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MAYOR  
BUTCH LEE

May 25, 2016

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

Re: Annual Municipal Audit

Accompanying this letter is a hard copy and digital copy of the annual audit of the city of Brandon, Mississippi, for the fiscal year ended September 30, 2015.

Sincerely,

A handwritten signature in cursive script that reads "Angela Bean".

Angela Bean  
City Clerk

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

For the Year Ended September 30, 2015

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

CITY OF BRANDON  
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For the year ended September 30, 2015

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**FINANCIAL AUDIT REPORT**

# Barlow, Walker & Company, P.A.

## *Certified Public Accountants*

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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, 2015, 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



information of the City of Brandon, Mississippi, as of September 30, 2015, 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 45-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2016, 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  
April 26, 2016

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF BRANDON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Please read it in conjunction with the City of Brandon's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2015 were as follows:

Total net position for 2015 decreased \$10,302,700 or 27.29% from 2014. Total net position for 2014 increased \$4,830,293 or 14.67% from fiscal year 2013. The decrease in 2015 resulted primarily from the implementation of GASB 68 which required recognition of pension expense of \$1,719,946 for fiscal year 2015.

General revenues accounted for \$14,849,146 and \$14,442,540 in revenue, or 62% and 61% of all revenues for fiscal years 2015 and 2014 respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,631,856 or 10% for 2015 and \$9,366,806 or 39% of total revenues for 2014.

In the business-type activity of sanitation, sanitation expenses were \$1,218,225 while charges for sanitation services were \$976,658. Water and sewer charges for services were \$6,244,589, capital grants and contributions were \$18,329 with expenses of \$6,458,607.

Long-term debt increased by \$11,989,823 for fiscal year 2015 and decreased by \$1,395,061 for fiscal year 2014. The increase in 2015 was primarily due to an increase in bonds. The decrease in 2014 was primarily due to the decrease in bonds. Additionally, the liability for compensated absences increased by \$10,675 in 2015 and increased by \$14,069 in 2014. The net pension liability was \$14,431,151 with the implementation of GASB 68 for 2015.

Overall, the book value of capital assets increased \$3,710,772 in 2015 and decreased by \$900,366 for 2014. The changes were due to new construction in progress in 2015 and due to depreciation expense exceeding new purchases in 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.

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.

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

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

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

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

**Net position.** The City's combined net position, on the accrual basis of accounting and economic resources measurement focus, decreased from \$37,750,764 to \$27,448,064 between fiscal years 2014 and 2015. This decrease is the result of the change in net position from operations of \$411,985 and a prior period adjustment of (\$10,714,685) to record net pension liability due to implementation of GASB 68.

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68. Table 1 reflects condensed information on the City's net position:

**Table 1  
Net Position  
2015**

	Governmental Activities		Business-type Activities		Total	Percent Change
	2015	2014	2015	2014		
<b>Assets:</b>						
Cash and other assets	\$ 18,235,050	6,481,663	6,903,000	7,043,694	25,138,050	85.86%
Capital assets, net	32,823,744	28,024,534	15,913,119	17,001,557	48,736,863	8.24%
<b>Total Assets</b>	<b>51,058,794</b>	<b>34,506,197</b>	<b>22,816,119</b>	<b>24,045,251</b>	<b>73,874,913</b>	<b>26.17%</b>
<b>Deferred Outflows of Resources:</b>						
Deferred outflows related to bond refunding	174,439				174,439	100.00%
Deferred outflows related to pensions	2,212,791		322,717		2,535,508	100.00%
	<b>2,387,230</b>		<b>322,717</b>		<b>2,709,947</b>	<b>100.00%</b>
<b>Liabilities:</b>						
Current and other liabilities	3,972,722	2,624,856	1,818,352	1,802,022	5,791,074	30.82%
Long-term liabilities	36,520,383	10,806,233	6,681,655	5,483,907	43,202,038	165.20%
<b>Total Liabilities</b>	<b>40,493,105</b>	<b>13,431,089</b>	<b>8,500,007</b>	<b>7,285,929</b>	<b>48,993,112</b>	<b>136.49%</b>
<b>Deferred Inflows of Resources:</b>						
Developer construction advances	143,684	83,666			143,684	71.74%
<b>Net Position</b>						
Net investment in capital assets	8,471,440	16,862,306	10,463,296	10,843,974	18,934,736	-31.66%
Restricted	1,104,763	1,453,042	226,756		1,331,519	-8.36%
Unrestricted	3,233,032	2,676,094	3,948,777	5,915,348	7,181,809	-16.41%
<b>Total Net Position</b>	<b>12,809,235</b>	<b>20,991,442</b>	<b>14,638,829</b>	<b>16,759,322</b>	<b>27,448,064</b>	<b>-27.29%</b>

The City's total assets increased \$15,323,465 during 2015 with governmental activities showing an increase of \$16,525,597 and business-type activities showing a decrease of \$1,229,132. The increase was primarily due to an increase in cash and cash equivalents. Deferred outflows related to bond refunding and pensions were recognized in 2015.

The City's total liabilities increased \$28,276,094, due mainly to the increase in bonds payable in governmental activities and the net pension liability reported in 2015. Developer construction advances were recognized in 2015 as deferred inflows of resources for an increase of \$60,018.

The City's net position decreased \$5,472,407 due mainly to net increase in liabilities.

Table 2 shows the Changes in Net Position for the September 30, 2015 year end. GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68. A comparative analysis of government-wide data is as follows:

	Table 2 Changes in Net Position 2015						Percent Change
	Governmental Activities		Business-type Activities		Total		
	2015	2014	2015	2014	2015	2014	
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 1,089,037	1,063,014	7,221,247	7,240,831	8,310,284	8,303,845	0.08%
Operating grants	26,287	316,037			26,287	316,037	-91.68%
Capital grants	516,532	285,684	18,329	461,240	534,861	746,924	-28.39%
<b>General revenues:</b>							
Sales and use taxes	6,595,048	6,254,458			6,595,048	6,254,458	5.45%
Property taxes	6,206,524	6,113,672			6,206,524	6,113,672	1.52%
Other	2,040,858	2,068,316	6,716	6,094	2,047,574	2,074,410	-1.29%
<b>Total Revenues</b>	<b>16,474,286</b>	<b>16,101,181</b>	<b>7,246,292</b>	<b>7,708,165</b>	<b>23,720,578</b>	<b>23,809,346</b>	<b>-0.37%</b>
<b>Program Expenses:</b>							
General government	1,561,659	1,313,520			1,561,659	1,313,520	18.89%
Public safety	6,620,913	6,268,580			6,620,913	6,268,580	5.62%
Public services	2,840,704	2,441,637			2,840,704	2,441,637	16.34%
Culture and recreation	1,788,753	1,685,602			1,788,753	1,685,602	6.12%
Economic development	132,487	100,141			132,487	100,141	32.30%
Water and sewer			6,458,607	5,623,384	6,458,607	5,623,384	14.85%
Sanitation			1,218,225	1,067,926	1,218,225	1,067,926	14.07%
Pension expense	1,501,033				1,501,033		100.00%
Interest	1,186,212	540,774			1,186,212	540,774	119.35%
<b>Total Expenses</b>	<b>15,631,761</b>	<b>12,350,254</b>	<b>7,676,832</b>	<b>6,691,310</b>	<b>23,308,593</b>	<b>19,041,564</b>	<b>22.41%</b>
<b>Change in Net Position \$</b>	<b>842,525</b>	<b>3,750,927</b>	<b>(430,540)</b>	<b>1,016,855</b>	<b>411,985</b>	<b>4,767,782</b>	<b>-91.36%</b>
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%
Prior Period adjustment	(9,024,732)		(1,689,953)	62,511	(10,714,685)	62,511	-17240.48%
Net Position, 9/30/2015	\$ 12,809,235	\$ 20,991,442	\$ 14,638,829	\$ 16,759,322	\$ 27,448,064	\$ 37,750,764	\$ -27.29%

Additional information on the prior period adjustments can be found in the notes to the financial statements included in this report.

**Governmental Activities.** Revenues for the City's governmental activities for the year ended September 30, 2015 were \$16,474,286 compared to \$16,101,181 in 2014. Program revenues decreased 2% primarily as a result of a decrease in operating 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 2015 was \$15,631,761 and for 2014 was \$12,350,254, an increase of \$3,281,507 for 2015 and an increase of \$137,054 for 2014. Of this amount, general government expenses increased \$248,139 in 2015 and increased \$2,779 in 2014; public safety expenses increased \$352,333 for 2015 and increased \$40,815 for 2014; public services expenses increased \$399,067 in 2015 and increased \$236,828 in 2014; culture and recreation expenses increased \$103,151 in 2015 and decreased \$141,013 in 2014; economic development expenses were \$132,487 in 2015 compared to \$100,141 in 2014; and interest on long-term debt expenses increased \$645,438 in 2015 and decreased \$86,909 in 2014. Additionally, pension expense of \$1,501,033 was recorded for the current year.

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

**Business-type Activities.** Revenues for business-type activities are primarily comprised of charges for services (99.7%). Charges for services for the City's business-type activities were \$7,221,247 for 2015 and \$7,240,831 for 2014, a decrease of \$19,584 in 2015 and an increase of \$758,801 for 2014.

The costs of these business-type activities were \$7,676,832 and \$6,691,310 for 2015 and 2014 respectively, an increase of \$985,522 in 2015 due to an increase in water and sewer costs and sanitation costs; and an increase of \$627,407 in 2014 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 \$16,714,554, an increase of \$11,245,659. The fund balance consists of \$1,104,763 or 6.6% which is restricted for specific purposes which are externally imposed, \$180,036 or 1.1% is committed for specific purposes internally imposed by the City. At the end of the year, the amount of fund balance unassigned, which is available for spending for any purpose, is \$15,429,755 or 92.3%.

## **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, 2015, the City's total capital assets were \$88,124,111 including land, city buildings, infrastructure, vehicles and furniture and equipment. This amount represents an increase of \$5,055,863 for 2014 to 2015 and an increase of \$1,181,433 for 2013 to 2014. The accumulated depreciation as of September 30, 2015 was \$39,387,248 and total depreciation expense for the year was \$2,566,314. A net prior period adjustment in capital assets reduced total capital assets by \$538,987 resulting in total net capital assets of \$48,736,863.

**Table 3**  
**Capital Assets at September 30, 2015**  
**(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total		Percent Change
	2015	2014	2015	2014	2015	2014	
Land	\$ 2,321,481	1,200,103	130,377	130,377	2,451,858	1,330,480	84.28%
Construction in Progress	5,047,115	563,337	408,237	0	5,455,352	563,337	868.40%
Buildings	9,692,343	9,958,692	679,867	698,929	10,372,210	10,657,621	-2.68%
Improvements other than bldg	14,062,616	14,833,239	14,371,581	15,802,441	28,434,197	30,635,680	-7.19%
Machinery, equipment, vehicles	1,700,189	1,469,163	323,057	369,810	2,023,246	1,838,973	10.02%
<b>Total</b>	<b>\$ 32,823,744</b>	<b>28,024,534</b>	<b>15,913,119</b>	<b>17,001,557</b>	<b>48,736,863</b>	<b>45,026,091</b>	<b>8.24%</b>

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

**Debt Administration.** At September 30, 2015, the City had \$30,861,067 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, 2015**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percent Change</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
General obligation bonds	\$ 23,220,000	11,000,000			23,220,000	11,000,000	111.09%
Other long-term liabilities	1,533,205	1,226,934			1,533,205	1,226,934	24.96%
Capital loans			5,429,592	6,123,132	5,429,592	6,123,132	-11.33%
Compensated absences	274,476	274,476	60,698	50,023	335,174	324,499	3.29%
Capital leases	322,865	162,228	20,231	34,451	343,096	196,679	100.00%
<b>Total</b>	<b>\$ 25,350,546</b>	<b>12,663,638</b>	<b>5,510,521</b>	<b>6,207,606</b>	<b>30,861,067</b>	<b>18,871,244</b>	<b>63.53%</b>

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

## **CURRENT ISSUES**

The budget for fiscal year ended 2016 includes the following projects: three new fire stations are under construction, the Tennis Park Improvement Project, and the Shiloh Park Recreation Improvement Project utilizing \$14,000,000 from the Mississippi Development Bank Special Obligation Bond Series 2014 bond issue.

Two new fire trucks will be purchased with proceeds from a \$250,000 CAP loan and the Fire Rebate Reserve.

The Rankin Trails and the Amphitheater projects will be bid before the end of fiscal year 2016.

Payments of \$525,000 have been paid from the City's general fund to the enterprise fund since September 30, 2015.

The city will be installing sewer to the Luckney Road area. The bids were received and have been awarded. The total project cost is \$2,289,735. The city received a CDBG in the amount of \$600,000 and applied for a CAP loan in the amount of \$500,000 with the remaining being paid from the Water Sewer Operations and Maintenance Account. Construction will begin in fiscal year 2016.

The following projects are also under consideration: A new comprehensive water and sewer plan, incremental improvements in City Hall, and a new police department.

## **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, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,452,774	\$ 4,700,321	\$ 21,153,095
Receivables:			
Accounts receivable, net of allowance for uncollectible accounts	-	933,510	933,510
Ad valorem	234,176	-	234,176
Current sales tax	1,059,013	-	1,059,013
Franchise tax	152,040	-	152,040
Other receivables	30,286	-	30,286
Due from other governments	23,375	-	23,375
Inventory	-	192,786	192,786
Internal balances	(821,377)	821,377	-
Restricted cash and cash equivalents	1,104,763	226,756	1,331,519
Other	-	28,250	28,250
Capital assets, net	32,823,744	15,913,119	48,736,863
Total assets	<u>51,058,794</u>	<u>22,816,119</u>	<u>73,874,913</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to bond refunding	174,439	-	174,439
Deferred outflows related to pensions	2,212,791	322,717	2,535,508
Total deferred inflows of resources	<u>2,387,230</u>	<u>322,717</u>	<u>2,709,947</u>

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**MAY 27 2016**

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**STATEMENT OF NET POSITION**  
**September 30, 2015**

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
<b>LIABILITIES</b>			
Accounts payable	1,154,650	373,341	1,527,991
Accrued payroll liabilities	317,025	52,064	369,089
Accrued interest payable	267,077	-	267,077
Deposits payable	-	727,298	727,298
Current portion of capital improvement loan	-	657,375	657,375
Current portion of capital lease payable	115,242	8,274	123,516
Current portion of bonds payable	1,825,000	-	1,825,000
Other long-term liabilities	293,728	-	293,728
Noncurrent liabilities:			
Capital improvement loan	-	4,772,217	4,772,217
Obligation under capital lease	207,623	11,957	219,580
Bonds payable	22,204,439	-	22,204,439
Other long-term liabilities	1,239,477	-	1,239,477
Compensated absences	274,476	60,698	335,174
Net pension liability	12,594,368	1,836,783	14,431,151
Total liabilities	<u>40,493,105</u>	<u>8,500,007</u>	<u>48,993,112</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Developer construction advances	143,684	-	143,684
Total deferred inflows of resources	<u>143,684</u>	<u>-</u>	<u>143,684</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,471,440	10,463,296	18,934,736
Restricted	1,104,763	226,756	1,331,519
Unrestricted	3,233,032	3,948,777	7,181,809
Total net position	<u>\$ 12,809,235</u>	<u>\$ 14,638,829</u>	<u>\$ 27,448,064</u>

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2015**

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Totals
<b>Primary Government</b>						
Governmental activities						
General government	\$ 1,561,659	\$ 64,834	\$ -	\$ (1,496,825)	\$ -	\$ (1,496,825)
Public safety	6,620,913	548,423	31,406	(5,857,270)	-	(5,857,270)
Public services	2,840,704	178,805	-	(2,331,349)	-	(2,331,349)
Culture and recreation	1,788,753	296,975	(5,119)	(1,494,729)	-	(1,494,729)
Economic development	132,487	-	-	(132,487)	-	(132,487)
Interest on long-term debt	1,186,212	-	-	(1,186,212)	-	(1,186,212)
Pension expense	1,501,033	-	-	(1,501,033)	-	(1,501,033)
Total governmental activities	<u>15,631,761</u>	<u>1,089,037</u>	<u>26,287</u>	<u>(13,999,905)</u>	<u>-</u>	<u>(13,999,905)</u>
Business-type activities						
Water and sewer	6,458,607	6,244,589	-	-	(195,689)	(195,689)
Sanitation	1,218,225	976,658	-	-	(241,567)	(241,567)
Total business-type activities	<u>7,676,832</u>	<u>7,221,247</u>	<u>-</u>	<u>-</u>	<u>(437,256)</u>	<u>(437,256)</u>
Total primary government	<u>\$ 23,308,593</u>	<u>\$ 8,310,284</u>	<u>\$ 26,287</u>	<u>\$ (13,999,905)</u>	<u>\$ (437,256)</u>	<u>\$ (14,437,161)</u>
General revenues						
Taxes						
Sales and use taxes				6,595,048	-	6,595,048
Property taxes				6,206,524	-	6,206,524
Franchise fees				793,673	-	793,673
Other taxes and shared revenue				1,027,548	-	1,027,548
Investment income				31,206	6,716	37,922
Gain (loss) on sale of assets				16,771	-	16,771
Other				171,660	-	171,660
Total general revenues and transfers				<u>14,842,430</u>	<u>6,716</u>	<u>14,849,146</u>
Change in net position				842,525	(430,540)	411,985
Net Position, September 30, 2014				20,991,442	16,759,322	37,750,764
Prior period adjustment				(9,024,732)	(1,689,953)	(10,714,685)
Net Position, September 30, 2015				<u>\$ 12,809,235</u>	<u>\$ 14,638,829</u>	<u>\$ 27,448,064</u>

See accompanying notes to financial statements.

CITY OF BRANDON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,210,968	\$ 321,159	\$ 11,919,147	\$ 1,500	\$ 16,452,774
Receivables					
Ad valorem and road taxes	181,482	52,693	-	-	234,175
Current sales tax	1,059,013	-	-	-	1,059,013
Franchise tax	152,040	-	-	-	152,040
Other receivables	4,859	-	-	-	4,859
Restricted cash	1,077,722	-	-	27,041	1,104,763
Due from other funds	106,338	(101,354)	-	-	4,984
Total Assets	\$ 6,792,422	\$ 272,498	\$ 11,919,147	\$ 28,541	\$ 19,012,608

See accompanying notes to financial statements.

**CITY OF BRANDON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2015**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 444,697	\$ -	\$ 708,324	\$ 1,647	\$ 1,154,668
Accrued wages payable	317,025	-	-	-	317,025
Advances from other funds	826,361	-	-	-	826,361
Total Liabilities	<u>1,588,083</u>	<u>-</u>	<u>708,324</u>	<u>1,647</u>	<u>2,298,054</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Spendable					
Restricted	1,077,722	-	-	27,041	1,104,763
Committed	180,036	-	-	-	180,036
Assigned	-	-	-	-	-
Unassigned	3,946,581	272,498	11,210,823	(147)	15,429,755
Total Fund Balances	<u>5,204,339</u>	<u>272,498</u>	<u>11,210,823</u>	<u>26,894</u>	<u>16,714,554</u>
Total Liabilities and Fund Balances	<u>\$ 6,792,422</u>	<u>\$ 272,498</u>	<u>\$ 11,919,147</u>	<u>\$ 28,541</u>	<u>\$ 19,012,608</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, 2015**

Total fund balances - governmental funds	\$	16,714,554
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	\$	52,515,154
Less accumulated depreciation		<u>(19,691,410)</u>
		32,823,744
Certain receivables are not available to pay for current period resources on the expenditures, and, therefore, are not reported in the governmental funds.		
		48,821
Certain liabilities, including interest payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
		(267,077)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to pensions		2,212,791
Deferred outflows related to bond refunding		174,439
Deferred inflows for developer construction advances		(143,684)
Long-term liabilities (including current portion due) are not due and payable in the current period and accordingly are not reported in the governmental funds.		
		<u>(38,754,353)</u>
Net position of governmental activities	\$	<u><u>12,809,235</u></u>

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**MAY 27 2016**

See accompanying notes to financial statements.

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

For the year ended September 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 4,507,472	\$ 1,867,831	\$ -	\$ -	\$ 6,375,303
Licenses and permits	1,018,577	-	-	-	1,018,577
State shared revenues	7,141,821	-	-	-	7,141,821
County shared revenues	924,247	-	-	-	924,247
Charges for services	363,192	-	-	-	363,192
Fines and forfeitures	544,523	-	-	3,900	548,423
Other revenues	194,532	1,072	19,129	3,268	218,001
<b>Total Revenues</b>	<b>14,694,364</b>	<b>1,868,903</b>	<b>19,129</b>	<b>7,168</b>	<b>16,589,564</b>
<b>Expenditures</b>					
<b>Current (operating)</b>					
General government	1,383,226	-	-	-	1,383,226
Public safety	6,258,514	-	-	8,730	6,267,244
Public services	2,181,048	-	-	-	2,181,048
Culture and recreation	1,389,762	-	-	-	1,389,762
Economic Development	132,487	-	-	-	132,487
Capital outlay	3,671,533	-	2,808,306	69,489	6,549,328
Debt service					
Principal	88,772	3,815,000	-	-	3,903,772
Interest and fiscal charges	4,872	757,397	440,655	-	1,202,924
<b>Total Expenditures</b>	<b>15,110,214</b>	<b>4,572,397</b>	<b>3,248,961</b>	<b>78,219</b>	<b>23,009,791</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(415,850)</b>	<b>(2,703,494)</b>	<b>(3,229,832)</b>	<b>(71,051)</b>	<b>(6,420,227)</b>
<b>Other financing sources and uses, including transfers</b>					
Proceeds from debt issuance	749,409	-	13,680,000	-	14,429,409
Refunding bonds	-	2,355,000	-	-	2,355,000
Premium on bonds issued	-	94,451	760,655	-	855,106
Proceeds from sale of assets	26,371	-	-	-	26,371
Transfers in (out)	405,117	175,120	-	(580,237)	-
<b>Total other financing sources and (uses)</b>	<b>1,180,897</b>	<b>2,624,571</b>	<b>14,440,655</b>	<b>(580,237)</b>	<b>17,665,886</b>
<b>Net change in fund balances</b>	<b>765,047</b>	<b>(78,923)</b>	<b>11,210,823</b>	<b>(651,288)</b>	<b>11,245,659</b>
<b>Fund Balances, September 30, 2014</b>	<b>4,439,292</b>	<b>351,421</b>	<b>-</b>	<b>678,182</b>	<b>5,468,895</b>
<b>Fund Balances, September 30, 2015</b>	<b>\$ 5,204,339</b>	<b>\$ 272,498</b>	<b>\$ 11,210,823</b>	<b>\$ 26,894</b>	<b>\$ 16,714,554</b>

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, 2015**

Net change in fund balances - governmental funds	\$	11,245,659
<p>Amounts reported for governmental activities in Statement of          Activities are different because:</p>		
<p>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:</p>		
Expenditures for capital assets	\$	6,311,877
Less current year depreciation		<u>(1,368,481)</u>
		4,943,396
<p>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.</p>		
		(60,000)
<p>Some revenues and expenses reported in the statement of activities are          not available for spending or due and payable, and, therefore are          not reported as revenue or expenditures in the governmental funds.</p>		
Pension expense for the current period		(1,501,033)
Other revenues and expenses		(243,483)
<p>Repayment of debt is an expenditure in the governmental          funds, but the repayment reduces long-term liabilities in the          Statement of Net Assets.</p>		
		4,097,501
<p>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.</p>		
		<u>(17,639,515)</u>
Change in net position - governmental funds	\$	<u><u>842,525</u></u>

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2015**

	Business-Type Activities		
	Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 4,056,540	\$ 643,781	\$ 4,700,321
Receivables			
Accounts receivable, net of allowance for uncollectible accounts	807,207	126,303	933,510
Internal balances - advances due from other funds	688,239	133,138	821,377
Inventory	192,786	-	192,786
Total current assets	<u>5,744,772</u>	<u>903,222</u>	<u>6,647,994</u>
Noncurrent assets			
Restricted cash	226,756	-	226,756
Operating rights, net of amortization	28,250	-	28,250
Capital assets, net	15,873,454	39,665	15,913,119
Total noncurrent assets	<u>16,128,460</u>	<u>39,665</u>	<u>16,168,125</u>
Total assets	<u>21,873,232</u>	<u>942,887</u>	<u>22,816,119</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow related to pensions	281,752	40,965	322,717
Total deferred inflows of resources	<u>281,752</u>	<u>40,965</u>	<u>322,717</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	368,712	4,629	373,341
Accrued payroll liabilities	45,240	6,824	52,064
Meter deposits payable	727,298	-	727,298
Current portion of capital improvement loan	657,375	-	657,375
Current portion of capital lease payable	-	8,274	8,274
Total current liabilities	<u>1,798,625</u>	<u>19,727</u>	<u>1,818,352</u>
Noneurrent liabilities			
Compensated absences	58,553	2,145	60,698
Net pension liability	1,603,627	233,156	1,836,783
Capital improvement loan	4,772,217	-	4,772,217
Obligation under capital lease	-	11,957	11,957
Total noncurrent liabilities	<u>6,434,397</u>	<u>247,258</u>	<u>6,681,655</u>
Total liabilities	<u>8,233,022</u>	<u>266,985</u>	<u>8,500,007</u>
<b>NET POSITION</b>			
Net investment in capital assets	10,443,862	19,434	10,463,296
Restricted	226,756	-	226,756
Unrestricted	3,251,344	697,433	3,948,777
Total net position	<u>\$ 13,921,962</u>	<u>\$ 716,867</u>	<u>\$ 14,638,829</u>

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, 2015**

	Business-Type Activities Enterprise Funds		Totals
	Water & Sewer Fund	Sanitation Fund	
Operating Revenues			
Charges for services	\$ 6,244,588	\$ 976,658	\$ 7,221,246
Total operating revenues	<u>6,244,588</u>	<u>976,658</u>	<u>7,221,246</u>
Operating Expenses			
Personnel services	1,114,478	167,655	1,282,133
Supplies, services and other charges	4,014,815	1,045,050	5,059,865
Depreciation and amortization	1,192,588	5,247	1,197,835
Total operating expenses	<u>6,321,881</u>	<u>1,217,952</u>	<u>7,539,833</u>
Operating income (loss)	<u>(77,293)</u>	<u>(241,294)</u>	<u>(318,587)</u>
Nonoperating revenues (expenses)			
Capital grant	18,329	-	18,329
Interest income	5,815	903	6,718
Interest expense and bond fees	(136,727)	(273)	(137,000)
Total nonoperating revenues (expenses)	<u>(112,583)</u>	<u>630</u>	<u>(111,953)</u>
Income (loss) before transfers	<u>(189,876)</u>	<u>(240,664)</u>	<u>(430,540)</u>
Transfers	<u>53,042</u>	<u>(53,042)</u>	<u>-</u>
Change in net position	(136,834)	(293,706)	(430,540)
Net Position, September 30, 2014	15,582,715	1,176,607	16,759,322
Prior period adjustment	(1,523,919)	(166,034)	(1,689,953)
Net Position, September 30, 2015	<u>\$ 13,921,962</u>	<u>\$ 716,867</u>	<u>\$ 14,638,829</u>

See accompanying notes to financial statements.

**CITY OF BRANDON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the year ended September 30, 2015**

	Business-Type Activities Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 6,264,802	\$ 998,325	\$ 7,263,127
Cash payments for goods and services	(3,982,983)	(1,046,849)	(5,029,832)
Cash payments for personnel services	(904,427)	(135,993)	(1,040,420)
Net cash provided by operating activities	<u>1,377,392</u>	<u>(184,517)</u>	<u>1,192,875</u>
Cash flows from non-capital financing activities			
Receipts from other funds on internal balances	218,349	274,357	492,706
Operating transfers (to) from other funds	53,042	(53,042)	-
Net cash provided by non-capital financing activities	<u>271,391</u>	<u>221,315</u>	<u>492,706</u>
Cash flows from capital and related financing activities			
Proceeds from capital loan and leases	-	24,995	24,995
Principal paid on notes payable and capital leases	(721,609)	(11,145)	(732,754)
Interest paid on notes and capital leases	(136,727)	(273)	(137,000)
Acquisition and construction of capital assets	(479,201)	(24,995)	(504,196)
Proceeds from capital grants	170,544	-	170,544
Net cash used for capital and related financing activities	<u>(1,166,993)</u>	<u>(11,418)</u>	<u>(1,178,411)</u>
Cash flows from investing activities			
Interest on investments	5,815	903	6,718
Net cash provided (used) by investing activities	<u>5,815</u>	<u>903</u>	<u>6,718</u>
Net increase (decrease) in cash and cash equivalents	487,605	26,283	513,888
Cash and cash equivalents, October 1, 2014	<u>3,795,691</u>	<u>617,498</u>	<u>4,413,189</u>
Cash and cash equivalents, September 30, 2015	<u>\$ 4,283,296</u>	<u>\$ 643,781</u>	<u>\$ 4,927,077</u>
Cash and cash equivalents consists of the following balance sheet amounts			
Cash and cash equivalents	<u>\$ 4,283,296</u>	<u>\$ 643,781</u>	<u>\$ 4,927,077</u>

See accompanying notes to financial statements.

**CITY OF BRANDON  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended September 30, 2015**

	Business-Type Activities Enterprise Funds		Totals
	Water & Sewer Fund	Sanitation Fund	
Reconciliation of operating income to net cash provided by operating activities			
Operating Income (Loss)	\$ (77,292)	\$ (241,294)	\$ (318,586)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	1,192,588	5,247	1,197,835
Changes in assets and liabilities			
(Increase) decrease in accounts receivable, net	(8,040)	21,667	13,627
(Increase) decrease in inventory	(3,969)	-	(3,969)
(Increase) deferred outflow of resources	(281,752)	(40,965)	(322,717)
Increase (decrease) in accounts payable	35,801	(1,799)	34,002
Increase (decrease) in customer meter deposits	28,253	-	28,253
Increase (decrease) in payroll liabilities	8,399	3,726	12,125
Increase (decrease) in compensated absences	10,527	148	10,675
Increase (decrease) in pension liability	472,877	68,753	541,630
Net cash provided (used) by operating activities	\$ <u>1,377,392</u>	\$ <u>(184,517)</u>	\$ <u>1,192,875</u>

See accompanying notes to financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**RECEIVED**

**MAY 27 2016**

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization

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.

B. Basis of Presentation

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 financial statements to 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 is defined by Statement No. 14 of the Governmental Accounting Standards Board. 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.

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.

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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.

**C. 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.

**D. 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.

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.

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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.

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

*Non-Major Governmental Fund Types*

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

*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.

**Implementation of New GASB Standards**

In fiscal year 2015, the City adopted GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contributions, as required by State law. The

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calculation of pension contributions is unaffected by the change. However, the adoption has resulted in an adjustment of the City's Fiscal Year 2014 government-wide net position to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for the pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

Net position as of September 30, 2014 was decreased by \$10.175 million to \$27.575 million, reflecting the cumulative retrospective effect of adoption. The City had an aggregate net pension liability of \$10.460 million, and aggregate deferred outflows of resources of \$284,975 as of September 30, 2014 as a result of the adoption of the Statement. Additionally, the City recognized aggregate pension expense of \$1.720 million for the fiscal year ended September 30, 2015. Refer to Note 10 for more information regarding the City's pensions.

Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Refer to Note 12 for the current year impact for the adoption of this Statement.

**E. Restricted Cash**

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

**F. 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).

**G. 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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H. 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.

I. 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.

J. 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.

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K. 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.

L. Bond Discounts, Premiums and Issuance Costs

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

M. Deferred Outflows and Inflows of Resources

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

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

N. Accounting for Pensions

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

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

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date

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of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**P. 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.

**Q. 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.

**R. 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.

**S. 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 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

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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, 2015:

\$424,646 in the Restaurant Tax account, which is restricted for tourism, parks and recreation;  
\$608,767 in the Fire Rebate account, which is restricted for fire training and equipment; and  
\$44,310 in the PD Equitable Share accounts, which are restricted for law enforcement purposes.

The General Fund has the following committed funds at September 30, 2015:

\$31,873 for the Old Brandon Cemetery; \$4,335 for Senior Services; and \$143,828 for Ambiance, Hastings, and Glen Arbor street development.

*Other Funds*

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

The Drug Seizure Fund had restricted funds of \$27,041 consisting of funds to be used for drug enforcement activities.

(2) 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 2015.

At September 30, 2015, the carrying amount of the City's deposits was \$22,484,614 and the bank balance was \$22,728,223.

(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.

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(5) Capital Assets

A summary of changes in Capital Assets at September 30, 2015 follows:

	Balance 09/30/14	Increases	Decrease	Prior Period Adjustment	Balance 09/30/15
<u>Governmental Activities</u>					
Non-depreciable					
Land	\$ 1,200,103	\$ 1,121,378	\$ -	\$ -	2,321,481
Construction in progress	563,337	4,483,778	-	-	5,047,115
Total	<u>1,763,440</u>	<u>5,605,156</u>	<u>-</u>	<u>-</u>	<u>7,368,596</u>
Depreciable					
Buildings	12,795,364	10,643	-	(33,037)	12,772,970
Improvement other than bldg.	25,305,054	-	-	(9,690)	25,295,364
Machinery, equip. & vehicles	7,758,584	696,078	-	(1,376,438)	7,078,224
Total	<u>45,859,002</u>	<u>706,721</u>	<u>-</u>	<u>(1,419,165)</u>	<u>45,146,558</u>
Less accum. depreciation					
Buildings	2,836,672	256,126	-	(12,171)	3,080,627
Improvement other than bldg.	10,471,815	831,139	-	(70,206)	11,232,748
Machinery, equip. & vehicles	6,289,421	281,216	-	(1,192,602)	5,378,035
Total	<u>19,597,908</u>	<u>1,368,481</u>	<u>-</u>	<u>(1,274,979)</u>	<u>19,691,410</u>
Governmental Activities, net	<u>\$ 28,024,534</u>	<u>\$ 4,943,396</u>	<u>\$ -</u>	<u>\$ (144,186)</u>	<u>\$ 32,823,744</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 148,798
Public safety	256,632
Public service	617,402
Culture and recreation	345,649
	<u>\$ 1,368,481</u>

<u>Business-type Activities</u>					
Non-depreciable					
Land	\$ 130,377	\$ -	\$ -	\$ -	130,377
Construction in progress	-	408,237	-	-	408,237
Total	<u>130,377</u>	<u>408,237</u>	<u>-</u>	<u>-</u>	<u>538,614</u>
Depreciable					
Buildings	1,022,391	-	-	-	1,022,391
Improvement other than bldg.	32,333,412	-	-	15,395	32,348,807
Machinery, equip. & vehicles	1,959,626	95,959	-	(356,440)	1,699,145
Total	<u>35,315,429</u>	<u>95,959</u>	<u>-</u>	<u>(341,045)</u>	<u>35,070,343</u>
Less accum. depreciation					
Buildings	323,461	19,063	-	-	342,524
Improvement other than bldg.	16,530,971	1,115,330	-	330,925	17,977,226
Machinery, equip. & vehicles	1,589,817	63,440	-	(277,169)	1,376,088
Total	<u>18,444,249</u>	<u>1,197,833</u>	<u>-</u>	<u>53,756</u>	<u>19,695,838</u>
Business-type Activities, net	<u>\$ 17,001,557</u>	<u>\$ (693,637)</u>	<u>\$ -</u>	<u>\$ (394,801)</u>	<u>\$ 15,913,119</u>

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(6) Obligations under capital lease:

The City has entered into the following lease agreements as of September 30, 2015, which qualify as capital leases for accounting purposes:

	Governmental Activities	Business-type Activities
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.	\$ 3,555	\$ -
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.	109,996	-
Lease dated June 25, 2015, with Trustmark National Bank for the acquisition of equipment in the amount of \$68,105 at 1.57% payable in 36 monthly payments of \$1,938.	62,565	-
Lease dated February 25, 2015, with Regions Equipment Finance Corp. for the acquisition of equipment and vehicles in the amount of \$206,299 at 1.65% payable in 36 monthly payments of \$5,877.	146,749	20,231
Total obligations under capital leases	\$ 322,865	\$ 20,231

As of September 30, 2015, the City had future minimum payments under capital leases as follows:

	Governmental Activities	Business-type Activities
September 30:		
2016	\$ 121,316	\$ 8,545
2017	116,341	8545
2018	74,368	3561
2019	20,733	-
2020	-	-
Total	332,758	20,651
Less amount representing interest	9,893	420
Present value of future minimum lease payments	\$ 322,865	\$ 20,231
Cost of equipment	\$ 399,284	\$ 24,995
Accumulated depreciation	\$ 159,171	\$ 2,939

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(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.

Capital Improvement Loans

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

Bonds and capital improvement loans payable at September 30, 2015 are comprised of the following:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
\$5,619,951 Water Pollution Control Revolving Loan for pollution control improvements through the Mississippi Department of Environmental Quality. Payments are \$36,228 monthly for 15 years through 9/1/2019. Interest is 1.75% APR.	\$	\$ 1,678,280
\$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.		798,928
\$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.		2,203,612
\$119,777 Sewer Line Rehabilitation Loan for the Richland Creek Project through the Mississippi Department of Environmental Quality. Monthly payments of \$2,086 for a period of 60 months through 05/01/16. Interest is 1.75% APR.		16,582
\$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.		732,190
Total Capital Improvement Loans	\$ -	\$ 5,429,592

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<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%.	\$ 175,000	\$ -
\$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%.	240,000	-
\$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%.	2,025,000	-
\$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%.	315,000	-
\$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%.	2,045,000	-
\$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%.	2,385,000	-
\$2,355,000 2015 Refunding Bonds due in annual installments ranging from \$20,000 to \$760,000 for 9 years through September 2024, with interest ranging from 2.0% to 3.0%.	2,355,000	-
\$13,680,000 2014 Public Improvement Bonds due in annual installments ranging from \$270,000 to \$1,130,000 for 18 years through November 2034, with interest ranging from 2.0% to 5.0%.	13,680,000	-
Total before premiums/(discounts), net	23,220,000	-
Premiums/(discounts), net	809,439	-
Total General Obligation Bonds	\$ 24,029,439	\$ -
<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 through January 2021, bearing no interest.	\$ 1,033,205	\$ -
\$500,000 due to B&B Family Properties, L.P. for the purchase of property due in 5 annual installments of \$100,000 through June 2020, bearing no interest (see footnote 18).	500,000	-
Total Long-Term Liabilities	\$ 1,533,205	\$ -

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Transactions for the fiscal year ended September 30, 2015 are summarized as follows:

	Balance 09/30/14	Additions	Payments	Balance 09/30/15
<b>Governmental Activities</b>				
General obligation bonds	\$ 11,000,000	\$ 16,035,000	\$ 3,815,000	\$ 23,220,000
Other long-term liabilities	1,226,934	500,000	193,729	1,533,205
Obligations under capital lease	162,228	249,409	88,772	322,865
Compensated absences	274,476	-	-	274,476
Total governmental activities	<u>12,663,638</u>	<u>16,784,409</u>	<u>4,097,501</u>	<u>25,350,546</u>
<b>Business-type Activities</b>				
Capital improvement loans	6,123,132		693,540	5,429,592
Obligations under capital lease	34,451	24,995	39,215	20,231
Compensated absences	50,023	10,675	-	60,698
Total business-type activities	<u>6,207,606</u>	<u>35,670</u>	<u>732,755</u>	<u>5,510,521</u>
Total government-wide	<u>\$ 18,871,244</u>	<u>\$ 16,820,079</u>	<u>\$ 4,830,256</u>	<u>\$ 30,861,067</u>

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, 2015, including interest payments are as follows:

Year Ended 30-Sep	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 2,118,728	\$ 915,880	\$ 657,375	\$ 118,839	\$ 3,810,822
2017	1,898,728	693,236	654,058	105,467	3,351,489
2018	1,923,728	654,157	667,609	91,916	3,337,410
2019	1,973,728	611,115	681,452	78,074	3,344,369
2020	2,013,728	564,064	257,360	67,433	2,902,585
2021-2025	5,144,565	2,281,725	1,391,205	232,760	9,050,255
2026-2030	4,515,000	1,473,244	978,685	58,424	7,025,353
2031-2035	5,165,000	585,374	141,848	4,889	5,897,111
Total	<u>\$ 24,753,205</u>	<u>\$ 7,778,795</u>	<u>\$ 5,429,592</u>	<u>\$ 757,802</u>	<u>\$ 38,719,394</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.

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**NOTES TO FINANCIAL STATEMENTS**  
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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 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, 2015:

Authorized Debt Limit:	15 Percent	20 Percent
Assessed valuation for the fiscal year ended		
September 30, 2015 - \$ 218,675,674	\$ 32,801,351	\$ 43,735,135
Present debt subject to debt limitation	(23,220,000)	(25,076,070)
Margin for further general indebtedness	\$ 9,581,351	\$ 17,575,860

(9) Other Required Individual Fund Disclosures

1. Individual fund interfund receivable and payable balances at September 30, 2015 were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 826,361
Water & Sewer Fund	688,239	-
Sanitation Fund	133,138	-
Debt Service Fund	-	101,354
General Fund	106,338	-
Total	\$ 927,715	\$ 927,715

2. Interfund transfers from the Water and Sewer Fund to the Sanitation Fund totaling \$53,042 to reflect changes in accounts receivable.

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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, 2015 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, 2015.

(10) Defined Benefit Pension Plan

Defined Benefit Pension Plan

*Plan Description*

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

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

*Contributions*

The contributions requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. PERS members are required to contribute 9% of their annual covered compensation and employers are required to contribute at an actuarially determined rate. The employer's contractually required contribution rate for the year ended September 30, 2015 was 15.75% of annual covered payroll. The City's contributions to PERS for the years ended September 30, 2015, 2014,

**CITY OF BRANDON  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

and 2013 was \$948,315, \$833,022, and \$748,632, respectively, which was equal to the required contribution for each year.

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

At September 30, 2015, the City reported a liability of \$14,431,151 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the City's proportion was 0.093357 percent.

For the year ended September 30, 2015, the City recognized pension expense of \$1,719,946. Of this amount, \$1,501,033 was allocated to governmental activities and \$218,913 was allocated to business-type activities.

At September 30, 2015, the City reported \$2,535,508 in deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 222,088
Net difference between projected and actual earnings on pension plan investments	844,377
Change of assumptions	1,243,194
City contributions subsequent to the measurement date	<u>225,849</u>
Total	<u>\$ 2,535,508</u>

The \$225,849 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended September 30:	
2016	\$ 749,801
2017	749,801
2018	598,963
2019	<u>211,094</u>
Total	<u>\$ 2,309,659</u>

*Actuarial Assumptions.* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
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Inflation	3.00%
Salary increases	3.75 - 19% average, including inflation
Investment rate of return	7.75% net of pension plan investment expense, including inflation

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

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

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

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following table presents the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

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**NOTES TO FINANCIAL STATEMENTS**  
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	Discount Rate		
	1% Decrease	Current	1% Increase
	6.75 %	7.75 %	8.75 %
City's proportional share of the net pension liability	\$ 19,021,579	\$ 14,431,151	\$ 10,621,954

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

**(11) Change in Accounting Principle**

Net position as of September 30, 2014 has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71.

	Governmental Activities		
	Deferred Outflows	Net Pension Liability	Net Position
Net position, as previously reported September 30, 2014	\$ -	\$ -	\$ 20,991,442
Prior period adjustment for net pension restatement	248,704	(9,129,250)	(8,880,546)
Net position, as restated September 30, 2014	\$ 248,704	\$ (9,129,250)	\$ 12,110,896

	Business-Type Activities		
	Deferred Outflows	Net Pension Liability	Net Position
Net position, as previously reported September 30, 2014	\$ -	\$ -	\$ 16,759,322
Prior period adjustment for net pension restatement	36,271	(1,331,424)	(1,295,153)
Net position, as restated September 30, 2014	\$ 36,271	\$ (1,331,424)	\$ 15,464,169

**(12) Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of \$225,849 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$2,309,659 balance of deferred outflow of resources, at September 30, 2015 will be recognized as an expense and, will decrease the unrestricted net position over the next 4 years.

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

(13) Commitments and contingencies

Operating Leases – The City has no material operating leases. However, the City has entered into 3 Sixteenth Section land leases with the Rankin County School District as detailed below:

1. Old Brandon Memorial Cemetery – 40 years at \$1,000 per year due each January through 2034.
2. Water tower on Highway 471 – 7 years at \$2,000 per year due each July through 2016.
3. Lights of Liberty Cemetery – 25 years at \$200 per year due each July through 2040.

(14) Water and Sewer System Users

The water and sewer system as of September 30, 2015 had 8,717 residential and commercial users.

(15) 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.

(16) Risk Management

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

Participation in Public Entity Risk Pool

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

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

**CITY OF BRANDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

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.

(17) Prior Period Adjustment

During the current year, the City wrote off assets included in the financial statements that had been disposed in prior years. To correct this error, the beginning net position of the Governmental Activities and Business-Type Activities have been decreased to reflect the loss on disposal of assets that should have been recorded in prior years. The net position of Governmental Activities has been decreased by \$144,186 and the net position of Business-Type Activities has been decreased by \$394,800.

When aggregated with the prior period adjustment for the implementation of GASB 68 (as noted in FN 11), the net position for Governmental Activities decreased by \$9,024,732 from \$20,991,442 to \$11,996,712 and the net position for Business-Type Activities decreased by \$1,689,953 from \$16,759,322 to \$15,069,369.

(18) Commitments

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

(19) Subsequent Events

The City evaluated subsequent events through April 26, 2016, the date which the financial statements were available to be issued, noting no subsequent events to be disclosed.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF BRANDON  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended September 30, 2015**

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance from Final Amended Budget Over (under)</u>
<b>Revenues:</b>				
Taxes	\$ 5,342,220	\$ 5,342,220	\$ 4,507,472	\$ (834,748)
Licenses and permits	862,500	862,500	1,018,577	156,077
State shared revenues	8,267,599	8,267,599	7,141,821	(1,125,778)
County shared revenues	810,000	810,000	924,247	114,247
Charges for services	390,460	390,460	363,192	(27,268)
Fines and forfeits	745,232	745,232	544,523	(200,709)
Other	121,400	121,400	194,532	73,132
<b>Total Revenues</b>	<u>16,539,411</u>	<u>16,539,411</u>	<u>14,694,364</u>	<u>(1,845,047)</u>
<b>Expenditures:</b>				
<b>City court</b>				
Personnel costs	282,140	282,140	256,281	(25,859)
Supplies	5,000	5,000	3,916	(1,084)
Charges for services	17,869	17,869	10,764	(7,105)
Capital expenditures	5,771	6,225	6,175	(50)
<b>Total city court</b>	<u>310,780</u>	<u>311,234</u>	<u>277,136</u>	<u>(34,098)</u>
<b>Executive / Administrative</b>				
Personnel cost	322,311	322,311	274,791	(47,520)
Supplies	4,600	4,600	3,074	(1,526)
Charges for services	61,916	61,916	40,872	(21,044)
Capital expenditures	6,650	6,650	3,085	(3,565)
<b>Total executive / administrative</b>	<u>395,477</u>	<u>395,477</u>	<u>321,822</u>	<u>(73,655)</u>
<b>General Government</b>				
Personnel cost	432,000	432,000	398,726	(33,274)
Supplies	24,074	24,074	19,765	(4,309)
Charges for services	436,795	436,795	375,031	(61,764)
Capital expenditures	103,768	103,768	75,423	(28,345)
<b>Total general government</b>	<u>996,637</u>	<u>996,637</u>	<u>868,945</u>	<u>(127,692)</u>

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

**CITY OF BRANDON**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2015**

	Original Budget	Budget as Amended	Actual	Variance from Final Amended Budget Over (under)
<b>Animal Control Department</b>				
Personnel cost	46,708	46,708	42,315	(4,393)
Supplies	6,315	6,315	3,292	(3,023)
Charges for services	10,615	10,615	3,518	(7,097)
Capital expenditures	1,000	1,000	997	(3)
<b>Total animal control department</b>	<b>64,638</b>	<b>64,638</b>	<b>50,122</b>	<b>(14,516)</b>
<b>Police Department</b>				
Personnel cost	2,706,020	2,706,020	2,511,245	(194,775)
Supplies	407,729	407,729	234,318	(173,411)
Charges for services	301,841	347,588	346,503	(1,085)
Capital expenditures	116,761	248,861	768,658	519,797
Debt service	50,953	50,953	44,261	(6,692)
<b>Total police department</b>	<b>3,583,304</b>	<b>3,761,151</b>	<b>3,904,985</b>	<b>143,834</b>
<b>Fire Department</b>				
Personnel cost	3,291,600	3,291,600	2,712,163	(579,437)
Supplies	149,110	149,110	116,411	(32,699)
Charges for services	330,367	338,767	288,749	(50,018)
Capital expenditures	160,000	198,161	200,264	2,103
Debt service	16,779	16,779	10,912	(5,867)
<b>Total fire department</b>	<b>3,947,856</b>	<b>3,994,417</b>	<b>3,328,499</b>	<b>(665,918)</b>
<b>Street Department</b>				
Personnel cost	373,636	373,636	338,546	(35,090)
Supplies	127,065	190,065	188,450	(1,615)
Charges for services	1,124,759	1,212,759	1,181,295	(31,464)
Capital expenditures	2,555,771	2,555,771	1,388,733	(1,167,038)
Debt service	178,110	178,110	34,051	(144,059)
<b>Total street department</b>	<b>4,359,341</b>	<b>4,510,341</b>	<b>3,131,075</b>	<b>(1,379,266)</b>
<b>Community development</b>				
Personnel cost	275,312	275,312	261,459	(13,853)
Supplies	10,644	10,644	9,598	(1,046)
Charges for services	217,817	217,817	201,701	(16,116)
Capital expenditures	1,400	2,301	2,294	(7)
<b>Total community development</b>	<b>505,173</b>	<b>506,074</b>	<b>475,052</b>	<b>(31,022)</b>

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

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**CITY OF BRANDON**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2015**

	Original Budget	Budget as Amended	Actual	Variance from Final Amended Budget Over (under)
Cemetery Maintenance				
Supplies	2,500	2,500	480	(2,020)
Charges for services	29,966	29,966	27,077	(2,889)
Total cemetery maintenance	<u>32,466</u>	<u>32,466</u>	<u>27,557</u>	<u>(4,909)</u>
Parks Department				
Personnel cost	503,183	503,183	453,333	(49,850)
Supplies	168,470	168,470	127,657	(40,813)
Charges for services	360,507	390,507	388,328	(2,179)
Capital expenditures	1,215,070	1,215,070	1,171,697	(43,373)
Debt service	7,081	7,081	-	(7,081)
Total parks department	<u>2,254,311</u>	<u>2,284,311</u>	<u>2,141,015</u>	<u>(143,296)</u>
Splash Park Department				
Personnel cost	17,232	17,232	16,631	(601)
Supplies	7,100	7,100	1,424	(5,676)
Charges for services	9,700	9,700	1,959	(7,741)
Capital expenditures	21,660	21,660	6,709	(14,951)
Total splash park department	<u>55,692</u>	<u>55,692</u>	<u>26,723</u>	<u>(28,969)</u>
Library				
Supplies	6,600	6,600	4,167	(2,433)
Charges for services	91,979	140,133	129,110	(11,023)
Total library	<u>98,579</u>	<u>146,733</u>	<u>133,277</u>	<u>(13,456)</u>
Senior Citizen Department				
Personnel cost	56,055	56,055	54,131	(1,924)
Supplies	30,000	30,000	9,718	(20,282)
Charges for services	56,000	56,000	42,944	(13,056)
Total senior citizen department	<u>142,055</u>	<u>142,055</u>	<u>106,793</u>	<u>(35,262)</u>
Conference Center				
Personnel cost	95,308	95,308	84,894	(10,414)
Supplies	7,400	7,400	6,489	(911)
Charges for services	118,715	118,715	41,421	(77,294)
Capital expenditures	85,477	85,477	47,497	(37,980)
Debt service	4,500	4,500	4,420	(80)
Total conference center	<u>311,400</u>	<u>311,400</u>	<u>184,721</u>	<u>(126,679)</u>

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

**CITY OF BRANDON**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2015**

	Original Budget	Budget as Amended	Actual	Variance from Final Amended Budget Over (under)
Economic Development				
Personnel cost	80,120	80,120	77,788	(2,332)
Supplies	1,500	1,500	212	(1,288)
Charges for services	98,965	98,965	54,487	(44,478)
Total economic development	<u>180,585</u>	<u>180,585</u>	<u>132,487</u>	<u>(48,098)</u>
Total Expenditures	<u>17,238,293</u>	<u>17,693,210</u>	<u>15,110,214</u>	<u>(2,554,033)</u>
Excess of revenues over (under) expenditures	<u>(698,882)</u>	<u>(1,153,799)</u>	<u>(415,850)</u>	<u>708,986</u>
Other financing sources (uses):				
Sale of assets	14,200	14,200	26,371	12,171
Proceeds from debt issuance	-	-	749,409	749,409
Operating transfers out	<u>(575,518)</u>	<u>(575,518)</u>	<u>405,117</u>	<u>980,635</u>
Total other financing sources (uses)	<u>(561,318)</u>	<u>(561,318)</u>	<u>1,180,897</u>	<u>1,742,215</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	<u>\$ (1,260,200)</u>	<u>\$ (1,715,117)</u>	765,047	<u>\$ 2,451,201</u>
Fund Balance, September 30, 2014			<u>4,439,292</u>	
Fund Balance, September 30, 2015			<u>\$ 5,204,339</u>	

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

**OTHER SUPPLEMENTAL INFORMATION**

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**CITY OF BRANDON**  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**  
**September 30, 2015**

<b>Position</b>	<b>Name</b>	<b>Surety</b>	<b>Amount</b>
Mayor	Lee, Butch	St Paul	\$ 100,000
Alderman	Corley, Monica (Roland)	St Paul	\$ 100,000
Alderman	Vinson, Cris	St Paul	\$ 100,000
Alderman	Williams, Harry	St Paul	\$ 100,000
Alderman	Coker, Lu	St Paul	\$ 100,000
Alderman	Christopher, Bobby	St Paul	\$ 100,000
Alderman	Morrow, Bob	St Paul	\$ 100,000
Alderman	Morris, James	St Paul	\$ 100,000
City Clerk/Tax Collector	Bcan, Angela	St Paul	\$ 50,000
Deputy City Clerk	Davis, Amy	Western Surety Company	\$ 50,000
Accountant	Greenwood, Elizabeth	Western Surety Company	\$ 50,000
Accounts Payable Clerk	Rankin, Susan	Western Surety Company	\$ 50,000
Payroll Clerk	Talbert, Wanda	Western Surety Company	\$ 50,000
Receptionist	Johnson, Elizabeth	Western Surety Company	\$ 50,000
Events Coordinator	Farrar, Lori	Western Surety Company	\$ 50,000
Senior Services Coordinator	Merideth, Diana	Western Surety Company	\$ 50,000
Police Chief	Thompson, William	St Paul	\$ 50,000
Administrative Assistant	Arendale, Byrnie	Western Surety Company	\$ 50,000
Court Clerk	Burkes, Karen	Western Surety Company	\$ 50,000
Deputy Court Clerk	Berry, Lydia	Western Surety Company	\$ 50,000
Deputy Court Clerk	McAdams, Samantha	Western Surety Company	\$ 50,000
Administrative Assistant	Palmer, Carolyn	Western Surety Company	\$ 50,000
Community Development Director	Hillman, Jordan	Western Surety Company	\$ 50,000
Community Development Office Manager	Hazen, Catherine	Western Surety Company	\$ 50,000
Code Enforcement Officer	Parrish, Heather	Western Surety Company	\$ 50,000
Code Enforcement Officer	Smith, Jimmy	Western Surety Company	\$ 50,000
Various Communications Personnell			
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
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  
BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
September 30, 2015**

	<u>Drug Seizure Fund</u>	<u>Youth Program Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,500	\$ -	\$ 1,500
Restricted cash	<u>27,041</u>	<u>-</u>	<u>27,041</u>
<b>Total Assets</b>	<b><u>\$ 28,541</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 28,541</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ <u>1,647</u>	\$ <u>-</u>	\$ <u>1,647</u>
<b>Total Liabilities</b>	<u>1,647</u>	<u>-</u>	<u>1,647</u>
<b>Fund Balance</b>			
<b>Spendable</b>			
Restricted	27,041	-	27,041
Unassigned	<u>(147)</u>	<u>-</u>	<u>(147)</u>
<b>Total Fund Balances</b>	<u>26,894</u>	<u>-</u>	<u>26,894</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 28,541</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 28,541</u></b>

**CITY OF BRANDON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the year ended September 30, 2015**

	Drug Seizure Fund	Youth Program Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Fines and forfeitures	\$ 3,900	\$ -	\$ 3,900
Other revenues	1,384	1,884	3,268
Total Revenues	<u>5,284</u>	<u>1,884</u>	<u>7,168</u>
<b>Expenditures</b>			
Current (operating)			
Public safety	8,730	-	8,730
Capital outlay	69,489	-	69,489
Total Expenditures	<u>78,219</u>	<u>-</u>	<u>78,219</u>
Excess of revenues over (under) expenditures	<u>(72,935)</u>	<u>1,884</u>	<u>(71,051)</u>
<b>Other financing sources and uses, including transfers</b>			
Transfers in (out)	-	(580,237)	(580,237)
Total other financing sources and (uses)	<u>-</u>	<u>(580,237)</u>	<u>(580,237)</u>
Net change in fund balances	<u>(72,935)</u>	<u>(578,353)</u>	<u>(651,288)</u>
Fund Balances, September 30, 2014	99,829	578,353	678,182
Fund Balances, September 30, 2015	<u>\$ 26,894</u>	<u>\$ -</u>	<u>\$ 26,894</u>

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Taxes		
Ad valorem taxes	\$ 4,515,125	\$ 4,383,049
Tax commission expense	(71,463)	(66,669)
Delinquent taxes, interest and penalties	32,550	21,858
Interest on property tax	17,505	17,940
Prior year Legislative credit	13,755	9,898
Total Taxes	<u>4,507,472</u>	<u>4,366,076</u>
Licenses and Permits		
Franchise charges	793,673	754,021
Privilege licenses	43,508	46,059
Building permits	154,520	152,853
Other licenses	26,876	34,113
Total Licenses and Permits	<u>1,018,577</u>	<u>987,046</u>
State Shared Revenues		
Sales tax	5,183,648	4,980,869
Restaurant sales tax	990,363	860,105
Payment in lieu of taxes - Grand Gulf	157,161	155,842
Fire protection	137,359	118,286
Municipal aid	10,824	10,824
Gasoline tax	18,846	16,199
Emergency disaster funds	241,361	-
Department of Transportation grant	324,386	121,157
Department of Public Safety funds	41,022	41,008
MS Development Authority grant	-	132,665
Other grant funds	36,850	68,131
Total State Shared Revenue	<u>7,141,820</u>	<u>6,505,086</u>
County Shared Revenues		
Pro-rata county road tax	826,106	808,507
Auto rental tax	32,663	42,919
Rail tax	6,647	5,676
Tourism tax	33,831	31,216
County road reimbursement	25,000	-
Total County Shared Revenues	<u>924,247</u>	<u>888,318</u>
Court Fines and Forfeits	<u>544,523</u>	<u>526,502</u>

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Service Charges</b>		
Facility rental fees	54,767	33,043
Inspection fees	8,400	10,626
Park sales and fees	229,690	21,775
Plan review fees	6,785	7,661
Street development	60,000	61,880
Zoning & development fees	3,550	4,500
	<u>363,192</u>	<u>139,485</u>
<b>Miscellaneous</b>		
Brandon Day receipts	1,220	24,030
Brandon Expo receipts	3,595	285
Brandon Opry receipts	13,330	13,660
Donations	5,475	9,197
Interest earnings	9,037	8,059
Miscellaneous	80,116	132,523
PD Equitable Share	11,406	-
Tower lease income	70,354	68,609
	<u>194,533</u>	<u>256,363</u>
<b>Total Revenues</b>	<u>14,694,364</u>	<u>13,668,876</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, 2015 and 2014**

	2015	2014
<u>Expenditures</u>		
General Government and Administration		
City Court		
Salaries		
Salaries	183,250	176,955
Employer costs	73,031	80,200
Total Salaries	256,281	257,155
Supplies, Services and Other Charges		
Office supplies	3,916	2,404
Professional fees	10,764	7,417
Total Supplies, Services and Other Charges	14,680	9,821
Capital Outlay		
Machinery and equipment	6,175	4,708
Total Capital Outlay	6,175	4,708
Total City Court	277,136	271,684
Executive / Administration		
Salaries		
Salaries	193,153	155,123
Employer costs	81,638	72,432
Total Salaries	274,791	227,555
Supplies, Services and Other Charges		
Advertising	365	325
Bond fees and expenses	1,125	1,069
Conventions	3,664	2,703
Donations	6,000	(1,400)
Dues and subscriptions	7,806	7,741
Exhibitions and promotions	1,717	1,131
Insurance	3,966	4,112
Miscellaneous	1,463	1,034
Operating supplies	1,772	747
Professional fees	6,958	8,955
Rentals	933	482
Repairs - Other	33	-
Repairs - Vehicles	76	2,332
Telephone and communication	5,403	7,299
Training	1,224	75
Transportation	1,442	3,792
Total Supplies, Services and Other Charges	43,947	40,397

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Capital Outlay		
Machinery and equipment	3,085	1,167
Total Capital Outlay	<u>3,085</u>	<u>1,167</u>
Total Executive / Administrative Department	<u>321,823</u>	<u>269,119</u>
General Government Department		
Salaries		
Salaries	293,633	245,554
Employer costs	105,093	82,148
Total Salaries	<u>398,726</u>	<u>327,702</u>
Supplies, Services and Other Charges		
Advertising	1,223	2,430
Bond fees and expenses	3,095	746
Cleaning and janitorial	3,513	4,796
Contract labor	2,213	1,395
Conventions	682	1,505
Data Processing	1,788	-
Disaster expenses	-	13,565
Dues and subscriptions	10,696	9,740
Insurance	10,929	11,146
Land leases	1,225	1,000
Miscellaneous	1,069	4,028
Office supplies	5,792	6,100
Operating supplies	9,267	9,383
Postage	2,732	2,572
Printing and binding	4,265	4,413
Professional fees	124,073	94,453
Rentals	9,952	12,268
Repairs - equipment	16,757	3,873
Repairs - other	27,269	14,814
Repairs - vehicles	137	1,371
Telephone and communication	17,834	12,267
Training	1,910	699
Transportation	949	530
Utilities	137,430	10,915
Total Supplies, Services and Other Charges	<u>394,800</u>	<u>224,009</u>
Capital Outlay		
Machinery and equipment	75,423	60,963
Total Capital Outlay	<u>75,423</u>	<u>60,963</u>
Total General Government Department	<u>868,949</u>	<u>612,674</u>
Total General Government and Administration	<u>1,467,908</u>	<u>1,153,477</u>

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Public Services		
Street Department		
Salaries		
Wages	236,730	165,516
Employer costs	<u>101,816</u>	<u>88,491</u>
Total Salaries	<u>338,546</u>	<u>254,007</u>
Supplies, Services and Other Charges		
Advertising	2,835	1,270
Chemicals	18,851	20,852
Cleaning and janitorial	-	-
Contract labor	194,452	297,962
Dues and subscriptions	775	299
Insurance	27,348	21,821
Miscellaneous	2,102	9,016
Office supplies	-	18
Operating supplies	128,805	71,847
Professional fees	111,491	72,727
Rentals	219	591
Repairs - equipment	59,874	38,371
Repairs - vehicles	14,297	20,279
Repairs - other	217,892	130,645
Telephone and communications	3,134	1,578
Training	574	75
Transportation	36,004	25,404
Uniforms	4,791	2,961
Utilities - street lights	<u>546,302</u>	<u>520,549</u>
Total Supplies, Services and Other Charges	<u>1,369,746</u>	<u>1,236,265</u>
Capital Outlay		
Improvements other than buildings	989,695	286,660
Machinery and equipment	363,038	9,432
Vehicles	<u>36,000</u>	<u>-</u>
Total Capital Outlay	<u>1,388,733</u>	<u>296,092</u>
Debt Service		
Debt service principal	32,525	-
Debt service interest	<u>1,527</u>	<u>-</u>
Total Debt Service	<u>34,052</u>	<u>-</u>
Total Street Department	<u>3,131,077</u>	<u>1,786,364</u>

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Community Development Department		
Salaries		
Salaries	190,252	118,314
Employer costs	<u>71,207</u>	<u>57,683</u>
Total Salaries	<u>261,459</u>	<u>175,997</u>
Supplies, Services and Other Charges		
Advertising	2,268	6,606
Contract labor	3,405	2,671
Convention	860	347
Data Processing	170	-
Dues and subscriptions	695	630
Insurance	4,453	3,575
Miscellaneous expenses	6,506	5,332
Office supplies	1,655	779
Operating supplies	3,758	1,535
Printing and binding	839	592
Professional fees	172,479	127,193
Repairs - vehicles	159	479
Communications	8,616	7,174
Training	1,250	290
Transportation	3,658	2,575
Uniforms	<u>527</u>	<u>409</u>
Total Supplies, Services and Other Charges	<u>211,298</u>	<u>160,187</u>
Capital Outlay		
Furniture and fixtures	-	-
Machinery and equipment	<u>2,294</u>	<u>5,206</u>
Total Capital Outlay	<u>2,294</u>	<u>5,206</u>
Total Community Development Department	<u>475,051</u>	<u>341,390</u>
Total Public Services	<u>3,606,128</u>	<u>2,127,754</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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Public Safety		
Police Department		
Salaries		
Salaries	1,825,600	1,728,900
Employer costs	<u>685,645</u>	<u>647,349</u>
Total Salaries	<u>2,511,245</u>	<u>2,376,249</u>
Supplies, Services and Other Charges		
Advertising	430	228
Bond fees and expenses	2,100	2,375
Chemicals		
Cleaning and janitorial	4,413	3,180
Contract labor	3,412	6,538
Conventions	661	735
D.A.R.E. expenses	-	-
D.P.S. Fund expenses	-	25,684
Dues and subscriptions	1,689	1,869
Exhibitions and promotions	-	-
Insurance	58,100	47,943
Miscellaneous	5,256	5,298
Office supplies	4,927	4,625
Operating supplies	12,437	7,168
Printing and binding	1,436	1,172
Prisoners expense	91,840	86,125
Professional fees	38,218	24,180
Repairs - equipment	42,303	49,283
Repairs - other	15,774	8,281
Repairs - vehicles	30,447	60,289
SRT expenses	5,109	8,003
Telephone and communications	74,203	74,987
Training	25,499	23,444
Transportation	86,433	125,118
Uniforms	29,213	20,830
Utilities	<u>46,921</u>	<u>42,097</u>
Total Supplies, Services and Other Charges	<u>580,821</u>	<u>629,452</u>
Capital Outlay		
Land	607,131	-
Improvements other than buildings	700	-
Machinery and equipment	76,298	193,921
Vehicles	<u>84,529</u>	<u>57,813</u>
Total Capital Outlay	<u>768,658</u>	<u>251,734</u>

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Debt Service		
Debt service principal	41,728	40,857
Debt service interest	<u>2,533</u>	<u>1,611</u>
Total Debt Service	<u>44,261</u>	<u>42,468</u>
Total Police Department	<u>3,904,985</u>	<u>3,299,903</u>
Fire Department		
Salaries		
Salaries	1,959,586	1,737,634
Employer costs	<u>752,577</u>	<u>649,316</u>
Total Salaries	<u>2,712,163</u>	<u>2,386,950</u>
Supplies, Services and Other Charges		
Advertising	658	913
Bond fees and expenses	350	175
Chemicals	283	624
Cleaning	4,262	3,369
Communications	35,821	37,879
Contract labor	2,280	-
Conventions	2,341	1,406
Data processing	149	102
Dues and subscriptions	4,197	2,502
Exhibitions and promotions	4,041	3,608
Insurance	40,857	46,382
Miscellaneous	8,561	10,948
Office supplies	2,735	1,497
Operating supplies	11,936	9,797
Printing and binding	591	504
Professional fees	19,361	30,716
Rentals	2,602	2,998
Repairs - vehicles	70,628	33,086
Repairs - equipment	17,844	18,905
Repairs - other	9,011	6,172
Storm Team	26,493	13,247
Training	26,679	15,610
Transportation	38,527	50,809
Uniforms	55,248	33,206
Utilities	<u>19,704</u>	<u>19,944</u>
Total Supplies, Services and Other Charges	<u>405,159</u>	<u>344,399</u>

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Capital Outlay		
Improvements other than buildings	-	-
Buildings and land	-	-
Machinery and equipment	198,780	302,830
Vehicles		
Furniture and fixtures	1,484	950
Total Capital Outlay	<u>200,264</u>	<u>303,780</u>
Debt Service		
Debt service principal	10,546	7,044
Debt service interest	366	133
Total Debt Service	<u>10,912</u>	<u>7,177</u>
Total Fire Department	<u>3,328,498</u>	<u>3,042,306</u>
Animal Control		
Salaries		
Salaries	28,449	27,445
Employer costs	13,867	13,432
Total Salaries	<u>42,316</u>	<u>40,877</u>
Supplies, Services and Other Costs		
Chemicals	56	-
Insurance	1,800	1,392
Operating supplies	140	414
Printing & binding	-	45
Professional fees	1,253	11,494
Telephone and communications	465	423
Transportation	2,696	2,176
Uniforms	400	100
Total Supplies, Services and Other Charges	<u>6,810</u>	<u>16,044</u>
Capital Outlay		
Machinery and equipment	997	-
Total Capital Outlay	<u>997</u>	<u>-</u>
Total Animal Control	<u>50,123</u>	<u>56,921</u>
Total Public Safety	<u>7,283,606</u>	<u>6,399,130</u>

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Culture and Recreation		
Cemetery Department		
Supplies, Services and Other Charges		
Contract labor	26,237	22,871
Miscellaneous expenses	480	1,100
Professional Fees	-	350
Utilities	839	816
Total Supplies, Services and Other Charges	<u>27,556</u>	<u>25,137</u>
Capital Outlay		
Improvements other than buildings	-	704
Total Capital Outlay	<u>-</u>	<u>704</u>
Total Cemetery Department	<u>27,556</u>	<u>25,841</u>
Parks Department		
Salaries		
Salaries	198,459	87,933
Wages	148,894	174,867
Employer costs	105,980	102,080
Total Salaries	<u>453,333</u>	<u>364,880</u>
Supplies, Services and Other Charges		
Advertising	1,275	741
Beautification	9,220	5,655
Brandon Day expenses	10,913	36,376
Chemicals	9,050	8,301
Cleaning and janitorial	10,096	8,807
Contract labor	51,787	11,975
Dues and subscriptions	160	500
Insurance	33,222	16,820
Miscellaneous expenses	311	25,527
Office supplies	1,630	2,120
Operational supplies	65,008	15,475
Printing and binding	410	-
Professional fees	103,961	45,797
Rental	18,224	16,518
Repairs - equipment	7,664	4,188
Repairs - other	34,317	52,381
Repairs - vehicles	2,030	2,134
Telephone and communications	14,945	9,485
Tournament fees	1,115	-
Training	440	-
Transportation	10,061	12,650
Uniforms	31,812	1,230
Utilities	98,334	80,266
Total Supplies, Services and Other Charges	<u>515,985</u>	<u>356,946</u>

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Capital Outlay		
Buildings and land	1,122,099	105,679
Improvements other than buildings	-	11,000
Furniture and fixtures	75	-
Machinery and equipment	49,523	43,667
Total Capital Outlay	<u>1,171,697</u>	<u>160,346</u>
Total Parks Department	<u>2,141,015</u>	<u>882,172</u>
Splash Park Department		
Salaries		
Wages	15,449	-
Employer costs	1,182	-
Total Salaries	<u>16,631</u>	<u>-</u>
Supplies, Services and Other Charges		
Chemicals	626	-
Cleaning and janitorial	57	-
Office supplies	11	-
Operational supplies	327	-
Printing and binding	323	-
Repairs - other	1,636	-
Uniforms	403	-
Total Supplies, Services and Other Charges	<u>3,383</u>	<u>-</u>
Capital Outlay		
Improvements other than buildings	401	-
Machinery and equipment	6,308	-
Total Capital Outlay	<u>6,709</u>	<u>-</u>
Total Splash Park Department	<u>26,723</u>	<u>-</u>
Senior Citizens Department		
Salaries		
Wages	39,169	31,520
Employer costs	14,962	10,824
Total Salaries	<u>54,131</u>	<u>42,344</u>

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Supplies, Services and Other Charges		
Advertising	1,606	4,252
Cleaning and janitorial	1,329	2,128
Contract labor	31,550	25,315
Dues and subscriptions	669	626
Insurance	1,854	1,940
Miscellaneous expenses	0	5,199
Office supplies	107	239
Operational supplies	7,742	10,501
Printing and binding	-	82
Professional fees	390	115
Rental	3,999	4,770
Repairs - equipment	125	307
Repairs - vehicles	1,340	11
Telephone and communications	1,411	843
Transportation	539	239
Total Supplies, Services and Other Charges	<u>52,661</u>	<u>56,567</u>
Capital Outlay		
Machinery and equipment	-	1,485
Total Capital Outlay	<u>-</u>	<u>1,485</u>
Total Senior Citizens Department	<u>106,792</u>	<u>100,396</u>
Library		
Supplies, Services and Other Charges		
Cleaning and janitorial	3,530	2,910
Contract labor	683	483
Insurance	2,351	3,792
Operating supplies	637	589
Miscellaneous expenses	315	-
Professional fees	6,785	8,847
Repairs - equipment	57,756	12,990
Telephone and communications	4,842	2,773
Utilities	56,378	77,878
Total Supplies, Services and Other Charges	<u>133,277</u>	<u>110,262</u>
Capital Outlay		
Machinery and equipment	-	321
Total Capital Outlay	<u>-</u>	<u>321</u>
Total Library Department	<u>133,277</u>	<u>110,583</u>

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**MAY 27 2016**

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Conference Center		
Salaries		
Salaries	58,817	51,854
Employer costs	26,077	25,321
Total Salaries	<u>84,894</u>	<u>77,175</u>
Supplies, Services and Other Charges		
Advertising	1,664	4,558
Bond fees	350	175
Brandon Opry	8,160	7,273
Cleaning and janitorial	4,087	2,781
Contract labor	125	750
Communications	1,534	1,289
Dues and subscriptions	105	100
Insurance	1,876	3,030
Office supplies	453	278
Operating supplies	1,949	896
Miscellaneous expenses	572	1,094
Professional fees	792	6,761
Repairs and maintenance	215	150
Special Events	20,548	27,804
Veteran's Day	5,480	3,813
Total Supplies, Services and Other Charges	<u>47,910</u>	<u>60,752</u>
Capital Outlay		
Machinery and equipment	47,497	23,283
Total Capital Outlay	<u>47,497</u>	<u>23,283</u>
Debt Service		
Debt service principal	3,973	3,676
Debt service interest	447	744
Total Debt Service	<u>4,420</u>	<u>4,420</u>
Total Conference Center Department	<u>184,721</u>	<u>165,630</u>
Total Culture and Recreation	<u>2,620,084</u>	<u>1,284,622</u>
Economic Development		
Salaries		
Wages	58,930	57,363
Employer costs	18,857	18,759
Total Salaries	<u>77,787</u>	<u>76,122</u>

**CITY OF BRANDON  
GENERAL FUND  
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Supplies, Services and Other Charges		
Advertising	5,495	4,900
Dues & subscriptions	1,755	1,390
Insurance	1,088	1,540
Office Supplies	48	177
Postage	500	109
Printing & binding	-	17
Professional fees	45,644	13,836
Specialized department supplies	164	65
Training	5	380
Total Supplies, Services and Other Charges	<u>54,699</u>	<u>22,414</u>
Capital Outlay		
Machinery and equipment	-	1,605
Total Capital Outlay	<u>-</u>	<u>1,605</u>
Total Economic Development	<u>132,486</u>	<u>100,141</u>
Total Expenditures	<u>15,110,212</u>	<u>11,065,120</u>
Excess of Revenues over Expenditures	<u>(415,848)</u>	<u>2,603,755</u>
Other Financing Sources (Uses)		
Issuance of debt	749,409	159,780
Operating transfers out	405,117	-
Sales of general fixed assets	26,368	40,265
Total Other Financing Sources (Uses)	<u>1,180,894</u>	<u>200,045</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	765,046	2,803,800
Fund Balance, beginning	<u>4,439,293</u>	<u>1,635,493</u>
Fund Balance, ending	<u>\$ 5,204,339</u>	<u>\$ 4,439,293</u>

**CITY OF BRANDON  
DEBT SERVICE FUND  
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Revenues		
Taxes	\$ 1,867,831	\$ 1,821,200
Other income	<u>1,072</u>	<u>9,719</u>
Total Revenues	<u>1,868,903</u>	<u>1,830,919</u>
Debt Service		
Debt service principal	3,815,000	1,540,000
Interest and fiscal charges	<u>757,397</u>	<u>511,737</u>
Total Debt Service	<u>4,572,397</u>	<u>2,051,737</u>
Total Expenditures, Capital Outlay and Debt Service	<u>4,572,397</u>	<u>2,051,737</u>
Excess of revenues over (under) expenditures	<u>(2,703,494)</u>	<u>(220,818)</u>
Other Financing Sources and Uses		
Refunding bonds	2,355,000	-
Premiums on bonds issued	94,451	-
Transfers In	<u>175,120</u>	<u>154,948</u>
Total other financing sources and (uses)	<u>2,624,571</u>	<u>154,948</u>
Net change in fund balances	(78,923)	(65,870)
Fund Balance, beginning	<u>351,421</u>	<u>417,291</u>
Fund Balance, ending	<u>\$ 272,498</u>	<u>\$ 351,421</u>

**CITY OF BRANDON  
DRUG SEIZURE FUND  
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Revenues		
Forfeitures - cash	\$ 3,900	\$ 8,765
Other income	1,384	193
Total Revenues	<u>5,284</u>	<u>8,958</u>
Expenditures		
Automobile expense	1,422	-
Buy money	300	-
Exhibitions and promotions	1,282	-
Paid to other agencies	-	197
Operating supplies	4,687	2,720
Repairs and maintenance	1,039	-
Miscellaneous	-	12,857
Total Expenditures	<u>8,730</u>	<u>15,774</u>
Capital Outlay		
Machinery and equipment	<u>69,489</u>	<u>49,483</u>
Total Capital Outlay	<u>69,489</u>	<u>49,483</u>
Total Expenditures	<u>78,219</u>	<u>65,257</u>
Excess of revenues over (under) expenditures	(72,935)	(56,299)
Other Financing Uses		
Proceeds from sale of assets	<u>-</u>	<u>1,500</u>
Excess of revenues over (under) expenditures and other financing uses	(72,935)	(54,799)
Fund Balance, beginning	<u>99,829</u>	<u>154,628</u>
Fund Balance, ending	<u>\$ 26,894</u>	<u>\$ 99,829</u>

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**MAY 27 2016**

**CITY OF BRANDON  
YOUTH PROGRAMS FUND  
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Participant registration fees	\$ -	\$ 120,818
Tournament fees	-	19,040
Sponsorship fees	-	3,878
Park concession sales	-	45,327
Splash Pad admissions	-	33,088
Splash Pad party fees	-	21,419
Other income	<u>1,884</u>	<u>1,003</u>
<b>Total Revenues</b>	<u>1,884</u>	<u>244,573</u>
<b>Expenditures</b>		
<b>Personnel Costs</b>		
Park operations	-	3,072
Park concessions	-	-
Splash Park operations	<u>-</u>	<u>22,392</u>
<b>Total Personnel Costs</b>	<u>-</u>	<u>25,464</u>
<b>Supplies, Services and Other Charges</b>		
Advertising	-	299
Chemicals	-	1,069
Cleaning and janitorial	-	134
Concession supplies	-	3,554
Contract labor	-	61,855
Convention	-	-
Dues and subscriptions	-	-
Insurance	-	5,418
Miscellaneous expenses	-	9,180

**CITY OF BRANDON  
YOUTH PROGRAMS FUND  
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Operational supplies	-	21,552
Printing and binding	-	771
Professional fees	-	14,178
Program supplies & fees	-	6,275
Repairs - equipment	-	8,827
Uniforms	-	34,834
	<hr/>	<hr/>
Total Supplies, Services and Other Charges	-	167,946
Capital Outlay		
Improvements other than buildings	-	774
Machinery and equipment	-	8,585
	<hr/>	<hr/>
Total Capital Outlay	-	9,359
	<hr/>	<hr/>
Total Expenditures, Capital Outlay and Debt Service	-	202,769
	<hr/>	<hr/>
Excess of revenues over (under) expenditures	1,884	41,804
Other Financing Uses		
Transfers in / (out)	(580,237)	-
	<hr/>	<hr/>
Excess of revenues over (under) expenditures and other financing uses	(578,353)	41,804
Fund Balance, beginning	578,353	536,549
	<hr/>	<hr/>
Fund Balance, ending	\$ -	\$ 578,353
	<hr/> <hr/>	<hr/> <hr/>

**CITY OF BRANDON  
CAPITAL PROJECTS FUND  
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Revenues		
Interest income	\$ 19,129	\$ -
Total Revenues	<u>19,129</u>	<u>-</u>
Capital Outlay		
Morgan's Way Fire Station	501,567	-
Grant's Ferry Fire Station	502,066	-
Kennedy Farms Fire Station	506,846	-
Rankin Trails	245,740	-
Shiloh Park Improvements	395,139	-
City Park Improvement	637,961	-
Amphitheater	<u>18,987</u>	<u>-</u>
Total Capital Outlay	<u>2,808,306</u>	<u>-</u>
Debt Service		
Interest and fiscal charges	<u>440,655</u>	<u>-</u>
Total Debt Service	440,655	-
Total Expenditures, Capital Outlay and Debt Service	3,248,961	-
Excess of revenues over (under) expenditures	<u>(3,229,832)</u>	<u>-</u>
Other Financing Sources and Uses		
Proceeds from debt issuance	13,680,000	-
Premiums on bonds issued	<u>760,655</u>	<u>-</u>
Total other financing sources and (uses)	14,440,655	-
Net change in fund balances	<u>11,210,823</u>	<u>-</u>
Fund Balance, beginning	<u>-</u>	<u>-</u>
Fund Balance, ending	<u>\$ 11,210,823</u>	<u>\$ -</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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Water sales	\$ 1,543,636	\$ 1,508,618
Flat rate	720,139	701,336
Late charges and reconnect fees	95,645	154,734
Sewer charges	1,105,350	1,156,360
Service connect charges	168,525	171,784
Sewer charges - West Rankin	2,590,039	2,575,683
Miscellaneous revenue	<u>21,255</u>	<u>10,528</u>
Total Operating Revenues	<u>6,244,589</u>	<u>6,279,043</u>
Operating Expenses		
Salaries		
Salaries	250,126	121,467
Wages	417,994	448,075
Employer costs	<u>446,359</u>	<u>255,334</u>
Total Salaries	<u>1,114,479</u>	<u>824,876</u>
Supplies, Service and Other Charges		
Advertising	6,443	2,043
Bad Debt	118,193	61,696
Chemicals	39,500	31,824
Contract labor	112,701	138,633
Dues & subscriptions	1,760	1,594
Insurance	78,741	75,553
Land leases	2,000	-
Miscellaneous	780	663
Office supplies	56,348	40,720
Operating supplies	115,472	83,936
Printing & binding	9,390	6,848
Professional services	228,341	45,967
Rentals	2,784	816
Repairs - equipment	237,436	166,778
Repairs - other	243,158	203,111
Repairs - vehicles	17,035	8,500
Sub-interceptor usage expense	2,302,440	2,212,238
Telephone and communications	40,485	47,150
Training	2,278	1,838
Transportation	83,065	83,847
Uniforms	13,090	3,996
Utilities	<u>302,499</u>	<u>317,481</u>
Total Supplies, Services and Other Charges	<u>4,013,939</u>	<u>3,535,232</u>
Total Operating Expenses	<u>5,128,418</u>	<u>4,360,108</u>
Operating Income Before Depreciation	1,116,171	1,918,935
Depreciation expense	<u>1,192,588</u>	<u>1,114,721</u>
Operating Income	<u>(76,417)</u>	<u>804,214</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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Non-operating Revenues (Expenses)		
Capital grant	18,329	461,241
Interest earnings	5,815	5,229
Interest and fiscal charges - loans	<u>(137,602)</u>	<u>(148,556)</u>
Total Non-operating Revenues (Expenses)	<u>(113,458)</u>	<u>317,914</u>
Net Income Before Operating Transfers	(189,875)	1,122,128
Operating transfers in (out)	<u>53,042</u>	<u>45,000</u>
Change in Net Position	(136,833)	1,167,128
Net Position, beginning	15,582,714	14,353,075
Prior period adjustment	<u>(1,523,919)</u>	<u>62,511</u>
Net Position, ending	<u>\$ 13,921,962</u>	<u>\$ 15,582,714</u>

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**CITY OF BRANDON  
SANITATION FUND  
COMPARISON SCHEDULES OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
For the Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Operating Revenue		
Sanitation fees	\$ 976,658	\$ 961,788
Total Operating Revenue	<u>976,658</u>	<u>961,788</u>
Operating Expenses		
Personnel Costs		
Wages	99,746	45,766
Employer costs	<u>67,909</u>	<u>24,085</u>
Total Personnel Costs	<u>167,655</u>	<u>69,851</u>
Supplies, Service and Other Charges		
Advertising	152	425
Communications	102	116
Contract labor	80	45
Insurance	13,406	13,853
Miscellaneous	27	0
Operating supplies	2,397	2,669
Prisoner meals	19,266	12,334
Professional services	163	175
Repairs - equipment	622	9
Repairs - other	13,267	22,100
Repairs - vehicles	1,602	968
Sanitation contract	987,843	935,265
Training	75	800
Transportation	4,878	5,683
Uniforms	<u>1,170</u>	<u>188</u>
Total Supplies, Services and Other Charges	<u>1,045,050</u>	<u>994,630</u>
Total Operating Expenses	<u>1,212,705</u>	<u>1,064,481</u>
Operating Loss Before Depreciation	(236,047)	(102,693)
Depreciation expense	<u>5,247</u>	<u>3,231</u>
Operating Gain (Loss)	<u>(241,294)</u>	<u>(105,924)</u>
Non-operating Revenues (Expenses)		
Gain (loss) on sale of equipment		
Interest income	903	865
Interest expense	<u>(273)</u>	<u>(214)</u>
Total Non-operating Revenues (Expenses)	<u>630</u>	<u>651</u>
Net loss before operating transfers	(240,664)	(105,273)
Operating transfers in / (out)	<u>(53,042)</u>	<u>(45,000)</u>
Change in Net Position	(293,706)	(150,273)
Net Position, beginning	<u>1,176,607</u>	<u>1,326,880</u>
Prior period adjustment	<u>(166,034)</u>	<u>-</u>
Net Position, ending	<u>\$ 716,867</u>	<u>\$ 1,176,607</u>

# Barlow, Walker & Company, P.A.

## Certified Public Accountants

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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, 2015, 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 April 26, 2016.

#### **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.



### **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.

*Benton, Walker & Company, P.A.*  
Brandon, Mississippi  
April 26, 2016

# Barlow, Walker & Company, P.A.

## *Certified Public Accountants*

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

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Rose L. Williamson, CPA  
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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, 2015, and have issued our report dated April 26, 2016. 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  
April 26, 2016



The CPA Never Underestimate The Value.

