Accounts receivable (net of allowance for uncollectibles of \$375,222)		957,536	957,536
Fines receivable (net of allowance for uncollectibles of \$445,672)	148,557		148,557
Intergovernmental receivables	244,768		244,768
Other receivables	4,265		4,265
Inventories		128,668	128,668
Restricted assets:			
Cash		63,723	63,723
Investments		71,250	71,250
Capital assets:			
Land and construction in progress	646,105	64,400	710,505
Other capital assets, net	6,912,941	4,209,475	11,122,416
Total Assets	<u>9,563,332</u>	<u>8,194,488</u>	<u>17,757,820</u>
<b>LIABILITIES</b>			
Claims payable	127,150	117,394	244,544
Refundable deposits		137,498	137,498
Other payables	679	4,104	4,783
Long-term liabilities:			
Due within one year:			
Capital debt	40,000		40,000
Due in more than one year:			
Capital debt	160,000		160,000
Total Liabilities	<u>327,829</u>	<u>258,996</u>	<u>586,825</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax for future reporting period	455,889		455,889
Total Deferred Inflows of Resources	<u>455,889</u>	<u>0</u>	<u>455,889</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,359,046	4,273,875	11,632,921
Restricted for:			
Expendable:			
Public safety	85,253		85,253
Public works	170,160	3,661,617	3,831,777
Unemployment compensation	112,001		112,001
Unrestricted	1,053,154		1,053,154
Total Net Position	<u>\$ 8,779,614</u>	<u>7,935,492</u>	<u>16,715,106</u>

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

CITY OF COLLINS, MISSISSIPPI  
Statement of Activities  
For the Year Ended September 30, 2014

Exhibit B

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,103,871	166,356			(937,515)		(937,515)
Public safety	1,165,693	77,338			(1,088,355)		(1,088,355)
Public works	215,958	113,074			(102,884)		(102,884)
Culture and recreation	182,187		16,768	36,900	(128,519)		(128,519)
Total Governmental Activities	<u>2,667,709</u>	<u>356,768</u>	<u>16,768</u>	<u>36,900</u>	<u>(2,257,273)</u>	<u>0</u>	<u>(2,257,273)</u>
Business-type activities:							
Water, sewer and electricity	5,511,579	5,045,208				(466,371)	(466,371)
Cable	501,593	443,588			0	(58,005)	(58,005)
Total Business-type Activities	<u>6,013,172</u>	<u>5,488,796</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(524,376)</u>	<u>(524,376)</u>
Total Primary Government	<u>\$ 8,179,278</u>	<u>5,401,976</u>	<u>16,768</u>	<u>36,900</u>	<u>(2,257,273)</u>	<u>(524,376)</u>	<u>(2,781,649)</u>
General revenues, capital contributions and transfers:							
Taxes							
Property taxes					\$ 601,700		601,700
Sales					1,409,475		1,409,475
Other					7,233		7,233
Franchise fees					15,031	27,198	42,229
Rents					121,459		121,459
Unrestricted interest income					4,634	5,983	10,617
Miscellaneous					19,760	6,904	26,664
Total General Revenues and Transfers					<u>2,179,292</u>	<u>40,085</u>	<u>2,219,377</u>
Changes in Net Position					(77,981)	(484,291)	(562,272)
Net Position - Beginning					8,857,595	8,419,783	17,277,378
Net Position - Ending					<u>\$ 8,779,614</u>	<u>7,935,492</u>	<u>16,715,106</u>

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

CITY OF COLLINS, MISSISSIPPI  
 Balance Sheet - Governmental Funds  
 September 30, 2014

Exhibit C

	<u>Major Funds</u>		Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
	General Fund	Garbage Fund			
<b>ASSETS</b>					
Cash	\$ 394,019	174,721		96,111	664,851
Investments	379,976			101,087	481,063
Accrued interest receivable	250			66	316
Property tax receivable	344,174	114,185			458,359
Franchise tax receivable	2,107				2,107
Fines receivable (net of allowance for uncollectibles of \$445,672)	148,557				148,557
Intergovernmental receivables	239,868			4,900	244,768
Due from other funds	14,199				14,199
<b>Total Assets</b>	<b>\$ 1,523,150</b>	<b>288,906</b>	<b>0</b>	<b>202,164</b>	<b>2,014,220</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Claims payable	\$ 82,691	4,561	34,998	4,900	127,150
Other payables	679				679
Due to other funds			9,934		9,934
<b>Total Liabilities</b>	<b>83,370</b>	<b>4,561</b>	<b>44,932</b>	<b>4,900</b>	<b>137,763</b>
<b>Deferred Inflows of Resources</b>					
Property tax for future reporting period	341,704	114,185			455,889
Unavailable revenue - fines	148,557				148,557
<b>Total Deferred Inflows of Resources</b>	<b>490,261</b>	<b>114,185</b>	<b>0</b>	<b>0</b>	<b>604,446</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Public safety				85,253	85,253
Public works		170,160			170,160
Unemployment compensation				112,001	112,001
<b>Assigned for:</b>					
Economic development and assistance	568,921			10	568,931
Unassigned	380,598		(44,932)		335,666
<b>Total Fund Balances</b>	<b>949,519</b>	<b>170,160</b>	<b>(44,932)</b>	<b>197,264</b>	<b>1,272,011</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,523,150</b>	<b>288,906</b>	<b>0</b>	<b>202,164</b>	<b>2,014,220</b>

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

CITY OF COLLINS, MISSISSIPPI  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2014

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 1,272,011
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 \$4,196,959.	7,559,046
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	148,557
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(200,000)</u>
Total Net Position - Governmental Activities	<u>\$ 8,779,614</u>

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

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CITY OF COLLINS, MISSISSIPPI  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2014

Exhibit D

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Garbage Fund	Fire Protection Fund		
<b>REVENUES</b>					
Property taxes	\$ 490,670	111,030			601,700
Sales taxes	1,409,475				1,409,475
Other	10,107				10,107
Franchise fees	15,031				15,031
Licenses, commissions and other revenue	11,221				11,221
Fines and forfeitures	89,624				89,624
Intergovernmental revenues				88,813	88,813
Charges for services	36,114	111,784	6,000		153,898
Interest income	4,145			491	4,636
Rent	121,459				121,459
Miscellaneous revenues	64,216	496	772		65,484
<b>Total Revenues</b>	<b>2,252,062</b>	<b>223,310</b>	<b>6,772</b>	<b>89,304</b>	<b>2,571,448</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	544,821				544,821
Public safety	860,617		300,117	4,959	1,165,693
Public works	190,275	216,783			407,058
Culture and recreation	182,187				182,187
<b>Capital outlay:</b>					
General government	29,021				29,021
Public safety	133,351		70,914	300,000	504,265
Culture and recreation	54,306			36,900	91,206
<b>Total Expenditures</b>	<b>1,994,578</b>	<b>216,783</b>	<b>371,031</b>	<b>341,859</b>	<b>2,924,251</b>
Excess of Revenues over (under) Expenditures	257,484	6,527	(364,259)	(252,555)	(352,803)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term capital debt issued				200,000	200,000
Proceeds from sale of capital assets	9,932		11,246		21,178
Transfers out	(430,160)		335,672	94,488	0
<b>Total Other Financing Sources and Uses</b>	<b>(420,228)</b>	<b>0</b>	<b>346,918</b>	<b>294,488</b>	<b>221,178</b>
Net Changes in Fund Balances	(162,744)	6,527	(17,341)	41,933	(131,625)
Fund Balances - Beginning	1,112,263	163,633	(27,591)	155,331	1,403,636
<b>Fund Balances - Ending</b>	<b>\$ 949,519</b>	<b>170,160</b>	<b>(44,932)</b>	<b>197,264</b>	<b>1,272,011</b>

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

CITY OF COLLINS, MISSISSIPPI  
 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, 2014

Exhibit D-1

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (131,625)
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 \$624,491 exceeded depreciation of \$367,952 in the current period.	256,539
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$15,538 and the proceeds from the sale of \$21,178 in the current period.	(5,640)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	2,745
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Thus the change in net position differs from the change in fund balances by the issuance of debt of \$200,000.	<u>(200,000)</u>
	<u>\$ (77,981)</u>

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

CITY OF COLLINS, MISSISSIPPI  
Statement of Net Position - Proprietary Funds  
September 30, 2014

Exhibit E

	Business-type Activities - Enterprise Funds			Total Proprietary Funds
	Utility Enterprise Fund	Collins Communication Fund	Meter Deposit Fund	
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 346,619	32,940		379,559
Investments	2,152,702		161,995	2,314,697
Accounts receivable (Net of allowance for uncollectibles - Note 5)	921,010	36,526		957,536
Accrued interest receivable	2,056		70	2,126
Franchise fee receivable	3,054			3,054
Inventories	81,233	47,435		128,668
<b>Total Current Assets</b>	<b>3,506,674</b>	<b>116,901</b>	<b>162,065</b>	<b>3,785,640</b>
Noncurrent Assets:				
Restricted assets:				
Cash		275	63,448	63,723
Investments			71,250	71,250
Capital assets:				
Land and construction in progress	64,400			64,400
Other capital assets - net	4,043,478	165,997		4,209,475
<b>Total Noncurrent Assets</b>	<b>4,107,878</b>	<b>166,272</b>	<b>134,698</b>	<b>4,408,848</b>
<b>Total Assets</b>	<b>7,614,552</b>	<b>283,173</b>	<b>296,763</b>	<b>8,194,488</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	82,572	34,822		117,394
Undeliverable funds	680	195		875
Unearned revenue		3,229		3,229
Payable from restricted assets:				
Deposits		275	137,223	137,498
<b>Total Current Liabilities</b>	<b>83,252</b>	<b>38,521</b>	<b>137,223</b>	<b>258,996</b>
<b>Total Liabilities</b>	<b>83,252</b>	<b>38,521</b>	<b>137,223</b>	<b>258,996</b>
<b>NET POSITION</b>				
Invested in capital assets	4,107,878	165,997		4,273,875
Restricted:				
Expendable:				
Water, sewer and electricity	3,423,422			3,423,422
Cable		78,655		78,655
Meter deposits			159,540	159,540
<b>Total Net Position</b>	<b>\$ 7,531,300</b>	<b>244,652</b>	<b>159,540</b>	<b>7,935,492</b>

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

CITY OF COLLINS, MISSISSIPPI  
Statement of Revenues, Expenses and Changes in Fund Net Position -  
Proprietary Fund  
September 30, 2014

Exhibit F

	Business-type Activities - Enterprise Funds			Total Proprietary Funds
	Utility Enterprise Fund	Collins Communication Fund	Meter Deposit Fund	
Operating Revenues:				
Charges for services	\$ 4,952,464	434,859		5,387,323
Late charges and service charges	92,743	8,730		101,473
Franchise fees	27,198			27,198
Miscellaneous	5,093	310		5,403
Total Operating Revenues	<u>5,077,498</u>	<u>443,899</u>	<u>0</u>	<u>5,521,397</u>
Operating Expenses:				
Costs of sales and services	4,928,200	381,817		5,310,017
Administration	293,557	81,509		375,066
Depreciation	239,699	27,129		266,828
Indirect administrative costs	50,123	11,138		61,261
Total Operating Expenses	<u>5,511,579</u>	<u>501,593</u>	<u>0</u>	<u>6,013,172</u>
Net Income/(Loss) From Operations	<u>(434,081)</u>	<u>(57,694)</u>	<u>0</u>	<u>(491,775)</u>
Nonoperating Revenues/(Expenses):				
Investment income	5,630		353	5,983
Sale of fixed assets	1,501			1,501
Net Nonoperating Revenues/(Expenses)	<u>7,131</u>	<u>0</u>	<u>353</u>	<u>7,484</u>
Changes in Net Position	(426,950)	(57,694)	353	(484,291)
Net Position - Beginning	<u>7,958,250</u>	<u>302,346</u>	<u>159,187</u>	<u>8,419,783</u>
Net Position - Ending	<u>\$ 7,531,300</u>	<u>244,652</u>	<u>159,540</u>	<u>7,935,492</u>

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

CITY OF COLLINS, MISSISSIPPI  
Statement of Cash Flows - Proprietary Fund  
September 30, 2014

Exhibit G

	Business-type Activities - Enterprise Funds			Total Proprietary Funds
	Utility Enterprise Fund	Collins Communication Fund	Meter Deposit Fund	
<b>Cash Flows From Operating Activities</b>				
Cash received from customers	\$ 5,061,311	444,685		5,505,996
Other operating cash receipts	37,622			37,622
Cash payments to suppliers for goods and services	(4,612,616)	(400,594)		(5,013,210)
Cash payments to employees for services	(580,630)	(57,248)		(637,878)
Net Cash Provided/(Used) by Operating Activities	<u>(94,313)</u>	<u>(13,157)</u>	<u>0</u>	<u>(107,470)</u>
<b>Cash Flows From Noncapital and Related Financing Activities</b>				
Customer deposits increase			635	635
Net Cash Provided/(Used) by Noncapital and Related Financing Activities	<u>0</u>	<u>0</u>	<u>635</u>	<u>635</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Proceeds from sale of capital assets	1,502			1,502
Acquisition and construction of capital assets	<u>(101,129)</u>	<u>(4,192)</u>		<u>(105,321)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(99,627)</u>	<u>(4,192)</u>	<u>0</u>	<u>(103,819)</u>
<b>Cash Flows From Investing Activities</b>				
Interest on cash and cash equivalents	<u>5,606</u>		<u>349</u>	<u>5,955</u>
Net Cash Provided/(Used) by Investing Activities	<u>5,606</u>	<u>0</u>	<u>349</u>	<u>5,955</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents	 (188,334)	 (17,349)	 984	 (204,699)
Cash and Cash Equivalents at Beginning of Year	<u>534,953</u>	<u>50,564</u>	<u>62,464</u>	<u>647,981</u>
Cash and Cash Equivalents at End of Year	<u>\$ 346,619</u>	<u>33,215</u>	<u>63,448</u>	<u>443,282</u>

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CITY OF COLLINS, MISSISSIPPI  
Statement of Cash Flows - Proprietary Fund - (Continued)  
September 30, 2014

Exhibit G (Continued)

	Business-type Activities - Enterprise Funds			Total Proprietary Funds
	Utility Enterprise Fund	Collins Communication Fund	Meter Deposit Fund	
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities				
Income/(Loss) From Operations	\$ (434,081)	(57,694)	0	(491,775)
Adjustments to reconcile income/(loss) from operations to net cash provided/ (used) by operating activities:				
Depreciation expense	239,699	27,129		266,828
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	30,444	4,575		35,019
(Increase) decrease in taxes receivable	5,331			5,331
(Increase) decrease in inventories	25,646	5,440		31,086
Increase (decrease) in accounts payable	38,648	6,147		44,795
Increase (decrease) in unearned revenues		1,246		1,246
Total Adjustments	<u>339,768</u>	<u>44,537</u>	<u>0</u>	<u>384,305</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u>(94,313)</u>	<u>(13,157)</u>	<u>0</u>	<u>(107,470)</u>

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

CITY OF COLLINS, MISSISSIPPI  
Statement of Fiduciary Assets and Liabilities  
September 30, 2014

Exhibit H

	<u>Agency Funds</u>
ASSETS	
Other receivable	\$ <u>4,265</u>
Total Assets	\$ <u><u>4,265</u></u>
LIABILITIES	
Due to other funds	\$ <u>4,265</u>
Total Liabilities	\$ <u><u>4,265</u></u>

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

CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies.

A. Introduction.

The City of Collins, Mississippi ("City") is incorporated under the laws of the State of Mississippi. The City operates under a Code Charter with a full-time Mayor elected from the City at large and five aldermen, with four aldermen elected from wards and one alderman elected from the City at large. The City's major operations include police and fire protection, parks and recreation, public works and general administrative services. In addition, the City owns and operates a water and sewer system, a cable communication system and an electric utility system.

The accounting and reporting framework and the more significant accounting principles and practices of the City are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanation, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2014.

B. Financial Statements.

*Government-wide Statements:*

Government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the City as a whole, excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and the City's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

*Fund Financial Statements:*

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

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

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements also report using the same focus and basis of accounting although internal activity is not eliminated in the statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. Debt service expenditures are recognized only when payment is due.

Major revenue sources susceptible to accrual include: sales taxes, property taxes, franchise fee, intergovernmental revenue, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods and services and include administrative expenses reclassified as non-operating in the financial statements.

The City reports the following major Governmental Funds:

General Fund - This fund is used to account for all financial resources not reported in other funds.

Garbage Collection/Disposal Fund - This fund is used to account for the garbage and solid waste collection and disposal operations.

Fire Protection Fund - This fund is used to account for the operations related to providing fire protection services to the citizens.

The City reports the following major Proprietary Funds:

Utility Enterprise Fund - This fund is used to account for the operating activities of the City's electricity and water utility services.

Collins Communication Fund - This fund is used to account for the operating activities of the City's television cable services.

Meter Deposit Fund - This fund is used to account for and maintain deposits from users of the City's utility services.

CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

Additionally, the City reports the following fund types:

GOVERNMENTAL FUND TYPE

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

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 - Agency Funds are used to report resources held by the City in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

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. Cash and Investments.

The City maintains and controls cash in each of the funds or fund types operated. Investments are separately held and reflected in respective funds as investments, some of which are restricted funds.

State law authorizes the City to invest in interest bearing time certificates of deposit with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state.

Cash includes cash on hand, demand deposits, and 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). All cash deposits are reported at carrying amount (cost) which reasonably estimates fair market value.

F. Restricted Assets.

Certain resources are classified as restricted because they are set aside for the repayment of deposits for water meters and cable installations.

G. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

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CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

H. 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." 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."

I. Inventories.

Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in/first-out method.

J. 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. The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets which cost \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method and is calculated from the date of acquisition or the date of disposal. When capital assets are disposed of, the cost and applicable depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Interest expenditures are not capitalized on capital assets. Estimated useful lives, in years, for depreciable assets are as follows:

Building	15-40
Infrastructure	10-50
Mobile equipment, furniture, machinery and equipment	5-10
Intangible asset - water rights	40
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.

K. Deferred Inflows of Resources.

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.

Property tax for future reporting period - 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 - 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. This category includes fines assessed but not yet collected.

CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

L. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation 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. The governmental fund financial statements recognize the proceeds of debt as other financing resources of the current period.

M. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt - 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 "invested in capital assets, net of related debt."

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.

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

*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.

*Assigned fund balance* includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Aldermen pursuant to authorization established by Section 21-17-5, Miss. Code Ann. (1972).

*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.

CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

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 City'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 City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

N. Property Tax Revenues.

State statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. 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 Aldermen, 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.

O. 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.

(2) Deposits and Investments.

Deposits:

The carrying amount of the City's total deposits with financial institutions at September 30, 2014, was \$1,108,133, and the bank balance was \$1,426,979. 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 Depository Insurance Corporation.

CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. 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 City.

Investments:

As of September 30, 2014, the City had the following investments in certificates of deposit:

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Certificate of Deposit	Less than 1	\$ <u>2,867,010</u>	Not Rated

**Interest Rate Risk -** The City does not have a formal investment policy that limits investment 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 City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

**Concentration of Credit Risk -** Disclosure of investments by amount and issuer for any issuer that represents five percent or more of the total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2014, the City had no investments other than Certificates of Deposits.

(3) **Interfund Transactions and Balances.**

The following is a summary of interfund balances at September 30, 2014:

A. **Due From/To Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency funds	\$ 4,265
General	Other governmental funds	<u>9,934</u>
Total		\$ <u>14,199</u>

The principal purposes of the interfund loans were to remove deficit cash balances in funds. All interfund balances are expected to be repaid within one year from the date of the financial statements.

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CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Fire Protection	General	\$ 335,672
Other Governmental	General	<u>94,488</u>
Total		<u>\$ 430,160</u>

The principal purpose of interfund transfers was to provide funds for capital outlay and to close an inactive fund. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2014, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
State of Mississippi	\$
Sales tax	239,868
CDBG	4,900
Covington County tax collector	<u>2,470</u>
Total Governmental Activities	<u>\$ 247,238</u>

(5) Accounts Receivable and Uncollectible Accounts.

Business-type Activities:

Significant receivables include amounts due from customers primarily for utility services and television cable services. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. Related amounts are shown in the following table:

	<u>Utility Enterprise Fund</u>	<u>Collins Communications Fund</u>	<u>Total</u>
Accounts receivable	\$ 1,201,647	131,111	1,332,758
Less allowance for uncollectible accounts	<u>(280,637)</u>	<u>(94,585)</u>	<u>(375,222)</u>
Net accounts receivable	<u>\$ 921,010</u>	<u>36,526</u>	<u>957,536</u>
Uncollectible amounts netted with revenues	<u>\$ 280,637</u>	<u>94,585</u>	<u>375,222</u>

CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

(6) Capital Assets.

The following is a summary of capital assets activity:

<b>GOVERNMENTAL ACTIVITIES</b>	Balance <u>Oct. 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	Balance <u>Sept. 30, 2014</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 612,345	2,500	5,640		609,205
Construction in progress	187,762	45,867		(196,729)	36,900
Total non-depreciable capital assets	<u>800,108</u>	<u>48,367</u>	<u>5,640</u>	<u>(196,729)</u>	<u>646,105</u>
<u>Depreciable capital assets:</u>					
Buildings	3,916,610	47,165	27,215	196,729	4,133,289
Infrastructure & improvements other than buildings	3,609,287	51,136			3,660,423
Furniture, machinery & equipment	3,054,775	477,823	216,410		3,316,188
Total depreciable capital assets	<u>10,580,672</u>	<u>576,124</u>	<u>243,625</u>	<u>196,729</u>	<u>11,109,900</u>
<u>Less accumulated depreciation for:</u>					
Buildings	1,166,430	103,400	27,215		1,242,615
Infrastructure & improvements other than buildings	477,621	76,353			553,974
Furniture, machinery & equipment	2,428,581	188,199	216,410		2,400,370
Total accumulated depreciation	<u>4,072,632</u>	<u>367,952</u>	<u>243,625</u>	<u>0</u>	<u>4,196,959</u>
Total depreciable capital assets, net	<u>6,508,040</u>	<u>208,172</u>	<u>0</u>	<u>196,729</u>	<u>6,912,941</u>
Governmental activities capital assets, net	<u>\$ 7,308,147</u>	<u>256,539</u>	<u>5,640</u>	<u>(0)</u>	<u>7,559,046</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 64,400				64,400
Construction in progress	0				0
Total non-depreciable capital assets	<u>64,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>64,400</u>
<u>Depreciable capital assets:</u>					
Buildings	90,189				90,189
Infrastructure & improvements other than buildings	7,961,537	59,682			8,021,219
Furniture, machinery & equipment	1,877,030	45,639	22,797		1,899,871
Intangible asset - water rights	20,000				20,000
Total depreciable capital assets	<u>9,948,755</u>	<u>105,321</u>	<u>22,797</u>	<u>0</u>	<u>10,031,278</u>
<u>Less accumulated depreciation for:</u>					
Buildings	43,127	1,445			44,572
Infrastructure & improvements other than buildings	4,118,255	187,784			4,306,039
Furniture, machinery & equipment	1,407,390	77,099	22,797		1,461,692
Intangible asset - water rights	9,000	500			9,500
Total accumulated depreciation	<u>5,577,772</u>	<u>266,828</u>	<u>22,797</u>	<u>0</u>	<u>5,821,803</u>
Total depreciable capital assets, net	<u>4,370,983</u>	<u>(161,508)</u>	<u>0</u>	<u>0</u>	<u>4,209,476</u>
Business-type activities capital assets, net	<u>\$ 4,435,383</u>	<u>(161,508)</u>	<u>0</u>	<u>0</u>	<u>4,273,876</u>

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CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

Adjustments are to reclassify completed construction in progress projects.

Depreciation expense was charged to the governmental functions, as follows:

General government	\$ 113,593
Public safety:	
Police	58,272
Fire	93,160
Public works	69,092
Parks and recreation	<u>33,835</u>
 Total governmental activities depreciation expense	 \$ <u>367,952</u>

Depreciation expense was charged to the business-type functions, as follows:

Television cable fund	\$ 27,129
Utility enterprise fund	<u>239,699</u>
 Total governmental activities depreciation expense	 \$ <u>266,828</u>

Commitments with respect to unfinished capital projects at September 30, 2014, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Senior Citizen Center	\$ <u>478,800</u>	July, 2015

(7) Restricted Fund Equity.

The government-wide statement of net position reports \$367,414 of restricted net position. Net position restricted by enabling legislation is as follows:

<u>Activity</u>	<u>Restricted By</u>	<u>Amount</u>
Police protection	State statute	\$ 23,211
Fire protection truck	State statute	62,042
Garbage collection and disposal	State statute	170,160
Unemployment compensation	State statute	<u>112,001</u>
 Total		 \$ <u>367,414</u>

(8) Claims and Judgments.

Risk Management.

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

(9) Operating Leases.

As Lessor:

The City receives income from property it leases under noncancellable operating leases. The City leases a warehouse building in the industrial park for a monthly lease of \$6,500 and a medical facility for \$500 per month. Approximately \$337,685 (cost of \$837,799 and accumulated depreciation of \$500,114) of government activities capital assets is held for these leases. Total income from these leases was \$86,600 for the year ended September 30, 2014. The following are the future lease payments to be made to the City on these noncancellable leases. These future payments are from existing leases and do not anticipate renewals or new leases.

<u>Year Ending September 30</u>	<u>Amount</u>
2015	\$ 85,800
2016	<u>85,150</u>
Total	\$ <u>170,950</u>

(10) Long-term Debt.

Debt outstanding as of September 30, 2014, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
Other Loans:			
Equipment Note	\$ <u>200,000</u>	1.499%	3/1/2019
Total Other Loans	\$ <u>200,000</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 40,000	2,998
2016	40,000	2,398
2017	40,000	1,799
2018	40,000	1,199
2019	<u>40,000</u>	<u>600</u>
Total	\$ <u>200,000</u>	<u>8,994</u>

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2014:

	<u>Balance Oct. 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Sept. 30, 2014</u>	<u>Amount due within one year</u>
Governmental Activities:					
Notes Payable	\$ <u>0</u>	<u>200,000</u>	<u>0</u>	<u>200,000</u>	<u>40,000</u>

CITY OF COLLINS, MISSISSIPPI

Notes to the Financial Statements  
For the Year Ended September 30, 2014

(11) Contingencies.

Federal Grants - The City 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 City. Accordingly, no provision for any liability that may result has been recognized in the City's financial statements.

Litigation - The City of Collins, Mississippi is not a defendant in any lawsuits at this time.

(12) Defined Benefit Pension Plan.

Plan Description. The City of Collins, 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. 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, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the city is required to contribute at an actuarially determined rate. The rate at September 30, 2014 was 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 city's contributions (employer share only) to PERS for the years ending September 30, 2014, 2013 and 2012 were \$262,806, \$227,755 and \$200,011, respectively, equal to the required contributions for each year.

(13) Deficit Fund Balances of Individual Funds.

The following fund reported a deficit fund balance at September 30, 2014:

<u>Fund</u>	<u>Deficit Amount</u>
Fire Protection	\$ 44,932

(14) 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 the City evaluated the activity of the City through July 31, 2015, and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

CITY OF COLLINS, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLLINS, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2014

Schedule 1

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 495,415	495,415	493,544	(1,871)
Licenses and permits	15,500	15,500	11,221	(4,279)
Intergovernmental revenues	1,405,000	1,405,000	1,409,475	4,475
Charges for services	40,400	43,400	36,114	(7,286)
Fines and forfeitures	127,500	127,500	89,624	(37,876)
Investment income	4,000	4,000	4,146	146
Rents	125,300	125,615	121,459	(4,156)
Grants			16,768	16,768
Miscellaneous revenues	276,345	277,325	96,412	(180,913)
Total Revenues	<u>2,489,460</u>	<u>2,493,755</u>	<u>2,278,763</u>	<u>(214,992)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Board of aldermen	141,633	151,633	142,724	8,909
City court	129,432	129,406	127,529	1,877
Mayor	113,875	110,899	107,996	2,903
Finance and accounting	191,459	194,689	181,308	13,381
Cemetery	2,500	2,500	2,812	(312)
Public safety:				
Police protection	1,076,900	1,081,095	993,968	87,127
Public works:				
Street maintenance	258,396	253,296	226,548	26,748
City landfill	500	500		500
Culture and recreation:				
Parks and recreation	140,466	140,174	137,898	2,276
Library	15,830	15,830	14,787	1,043
Non-departmental:				
Dog pound	6,625	5,600	1,559	4,041
Mosquito control	22,100	22,100	16,475	5,625
Industrial park			11,473	(11,473)
Old depot	11,580	10,516	8,697	1,819
Civic center	20,870	20,870	15,360	5,510
Millcreek building	700	700		700
Cleaning property		18,530	5,445	13,085
Total Expenditures	<u>2,132,866</u>	<u>2,158,338</u>	<u>1,994,579</u>	<u>163,759</u>
Excess of Revenues over (under) Expenditures	<u>356,594</u>	<u>335,417</u>	<u>284,184</u>	<u>(51,233)</u>
Transfers out	(273,948)	(318,948)	(335,672)	(16,724)
Total Other Financing Sources and Uses	<u>(273,948)</u>	<u>(318,948)</u>	<u>(335,672)</u>	<u>(16,724)</u>
Net Change in Fund Balance	82,646	16,469	(51,488)	(67,957)
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>1,001,007</u>	<u>1,001,007</u>
Fund Balances - Ending	<u>\$ 82,646</u>	<u>16,469</u>	<u>949,519</u>	<u>933,050</u>

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

CITY OF COLLINS, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Garbage Collection/Disposal Fund  
 For the Year Ended September 30, 2014

Schedule 2

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 109,268	109,268	111,030	1,762
Charges for services	113,700	113,700	111,784	(1,916)
Miscellaneous		496	496	0
Total Revenues	<u>222,968</u>	<u>223,464</u>	<u>223,310</u>	<u>(154)</u>
<b>EXPENDITURES</b>				
Current:				
Public works:				
Garbage collection and disposal	<u>218,627</u>	<u>221,038</u>	<u>216,783</u>	<u>4,255</u>
Total Expenditures	<u>218,627</u>	<u>221,038</u>	<u>216,783</u>	<u>4,255</u>
Excess of Revenues over (under) Expenditures	<u>4,341</u>	<u>2,426</u>	<u>6,527</u>	<u>4,101</u>
Net Change in Fund Balance	4,341	2,426	6,527	4,101
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>163,633</u>	<u>163,633</u>
Fund Balances - Ending	<u>\$ 4,341</u>	<u>2,426</u>	<u>170,160</u>	<u>167,734</u>

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

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CITY OF COLLINS, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Fire Protection Fund  
 For the Year Ended September 30, 2014

Schedule 3

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues	\$ 30,308	36,062	6,000	(30,062)
Miscellaneous revenues	55,000	30,000	12,018	(17,982)
Total Revenues	<u>85,308</u>	<u>66,062</u>	<u>18,018</u>	<u>(48,044)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Fire protection	359,256	404,200	371,031	33,169
Total Expenditures	<u>359,256</u>	<u>404,200</u>	<u>371,031</u>	<u>33,169</u>
Excess of Revenues over (under) Expenditures	<u>(273,948)</u>	<u>(338,138)</u>	<u>(353,013)</u>	<u>(14,875)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	273,948	273,948	335,672	61,724
Total Other Financing Sources and Uses	<u>273,948</u>	<u>273,948</u>	<u>335,672</u>	<u>61,724</u>
Net Change in Fund Balance	0	(64,190)	(17,341)	46,849
Fund Balances - Beginning	0	0	(27,591)	(27,591)
Fund Balances - Ending	<u>\$ 0</u>	<u>(64,190)</u>	<u>(44,932)</u>	<u>19,258</u>

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

CITY OF COLLINS, MISSISSIPPI

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2014

A. Budgetary Information.

The City Clerk submits an annual budget to the Board of Aldermen on or before the last Tuesday of August in accordance with the State of Mississippi's statutory requirements. The budget is presented to the Board of Aldermen for review, and public hearings are held to address priorities and the allocation of resources. In September, the Board of Aldermen adopts the annual fiscal year budget for Board of Aldermen operating funds.

B. Basis of Budgeting.

The City'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.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department within a fund as follows: personal services, contracted services, supplies, other services and charges, and capital outlay. Budget revisions are subject to final review by the Board of Aldermen. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. One revision to the budget was made throughout the year.

C. 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 and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

D. 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 net change in fund balance on the budgetary basis schedules to the net change in fund balance on the GAAP basis financial statements for the General Fund and each major special revenue fund:

	Governmental Fund Types		
	General Fund	Garbage Collection/ Disposal Fund	Fire Protection Fund
Budget (Cash Basis)	\$ (51,488)	6,527	(17,341)
Increase (Decrease)			
Net adjustments for revenue accruals	(16,769)		
Net adjustments for expenditure accruals	(94,487)		
GAAP Basis	\$ (162,744)	6,527	(17,341)

CITY OF COLLINS, MISSISSIPPI

OTHER INFORMATION

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CITY OF COLLINS, MISSISSIPPI  
 Schedule of Surety Bonds for City Officials  
 September 30, 2014

1) Company: Brierfield Insurance Company  
 (Southgroup Insurance and Financial Services, LLC)

Limits of liability: Surety bond coverage as follows:

<u>Position</u>	<u>Coverage Amount</u>	<u>Term of Bond</u>
City Alderman (5)	\$50,000	07/01/09 - 07/01/13

2) Company: Brierfield Insurance Company  
 (Southgroup Insurance and Financial Services, LLC)

Limits of liability: Surety bond coverage as follows:

<u>Position</u>	<u>Coverage Amount</u>	<u>Term of Bond</u>
City Alderman (5)	\$50,000	07/01/13 - 07/01/14

3) Company: Western Surety Company  
 (Southgroup Insurance and Financial Services, LLC)

Limits of liability: Position bond coverage as follows:

<u>Position</u>	<u>Coverage Amount</u>	<u>Term of Bond</u>
Mayor	\$50,000	12/01/09 - 12/01/12
Mayor Protem	\$50,000	12/01/09 - 12/01/12
City Clerk	\$50,000	12/01/09 - 12/01/12
Police Chief	\$50,000	12/01/09 - 12/01/12
Court Clerk	\$50,000	12/01/09 - 12/01/12
Clerk/Bookkeeper	\$50,000	12/01/09 - 12/01/12
Clerks (3)	\$50,000	12/01/09 - 12/01/12
Dispatchers (6)	\$50,000	12/01/09 - 12/01/12

4) Company: Western Surety Company  
 (Southgroup Insurance and Financial Services, LLC)

Limits of liability: Position bond coverage as follows:

<u>Position</u>	<u>Coverage Amount</u>	<u>Term of Bond</u>
Mayor	\$50,000	12/01/12 - 12/01/15
Mayor Protem	\$50,000	12/01/12 - 12/01/15
City Clerk	\$50,000	12/01/12 - 12/01/15
Police Chief	\$50,000	12/01/12 - 12/01/15
Court Clerk	\$50,000	12/01/12 - 12/01/15
Clerk/Bookkeeper	\$50,000	12/01/12 - 12/01/15
Clerks (3)	\$50,000	12/01/12 - 12/01/15
Dispatchers (6)	\$50,000	12/01/12 - 12/01/15

CITY OF COLLINS, MISSISSIPPI

SPECIAL REPORTS

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INDEPENDENT AUDITOR'S 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

The Honorable Mayor V.O. Smith and  
Honorable Members of the Board of Aldermen  
City of Collins, Mississippi

I have audited, in accordance with the 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 City of Collins, Mississippi, ("City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued my report thereon dated July 31, 2015.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City'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 City'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.

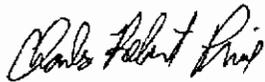
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 City's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



July 31, 2015  
Magee, Mississippi

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

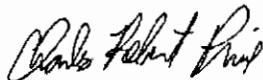
The Honorable Mayor V.O. Smith and  
Honorable Members of the Board of Aldermen  
City of Collins, Mississippi

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Collins, Mississippi, ("City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued my report thereon dated July 31, 2015. I conducted my 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.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of my audit and, accordingly, I do not express such an opinion.

Due to the reduced scope, these compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. The results of my compliance tests and my audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information disclosed no material instance of noncompliance with state laws and regulations.

The purpose of this report is solely to describe the scope of my testing of compliance with certain state laws and regulations and the result of that testing, and not to provide an opinion on 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.



July 31, 2015  
Magee, Mississippi

SCHEDULE OF FINDINGS

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CITY OF COLLINS, MISSISSIPPI  
Schedule of Findings  
For the Year Ended September 30, 2014

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

**Financial Statements:**

- |    |  |            |
|----|--|------------|
| 1. | Type of auditor's report issued on the 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? | No         |
| 3. | Noncompliance material to the financial statements noted?                              | 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*.