

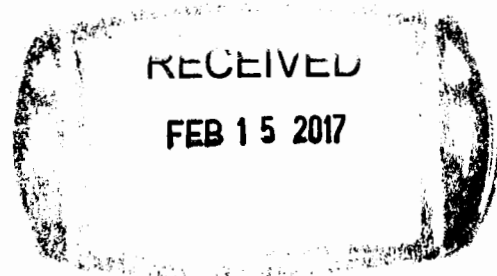


The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

CITY OF COLLINS, MISSISSIPPI

Audited Financial Statements

For Year Ended September 30, 2016



**PRINCE CPA FIRM, PLLC
CERTIFIED PUBLIC ACCOUNTANTS**



CITY OF COLLINS, MISSISSIPPI

Table of Contents

| | PAGE |
|--|------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| BASIC FINANCIAL STATEMENTS | 3 |
| Statement of Activities and Net Position-Cash Basis | 4-5 |
| Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances-Governmental Funds | 6-7 |
| Statement of Cash Basis Assets and Net Position and Cash Receipts, Disbursements and Changes in Cash Basis Net Position-Proprietary Funds | 8 |
| Notes to Financial Statements | 9-14 |
| REQUIRED SUPPLEMENTARY INFORMATION | 15 |
| Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis): | |
| General Fund | 16 |
| Garbage Collection/Disposal Fund | 17 |
| Fire Protection Fund | 18 |
| Notes to the Required Supplementary Information | 19 |
| SUPPLEMENTARY INFORMATION | 20 |
| Schedule of Capital Assets | 21 |
| Schedule of Changes in Long Term Debt | 22 |
| Schedule of Surety Bonds for City Officials | 23 |
| SPECIAL REPORTS | 24 |
| Independent Auditor's Report on Compliance and with State Laws and Regulations | 25 |



PRINCE CPA FIRM, PLLC

**CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND ADVISORS**

Telephone: (601) 849-2544
Fax: (601) 849-5147
Website: www.charlesprincecpa.com

1109 Laurel Drive SE
Post Office Box 353
Magee, Mississippi 39111

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

We have audited the accompanying cash basis 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, 2016, 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

Opinions

In our opinions, 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 City as of September 30, 2016, 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedules and corresponding notes on pages 16 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

The City has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United State 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 of historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Collins, Mississippi's financial statements as a whole. The other supplemental section, which includes the Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for Municipal Officials and Employees, and Schedule of Capital Assets, are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Prina CPA Firm, PLLC

November 28, 2016
Magee, Mississippi

CITY OF COLLINS, MISSISSIPPI

BASIC FINANCIAL STATEMENTS

CITY OF COLLINS, MISSISSIPPI
Statement of Activities and Net Position-Cash Basis
As of and For the Year Ended September 30, 2016

| Functions/Programs | Program Cash Receipts | | | | Net (Disbursements) Receipts and Changes in Net Position | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|--------------------|
| | Cash Disbursements | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 536,141 | 17,307 | | | (518,834) | | (518,834) |
| Public safety | 1,517,500 | 162,806 | 51,907 | | (1,302,787) | | (1,302,787) |
| Public works | 706,839 | 147,169 | | | (559,670) | | (559,670) |
| Health and welfare | 134 | | | | (134) | | (134) |
| Culture and recreation | 221,832 | | | | (221,832) | | (221,832) |
| Economic development and assistance | 46,081 | | | | (46,081) | | (46,081) |
| Debt Service | | | | | 0 | | 0 |
| Principal | 37,556 | | | | (37,556) | | (37,556) |
| Interest | 2,444 | | | | (2,444) | | (2,444) |
| Total Governmental Activities | <u>3,068,527</u> | <u>327,282</u> | <u>51,907</u> | <u>0</u> | <u>(2,689,338)</u> | | <u>(2,689,338)</u> |
| Business-type activities: | | | | | | | |
| Water, sewer and electricity | 5,168,548 | 5,746,893 | | | | 578,345 | 578,345 |
| Cable | 422 | | | | | (422) | (422) |
| | <u>5,168,970</u> | <u>5,746,893</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>577,923</u> | <u>577,923</u> |
| Total Primary Government | <u>\$ 8,237,497</u> | <u>6,074,175</u> | <u>51,907</u> | <u>0</u> | <u>(2,689,338)</u> | <u>577,923</u> | <u>(2,111,415)</u> |
| General Receipts and Transfers: | | | | | | | |
| Taxes | | | | | | | |
| Property taxes | | | | | \$ 601,067 | | 601,067 |
| Sales | | | | | 1,580,011 | | 1,580,011 |
| Franchise fees | | | | | 45,852 | | 45,852 |
| Rents | | | | | 130,718 | | 130,718 |
| Grants and contributions not restricted to specific programs | | | | | 30,204 | | 30,204 |
| Unrestricted interest income | | | | | 2,522 | 4,832 | 7,354 |
| Disposal of capital assets | | | | | 8,200 | | 8,200 |
| Miscellaneous | | | | | 109,799 | | 109,799 |
| Transfers | | | | | 133,205 | (133,205) | 0 |
| Total General Receipts and Transfers | | | | | <u>2,641,578</u> | <u>(128,373)</u> | <u>2,513,205</u> |
| Changes in Net Position | | | | | <u>(47,760)</u> | <u>449,550</u> | <u>401,790</u> |
| Net Position - Beginning | | | | | 1,220,410 | 2,251,650 | 3,472,060 |
| Net Position - Ending | | | | | <u>\$ 1,172,650</u> | <u>2,701,200</u> | <u>3,873,850</u> |

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

CITY OF COLLINS, MISSISSIPPI
Statement of Activities and Net Position-Cash Basis
As of and For the Year Ended September 30, 2016

| Functions/Programs | Program Cash Receipts | | | | Net (Disbursements) Receipts and Changes in Net Position | | |
|-------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|------------------|
| | Cash Disbursements | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government Governmental Activities | Business-type Activities | Total |
| Net Position | | | | | | | |
| Restricted for: | | | | | | | |
| Public safety | | | | | 54,508 | | 54,508 |
| Public works | | | | | 206,236 | 2,701,200 | 2,907,436 |
| Economic Development and assistance | | | | | 500,954 | | 500,954 |
| Unemployment compensation | | | | | 108,419 | | 108,419 |
| Unrestricted | | | | | 302,533 | | 302,533 |
| | | | | | <u>1,172,650</u> | <u>2,701,200</u> | <u>3,873,850</u> |

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

RECEIVED
FEB 15 2017



CITY OF COLLINS, MISSISSIPPI

Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds

As of and For the Year Ended September 30, 2016

| | Major Funds | | | Other | Total |
|--|------------------|----------------|------------------|----------------|------------------|
| | General | Garbage | Fire Protection | Governmental | Governmental |
| | Fund | Fund | Fund | Funds | Funds |
| RECEIPTS | | | | | |
| Property taxes | \$ 487,559 | 113,508 | | | 601,067 |
| Sales Taxes | 1,580,011 | | | | 1,580,011 |
| Franchise Fees | 45,852 | | | | 45,852 |
| Licenses, commissions and other revenue | 17,307 | | | | 17,307 |
| Fines and forfeitures | 156,180 | | | 6,626 | 162,806 |
| Intergovernmental receipts | 35,587 | | 18,132 | 28,392 | 82,111 |
| Charges for services | | 147,169 | | | 147,169 |
| Interest income | 2,167 | 125 | | 230 | 2,522 |
| Rent | 130,718 | | | | 130,718 |
| Miscellaneous receipts | 104,772 | | 5,027 | | 109,799 |
| Total Receipts | <u>2,560,153</u> | <u>260,802</u> | <u>23,159</u> | <u>35,248</u> | <u>2,879,362</u> |
| DISBURSEMENTS | | | | | |
| Current: | | | | | |
| General government | 475,807 | | | 3,886 | 479,693 |
| Public safety | 1,085,939 | | 402,009 | | 1,487,948 |
| Public works | 230,205 | 245,704 | | | 475,909 |
| Health and welfare | 134 | | | | 134 |
| Culture and recreation | 201,744 | | | | 201,744 |
| Economic Development | 6,081 | | | | 6,081 |
| Debt Service | | | | | |
| Principal | | | | 37,556 | 37,556 |
| Interest | | | | 2,444 | 2,444 |
| Capital Outlay | | | | | |
| General Government | 56,448 | | | | 56,448 |
| Public Safety | 13,456 | | 16,096 | | 29,552 |
| Public Works | 230,930 | | | | 230,930 |
| Culture and Recreation | 20,088 | | | | 20,088 |
| Economic development | 40,000 | | | | 40,000 |
| Total Disbursements | <u>2,360,832</u> | <u>245,704</u> | <u>418,105</u> | <u>43,886</u> | <u>3,068,527</u> |
| Excess of Receipts over (under) Disbursements | <u>199,321</u> | <u>15,098</u> | <u>(394,946)</u> | <u>(8,638)</u> | <u>(189,165)</u> |

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

CITY OF COLLINS, MISSISSIPPI

Statement of Cash Basis Assets and Fund Balances and

Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

As of and For the Year Ended September 30, 2016

| | Major Funds | | | Other | Total |
|--|-------------|---------|-----------------|--------------|--------------|
| | General | Garbage | Fire Protection | Governmental | Governmental |
| | Fund | Fund | Fund | Funds | Funds |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from sale of capital assets | | | 8,200 | | 8,200 |
| Transfers in | 133,205 | | | | 133,205 |
| Transfers out | (386,746) | | 386,746 | | 0 |
| Total Other Financing Sources and Uses | (253,541) | 0 | 394,946 | 0 | 141,405 |
| Net Changes in Fund Balances | (54,220) | 15,098 | 0 | (8,638) | (47,760) |
| Fund Balances - Beginning | 857,707 | 191,138 | 0 | 171,565 | 1,220,410 |
| Fund Balances - Ending | \$ 803,487 | 206,236 | 0 | 162,927 | 1,172,650 |
| Fund Balance | | | | | |
| Restricted for: | | | | | |
| Public safety | | | | 54,508 | 54,508 |
| Public works | | 206,236 | | | 206,236 |
| Unemployment compensation | | | | 108,419 | 108,419 |
| Assigned for | | | | | |
| Economic development and assistance | 500,954 | | | | 500,954 |
| Unassigned | 302,533 | | | | 302,533 |
| | 803,487 | 206,236 | 0 | 162,927 | 1,172,650 |

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

CITY OF COLLINS, MISSISSIPPI
Statement of Cash Basis Assets and Net Position and
Cash Receipts, Disbursements and Changes in Cash Basis Net Position-Proprietary Funds
As of and For the Year Ended September 30, 2016

| | Business-type Activities - Enterprise Funds | | | Total |
|---|---|----------------------------------|--------------------------|----------------------|
| | Utility Enterprise Fund | Collins Communication Fund | Meter Deposit Fund | Proprietary Funds |
| Operating Receipts | | | | |
| Charges for services | \$ 5,616,060 | \$ | \$ | \$ 5,616,060 |
| Late charges and service charges | 109,212 | | | 109,212 |
| Miscellaneous | 21,621 | | | 21,621 |
| Total Operating Receipts | <u>\$ 5,746,893</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 5,746,893</u> |
| Operating Disbursements: | | | | |
| Costs of sales and services | \$ 4,701,969 | \$ | \$ | \$ 4,701,969 |
| Administration | 406,266 | 422 | 1,419 | 408,107 |
| Indirect administrative costs | 58,894 | | | 58,894 |
| Total Operating Disbursements | <u>\$ 5,167,129</u> | <u>\$ 422</u> | <u>\$ 1,419</u> | <u>\$ 5,168,970</u> |
| Excess Operating Receipts Over (Under) Operating Disbursements | <u>\$ 579,764</u> | <u>\$ (422)</u> | <u>\$ (1,419)</u> | <u>\$ 577,923</u> |
| Nonoperating Receipts/(Disbursements): | | | | |
| Investment income | \$ 4,439 | \$ | \$ 393 | \$ 4,832 |
| Net Nonoperating Receipts/(Disbursements) | <u>\$ 4,439</u> | <u>\$ 0</u> | <u>\$ 393</u> | <u>\$ 4,832</u> |
| Excess Receipts Over (Under) Disbursements Before Transfers | <u>\$ 584,203</u> | <u>\$ (422)</u> | <u>\$ (1,026)</u> | <u>\$ 582,755</u> |
| Transfers out | <u>(133,205)</u> | <u>0</u> | <u>0</u> | <u>(133,205)</u> |
| Changes in Net Position | <u>\$ 450,998</u> | <u>\$ (422)</u> | <u>\$ (1,026)</u> | <u>\$ 449,550</u> |
| Net Position - Beginning | \$ 1,788,032 | \$ 161,661 | \$ 301,957 | \$ 2,251,650 |
| Net Position - Ending | <u>\$ 2,239,030</u> | <u>\$ 161,239</u> | <u>\$ 300,931</u> | <u>\$ 2,701,200</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, 2016

(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 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.

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, 2016.

B. Financial Statements.

Government-wide Statements:

Government-wide financial statements is the Statement of Activities and Net Position- Cash Basis. 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 receipts, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the disbursements of a given function offset by program receipts 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 disbursements and program receipts associated with a distinct functional activity. Program receipts 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 receipts are subject to externally imposed restrictions to these program uses. Taxes and other receipts sources not properly included with program receipts are reported as general receipts.

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 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 disbursed.

RECEIVED

FEB 15 2017

CITY OF COLLINS, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2016

(1) **Summary of Significant Accounting Policies - Continued**

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 recorded when they are collected and disbursements are recorded when cash is spent.

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 of the City's fire department,

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.

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 receipts sources (other than for major capital projects) that are legally restricted to disbursements 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 disbursements 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 receipts earned, disbursements incurred and/or net income is necessary for management accountability.

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.

CITY OF COLLINS, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2016

(1) **Summary of Significant Accounting Policies - Continued**

E. Cash and Investments.

The City maintains and controls cash in each of the funds or fund type 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.

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Equity Classifications.

Government-wide Financial Statements:

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

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 restricted, 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.

RECEIVED
FEB 15 2017

CITY OF COLLINS, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2016

(1) Summary of Significant Accounting Policies - Continued

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.

I. Property Tax Receipts.

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.

J. Change in Accounting Principle

Prior to October 1, 2015, the City's financial statements were presented using the accrual basis of accounting. For the fiscal year ended September 30, 2016, the basic financial statements are prepared on a cash basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

CITY OF COLLINS, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2016

(2) **Deposits and Investments**

Deposits:

The carrying amount of the City's total deposits with financial institutions at September 30, 2016, was \$1,849,843, and the bank balance was \$2,376,115. 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.

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, 2016, 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>2,024,007</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, 2016, the City had no investments other than Certificates of Deposits.

(3) **Interfund Transactions and Balances**

The following is a summary of transfer balances at September 30, 2016:

A. Transfers In/Out:

| <u>Transfer In</u> | <u>Transfer Out</u> | <u>Amount</u> |
|--------------------|-------------------------|-------------------|
| General | Utility Enterprise Fund | 133,205 |
| Other Governmental | General | 386,746 |
| Total | | \$ <u>519,951</u> |

CITY OF COLLINS, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2016

(3) Interfund Transactions and Balances - Continued

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) 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.

(5) 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.

(6) 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, at 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Membership in PERS is a condition of employment for all eligible employees of the State of Mississippi, public schools, institutions of higher learning, community and junior colleges, and eligible employees of municipalities, counties and other political subdivisions and instrumentalities of municipal and county government that have entered into a Membership Agreement approved by the PERS Board of Trustees (Board).

Funding Policy: PERS members are required to contribute 9% of their annual covered salary and the City of Collins, Mississippi 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 City of Collins, Mississippi's contributions to PERS for the years ended September 30, 2016, 2015 and 2014 were \$287,211, \$280,837, and \$262,806, respectively, which is equal to the required contributions for each year.

(7) 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.

CITY OF COLLINS, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

RECEIVED

FEB 15 2017



CITY OF COLLINS
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2016

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|------------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 507,920 | 487,559 | 487,559 | 0 |
| Sales taxes | 1,500,000 | 1,580,011 | 1,580,011 | 0 |
| Licenses, commissions and other revenue | 1,500 | | | 0 |
| Fines and forfeitures | 128,000 | 156,180 | 156,180 | 0 |
| Intergovernmental revenues | 44,900 | 52,894 | 52,894 | 0 |
| Charges for services | 0 | | | 0 |
| Franchise fees | 65,800 | 45,852 | 45,852 | 0 |
| Rents | 134,800 | 130,718 | 130,718 | 0 |
| | 0 | | | 0 |
| Interest income | 4,000 | 2,167 | 2,167 | 0 |
| Miscellaneous revenues | 83,495 | 104,772 | 104,772 | 0 |
| Total Revenues | <u>2,470,415</u> | <u>2,560,153</u> | <u>2,560,153</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | | | | 0 |
| Board of Alderman | 145,017 | 145,307 | 145,307 | 0 |
| City Court | 110,260 | 109,399 | 109,399 | 0 |
| Mayor | 85,250 | 65,021 | 65,021 | 0 |
| Finance and accounting | 213,209 | 202,609 | 202,609 | 0 |
| Cemetery | 12,000 | 9,929 | 9,929 | 0 |
| Public Safety | 0 | | | 0 |
| Police Protection | 1,082,613 | 1,093,912 | 1,093,912 | 0 |
| Public works | 0 | | | 0 |
| Street maintenance | 204,665 | 439,004 | 439,004 | 0 |
| Landfill | 500 | | | 0 |
| Culture and Recreation | | | | 0 |
| Parks and recreation | 152,891 | 159,592 | 159,592 | 0 |
| Library | 14,416 | 13,281 | 13,281 | 0 |
| Non departmental | 0 | | | 0 |
| Dog Pound | 5,100 | 5,483 | 5,483 | 0 |
| Mosquito Control | 22,000 | 22,131 | 22,131 | 0 |
| Industrial Park | 5,581 | 46,081 | 46,081 | 0 |
| Old Depot | 11,062 | 11,928 | 11,928 | 0 |
| Civic Center | 20,898 | 20,945 | 20,945 | 0 |
| Millcreek Building | 700 | 134 | 134 | 0 |
| Cleaning property | 10,000 | | | 0 |
| Senior citizens center | 10,000 | 16,086 | 16,086 | 0 |
| Total Expenditures | <u>2,106,162</u> | <u>2,360,842</u> | <u>2,360,842</u> | <u>0</u> |
| Excess of Revenues over (under) Expenditures | <u>364,253</u> | <u>199,311</u> | <u>199,311</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | 103,000 | | | 0 |
| Transfers in | | 133,205 | 133,205 | 0 |
| Transfers out | (381,472) | (386,746) | (386,746) | 0 |
| Total Other Financing Sources and Uses | <u>(278,472)</u> | <u>(253,541)</u> | <u>(253,541)</u> | <u>0</u> |
| Net Change in Fund Balance | 85,781 | (54,230) | (54,230) | 0 |
| Fund Balances - Beginning | | | 857,717 | 857,717 |
| Fund Balances - Ending | <u>\$ 85,781</u> | <u>(54,230)</u> | <u>803,487</u> | <u>857,717</u> |

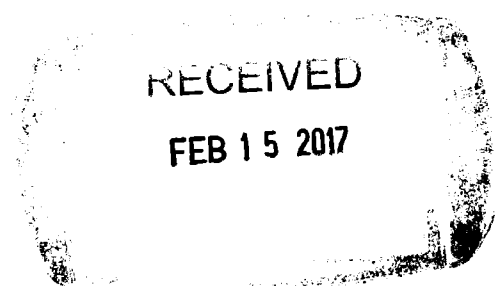
The accompanying notes to the Required Supplementary Information are an integral part of this statement.



CITY OF COLLINS
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Garbage Fund
 For the Year Ended September 30, 2016

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 117,524 | 113,508 | 113,508 | 0 |
| Charges for services | 139,800 | 147,169 | 147,169 | 0 |
| Interest income | | 125 | 125 | 0 |
| Total Revenues | <u>257,324</u> | <u>260,802</u> | <u>260,802</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | | | | 0 |
| Garbage collection/disposal | 242,643 | 245,704 | 245,704 | 0 |
| Total Expenditures | <u>242,643</u> | <u>245,704</u> | <u>245,704</u> | <u>0</u> |
| Excess of Revenues over (under) Expenditures | <u>14,681</u> | <u>15,098</u> | <u>15,098</u> | <u>0</u> |
| Net Change in Fund Balance | 14,681 | 15,098 | 15,098 | 0 |
| Fund Balances - Beginning | | | 191,138 | 191,138 |
| Fund Balances - Ending | <u>\$ 14,681</u> | <u>15,098</u> | <u>206,236</u> | <u>191,138</u> |

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





CITY OF COLLINS
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Fire Protection Fund
 For the Year Ended September 30, 2016

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|------------------|--------------------------------|---|
| REVENUES | | | | |
| Intergovernmental revenues | \$ 3,000 | \$ 18,132 | \$ 18,132 | \$ 0 |
| Miscellaneous revenues | 500 | 5,027 | 5,027 | 0 |
| Total Revenues | <u>3,500</u> | <u>23,159</u> | <u>23,159</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | | | | 0 |
| Fire Protection | 394,972 | 418,105 | 418,105 | 0 |
| Total Expenditures | <u>394,972</u> | <u>418,105</u> | <u>418,105</u> | <u>0</u> |
| Excess of Revenues over (under) Expenditures | <u>(391,472)</u> | <u>(394,946)</u> | <u>(394,946)</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | 10,000 | 8,200 | 8,200 | 0 |
| Transfers in | 381,472 | 386,746 | 386,746 | 0 |
| Total Other Financing Sources and Uses | <u>391,472</u> | <u>394,946</u> | <u>394,946</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 0 | 0 | 0 |
| Fund Balances - Beginning | | | | 0 |
| Fund Balances - Ending | <u>\$ 0</u> | <u>0</u> | <u>0</u> | <u>0</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, 2016

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. Receipts 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.

CITY OF COLLINS, MISSISSIPPI

SUPPLEMENTARY INFORMATION

RECEIVED
FEB 15 2017

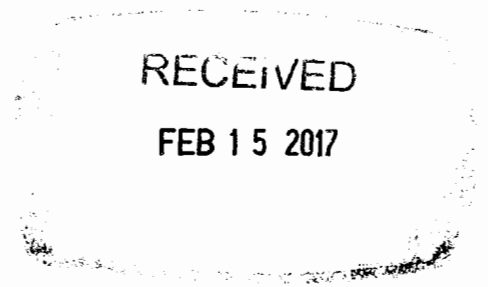
City of Collins
Schedule of Capital Assets
For the Fiscal Year Ended September 30, 2016

| | Balance Oct. 1, 2015 | Additions | Deletions | Adjustments | Balance Sept. 30, 2016 |
|--|-------------------------|-----------|-----------|-------------|---------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| <u>Non-depreciable capital assets:</u> | | | | | |
| Land | 605,345 | 70,000 | | | 675,345 |
| Construction in progress | 0 | | | | 0 |
| Total non-depreciable capital assets | 605,345 | 70,000 | 0 | 0 | 675,345 |
| <u>Depreciable capital assets:</u> | | | | | |
| Buildings | 4,766,648 | | | | 4,766,648 |
| Infrastructure & Improvements | | | | | |
| Other than Buildings | 3,940,063 | 215,218 | 150,000 | | 4,005,281 |
| Furniture, Machinery & Equipment | 3,292,387 | 91,800 | | | 3,384,187 |
| Total depreciable capital assets | 11,999,098 | 307,018 | 150,000 | 0 | 12,156,116 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| <u>Non-depreciable capital assets:</u> | | | | | |
| Land | 64,400 | | | | 64,400 |
| Construction in progress | 0 | | | | 0 |
| Total non-depreciable capital assets | 64,400 | 0 | 0 | 0 | 64,400 |
| <u>Depreciable capital assets:</u> | | | | | |
| Buildings | 90,189 | | | | 90,189 |
| Infrastructure & Improvements | | | | | |
| Other than Buildings | 8,062,090 | 157,492 | | | 8,219,582 |
| Furniture, Machinery & Equipment | 1,517,405 | 2,475 | | | 1,519,880 |
| Intangible asset - Water rights | 20,000 | | | | 20,000 |
| Total depreciable capital assets | 9,689,684 | 159,967 | 0 | 0 | 9,849,651 |



CITY OF COLLINS
Schedule of Changes in Long Term Debt
For the Year Ended September 30, 2016

| <u>Description</u> | <u>Outstanding Balance 10/1/2015</u> | <u>Issued</u> | <u>Paid</u> | <u>Outstanding Balance 9/30/2016</u> |
|--------------------|--|---------------|---------------|--|
| Loan: | | | | |
| Fire Truck | <u>163,023</u> | | <u>37,556</u> | <u>125,467</u> |





CITY OF COLLINS, MISSISSIPPI
Schedule of Surety Bonds for City Officials
September 30, 2016

1) Company: FCCI Insurance Group
(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 | 07/01/15 - 07/01/17 |

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

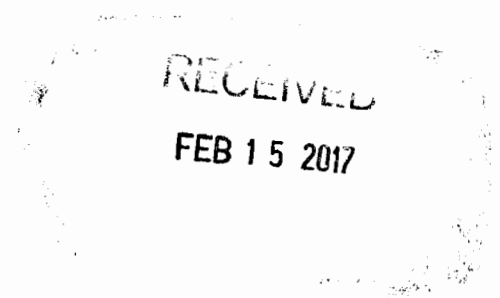
Limits of liability: Position bond coverage as follows:

| <u>Position</u> | <u>Coverage Amount</u> | <u>Term of Bond</u> |
|------------------|------------------------|---------------------|
| Mayor | \$50,000 | 12/01/15 - 12/01/16 |
| Mayor Protem | \$50,000 | 12/01/15 - 12/01/16 |
| City Clerk | \$50,000 | 12/01/15 - 12/01/16 |
| Police Chief | \$50,000 | 12/01/15 - 12/01/16 |
| Court Clerk | \$50,000 | 12/01/15 - 12/01/16 |
| Clerk/Bookkeeper | \$50,000 | 12/01/15 - 12/01/16 |
| Clerks (3) | \$50,000 | 12/01/15 - 12/01/16 |
| Dispatchers (6) | \$50,000 | 12/01/15 - 12/01/16 |



CITY OF COLLINS, MISSISSIPPI

SPECIAL REPORTS





PRINCE CPA FIRM, PLLC

**CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND ADVISORS**

Telephone: (601) 849-2544
Fax: (601) 849-5147
Website: www.charlesprincecpa.com

1109 Laurel Drive SE
Post Office Box 353
Magee, Mississippi 39111

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

We have audited the cash basis 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 28, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we 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 our compliance tests and our 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 our 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.

Prince CPA Firm, PLLC

November 28, 2016
Magee, Mississippi

