

CITY OF BRANDON, MISSISSIPPI  
REPORT ON AUDIT  
OF  
BASIC FINANCIAL STATEMENTS

For the Year Ended September 30, 2016

BARLOW, WALKER & COMPANY, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
BRANDON, MISSISSIPPI

CITY OF BRANDON  
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**FINANCIAL AUDIT REPORT**

# Barlow, Walker & Company, P.A.

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### Independent Auditor's Report

Honorable Mayor and Members of the Board of Aldermen  
City of Brandon, Mississippi

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brandon, Mississippi, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund



information of the City of Brandon, Mississippi, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City's Contributions on pages 3-12 and 43-49 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brandon, Mississippi's basic financial statements. The combining and individual nonmajor fund financial statements and the comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and the comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Barlow, Walker & Company, P.A.*  
Brandon, Mississippi  
March 1, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF BRANDON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

The Discussion and Analysis of the City of Brandon financial performance provides an overall review of the City's financial activities for the year ended September 30, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Please read it in conjunction with the City of Brandon's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2016 were as follows:

Total net position for 2016 increased \$1,073,973 or 3.9% from 2015. Total net position for 2015 decreased \$10,302,700 or 27.29% from fiscal year 2014. The increase in 2016 resulted primarily from the increase in governmental activities capital assets.

General revenues accounted for \$16,506,131 and \$14,849,146 in revenue, or 63.5% and 62.6% of all revenues for fiscal years 2016 and 2015 respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,505,378 or 36.5% for 2016 and \$8,871,432 or 37.4% of total revenues for 2015.

In the business-type activity of sanitation, sanitation expenses were \$1,437,397 while charges for sanitation services were \$1,001,725. Water and sewer charges for services were \$6,516,658, capital grants and contributions were \$458,727 with expenses of \$6,275,641.

Long-term debt increased by \$20,100,848 for fiscal year 2016 and increased by \$11,989,823 for fiscal year 2015. The increase in 2016 and 2015 was primarily due to an increase in bonds. Additionally, the liability for compensated absences increased by \$67,903 in 2016 and increased by \$10,675 in 2015. The net pension liability was \$17,722,991 and \$14,431,151 for 2016 and 2015 respectively.

Overall, the book value of capital assets increased \$13,132,097 in 2016 and increased by \$3,710,772 for 2015. The changes were due to new construction in progress and completion of buildings and improvements in 2016 and due to new construction in progress in 2015.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The statement of net position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements outline functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) and water, sewer, and sanitation charges (proprietary activities). The governmental activities of the City include general government, public safety, public works, and interest on long-term debt.

The government-wide financial statements are included in this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's current financing requirements. Government funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the City's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations are presented elsewhere in the auditor's report.

The basic governmental fund financial statements can be found in this report.

**Proprietary funds.** The City of Brandon maintains one type of proprietary fund, the enterprise fund. The Enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its Water and Sewer operations as well as sanitation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found in this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in this report.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process.

The City adopts an annual operating budget for all governmental funds and proprietary funds. Budgetary comparison statements have been provided for the General Fund and the Enterprise Fund. This required supplementary information is included elsewhere in this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Statement of Net position and the Statement of Activities report information about the City as a whole and about its activities and may serve over time as a useful indicator of the City's financial position. These statements include all of the City's assets and liabilities resulting from the use of the accrual basis of accounting and economic resources focus of measurement.

**Net position.** The City's combined net position, on the accrual basis of accounting and economic resources measurement focus, increased from \$27,448,064 to \$28,522,037 between fiscal years 2015 and 2016. This increase is the result of the change in net position from operations of \$1,073,973.

Table 1 reflects condensed information on the City's net position:

**Table 1**  
**Net Position**  
**2016**

|   | Governmental Activities |                   | Business-type Activities |                   | Total             | 2015              | Percent<br>Change |
|---|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2016                    | 2015              | 2016                     | 2015              | 2016              |                   |                   |
| <b>Assets:</b>                              |                         |                   |                          |                   |                   |                   |                   |
| Cash and other assets                       | \$ 29,399,929           | 18,235,050        | 5,605,813                | 6,903,000         | 35,005,742        | 25,138,050        | 39.25%            |
| Capital assets, net                         | 44,909,415              | 32,823,744        | 16,959,545               | 15,913,119        | 61,868,960        | 48,736,863        | 26.94%            |
| <b>Total Assets</b>                         | <b>74,309,344</b>       | <b>51,058,794</b> | <b>22,565,358</b>        | <b>22,816,119</b> | <b>96,874,702</b> | <b>73,874,913</b> | <b>31.13%</b>     |
| <b>Deferred Outflows of Resources:</b>      |                         |                   |                          |                   |                   |                   |                   |
| Deferred outflows related to bond refunding | 157,826                 | 174,439           |                          |                   | 157,826           | 174,439           | -9.52%            |
| Deferred outflows related to pensions       | 3,187,120               | 2,212,791         | 449,947                  | 322,717           | 3,637,067         | 2,535,508         | 43.45%            |
| <b>Total Deferred Outflows of Resources</b> | <b>3,344,946</b>        | <b>2,387,230</b>  | <b>449,947</b>           | <b>322,717</b>    | <b>3,794,893</b>  | <b>2,709,947</b>  | <b>40.04%</b>     |
| <b>Liabilities:</b>                         |                         |                   |                          |                   |                   |                   |                   |
| Current and other liabilities               | 3,759,646               | 3,972,722         | 1,660,212                | 1,818,352         | 5,419,858         | 5,791,074         | -6.41%            |
| Long-term liabilities                       | 60,263,582              | 36,520,383        | 6,399,047                | 6,681,655         | 66,662,629        | 43,202,038        | 54.30%            |
| <b>Total Liabilities</b>                    | <b>64,023,228</b>       | <b>40,493,105</b> | <b>8,059,259</b>         | <b>8,500,007</b>  | <b>72,082,487</b> | <b>48,993,112</b> | <b>47.13%</b>     |
| <b>Deferred Inflows of Resources:</b>       |                         |                   |                          |                   |                   |                   |                   |
| Deferred inflows related to pensions        | 29,686                  |                   | 3,876                    |                   | 33,562            | 0                 | 100.00%           |
| Developer construction advances             | 31,509                  | 143,684           |                          |                   | 31,509            | 143,684           | -78.07%           |
| <b>Total Deferred Inflows of Resources</b>  | <b>61,195</b>           | <b>143,684</b>    | <b>3,876</b>             | <b>0</b>          | <b>65,071</b>     | <b>143,684</b>    | <b>-54.71%</b>    |
| <b>Net Position</b>                         |                         |                   |                          |                   |                   |                   |                   |
| Net investment in capital assets            | 427,480                 | 8,471,440         | 12,175,542               | 10,463,296        | 12,603,022        | 18,934,736        | -33.44%           |
| Restricted                                  | 25,172,487              | 1,104,763         |                          | 226,756           | 25,172,487        | 1,331,519         | 1790.51%          |
| Unrestricted                                | -12,030,100             | 3,233,032         | 2,776,628                | 3,948,777         | -9,253,472        | 7,181,809         | -228.85%          |
| <b>Total Net Position</b>                   | <b>\$ 13,569,867</b>    | <b>12,809,235</b> | <b>14,952,170</b>        | <b>14,638,829</b> | <b>28,522,037</b> | <b>27,448,064</b> | <b>3.91%</b>      |

The City's total assets increased \$22,999,789 during 2016 with governmental activities showing an increase of \$23,250,550 and business-type activities showing a decrease of \$250,761. The increase was primarily due to an increase in net capital assets in governmental activities. Deferred outflows related to bond refunding decreased \$16,613 and deferred outflows related to pensions increased \$1,101,559.

The City's total liabilities increased \$23,089,375, due mainly to the increase in bonds payable in governmental activities in 2016. Deferred inflows for developer construction advances decreased \$112,175 and deferred inflows related to pension was recorded in 2016.

The City's net position increased \$1,073,973 due mainly to net increase in assets.

Table 2 shows the Changes in Net Position for the September 30, 2016 year end.  
A comparative analysis of government-wide data is as follows:

**Table 2**  
**Changes in Net Position**  
**2016**

|                                  | Governmental Activities |                   | Business-type Activities |                  | Total             |                   | Percent Change |
|----------------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|----------------|
|                                  | 2016                    | 2015              | 2016                     | 2015             | 2016              | 2015              |                |
| <b>Revenues:</b>                 |                         |                   |                          |                  |                   |                   |                |
| <b>Program revenues:</b>         |                         |                   |                          |                  |                   |                   |                |
| Charges for services             | \$ 1,147,320            | 1,089,037         | 7,518,383                | 7,221,247        | 8,665,703         | 8,310,284         | 4.28%          |
| Operating grants                 | 97,147                  | 26,287            |                          |                  | 97,147            | 26,287            | 269.56%        |
| Capital grants                   | 283,801                 | 516,532           | 458,727                  | 18,329           | 742,528           | 534,861           | 38.83%         |
| <b>General revenues:</b>         |                         |                   |                          |                  |                   |                   |                |
| Sales and use taxes              | 6,925,325               | 6,595,048         |                          |                  | 6,925,325         | 6,595,048         | 5.01%          |
| Property taxes                   | 6,338,206               | 6,206,524         |                          |                  | 6,338,206         | 6,206,524         | 2.12%          |
| Other                            | 3,193,331               | 2,040,858         | 49,269                   | 6,716            | 3,242,600         | 2,047,574         | 58.36%         |
| <b>Total Revenues</b>            | <b>17,985,130</b>       | <b>16,474,286</b> | <b>8,026,379</b>         | <b>7,246,292</b> | <b>26,011,509</b> | <b>23,720,578</b> | <b>9.66%</b>   |
| <b>Program Expenses:</b>         |                         |                   |                          |                  |                   |                   |                |
| General government               | 1,922,358               | 1,561,659         |                          |                  | 1,922,358         | 1,561,659         | 23.10%         |
| Public safety                    | 8,643,157               | 6,620,913         |                          |                  | 8,643,157         | 6,620,913         | 30.54%         |
| Public services                  | 2,796,488               | 2,840,704         |                          |                  | 2,796,488         | 2,840,704         | -1.56%         |
| Culture and recreation           | 1,901,249               | 1,788,753         |                          |                  | 1,901,249         | 1,788,753         | 6.29%          |
| Economic development             | 331,030                 | 132,487           |                          |                  | 331,030           | 132,487           | 149.86%        |
| Water and sewer                  |                         |                   | 6,275,641                | 6,458,607        | 6,275,641         | 6,458,607         | -2.83%         |
| Sanitation                       |                         |                   | 1,437,397                | 1,218,225        | 1,437,397         | 1,218,225         | 17.99%         |
| Pension expense                  |                         | 1,501,033         |                          |                  | 1,501,033         | 1,501,033         | -100.00%       |
| Interest and fiscal charges      | 1,630,216               | 1,186,212         |                          |                  | 1,630,216         | 1,186,212         | 37.43%         |
| <b>Total Expenses</b>            | <b>17,224,498</b>       | <b>15,631,761</b> | <b>7,713,038</b>         | <b>7,676,832</b> | <b>26,438,569</b> | <b>23,308,593</b> | <b>13.43%</b>  |
| <b>Change in Net Position \$</b> | <b>760,632</b>          | <b>842,525</b>    | <b>313,341</b>           | <b>-430,540</b>  | <b>1,073,973</b>  | <b>411,985</b>    | <b>160.68%</b> |
| Net Position, beginning          | 12,809,235              | 20,991,442        | 14,638,829               | 16,759,322       | 27,448,064        | 37,750,764        | -27.29%        |
| Prior Period adjustment          |                         | -9,024,732        |                          | -1,689,953       | 0                 | -10,714,685       | -100.00%       |
| Net Position, ending             | \$ 13,569,867           | 12,809,235        | 14,952,170               | 14,638,829       | 28,522,037        | 27,448,064        | 3.91%          |

The 2015 prior period adjustment was due to the implementation of GASB 68 recognizing the City's net pension liability.

**Governmental Activities.** Revenues for the City's governmental activities for the year ended September 30, 2016 were \$17,985,130 compared to \$16,474,286 in 2015. Program revenues decreased 6% primarily as a result of a decrease in capital grants and contributions. General revenues are, for the most part, comprised of sales and use taxes and property taxes (81%).

The cost of providing all governmental activities for 2016 was \$17,224,498 and for 2015 was \$15,631,761, an increase of \$1,592,737 for 2016 and an increase of \$3,281,507 for 2015. Of this amount, general government expenses increased \$360,699 in 2016 and increased \$248,139 in 2015; public safety expenses increased \$2,022,244 for 2016 and increased \$352,333 for 2015; public services expenses increased \$44,216 in 2016 and increased \$399,067 in 2015; culture and recreation expenses increased \$112,496 in 2016 and increased \$103,151 in 2015; economic development expenses were \$331,030 in 2016 compared to \$132,487 in 2015; and interest on long-term debt expenses increased \$444,004 in 2016 and increased \$645,438 in 2015. Pension expense of \$1,501,033 was recognized separately on the statement of activities in 2015. In 2016, the pension expense was recorded within the governmental activities expenses listed above.

The City's largest programs are public safety, culture and recreation, public services, and general government. Expenses exceeding revenues are offset by general revenues generated by taxes, investment income and other general revenues.

**Business-type Activities.** Revenues for business-type activities are primarily comprised of charges for services (99.4%). Charges for services for the City's business-type activities were \$7,518,383 for 2016 and \$7,221,247 for 2015, an increase of \$297,136 in 2016 and a decrease of \$19,584 for 2015.

The costs of these business-type activities were \$7,713,038 and \$7,676,832 for 2016 and 2015 respectively, an increase of \$36,206 in 2016 due to an increase in sanitation costs; and an increase of \$985,522 in 2015 due to increases in water and sewer costs and sanitation costs.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the city's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$29,217,607, an increase of \$12,503,053. The fund balance consists of \$25,973,562 or 88.9% which is restricted for specific purposes which are externally imposed, \$2,115,336 or 7.2% is committed for specific purposes internally imposed by the City; \$197,916 or 0.7% is assigned for specific purposes that can be expressed by the Board of Alderman or by an official to which the

Board delegates. At the end of the year, the amount of fund balance unassigned, which is available for spending for any purpose, is \$930,794 or 3.2%.

### **BUDGETARY HIGHLIGHTS**

The City's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the City revised the annual operating budget. Schedules showing the original and final budget amounts compared to the City's actual financial activity for the General Fund and Enterprise Fund are provided in this report as required supplementary information.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** As of September 30, 2016, the City's total capital assets were \$103,938,786 including land, city buildings, infrastructure, vehicles and furniture and equipment. This amount represents an increase of \$15,814,676 for 2015 to 2016 and an increase of \$5,055,863 for 2014 to 2015. The accumulated depreciation as of September 30, 2016 was \$42,069,826 and total depreciation expense for the year was \$2,694,913.

**Table 3**  
**Capital Assets at September 30, 2016**  
**(Net of Depreciation)**

|                                |    | Governmental Activities |                   | Business-type Activities |                   | Total             |                   | Percent Change |
|--------------------------------|----|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|----------------|
|                                |    | <u>2016</u>             | <u>2015</u>       | <u>2016</u>              | <u>2015</u>       | <u>2016</u>       | <u>2015</u>       |                |
| Land                           | \$ | 3,073,607               | 2,321,481         | 130,377                  | 130,377           | 3,203,984         | 2,451,858         | 30.68%         |
| Construction in Progress       |    | 9,642,121               | 5,047,115         | 1,976,956                | 408,237           | 11,619,077        | 5,455,352         | 112.98%        |
| Buildings                      |    | 14,125,855              | 9,692,343         | 660,803                  | 679,867           | 14,786,658        | 10,372,210        | 42.56%         |
| Improvements other than bldg.  |    | 15,626,989              | 14,062,616        | 13,806,221               | 14,371,581        | 29,433,210        | 28,434,197        | 3.51%          |
| Machinery, equipment, vehicles |    | 2,440,843               | 1,700,189         | 385,188                  | 323,057           | 2,826,031         | 2,023,246         | 39.68%         |
| <b>Total</b>                   | \$ | <b>44,909,415</b>       | <b>32,823,744</b> | <b>16,959,545</b>        | <b>15,913,119</b> | <b>61,868,960</b> | <b>48,736,863</b> | <b>26.94%</b>  |

Additional information on the City's capital assets can be found in the notes to the financial statements included in this report.

**Debt Administration.** At September 30, 2016, the City had \$49,450,240 in general obligation bonds and other long-term debt outstanding as shown in the following table.

**Table 4**  
**Outstanding Notes and Long Term Obligations at September 30, 2016**

|                             | <u>Governmental Activities</u> |                   | <u>Business-type Activities</u> |                  | <u>Total</u>      |                   | <u>Percent Change</u> |
|-----------------------------|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|-----------------------|
|                             | <u>2016</u>                    | <u>2015</u>       | <u>2016</u>                     | <u>2015</u>      | <u>2016</u>       | <u>2015</u>       |                       |
| General obligation bonds    | \$ 27,395,000                  | 23,220,000        |                                 |                  | 27,395,000        | 23,220,000        | 17.98%                |
| Special obligation bonds    | 14,000,000                     |                   |                                 |                  | 14,000,000        | 0                 | 100.00%               |
| Other long-term liabilities | 2,400,000                      | 661,439           |                                 |                  | 2,400,000         | 661,439           | 262.85%               |
| Capital loans               | 180,621                        |                   | 4,772,045                       | 5,429,592        | 4,952,666         | 5,429,592         | -8.78%                |
| Compensated absences        | 342,379                        | 274,476           | 60,698                          | 60,698           | 403,077           | 335,174           | 20.26%                |
| Capital leases              | 287,540                        | 322,865           | 11,957                          | 20,231           | 299,497           | 343,096           | -12.71%               |
| <b>Total</b>                | <b>\$ 44,605,540</b>           | <b>24,478,780</b> | <b>4,844,700</b>                | <b>5,510,521</b> | <b>49,450,240</b> | <b>29,989,301</b> | <b>64.89%</b>         |

Additional information on the City's long-term debt can be found in the notes to the financial statements included in this report.

## **CURRENT ISSUES**

The Quarry Park Complex including Rankin Trails and the Amphitheater projects is under construction with a projected completion date of April 2018.

The City's general fund has continued to make payments to the enterprise fund. The balance of the remaining payments to be made as of the date of this report is \$240,804.

Construction of the sewer project to the Luckney Road area with a project cost of \$2,588,442 is nearing completion. The city received a CDBG in the amount of \$600,000 and a CAP loan in the amount of \$500,000 with the remaining costs being paid from the Water Sewer Operations and Maintenance Account.

The following projects are also under consideration: incremental improvements in City Hall and a new police department to be constructed on the Maxey property. Construction of the new police department is anticipated to begin in fiscal year 2021.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City of Brandon's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Angela Bean, City Clerk at (601)825-5021.

**BASIC FINANCIAL STATEMENTS**

**CITY OF BRANDON**  
**STATEMENT OF NET POSITION**  
**September 30, 2016**

|   | Primary Government         |                             |                   |
|---|----------------------------|-----------------------------|-------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Totals            |
| <b>ASSETS</b>   |                            |                             |                   |
| Cash and cash equivalents   | \$ 2,221,792               | \$ 3,935,354                | \$ 6,157,146      |
| Receivables:  |                            |                             |                   |
| Accounts receivable, net of allowance<br>for uncollectible accounts | -                          | 1,043,479                   | 1,043,479         |
| Ad valorem  | 223,238                    | -                           | 223,238           |
| Current sales tax   | 1,105,873                  | -                           | 1,105,873         |
| Franchise tax   | 187,150                    | -                           | 187,150           |
| Other receivables   | 1,095                      | -                           | 1,095             |
| Due from other governments  | -                          | 174,887                     | 174,887           |
| Inventory   | -                          | 192,786                     | 192,786           |
| Internal balances   | (259,307)                  | 259,307                     | -                 |
| Restricted cash and cash equivalents                                | 25,920,088                 | -                           | 25,920,088        |
| Capital assets, net   | 44,909,415                 | 16,959,545                  | 61,868,960        |
| Total assets  | <u>74,309,344</u>          | <u>22,565,358</u>           | <u>96,874,702</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                               |                            |                             |                   |
| Deferred outflows related to bond refunding                         | 157,826                    | -                           | 157,826           |
| Deferred outflows related to pensions                               | 3,187,120                  | 449,947                     | 3,637,067         |
| Total deferred inflows of resources                                 | <u>3,344,946</u>           | <u>449,947</u>              | <u>3,794,893</u>  |

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**STATEMENT OF NET POSITION**  
**September 30, 2016**

|   | Primary Government         |                             | Totals               |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities |                      |
| <b>LIABILITIES</b>                          |                            |                             |                      |
| Accounts payable                            | 226,629                    | 228,992                     | 455,621              |
| Accrued payroll liabilities                 | 107,945                    | 13,609                      | 121,554              |
| Deposits payable                            | -                          | 754,966                     | 754,966              |
| Liabilities payable from restricted assets: |                            |                             |                      |
| Accounts payable                            | 650,563                    | -                           | 650,563              |
| Accrued interest payable                    | 307,777                    | -                           | 307,777              |
| Current portion of long-term liabilities:   |                            |                             |                      |
| Capital improvement loan                    | 82,924                     | 654,233                     | 737,157              |
| Obligation under capital lease              | 148,808                    | 8,412                       | 157,220              |
| Bonds payable                               | 1,735,000                  | -                           | 1,735,000            |
| Other long-term liabilities                 | 500,000                    | -                           | 500,000              |
| Noncurrent liabilities:                     |                            |                             |                      |
| Capital improvement loan                    | 97,697                     | 4,117,812                   | 4,215,509            |
| Obligation under capital lease              | 138,732                    | 3,546                       | 142,278              |
| Bonds payable                               | 42,278,774                 | -                           | 42,278,774           |
| Other long-term liabilities                 | 1,900,000                  | -                           | 1,900,000            |
| Compensated absences                        | 342,379                    | 60,698                      | 403,077              |
| Net pension liability                       | 15,506,000                 | 2,216,991                   | 17,722,991           |
| Total liabilities                           | <u>64,023,228</u>          | <u>8,059,259</u>            | <u>72,082,487</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                             |                      |
| Deferred inflows related to pensions        | 29,686                     | 3,876                       | 33,562               |
| Developer construction advances             | 31,509                     | -                           | 31,509               |
| Total deferred inflows of resources         | <u>61,195</u>              | <u>3,876</u>                | <u>65,071</u>        |
| <b>NET POSITION</b>                         |                            |                             |                      |
| Net investment in capital assets            | 427,480                    | 12,175,542                  | 12,603,022           |
| Restricted                                  |                            |                             |                      |
| Debt service                                | 602,577                    | -                           | 602,577              |
| Capital activities                          | 21,298,472                 | -                           | 21,298,472           |
| Streets                                     | 2,000,000                  | -                           | 2,000,000            |
| Other                                       | 1,271,438                  | -                           | 1,271,438            |
| Unrestricted                                | <u>(12,030,100)</u>        | <u>2,776,628</u>            | <u>(9,253,472)</u>   |
| Total net position                          | <u>\$ 13,569,867</u>       | <u>\$ 14,952,170</u>        | <u>\$ 28,522,037</u> |

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2016**

| Function / Programs                        | Expenses             | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                      |
|--|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|
|  |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Totals               |
| <b>Primary Government</b>                  |                      |                         |  |  |  |                             |                      |
| Governmental activities                    |                      |                         |  |  |  |                             |                      |
| General government                         | \$ 1,922,358         | \$ 79,366               | \$ -                                     | \$ -                                   | \$ (1,842,992)                                       | \$ -                        | \$ (1,842,992)       |
| Public safety                              | 8,643,157            | 575,412                 | 97,147                                   | 207,576                                | (7,763,022)  | -                           | (7,763,022)          |
| Public services                            | 2,796,488            | 199,606                 | -  | 74,093                                 | (2,522,789)  | -                           | (2,522,789)          |
| Culture and recreation                     | 1,901,249            | 292,936                 | -  | 2,132                                  | (1,606,181)  | -                           | (1,606,181)          |
| Economic development                       | 331,030              | -                       | -  | -                                      | (331,030)  | -                           | (331,030)            |
| Debt service - interest and fiscal charges | 1,630,216            | -                       | -  | -                                      | (1,630,216)  | -                           | (1,630,216)          |
| Total governmental activities              | <u>17,224,498</u>    | <u>1,147,320</u>        | <u>97,147</u>                            | <u>283,801</u>                         | <u>(15,696,230)</u>                                  | <u>-</u>                    | <u>(15,696,230)</u>  |
| Business-type activities                   |                      |                         |  |  |  |                             |                      |
| Water and sewer                            | 6,275,641            | 6,516,658               | -  | 458,727                                | -  | 699,744                     | 699,744              |
| Sanitation                                 | 1,437,397            | 1,001,725               | -  | -                                      | -  | (435,672)                   | (435,672)            |
| Total business-type activities             | <u>7,713,038</u>     | <u>7,518,383</u>        | <u>-</u>                                 | <u>458,727</u>                         | <u>-</u>   | <u>264,072</u>              | <u>264,072</u>       |
| Total primary government                   | <u>\$ 24,937,536</u> | <u>\$ 8,665,703</u>     | <u>\$ 97,147</u>                         | <u>\$ 742,528</u>                      | <u>(15,696,230)</u>                                  | <u>264,072</u>              | <u>(15,432,158)</u>  |
| General revenues                           |                      |                         |  |  |  |                             |                      |
| Taxes                                      |                      |                         |  |  |  |                             |                      |
| Sales and use taxes                        |                      |                         |  |  | 6,925,325  | -                           | 6,925,325            |
| Property taxes                             |                      |                         |  |  | 6,338,206  | -                           | 6,338,206            |
| Franchise fees                             |                      |                         |  |  | 980,175  | -                           | 980,175              |
| Other taxes and shared revenue             |                      |                         |  |  | 1,052,311  | -                           | 1,052,311            |
| Investment income                          |                      |                         |  |  | 20,974   | 7,308                       | 28,282               |
| Other                                      |                      |                         |  |  | 299,771  | 10,295                      | 310,066              |
| Transfers                                  |                      |                         |  |  | (31,666)   | 31,666                      | -                    |
| Special item: forgiveness of indebtedness  |                      |                         |  |  | 871,766  | -                           | 871,766              |
| Total general revenues and transfers       |                      |                         |  |  | <u>16,456,862</u>                                    | <u>49,269</u>               | <u>16,506,131</u>    |
| Change in net position                     |                      |                         |  |  | 760,632  | 313,341                     | 1,073,973            |
| Net Position, September 30, 2015           |                      |                         |  |  | <u>12,809,235</u>                                    | <u>14,638,829</u>           | <u>27,448,064</u>    |
| Net Position, September 30, 2016           |                      |                         |  |  | <u>\$ 13,569,867</u>                                 | <u>\$ 14,952,170</u>        | <u>\$ 28,522,037</u> |

See accompanying notes to financial statements.

**CITY OF BRANDON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2016**

|                                      | General<br>Fund     | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------------|---------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                        |                     |                             |                                |                                |
| Cash and cash equivalents            | \$ 2,220,292        | \$ 21,942,625               | \$ 1,500                       | \$ 24,164,417                  |
| Receivables                          |                     |                             |                                |                                |
| Ad valorem and road taxes            | 148,904             | -                           | 74,334                         | 223,238                        |
| Current sales tax                    | 1,105,873           | -                           | -                              | 1,105,873                      |
| Franchise tax                        | 187,150             | -                           | -                              | 187,150                        |
| Other receivables                    | 1,095               | -                           | -                              | 1,095                          |
| Restricted cash                      | 3,271,438           | -                           | 706,026                        | 3,977,464                      |
| Due from other funds                 | 4,985               | -                           | -                              | 4,985                          |
|                                      | <u>6,939,737</u>    | <u>21,942,625</u>           | <u>781,860</u>                 | <u>29,664,222</u>              |
| Total Assets                         | <u>6,939,737</u>    | <u>21,942,625</u>           | <u>781,860</u>                 | <u>29,664,222</u>              |
| <b>LIABILITIES AND FUND BALANCES</b> |                     |                             |                                |                                |
| Liabilities                          |                     |                             |                                |                                |
| Accounts payable                     | 52,017              | 15,951                      | 6,410                          | 74,378                         |
| Accrued wages payable                | 107,945             | -                           | -                              | 107,945                        |
| Advances from other funds            | 264,292             | -                           | -                              | 264,292                        |
|                                      | <u>424,254</u>      | <u>15,951</u>               | <u>6,410</u>                   | <u>446,615</u>                 |
| Total Liabilities                    | <u>424,254</u>      | <u>15,951</u>               | <u>6,410</u>                   | <u>446,615</u>                 |
| Fund Balance                         |                     |                             |                                |                                |
| Restricted                           | 3,271,438           | 21,926,674                  | 775,450                        | 25,973,562                     |
| Committed                            | 2,115,336           | -                           | -                              | 2,115,336                      |
| Assigned                             | 197,916             | -                           | -                              | 197,916                        |
| Unassigned                           | 930,794             | -                           | -                              | 930,794                        |
|                                      | <u>6,515,483</u>    | <u>21,926,674</u>           | <u>775,450</u>                 | <u>29,217,607</u>              |
| Total Fund Balances                  | <u>6,515,483</u>    | <u>21,926,674</u>           | <u>775,450</u>                 | <u>29,217,607</u>              |
| Total Liabilities and Fund Balances  | <u>\$ 6,939,737</u> | <u>\$ 21,942,625</u>        | <u>\$ 781,860</u>              | <u>\$ 29,664,222</u>           |

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**September 30, 2016**

|   |                     |                             |
|---|---------------------|-----------------------------|
| Total fund balances - governmental funds  |                     | \$ 29,217,607               |
| Total net position reported for governmental activities in the statement of net position is different because:  |                     |                             |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:                            |                     |                             |
| Governmental capital assets   | 66,091,816          |                             |
| Less accumulated depreciation   | <u>(21,182,401)</u> | 44,909,415                  |
| Certain items are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.                          |                     |                             |
| Deferred outflows and inflows related to pensions   |                     | 3,157,434                   |
| Deferred outflows related to bond refunding   |                     | 157,826                     |
| Certain items are not due and payable in the current period and, therefore, are either deferred or not reported in the governmental funds.                      |                     |                             |
| Interest payable  |                     | (307,777)                   |
| Accounts payable  |                     | (802,815)                   |
| Deferred inflows for developer construction advances  |                     | (31,509)                    |
| Long-term liabilities (including current portion due) are not due and payable in the current period and accordingly are not reported in the governmental funds. |                     |                             |
|   |                     | <u>(62,730,314)</u>         |
| Net position of governmental activities   |                     | \$ <u><u>13,569,867</u></u> |

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the year ended September 30, 2016**

|  | General<br>Fund     | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                     |                             |                                |                                |
| Property tax   | \$ 3,896,516        | \$ -                        | \$ 2,615,464                   | \$ 6,511,980                   |
| Sales tax  | 5,473,459           | -                           | -                              | 5,473,459                      |
| Sales tax - restaurants                                      | 1,062,823           | -                           | -                              | 1,062,823                      |
| Franchise tax  | 980,175             | -                           | -                              | 980,175                        |
| Licenses and permits   | 257,801             | -                           | -                              | 257,801                        |
| State shared revenues  | 560,455             | -                           | -                              | 560,455                        |
| County shared revenues                                       | 950,009             | -                           | -                              | 950,009                        |
| Charges for services   | 313,759             | -                           | -                              | 313,759                        |
| Fines and forfeitures  | 574,647             | -                           | 765                            | 575,412                        |
| Other revenues   | 211,788             | 11,909                      | 1,482                          | 225,179                        |
| Total Revenues   | <u>14,281,432</u>   | <u>11,909</u>               | <u>2,617,711</u>               | <u>16,911,052</u>              |
| <b>Expenditures</b>  |                     |                             |                                |                                |
| Current (operating)  |                     |                             |                                |                                |
| General government   | 1,474,129           | -                           | -                              | 1,474,129                      |
| Public safety  | 6,639,193           | -                           | 2,272                          | 6,641,465                      |
| Public services  | 1,990,457           | -                           | -                              | 1,990,457                      |
| Culture and recreation                                       | 1,398,761           | -                           | -                              | 1,398,761                      |
| Economic Development   | 309,393             | -                           | -                              | 309,393                        |
| Capital outlay   | 2,728,005           | 10,298,411                  | 2,999                          | 13,029,415                     |
| Debt service   |                     |                             |                                |                                |
| Principal  | 310,784             | -                           | 1,825,000                      | 2,135,784                      |
| Interest and fiscal charges                                  | 11,363              | 912,649                     | 786,224                        | 1,710,236                      |
| Total Expenditures   | <u>14,862,085</u>   | <u>11,211,060</u>           | <u>2,616,495</u>               | <u>28,689,640</u>              |
| Excess of revenues over (under) expenditures                 | <u>(580,653)</u>    | <u>(11,199,151)</u>         | <u>1,216</u>                   | <u>(11,778,588)</u>            |
| <b>Other financing sources and uses, including transfers</b> |                     |                             |                                |                                |
| Proceeds from debt issuance                                  | 2,356,080           | 20,000,000                  | -                              | 22,356,080                     |
| Premium on bonds issued                                      | -                   | 1,946,668                   | -                              | 1,946,668                      |
| Proceeds from sale of assets                                 | 10,109              | -                           | 450                            | 10,559                         |
| Transfers in (out)   | (474,392)           | (31,666)                    | 474,392                        | (31,666)                       |
| Total other financing sources and (uses)                     | <u>1,891,797</u>    | <u>21,915,002</u>           | <u>474,842</u>                 | <u>24,281,641</u>              |
| Net change in fund balances                                  | 1,311,144           | 10,715,851                  | 476,058                        | 12,503,053                     |
| Fund Balances, September 30, 2015                            | 5,204,339           | 11,210,823                  | 299,392                        | 16,714,554                     |
| Fund Balances, September 30, 2016                            | <u>\$ 6,515,483</u> | <u>\$ 21,926,674</u>        | <u>\$ 775,450</u>              | <u>\$ 29,217,607</u>           |

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For the year ended September 30, 2016**

Net change in fund balances - governmental funds \$ 12,503,053

Amounts reported for governmental activities in Statement of  
 Activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of capital assets is depreciated over their estimated useful lives. In the current period, these amounts are:

|                      |                    |            |
|----------------------|--------------------|------------|
| Capital outlay       | 12,787,555         |            |
| Depreciation expense | <u>(1,503,325)</u> | 11,284,230 |

Governmental funds report revenues for developer construction advances as they are collected; however, these transactions are recorded as revenues when earned in the statement of activities. 112,157

Some revenues and expenses reported in the statement of activities are not available for spending or do not require the use of current resources, and, therefore are not reported as revenues or expenditures in the governmental funds.

|  |  |             |
|--|--|-------------|
| Debt forgiveness                       |  | 871,766     |
| Change in compensated absences         |  | (67,903)    |
| Pension expense for the current period |  | (1,966,989) |
| Interest expense                       |  | 80,020      |
| Other revenues                         |  | (50,177)    |

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

|                        |                  |                     |
|------------------------|------------------|---------------------|
| Debt issuance proceeds | (24,302,748)     |                     |
| Retirement of debt     | <u>2,297,223</u> | <u>(22,005,525)</u> |

Change in net position - governmental funds \$ 760,632

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2016**

|   | Business-Type Activities |                    | Totals               |
|---|--------------------------|--------------------|----------------------|
|   | Enterprise Funds         |                    |                      |
|   | Water & Sewer<br>Fund    | Sanitation<br>Fund |                      |
| <b>ASSETS</b>   |                          |                    |                      |
| Current assets  |                          |                    |                      |
| Cash and cash equivalents   | \$ 3,599,102             | \$ 336,252         | \$ 3,935,354         |
| Receivables   |                          |                    |                      |
| Accounts receivable, net of allowance<br>for uncollectible accounts | 911,039                  | 132,440            | 1,043,479            |
| Due from other governments  | 174,887                  | -                  | 174,887              |
| Internal balances - advances due from other funds                   | 264,292                  | (4,985)            | 259,307              |
| Inventory   | 192,786                  | -                  | 192,786              |
| Total current assets  | <u>5,142,106</u>         | <u>463,707</u>     | <u>5,605,813</u>     |
| Noncurrent assets   |                          |                    |                      |
| Capital assets, net   | 16,892,590               | 66,955             | 16,959,545           |
| Total noncurrent assets   | <u>16,892,590</u>        | <u>66,955</u>      | <u>16,959,545</u>    |
| Total assets  | <u>22,034,696</u>        | <u>530,662</u>     | <u>22,565,358</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                               |                          |                    |                      |
| Deferred outflow related to pensions                                | 397,085                  | 52,862             | 449,947              |
| Total deferred outflows of resources                                | <u>397,085</u>           | <u>52,862</u>      | <u>449,947</u>       |
| <b>LIABILITIES</b>  |                          |                    |                      |
| Current liabilities   |                          |                    |                      |
| Accounts payable  | 225,015                  | 3,977              | 228,992              |
| Accrued payroll liabilities   | 12,486                   | 1,123              | 13,609               |
| Meter deposits payable  | 754,966                  | -                  | 754,966              |
| Current portion of capital improvement loan                         | 654,233                  | -                  | 654,233              |
| Current portion of capital lease payable                            | -                        | 8,412              | 8,412                |
| Total current liabilities   | <u>1,646,700</u>         | <u>13,512</u>      | <u>1,660,212</u>     |
| Noncurrent liabilities  |                          |                    |                      |
| Compensated absences  | 58,553                   | 2,145              | 60,698               |
| Net pension liability   | 1,948,282                | 268,709            | 2,216,991            |
| Capital improvement loan  | 4,117,812                | -                  | 4,117,812            |
| Obligation under capital lease                                      | -                        | 3,546              | 3,546                |
| Total noncurrent liabilities  | <u>6,124,647</u>         | <u>274,400</u>     | <u>6,399,047</u>     |
| Total liabilities   | <u>7,771,347</u>         | <u>287,912</u>     | <u>8,059,259</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                          |                    |                      |
| Deferred inflows related to pensions                                | 3,514                    | 362                | 3,876                |
| Total deferred inflows of resources                                 | <u>3,514</u>             | <u>362</u>         | <u>3,876</u>         |
| <b>NET POSITION</b>   |                          |                    |                      |
| Net investment in capital assets                                    | 12,120,545               | 54,997             | 12,175,542           |
| Unrestricted  | 2,536,375                | 240,253            | 2,776,628            |
| Total net position  | <u>\$ 14,656,920</u>     | <u>\$ 295,250</u>  | <u>\$ 14,952,170</u> |

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the year ended September 30, 2016**

|  | Business-Type Activities<br>Enterprise Funds |                    | Totals               |
|--|--|--------------------|----------------------|
|  | Water &<br>Sewer<br>Fund                     | Sanitation<br>Fund |                      |
| Operating Revenues                     |  |                    |                      |
| Charges for services                   | \$ 6,516,658                                 | \$ 1,001,725       | \$ 7,518,383         |
| Total operating revenues               | <u>6,516,658</u>                             | <u>1,001,725</u>   | <u>7,518,383</u>     |
| Operating Expenses                     |  |                    |                      |
| Personnel services                     | 1,168,124                                    | 131,834            | 1,299,958            |
| Supplies, services and other charges   | 3,771,709                                    | 1,302,593          | 5,074,302            |
| Depreciation and amortization          | 1,217,139                                    | 2,699              | 1,219,838            |
| Total operating expenses               | <u>6,156,972</u>                             | <u>1,437,126</u>   | <u>7,594,098</u>     |
| Operating income (loss)                | <u>359,686</u>                               | <u>(435,401)</u>   | <u>(75,715)</u>      |
| Nonoperating revenues (expenses)       |  |                    |                      |
| Capital grant                          | 458,727                                      | -                  | 458,727              |
| Interest income                        | 6,548  | 760                | 7,308                |
| Gain on sale of assets                 | -  | 10,295             | 10,295               |
| Interest expense and bond fees         | (118,669)                                    | (271)              | (118,940)            |
| Total nonoperating revenues (expenses) | <u>346,606</u>                               | <u>10,784</u>      | <u>357,390</u>       |
| Income (loss) before transfers         | <u>706,292</u>                               | <u>(424,617)</u>   | <u>281,675</u>       |
| Transfers                              | <u>28,666</u>                                | <u>3,000</u>       | <u>31,666</u>        |
| Change in net position                 | 734,958                                      | (421,617)          | 313,341              |
| Net Position, September 30, 2015       | 13,921,962                                   | 716,867            | 14,638,829           |
| Net Position, September 30, 2016       | <u>\$ 14,656,920</u>                         | <u>\$ 295,250</u>  | <u>\$ 14,952,170</u> |

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the year ended September 30, 2016**

|   | Business-Type Activities |                    |                     |
|---|--------------------------|--------------------|---------------------|
|   | Enterprise Funds         |                    |                     |
|   | Water &<br>Sewer<br>Fund | Sanitation<br>Fund | Totals              |
| Cash flows from operating activities                                      |                          |                    |                     |
| Cash received from customers  | \$ 6,440,209             | \$ 995,588         | \$ 7,435,797        |
| Cash payments for goods and services                                      | (3,915,406)              | (1,303,243)        | (5,218,649)         |
| Cash payments for personnel services                                      | (968,042)                | (113,517)          | (1,081,559)         |
| Net cash provided by operating activities                                 | <u>1,556,761</u>         | <u>(421,172)</u>   | <u>1,135,589</u>    |
| Cash flows from non-capital financing activities                          |                          |                    |                     |
| Receipts from other funds on internal balances                            | 423,947                  | 138,123            | 562,070             |
| Operating transfers (to) from other funds                                 | <u>31,666</u>            | <u>-</u>           | <u>31,666</u>       |
| Net cash provided by non-capital financing activities                     | <u>455,613</u>           | <u>138,123</u>     | <u>593,736</u>      |
| Cash flows from capital and related financing activities                  |                          |                    |                     |
| Principal paid on notes payable and capital leases                        | (657,547)                | (8,274)            | (665,821)           |
| Interest paid on notes and capital leases                                 | (118,669)                | (271)              | (118,940)           |
| Acquisition and construction of capital assets                            | (2,211,025)              | (26,989)           | (2,238,014)         |
| Proceeds from capital grants  | 283,840                  | -                  | 283,840             |
| Proceeds from sale of capital assets                                      | <u>-</u>                 | <u>10,294</u>      | <u>10,294</u>       |
| Net cash used for capital and related financing activities                | <u>(2,703,401)</u>       | <u>(25,240)</u>    | <u>(2,728,641)</u>  |
| Cash flows from investing activities                                      |                          |                    |                     |
| Interest on investments   | <u>6,548</u>             | <u>760</u>         | <u>7,308</u>        |
| Net cash provided (used) by investing activities                          | <u>6,548</u>             | <u>760</u>         | <u>7,308</u>        |
| Net increase (decrease) in cash and cash equivalents                      | (684,479)                | (307,529)          | (992,008)           |
| Cash and cash equivalents, October 1, 2015                                | <u>4,283,581</u>         | <u>643,781</u>     | <u>4,927,362</u>    |
| Cash and cash equivalents, September 30, 2016                             | <u>\$ 3,599,102</u>      | <u>\$ 336,252</u>  | <u>\$ 3,935,354</u> |
| Cash and cash equivalents consists of the following balance sheet amounts |                          |                    |                     |
| Cash and cash equivalents   | <u>\$ 3,599,102</u>      | <u>\$ 336,252</u>  | <u>\$ 3,935,354</u> |

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the year ended September 30, 2016**

|   | Business-Type Activities<br>Enterprise Funds |                     | Totals              |
|---|--|---------------------|---------------------|
|   | Water &<br>Sewer<br>Fund                     | Sanitation<br>Fund  |                     |
| Reconciliation of operating income to net cash provided by operating activities               |  |                     |                     |
| Operating Income (Loss)   | \$ 359,686                                   | \$ (435,401)        | \$ (75,715)         |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities |  |                     |                     |
| Depreciation  | 1,188,889                                    | 2,699               | 1,191,588           |
| Amortization  | 28,250                                       | -                   | 28,250              |
| Changes in assets and liabilities   |  |                     |                     |
| (Increase) decrease in accounts receivable, net   | (104,117)                                    | (6,137)             | (110,254)           |
| (Increase) deferred outflow of resources  | (115,333)                                    | (11,897)            | (127,230)           |
| Increase (decrease) in accounts payable   | (143,697)                                    | (650)               | (144,347)           |
| Increase (decrease) in customer meter deposits  | 27,668                                       | -                   | 27,668              |
| Increase (decrease) in payroll liabilities  | (32,754)                                     | (5,701)             | (38,455)            |
| Increase (decrease) in pension liability  | 344,655                                      | 35,553              | 380,208             |
| Increase (decrease) in deferred inflows of resources  | 3,514  | 362                 | 3,876               |
| Net cash provided (used) by operating activities  | \$ <u>1,556,761</u>                          | \$ <u>(421,172)</u> | \$ <u>1,135,589</u> |

See accompanying notes to financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

(1) Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

The City of Brandon was incorporated on December 19, 1831. The city operates under a mayor-board of aldermen form of government (also known as "code charter form") that provides all of the rights and privileges provided by statute for municipalities. The accounting policies of the City of Brandon conform to generally accepted accounting principles as applicable to governments.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

Based on the application of the criteria above, no component units of the City of Brandon were identified.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for services.

The statement of net position is designed to display the financial position of the primary government (governmental and business-type activities) and its component units. Governments will report all capital assets, including infrastructure, in the government-wide statement of net position and will report depreciation expense in the statement of activities.

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. Direct expenses are those that are clearly identifiable with a specific activity or program. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given activity or program, and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular activity or program. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund financial statements display the financial transactions and accounts of the City based on funds. The operation of each fund is considered to be an independent accounting entity. The fund financial statements also include a reconciliation to the government-wide statement.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial treatment applied to a fund is determined by its measurement focus. The government-wide financial statements, proprietary fund financial statements, and the fiduciary fund financial statements are all reported using the *economic resources measurement focus* and the accrual basis of accounting. Under this focus and basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the cash is received or expended.

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Property tax, sales tax, franchise tax, intergovernmental revenue, and investment earnings are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available when cash is received.

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year; taxpayer assessed income and sales taxes are considered "measurable" when received by intermediary collecting governments and are recognized as revenue at that time. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable, except for principal and interest payments on general long-term debt, which are recognized when due.

*Major Governmental Funds*

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Capital Projects Fund accounts for financial resources to be used for the acquisition of major capital facilities (other than those financed by proprietary funds).

*Non-Major Governmental Fund Types*

In addition to the major funds listed above, the City reports on two non-major governmental funds:

The Drug Seizure Fund is a special revenue fund which is used to account for revenues generated from sources such as grants, contributions and drug forfeitures. This fund expends those revenues for drug trafficking prevention.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

*Major Proprietary Fund*

The Water and Sewer Fund and the Sanitation Fund are used to account for the operations of the City's water and wastewater systems and waste disposal respectively, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund and the Sanitation Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Fund Balance

Governmental fund balance is reported in five separate categories: Nonspendable, restricted, committed, assigned, and unassigned. When both restricted and unrestricted fund balance is available for use, it is the City's policy to use restricted fund balance first. When expenditures qualify for more than one unrestricted fund balance classification, it is the City's policy to use resources in the following order: Committed, assigned, and then unassigned.

*Nonspendable fund balance* - amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

*Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Committed fund balance* - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority, the Board of Alderman. To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

*Assigned fund balance* - amounts the City intends to use for a specific purpose. Intent can be expressed by the Board of Alderman or by an official to which the Board delegates.

*Unassigned fund balance* - amounts that are available for any purpose.

Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

For purposes of the Statement of Cash Flows, the Proprietary Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund loans or transactions between funds that are representative of lending/borrowing arrangements are reported as "advances from and to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Interfund receivables and payables between funds are eliminated in the government-wide financial statements on the Statement of Net Position.

Receivables are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on professional judgment and historical information.

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Property Tax

As of January 1 of each calendar year, property taxes attach as an enforceable lien on property. Taxes are levied as of January 1 and are payable on or before February 1. All property taxes are collected and remitted to the city by the county tax collector. The millage rate for the city for January through December, 2015, was 29 mills. Of that amount, 21.5 mills were for general fund and 7.5 mills for the debt service fund. The taxes were distributed to funds in accordance with prescribed tax levies. Remaining uncollected taxes were not accrued. An annual tax sale is held for uncollected taxes.

Inventory

No inventories are maintained in the General Fund. Supplies are recorded as expenditures when purchased. Inventories in the Proprietary Fund consist of supplies, which are recorded at cost (calculated on the first-in, first-out basis).

Restricted Assets

Certain resources of the City are classified as restricted assets on the balance sheet. These funds are maintained in separate accounts and their use is limited by applicable law, bond covenants or agreement.

Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The City defines capital assets as assets with an estimated useful life in excess of two years and an initial cost of more than \$5,000. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over the following useful lives:

|                                    |             |
|------------------------------------|-------------|
| Buildings                          | 40 years    |
| Building improvements              | 10-40 years |
| Computer Equipment and Peripherals | 3 years     |
| Heavy Equipment                    | 10 years    |
| Furniture and Fixtures             | 7 years     |
| Improvements other than Buildings  | 10-20 years |
| Infrastructure                     | 20-50 years |
| Vehicles and Equipment             | 5 years     |

Compensated Absences

The City records the vested portion of accumulated unused compensated absences at year-end based on each employee's accumulated unused hours and rate of pay. All compensated absences are accrued when incurred in the governmental-wide and proprietary fund financial statements. Compensated absences expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities of the governmental fund that will make the payments.

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Long-term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond Discounts, Premiums and Issuance Costs

In the fund financial statements, bond premiums, discounts and issuance costs are recognized as revenues/expenditures in the period incurred. In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds payable using the straight-line method. Bond premiums and discounts are presented as additions/reductions to the face amount of the bonds payable. Bond issuance costs are recognized as an expense in the period incurred.

Pensions

Financial reporting information pertaining to the City's participation in the Public Employees' Retirement System of Mississippi ("PERS") is prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PERS have been determined on the same basis as they are reported by PERS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing PERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the City's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Comparative Data

Comparative total data for the prior year have been presented in the supplemental comparison schedules in order to provide an understanding of changes in the respective funds' financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make statements unduly complex and difficult to understand.

Reclassifications

Certain amounts have been reclassified in the comparison schedules of revenues, expenditures, and changes in fund balance for comparative purposes to conform with the presentation in the current-year financial statements.

(2) Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. During September, the budget must be published in a newspaper published in the city (or the county if none is published by the city).
3. Prior to the adoption of the budget, at least one public hearing is held by the Board of Aldermen to provide the general public with an opportunity to comment on the taxing and spending plan incorporated in the proposed budget. The public hearing must be held at least one week prior to the adoption of the budget with advance notice and held outside normal working hours.
4. Prior to September 15, the budget is legally enacted through passage of an ordinance.
5. Routine budget revisions may be made by the Board as often as necessary. However, when a department's total budget has been revised up or down by ten percent (10%) or more, public notice must be given of the change. Also, during the first three months of office, while operating under the prior Board's budget, the new Board is limited to one revision if a deficit is evident.
6. It is the City's policy for the Board to approve all budget transfers between departments and/or funds.
7. Formal budgetary integration is employed as a management control device during the year for the various funds. Budgeting data presented is as originally adopted or amended by the Board of Aldermen.
8. Budgets for the various funds are not adopted on a basis consistent with generally accepted accounting principles (GAAP) but rather on a modified cash basis as required by State statutes.

(3) Deposits and Investments

Mississippi Code Section 21-33-323 allows municipalities to maintain deposits in banks and savings and loan associations insured by the Federal Deposit Insurance Corporation. Municipalities may also invest in obligations of the United States of America or the State of Mississippi, or of any county, school district or municipal bonds that have been approved by a reputable bond attorney or have been validated by decree of the chancery court, or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository.

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Custodial Credit Risk

State statute requires that all deposits in financial institutions be collateralized in an amount at least equal to 105% of the amount not insured by the Federal Deposit Insurance Corporation (FDIC). The City participates in the State Treasurer's collateral pool. The City's deposits were fully insured or collateralized with securities held by this pool at September, 30 2016.

At September 30, 2016, the carrying amount of the City's deposits was \$32,077,235 and the bank balance was \$33,675,367.

(4) Receivables

Receivables of the proprietary funds are recorded net of uncollectible amounts.

Allowances for doubtful accounts are as follows:

|  |                   |
|--|-------------------|
| Allowances related to Water and Sewer Fund receivables | \$ 203,245        |
| Allowances related to Sanitation Fund receivables      | <u>67,500</u>     |
| Total  | <u>\$ 270,745</u> |

The uncollectible amounts related to revenues of the current period are as follows:

|  |                  |
|--|------------------|
| Uncollectibles related to Water and Sewer Fund | \$ 75,000        |
| Uncollectibles related to Sanitation Fund      | <u>7,500</u>     |
| Total  | <u>\$ 82,500</u> |

(5) Interfund Advances and Transfers

1. Individual fund interfund receivable and payable balances at September 30, 2016 were:

| <u>Receivable fund</u> | <u>Amount</u>   |                   |
|------------------------|-----------------|-------------------|
| Water & Sewer Fund     | General Fund    | \$ 264,292        |
| General Fund           | Sanitation Fund | <u>(4,985)</u>    |
| Net Internal Balances  |                 | <u>\$ 259,307</u> |

Due from and due to balances result from interfund loans and are recorded as current assets and liabilities in the financial statements. The difference between the fund statement balances for due from/due to balances and the internal balances on the government-wide statements consolidates the amount due from the Sanitation Fund to the General Fund with the amount due from the General Fund to the Water and Sewer Fund.

2. Interfund transfers between the Capital Projects Fund, the Water and Sewer Fund and the Sanitation Fund reflect the transfer of assets and accumulated depreciation between the funds. Interfund transfers from the General Fund to the Debt Service Fund were made for the payment of debt service.

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

(6) Capital Assets

A summary of changes in Capital Assets at September 30, 2016 follows:

|                                 | Balance<br>09/30/15  | Increases            | Decrease          | CIP<br>Completed   | Balance<br>09/30/16  |
|---------------------------------|----------------------|----------------------|-------------------|--------------------|----------------------|
| <b>Governmental Activities</b>  |                      |                      |                   |                    |                      |
| <b>Non-depreciable</b>          |                      |                      |                   |                    |                      |
| Land                            | \$ 2,321,481         | \$ 460,087           | \$ -              | \$ 292,039         | \$ 3,073,607         |
| Construction in progress        | 5,047,115            | 10,696,989           | -                 | (6,101,983)        | 9,642,121            |
| Total                           | <u>7,368,596</u>     | <u>11,157,076</u>    | <u>-</u>          | <u>(5,809,944)</u> | <u>12,715,728</u>    |
| <b>Depreciable</b>              |                      |                      |                   |                    |                      |
| Buildings                       | 12,772,970           | 130,471              | -                 | 4,584,416          | 17,487,857           |
| Improvement other than bldg.    | 25,295,364           | 1,165,635            | -                 | 1,225,528          | 27,686,527           |
| Machinery, equip. & vehicles    | 7,078,223            | 1,137,186            | (13,706)          | -                  | 8,201,703            |
| Total                           | <u>45,146,557</u>    | <u>2,433,292</u>     | <u>(13,706)</u>   | <u>5,809,944</u>   | <u>53,376,087</u>    |
| <b>Less accum. depreciation</b> |                      |                      |                   |                    |                      |
| Buildings                       | 3,080,627            | 281,375              | -                 | -                  | 3,362,002            |
| Improvement other than bldg.    | 11,232,748           | 826,790              | -                 | -                  | 12,059,538           |
| Machinery, equip. & vehicles    | 5,378,035            | 395,160              | (12,335)          | -                  | 5,760,860            |
| Total                           | <u>19,691,410</u>    | <u>1,503,325</u>     | <u>(12,335)</u>   | <u>-</u>           | <u>21,182,400</u>    |
| Governmental Activities, net    | <u>\$ 32,823,743</u> | <u>\$ 12,087,043</u> | <u>\$ (1,371)</u> | <u>\$ -</u>        | <u>\$ 44,909,415</u> |

Depreciation expense was charged to governmental functions as follows:

|                        |                     |
|------------------------|---------------------|
| General government     | \$ 144,577          |
| Public safety          | 369,595             |
| Public service         | 632,083             |
| Culture and recreation | 357,070             |
|                        | <u>\$ 1,503,325</u> |

|                                 |                      |                     |             |                  |                      |
|---------------------------------|----------------------|---------------------|-------------|------------------|----------------------|
| <b>Business-type Activities</b> |                      |                     |             |                  |                      |
| <b>Non-depreciable</b>          |                      |                     |             |                  |                      |
| Land                            | \$ 130,377           | \$ -                | \$ -        | \$ -             | \$ 130,377           |
| Construction in progress        | 408,237              | 1,712,965           | -           | (144,246)        | 1,976,956            |
| Total                           | <u>538,614</u>       | <u>1,712,965</u>    | <u>-</u>    | <u>(144,246)</u> | <u>2,107,333</u>     |
| <b>Depreciable</b>              |                      |                     |             |                  |                      |
| Buildings                       | 1,022,391            | -                   | -           | -                | 1,022,391            |
| Improvement other than bldg.    | 32,348,807           | 403,060             | -           | 144,246          | 32,896,113           |
| Machinery, equip. & vehicles    | 1,699,145            | 121,989             | -           | -                | 1,821,134            |
| Total                           | <u>35,070,343</u>    | <u>525,049</u>      | <u>-</u>    | <u>144,246</u>   | <u>35,739,638</u>    |
| <b>Less accum. depreciation</b> |                      |                     |             |                  |                      |
| Buildings                       | 342,524              | 19,064              | -           | -                | 361,588              |
| Improvement other than bldg.    | 17,977,226           | 1,112,666           | -           | -                | 19,089,892           |
| Machinery, equip. & vehicles    | 1,376,088            | 59,858              | -           | -                | 1,435,946            |
| Total                           | <u>19,695,838</u>    | <u>1,191,588</u>    | <u>-</u>    | <u>-</u>         | <u>20,887,426</u>    |
| Business-type Activities, net   | <u>\$ 15,913,119</u> | <u>\$ 1,046,426</u> | <u>\$ -</u> | <u>\$ -</u>      | <u>\$ 16,959,545</u> |

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(7) Obligations under capital lease:

The City has entered into the following lease agreements as of September 30, 2016, which qualify as capital leases for accounting purposes:

|   | Governmental<br>Activities | Business-type<br>Activities |
|---|----------------------------|-----------------------------|
| Lease dated April 25, 2014, with Motorola for the acquisition of police radios in the amount of \$148,575 at 1.93% payable in 60 monthly payments of \$2,591.                                   | \$ 80,764                  | \$ -                        |
| Lease dated June 25, 2015, with Trustmark National Bank for the acquisition of equipment in the amount of \$68,105 at 1.57% payable in 36 monthly payments of \$1,938.                          | 40,126                     | -                           |
| Lease dated February 25, 2015, with Regions Equipment Finance Corp. for the acquisition of equipment and vehicles in the amount of \$206,299 at 1.65% payable in 36 monthly payments of \$5,877 | 86,734                     | 11,957                      |
| Lease dated December 15, 2015, with Trustmark National Bank for the acquisition of equipment and vehicles in the amount of \$105,989 at 1.43% payable in 36 monthly payments of \$3,009.        | 79,916                     | -                           |
| Total obligations under capital leases  | \$ 287,540                 | \$ 11,957                   |

As of September 30, 2016, the City had future minimum payments under capital leases as follows:

|  | Governmental<br>Activities | Business-type<br>Activities |
|--|----------------------------|-----------------------------|
| September 30:                                  |                            |                             |
| 2017   | \$ 152,455                 | \$ 8,545                    |
| 2018   | 110,482                    | 3,561                       |
| 2019   | 29,800                     | -                           |
| 2020   | -                          | -                           |
| 2021   | -                          | -                           |
| Total  | 292,737                    | 12,106                      |
| Less amount representing interest              | 5,197                      | 149                         |
| Present value of future minimum lease payments | \$ 287,540                 | \$ 11,957                   |
| Cost of equipment                              | \$ 503,973                 | \$ 24,995                   |
| Accumulated depreciation                       | \$ 204,765                 | \$ 7,499                    |

**CITY OF BRANDON**  
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(8) Long-Term Debt

Transactions for the fiscal year ended September 30, 2016 are summarized as follows:

| <u>Governmental Activities</u>      | Balance<br>09/30/15  | Additions            | Payments            | Balance<br>09/30/16  |
|-------------------------------------|----------------------|----------------------|---------------------|----------------------|
| Capital improvement loans           | \$ -                 | \$ 250,091           | \$ 69,470           | \$ 180,621           |
| General obligation bonds            | 23,220,000           | 6,000,000            | 1,825,000           | 27,395,000           |
| Special obligation bonds            | -                    | 14,000,000           | -                   | 14,000,000           |
| Other long-term liabilities *       | 661,439              | 2,000,000            | 261,439             | 2,400,000            |
| Obligations under capital lease     | 322,865              | 249,409              | 284,734             | 287,540              |
| Compensated absences                | 274,476              | 67,903               | -                   | 342,379              |
| Total governmental activities       | <u>24,478,780</u>    | <u>22,567,403</u>    | <u>2,440,643</u>    | <u>44,605,540</u>    |
| <br><u>Business-type Activities</u> |                      |                      |                     |                      |
| Capital improvement loans           | 5,429,592            | -                    | 657,547             | 4,772,045            |
| Obligations under capital lease     | 20,231               | -                    | 8,274               | 11,957               |
| Compensated absences                | 60,698               | -                    | -                   | 60,698               |
| Total business-type activities      | <u>5,510,521</u>     | <u>-</u>             | <u>665,821</u>      | <u>4,844,700</u>     |
| Total government-wide               | <u>\$ 29,989,301</u> | <u>\$ 22,567,403</u> | <u>\$ 3,106,464</u> | <u>\$ 49,450,240</u> |

\* The beginning balance of other long-term liabilities has been adjusted to reflect the forgiveness of the liability to the Department of Revenue. Refer to footnote 13 for additional information.

For governmental activities, compensated absences and capital loans and leases payable are liquidated by the general fund. Bonds are liquidated by the debt service fund.

The annual requirements to amortize loans and bonds outstanding as of September 30, 2016, including interest payments are as follows:

| Year Ended<br>30-Sep | Governmental<br>Activities |                      | Business-type<br>Activities |                   | Total                |
|----------------------|----------------------------|----------------------|-----------------------------|-------------------|----------------------|
|                      | Principal                  | Interest             | Principal                   | Interest          |                      |
| 2017                 | \$ 2,317,924               | \$ 1,424,302         | \$ 654,232                  | \$ 105,467        | \$ 4,501,925         |
| 2018                 | 2,320,446                  | 1,432,736            | 667,609                     | 91,916            | 4,512,707            |
| 2019                 | 2,312,251                  | 1,381,862            | 681,452                     | 78,074            | 4,453,639            |
| 2020                 | 2,355,000                  | 1,325,439            | 257,360                     | 67,433            | 4,005,232            |
| 2021                 | 1,860,000                  | 1,272,906            | 264,079                     | 60,714            | 3,457,699            |
| 2022-2026            | 7,865,000                  | 5,662,963            | 1,427,557                   | 196,409           | 15,151,929           |
| 2027-2031            | 10,095,000                 | 4,040,256            | 724,261                     | 36,619            | 14,896,136           |
| 2032-2036            | 6,710,000                  | 2,222,475            | 95,495                      | 2,330             | 9,030,300            |
| 2037-2041            | 3,445,000                  | 1,339,336            | -                           | -                 | 4,784,336            |
| 2042-2046            | 4,695,000                  | 586,000              | -                           | -                 | 5,281,000            |
| Total                | <u>\$ 43,975,621</u>       | <u>\$ 20,688,275</u> | <u>\$ 4,772,045</u>         | <u>\$ 638,962</u> | <u>\$ 70,074,903</u> |

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Capital Improvement Loans

Capital improvement loans are funds provided to municipalities from state agencies for the improvement of public facilities and infrastructure to assist with business locations and expansions with community-based projects.

| <u>Description</u>  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|---|------------------------------------|-------------------------------------|
| \$5,619,951 Water Pollution Control Revolving Loan for pollution control improvements through the Mississippi Department of Environmental Quality. Payments are \$36,228 monthly for 15 years through 9/1/2019. Interest is 1.75% APR.              | \$ -                               | \$ 1,269,651                        |
| \$1,200,551 Water Pollution Control Revolving Loan for pollution control improvements through the Mississippi Department of Environmental Quality. Monthly payments of \$6,466 for a period of 235 months through 08/01/27. Interest is 2.5% APR.   | -                                  | 740,642                             |
| \$3,014,742 Water Pollution Control Revolving Loan for pollution control improvements through the Mississippi Department of Environmental Quality. Monthly payments of \$17,660 for a period of 236 months through 10/01/28. Interest is 2.75% APR. | -                                  | 2,063,824                           |
| \$800,000 Capital Improvement Revolving Loan for water and sewer improvements through the Mississippi Department of Economic and Community Development. Payments are \$4,047 monthly for 20 years through 11/1/2033. Interest is 2% APR.            | -                                  | 697,928                             |
| <br>  |                                    |                                     |
| \$250,091 Capital Improvement Revolving Loan for the purchase of a fire truck through the Mississippi Development Authority. Payments are \$2,515 monthly for 10 years through 2025. Interest is 3% APR.  | <u>180,621</u>                     | <u>-</u>                            |
| Total Capital Improvement Loans   | \$ <u>180,621</u>                  | \$ <u>4,772,045</u>                 |

General Obligation Bonds

General obligation bonds are directed unlimited obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City.

Special Obligation Bonds

Special obligation bonds issued under Mississippi Code Section 31-25-28, the Mississippi Development Bank Act (Bank Act) do not constitute a general obligation of the City. Neither the full faith and credit nor the taxing power of the City has been pledged for the repayment of these bonds. Payments are to be paid from the City revenues. In addition, the Bank Act provides for the intercept of monies owed to the City and held by the Mississippi Department of Revenue or other agencies of the State if the City is deficient in its payments due under the note.

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Bonds payable at September 30, 2016 are comprised of the following:

| <u>General Obligation Bonds</u>  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|--|------------------------------------|-------------------------------------|
| \$2,535,000 2009 Refunding Bonds due in annual installments ranging from \$5,000 to \$360,000 for 12 years through April 2021, bearing interest of 2.875%.                               | \$ 1,710,000                       | \$ -                                |
| \$3,160,000 2011 Refunding Bonds due in annual installments ranging from \$20,000 to \$435,000 for 9 years through September 2020, with interest ranging from 2.0% to 3.0%.              | 1,660,000                          | -                                   |
| \$2,790,000 2013 Refunding Bonds due in annual installments ranging from \$40,000 to \$420,000 for 8 years through September 2021, bearing interest of 2.36%.                            | 2,010,000                          | -                                   |
| \$2,355,000 2015 Refunding Bonds due in annual installments ranging from \$20,000 to \$760,000 for 9 years through September 2024, with interest ranging from 2.0% to 3.0%.              | 2,335,000                          | -                                   |
| \$13,680,000 2014 Public Improvement Bonds due in annual installments ranging from \$270,000 to \$1,130,000 for 18 years through November 2034, with interest ranging from 2.0% to 5.0%. | 13,680,000                         | -                                   |
| \$6,000,000 2016 Special Obligation Bonds due in annual installments ranging from \$0 to \$900,000 for 15 years through 2031, with interest ranging from 3.0% to 4.0%.                   | <u>6,000,000</u>                   | <u>-</u>                            |
| Total General Obligation Bonds   | <u>27,395,000</u>                  | <u>-</u>                            |
| \$14,000,000 2016 Special Obligation Bonds due in annual installments ranging from \$130,000 to \$6,200,000 for 30 years through 2046, with interest ranging from 3.0% to 4.0%.          | 14,000,000                         | -                                   |
| Total Special Obligation Bonds   | <u>14,000,000</u>                  | <u>-</u>                            |
| Total before premiums/(discounts), net   | 41,395,000                         | -                                   |
| Premiums/(discounts), net  | 2,618,774                          | -                                   |
| Total Bonds Payable  | <u>\$ 44,013,774</u>               | <u>\$ -</u>                         |

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
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Other Long-term Liabilities

The City periodically obtains notes payable to finance the purchase of capital items.

Other Long-term Liabilities payable at September 30, 2016 are comprised of the following:

| <u>Other Long-Term Liabilities</u>  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|---|------------------------------------|-------------------------------------|
| \$500,000 due to B&B Family Properties, L.P. for the purchase of property due in 5 annual installments of \$100,000 through June 2020, bearing no interest (see footnote 11).             | \$ 400,000                         | \$ -                                |
| \$2,000,000 General Obligation Note Payable to Community Bank for the construction of roads due in 5 annual installments of \$400,000 through June 2020, with an interest rate of 1.739%. | 2,000,000                          | -                                   |
| Total Long-Term Liabilities   | <u>\$ 2,400,000</u>                | <u>\$ -</u>                         |

Limitation of Indebtedness

Mississippi Code Section 21-33-303 prohibits any municipality from issuing bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality shall exceed fifteen percent (15%) of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation.

In computing such indebtedness, there may be deducted all bonds or other evidence of indebtedness, heretofore or hereafter issued, for school, water, sewer systems, gas and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation.

Any loan made pursuant to the provisions of Mississippi Code Section 31-25-28 shall not constitute an indebtedness of the local governmental unit within the meaning of any constitutional or statutory limitation or restriction.

The following is a schedule of limitations on the indebtedness of the City as of September 30, 2016:

| Authorized Debt Limit:  | <u>15 Percent</u>   | <u>20 Percent</u>    |
|---|---------------------|----------------------|
| Assessed valuation for the fiscal year ended<br>September 30, 2016 - \$ 228,401,538 | \$ 34,260,231       | \$ 45,680,308        |
| Total long-term debt - governmental activities                                      | 44,605,540          | 44,605,540           |
| Less amounts not subject to statutory limitation                                    | <u>(17,210,540)</u> | <u>(14,342,379)</u>  |
| Present debt subject to debt limitation   | <u>27,395,000</u>   | <u>30,263,161</u>    |
| Margin for further general indebtedness   | <u>\$ 6,865,231</u> | <u>\$ 15,417,147</u> |

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(9) Fund Balances and Restricted Net Position

In 2013, legislation was passed providing for a 2% sales tax of restaurant and bar food and beverage sales to be used by the City to fund the promotion of tourism, parks and recreation, which is set to be repealed after July 1, 2027. At September 30, 2016, the government-wide statement of net position reports \$25,071,033 of restricted net position, of which \$1,099,789 is restricted by this enabling legislation.

(10) Defined Benefit Pension Plan

*Plan Description*

The City contributes to the Public Employees' Retirement System of Mississippi ("PERS"). PERS was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in PERS, and elected members of the State Legislature and the President of the Senate. PERS administers a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans.

For the cost-sharing plan participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

*Contributions*

The contributions requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. PERS members are required to contribute 9% of their annual covered compensation and employers are required to contribute at an actuarially determined rate. The employer's contractually required contribution rate for the year ended September 30, 2016 was 15.75% of annual covered payroll. The City's contributions to PERS for the years ended September 30, 2016, 2015, and 2014 was \$1,053,983, \$948,315, and \$833,022, respectively, which was 100% of the required contribution for each year.

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*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At September 30, 2016, the City reported a liability of \$17,722,991 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City's proportion was 0.099219 percent, which was an increase of .005862 from its proportion measured as of June 30, 2015.

Changes in net pension liability are recognized in pension expense with the following exceptions:

*Differences Between Expected and Actual Experience.*

Differences between actual and expected experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over the average of the expected remaining service lives of active and inactive members. For 2016, this was 3.48 years, which was a decrease of .24 years from the prior year average of 3.72.

*Changes in Assumptions.*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over the average of the expected remaining service lives of active and inactive members. In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%. Additionally, effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

*Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions.*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over the average of the expected remaining service lives of active and inactive members.

For the year ended September 30, 2016, the City recognized pension expense of \$3,246,168, which included net amortization of deferred outflows and deferred inflows in the amount of \$1,139,133. Of this amount, \$2,871,315 was allocated to governmental activities and \$374,853 was allocated to business-type activities.

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At September 30, 2016, the City reported \$3,637,067 in deferred outflows of resources and \$33,562 in deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual experience                               | \$ 352,290                                    | \$ -   |
| Net difference between projected and actual earnings on pension plan investments | 960,516                                       | -  |
| Change of assumptions  | 595,413                                       | 33,562                                       |
| City contributions subsequent to the measurement date                            | 279,760                                       | -  |
| Differences between City contributions and proportionate share of contributions  | 803,327                                       | -  |
| Current year change in proportionate share                                       | <u>645,761</u>                                | <u>-</u>                                     |
| Total  | <u>\$ 3,637,067</u>                           | <u>\$ 33,562</u>                             |

The \$279,760 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year ended September 30: |    |                  |
|--------------------------|----|------------------|
| 2017                     | \$ | 1,472,804        |
| 2018                     |    | 1,193,044        |
| 2019                     |    | 937,657          |
| 2020                     |    | -                |
| Total                    | \$ | <u>3,603,505</u> |

*Actuarial Assumptions*

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |  |
|---------------------------|---|--|
| Inflation                 | 3.00%   |  |
| Salary increases          | 3.75 - 19% average, including inflation                           |  |
| Investment rate of return | 7.75% net of pension plan investment expense, including inflation |  |

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by

**CITY OF BRANDON**  
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weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

| <u>Asset Class</u>      | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|---|
| U.S. Broad              | 34%                      | 5.20%   |
| International equity    | 19%                      | 5.00%   |
| Emerging markets equity | 8%                       | 5.45%   |
| Fixed income            | 20%                      | 0.25%   |
| Real assets             | 10%                      | 4.00%   |
| Private equity          | 8%                       | 6.15%   |
| Cash                    | 1%                       | -0.50%  |
| Total                   | <u>100%</u>              |   |

*Discount Rate*

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following table presents the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

|   | <u>Discount Rate</u> |                |                    |
|---|----------------------|----------------|--------------------|
|   | <u>1% Decrease</u>   | <u>Current</u> | <u>1% Increase</u> |
|   | 6.75 %               | 7.75 %         | 8.75 %             |
| City's proportional share of<br>the net pension liability | \$ 22,903,726        | \$ 17,862,497  | \$ 13,679,911      |

*Plan Fiduciary Net Position*

Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi financial report. That information may be obtained by going to the PERS website, by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

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(11) Commitments and contingencies

Operating Leases

The City has entered into several operating lease agreements in the conduct of its day-to-day operations to provide for facilities and/or services. None of these operating leases are considered to be significant commitments. The City has also entered into 3 Sixteenth Section land leases with the Rankin County School District as detailed below:

1. Old Brandon Memorial Cemetery – 40 years at \$1,000 per year due each January through 2034.
2. Water tower on Highway 471 – 7 years at \$2,000 per year due each July.
3. Lights of Liberty Cemetery – 25 years at \$200 per year due each July through 2040.

Contingent Liabilities

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, there are no material unfavorable dispositions anticipated against the City.

Construction and Other Significant Commitments

The remaining payments of construction contracts relating to construction or major repairs in progress aggregated approximately \$22,975,000. These contracts will be paid in future periods as work is performed. Payment will be made with proceeds remaining from past bond issues, operating revenues, Federal grants and restaurant sales tax receipts to be received.

In consideration for interest free financing on the note to B&B Family Properties, L.P. for the purchase of property, the City agreed to construct a road that will access additional property owned by B&B Family Properties, L.P. The City will build this road within 24 months of June 29, 2015 or within 60 days of the close of the additional property.

(12) 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. Except as described below, 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.

Participation in Public Entity Risk Pool

The City is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG) and the Mississippi Municipal Liability Plan (MMLP), both of which are administered by Municipal Services, Inc. Both groups are risk-sharing pools; such a pool is frequently referred to as a self-insurance pool.

MMWCG covers risks of loss arising from injuries to the city's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

each of the employers comprising the group to meet the workers' compensation obligations of each member.

Each member of the MMWCG contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any employee claim. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The City has not had an additional assessment for excess losses incurred by the pool.

MMLP covers the risk of loss related to torts and other liability claims. The general policy limit is \$500,000 per occurrence, but the policy also tracks the Mississippi tort claims law for municipalities which limits the City's liability to \$250,000 per occurrence. The policy also covers up to \$1,000,000 in federal claims. As with the MMWCG, pool members would be required to pay for the deficiency should total claims for the year exceed member contributions. The City has received no assessments for excess losses incurred by the pool.

Group Health Insurance

Fox Everett Insurance Company is the claims administrator for the City's health plan. The City self-funds the health plan, but purchases specific stop loss coverage. The specific stop loss insurance assumes the risk for claims on any individual in excess of \$60,000 paid during a calendar year. There was no change in the level of this coverage during the fiscal year.

(13) Special items

In the year ended September 30, 2012, the City recorded a liability due to the Department of Revenue for sales tax diversions from businesses outside the City of Brandon that were erroneously paid to the City. In the year ended September 30, 2016, the Mississippi House of Representatives passed legislation (House Bill 67) to amend section 27-65-75, Mississippi code of 1972, to provide that if the Department of Revenue has made erroneous disbursements to a municipality as a diversion of sales tax revenue for a period of three years or more, the maximum amount that may be recovered or withheld from the municipality is the total amount of funds erroneously disbursed for a period of three years beginning with the date of the first erroneous disbursement; and to provide that if during such period, a municipality provides written notice to the department of revenue indicating the erroneous disbursement of funds, then the maximum amount that may be recovered or withheld from the municipality is the total amount of funds erroneously disbursed for a period of one year beginning with the date of the first erroneous disbursement.

As a result of this legislation, the Department of Revenue abated the remaining balance due from the City in the amount of \$871,766.

(14) Subsequent Events

The City evaluated subsequent events through March 1, 2017, the date which the financial statements were available to be issued, noting no subsequent events to be disclosed.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF BRANDON**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2016**

|   | Original<br>Budget | Budget as<br>Amended | Actual            | Variance from<br>Final<br>Amended Budget<br>Over (under) |
|---|--------------------|----------------------|-------------------|--|
| <b>Revenues:</b>                        |                    |                      |                   |  |
| Taxes                                   | \$ 4,001,920       | \$ 4,001,920         | \$ 3,937,988      | \$ (63,932)  |
| Licenses and permits                    | 962,000            | 962,000              | 1,232,227         | 270,227  |
| State shared revenues                   | 6,379,786          | 6,379,786            | 6,722,415         | 342,629  |
| Grants                                  | 1,517,359          | 1,517,359            | 248,683           | (1,268,676)  |
| County shared revenues                  | 847,700            | 847,700              | 1,017,743         | 170,043  |
| Charges for services                    | 353,695            | 353,695              | 327,297           | (26,398)   |
| Fines and forfeits                      | 658,329            | 658,329              | 591,081           | (67,248)   |
| Other                                   | 115,452            | 115,452              | 203,999           | 88,547   |
| <b>Total Revenues</b>                   | <b>14,836,241</b>  | <b>14,836,241</b>    | <b>14,281,433</b> | <b>(554,808)</b>   |
| <b>Expenditures:</b>                    |                    |                      |                   |  |
| <b>City court</b>                       |                    |                      |                   |  |
| Personnel costs                         | 279,987            | 279,987              | 250,462           | (29,525)   |
| Supplies                                | 5,200              | 5,200                | 1,929             | (3,271)  |
| Charges for services                    | 11,280             | 11,280               | 4,159             | (7,121)  |
| Capital expenditures                    | -                  | 530                  | 530               | -  |
| <b>Total city court</b>                 | <b>296,467</b>     | <b>296,997</b>       | <b>257,080</b>    | <b>(39,917)</b>  |
| <b>Elections</b>                        |                    |                      |                   |  |
| Supplies                                | 300                | 300                  | 33                | (267)  |
| Charges for services                    | 4,000              | 4,000                | 2,698             | (1,302)  |
| <b>Total election</b>                   | <b>4,300</b>       | <b>4,300</b>         | <b>2,731</b>      | <b>(1,569)</b>   |
| <b>Executive / Administrative</b>       |                    |                      |                   |  |
| Personnel cost                          | 285,101            | 285,101              | 269,101           | (16,000)   |
| Supplies                                | 3,000              | 3,200                | 2,974             | (226)  |
| Charges for services                    | 51,941             | 57,941               | 55,480            | (2,461)  |
| Capital expenditures                    | 11,450             | 11,450               | 1,464             | (9,986)  |
| <b>Total executive / administrative</b> | <b>351,492</b>     | <b>357,692</b>       | <b>329,019</b>    | <b>(28,673)</b>  |
| <b>General Government</b>               |                    |                      |                   |  |
| Personnel cost                          | 486,054            | 486,054              | 449,048           | (37,006)   |
| Supplies                                | 25,734             | 28,734               | 28,249            | (485)  |
| Charges for services                    | 406,272            | 419,647              | 409,996           | (9,651)  |
| Capital expenditures                    | 329,854            | 329,854              | 199,997           | (129,857)  |
| <b>Total general government</b>         | <b>1,247,914</b>   | <b>1,264,289</b>     | <b>1,087,290</b>  | <b>(176,999)</b>   |

See Independent Auditor's Report and notes to financial statements.

**CITY OF BRANDON**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2016**

|  | Original<br>Budget | Budget as<br>Amended | Actual           | Variance from<br>Final<br>Amended Budget<br>Over (under) |
|--|--------------------|----------------------|------------------|--|
| <b>Animal Control Department</b>       |                    |                      |                  |  |
| Personnel cost                         | 46,692             | 46,692               | 44,101           | (2,591)  |
| Supplies                               | 4,310              | 4,310                | 2,258            | (2,052)  |
| Charges for services                   | 6,315              | 6,315                | 5,736            | (579)  |
| <b>Total animal control department</b> | <b>57,317</b>      | <b>57,317</b>        | <b>52,095</b>    | <b>(5,222)</b>   |
| <b>Police Department</b>               |                    |                      |                  |  |
| Personnel cost                         | 2,701,264          | 2,783,264            | 2,699,531        | (83,733)   |
| Supplies                               | 287,510            | 287,510              | 205,473          | (82,037)   |
| Charges for services                   | 347,884            | 347,884              | 312,655          | (35,229)   |
| Capital expenditures                   | 113,566            | 219,266              | 219,697          | 431  |
| Debt service                           | -                  | 32,000               | 31,097           | (903)  |
| <b>Total police department</b>         | <b>3,450,224</b>   | <b>3,669,924</b>     | <b>3,468,453</b> | <b>(201,471)</b>   |
| <b>Fire Department</b>                 |                    |                      |                  |  |
| Personnel cost                         | 3,466,628          | 3,466,628            | 3,039,429        | (427,199)  |
| Supplies                               | 163,196            | 163,196              | 99,511           | (63,685)   |
| Charges for services                   | 398,138            | 398,138              | 230,500          | (167,638)  |
| Capital expenditures                   | 738,125            | 738,125              | 973,320          | 235,195  |
| Debt service                           | 103,585            | 103,585              | 83,063           | (20,522)   |
| <b>Total fire department</b>           | <b>4,869,672</b>   | <b>4,869,672</b>     | <b>4,425,823</b> | <b>(443,849)</b>   |
| <b>Street Department</b>               |                    |                      |                  |  |
| Personnel cost                         | 378,368            | 378,368              | 358,018          | (20,350)   |
| Supplies                               | 162,189            | 162,189              | 107,645          | (54,544)   |
| Charges for services                   | 1,054,117          | 1,246,117            | 1,139,231        | (106,886)  |
| Capital expenditures                   | 2,120,200          | 2,125,593            | 1,329,747        | (795,846)  |
| Debt service                           | 131,215            | 131,215              | 104,303          | (26,912)   |
| <b>Total street department</b>         | <b>3,846,089</b>   | <b>4,043,482</b>     | <b>3,038,944</b> | <b>(1,004,538)</b>                                       |
| <b>Community development</b>           |                    |                      |                  |  |
| Personnel cost                         | 298,962            | 310,962              | 298,935          | (12,027)   |
| Supplies                               | 9,620              | 9,620                | 5,980            | (3,640)  |
| Charges for services                   | 74,209             | 81,209               | 80,648           | (561)  |
| Capital expenditures                   | 12,825             | 29,700               | 30,126           | 426  |
| <b>Total community development</b>     | <b>395,616</b>     | <b>431,491</b>       | <b>415,689</b>   | <b>(15,802)</b>  |

See Independent Auditor's Report and notes to financial statements.

**CITY OF BRANDON**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2016**

|                                 | Original<br>Budget | Budget as<br>Amended | Actual           | Variance from<br>Final<br>Amended Budget<br>Over (under) |
|---------------------------------|--------------------|----------------------|------------------|--|
| Cemetery Maintenance            |                    |                      |                  |  |
| Supplies                        | 3,000              | 3,000                | -                | (3,000)  |
| Charges for services            | 37,679             | 37,679               | 32,144           | (5,535)  |
| Capital expenditures            | -                  | 3,500                | 3,408            | (92)   |
| Total cemetery maintenance      | <u>40,679</u>      | <u>44,179</u>        | <u>35,552</u>    | <u>(8,627)</u>   |
| Parks Department                |                    |                      |                  |  |
| Personnel cost                  | 455,816            | 455,816              | 432,255          | (23,561)   |
| Supplies                        | 110,500            | 123,500              | 116,597          | (6,903)  |
| Charges for services            | 341,871            | 412,871              | 403,977          | (8,894)  |
| Capital expenditures            | 66,250             | 67,910               | 53,977           | (13,933)   |
| Total parks department          | <u>974,437</u>     | <u>1,060,097</u>     | <u>1,006,806</u> | <u>(53,291)</u>  |
| Splash Park Department          |                    |                      |                  |  |
| Personnel cost                  | 14,540             | 15,990               | 15,740           | (250)  |
| Supplies                        | 2,850              | 7,650                | 7,458            | (192)  |
| Charges for services            | 4,250              | 4,250                | 3,336            | (914)  |
| Capital expenditures            | 14,750             | 14,750               | 800              | (13,950)   |
| Total splash park department    | <u>36,390</u>      | <u>42,640</u>        | <u>27,334</u>    | <u>(15,306)</u>  |
| Library                         |                    |                      |                  |  |
| Supplies                        | 6,080              | 6,080                | 4,507            | (1,573)  |
| Charges for services            | 94,303             | 94,303               | 87,001           | (7,302)  |
| Capital expenditures            | 5,000              | 8,500                | -                | (8,500)  |
| Total library                   | <u>105,383</u>     | <u>108,883</u>       | <u>91,508</u>    | <u>(17,375)</u>  |
| Senior Citizen Department       |                    |                      |                  |  |
| Personnel cost                  | 59,046             | 59,046               | 56,985           | (2,061)  |
| Supplies                        | 22,620             | 22,620               | 13,872           | (8,748)  |
| Charges for services            | 66,510             | 66,510               | 54,662           | (11,848)   |
| Capital expenditures            | 1,000              | 4,500                | 4,175            | (325)  |
| Total senior citizen department | <u>149,176</u>     | <u>152,676</u>       | <u>129,694</u>   | <u>(22,982)</u>  |

See Independent Auditor's Report and notes to financial statements.

**CITY OF BRANDON**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2016**

|   | Original<br>Budget | Budget as<br>Amended | Actual       | Variance from<br>Final<br>Amended Budget<br>Over (under) |
|---|--------------------|----------------------|--------------|--|
| Conference Center   |                    |                      |              |  |
| Personnel cost  | 100,540            | 100,540              | 90,295       | (10,245)   |
| Supplies  | 7,275              | 7,275                | 7,147        | (128)  |
| Charges for services  | 83,485             | 83,485               | 72,787       | (10,698)   |
| Capital expenditures  | 31,950             | 31,950               | 10,765       | (21,185)   |
| Debt service  | 3,750              | 3,750                | 3,684        | (66)   |
| Total conference center   | 227,000            | 227,000              | 184,678      | (42,322)   |
| Economic Development  |                    |                      |              |  |
| Personnel cost  | 82,496             | 82,996               | 80,294       | (2,702)  |
| Supplies  | 275                | 275                  | -            | (275)  |
| Charges for services  | 152,345            | 229,345              | 229,100      | (245)  |
| Total economic development  | 235,116            | 312,616              | 309,394      | (3,222)  |
| Total Expenditures  | 16,287,272         | 16,943,255           | 14,862,086   | (2,081,165)  |
| Excess of revenues over (under) expenditures  | (1,451,031)        | (2,107,014)          | (580,653)    | 1,526,357  |
| Other financing sources (uses):   |                    |                      |              |  |
| Non-revenue receipts  | 19,200             | 19,200               | 10,109       | (9,091)  |
| Proceeds from debt issuance   | -                  | -                    | 2,356,080    | 2,356,080  |
| Operating transfers out   | (1,098,038)        | (1,098,038)          | (474,392)    | 623,646  |
| Total other financing sources (uses)  | (1,078,838)        | (1,078,838)          | 1,891,797    | 2,970,635  |
| Excess (deficiency) of revenues and other<br>sources over expenditures and other<br>uses, budgetary basis | \$ (2,529,869)     | \$ (3,185,852)       | 1,311,144    | \$ 4,496,992   |
| Fund Balance, September 30, 2015  |                    |                      | 5,204,339    |  |
| Fund Balance, September 30, 2016  |                    |                      | \$ 6,515,483 |  |

See Independent Auditor's Report and notes to financial statements.

**CITY OF BRANDON**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Mississippi Public Employees' Retirement System**  
**Last 10 Fiscal Years\***

|  | <u>2016</u>   | <u>2015</u>   |
|--|---------------|---------------|
| City's proportion of the net pension liability   | \$ 17,722,991 | \$ 14,431,151 |
| City's proportionate share of the net pension liability  | 0.099219%     | 0.093357%     |
| City's covered - employee payroll  | 6,347,257     | 5,832,419     |
| City's proportionate share of the net pension liability<br>as a percentage of its covered - employee payroll | 279.22%       | 247.43%       |
| Plan fiduciary net position as a percentage of the total<br>pension liability                                | 57.47%        | 61.70%        |

The notes to the required supplementary information are an integral part of this schedule.

\* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**CITY OF BRANDON**  
**SCHEDULE OF CITY'S CONTRIBUTIONS**  
**Mississippi Public Employees' Retirement System**  
**Last 10 Fiscal Years\***

|  | <u>2016</u>      | <u>2015</u>    |
|--|------------------|----------------|
| Contractually required contribution                                  | \$ 1,053,983     | \$ 948,315     |
| Contributions in relation to the contractually required contribution | <u>1,053,983</u> | <u>948,315</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>    |
| City's covered - employee payroll                                    | 6,691,957        | 6,021,510      |
| Contributions as a percentage of covered - employee payroll          | 15.75%           | 15.75%         |

The notes to the required supplementary information are an integral part of this schedule.

**CITY OF BRANDON**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2016**

**Budgetary Comparison Schedule**

**Basis of Presentation**

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

**Pension Schedules**

**Measurement Date**

The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented.

**Data Available and Presented**

The required supplementary schedules are presented to illustrate the requirement to show information for 10 years, as required by GASB 68. GASB 68 was implemented during the fiscal year ended September 30, 2015, and only reflects data for years for which trend information is available.

**Change of Benefit Terms**

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

**Change of Assumptions**

In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF BRANDON**  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**  
**September 30, 2016**

| <b>Position</b>  | <b>Name</b>                                       | <b>Surety</b>          | <b>Amount</b> |
|--|---|------------------------|---------------|
| Mayor  | Lee, Butch  | St Paul                | \$ 100,000    |
| Alderman   | Corley, Monica (Roland)                           | St Paul                | \$ 100,000    |
| Alderman   | Vinson, Cris                                      | St Paul                | \$ 100,000    |
| Alderman   | Williams, Harry                                   | St Paul                | \$ 100,000    |
| Alderman   | Coker, Lu   | St Paul                | \$ 100,000    |
| Alderman   | Christopher, Bobby                                | St Paul                | \$ 100,000    |
| Alderman   | Dobbs, Tahya                                      | St Paul                | \$ 100,000    |
| Alderman   | Morris, James                                     | St Paul                | \$ 100,000    |
| City Clerk/Tax Collector   | Bean, Angela                                      | St Paul                | \$ 50,000     |
| Deputy City Clerk  | Davis, Amy  | Western Surety Company | \$ 50,000     |
| Accountant   | Greenwood, Elizabeth                              | Western Surety Company | \$ 50,000     |
| Accounts Payable Clerk   | Rankin, Susan                                     | Western Surety Company | \$ 50,000     |
| Payroll Clerk  | Talbert, Wanda                                    | Western Surety Company | \$ 50,000     |
| Human Resource Manager   | Edwards, Chad                                     | Western Surety Company | \$ 50,000     |
| Receptionist   | Johnson, Elizabeth                                | Western Surety Company | \$ 50,000     |
| Events Coordinator   | Farrar, Lori                                      | Western Surety Company | \$ 50,000     |
| Senior Services Coordinator  | Merideth, Diana                                   | Western Surety Company | \$ 50,000     |
| Police Chief   | Thompson, William                                 | St Paul                | \$ 50,000     |
| Administrative Assistant   | Arendale, Byrme                                   | Western Surety Company | \$ 50,000     |
| Court Clerk  | Burkes-Fortune, Karen                             | Western Surety Company | \$ 50,000     |
| Deputy Court Clerk   | Berry, Lydia                                      | Western Surety Company | \$ 50,000     |
| Deputy Court Clerk   | McAdams, Samantha                                 | Western Surety Company | \$ 50,000     |
| Administrative Assistant   | Palmer, Carolyn                                   | Western Surety Company | \$ 50,000     |
| Community Development Director   | Hillman, Jordan                                   | Western Surety Company | \$ 50,000     |
| Community Development Office Manager                                     | Hazen, Catherine                                  | Western Surety Company | \$ 50,000     |
| Building Inspector   | Weeks, Clay                                       | Western Surety Company | \$ 50,000     |
| Code Enforcement Officer   | Parrish, Heather                                  | Western Surety Company | \$ 50,000     |
| P&R Office Manager   | Pardo, Brianne                                    | Western Surety Company | \$ 50,000     |
| Recreation Program Coordinator   | Hales, Gwen                                       | Western Surety Company | \$ 50,000     |
| Recreation Program Coordinator   | Hopson, Julie                                     | Western Surety Company | \$ 50,000     |
| Assistant Recreation Coordinator   | Jones, Adison                                     | Western Surety Company | \$ 50,000     |
| PW Operations Coordinator  | Dearman, Carly                                    | Western Surety Company | \$ 50,000     |
| Utility Billing Clerk III  | Blackwell, Tonya                                  | Western Surety Company | \$ 50,000     |
| Utility Billing Clerk II   | Massey, Sharon                                    | Western Surety Company | \$ 50,000     |
| Utility Billing Clerk II   | Scanlon, Lindsay                                  | Western Surety Company | \$ 50,000     |
| Public Works Field Manager   | Smith, Charles                                    | Western Surety Company | \$ 50,000     |
| Public Employees Blanket Bond<br>(Faithful Performance Blanket position) | Covers 134 Employees<br>Including Police Officers | Western Surety Company | \$ 50,000     |
| Parks & Rec Splash Park  | Convers 15 Employees                              | Western Surety Company | \$ 10,000     |
| Various Communications Personnel   |   |                        |               |

**CITY OF BRANDON  
BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
September 30, 2016**

|  | Drug<br>Seizure<br>Fund | Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-------------------------|-------------------------|--|
| <b>ASSETS</b>                            |                         |                         |  |
| Cash and cash equivalents                | \$ 1,500                | \$ -                    | \$ 1,500                                   |
| Receivables                              |                         |                         |  |
| Ad valorem and road taxes                | -                       | 74,334                  | 74,334                                     |
| Restricted cash                          | 21,422                  | 684,604                 | 706,026                                    |
| <br>Total Assets                         | <br>22,922              | <br>758,938             | <br>781,860                                |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                         |                         |  |
| Liabilities                              |                         |                         |  |
| Accounts payable                         | -                       | 6,410                   | 6,410                                      |
| <br>Total Liabilities                    | <br>-                   | <br>6,410               | <br>6,410                                  |
| <br>Fund Balance                         |                         |                         |  |
| Spendable                                |                         |                         |  |
| Restricted                               | 22,922                  | 752,528                 | 775,450                                    |
| <br>Total Fund Balances                  | <br>22,922              | <br>752,528             | <br>775,450                                |
| <br>Total Liabilities and Fund Balances  | <br>\$ 22,922           | <br>\$ 758,938          | <br>\$ 781,860                             |

**CITY OF BRANDON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

**For the year ended September 30, 2016**

|   | Drug<br>Seizure<br>Fund | Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|-------------------------|-------------------------|--|
| Revenues  |                         |                         |  |
| Property tax  | \$ -                    | \$ 2,615,464            | \$ 2,615,464                               |
| Fines and forfeitures                                 | 765                     | -                       | 765  |
| Other revenues  | 84                      | 1,398                   | 1,482                                      |
| Total Revenues  | <u>849</u>              | <u>2,616,862</u>        | <u>2,617,711</u>                           |
| Expenditures  |                         |                         |  |
| Current (operating)                                   |                         |                         |  |
| Public safety   | 2,272                   | -                       | 2,272                                      |
| Capital outlay  | 2,999                   | -                       | 2,999                                      |
| Debt service  |                         |                         |  |
| Principal   | -                       | 1,825,000               | 1,825,000                                  |
| Interest and fiscal charges                           | -                       | 786,224                 | 786,224                                    |
| Total Expenditures                                    | <u>5,271</u>            | <u>2,611,224</u>        | <u>2,616,495</u>                           |
| Excess of revenues over (under) expenditures          | <u>(4,422)</u>          | <u>5,638</u>            | <u>1,216</u>                               |
| Other financing sources and uses, including transfers |                         |                         |  |
| Proceeds from sale of assets                          | 450                     | -                       | 450  |
| Transfers in (out)                                    | -                       | 474,392                 | 474,392                                    |
| Total other financing sources and (uses)              | <u>450</u>              | <u>474,392</u>          | <u>474,842</u>                             |
| Net change in fund balances                           | (3,972)                 | 480,030                 | 476,058                                    |
| Fund Balances, September 30, 2015                     | 26,894                  | 272,498                 | 299,392                                    |
| Fund Balances, September 30, 2016                     | <u>\$ 22,922</u>        | <u>\$ 752,528</u>       | <u>\$ 775,450</u>                          |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|                                       | <u>2016</u>       | <u>2015</u>       |
|---------------------------------------|-------------------|-------------------|
| <u>Revenues</u>                       |                   |                   |
| Taxes                                 |                   |                   |
| Property tax                          | \$ 3,896,516      | \$ 4,507,472      |
| Sales tax                             | 5,473,459         | 5,183,648         |
| Sales tax - restaurants               | 1,062,823         | 990,363           |
| Franchise tax                         | 980,175           | 793,673           |
|                                       | <u>11,412,973</u> | <u>11,475,156</u> |
| Licenses and Permits                  |                   |                   |
| Privilege licenses                    | 43,240            | 43,508            |
| Building permits                      | 172,686           | 154,520           |
| Other licenses                        | 41,875            | 26,876            |
| Total Licenses and Permits            | <u>257,801</u>    | <u>224,904</u>    |
| State Shared Revenues                 |                   |                   |
| Payment in lieu of taxes - Grand Gulf | 156,463           | 157,161           |
| Fire protection                       | 174,306           | 137,359           |
| Municipal aid                         | 10,824            | 10,824            |
| Gasoline tax                          | 18,846            | 18,846            |
| Emergency disaster funds              | -                 | 241,361           |
| Department of Transportation grant    | 97,468            | 324,386           |
| Department of Public Safety funds     | 87,250            | 41,022            |
| Other grant funds                     | 15,298            | 16,850            |
| Total State Shared Revenue            | <u>560,455</u>    | <u>947,809</u>    |
| County Shared Revenues                |                   |                   |
| Pro-rata county road tax              | 842,800           | 826,106           |
| Auto rental and rail tax              | 41,340            | 39,310            |
| Tourism tax                           | 35,869            | 33,831            |
| County reimbursements                 | 30,000            | 45,000            |
| Total County Shared Revenues          | <u>950,009</u>    | <u>944,247</u>    |
| Service Charges                       |                   |                   |
| Facility rental fees                  | 59,190            | 54,767            |
| Park sales and fees                   | 217,395           | 229,690           |
| Plan review and inspection fees       | 20,170            | 15,185            |
| Zoning & development fees             | 17,004            | 63,550            |
| Total Service Charges                 | <u>313,759</u>    | <u>363,192</u>    |
| Court Fines and Forfeits              | <u>574,647</u>    | <u>544,523</u>    |
| Other revenues                        | <u>211,788</u>    | <u>194,532</u>    |
| Total Revenues                        | <u>14,281,432</u> | <u>14,694,363</u> |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|  | <u>2016</u>    | <u>2015</u>    |
|--|----------------|----------------|
| <u>Expenditures</u>                        |                |                |
| General Government and Administration      |                |                |
| City Court                                 |                |                |
| Salaries                                   |                |                |
| Salaries                                   | 181,109        | 183,250        |
| Employer costs                             | <u>69,353</u>  | <u>73,031</u>  |
| Total Salaries                             | <u>250,462</u> | <u>256,281</u> |
| Supplies, Services and Other Charges       |                |                |
| Office supplies                            | 1,929          | 3,916          |
| Professional fees                          | <u>4,159</u>   | <u>10,764</u>  |
| Total Supplies, Services and Other Charges | <u>6,088</u>   | <u>14,680</u>  |
| Capital Outlay                             |                |                |
| Machinery and equipment                    | <u>530</u>     | <u>6,175</u>   |
| Total Capital Outlay                       | <u>530</u>     | <u>6,175</u>   |
| Total City Court                           | <u>257,080</u> | <u>277,136</u> |
| Election                                   |                |                |
| Operating supplies                         | <u>2,731</u>   | <u>-</u>       |
| Total Election Costs                       | <u>2,731</u>   | <u>-</u>       |
| Executive / Administration                 |                |                |
| Salaries                                   |                |                |
| Salaries                                   | 191,245        | 193,153        |
| Employer costs                             | <u>77,856</u>  | <u>81,638</u>  |
| Total Salaries                             | <u>269,101</u> | <u>274,791</u> |
| Supplies, Services and Other Charges       |                |                |
| Advertising                                | 1,661          | 365            |
| Bond fees and expenses                     | 1,138          | 1,125          |
| Conventions                                | 5,335          | 3,664          |
| Donations                                  | 4,000          | 6,000          |
| Dues and subscriptions                     | 7,726          | 7,806          |
| Exhibitions and promotions                 | 1,274          | 1,717          |
| Insurance                                  | 3,500          | 3,966          |
| Miscellaneous                              | 9,261          | 1,463          |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|   | <u>2016</u>    | <u>2015</u>    |
|---|----------------|----------------|
| Operating supplies                          | 2,271          | 1,772          |
| Printing and binding                        | 251            | -              |
| Professional fees                           | 13,460         | 6,958          |
| Rentals                                     | 232            | 933            |
| Repairs - Other                             | 215            | 33             |
| Repairs - Vehicles                          | 1,493          | 76             |
| Telephone and communication                 | 2,686          | 5,403          |
| Training                                    | 2,023          | 1,224          |
| Transportation                              | 1,930          | 1,442          |
| Total Supplies, Services and Other Charges  | <u>58,456</u>  | <u>43,947</u>  |
| Capital Outlay                              |                |                |
| Machinery and equipment                     | <u>1,464</u>   | <u>3,085</u>   |
| Total Capital Outlay                        | <u>1,464</u>   | <u>3,085</u>   |
| Total Executive / Administrative Department | <u>329,021</u> | <u>321,823</u> |
| General Government Department               |                |                |
| Salaries                                    |                |                |
| Salaries                                    | 331,081        | 293,633        |
| Employer costs                              | <u>117,967</u> | <u>105,093</u> |
| Total Salaries                              | <u>449,048</u> | <u>398,726</u> |
| Supplies, Services and Other Charges        |                |                |
| Advertising                                 | 3,449          | 1,223          |
| Bond fees and expenses                      | 1,187          | 3,095          |
| Cleaning and janitorial                     | 4,290          | 3,513          |
| Contract labor                              | 2,123          | 2,213          |
| Conventions                                 | -              | 682            |
| Data Processing                             | 5,715          | 1,788          |
| Dues and subscriptions                      | 11,931         | 10,696         |
| Insurance                                   | 10,597         | 10,929         |
| Land leases                                 | 1,200          | 1,225          |
| Miscellaneous                               | 34,714         | 1,069          |
| Office supplies                             | 5,351          | 5,792          |
| Operating supplies                          | 17,027         | 9,267          |
| Postage                                     | 3,103          | 2,732          |
| Printing and binding                        | 3,595          | 4,265          |
| Professional fees                           | 154,249        | 124,073        |
| Rentals                                     | 11,184         | 9,952          |
| Repairs - equipment                         | 2,618          | 16,757         |
| Repairs - other                             | 67,071         | 27,269         |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE**

**For the Years Ended September 30, 2016 and 2015**

|   | <u>2016</u>      | <u>2015</u>      |
|---|------------------|------------------|
| Repairs - vehicles                          | 1,044            | 137              |
| Telephone and communication                 | 14,828           | 17,834           |
| Training                                    | 6,189            | 1,910            |
| Transportation                              | 634              | 949              |
| Utilities                                   | 76,144           | 137,430          |
| Total Supplies, Services and Other Charges  | <u>438,243</u>   | <u>394,800</u>   |
| Capital Outlay                              |                  |                  |
| Machinery and equipment                     | 199,997          | 75,423           |
| Total Capital Outlay                        | <u>199,997</u>   | <u>75,423</u>    |
| Total General Government Department         | <u>1,087,288</u> | <u>868,949</u>   |
| Total General Government and Administration | <u>1,676,120</u> | <u>1,467,908</u> |
| Public Services                             |                  |                  |
| Street Department                           |                  |                  |
| Salaries                                    |                  |                  |
| Wages                                       | 250,747          | 236,730          |
| Employer costs                              | 107,271          | 101,816          |
| Total Salaries                              | <u>358,018</u>   | <u>338,546</u>   |
| Supplies, Services and Other Charges        |                  |                  |
| Advertising                                 | 1,551            | 2,835            |
| Chemicals                                   | 18,405           | 18,851           |
| Contract labor                              | 146,699          | 194,452          |
| Dues and subscriptions                      | 385              | 775              |
| Insurance                                   | 25,497           | 27,348           |
| Miscellaneous                               | 24               | 2,102            |
| Operating supplies                          | 57,435           | 128,805          |
| Professional fees                           | 184,479          | 111,491          |
| Rentals                                     | -                | 219              |
| Repairs - equipment                         | 73,321           | 59,874           |
| Repairs - vehicles                          | 24,464           | 14,297           |
| Repairs - other                             | 168,386          | 217,892          |
| Telephone and communications                | 3,364            | 3,134            |
| Training                                    | 481              | 574              |
| Transportation                              | 25,880           | 36,004           |
| Uniforms                                    | 5,924            | 4,791            |
| Utilities - street lights                   | 510,580          | 546,302          |
| Total Supplies, Services and Other Charges  | <u>1,246,875</u> | <u>1,369,746</u> |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|  | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| Capital Outlay                             |             |             |
| Improvements other than buildings          | 1,209,104   | 989,695     |
| Machinery and equipment                    | 14,653      | 363,038     |
| Vehicles                                   | 105,989     | 36,000      |
|  | <hr/>       | <hr/>       |
| Total Capital Outlay                       | 1,329,746   | 1,388,733   |
|  | <hr/>       | <hr/>       |
| Debt Service                               |             |             |
| Debt service principal                     | 100,755     | 32,525      |
| Debt service interest                      | 3,548       | 1,527       |
|  | <hr/>       | <hr/>       |
| Total Debt Service                         | 104,303     | 34,052      |
|  | <hr/>       | <hr/>       |
| Total Street Department                    | 3,038,942   | 3,131,077   |
|  | <hr/>       | <hr/>       |
| Community Development Department           |             |             |
| Salaries                                   |             |             |
| Salaries                                   | 211,404     | 190,252     |
| Employer costs                             | 87,531      | 71,207      |
|  | <hr/>       | <hr/>       |
| Total Salaries                             | 298,935     | 261,459     |
|  | <hr/>       | <hr/>       |
| Supplies, Services and Other Charges       |             |             |
| Advertising                                | 1,599       | 2,268       |
| Contract labor                             | 14,663      | 3,405       |
| Convention                                 | -           | 860         |
| Data Processing                            | -           | 170         |
| Dues and subscriptions                     | 1,340       | 695         |
| Insurance                                  | 4,970       | 4,453       |
| Miscellaneous expenses                     | 5,954       | 6,506       |
| Office supplies                            | 1,613       | 1,655       |
| Operating supplies                         | 1,360       | 3,758       |
| Printing and binding                       | 592         | 839         |
| Professional fees                          | 39,110      | 172,479     |
| Repairs - vehicles                         | 4,206       | 159         |
| Communications                             | 6,899       | 8,616       |
| Training                                   | 1,316       | 1,250       |
| Transportation                             | 2,243       | 3,658       |
| Uniforms                                   | 764         | 527         |
|  | <hr/>       | <hr/>       |
| Total Supplies, Services and Other Charges | 86,629      | 211,298     |
|  | <hr/>       | <hr/>       |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE**

**For the Years Ended September 30, 2016 and 2015**

|  | <u>2016</u>      | <u>2015</u>      |
|--|------------------|------------------|
| Capital Outlay                             |                  |                  |
| Machinery and equipment                    | 11,951           | 2,294            |
| Machinery and equipment                    | 18,175           | -                |
| Total Capital Outlay                       | <u>30,126</u>    | <u>2,294</u>     |
| Total Community Development Department     | <u>415,690</u>   | <u>475,051</u>   |
| Total Public Services                      | <u>3,454,632</u> | <u>3,606,128</u> |
| Public Safety                              |                  |                  |
| Police Department                          |                  |                  |
| Salaries                                   |                  |                  |
| Salaries                                   | 1,978,029        | 1,825,600        |
| Employer costs                             | 721,501          | 685,645          |
| Total Salaries                             | <u>2,699,530</u> | <u>2,511,245</u> |
| Supplies, Services and Other Charges       |                  |                  |
| Advertising                                | -                | 430              |
| Bond fees and expenses                     | 1,925            | 2,100            |
| Cleaning and janitorial                    | 3,829            | 4,413            |
| Contract labor                             | 2,623            | 3,412            |
| Conventions                                | -                | 661              |
| D.P.S. Fund expenses                       | 2,700            | -                |
| Dues and subscriptions                     | 1,724            | 1,689            |
| Insurance                                  | 87,306           | 58,100           |
| Miscellaneous                              | 8,659            | 5,256            |
| Office supplies                            | 5,249            | 4,927            |
| Operating supplies                         | 7,369            | 12,437           |
| Printing and binding                       | 1,191            | 1,436            |
| Prisoners expense                          | 83,888           | 91,840           |
| Professional fees                          | 31,961           | 38,218           |
| Repairs - equipment                        | 44,178           | 42,303           |
| Repairs - other                            | 20,430           | 15,774           |
| Repairs - vehicles                         | 28,400           | 30,447           |
| SRT expenses                               | 8,421            | 5,109            |
| Telephone and communications               | 41,774           | 74,203           |
| Training                                   | 12,898           | 25,499           |
| Transportation                             | 76,869           | 86,433           |
| Uniforms                                   | 17,148           | 29,213           |
| Utilities                                  | 29,587           | 46,921           |
| Total Supplies, Services and Other Charges | <u>518,129</u>   | <u>580,821</u>   |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|                                      | <u>2016</u>      | <u>2015</u>      |
|--------------------------------------|------------------|------------------|
| Capital Outlay                       |                  |                  |
| Land                                 | 8,752            | 607,131          |
| Improvements other than buildings    | -                | 700              |
| Machinery and equipment              | 85,447           | 76,298           |
| Vehicles                             | 25,498           | 84,529           |
|                                      | <u>119,697</u>   | <u>768,658</u>   |
| Debt Service                         |                  |                  |
| Debt service principal               | 129,232          | 41,728           |
| Debt service interest                | 1,865            | 2,533            |
|                                      | <u>131,097</u>   | <u>44,261</u>    |
| Total Police Department              | <u>3,468,453</u> | <u>3,904,985</u> |
| Fire Department                      |                  |                  |
| Salaries                             |                  |                  |
| Salaries                             | 2,182,487        | 1,959,586        |
| Employer costs                       | 856,942          | 752,577          |
|                                      | <u>3,039,429</u> | <u>2,712,163</u> |
| Supplies, Services and Other Charges |                  |                  |
| Advertising                          | 194              | 658              |
| Bond fees and expenses               | 175              | 350              |
| Chemicals                            | 885              | 283              |
| Cleaning                             | 7,231            | 4,262            |
| Communications                       | 32,863           | 35,821           |
| Contract labor                       | -                | 2,280            |
| Conventions                          | 2,712            | 2,341            |
| Data processing                      | 96               | 149              |
| Dues and subscriptions               | 3,099            | 4,197            |
| Exhibitions and promotions           | 503              | 4,041            |
| Insurance                            | 47,816           | 40,857           |
| Miscellaneous                        | 8,273            | 8,561            |
| Office supplies                      | 2,395            | 2,735            |
| Operating supplies                   | 8,961            | 11,936           |
| Printing and binding                 | 832              | 591              |
| Professional fees                    | 6,038            | 19,361           |
| Rentals                              | 2,950            | 2,602            |
| Repairs - vehicles                   | 57,571           | 70,628           |
| Repairs - equipment                  | 19,007           | 17,844           |
| Repairs - other                      | 3,763            | 9,011            |
| Storm Team                           | 2,935            | 26,493           |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|  | <u>2016</u>      | <u>2015</u>      |
|--|------------------|------------------|
| Training                                   | 21,186           | 26,679           |
| Transportation                             | 32,893           | 38,527           |
| Uniforms                                   | 44,713           | 55,248           |
| Utilities                                  | 22,919           | 19,704           |
| Total Supplies, Services and Other Charges | <u>330,010</u>   | <u>405,159</u>   |
| Capital Outlay                             |                  |                  |
| Buildings and land                         | -                | 87,000           |
| Machinery and equipment                    | 74,342           | 64,822           |
| Vehicles                                   | 866,355          | 46,958           |
| Furniture and fixtures                     | 32,623           | 1,484            |
| Total Capital Outlay                       | <u>973,320</u>   | <u>200,264</u>   |
| Debt Service                               |                  |                  |
| Debt service principal                     | 77,242           | 10,546           |
| Debt service interest                      | 5,821            | 366              |
| Total Debt Service                         | <u>83,063</u>    | <u>10,912</u>    |
| Total Fire Department                      | <u>4,425,822</u> | <u>3,328,498</u> |
| Animal Control                             |                  |                  |
| Salaries                                   |                  |                  |
| Salaries                                   | 29,758           | 28,449           |
| Employer costs                             | 14,343           | 13,867           |
| Total Salaries                             | <u>44,101</u>    | <u>42,316</u>    |
| Supplies, Services and Other Costs         |                  |                  |
| Advertising                                | 30               | -                |
| Insurance                                  | 2,737            | 1,800            |
| Operating supplies                         | -                | 196              |
| Professional fees                          | 1,406            | 1,253            |
| Repairs - vehicles                         | 1,013            | -                |
| Telephone and communications               | 550              | 465              |
| Transportation                             | 1,836            | 2,696            |
| Uniforms                                   | 422              | 400              |
| Total Supplies, Services and Other Charges | <u>7,994</u>     | <u>6,810</u>     |
| Capital Outlay                             |                  |                  |
| Machinery and equipment                    | -                | 997              |
| Total Capital Outlay                       | <u>-</u>         | <u>997</u>       |
| Total Animal Control                       | <u>52,095</u>    | <u>50,123</u>    |
| Total Public Safety                        | <u>7,946,370</u> | <u>7,283,606</u> |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|  | <u>2016</u>    | <u>2015</u>    |
|--|----------------|----------------|
| Culture and Recreation                     |                |                |
| Cemetery Department                        |                |                |
| Supplies, Services and Other Charges       |                |                |
| Contract labor                             | 29,416         | 26,237         |
| Miscellaneous expenses                     | 1,993          | 480            |
| Utilities                                  | 736            | 839            |
| Total Supplies, Services and Other Charges | <u>32,145</u>  | <u>27,556</u>  |
| Capital Outlay                             |                |                |
| Improvements other than buildings          | 3,408          | -              |
| Total Capital Outlay                       | <u>3,408</u>   | <u>-</u>       |
| Total Cemetery Department                  | <u>35,553</u>  | <u>27,556</u>  |
| Parks Department                           |                |                |
| Salaries                                   |                |                |
| Salaries                                   | 148,844        | 198,459        |
| Wages                                      | 180,939        | 148,894        |
| Employer costs                             | 102,473        | 105,980        |
| Total Salaries                             | <u>432,256</u> | <u>453,333</u> |
| Supplies, Services and Other Charges       |                |                |
| Advertising                                | 568            | 1,275          |
| Beautification                             | 1,820          | 9,220          |
| Brandon Day expenses                       | -              | 10,913         |
| Chemicals                                  | 21,282         | 9,050          |
| Cleaning and janitorial                    | 13,220         | 10,096         |
| Contract labor                             | 112,931        | 51,787         |
| Dues and subscriptions                     | 561            | 160            |
| Insurance                                  | 23,341         | 33,222         |
| Miscellaneous expenses                     | 391            | 311            |
| Office supplies                            | 812            | 1,630          |
| Operational supplies                       | 39,998         | 65,008         |
| Printing and binding                       | 2,181          | 410            |
| Professional fees                          | 38,046         | 103,961        |
| Rental                                     | 122,462        | 18,224         |
| Repairs - equipment                        | 8,985          | 7,664          |
| Repairs - other                            | 17,009         | 34,317         |
| Repairs - vehicles                         | 2,985          | 2,030          |
| Telephone and communications               | 10,679         | 14,945         |
| Tournament fees                            | 3,039          | 1,115          |
| Training                                   | 3,550          | 440            |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|  | <u>2016</u>      | <u>2015</u>      |
|--|------------------|------------------|
| Transportation                             | 10,867           | 10,061           |
| Uniforms                                   | 30,587           | 31,812           |
| Utilities                                  | <u>55,260</u>    | <u>98,334</u>    |
| Total Supplies, Services and Other Charges | <u>520,574</u>   | <u>515,985</u>   |
| Capital Outlay                             |                  |                  |
| Buildings and land                         | 541              | 1,122,099        |
| Furniture and fixtures                     | -                | 75               |
| Machinery and equipment                    | <u>53,436</u>    | <u>49,523</u>    |
| Total Capital Outlay                       | <u>53,977</u>    | <u>1,171,697</u> |
| Total Parks Department                     | <u>1,006,807</u> | <u>2,141,015</u> |
| Splash Park Department                     |                  |                  |
| Salaries                                   |                  |                  |
| Wages                                      | 14,621           | 15,449           |
| Employer costs                             | <u>1,119</u>     | <u>1,182</u>     |
| Total Salaries                             | <u>15,740</u>    | <u>16,631</u>    |
| Supplies, Services and Other Charges       |                  |                  |
| Chemicals                                  | 181              | 626              |
| Cleaning and janitorial                    | -                | 57               |
| Office supplies                            | 135              | 11               |
| Operational supplies                       | 5,924            | 327              |
| Printing and binding                       | -                | 323              |
| Professional fees                          | 217              | -                |
| Repairs - other                            | 3,118            | 1,636            |
| Uniforms                                   | <u>1,217</u>     | <u>403</u>       |
| Total Supplies, Services and Other Charges | <u>10,792</u>    | <u>3,383</u>     |
| Capital Outlay                             |                  |                  |
| Improvements other than buildings          | -                | 401              |
| Machinery and equipment                    | <u>800</u>       | <u>6,308</u>     |
| Total Capital Outlay                       | <u>800</u>       | <u>6,709</u>     |
| Total Splash Park Department               | <u>27,332</u>    | <u>26,723</u>    |
| Senior Citizens Department                 |                  |                  |
| Salaries                                   |                  |                  |
| Wages                                      | 41,388           | 39,169           |
| Employer costs                             | <u>15,596</u>    | <u>14,962</u>    |
| Total Salaries                             | <u>56,984</u>    | <u>54,131</u>    |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|  | <u>2016</u>    | <u>2015</u>    |
|--|----------------|----------------|
| Supplies, Services and Other Charges       |                |                |
| Advertising                                | 418            | 1,606          |
| Cleaning and janitorial                    | 1,709          | 1,329          |
| Contract labor                             | 42,900         | 31,550         |
| Dues and subscriptions                     | 678            | 669            |
| Insurance                                  | 2,164          | 1,854          |
| Miscellaneous expenses                     | 781            | 0              |
| Office supplies                            | 66             | 107            |
| Operational supplies                       | 11,539         | 7,742          |
| Professional fees                          | 227            | 390            |
| Rental                                     | 3,675          | 3,999          |
| Repairs - equipment                        | 2,320          | 125            |
| Repairs - vehicles                         | 803            | 1,340          |
| Telephone and communications               | 696            | 1,411          |
| Transportation                             | 558            | 539            |
| Total Supplies, Services and Other Charges | <u>68,534</u>  | <u>52,661</u>  |
| Capital Outlay                             |                |                |
| Machinery and equipment                    | <u>4,175</u>   | -              |
| Total Capital Outlay                       | <u>4,175</u>   | -              |
| Total Senior Citizens Department           | <u>129,693</u> | <u>106,792</u> |
| Library                                    |                |                |
| Supplies, Services and Other Charges       |                |                |
| Cleaning and janitorial                    | 3,968          | 3,530          |
| Contract labor                             | 537            | 683            |
| Insurance                                  | 696            | 2,351          |
| Operating supplies                         | 539            | 637            |
| Miscellaneous expenses                     | 163            | 315            |
| Professional fees                          | 438            | 6,785          |
| Repairs - equipment                        | 18,516         | 57,756         |
| Telephone and communications               | 5,001          | 4,842          |
| Utilities                                  | 61,650         | 56,378         |
| Total Supplies, Services and Other Charges | <u>91,508</u>  | <u>133,277</u> |
| Capital Outlay                             |                |                |
| Machinery and equipment                    | <u>-</u>       | <u>-</u>       |
| Total Capital Outlay                       | <u>-</u>       | <u>-</u>       |
| Total Library Department                   | <u>91,508</u>  | <u>133,277</u> |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|  | <u>2016</u>      | <u>2015</u>      |
|--|------------------|------------------|
| Conference Center                          |                  |                  |
| Salaries                                   |                  |                  |
| Salaries                                   | 63,196           | 58,817           |
| Employer costs                             | <u>27,099</u>    | <u>26,077</u>    |
| Total Salaries                             | <u>90,295</u>    | <u>84,894</u>    |
| Supplies, Services and Other Charges       |                  |                  |
| Advertising                                | 692              | 1,664            |
| Bond fees                                  | -                | 350              |
| Brandon Opry                               | 12,345           | 8,160            |
| Cleaning and janitorial                    | 4,031            | 4,087            |
| Contract labor                             | 2,036            | 125              |
| Communications                             | 1,031            | 1,534            |
| Dues and subscriptions                     | 105              | 105              |
| Insurance                                  | 1,704            | 1,876            |
| Office supplies                            | 461              | 453              |
| Operating supplies                         | 2,655            | 1,949            |
| Miscellaneous expenses                     | 922              | 572              |
| Professional fees                          | 1,299            | 792              |
| Repairs and maintenance                    | 1,909            | 215              |
| Special Events                             | 40,487           | 20,548           |
| Veteran's Day                              | <u>10,257</u>    | <u>5,480</u>     |
| Total Supplies, Services and Other Charges | <u>79,934</u>    | <u>47,910</u>    |
| Capital Outlay                             |                  |                  |
| Machinery and equipment                    | <u>10,765</u>    | <u>47,497</u>    |
| Total Capital Outlay                       | <u>10,765</u>    | <u>47,497</u>    |
| Debt Service                               |                  |                  |
| Debt service principal                     | 3,555            | 3,973            |
| Debt service interest                      | <u>128</u>       | <u>447</u>       |
| Total Debt Service                         | <u>3,683</u>     | <u>4,420</u>     |
| Total Conference Center Department         | <u>184,677</u>   | <u>184,721</u>   |
| Total Culture and Recreation               | <u>1,475,570</u> | <u>2,620,084</u> |
| Economic Development                       |                  |                  |
| Salaries                                   |                  |                  |
| Wages                                      | 60,957           | 58,930           |
| Employer costs                             | <u>19,337</u>    | <u>18,857</u>    |
| Total Salaries                             | <u>80,294</u>    | <u>77,787</u>    |

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|  | <u>2016</u>         | <u>2015</u>         |
|--|---------------------|---------------------|
| Supplies, Services and Other Charges   |                     |                     |
| Advertising  | 5,110               | 5,495               |
| Dues & subscriptions   | 320                 | 1,755               |
| Insurance  | 1,552               | 1,088               |
| Office Supplies  | -                   | 48                  |
| Postage  | 5,871               | 500                 |
| Professional fees  | 216,246             | 45,644              |
| Specialized department supplies  | -                   | 164                 |
| Training   | -                   | 5                   |
|  | <u>229,099</u>      | <u>54,699</u>       |
| Capital Outlay   |                     |                     |
| Machinery and equipment  | -                   | -                   |
|  | <u>-</u>            | <u>-</u>            |
| Total Capital Outlay   | -                   | -                   |
|  | <u>-</u>            | <u>-</u>            |
| Total Economic Development   | <u>309,393</u>      | <u>132,486</u>      |
| Total Expenditures   | <u>14,862,085</u>   | <u>15,110,212</u>   |
| Excess of Revenues over (under) Expenditures   | <u>(580,653)</u>    | <u>(415,849)</u>    |
| Other Financing Sources (Uses)   |                     |                     |
| Issuance of debt   | 2,356,080           | 749,409             |
| Operating transfers in (out)   | (474,392)           | 405,117             |
| Sales of general fixed assets  | 10,109              | 26,368              |
|  | <u>1,891,797</u>    | <u>1,180,894</u>    |
| Total Other Financing Sources (Uses)   | <u>1,891,797</u>    | <u>1,180,894</u>    |
| Excess of Revenues and Other Financing Sources<br>Over (Under) Expenditures and Other Financing Uses | 1,311,144           | 765,046             |
| Fund Balance, beginning  | <u>5,204,339</u>    | <u>4,439,293</u>    |
| Fund Balance, ending   | <u>\$ 6,515,483</u> | <u>\$ 5,204,339</u> |

**CITY OF BRANDON  
DEBT SERVICE FUND  
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|   | <u>2016</u>       | <u>2015</u>        |
|---|-------------------|--------------------|
| Revenues  |                   |                    |
| Taxes   | \$ 2,615,464      | \$ 1,867,831       |
| Other income  | 1,398             | 1,072              |
|   | <u>2,616,862</u>  | <u>1,868,903</u>   |
| <br>  |                   |                    |
| Debt Service  |                   |                    |
| Debt service principal                              | 1,825,000         | 3,815,000          |
| Interest and fiscal charges                         | 786,224           | 757,397            |
|   | <u>2,611,224</u>  | <u>4,572,397</u>   |
| <br>  |                   |                    |
| Total Expenditures, Capital Outlay and Debt Service | <u>2,611,224</u>  | <u>4,572,397</u>   |
| <br>  |                   |                    |
| Excess of revenues over (under) expenditures        | <u>5,638</u>      | <u>(2,703,494)</u> |
| <br>  |                   |                    |
| Other Financing Sources and Uses                    |                   |                    |
| Refunding bonds                                     | -                 | 2,355,000          |
| Premiums on bonds issued                            | -                 | 94,451             |
| Transfers In  | 474,392           | 175,120            |
|   | <u>474,392</u>    | <u>2,624,571</u>   |
| <br>  |                   |                    |
| Total other financing sources and (uses)            | <u>474,392</u>    | <u>2,624,571</u>   |
| <br>  |                   |                    |
| Net change in fund balances                         | 480,030           | (78,923)           |
| <br>  |                   |                    |
| Fund Balance, beginning                             | <u>272,498</u>    | <u>351,421</u>     |
| <br>  |                   |                    |
| Fund Balance, ending                                | <u>\$ 752,528</u> | <u>\$ 272,498</u>  |

**CITY OF BRANDON  
DRUG SEIZURE FUND  
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|   | <u>2016</u>      | <u>2015</u>      |
|---|------------------|------------------|
| Revenues  |                  |                  |
| Forfeitures - cash  | \$ 765           | \$ 3,900         |
| Other income  | 84               | 1,384            |
| Total Revenues  | <u>849</u>       | <u>5,284</u>     |
| Expenditures  |                  |                  |
| Automobile expense  | -                | 1,422            |
| Buy money   | 300              | 300              |
| Exhibitions and promotions  | -                | 1,282            |
| Operating supplies  | 1,972            | 4,687            |
| Repairs and maintenance   | -                | 1,039            |
| Total Expenditures  | <u>2,272</u>     | <u>8,730</u>     |
| Capital Outlay  |                  |                  |
| Machinery and equipment   | <u>2,999</u>     | <u>69,489</u>    |
| Total Capital Outlay  | <u>2,999</u>     | <u>69,489</u>    |
| Total Expenditures  | <u>5,271</u>     | <u>78,219</u>    |
| Excess of revenues over (under) expenditures                          | (4,422)          | (72,935)         |
| Other Financing Uses  |                  |                  |
| Proceeds from sale of assets  | <u>450</u>       | <u>-</u>         |
| Excess of revenues over (under) expenditures and other financing uses | (3,972)          | (72,935)         |
| Fund Balance, beginning   | <u>26,894</u>    | <u>99,829</u>    |
| Fund Balance, ending  | <u>\$ 22,922</u> | <u>\$ 26,894</u> |

**CITY OF BRANDON  
CAPITAL PROJECTS FUND  
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2016 and 2015**

|   | <u>2016</u>          | <u>2015</u>          |
|---|----------------------|----------------------|
| Revenues  |                      |                      |
| Interest income                                     | \$ 11,909            | \$ 19,129            |
| Total Revenues                                      | <u>11,909</u>        | <u>19,129</u>        |
| Capital Outlay                                      |                      |                      |
| Morgan's Way Fire Station                           | 773,474              | 501,567              |
| Grant's Ferry Fire Station                          | 756,057              | 502,066              |
| Kennedy Farms Fire Station                          | 765,836              | 506,846              |
| Rankin Trails                                       | 773,968              | 245,740              |
| Shiloh Park Improvements                            | 4,704,805            | 395,139              |
| City Park Improvement                               | 544,711              | 637,961              |
| Amphitheater  | 1,885,089            | 18,987               |
| Conference Center                                   | 94,471               | -                    |
| Total Capital Outlay                                | <u>10,298,411</u>    | <u>2,808,306</u>     |
| Debt Service  |                      |                      |
| Interest and fiscal charges                         | <u>912,649</u>       | <u>440,655</u>       |
| Total Debt Service                                  | 912,649              | 440,655              |
| Total Expenditures, Capital Outlay and Debt Service | <u>11,211,060</u>    | <u>3,248,961</u>     |
| Excess of revenues over (under) expenditures        | <u>(11,199,151)</u>  | <u>(3,229,832)</u>   |
| Other Financing Sources and Uses                    |                      |                      |
| Proceeds from debt issuance                         | 20,000,000           | 13,680,000           |
| Premiums on bonds issued                            | 1,946,668            | 760,655              |
| Transfers In  | <u>(31,666)</u>      | <u>-</u>             |
| Total other financing sources and (uses)            | 21,915,002           | 14,440,655           |
| Net change in fund balances                         | <u>10,715,851</u>    | <u>11,210,823</u>    |
| Fund Balance, beginning                             | <u>11,210,823</u>    | <u>-</u>             |
| Fund Balance, ending                                | <u>\$ 21,926,674</u> | <u>\$ 11,210,823</u> |

**CITY OF BRANDON**  
**WATER AND SEWER FUND**  
**COMPARISON SCHEDULES OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**For the Years Ended September 30, 2016 and 2015**

|  | <u>2016</u>      | <u>2015</u>      |
|--|------------------|------------------|
| Operating Revenues                         |                  |                  |
| Water sales                                | \$ 1,702,549     | \$ 1,543,636     |
| Flat rate                                  | 739,544          | 720,139          |
| Late charges and reconnect fees            | 96,348           | 95,645           |
| Sewer charges                              | 1,140,487        | 1,105,350        |
| Service connect charges                    | 172,366          | 168,525          |
| Sewer charges - West Rankin                | 2,650,783        | 2,590,039        |
| Miscellaneous revenue                      | 14,580           | 21,255           |
| Total Operating Revenues                   | <u>6,516,657</u> | <u>6,244,589</u> |
| Operating Expenses                         |                  |                  |
| Salaries                                   |                  |                  |
| Salaries                                   | 176,795          | 250,126          |
| Wages                                      | 506,093          | 417,994          |
| Employer costs                             | 485,235          | 446,359          |
| Total Salaries                             | <u>1,168,123</u> | <u>1,114,479</u> |
| Supplies, Service and Other Charges        |                  |                  |
| Advertising                                | 2,379            | 6,443            |
| Bad Debt                                   | 75,000           | 118,193          |
| Chemicals                                  | 40,374           | 39,500           |
| Contract labor                             | 149,087          | 112,701          |
| Dues & subscriptions                       | 1,260            | 1,760            |
| Insurance                                  | 74,964           | 78,741           |
| Land leases                                | 2,400            | 2,000            |
| Miscellaneous                              | 6,396            | 780              |
| Office supplies                            | 61,550           | 56,348           |
| Operating supplies                         | 179,777          | 115,472          |
| Printing & binding                         | 1,369            | 9,390            |
| Professional services                      | 112,715          | 228,341          |
| Rentals                                    | 2,327            | 2,784            |
| Repairs - equipment                        | 160,569          | 237,436          |
| Repairs - other                            | 389,000          | 243,158          |
| Repairs - vehicles                         | 11,347           | 17,035           |
| Sub-interceptor usage expense              | 2,127,552        | 2,302,440        |
| Telephone and communications               | 30,387           | 40,485           |
| Training                                   | 12,769           | 2,278            |
| Transportation                             | 70,385           | 83,065           |
| Uniforms                                   | 12,262           | 13,090           |
| Utilities                                  | 247,040          | 302,499          |
| Total Supplies, Services and Other Charges | <u>3,770,909</u> | <u>4,013,939</u> |
| Total Operating Expenses                   | <u>4,939,032</u> | <u>5,128,418</u> |

**CITY OF BRANDON**  
**WATER AND SEWER FUND**  
**COMPARISON SCHEDULES OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**For the Years Ended September 30, 2016 and 2015**

|   | <u>2016</u>          | <u>2015</u>          |
|---|----------------------|----------------------|
| Operating Income Before Depreciation    | 1,577,625            | 1,116,171            |
| Depreciation expense                    | <u>1,188,889</u>     | <u>1,192,588</u>     |
| Operating Income                        | <u>360,486</u>       | <u>(76,417)</u>      |
| Non-operating Revenues (Expenses)       |                      |                      |
| Capital grant                           | 458,727              | 18,329               |
| Interest earnings                       | 6,548                | 5,815                |
| Interest and fiscal charges - loans     | <u>(119,469)</u>     | <u>(137,602)</u>     |
| Total Non-operating Revenues (Expenses) | <u>345,806</u>       | <u>(113,458)</u>     |
| Net Income Before Operating Transfers   | 706,292              | (189,875)            |
| Operating transfers in (out)            | <u>28,666</u>        | <u>53,042</u>        |
| Change in Net Position                  | 734,958              | (136,833)            |
| Net Position, beginning                 | 13,921,962           | 15,582,714           |
| Prior period adjustment                 | <u>-</u>             | <u>(1,523,919)</u>   |
| Net Position, ending                    | <u>\$ 14,656,920</u> | <u>\$ 13,921,962</u> |

**CITY OF BRANDON  
SANITATION FUND  
COMPARISON SCHEDULES OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
For the Years Ended September 30, 2016 and 2015**

|  | <u>2016</u>      | <u>2015</u>      |
|--|------------------|------------------|
| Operating Revenue                          |                  |                  |
| Sanitation fees                            | \$ 1,001,726     | \$ 976,658       |
| Total Operating Revenue                    | <u>1,001,726</u> | <u>976,658</u>   |
| Operating Expenses                         |                  |                  |
| Personnel Costs                            |                  |                  |
| Wages                                      | 77,698           | 99,746           |
| Employer costs                             | <u>54,136</u>    | <u>67,909</u>    |
| Total Personnel Costs                      | <u>131,834</u>   | <u>167,655</u>   |
| Supplies, Service and Other Charges        |                  |                  |
| Advertising                                | -                | 152              |
| Communications                             | 94               | 102              |
| Contract labor                             | -                | 80               |
| Insurance                                  | 9,924            | 13,406           |
| Miscellaneous                              | 353              | 27               |
| Operating supplies                         | 1,066            | 2,397            |
| Prisoner meals                             | 32,996           | 19,266           |
| Professional services                      | 38               | 163              |
| Repairs - equipment                        | 10,696           | 622              |
| Repairs - other                            | 236,148          | 13,267           |
| Repairs - vehicles                         | 1,543            | 1,602            |
| Sanitation contract                        | 1,003,555        | 987,843          |
| Training                                   | -                | 75               |
| Transportation                             | 3,598            | 4,878            |
| Uniforms                                   | <u>2,583</u>     | <u>1,170</u>     |
| Total Supplies, Services and Other Charges | <u>1,302,594</u> | <u>1,045,050</u> |
| Total Operating Expenses                   | <u>1,434,428</u> | <u>1,212,705</u> |
| Operating Loss Before Depreciation         | (432,702)        | (236,047)        |
| Depreciation expense                       | <u>2,699</u>     | <u>5,247</u>     |
| Operating Gain (Loss)                      | <u>(435,401)</u> | <u>(241,294)</u> |

**CITY OF BRANDON  
SANITATION FUND  
COMPARISON SCHEDULES OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
For the Years Ended September 30, 2016 and 2015**

|   | <u>2016</u>       | <u>2015</u>       |
|---|-------------------|-------------------|
| Non-operating Revenues (Expenses)       |                   |                   |
| Gain (loss) on sale of equipment        | 10,295            | -                 |
| Interest income                         | 760               | 903               |
| Interest expense                        | <u>(271)</u>      | <u>(273)</u>      |
| Total Non-operating Revenues (Expenses) | <u>10,784</u>     | <u>630</u>        |
| Net loss before operating transfers     | (424,617)         | (240,664)         |
| Operating transfers in / (out)          | <u>3,000</u>      | <u>(53,042)</u>   |
| Change in Net Position                  | (421,617)         | (293,706)         |
| Net Position, beginning                 | <u>716,867</u>    | <u>1,176,607</u>  |
| Prior period adjustment                 | <u>-</u>          | <u>(166,034)</u>  |
| Net Position, ending                    | <u>\$ 295,250</u> | <u>\$ 716,867</u> |

**COMPLIANCE REPORTS**

# Barlow, Walker & Company, P.A.

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

Honorable Mayor and Members of the Board of Aldermen  
Brandon, Mississippi

We have audited the basic financial statements of the City of Brandon, Mississippi as of and for the year ended September 30, 2016, and have issued our report dated March 1, 2017. We have 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.

The results of those procedures and our audit of the general purpose financial statements disclosed the following instance of noncompliance with state laws and regulations:

The City had outstanding debt issued in accordance with section 17-21-51 which exceeded one percent of the assessed value of all taxable property located within the municipality.

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

*Barlow, Walker & Company, P.A.*  
Brandon, Mississippi  
March 1, 2017

