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MAYOR
BUTCH LEE



March 2, 2015

Office of the State Auditor
P. O. Box 956
Jackson, MS 39205

Re: Annual Municipal Audit

Accompanying this letter is a copy of the annual audit of the city of Brandon, Mississippi, for the fiscal year ended September 30, 2014. The requested electronic copy was submitted by email on March 2, 2015.

Sincerely,

A handwritten signature in black ink, appearing to read "Butch Lee", written over a horizontal line.

Butch Lee
Mayor

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CITY OF BRANDON
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For the year ended September 30, 2014

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FINANCIAL AUDIT REPORT

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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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



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information of the City of Brandon, Mississippi, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-12 and 41-44 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the comparison schedules, and the schedule of expenditures of federal awards 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, the comparison schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2015, on our consideration of the City of Brandon, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Brandon, Mississippi's internal control over financial reporting and compliance.

Barlow, Walker & Company, P.A.
Brandon, Mississippi
February 3, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF BRANDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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, 2014. Please read it in conjunction with the City of Brandon's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2014 were as follows:

Total net position for 2014 increased \$4,830,293 or 14.67% from 2013. Total net position for 2013 increased \$2,153,217 or 2.4% from fiscal year 2012.

General revenues accounted for \$14,442,540 and \$12,194,596 in revenue, or 61% and 60% of all revenues for fiscal years 2014 and 2013 respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,366,806 or 39% for 2014 and \$8,235,724 or 40% of total revenues for 2013.

In the business-type activity of sanitation, sanitation expenses were \$1,067,926 while charges for sanitation services were \$961,788. Water and sewer charges for services were \$6,279,043, capital grants and contributions were \$461,240 with expenses of \$5,623,384.

Long-term debt decreased by \$1,395,061 for fiscal year 2014 and \$2,103,288 for fiscal year 2013. The decrease in 2014 was primarily due to a decrease in bonds. The decrease in 2013 was primarily due to the decrease in bonds and capital loans. Additionally, the liability for compensated absences increased by \$14,069 in 2014 and increased by \$22,462 in 2013.

Overall, the book value of capital assets decreased \$900,366 in 2014 and \$764,472 for 2013. The changes were due to depreciation expense exceeding new purchases.

**CITY OF BRANDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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.

**CITY OF BRANDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

One of the most important questions to ask about the City of Brandon's finances is, "Has the City's net position increased or decreased as a result of the year's activities?" The Statement of Net position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. 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.

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**CITY OF BRANDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Table 1							
Net Position							
2014							
	Governmental Activities		Business-type Activities		Total		Percent
	2014	2013	2014	2013	2014	2013	Change
Assets:							
Cash and other assets	\$ 6,481,663	3,475,693	7,043,694	5,705,895	13,525,357	9,181,588	47.31%
Capital assets, net	28,024,534	28,575,521	17,001,557	17,350,936	45,026,091	45,926,457	-1.96%
Total Assets	34,506,197	32,051,214	24,045,251	23,056,831	58,551,448	55,108,045	6.25%
Liabilities:							
Current and other liabilities	2,624,856	2,097,955	1,802,022	1,955,533	4,426,878	4,053,488	9.21%
Long-term liabilities	10,806,233	12,712,744	5,483,907	5,421,342	16,290,140	18,134,086	-10.17%
Total Liabilities	13,431,089	14,810,699	7,285,929	7,376,875	20,717,018	22,187,574	-6.63%
Deferred Inflows of Resources:							
Developer construction advances	83,666				83,666	0	100.00%
Net Position							
Net investment in capital assets	16,862,306	15,705,443	10,843,974	11,216,020	27,706,280	26,921,463	2.92%
Restricted	1,453,042	1,122,571			1,453,042	1,122,571	29.44%
Unrestricted	2,676,094	412,501	5,915,348	4,463,936	8,591,442	4,876,437	76.18%
Total Net Position	\$ 20,991,442	17,240,515	16,759,322	15,679,956	37,750,764	32,920,471	14.67%

The City's total assets increased \$3,443,403 during 2014 with governmental activities showing an increase of \$2,454,983 and business-type activities showing an increase of \$988,420. The increase was primarily due to an increase in cash and cash equivalents.

The City's total liabilities decreased \$1,470,556, due mainly to the decrease in bonds payable in governmental activities and capital leases in business-type activities. Developer construction advances were recognized in 2014 as deferred inflows of resources for an increase of \$83,666.

The City's net position increased \$4,830,293 due mainly to net increase in assets.

**CITY OF BRANDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Table 2 shows the Changes in Net Position for the September 30, 2014 year end. A comparative analysis of government-wide data is as follows:

Table 2							
Changes in Net Position							
2014							
	Governmental Activities		Business-type Activities		Total		Percent
	2014	2013	2014	2013	2014	2013	Change
Revenues:							
Program revenues:							
Charges for services	\$ 1,063,014	1,456,497	7,240,831	6,482,030	8,303,845	7,938,527	4.60%
Operating grants	316,037	61,906			316,037	61,906	410.51%
Capital grants	285,684	30,651	461,240	204,640	746,924	235,291	217.45%
General revenues:							
Sales and use taxes	6,254,458	5,329,730			6,254,458	5,329,730	17.35%
Property taxes	6,113,672	4,918,276			6,113,672	4,918,276	24.31%
Other	2,068,316	1,932,002	6,094	14,588	2,074,410	1,946,590	6.57%
Total Revenues	16,101,181	13,729,062	7,708,165	6,701,258	23,809,346	20,430,320	16.54%
Program Expenses:							
General government	1,313,520	1,310,741			1,313,520	1,310,741	0.21%
Public safety	6,268,580	6,227,765			6,268,580	6,227,765	0.66%
Public services	2,441,637	2,204,809			2,441,637	2,204,809	10.74%
Culture and recreation	1,685,602	1,826,615			1,685,602	1,826,615	-7.72%
Economic development	100,141	15,587			100,141	15,587	100.00%
Water and sewer			5,623,384	5,086,163	5,623,384	5,086,163	10.56%
Sanitation			1,067,926	977,740	1,067,926	977,740	9.22%
Interest	540,774	627,683			540,774	627,683	-13.85%
Total Expenses	12,350,254	12,213,200	6,691,310	6,063,903	19,041,564	18,277,103	4.18%
Change in Net Position	\$ 3,750,927	1,515,862	1,016,855	637,355	4,767,782	2,153,217	121.43%
Net Position, 9/30/2013	17,240,515	15,724,653	15,679,956	15,042,601	32,920,471	30,767,254	7.00%
Prior Period adjustment			62,511		62,511		100.00%
Net Position, 9/30/2014	20,991,442	17,240,515	16,759,322	15,679,956	37,750,764	32,920,471	14.67%

See note 15 for the sanitation prior period adjustment of \$62,511.

**CITY OF BRANDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Governmental Activities. Revenues for the City's governmental activities for the year ended September 30, 2014 were \$16,101,181 compared to \$13,729,062 in 2013. Program revenues increased 7.5% primarily as a result of an increase in operating and capital grants. General revenues are, for the most part, comprised of sales and use taxes and property taxes (86%).

The cost of providing all governmental activities for 2014 was \$12,350,254 and for 2013 was \$12,213,200, an increase of \$137,054 for 2014 and a decrease of \$657,020 for 2013. Of this amount, general government expenses increased \$2,779 in 2014 and decreased \$18,539 in 2013; public safety expenses increased \$40,815 for 2014 and decreased \$132,986 for 2013; public services expenses increased \$236,828 in 2014 and decreased \$12,989 in 2013; culture and recreation expenses decreased \$141,013 in 2014 and decreased \$416,253 in 2013; economic development expenses were \$100,141 in 2014 compared to \$15,587 in 2013; and interest on long-term debt expenses decreased \$86,909 in 2014 and decreased \$91,840 in 2013.

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 (94%). Charges for services for the City's business-type activities were \$7,240,831 for 2014 and \$6,482,030 for 2013, an increase of \$758,801 in 2014 and an increase of \$332,603 for 2013.

The costs of these business-type activities were \$6,691,310 and \$6,063,903 for 2014 and 2013 respectively, an increase of \$627,407 in 2014 due to an increase in water and sewer costs and sanitation costs; and an increase of \$30,268 in 2013 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 \$5,468,896, an increase of \$2,565,474. The fund balance consists of \$1,453,042 or 26.6% which is restricted for specific purposes which are externally imposed, \$521,744 or 9.5% is committed for specific purposes internally imposed by the City. Officials of the City have assigned \$582,353 or 10.7% for specific purposes. At the end of the year, the amount of fund balance unassigned, which is available for spending for any purpose, is \$2,911,757 or 53.2%.

**CITY OF BRANDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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, 2014, the City's total capital assets were \$83,068,248 including land, city buildings, infrastructure, vehicles and furniture and equipment. This amount represents an increase of \$1,181,433 for 2013 to 2014 and an increase of \$734,016 for 2012 to 2013. The accumulated depreciation as of September 30, 2014 was \$38,042,157 and total depreciation expense for the year was \$2,458,249 resulting in total net capital assets of \$45,026,091.

**CITY OF BRANDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Table 3
Capital Assets at September 30, 2014
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total		Percent Change
	2014	2013	2014	2013	2014	2013	
Land	\$ 1,200,103	1,200,103	130,377	130,377	1,330,480	1,330,480	0.00%
Construction in Progress	563,337	194,894	0	1,356,109	563,337	1,551,003	-63.68%
Buildings	9,958,692	10,215,479	698,929	717,993	10,657,621	10,933,472	-2.52%
Improvements other than bldg.	14,833,239	15,447,537	15,802,441	14,710,160	30,635,680	30,157,697	1.58%
Machinery, equipment, vehicles	1,469,163	1,517,508	369,810	436,297	1,838,973	1,953,805	-5.88%
Total	\$ 28,024,534	28,575,521	17,001,557	17,350,936	45,026,091	45,926,457	-1.96%

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

**CITY OF BRANDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Debt Administration. At September 30, 2014, the City had \$17,644,310 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, 2014							
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percent</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>Change</u>
General obligation bonds	\$ 11,000,000	12,230,000			11,000,000	12,230,000	-10.06%
Limited obligation bonds	0	310,000			0	310,000	-100.00%
Capital loans			6,123,132	6,050,980	6,123,132	6,050,980	1.19%
Compensated absences	274,476	276,053	50,023	34,377	324,499	310,430	4.53%
Capital leases	162,228	54,025	34,451	83,936	196,679	137,961	42.56%
Total	\$ 11,436,704	12,870,078	6,207,606	6,169,293	17,644,310	19,039,371	-7.33%

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

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**CITY OF BRANDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

CURRENT ISSUES

The following projects are included in the budget for fiscal year September 30, 2015: East Brandon Bypass with budgeted expenditures of \$100,000 for engineering costs. The completion date of this project is not known at the date of this report. The MDOT Streetscape Project with budgeted expenditures of \$335,266 has an 80/20 match and is expected to be completed in fiscal year 2015. The Sunset/Overby resurfacing project has budgeted expenditures of \$240,000 and has a 50/50 match requirement.

The Highway 80/Trickham Bridge Road/Louis Wilson Drive signal and widening project is budgeted at \$1,300,000 with funding of \$500,000 from Rankin County through an interlocal agreement, \$500,000 from the state through earmarked bond funds, and \$300,000 from MDOT for the signal. The Luckney Road sewer project utilizing a CDBG grant is budgeted at \$1,332,000 with city match of \$732,100 is also included in the 2015 budget.

In addition, the City's portion of the Mississippi Department of Transportation (MDOT) Utility Line Relocation Highway 471 project and the MDOT Utility Line Relocation Interstate 20 Exit 56 Ramp project will be completed in fiscal year 2015. MDOT will fund the additional costs of these projects.

The following projects will be bid in fiscal year 2015: Three new fire stations will be constructed, renovation and upgrades at Shiloh Park, additional tennis courts at City Park, and construction of the Rankin Trails.

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, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 4,621,154	\$ 4,413,189	\$ 9,034,343
Receivables:			
Accounts receivable, net of allowance for uncollectible accounts	-	947,137	947,137
Ad valorem	232,237	-	232,237
Franchise tax	150,025	-	150,025
Current sales tax	1,023,693	-	1,023,693
Other receivables	26,074	-	26,074
Due from other governments	289,521	152,218	441,739
Inventory	-	188,817	188,817
Internal balances	(1,314,083)	1,314,083	-
Restricted cash and cash equivalents	1,453,042	-	1,453,042
Other	-	28,250	28,250
Capital assets, net	28,024,534	17,001,557	45,026,091
Total assets	\$ 34,506,197	\$ 24,045,251	\$ 58,551,448

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF NET POSITION
September 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Accounts payable	\$ 431,296	\$ 339,339	\$ 770,635
Accrued payroll liabilities	272,472	39,939	312,411
Accrued interest payable	63,683	-	63,683
Deposits payable	-	699,045	699,045
Current portion of capital improvement loan	-	689,248	689,248
Current portion of capital lease payable	48,677	34,451	83,128
Current portion of bonds payable	1,615,000	-	1,615,000
Other long-term liabilities	193,728	-	193,728
Noncurrent liabilities:			
Capital improvement loan	-	5,433,884	5,433,884
Obligation under capital lease	113,551	-	113,551
Bonds payable	9,385,000	-	9,385,000
Other long-term liabilities	1,033,206	-	1,033,206
Compensated absences	274,476	50,023	324,499
Total liabilities	<u>13,431,089</u>	<u>7,285,929</u>	<u>20,717,018</u>
DEFERRED INFLOWS OF RESOURCES			
Developer construction advances	<u>83,666</u>	<u>-</u>	<u>83,666</u>
Total deferred inflows of resources	<u>83,666</u>	<u>-</u>	<u>83,666</u>
NET POSITION			
Net investment in capital assets	16,862,306	10,843,974	27,706,280
Restricted	1,453,042	-	1,453,042
Unrestricted	<u>2,676,094</u>	<u>5,915,348</u>	<u>8,591,442</u>
Total net position	<u>\$ 20,991,442</u>	<u>\$ 16,759,322</u>	<u>\$ 37,750,764</u>

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF ACTIVITIES
For the year ended September 30, 2014

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary Government							
Governmental activities							
General government	\$ 1,313,520	\$ 74,940	\$ -	\$ -	(1,238,580)	\$ -	\$ (1,238,580)
Public safety	6,268,580	533,178	32,464	159,294	(5,543,644)	-	(5,543,644)
Public services	2,441,637	175,890	283,573	53,725	(1,928,449)	-	(1,928,449)
Culture and recreation	1,685,602	279,006	-	72,665	(1,333,931)	-	(1,333,931)
Economic development	100,141	-	-	-	(100,141)	-	(100,141)
Interest on long-term debt	540,774	-	-	-	(540,774)	-	(540,774)
Total governmental activities	12,350,254	1,063,014	316,037	285,684	(10,685,519)	-	(10,685,519)
Business-type activities							
Water and sewer	5,623,384	6,279,043	-	461,240	-	1,116,899	1,116,899
Sanitation	1,067,926	961,788	-	-	-	(106,138)	(106,138)
Total business-type activities	6,691,310	7,240,831	-	461,240	-	1,010,761	1,010,761
Total primary government	\$ 19,041,564	\$ 8,303,845	\$ 316,037	\$ 746,924	(10,685,519)	1,010,761	(9,674,758)
General revenues							
Taxes							
Sales and use taxes					6,254,458	-	6,254,458
Property taxes					6,113,672	-	6,113,672
Franchise fees					754,021	-	754,021
Other taxes and shared revenue					993,930	-	993,930
Investment income					19,216	6,094	25,310
Gain (loss) on sale of assets					7,351	-	7,351
Other					293,798	-	293,798
Total general revenues and transfers					14,436,446	6,094	14,442,540
Change in net position					3,750,927	1,016,855	4,767,782
Net Position, September 30, 2013					17,240,515	15,679,956	32,920,471
Prior period adjustment					-	62,511	62,511
Net Position, September 30, 2014					\$ 20,991,442	\$ 16,759,322	\$ 37,750,764

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See accompanying notes to financial statements.

**CITY OF BRANDON
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,628,658	\$ 403,157	\$ 589,339	\$ 4,621,154
Receivables				
Ad valorem and road taxes	180,119	52,118	-	232,237
Current sales tax	1,023,693	-	-	1,023,693
Franchise tax	150,025	-	-	150,025
Other receivables	6,598	-	-	6,598
Restricted cash	1,357,213	-	95,829	1,453,042
Due from other funds	<u>101,354</u>	<u>-</u>	<u>2,500</u>	<u>103,854</u>
 Total Assets	 \$ <u><u>6,447,660</u></u>	 \$ <u><u>455,275</u></u>	 \$ <u><u>687,668</u></u>	 \$ <u><u>7,590,603</u></u>

See accompanying notes to financial statements.

**CITY OF BRANDON
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 421,812	\$ -	\$ 9,486	\$ 431,298
Accrued wages payable	272,472	-	-	272,472
Advances from other funds	<u>1,314,083</u>	<u>103,854</u>	<u>-</u>	<u>1,417,937</u>
Total Liabilities	<u>2,008,367</u>	<u>103,854</u>	<u>9,486</u>	<u>2,121,707</u>
Fund Balance				
Nonspendable	-	-	-	-
Spendable				
Restricted	1,357,213	-	95,829	1,453,042
Committed	170,323	351,421	-	521,744
Assigned	-	-	582,353	582,353
Unassigned	<u>2,911,757</u>	<u>-</u>	<u>-</u>	<u>2,911,757</u>
Total Fund Balances	<u>4,439,293</u>	<u>351,421</u>	<u>678,182</u>	<u>5,468,896</u>
Total Liabilities and Fund Balances	<u>\$ 6,447,660</u>	<u>\$ 455,275</u>	<u>\$ 687,668</u>	<u>\$ 7,590,603</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, 2014

Total fund balances - governmental funds \$ 5,468,896

Amounts reported for *governmental activities* in Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the governmental funds:

Governmental capital assets	\$ 47,622,442	
Less accumulated depreciation	<u>(19,597,908)</u>	28,024,534

Certain receivables are not available to pay for current period expenditures,
and, therefore, are not reported in the governmental funds. 308,999

Developer construction advances is reported as a deferred inflow of resources on the
statement of net position and will be recognized as revenue in a future period. (83,666)

Certain liabilities are not due and payable in the current period and therefore are not
reported in the governmental funds. (63,683)

Long-term liabilities are not due and payable in the current period and accordingly
are not reported in the governmental funds. (12,663,638)

Net position of governmental activities \$ 20,991,442

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

For the year ended September 30, 2014

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 4,471,868	\$ 1,821,200	\$ -	\$ 6,293,068
Licenses and permits	982,064	-	-	982,064
State shared revenues	6,395,177	-	-	6,395,177
County shared revenues	851,426	-	-	851,426
Charges for services	161,527	-	243,570	405,097
Fines and forfeitures	567,510	-	8,765	576,275
Other revenues	239,303	9,719	1,438	250,460
Total Revenues	<u>13,668,875</u>	<u>1,830,919</u>	<u>253,773</u>	<u>15,753,567</u>
Expenditures				
Current (operating)				
General government	1,086,635	-	-	1,086,635
Public safety	5,793,971	-	15,774	5,809,745
Public services	1,826,456	-	-	1,826,456
Culture and recreation	1,094,063	-	193,410	1,287,473
Economic Development	98,536	-	-	98,536
Capital outlay	1,111,394	-	58,842	1,170,236
Debt service				
Principal	51,577	1,540,000	-	1,591,577
Interest and fiscal charges	2,488	511,737	4,754	518,979
Total Expenditures	<u>11,065,120</u>	<u>2,051,737</u>	<u>272,780</u>	<u>13,389,637</u>
Excess of revenues over (under) expenditures	<u>2,603,755</u>	<u>(220,818)</u>	<u>(19,007)</u>	<u>2,363,930</u>
Other financing sources and uses, including transfers				
Proceeds from debt issuance	159,780	-	-	159,780
Proceeds from sale of assets	40,265	-	1,500	41,765
Transfers in	-	154,948	-	154,948
Transfers out	-	-	(154,948)	(154,948)
Total other financing sources and (uses)	<u>200,045</u>	<u>154,948</u>	<u>(153,448)</u>	<u>201,545</u>
Net change in fund balances	2,803,800	(65,870)	(172,455)	2,565,475
Fund Balances, September 30, 2013	1,635,493	417,291	850,637	2,903,421
Fund Balances, September 30, 2014	<u>\$ 4,439,293</u>	<u>\$ 351,421</u>	<u>\$ 678,182</u>	<u>\$ 5,468,896</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, 2014

Net change in fund balances - governmental funds	\$ 2,565,475
Amounts reported for <i>governmental activities</i> in Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of certain assets is depreciated over their estimated useful lives:	
Expenditures for capital assets	\$ 808,327
Less current year depreciation	<u>(1,340,299)</u> (531,972)
Developer construction advances are reported as revenue in the governmental funds but have not been earned and therefore are classified as deferred inflows of resources.	(83,666)
Some revenues or expenses reported in the statement of activities are not yet available or expensed and therefore are not reported as revenue or expenditures in the governmental funds.	367,716
Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses or reduction of expenses of the current year.	1,577
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	1,591,577
Debt issuance proceeds are recognized as revenue in the governmental funds, but represent an increase in long-term liabilities in the Statement of Net Assets.	<u>(159,780)</u>
Change in net position - governmental funds	\$ <u><u>3,750,927</u></u>

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2014

	Business-Type Activities Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,795,691	\$ 617,498	\$ 4,413,189
Receivables			
Accounts receivable, net of allowance for uncollectible accounts	799,167	147,970	947,137
Due from other governments	152,218	-	152,218
Internal balances - advances due from other funds	906,588	407,495	1,314,083
Inventory	188,817	-	188,817
Total current assets	5,842,481	1,172,963	7,015,444
Noncurrent assets			
Operating rights, net of amortization	28,250	-	28,250
Capital assets, net	16,980,009	21,548	17,001,557
Total noncurrent assets	17,008,259	21,548	17,029,807
Total assets	\$ 22,850,740	\$ 1,194,511	\$ 24,045,251
LIABILITIES			
Current liabilities			
Accounts payable	\$ 332,912	\$ 6,427	\$ 339,339
Accrued payroll liabilities	36,841	3,098	39,939
Meter deposits payable	699,045	-	699,045
Current portion of capital improvement loan	689,248	-	689,248
Current portion of capital lease payable	28,069	6,382	34,451
Total current liabilities	1,786,115	15,907	1,802,022
Noncurrent liabilities			
Compensated absences	48,026	1,997	50,023
Capital improvement loan	5,433,884	-	5,433,884
Total noncurrent liabilities	5,481,910	1,997	5,483,907
Total liabilities	7,268,025	17,904	7,285,929
NET POSITION			
Net investment in capital assets	10,828,808	15,166	10,843,974
Unrestricted	4,753,907	1,161,441	5,915,348
Total net position	\$ 15,582,715	\$ 1,176,607	\$ 16,759,322

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the year ended September 30, 2014

	Business-Type Activities Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
Operating Revenues			
Charges for services	\$ 6,279,043	\$ 961,788	\$ 7,240,831
Total operating revenues	6,279,043	961,788	7,240,831
Operating Expenses			
Personnel services	824,876	69,851	894,727
Supplies, services and other charges	3,535,231	994,630	4,529,861
Depreciation and amortization	1,114,721	3,231	1,117,952
Total operating expenses	5,474,828	1,067,712	6,542,540
Operating income (loss)	804,215	(105,924)	698,291
Nonoperating revenues (expenses)			
Capital grant	461,240	-	461,240
Interest income	5,230	865	6,095
Interest expense and bond fees	(148,556)	(215)	(148,771)
Total nonoperating revenues (expenses)	317,914	650	318,564
Income (loss) before transfers	1,122,129	(105,274)	1,016,855
Transfers	45,000	(45,000)	-
Change in net position	1,167,129	(150,274)	1,016,855
Net Position, September 30, 2013	14,353,075	1,326,881	15,679,956
Prior period adjustment	62,511	-	62,511
Net Position, September 30, 2014	\$ 15,582,715	\$ 1,176,607	\$ 16,759,322

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2014

	Business-Type Activities Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 6,285,776	\$ 1,002,100	\$ 7,287,876
Cash payments for goods and services	(3,746,518)	(990,022)	(4,736,540)
Cash payments to employees	(801,662)	(69,209)	(870,871)
Other receipts (payments)	244,585	275,000	519,585
Net cash provided by operating activities	<u>1,982,181</u>	<u>217,869</u>	<u>2,200,050</u>
Cash flows from non-capital financing activities			
Operating transfers (to) from other funds	<u>45,000</u>	<u>(45,000)</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>45,000</u>	<u>(45,000)</u>	<u>-</u>
Cash flows from capital and related financing activities			
Proceeds received upon issuance of debt	800,000	-	800,000
Principal paid on notes payable and capital leases	(768,969)	(8,364)	(777,333)
Interest paid on notes and capital leases	(148,556)	(215)	(148,771)
Acquisition and construction of capital assets	(768,571)	-	(768,571)
Proceeds from capital grants	<u>514,060</u>	<u>-</u>	<u>514,060</u>
Net cash used for capital and related financing activities	<u>(372,036)</u>	<u>(8,579)</u>	<u>(380,615)</u>
Cash flows from investing activities			
Interest on investments	<u>5,230</u>	<u>865</u>	<u>6,095</u>
Net cash provided (used) by investing activities	<u>5,230</u>	<u>865</u>	<u>6,095</u>
Net increase (decrease) in cash and cash equivalents	1,660,375	165,155	1,825,530
Cash and cash equivalents, October 1, 2013	<u>2,135,316</u>	<u>452,343</u>	<u>2,587,659</u>
Cash and cash equivalents, September 30, 2014	<u>\$ 3,795,691</u>	<u>\$ 617,498</u>	<u>\$ 4,413,189</u>
Cash and cash equivalents consists of the following balance sheet amounts			
Cash and cash equivalents	<u>\$ 3,795,691</u>	<u>\$ 617,498</u>	<u>\$ 4,413,189</u>

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2014

	Business-Type Activities Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
Reconciliation of operating income to net cash provided by operating activities			
Operating Income (Loss)	\$ 804,215	\$ (105,924)	\$ 698,291
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	1,113,596	3,231	1,116,827
Amortization	1,125	-	1,125
Changes in assets and liabilities			
(Increase) decrease in accounts receivable, net	(15,238)	40,312	25,074
(Increase) decrease in internal balances	244,585	275,000	519,585
(Increase) decrease in inventory	(47,712)	-	(47,712)
Increase (decrease) in vouchers payable	(163,575)	4,608	(158,967)
Increase (decrease) in customer meter deposits	21,971	-	21,971
Increase (decrease) in payroll liabilities	9,129	(919)	8,210
Increase (decrease) in compensated absences	14,085	1,561	15,646
Net cash provided (used) by operating activities	\$ <u>1,982,181</u>	\$ <u>217,869</u>	\$ <u>2,200,050</u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

(1) Reporting Entity and Summary of Significant Accounting Policies

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. The following is a summary of the more significant accounting policies:

A. Financial Reporting Entity

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities.

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes current assets and liabilities as well as capital assets and long-term liabilities. Accrual accounting also reports all the revenues and cost of providing services each year, not just those received or paid that year.

Statement of Net Position - 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.

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.

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.

Budgetary comparison schedules - Compliance with the adopted budget is an important component of the government's accountability to the public.

The criteria for including organizations as component units within the City's reporting entity, as set forth in Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, have been applied. A primary government is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body *and* either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose a financial burden on, the primary government. A primary government may also be financially accountable for organizations that are financially dependent on it.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

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.

B. 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 nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use, or directly benefit from services or privileges provided, and grants and contributions that are restricted to meeting certain operational or capital needs of a function. Taxes and other items not included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the governmental-wide financial statements. Major individual governmental and proprietary funds are reported in separate columns in the fund financial statements.

C. 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.

Property taxes are recognized as revenues in the year of their levy; grants and similar items are recognized as revenue when all the eligibility requirements of the providers have been met.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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 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.

Non-Major Governmental Fund Types

In addition to the major funds listed above, the City reports on three non-major governmental funds. There are two special revenue funds which account for revenues generated from various sources such as grants, contributions and charges for services. These funds expend those revenues for operations of the parks and recreation special programs, as well as drug trafficking prevention. 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).

Major Proprietary Fund - These fund types apply all applicable pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 that are not in conflict with applicable GASB pronouncements.

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.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

Implementation of New GASB Standards

The adoption of GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" – clarifies the use of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement requires certain items which were previously reported as assets and liabilities to be reported as deferred outflows of resources, deferred inflows of resources and as revenues or expenditures. As a result of implementing this statement, the City changed the classification of certain liabilities to deferred inflows.

D. Restricted Cash

Certain cash balances have been classified as restricted cash on the balance sheet because their use is limited.

E. 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).

F. 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

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CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

G. 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.

H. 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.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

I. Due To and Due from Other Funds

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term amounts owed between funds are classified as "due to/from other 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.

J. 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.

K. 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.

L. Statement of Cash Flows

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.

M. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between fund-balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and the change in net position of governmental activities as reported in the government-wide statement of activities.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

N. Fund Balances

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.

The City establishes (and modifies or rescinds) fund balance commitments by a Board order. Assigned fund balance is established by management's intention to use funds for specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order. The details of the fund balances are included in the Governmental Funds Balance Sheet.

General Fund

The General Fund has the following restricted funds at September 30, 2014:

- \$768 in the Park Pals Account, which is restricted by donees for park improvements;
- \$743,508 in the Restaurant Tax account, which is restricted for tourism, parks and recreation;
- \$522,257 in the Fire Rebate account, which is restricted for fire training and equipment; and
- \$90,680 in the PD Equitable Share accounts, which are restricted for law enforcement purposes.

The General Fund has the following committed funds at September 30, 2014:

- \$51,068 for the Library and city beautification; \$31,825 for the Old Brandon Cemetery;
- \$3,764 for Senior Services; and \$ 83,666 for Ambiance and Hastings street development.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

Debt Service Fund

The Debt Service Fund has \$351,421 in funds that are restricted for payment of principal and interest on outstanding debt.

Other Funds

The following non-major funds have a Restricted Fund Balance designated for specific purposes:

The Drug Seizure Fund had restricted funds of \$95,829 consisting of funds to be used for drug enforcement activities.

The following non-major funds have an Assigned Fund Balance that is intended for specific purposes:

The Youth Programs Fund had assigned funds of \$582,353 consisting of funds to be used for parks and recreation activities.

(2) Accounting Changes

Change in Estimate - For the year ended September 30, 2014, the City changed the estimate for the allowance for doubtful accounts in the proprietary fund. The effect of this change in the current period is a \$45,000 decrease in the allowance for doubtful accounts in the Water and Sewer Fund and a \$45,000 increase in the allowance for doubtful accounts in the Sanitation Fund. As a result of this change, there is no change in net position for the consolidated proprietary fund.

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.

(3) Cash Deposits

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.

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 2014.

At September 30, 2014, the carrying amount of the City's deposits was \$10,484,185 and the bank balance was \$10,803,271.

(4) 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, 2013, 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.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

(5) Capital Assets

A summary of changes in Capital Assets at September 30, 2014 follows:

	Balance 09/30/13	Increases	Decrease	Complete CIP	Balance 09/30/14
Governmental Activities					
Non-depreciable					
Land	\$ 1,200,103	\$ -	\$ -	\$ -	1,200,103
Construction in progress	194,894	529,420	-	(160,977)	563,337
Total	1,394,997	529,420	-	(160,977)	1,763,440
Depreciable					
Buildings	12,795,364	-	-	-	12,795,364
Improvement other than bldg.	25,096,812	128,996	-	79,246	25,305,054
Machinery, equip. & vehicles	7,717,086	163,010	(190,143)	68,631	7,758,584
Total	45,609,262	292,006	(190,143)	147,877	45,859,002
Less accum. depreciation					
Buildings	2,579,885	256,787	-	-	2,836,672
Improvement other than bldg.	9,649,275	822,540	-	-	10,471,815
Machinery, equip. & vehicles	6,199,578	260,972	(171,129)	-	6,289,421
Total	18,428,738	1,340,299	(171,129)	-	19,597,908
Governmental Activities, net	\$ 28,575,521	\$ (518,873)	\$ (19,014)	\$ (13,100)	\$ 28,024,534

Depreciation expense was charged to governmental functions as follows:

General government	\$ 161,736
Public safety	241,141
Public service	580,725
Culture and recreation	356,697
	<u>\$ 1,340,299</u>

Business-type Activities					
Non-depreciable					
Land	\$ 130,377	\$ -	\$ -	\$ -	130,377
Construction in progress	1,356,109	762,071	-	(2,118,180)	-
Total	1,486,486	762,071	-	(2,118,180)	130,377
Depreciable					
Buildings	1,022,391	-	-	-	1,022,391
Improvement other than bldg.	30,227,032	-	(11,800)	2,118,180	32,333,412
Machinery, equip. & vehicles	2,146,647	6,500	(193,521)	-	1,959,626
Total	33,396,070	6,500	(205,321)	2,118,180	35,315,429
Less accum. depreciation					
Buildings	304,398	19,064	-	-	323,462
Improvement other than bldg.	15,516,872	1,025,899	(11,800)	-	16,530,971
Machinery, equip. & vehicles	1,710,350	72,987	(193,521)	-	1,589,816
Total	17,531,620	1,117,950	(205,321)	-	18,444,249
Business-type Activities, net	\$ 17,350,936	\$ (349,379)	\$ -	\$ -	\$ 17,001,557

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

(6) Obligations under capital lease:

The City has entered into the following lease agreements as of September 30, 2014, which qualify as capital leases for accounting purposes:

	Governmental Activities	Business-type Activities
Lease dated February 6, 2012, with Hancock Bank for the acquisition of one tractor and one truck in the amount of \$49,683 at 1.96% payable in 36 monthly payments of \$1,422.	\$ 2,976	\$ 4,100
Lease dated May 30, 2012, with Priority One Bank for the acquisition of two vehicles in the amount of \$51,053 at 1.96% payable in 36 monthly payments of \$1,463.	13,054	-
Lease dated June 4, 2012, with Hancock Bank for the acquisition of vehicles and equipment in the amount of \$118,772 at 1.96% payable in 36 monthly payments of \$3,400.	-	30,351
Lease dated August 5, 2013 with Lease Corporation of America for the acquisition of an industrial floor scrubber in the amount of \$11,842 at 7.796% payable in 36 monthly payments of \$368.	7,529	-
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.	138,669	-
Total obligations under capital leases	\$ 162,228	\$ 34,451

As of September 30, 2014, the City had future minimum payments under capital leases as follows:

	Governmental Activities	Business-type Activities
September 30:		
2015	\$ 51,672	\$ 34,719
2016	36,072	-
2017	31,097	-
2018	31,097	-
2019	20,733	-
Total	170,671	34,719
Less amount representing interest	8,443	268
Present value of future minimum lease payments	\$ 162,228	\$ 34,451
Cost of equipment	\$ 221,823	\$ 147,561
Accumulated depreciation	\$ 171,184	\$ 43,930

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

(7) Long-Term Debt

General Obligation Bonds

General obligation bonds are directed obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General obligation bonds require the City to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

Limited Obligation Bonds

Limited obligation bonds are directed obligations issued on a pledge of incremental tax revenues generated by properties within a specific commercial zone.

Bonds and capital improvement loans payable at September 30, 2014 are comprised of the following:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
\$294,609 Capital Improvement Revolving Loan for sewer improvements through the Mississippi Department of Economic and Community Development. Payments are \$2,066 monthly for 15 years through 6/1/2015. Interest is 3% APR.	\$	\$ 18,648
\$288,750 Capital Improvement Revolving Loan for sewer improvements through the Mississippi Department of Economic and Community Development. Payments are \$1,994 monthly for 15 years through 6/1/2015. Interest is 3% APR.		18,276
\$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.		2,079,826
\$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.		855,776
\$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.		2,339,612
\$119,777 Sewer Line Rehabilitation Loan for the Richland Creek Project. Monthly payments of \$2,086 for a period of 60 months through 05/01/16. Interest is 1.75% APR.		41,095
\$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.		769,899
Total Capital Improvement Loans	\$ -	\$ 6,123,132

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>General Obligation Bonds</u>		
\$3,500,000 Mississippi Development Bank Special Obligation Bonds due in annual installments ranging from \$120,000 to \$250,000 for 20 years through September 2026, with interest ranging from 4% to 5%.	\$ 2,540,000	\$
\$1,685,000 2008 Refunding Bonds due in annual installments ranging from \$175,000 to \$240,000 for eight years through October 2015, with interest ranging from 2.5% to 2.625%.	470,000	
\$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%	2,200,000	
\$1,510,000 2011 TIF Ergon Refunding Bonds due in annual installments ranging from \$290,000 to \$315,000 for 5 years through September 2016, with interest ranging from 1.8% to 2.25%.	615,000	
\$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%.	2,425,000	
\$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%	2,750,000	
Total General Obligation Bonds	\$ 11,000,000	\$ -
<u>Other Long-Term Liabilities</u>		
\$1,549,812 due to the MS Department of Revenue for overpayments of sales tax from the State of Mississippi to the City of Brandon due in 96 monthly installments of \$16,143.88 through January 2021, bearing no interest.	\$ 1,226,934	\$ -

Transactions for the fiscal year ended September 30, 2014 are summarized as follows:

<u>Governmental Activities</u>	<u>Balance 09/30/13</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 09/30/14</u>
General obligation bonds	\$ 12,230,000	\$ -	\$ 1,230,000	\$ 11,000,000
Limited obligation bonds	310,000	-	310,000	-
Other long-term liabilities	1,420,661	-	193,727	1,226,934
Obligations under capital lease	54,025	159,780	51,577	162,228
Compensated absences	276,053	-	1,577	274,476
Total governmental activities	14,290,739	159,780	1,786,881	12,663,638

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

Business-type Activities

Capital improvement loans	6,050,980	800,000	727,848	6,123,132
Obligations under capital lease	83,936	-	49,485	34,451
Compensated absences	34,377	15,646	-	50,023
Total business-type activities	<u>6,169,293</u>	<u>815,646</u>	<u>777,333</u>	<u>6,207,606</u>

Total government-wide \$ 20,460,032 \$ 975,426 \$ 2,564,214 \$ 18,871,244

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, 2014, including interest payments are as follows:

Year Ended 30-Sep	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 1,808,728	\$ 317,622	\$ 689,248	\$ 132,776	\$ 2,948,374
2016	1,998,728	276,202	657,376	118,839	3,051,145
2017	1,498,728	231,659	654,058	105,467	2,489,911
2018	1,513,728	194,154	667,609	91,916	2,467,408
2019	1,563,728	154,538	681,452	78,074	2,477,791
2020-2024	3,343,294	318,773	1,355,788	268,176	5,286,031
2025-2029	500,000	31,875	1,226,364	86,973	1,845,212
2030-2034	-	-	191,237	8,356	199,593
Total	<u>\$ 12,226,934</u>	<u>\$ 1,524,823</u>	<u>\$ 6,123,132</u>	<u>\$ 890,577</u>	<u>\$ 20,765,466</u>

(8) Limitation of Indebtedness:

Section 21-33-303, Miss. Code 1972 (Ann.), 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 either (a) fifteen percent (15%) of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater.

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 either (a) twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore, or to bonds heretofore issued by municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipally-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Section 21-41-1 through 21-41-53.

All bonds issued prior to July 1, 1990, pursuant to this chapter by any municipality for the purpose of the constructing, replacing, renovating or improving wastewater collection and treatment facilities in order to comply with an administrative order of the Mississippi Department of Natural Resources issued pursuant to the Federal Water Pollution Control Act and amendments thereto, are hereby exempt from the limitation imposed by this section, if the governing body of the municipality adopts an order, resolution or ordinance to the effect that the rates paid by the users of such facilities shall be increased to the extent necessary to provide sufficient funds for the payment of the principal of and interest on such bonds as each respectively becomes due and payable as well as the necessary expenses in connection with the operation and maintenance of such facilities.

The following is a schedule of limitations on the indebtedness of the City, at September 30, 2014:

Authorized Debt Limit:	15 Percent	20 Percent
Assessed valuation for the fiscal year ended		
September 30, 2014 - \$ 214,928,196	\$ 32,239,229	\$ 42,985,639
Present debt subject to debt limitation	(11,000,000)	(11,000,000)
Margin for further general indebtedness obligation indebtedness	<u>\$ 21,239,229</u>	<u>\$ 31,985,639</u>

(9) Other Required Individual Fund Disclosures

1. Individual fund interfund receivable and payable balances at September 30, 2014 were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 1,314,083
Water & Sewer Fund	906,588	-
Sanitation Fund	407,495	-
Debt Service Fund	-	103,854
General Fund	101,354	-
Drug Seizure Fund	2,500	-
Total	<u>\$ 1,417,937</u>	<u>\$ 1,417,937</u>

2. Interfund transfers from the Capital Projects Fund to the Debt Service Fund totaling \$154,948 were made to cover debt service payments and from the Sanitation Fund to the Water and Sewer Fund totaling \$45,000 to reflect changes in accounts receivable.
3. Reconciliation of Fund Balances on the budgetary basis to the GAAP basis:

Mississippi law requires that municipalities prepare budgets using the modified cash basis, which differs from generally accepted accounting principles (GAAP) basis. The budget and all transactions are presented in accordance with the City's method (modified cash basis) in the Budgetary Comparison Schedule -General Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are that only expenditures relating to the September 30, 2014 fiscal year which are paid within the first 30 days after year end are included in the budget and all revenues are recognized for budgetary purposes when received. Budgetary and GAAP differences are shown as reconciling items on the budget comparison schedule.

4. Budget Violations

Section 21-35-17, Miss. Code Ann. (1972) requires municipalities to limit expenditures to budgeted amounts. The City had no budget violations for the fiscal year ended September 30, 2014.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

(10) Defined Benefit Pension Plan

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

Funding Policy - PERS members are required to contribute 9% of their annual covered salary and City of Brandon is required to contribute at an actuarially determined rate. The rate for contribution of annual covered payroll was 15.75% for year ended September 30, 2014. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Brandon's contribution to PERS for the years ended September 30, 2014, 2013, and 2012, was \$833,022, \$825,666, and \$748,632, respectively, and was equal to the required contribution for each year.

(11) Commitments and contingencies

Operating Leases - The City has no material operating leases. However, the City has entered into 2 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 through 2016.

(12) Water and Sewer System Users

The water and sewer system as of September 30, 2014 had 8,653 residential and commercial users.

(13) 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.

(14) 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.

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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 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.

(15) Prior Period Adjustment

During the current year, it was determined that the City was due \$91,213 from the City of Pearl for sanitation services that have been provided by the City of Brandon and but billed to residents and collected by the City of Pearl. To correct this error, the beginning net position of the Water and Sewer Fund has been increased by \$62,511, the amount related to prior year charges, from \$15,679,956 to \$15,742,467.

(16) Commitments

As of September 30, 2014, the City had entered into a contract to purchase a parcel of land known as the Boyce Thompson property for the Rankin Trails project. The purchase of this property was settled on October 1, 2014 in the amount of \$1,121,378.

(17) Subsequent Events

The City evaluated subsequent events through February 3, 2015, the date which the financial statements were available to be issued, noting the following subsequent events to be disclosed.

In January 2015, the City issued \$2,355,000 of General Obligation Refunding Bonds, Series 2015, with an average interest rate of 2.61%. The bonds consist of serial bonds bearing various fixed interest rates ranging from 2.0% to 3.0% with annual maturities from September 2016 through September 2026. The net proceeds of \$2,374,817 (after premium of \$94,451 and issuance costs of \$74,634) were used to advance refund Mississippi Development Bank Bonds, Series 2006, with total principal outstanding of \$2,540,000 and an interest rate of ranging from 4% to 5%.

Entergy completed a utility audit of the City Hall building subsequent to year-end, at which time it was determined that the City had not been charged for all electricity usage at the building. The City is currently working with Entergy to determine a settlement amount for the prior years' unbilled electricity, which is anticipated to be approximately \$79,580. The City will begin making payments to Entergy in FY 2015 once the terms of the settlement are finalized.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF BRANDON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2014

	Original Budget	Budget as Amended	Actual	Variance from Final Amended Budget Over (under)
Revenues:				
Taxes	\$ 5,288,647	\$ 5,288,647	\$ 4,471,868	\$ (816,779)
Licenses and permits	825,000	825,000	982,064	157,064
State shared revenues	5,921,549	5,921,549	6,395,177	473,628
County shared revenues	790,000	790,000	851,426	61,426
Charges for services	125,425	125,425	161,527	36,102
Fines and forfeits	740,977	740,977	567,510	(173,467)
Other	129,900	129,900	239,303	109,403
Total Revenues	13,821,498	13,821,498	13,668,875	(152,623)
Expenditures:				
City court				
Personnel costs	241,033	260,033	257,155	(2,878)
Supplies	5,000	5,000	2,404	(2,596)
Charges for services	15,180	15,180	7,417	(7,763)
Capital expenditures	6,050	6,050	4,708	(1,342)
Total city court	267,263	286,263	271,684	(14,579)
Executive / Administrative				
Personnel cost	235,949	235,949	227,555	(8,394)
Supplies	4,600	4,600	4,219	(381)
Charges for services	57,243	57,243	36,178	(21,065)
Capital expenditures	1,200	1,200	1,167	(33)
Total executive / administrative	298,992	298,992	269,119	(29,873)
General Government				
Personnel cost	333,759	333,759	327,702	(6,057)
Supplies	22,780	22,780	20,809	(1,971)
Charges for services	213,949	213,949	203,196	(10,753)
Capital expenditures	35,050	61,050	60,963	(87)
Total general government	605,538	631,538	612,670	(18,868)

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

CITY OF BRANDON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2014

	Original Budget	Budget as Amended	Actual	Variance from Final Amended Budget Over (under)
Animal Control Department				
Personnel cost	42,608	42,608	40,877	(1,731)
Supplies	6,315	6,315	2,690	(3,625)
Charges for services	10,455	13,455	13,354	(101)
Capital expenditures	-	-	-	-
Total animal control department	59,378	62,378	56,921	(5,457)
Police Department				
Personnel cost	2,523,556	2,523,556	2,376,249	(147,307)
Supplies	426,570	426,569	280,733	(145,836)
Charges for services	316,533	349,633	348,719	(914)
Capital expenditures	78,530	104,011	251,734	147,723
Debt service	31,775	42,775	42,468	(307)
Total police department	3,376,964	3,446,544	3,299,903	(146,641)
Fire Department				
Personnel cost	2,639,635	2,639,635	2,386,950	(252,685)
Supplies	125,369	125,369	103,400	(21,969)
Charges for services	354,065	354,065	240,999	(113,066)
Capital expenditures	577,890	577,890	303,780	(274,110)
Debt service	7,180	7,180	7,177	(3)
Total fire department	3,704,139	3,704,139	3,042,306	(661,833)
Street Department				
Personnel cost	294,687	294,687	254,007	(40,680)
Supplies	128,890	128,890	121,082	(7,808)
Charges for services	935,844	1,117,601	1,115,183	(2,418)
Capital expenditures	1,603,673	1,603,673	296,092	(1,307,581)
Total street department	2,963,094	3,144,851	1,786,364	(1,358,487)
Community development				
Personnel cost	193,540	193,540	175,997	(17,543)
Supplies	11,289	11,289	5,298	(5,991)
Charges for services	143,775	155,775	154,889	(886)
Capital expenditures	7,200	7,200	5,206	(1,994)
Total community development	355,804	367,804	341,390	(26,414)

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

CITY OF BRANDON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2014

	Original Budget	Budget as Amended	Actual	Variance from Final Amended Budget Over (under)
Cemetery Maintenance				
Supplies	2,500	2,500	1,100	(1,400)
Charges for services	29,966	29,966	24,037	(5,929)
Capital expenditures	3,000	3,000	704	(2,296)
Total cemetery maintenance	35,466	35,466	25,841	(9,625)
Parks Department				
Personnel cost	331,969	376,969	364,880	(12,089)
Supplies	90,300	90,300	48,583	(41,717)
Charges for services	300,330	310,330	308,363	(1,967)
Capital expenditures	4,900	161,150	160,346	(804)
Total parks department	727,499	938,749	882,172	(56,577)
Library				
Supplies	6,400	6,400	3,499	(2,901)
Charges for services	108,510	108,510	106,763	(1,747)
Capital expenditures	10,825	10,825	321	(10,504)
Total library	125,735	125,735	110,583	(15,152)
Senior Citizen Department				
Personnel cost	54,578	54,578	42,344	(12,234)
Supplies	23,100	23,100	13,107	(9,993)
Charges for services	54,486	54,486	43,460	(11,026)
Capital expenditures	1,500	1,500	1,485	(15)
Total senior citizen department	133,664	133,664	100,396	(33,268)
Conference Center				
Personnel cost	81,716	81,716	77,175	(4,541)
Supplies	4,250	4,250	3,955	(295)
Charges for services	101,250	101,250	56,797	(44,453)
Capital expenditures	13,700	13,700	23,283	9,583
Debt service	4,500	4,500	4,420	(80)
Total conference center	205,416	205,416	165,630	(39,786)

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CITY OF BRANDON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2014

	Original Budget	Budget as Amended	Actual	Variance from Final Amended Budget Over (under)
Economic Development				
Personnel cost	79,929	79,929	76,122	(3,807)
Supplies	750	750	242	(508)
Charges for services	126,493	126,493	22,172	(104,321)
Capital expenditures	2,000	2,000	1,605	(395)
Total economic development	209,172	209,172	100,141	(109,031)
Total Expenditures	13,068,124	13,590,711	11,065,120	(2,525,591)
Excess of revenues over (under) expenditures	753,374	230,787	2,603,755	2,372,968
Other financing sources (uses):				
Sale of assets	13,000	13,000	40,265	27,265
Proceeds from debt issuance	-	-	159,780	159,780
Operating transfers out	(683,997)	(683,997)	-	683,997
Total other financing sources (uses)	(670,997)	(670,997)	200,045	871,042
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ 82,377	\$ (440,210)	2,803,800	\$ 3,244,010
Fund Balance, September 30, 2013			1,635,493	
Fund Balance, September 30, 2014			\$ 4,439,293	

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

OTHER SUPPLEMENTAL INFORMATION

CITY OF BRANDON
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2014

Position	Name	Surety	Amount
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	Morrow, Bob	St Paul	\$ 100,000
Alderman	Morris, James	St Paul	\$ 100,000
City Clerk/Tax Collector	Bean, Angela	St Paul	\$ 50,000
Accountant	Greenwood, Elizabeth	Western Surety Company	\$ 50,000
Accounts Payable Clerk	Davis, Amy	Western Surety Company	\$ 50,000
Payroll Clerk	Beasley, Mary	Western Surety Company	\$ 50,000
Personnell Manager	Curcio, Cathy	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 Assisstant	Arendale, Byrnnne	Western Surety Company	\$ 50,000
Court Clerk	Burkes, Karen	Western Surety Company	\$ 50,000
Deputy Court Clerk	Kimbrough, Kimberly	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
Code Enforcement Officer	Chandler, Keith	RLI Insurance Company	\$ 50,000
Code Enforcement Officer	Still, Ragan	Western Surety Company	\$ 50,000
Various Communications Personnell			
Parks and Rec Director	Shipp, Kelly D.	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
Assistant Recreation Coordinator	Rowe, Casey E.	Western Surety Company	\$ 50,000
PW Operations Coordinator	Dearman, Carly	Western Surety Company	\$ 50,000
Public Works Secretary	Jones, Erma	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 Employees Blanket Bond (Faithful Performance Blanket position)	Covers 134 Employees Including Police Officers	Western Surety Company	\$ 50,000
Parks & Rec Splash Park	Convers 15 Employees	Western Surety Company	\$ 10,000

CITY OF BRANDON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2014

	<u>Drug Seizure Fund</u>	<u>Youth Program Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,500	\$ 587,839	\$ -	\$ 589,339
Restricted cash	95,829	-	-	95,829
Due from other funds	2,500	-	-	2,500
Total assets	<u>99,829</u>	<u>587,839</u>	<u>-</u>	<u>687,668</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	-	9,486	-	9,486
Total liabilities	<u>-</u>	<u>9,486</u>	<u>-</u>	<u>9,486</u>
Fund balances				
Restricted	95,829	-	-	95,829
Assigned	4,000	578,353	-	582,353
Unassigned	-	-	-	-
Total fund balances	<u>99,829</u>	<u>578,353</u>	<u>-</u>	<u>678,182</u>
Total liabilities and fund balances	<u>\$ 99,829</u>	<u>\$ 587,839</u>	<u>\$ -</u>	<u>\$ 687,668</u>

CITY OF BRANDON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2014

	Drug Seizure Fund	Youth Program Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Fines and forfeits	\$ 8,765	\$ -	\$ -	\$ 8,765
Charges for services	-	243,570	-	243,570
Other	193	1,003	242	1,438
Total Revenues	8,958	244,573	242	253,773
Expenditures				
Current (operating)				
Public safety	15,774	-	-	15,774
Culture and recreation	-	193,410	-	193,410
Capital outlay	49,483	9,359	-	58,842
Debt service				
Interest and fiscal charges	-	-	4,754	4,754
Total Expenditures	65,257	202,769	4,754	272,780
Excess of revenues over (under) expenditures	(56,299)	41,804	(4,512)	(19,007)
Other financing sources and uses, including transfers				
Proceeds from sale of assets	1,500	-	-	1,500
Transfers in/(out)	-	-	(154,948)	(154,948)
Total other financing sources and (uses)	1,500	-	(154,948)	(153,448)
Net change in fund balances	(54,799)	41,804	(159,460)	(172,455)
Fund Balance, September 30, 2013	154,628	536,549	159,460	850,637
Fund Balance, September 30, 2014	\$ 99,829	\$ 578,353	\$ -	\$ 678,182

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<u>Revenues</u>		
<u>Taxes</u>		
Ad valorem taxes	\$ 4,502,463	\$ 4,128,672
Tax commission expense	(66,669)	(54,081)
Delinquent taxes, interest and penalties	8,236	5,701
Interest on property tax	17,940	16,851
Prior year Legislative credit	9,898	11,532
Total Taxes	<u>4,471,868</u>	<u>4,108,675</u>
<u>Licenses and Permits</u>		
Franchise charges	754,021	704,870
Privilege licenses	46,059	40,303
Building permits	152,853	127,746
Other licenses	29,131	62,619
Total Licenses and Permits	<u>982,064</u>	<u>935,538</u>
<u>State Shared Revenues</u>		
Sales tax	4,980,868	5,023,856
Restaurant sales tax	860,105	56,844
Payment in lieu of taxes - Grand Gulf	155,842	187,558
Fire protection	118,286	115,681
Municipal aid	10,824	10,824
Gasoline tax	16,199	16,199
Department of Transportation grant	52,257	34,029
Department of Public Safety funds	-	58,767
MS Development Authority grant	132,665	299,727
Other grant funds	68,131	25,406
Total State Shared Revenue	<u>6,395,177</u>	<u>5,828,891</u>
<u>County Shared Revenues</u>		
Pro-rata county road tax	808,507	807,718
Auto rental tax	42,919	24,730
Total County Shared Revenues	<u>851,426</u>	<u>832,448</u>
<u>Court Fines and Forfeits</u>	<u>567,510</u>	<u>595,367</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Service Charges		
Zoning & development fees	66,380	24,535
Plan review fees	7,661	16,017
Renters inspection fees	10,576	8,801
Reinspection fees	50	4,882
Park sales and fees	21,775	27,835
Fire service fees	8,382	15,079
Room rental fees	46,703	50,458
	<u>161,527</u>	<u>147,607</u>
Total Service Charges		
Miscellaneous		
Brandon day receipts	24,030	17,222
Donations	1,100	2,000
Interest earnings	8,059	7,740
Miscellaneous	137,505	97,487
PD Equitable Share	-	19,546
Tower lease income	68,609	57,263
	<u>239,303</u>	<u>201,258</u>
Total Miscellaneous		
Total Revenues	<u>13,668,875</u>	<u>12,649,784</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<u>Expenditures</u>		
General Government and Administration		
City Court		
Salaries		
Salaries	176,955	169,697
Employer costs	<u>80,200</u>	<u>81,246</u>
Total Salaries	<u>257,155</u>	<u>250,943</u>
Supplies, Services and Other Charges		
Office supplies	2,404	1,554
Professional fees	<u>7,417</u>	<u>8,710</u>
Total Supplies, Services and Other Charges	<u>9,821</u>	<u>10,264</u>
Capital Outlay		
Machinery and equipment	<u>4,708</u>	<u>97</u>
Total Capital Outlay	<u>4,708</u>	<u>97</u>
Total City Court	<u>271,684</u>	<u>261,304</u>
Election		
Operating supplies	<u>-</u>	<u>15,017</u>
Total Election Costs	<u>-</u>	<u>15,017</u>
Executive / Administration		
Salaries		
Salaries	155,123	187,910
Employer costs	<u>72,432</u>	<u>86,041</u>
Total Salaries	<u>227,555</u>	<u>273,951</u>
Supplies, Services and Other Charges		
Advertising	325	1,387
Bond fees and expenses	1,069	2,229
Conventions	2,703	4,455
Donations	(1,400)	14,939
Dues and subscriptions	7,741	7,996
Exhibitions and promotions	1,131	707

MAR 04 2015

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Insurance	4,112	4,236
Miscellaneous	1,034	10,148
Operating supplies	745	391
Printing and binding	-	2,890
Professional fees	8,955	1,763
Rentals	482	54
Repairs - Vehicles	2,332	2,037
Telephone and communication	7,299	8,480
Training	75	260
Transportation	3,792	2,225
Total Supplies, Services and Other Charges	<u>40,395</u>	<u>64,197</u>
Capital Outlay		
Machinery and equipment	<u>1,167</u>	<u>515</u>
Total Capital Outlay	<u>1,167</u>	<u>515</u>
Total Executive / Administrative Department	<u>269,117</u>	<u>338,663</u>
General Government Department		
Salaries		
Salaries	245,554	237,240
Employer costs	82,148	80,553
Total Salaries	<u>327,702</u>	<u>317,793</u>
Supplies, Services and Other Charges		
Advertising	2,430	1,880
Bond fees and expenses	746	2,560
Cleaning and janitorial	4,796	5,143
Contract labor	1,395	1,050
Conventions	1,505	1,055
Disaster expenses	13,565	-
Dues and subscriptions	9,740	7,593
Insurance	11,146	15,427
Land leases	1,000	1,000
Miscellaneous	4,028	8,302
Office supplies	6,100	5,109
Operating supplies	9,383	5,355
Postage	2,572	2,914
Printing and binding	4,413	2,693
Professional fees	94,453	83,418
Rentals	12,268	12,672
Repairs - equipment	3,873	10,058
Repairs - other	14,814	2,688
Repairs - vehicles	1,371	102
Telephone and communication	12,267	12,747
Training	699	1,193

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Transportation	530	1,143
Utilities	10,913	10,187
Total Supplies, Services and Other Charges	<u>224,007</u>	<u>194,289</u>
Capital Outlay		
Machinery and equipment	60,963	368,166
Total Capital Outlay	<u>60,963</u>	<u>368,166</u>
Total General Government Department	<u>612,672</u>	<u>880,248</u>
Total General Government and Administration	<u>1,153,473</u>	<u>1,495,232</u>
Public Services		
Street Department		
Salaries		
Wages	165,516	277,001
Employer costs	88,491	128,064
Total Salaries	<u>254,007</u>	<u>405,065</u>
Supplies, Services and Other Charges		
Advertising	1,270	426
Chemicals	20,852	9,903
Contract labor	297,962	98,063
Dues and subscriptions	299	-
Insurance	21,821	19,652
Miscellaneous	9,016	120
Office supplies	18	-
Operating supplies	71,847	66,488
Professional fees	72,727	71,968
Rentals	591	1,070
Repairs - equipment	38,371	12,223
Repairs - vehicles	20,279	9,137
Repairs - other	130,645	130,923
Telephone and communications	1,578	2,598
Training	75	50
Transportation	25,404	21,892
Uniforms	2,961	3,931
Utilities - street lights	520,549	475,972
Total Supplies, Services and Other Charges	<u>1,236,265</u>	<u>924,416</u>
Capital Outlay		
Improvements other than buildings	286,660	236,512
Machinery and equipment	9,432	1,260
Total Capital Outlay	<u>296,092</u>	<u>237,772</u>
Total Street Department	<u>1,786,364</u>	<u>1,567,253</u>

MAR 04 2015

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Public Works Administration		
Salaries		
Salaries	-	4,500
Employer costs	-	987
Total Salaries	-	5,487
Total Public Works Administration	-	5,487
Community Development Department		
Salaries		
Salaries	118,314	176,731
Employer costs	57,683	66,623
Total Salaries	175,997	243,354
Supplies, Services and Other Charges		
Advertising	6,606	1,056
Contract labor	2,671	-
Convention	347	246
Dues and subscriptions	630	220
Insurance	3,575	3,575
Miscellaneous expenses	5,332	4,597
Office supplies	779	820
Operating supplies	1,535	2,499
Printing and binding	592	-
Professional fees	127,193	22,445
Repairs - vehicles	479	259
Communications	7,174	7,347
Training	290	75
Transportation	2,575	5,650
Uniforms	409	751
Total Supplies, Services and Other Charges	160,187	49,540
Capital Outlay		
Machinery and equipment	5,206	-
Total Capital Outlay	5,206	-
Total Community Development Department	341,390	292,894
Total Public Services	2,127,754	1,865,634

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Public Safety		
Police Department		
Salaries		
Salaries	1,728,900	1,737,519
Employer costs	<u>647,349</u>	<u>677,183</u>
Total Salaries	<u>2,376,249</u>	<u>2,414,702</u>
Supplies, Services and Other Charges		
Advertising	228	3,374
Bond fees and expenses	2,375	1,436
Cleaning and janitorial	3,180	4,411
Contract labor	6,538	65
Conventions	735	551
D.A.R.E. expenses	-	2,828
D.P.S. Fund expenses	25,684	6,575
Dues and subscriptions	1,869	485
Insurance	47,943	54,620
Miscellaneous	5,298	5,743
Office supplies	4,625	4,490
Operating supplies	7,168	3,401
Printing and binding	1,172	765
Prisoners expense	86,125	122,732
Professional fees	24,180	10,912
Repairs - equipment	49,283	47,364
Repairs - other	8,281	2,177
Repairs - vehicles	60,289	(4,842)
SRT expenses	8,003	1,984
Telephone and communications	74,987	71,013
Training	23,444	9,668
Transportation	125,118	116,556
Uniforms	20,830	19,243
Utilities	<u>42,097</u>	<u>28,909</u>
Total Supplies, Services and Other Charges	<u>629,452</u>	<u>514,460</u>
Capital Outlay		
Machinery and equipment	193,921	13,511
Vehicles	<u>57,813</u>	<u>113,624</u>
Total Capital Outlay	<u>251,734</u>	<u>127,135</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Debt Service		
Debt service principal	40,857	31,494
Debt service interest	<u>1,611</u>	<u>1,366</u>
Total Debt Service	<u>42,468</u>	<u>32,860</u>
Total Police Department	<u>3,299,903</u>	<u>3,089,157</u>
Fire Department		
Salaries		
Salaries	1,737,634	1,781,856
Employer costs	<u>649,316</u>	<u>725,662</u>
Total Salaries	<u>2,386,950</u>	<u>2,507,518</u>
Supplies, Services and Other Charges		
Advertising	913	76
Bond fees and expenses	175	175
Chemicals	624	-
Cleaning	3,369	2,725
Communications	37,879	56,312
Contract labor	-	2,235
Conventions	1,406	2,535
Data processing	102	130
Dues and subscriptions	2,502	2,038
Exhibitions and promotions	3,608	1,806
Insurance	46,382	54,048
Miscellaneous	10,948	11,310
Office supplies	1,497	1,383
Operating supplies	9,797	2,488
Printing and binding	504	526
Professional fees	30,716	2,393
Rentals	2,998	2,949
Repairs - vehicles	33,086	43,984
Repairs - equipment	18,905	16,210
Repairs - other	6,172	2,840
Storm Team	13,247	9,231
Training	15,610	20,202
Transportation	50,809	41,184
Uniforms	33,206	30,320
Utilities	<u>19,944</u>	<u>18,383</u>
Total Supplies, Services and Other Charges	<u>344,399</u>	<u>325,483</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Capital Outlay		
Improvements other than buildings	-	7,808
Machinery and equipment	302,830	36,922
Furniture and fixtures	950	2,068
Total Capital Outlay	<u>303,780</u>	<u>46,798</u>
Debt Service		
Debt service principal	7,044	37,022
Debt service interest	133	527
Total Debt Service	<u>7,177</u>	<u>37,549</u>
Total Fire Department	<u>3,042,306</u>	<u>2,917,348</u>
Animal Control		
Salaries		
Salaries	27,445	49,043
Employer costs	13,432	29,110
Total Salaries	<u>40,877</u>	<u>78,153</u>
Supplies, Services and Other Costs		
Chemicals	-	200
Insurance	1,392	2,044
Operating supplies	414	551
Printing & binding	45	-
Professional fees	11,494	3,961
Telephone and communications	423	791
Training	-	694
Transportation	2,176	6,119
Uniforms	100	100
Total Supplies, Services and Other Charges	<u>16,044</u>	<u>14,460</u>
Capital Outlay		
Machinery and equipment	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>
Total Animal Control	<u>56,921</u>	<u>92,613</u>
Total Public Safety	<u>6,399,130</u>	<u>6,099,118</u>

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**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Culture and Recreation		
Cemetery Department		
Supplies, Services and Other Charges		
Contract labor	22,871	25,350
Miscellaneous expenses	1,100	821
Professional Fees	350	-
Repairs - other	-	1,100
Utilities	816	755
Total Supplies, Services and Other Charges	<u>25,137</u>	<u>28,026</u>
Capital Outlay		
Improvements other than buildings	<u>704</u>	<u>709</u>
Total Capital Outlay	<u>704</u>	<u>709</u>
Total Cemetery Department	<u>25,841</u>	<u>28,735</u>
Parks Department		
Salaries		
Salaries	87,933	47,966
Wages	174,867	301,254
Employer costs	<u>102,080</u>	<u>144,405</u>
Total Salaries	<u>364,880</u>	<u>493,625</u>
Supplies, Services and Other Charges		
Advertising	741	1,098
Beautification	5,655	11,360
Brandon Day expenses	36,376	25,961
Chemicals	8,301	18,058
Cleaning and janitorial	8,807	6,273
Contract labor	11,975	-
Convention	-	510
Dues and subscriptions	500	225
Insurance	16,820	20,992
Miscellaneous expenses	25,527	1,671
Office supplies	2,120	809
Operational supplies	15,475	26,800
Printing and binding	-	333
Professional fees	45,797	5,724
Rental	16,518	2,088
Repairs - equipment	4,188	7,813
Repairs - other	52,381	38,992
Repairs - vehicles	2,134	1,918
Telephone and communications	9,485	11,213
Training	-	100
Transportation	12,650	16,972
Uniforms	1,230	1,982
Utilities	<u>80,266</u>	<u>72,568</u>
Total Supplies, Services and Other Charges	<u>356,946</u>	<u>273,460</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Capital Outlay		
Improvements other than buildings	139,397	84,455
Machinery and equipment	20,949	-
	<u>160,346</u>	<u>84,455</u>
Total Capital Outlay		
	<u>160,346</u>	<u>84,455</u>
Total Parks Department	<u>882,172</u>	<u>851,540</u>
Senior Citizens Department		
Salaries		
Wages	31,520	83,679
Employer costs	10,824	33,705
	<u>42,344</u>	<u>117,384</u>
Total Salaries		
	<u>42,344</u>	<u>117,384</u>
Supplies, Services and Other Charges		
Advertising	4,252	9,465
Cleaning and janitorial	2,128	2,861
Contract labor	25,315	22,490
Convention	-	76
Dues and subscriptions	626	449
Insurance	1,940	3,223
Miscellaneous expenses	5,199	8,192
Office supplies	239	1,741
Operational supplies	10,501	14,503
Printing and binding	82	263
Professional fees	115	278
Rental	4,770	5,547
Repairs - equipment	307	383
Repairs - vehicles	11	80
Telephone and communications	843	1,141
Training	-	272
Transportation	239	364
Utilities	-	14,463
	<u>56,567</u>	<u>85,791</u>
Total Supplies, Services and Other Charges		
	<u>56,567</u>	<u>85,791</u>
Capital Outlay		
Machinery and equipment	1,485	-
	<u>1,485</u>	<u>-</u>
Total Capital Outlay		
	<u>1,485</u>	<u>-</u>
Total Senior Citizens Department	<u>100,396</u>	<u>203,175</u>
Library		
Supplies, Services and Other Charges		
Cleaning and janitorial	2,910	3,151
Contract labor	483	-
Insurance	3,792	4,607
Operating supplies	589	234

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Miscellaneous expenses	-	527
Professional fees	8,847	24,891
Repairs - equipment	12,990	8,880
Telephone and communications	2,773	3,375
Utilities	77,878	54,244
Total Supplies, Services and Other Charges	<u>110,262</u>	<u>99,909</u>
Capital Outlay		
Machinery and equipment	<u>321</u>	<u>7,974</u>
Total Capital Outlay	<u>321</u>	<u>7,974</u>
Total Library Department	<u>110,583</u>	<u>107,883</u>
Conference Center		
Salaries		
Salaries	51,854	-
Employer costs	<u>25,321</u>	<u>-</u>
Total Salaries	<u>77,175</u>	<u>-</u>
Supplies, Services and Other Charges		
Advertising	4,558	399
Bond fees	175	-
Brandon Opry	7,273	12,006
Cleaning and janitorial	2,781	2,855
Contract labor	750	-
Communications	1,289	-
Dues and subscriptions	100	-
Insurance	3,030	-
Office supplies	278	-
Operating supplies	896	556
Miscellaneous expenses	1,094	8
Professional fees	6,761	298
Repairs and maintenance	150	-
Special Events	27,804	21,496
Veteran's Day	3,813	8,353
Total Supplies, Services and Other Charges	<u>60,752</u>	<u>45,971</u>
Capital Outlay		
Machinery and equipment	<u>23,283</u>	<u>7,583</u>
Total Capital Outlay	<u>23,283</u>	<u>7,583</u>
Debt Service		
Debt service principal	3,676	862
Debt service interest	744	-
Total Debt Service	<u>4,420</u>	<u>862</u>
Total Conference Center Department	<u>165,630</u>	<u>54,416</u>
Total Culture and Recreation	<u>1,284,622</u>	<u>1,245,749</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Economic Development		
Salaries		
Wages	57,363	-
Employer costs	18,759	-
Total Salaries	<u>76,122</u>	<u>-</u>
Supplies, Services and Other Charges		
Advertising	4,900	221
Dues & subscriptions	1,390	1,000
Insurance	1,540	-
Office Supplies	177	-
Postage	109	324
Printing & binding	17	-
Professional fees	13,836	14,025
Specialized department supplies	65	17
Training	380	-
Total Supplies, Services and Other Charges	<u>22,414</u>	<u>15,587</u>
Capital Outlay		
Machinery and equipment	1,605	-
Total Capital Outlay	<u>1,605</u>	<u>-</u>
Total Economic Development	<u>100,141</u>	<u>15,587</u>
Total Expenditures	<u>11,065,120</u>	<u>10,721,320</u>
Excess of Revenues over Expenditures	<u>2,603,755</u>	<u>1,928,464</u>
Other Financing Sources (Uses)		
Issuance of debt	159,780	-
Operating transfers out	-	(840,674)
Sales of general fixed assets	40,265	81,862
Total Other Financing Sources (Uses)	<u>200,045</u>	<u>(758,812)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,803,800	1,169,652
Fund Balance, September 30, 2013	<u>1,635,493</u>	<u>465,841</u>
Fund Balance, September 30, 2014	<u>\$ 4,439,293</u>	<u>\$ 1,635,493</u>

**CITY OF BRANDON
DEBT SERVICE FUND
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Revenues		
Taxes	\$ 1,821,200	\$ 989,098
Other income	<u>9,719</u>	<u>381</u>
Total Revenues	<u>1,830,919</u>	<u>989,479</u>
Debt Service		
Debt service principal	1,540,000	1,405,000
Debt service interest	<u>511,737</u>	<u>583,040</u>
Total Debt Service	<u>2,051,737</u>	<u>1,988,040</u>
Total Expenditures, Capital Outlay and Debt Service	<u>2,051,737</u>	<u>1,988,040</u>
Excess of revenues over (under) expenditures	<u>(220,818)</u>	<u>(998,561)</u>
Other Financing Sources and Uses		
Proceeds from debt issuance	-	2,790,000
Payment to refunded bond escrow agent	-	(2,645,000)
Transfers In	<u>154,948</u>	<u>1,225,704</u>
Total other financing sources and (uses)	<u>154,948</u>	<u>1,370,704</u>
Net change in fund balances	(65,870)	372,143
Fund Balance, September 30, 2013	<u>417,291</u>	<u>45,148</u>
Fund Balance, September 30, 2014	<u>\$ 351,421</u>	<u>\$ 417,291</u>

**CITY OF BRANDON
DRUG SEIZURE FUND
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Revenues		
Forfeitures - cash	\$ 8,765	\$ 127,408
Other income	<u>193</u>	<u>283</u>
Total Revenues	<u>8,958</u>	<u>127,691</u>
Expenditures		
Buy money	-	3,000
Paid to other agencies	197	20,235
Operating supplies	2,720	2,511
Training	-	976
Miscellaneous	<u>12,857</u>	<u>-</u>
Total Expenditures	<u>15,774</u>	<u>26,722</u>
Capital Outlay		
Machinery and equipment	<u>49,483</u>	<u>23,802</u>
Total Capital Outlay	<u>49,483</u>	<u>23,802</u>
Total Expenditures and Capital Outlay	<u>65,257</u>	<u>50,524</u>
Excess of revenues over (under) expenditures	(56,299)	77,167
Other Financing Uses		
Proceeds from sale of assets	<u>1,500</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	(54,799)	77,167
Fund Balance, September 30, 2013	<u>154,628</u>	<u>77,461</u>
Fund Balance, September 30, 2014	<u>\$ 99,829</u>	<u>\$ 154,628</u>

**CITY OF BRANDON
YOUTH PROGRAMS FUND
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Revenues		
Participant registration fees	\$ 120,818	\$ 125,561
Tournament fees	19,040	19,566
Sponsorship fees	3,878	6,745
Park concession sales	45,327	190,836
Splash Pad admissions	33,088	41,409
Splash Pad party fees	21,419	26,278
Other income	<u>1,003</u>	<u>6,611</u>
Total Revenues	<u>244,573</u>	<u>417,006</u>
Expenditures		
Personnel Costs		
Park operations	3,072	1,402
Park concessions	-	47,382
Splash Park operations	<u>22,392</u>	<u>17,062</u>
Total Personnel Costs	<u>25,464</u>	<u>65,846</u>
Supplies, Services and Other Charges		
Advertising	299	1,764
Chemicals	1,069	584
Cleaning and janitorial	134	175
Concession supplies	3,554	69,094
Contract labor	61,855	61,006
Convention	-	1,031
Dues and subscriptions	-	1,265
Insurance	5,418	8,531
Miscellaneous expenses	9,180	75

**CITY OF BRANDON
YOUTH PROGRAMS FUND
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operational supplies	21,552	22,853
Printing and binding	771	1,229
Professional fees	14,178	11,745
Program supplies & fees	6,275	7,543
Repairs - equipment	8,827	696
Uniforms	<u>34,834</u>	<u>40,802</u>
 Total Supplies, Services and Other Charges	 <u>167,946</u>	 <u>228,393</u>
 Capital Outlay		
Improvements other than buildings	774	19,585
Machinery and equipment	<u>8,585</u>	<u>2,407</u>
 Total Capital Outlay	 <u>9,359</u>	 <u>21,992</u>
 Total Expenditures, Capital Outlay and Debt Service	 <u>202,769</u>	 <u>316,231</u>
 Excess of revenues over (under) expenditures	 41,804	 100,775
 Other Financing Uses		
Transfers in / (out)	<u>-</u>	<u>-</u>
 Excess of revenues over (under) expenditures and other financing uses	 41,804	 100,775
 Fund Balance, September 30, 2013	 <u>536,549</u>	 <u>435,774</u>
 Fund Balance, September 30, 2014	 <u>\$ 578,353</u>	 <u>\$ 536,549</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, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Water sales	\$ 1,508,618	\$ 1,563,109
Flat rate	701,336	689,349
Late charges and reconnect fees	165,262	163,606
Sewer charges	1,156,360	1,079,877
Service connect charges	171,784	152,296
Sewer charges - West Rankin	<u>2,575,683</u>	<u>1,889,287</u>
Total Operating Revenues	<u>6,279,043</u>	<u>5,537,524</u>
Operating Expenses		
Salaries		
Salaries	121,467	130,128
Wages	448,075	469,338
Employer costs	<u>255,334</u>	<u>220,471</u>
Total Salaries	<u>824,876</u>	<u>819,937</u>
Supplies, Service and Other Charges		
Advertising	2,043	1,896
Bad Debt	61,696	61,565
Chemicals	31,824	36,936
Contract labor	138,633	136,309
Dues & subscriptions	1,594	1,375
Insurance	75,553	84,354
Land leases	-	4,000
Miscellaneous	36,645	36,236
Office supplies	5,836	3,669
Operating supplies	94,285	118,881
Printing & binding	6,848	6,480
Professional services	45,967	14,892
Rentals	816	451
Repairs - equipment	243,754	202,639
Repairs - other	115,607	120,818
Repairs - vehicles	8,500	4,230
Sub-interceptor usage expense	2,212,238	1,753,254
Telephone and communications	47,150	33,818
Training	918	-
Transportation	83,847	88,078
Uniforms	3,996	4,159
Utilities	<u>317,481</u>	<u>282,379</u>
Total Supplies, Services and Other Charges	<u>3,535,231</u>	<u>2,996,419</u>
Total Operating Expenses	<u>4,360,107</u>	<u>3,816,356</u>
Operating Income Before Depreciation	1,918,936	1,721,168
Depreciation expense	1,114,721	1,117,123
Amortization expense	<u>-</u>	<u>1,125</u>
Operating Income	<u>804,215</u>	<u>602,920</u>

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**CITY OF BRANDON
WATER AND SEWER FUND
COMPARISON SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Non-operating Revenues (Expenses)		
Capital grant	461,240	204,640
Interest earnings	5,230	5,156
Gain (loss) on sale of equipment	-	2,505
Interest and fiscal charges - loans	<u>(148,556)</u>	<u>(151,572)</u>
Total Non-operating Revenues (Expenses)	<u>317,914</u>	<u>60,729</u>
Net Income Before Operating Transfers	1,122,129	663,649
Operating transfers in (out)	<u>45,000</u>	<u>955</u>
Change in Net Position	1,167,129	664,604
Net Position, September 30, 2013	14,353,075	13,688,471
Prior period adjustment	<u>62,511</u>	<u>-</u>
Net Position, September 30, 2014	<u>\$ 15,582,715</u>	<u>\$ 14,353,075</u>

**CITY OF BRANDON
SANITATION FUND
COMPARISON SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating Revenue		
Sanitation fees	\$ 961,788	\$ 948,804
Total Operating Revenue	<u>961,788</u>	<u>948,804</u>
Operating Expenses		
Personnel Costs		
Wages	45,766	26,689
Employer costs	<u>24,085</u>	<u>11,848</u>
Total Personnel Costs	<u>69,851</u>	<u>38,537</u>
Supplies, Service and Other Charges		
Bad debts	7,500	-
Communications	116	342
Contract labor	45	-
Insurance	13,853	14,759
Operating supplies	15,428	10,552
Professional services	175	-
Repairs and maintenance	15,577	6,855
Sanitation contract	935,265	889,761
Training	800	-
Transportation	5,683	6,452
Uniforms	<u>188</u>	<u>-</u>
Total Supplies, Services and Other Charges	<u>994,630</u>	<u>928,721</u>
Total Operating Expenses	<u>1,064,481</u>	<u>967,258</u>
Operating Loss Before Depreciation	(102,693)	(18,454)
Depreciation expense	<u>3,231</u>	<u>10,106</u>
Operating Gain (Loss)	<u>(105,924)</u>	<u>(28,560)</u>
Non-operating Revenues (Expenses)		
Gain (loss) on sale of equipment	-	715
Interest income	865	972
Interest expense	<u>(215)</u>	<u>(376)</u>
Total Non-operating Revenues (Expenses)	<u>650</u>	<u>1,311</u>
Net loss before operating transfers	(105,274)	(27,249)
Operating transfers in / (out)	<u>(45,000)</u>	<u>-</u>
Change in Net Position	(150,274)	(27,249)
Net Position, September 30, 2013	<u>1,326,881</u>	<u>1,354,130</u>
Net Position September 30, 2014	<u>\$ 1,176,607</u>	<u>\$ 1,326,881</u>

COMPLIANCE REPORT

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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, 2014, and have issued our report dated February 3, 2015. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

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 no material instance of noncompliance with state laws and regulations.

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
February 3, 2015



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SINGLE AUDIT SECTION

Barlow, Walker & Company, P.A.

Certified Public Accountants

Charles S. Barlow, CPA
Kenneth G. Walker, CPA

Kristi G. Thompson, CPA
Rose L. Williamson, CPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brandon, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Brandon, Mississippi's basic financial statements, and have issued our report thereon dated February 3, 2015.

Internal Control over Financial Reporting

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

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

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



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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Boulton Walker & Company, P.A.
Brandon, Mississippi
February 3, 2015

Barlow, Walker & Company, P.A.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Brandon, Mississippi's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Brandon, Mississippi's major federal programs for the year ended September 30, 2014. The City of Brandon, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Brandon, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Brandon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Brandon, Mississippi's compliance.



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Opinion on Each Major Federal Program

In our opinion, the City of Brandon, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control over Compliance

Management of the City of Brandon, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Brandon, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Brandon, Mississippi's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Barlow, Walker & Company, P.A.
Brandon, Mississippi
February 3, 2015

CITY OF BRANDON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2014

<u>Federal Agency/Pass-through Entity/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>
United States Department of Agriculture <i>Passed-through Natural Resources Conservation Service</i>			
Emergency Watershed Protection Program	10.923	68-4423-13-2380	\$ 35,667
Total U.S. Department of Agriculture			<u>35,667</u>
United States Department of Transportation <i>Passed-through Mississippi Department of Transportation</i>			
Highway Planning and Construction Cluster	20.205	100579-201000	354,120
Highway Planning and Construction Cluster	20.205	105536-201000	58,209
Highway Planning and Construction Cluster	20.205	105555-811000	22,429
Highway Planning and Construction Cluster	20.205	106341-701000	9,479
Total U.S. Department of Transportation			<u>444,237</u>
United States Department of Homeland Security <i>Passed-through Mississippi Emergency Management Agency</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	121-08300-00	241,361
Total U.S. Department of Homeland Security			<u>241,361</u>
Total Federal Awards			\$ <u>721,265</u>

Notes to Schedule

- 1 This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.

**CITY OF BRANDON, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2014**

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--------------------------------------------------------------------------------------------|--------------------|
| 1. | Type of auditors' report issued on the general purpose financial statements: | <u>Unqualified</u> |
| 2. | Internal control over financial reporting: | |
| | i. Material weaknesses identified? | <u>No</u> |
| | ii. Significant deficiencies identified that are not considered to be material weaknesses? | <u>No</u> |
| 3. | Noncompliance material to financial statements noted? | <u>No</u> |

Federal Awards:

- | | | |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| 4. | Internal control over major programs: | |
| | i. Material weaknesses identified? | <u>No</u> |
| | ii. Significant deficiencies identified that are not considered to be material weaknesses? | <u>No</u> |
| 5. | Type of auditors' report issued on compliance for major federal programs: | <u>Unqualified</u> |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | <u>No</u> |
| 7. | Federal programs identified as major programs:
U.S. Department of Transportation
Highway Planning and Construction Cluster
CFDA #20.205 | |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | <u>\$300,000</u> |
| 9. | Auditee qualified as a low-risk auditee? | <u>No</u> |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____ 315(b) of OMB Circular A-133 ? | <u>No</u> |

**CITY OF BRANDON, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2014**

Section 2: Findings - Financial Statement Audit

No matters were reported.

Section 3: Findings and Questioned Costs – Major Federal Award Programs Audit

No matters were reported.

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