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**CITY OF COLLINS, MISSISSIPPI**

**Audited Financial Statements**

**For Year Ended September 30, 2019**

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

# CITY OF COLLINS, MISSISSIPPI

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### INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Hope Jones 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, 2019, 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, 2019, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

## **Other Matters**

### *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 supplemental section, which includes Budgetary Comparison Schedules and other information section, which include 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. This information has not been subjected to the auditing procedures applies in the basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **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 Reporting Requirements required by the Office of State Auditor**

In accordance with requirements set forth by the Office of State Auditor of Mississippi, we have issued out report dated December 31, 2019, on our consideration of the City of Collins, Mississippi's compliance with state laws and regulations. The purpose of this report is to describe the scope of our testing of compliance with certain laws and regulations and the result of that testing, and not provide an opinion on compliance.

*Pring CPA Firm, PLLC*

December 31, 2019  
Magee, Mississippi

CITY OF COLLINS, MISSISSIPPI

BASIC FINANCIAL STATEMENTS

CITY OF COLLINS, MISSISSIPPI  
Statement of Net Position-Cash Basis  
September 30, 2019

Exhibit 1

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-</u>	
<b>ASSETS</b>	<u>Activities</u>	<u>type</u>	<u>Total</u>
		<u>Activities</u>	
Cash and Cash Equivalents	\$ 946,377		946,377
Restricted and Assigned Cash	<u>681,776</u>	<u>4,157,350</u>	<u>4,839,126</u>
Total Assets	\$ <u>1,628,153</u>	<u>4,157,350</u>	<u>5,785,503</u>
<b>NET POSITION</b>			
Restricted for:			
Public safety	\$ 48,950		48,950
Public works	150,742	4,157,350	4,308,092
Unemployment compensation	102,098		102,098
Assigned for:			
Economic Development and assistance	630,676		630,676
Unrestricted	<u>695,687</u>		<u>695,687</u>
Total Net Position	\$ <u>1,628,153</u>	<u>4,157,350</u>	<u>5,785,503</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, 2019

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Disbursements	Cash Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$	641,332	201,108		(440,224)		(440,224)
Public safety		2,498,370	30,444	875,000	(1,592,926)		(1,592,926)
Public works		483,766	148,086		(335,680)		(335,680)
Health and welfare					0		0
Culture and recreation		250,169			(250,169)		(250,169)
Economic development and assistance		8,276			(8,276)		(8,276)
Debt Service							
Principal		40,000			(40,000)		(40,000)
Interest		599			(599)		(599)
Total Governmental Activities		3,922,512	349,194	30,444	(2,667,874)		(2,667,874)
Business-type activities:							
Water, sewer and electricity		5,894,282	6,007,610	392,599		505,927	505,927
		5,894,282	6,007,610	392,599		505,927	505,927
Total Primary Government	\$	9,816,794	6,356,804	30,444	(2,667,874)	505,927	(2,161,947)

CITY OF COLLINS, MISSISSIPPI  
Statement of Activities and Net Position-Cash Basis  
As of and For the Year Ended September 30, 2019

Exhibit 2  
Continued

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Disbursements	Cash Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
General Receipts and Transfers:							
Taxes					\$	785,853	785,853
Property taxes						1,733,743	1,733,743
Sales						44,934	44,934
Franchise fees						138,090	138,090
Rents						30,380	30,380
Grants and contributions not restricted to specific programs						21,732	27,095
Unrestricted interest income						75,000	75,000
Sale of capital assets						120,493	123,192
Miscellaneous							243,685
Total General Receipts and Transfers						2,950,225	3,100,512
Changes in Net Position						282,351	938,565
Net Position - Beginning						1,345,802	4,846,938
Net Position - Ending					\$	1,628,153	5,785,503

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  
Governmental Funds  
As of and For the Year Ended September 30,  
2019

Exhibit 3

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash equivalents	\$ 946,377			946,377
Restricted and Assigned cash	<u>379,976</u>		<u>301,800</u>	<u>681,776</u>
Total Cash Basis Assets	\$ <u>1,326,353</u>	<u>0</u>	<u>301,800</u>	<u>1,628,153</u>
<b>FUND BALANCES</b>				
Restricted for:				
Public safety			48,950	48,950
Public works			150,742	150,742
Unemployment compensation			102,098	102,098
Assigned for				
Economic development and assistance	630,666		10	630,676
Unassigned	<u>695,687</u>			<u>695,687</u>
	\$ <u>1,326,353</u>	<u>0</u>	<u>301,800</u>	<u>1,628,153</u>

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

## CITY OF COLLINS, MISSISSIPPI

Exhibit 4

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, 2019

	Major Funds		Other	Total
	General Fund	Fire Protection Fund	Governmental Funds	Governmental Funds
RECEIPTS				
Property taxes	\$ 679,054		106,799	785,853
Sales Taxes	1,733,743			1,733,743
Franchise Fees	44,934			44,934
Licenses, commissions and other revenue	28,773			28,773
Fines and forfeitures	172,335			172,335
Intergovernmental receipts	30,380	878,000	27,444	935,824
Charges for services			148,086	148,086
Interest income	19,944		1,788	21,732
Rent	138,090			138,090
Miscellaneous receipts	71,119	42,199	7,175	120,493
Total Receipts	2,918,372	920,199	291,292	4,129,863
DISBURSEMENTS				
Current:				
General government	624,621		2,634	627,255
Public safety	1,120,849	322,235	2,376	1,445,460
Public works	188,213		253,830	442,043
Culture and recreation	234,740			234,740
Economic Development	8,276			8,276
Debt Service				
Principal		9,000	31,000	40,000
Interest		599		599
Capital Outlay				
General Government	14,077			14,077
Public Safety	75,480	977,430		1,052,910
Public Works	8,500		33,223	41,723
Economic Development				0
Culture and Recreation	15,429			15,429
Total Disbursements	2,290,185	1,309,264	323,063	3,922,512
Excess of Receipts over (under) Disbursements	628,187	(389,065)	(31,771)	207,351

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, 2019

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sales of aassets		75,000		75,000
Transfers in		314,065		314,065
Transfers out	(314,065)			(314,065)
Total Other Financing Sources and Uses	<u>(314,065)</u>	<u>389,065</u>	<u>0</u>	<u>75,000</u>
Net Changes in Fund Balances	314,122	0	(31,771)	282,351
Fund Balances - Beginning	<u>1,012,231</u>	<u>0</u>	<u>333,571</u>	<u>1,345,802</u>
Fund Balances - Ending	\$ <u><u>1,326,353</u></u>	<u><u>0</u></u>	<u><u>301,800</u></u>	<u><u>1,628,153</u></u>

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  
September 30, 2019

Exhibit 5

		Business-type Activities Enterprise Funds
		Utility Enterprise Fund
<b>ASSETS</b>		
Restricted cash	\$	4,157,350
Total Assets		4,157,350
<b>NET POSITION</b>		
Restricted for:		
Public works		4,157,350
Total Net Position	\$	4,157,350

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

## CITY OF COLLINS, MISSISSIPPI

Exhibit 6

## 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, 2019

		Business-type Activities Enterprise Funds
		Utility Enterprise Fund
Operating Receipts		
Charges for services	\$	6,007,610
Miscellaneous		123,192
Total Operating Receipts		6,130,802
Operating Disbursements:		
Costs of sales and services		4,590,836
Administration		398,421
Capital Outlay		839,345
Indirect administrative costs		65,680
Total Operating Disbursements		5,894,282
Excess Operating Receipts Over (Under) Operating Disbursements		236,520
Nonoperating Receipts/(Disbursements):		
Intergovernmental grants		392,599
Investment income		27,095
Net Nonoperating Receipts/(Disbursements)		419,694
Excess Receipts Over (Under) Disbursements Before Transfers		656,214
Changes in Net Position		656,214
Net Position - Beginning		3,501,136
Net Position - Ending	\$	4,157,350

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, 2019

(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 are presented in accordance with a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

The cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual. As a result, only cash and cash equivalents and related net position or fund balances arising from cash transactions are reported in the statements of net position and balance sheets. All other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that would be reported in GAAP basis financial statements are not reported in this cash presentation.

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, 2019.

**B. Financial Statements.**

*Government-wide Statements:*

Government-wide financial statements are 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.



CITY OF COLLINS MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2019

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

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

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

Governmental fund financial statements are reported using the of cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as established by Governmental Accounting Standards Board. 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.

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.

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 cash sources (other than for major capital projects) that are legally restricted or committed to disbursement for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted or committed 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 city has decided that periodic determination of receipts earned, disbursements paid 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, 2019

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

**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.

**G. 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".

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.

CITY OF COLLINS MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2019

(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.

**H. 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.

(2) **Deposits and Investments**

Deposits:

The carrying amount of the City's total deposits with financial institutions at September 30, 2019, was \$3,761,496, and the bank balance was \$3,870,794. 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.

CITY OF COLLINS MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2019

**(2) Deposits and Investments - Continued**

Investments:

As of September 30, 2019, 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, 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, 2019:

Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental	General	<u>314,065</u>
Total		\$ <u>314,065</u>

The principal purpose of interfund transfers was to provide funds for operations of the fire department. The interfund transfer was 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.

CITY OF COLLINS MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2019

**(6) Defined Benefit Pension Plan.**

General Information about the Pension Plan.

Plan Description: The City of Collins is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the City. Code Section 25-11-15, Miss. Code Ann. (1972), grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

Funding Policy: Per Chapter 11 of Title 25, Miss. Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2017, member employees were required to contribute 9.00 percent of their annual pay, while the City's required contribution rate was 15.75 percent of annual covered payroll. The City's employer contributions to PERS for the years ended September 30, 2019, 2018 and 2017 were \$316,683, \$302,477 and \$274,298, respectively. The contributions for each year met the required contributions.

**(7) Tax Abatements.**

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City of Collins and the Covington County Board of Supervisors negotiates property tax abatements on an individual basis. The City has tax abatement agreements with one entity as of September 30, 2019.

<u>Purpose</u>	<u>Percentage of Taxes Abated during the Fiscal Year</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Construction and expansion of recreational facility	100%	\$ 1,265

The agreement was negotiated in accordance with Sections 27-31-101, et seq., Miss. Code 1972 (Ann.) which allows localities to abate property taxes for a variety of economic development purposes, which includes recreational facilities that impact tourism. The abatements may be granted for a period up to ten years and for up to 100% of annual property taxes through a direct reduction in the entity's property tax bill.

The City has not made any commitments as part of the agreements other than to reduce taxes.

**(8) 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 December 31, 2019, and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

CITY OF COLLINS, MISSISSIPPI

SUPPLEMENTARY INFORMATION

CITY OF COLLINS  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 690,340	690,340	679,054	(11,286)
Sales taxes	1,749,160	1,749,160	1,733,743	(15,417)
Licenses, commissions and other revenue	34,000	35,700	28,773	(6,927)
Fines and forfeitures	155,200	155,200	172,335	17,135
Intergovernmental revenues			30,380	30,380
Charges for services				0
Franchise fees			44,934	44,934
Rents	79,200	157,200	138,090	(19,110)
Interest income		20,000	19,944	(56)
Miscellaneous revenues	63,330	63,330	71,119	7,789
Total Revenues	<u>2,771,230</u>	<u>2,870,930</u>	<u>2,918,372</u>	<u>47,442</u>
EXPENDITURES				
Current:				
General government				0
Board of Alderman	160,470	161,490	163,640	(2,150)
City Court	112,580	112,580	114,698	(2,118)
Mayor	90,225	90,725	88,829	1,896
Elections	1,000	1,000	600	400
Finance and accounting	379,500	269,717	270,931	(1,214)
Cemetery	5,500		2,213	(2,213)
Public Safety				0
Police Protection	1,162,100	1,244,658	1,194,116	50,542
Public works				0
Street maintenance	198,640	211,140	162,159	48,981
Landfill	500	500		500
Culture and Recreation				0
Parks and recreation	135,605	146,970	134,826	12,144
Library	14,450	13,010	11,966	1,044
Non departmental				0
Dog Pound	7,300	7,300	2,957	4,343
Mosquito Control	30,200	30,200	31,597	(1,397)
Industrial Park	5,760	8,760	8,276	484
Old Depot	28,400	26,400	22,960	3,440
Civic Center	21,500	45,000	37,924	7,076
Millcreek Building	1,000	1,000		1,000
Cleaning property	8,000	2,000		2,000
Nursing home		13,236	12,312	924
Senior citizens center	29,970	32,920	30,181	2,739
Total Expenditures	<u>2,392,700</u>	<u>2,418,606</u>	<u>2,290,185</u>	<u>128,421</u>
Excess of Revenues over (under) Expenditures	<u>378,530</u>	<u>452,324</u>	<u>628,187</u>	<u>175,863</u>



CITY OF COLLINS  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Other financing sources	132,500	132,500		(132,500)
Transfers in	69,000	69,000		(69,000)
Transfers out	(418,080)	(418,080)	(314,065)	104,015
Total Other Financing Sources and Uses	<u>(216,580)</u>	<u>(216,580)</u>	<u>(314,065)</u>	<u>(97,485)</u>
Net Change in Fund Balance	161,950	235,744	314,122	78,378
Fund Balances - Beginning	<u>0</u>		<u>1,012,231</u>	<u>1,012,231</u>
Fund Balances - Ending	\$ <u>161,950</u>	<u>235,744</u>	<u>1,326,353</u>	<u>1,090,609</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, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 853,000	878,000	878,000	0
Miscellaneous revenues	1,900	45,700	42,199	(3,501)
Total Revenues	<u>854,900</u>	<u>923,700</u>	<u>920,199</u>	<u>(3,501)</u>
EXPENDITURES				
Current:				
Public Safety				0
Fire Protection	1,282,980	1,384,055	1,309,264	74,791
Total Expenditures	<u>1,282,980</u>	<u>1,384,055</u>	<u>1,309,264</u>	<u>74,791</u>
Excess of Revenues over (under) Expenditures	<u>(428,080)</u>	<u>(460,355)</u>	<u>(389,065)</u>	<u>71,290</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	418,080	418,080	314,065	(104,015)
Sale of equipment	10,000	75,000	75,000	0
Total Other Financing Sources and Uses	<u>428,080</u>	<u>493,080</u>	<u>389,065</u>	<u>(104,015)</u>
Net Change in Fund Balance	0	32,725	0	(32,725)
Fund Balances - Beginning	<u>0</u>	<u>          </u>	<u>          </u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>32,725</u>	<u>0</u>	<u>(32,725)</u>

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

CITY OF COLLINS MISSISSIPPI  
Notes to Supplementary Information  
For the Year Ended September 30, 2019

**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 supplemental information.

## CITY OF COLLINS, MISSISSIPPI

### OTHER INFORMATION

CITY OF COLLINS

Schedule of Changes in Long Term Debt

For the Year Ended September 30, 2019

Description	Outstanding Balance 10/1/2018	Issued	Paid	Outstanding Balance 9/30/2019
Loan:				
Fire Truck	<u>40,000</u>		<u>40,000</u>	<u>0</u>

City of Collins  
Schedule of Capital Assets  
For the Fiscal Year Ended September 30, 2019

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments	Balance Sept. 30, 2019
<b>GOVERNMENTAL ACTIVITIES</b>					
<u>Non-depreciable capital assets:</u>					
Land	680,985			850,000	1,530,985
Construction in progress					0
Total non-depreciable capital assets	680,985	0	0	850,000	1,530,985
<u>Depreciable capital assets:</u>					
Buildings	4,959,163	24,852		14,077	4,998,092
Infrastructure & Improvements					
Other than Buildings	4,314,622				4,314,622
Furniture, Machinery & Equipment	3,743,977	1,099,287	329,256	97,000	4,611,008
Total depreciable capital assets	13,017,762	1,124,139	329,256	111,077	13,923,722
Governmental activities capital assets, net	13,698,747	1,124,139	329,256	961,077	15,454,707
<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	64,400	0	0	0	64,400
<u>Depreciable capital assets:</u>					
Buildings	104,571	14,077		(14,077)	104,571
Infrastructure & Improvements					
Other than Buildings	8,771,023	593,395			9,364,418
Furniture, Machinery & Equipment	1,851,303	231,873	112,582		1,970,594
Intangible asset - Water rights	20,000				20,000
Total depreciable capital assets	10,746,897	839,345	112,582	(14,077)	11,459,583
Business-type activities capital assets, net	10,811,297	839,345	112,582	(14,077)	11,523,983

Adjustments- Land and equipment donated to the City \$947,000.

Portion of City Hall renovation charged to Utility \$14,077.

CITY OF COLLINS  
Schedule of Bonds of City Officials  
September 30, 2019

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	07/01/17 - 07/01/21

4) 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	12/01/18 - 12/01/21
Mayor Protem	\$50,000	12/01/18 - 12/01/21
City Clerk	\$50,000	12/01/18 - 12/01/21
Police Chief	\$50,000	12/01/18 - 12/01/21
Court Clerk	\$50,000	12/01/18 - 12/01/21
Clerk/Bookkeeper	\$50,000	12/01/18 - 12/01/21
Clerks (3)	\$50,000	12/01/18 - 12/01/21
Dispatchers (6)	\$50,000	12/01/18 - 12/01/21

CITY OF COLLINS, MISSISSIPPI

SPECIAL REPORT



## PRINCE CPA FIRM, PLLC

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### INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Hope Jones 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, 2019, 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.