

CITY OF BRANDON, MISSISSIPPI
REPORT ON AUDIT
OF
BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

BARLOW & COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
BRANDON, MISSISSIPPI

CITY OF BRANDON
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For the year ended September 30, 2018

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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, 2018, 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, 2018, 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.



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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City's Contributions on pages 3–12 and 44-50 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 Schedule of Surety Bonds for Municipal Officials and other comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2019, 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 solely 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 the effectiveness of the City of Brandon, Mississippi's 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.



Brandon, Mississippi
May 29, 2019

**CITY OF BRANDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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, 2018. 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 2018 were as follows:

Total net position for 2018 increased \$5,752,666 or 19% from 2017. Total net position for 2017 increased \$1,144,006 or 4% from fiscal year 2016. The increase in 2018 resulted primarily from the increase in governmental activities capital assets.

General revenues accounted for \$17,152,510 and \$15,749,343 in revenue, or 48.7% and 61.6% of all revenues for fiscal years 2018 and 2017 respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,035,639 or 51.3% for 2018 and \$9,824,677 or 38.4% of total revenues for 2017.

In the business-type activity of sanitation, sanitation expenses were \$1,285,362 while charges for sanitation services were \$1,337,683. Water and sewer charges for services were \$8,827,037, capital grants and contributions were \$15,000 with expenses of \$6,694,532. Investment income was \$61,621 for 2018.

Long-term debt increased by \$10,349,067 for fiscal year 2018 and decreased by \$2,295,107 for fiscal year 2017. The increase in 2018 was due to issuance of new bonds and capital leases with the decrease in 2017 due to no issuance of new bonds. Additionally, the liability for compensated absences decreased by \$23,084 in 2018 and increased by \$22,114 in 2017. The net pension liability was \$17,510,858 and \$17,059,260 for 2018 and 2017 respectively.

Overall, the book value of capital assets increased \$14,153,876 in 2018 and increased by \$16,132,907 for 2017. The changes were due to new construction in progress and completion of buildings and improvements in 2018 and 2017.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements,

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position. The City's combined net position, on the accrual basis of accounting and economic resources measurement focus, increased from \$29,666,043 to \$35,418,709 between fiscal years 2017 and 2018. This increase is the result of the change in net position from operations of \$5,927,553 and a prior period adjustment of -\$174,887.

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

[illegible]

Table 2 shows the Changes in Net Position for the September 30, 2018 year end.

A comparative analysis of government-wide data is as follows:

Table 2 Changes in Net Position 2018							
	Governmental Activities		Business-type Activities		Total		Percent
	2018	2017	2018	2017	2018	2017	Change
Revenues:							
Program revenues:							
Charges for services	\$ 6,024,761	1,421,112	10,164,720	7,348,461	16,189,481	8,769,573	84.61%
Operating grants	90,784	77,780			90,784	77,780	16.72%
Capital grants	1,740,374	669,164	15,000	308,160	1,755,374	977,324	79.61%
General revenues:							
Sales and use taxes	7,395,615	7,158,740			7,395,615	7,158,740	3.31%
Property taxes	7,244,489	6,475,766			7,244,489	6,475,766	11.87%
Other	2,450,785	2,109,960	61,621	4,877	2,512,406	2,114,837	18.80%
Total Revenues	24,946,808	17,912,522	10,241,341	7,661,498	35,188,149	25,574,020	37.59%
Program Expenses:							
General government	1,854,300	1,974,129			1,854,300	1,974,129	-6.07%
Public safety	7,554,734	7,935,801			7,554,734	7,935,801	-4.80%
Public services	2,887,267	3,118,625			2,887,267	3,118,625	-7.42%
Culture and recreation	7,216,569	2,095,102			7,216,569	2,095,102	244.45%
Economic development	123,498	133,243			123,498	133,243	-7.31%
Water and sewer			6,694,532	6,537,525	6,694,532	6,537,525	2.40%
Sanitation			1,285,362	1,249,134	1,285,362	1,249,134	2.90%
Interest and fiscal charges	1,644,334	1,386,455			1,644,334	1,386,455	18.60%
Total Expenses	21,280,702	16,643,355	7,979,894	7,786,659	29,260,596	24,430,014	19.77%
Change in Net Position	\$ 3,666,106	1,269,167	2,261,447	-125,161	5,927,553	1,144,006	418.14%
Net Position, beginning	14,839,034	13,569,867	14,827,009	14,952,170	29,666,043	28,522,037	4.01%
Prior Period Adjustment			(174,887)		-174,887		-100.00%
Net Position, ending	\$ 18,505,140	14,839,034	16,913,569	14,827,009	35,418,709	29,666,043	19.39%

Governmental Activities. Revenues for the City's governmental activities for the year ended September 30, 2018 were \$24,946,808 compared to \$17,912,522 in 2017. Program revenues increased 262% primarily as a result of an increase in charges for services. 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 2018 was \$21,280,702 and for 2017 was \$16,643,355, an increase of \$4,637,347 for 2018 and a decrease of \$581,143 for 2017. Of this amount, general government expenses decreased \$119,829 in 2018 and increased \$51,771 in 2017; public safety expenses decreased \$381,067 for 2018 and decreased \$707,356 for 2017; public services expenses decreased \$231,358 in 2018 and increased \$322,137 in 2017; culture and recreation expenses increased \$5,121,467 in 2018 and increased \$193,853 in 2017; economic development expenses were \$123,498 in 2018 compared to \$133,243 in 2017; and interest on long-term debt expenses increased \$257,879 in 2018 and decreased \$243,761 in 2017.

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%). Charges for services for the City's business-type activities were \$10,164,720 for 2018 and \$7,348,461 for 2017, an increase of \$2,816,259 in 2018 and a decrease of \$169,922 for 2017.

The costs of these business-type activities were \$7,979,894 and \$7,786,659 for 2018 and 2017 respectively, an increase of \$193,235 in 2018 due to an increase in water and sewer costs; and an increase of \$73,621 in 2017 due to increases in water and sewer 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 \$7,425,858, a decrease of \$5,463,342. The fund balance consists of \$5,305,173 or 71% which is restricted for specific purposes which are externally imposed, \$48,148 or 1% is committed for specific purposes internally imposed by the City; \$33,525 or .5% is assigned for specific purposes that can be expressed by the Board of Alderman or by an official to which the Board delegates. At the end of the year, the amount of fund balance unassigned, which is available for spending for any purpose, is \$2,039,012 or 27.5%.

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, 2018, the City's total capital assets were \$140,865,497 including land, city buildings, infrastructure, vehicles and furniture and equipment. This amount represents an increase of \$18,061,684 for 2017 to 2018 and an increase of \$18,865,027 for 2016 to 2017. The accumulated depreciation as of September 30, 2018 was \$48,709,754 and total depreciation expense for the year was \$3,921,873.

Table 3 Capital Assets at September 30, 2018 (Net of Depreciation)								
	Governmental Activities		Business-type Activities		Total		Percent	
	2018	2017	2018	2017	2018	2017	Change	
Land	\$ 3,073,607	3,073,607	130,377	130,377	3,203,984	3,203,984	0.00%	
Construction in Progress	4,461,924	18,174,779	1,956,687	1,119,146	6,418,611	19,293,925	-66.73%	
Buildings	35,943,112	16,172,882	622,675	641,739	36,565,787	16,814,621	117.46%	
Improvements other than bldg.	26,325,549	20,439,023	15,555,661	15,546,369	41,881,210	35,985,392	16.38%	
Machinery, equipment, vehicles	3,592,218	2,372,683	493,933	331,262	4,086,151	2,703,945	51.12%	
Total	\$ 73,396,410	60,232,974	18,759,333	17,768,893	92,155,743	78,001,867	18.15%	

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, 2018, the City had \$57,591,155 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, 2018								
	Governmental Activities		Business-type Activities		Total		Percent	
	2018	2017	2018	2017	2018	2017	Change	
General obligation bonds	\$ 24,160,000	25,160,000			24,160,000	25,160,000	-6.32%	
Special obligation bonds	19,765,000	13,765,000			19,765,000	13,765,000	42.50%	
Revenue bonds			2,000,000		2,000,000	0	100.00%	
Other long-term liabilities	1,400,000	1,900,000			1,400,000	1,900,000	-26.32%	
Capital loans	107,459	13,484,984	4,900		5,592,443	5,100	9.34%	
Compensated absences	341,409	60,698	60,698		402,107	425,000	-5.43%	
Capital leases	154,453	4,117,152	3,500		4,271,605	142,000	2902.32%	
Total	\$ 45,928,321	42,162,834	11,662,834	5,000	57,591,155	47,162,834	21.91%	

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 City continues to replace all water meters as a part of the new capital lease in fiscal year 2018.

The City's \$2,000,000 water and sewer system revenue bonds for the downtown renovation of construing, enlarging, improving and repairing and or extending the combined waterworks and sewage system. improvements will begin before September 30, 2019.

The City's new comprehensive water and sewer plan includes two new water wells that will be in the procurement process before September 30, 2019.

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.

CITY OF BRANDON
STATEMENT OF NET POSITION
September 30, 2018

	Primary Government		
	Governmental	Business-Type	Totals
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 1,008,897	\$ 4,587,617	\$ 5,596,514
Receivables:			
Accounts receivable, net of allowance for uncollectible accounts	-	1,321,302	1,321,302
Ad valorem	230,734	-	230,734
Current sales tax	1,173,930	-	1,173,930
Franchise tax	218,198	-	218,198
Other receivables	48,935	-	48,935
Inventory	-	192,786	192,786
Internal balances	87,335	(87,335)	-
Restricted cash and cash equivalents	5,632,818	7,109,108	12,741,926
Capital assets, net	73,396,410	18,759,333	92,155,743
Total assets	<u>81,797,257</u>	<u>31,882,811</u>	<u>113,680,068</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to bond refunding	127,091	-	127,091
Deferred outflows related to pensions	1,997,837	284,886	2,282,723
Total deferred inflows of resources	<u>2,124,928</u>	<u>284,886</u>	<u>2,409,814</u>

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF NET POSITION
September 30, 2018

	Primary Government		
	Governmental	Business-Type	Totals
	Activities	Activities	
LIABILITIES			
Accounts payable	541,123	533,941	1,075,064
Accrued payroll liabilities	198,780	24,217	222,997
Deposits payable	-	784,486	784,486
Liabilities payable from restricted assets:			
Accounts payable	710	-	710
Accrued interest payable	369,311	-	369,311
Long-term liabilities, due within one year:			
Capital improvement loan	26,127	860,427	886,554
Obligation under capital lease	76,413	1,338,707	1,415,120
Bonds payable	2,025,000	105,000	2,130,000
Other long-term liabilities	500,000	-	500,000
Due in more than one year:			
Capital improvement loan	81,332	4,624,557	4,705,889
Obligation under capital lease	78,040	2,778,445	2,856,485
Bonds payable	44,319,126	1,895,000	46,214,126
Other long-term liabilities	900,000	-	900,000
Compensated absences	341,409	60,698	402,107
Net pension liability	15,315,232	2,195,626	17,510,858
Total liabilities	<u>64,772,603</u>	<u>15,201,104</u>	<u>79,973,707</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	378,556	53,024	431,580
Developer construction advances	31,509	-	31,509
Deferred inflows - unearned revenues	234,377	-	234,377
Total deferred inflows of resources	<u>644,442</u>	<u>53,024</u>	<u>697,466</u>
NET POSITION			
Net investment in capital assets	26,790,372	10,390,904	37,181,276
Restricted			
Debt service	1,082,460	-	1,082,460
Capital activities	1,453,270	6,324,622	7,777,892
Other	3,065,579	-	3,065,579
Unrestricted	<u>(13,886,541)</u>	<u>198,043</u>	<u>(13,688,498)</u>
Total net position	<u>\$ 18,505,140</u>	<u>\$ 16,913,569</u>	<u>\$ 35,418,709</u>

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF ACTIVITIES
For the year ended September 30, 2018

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental activities							
General government	\$ 1,854,300	\$ 58,144	\$ -	\$ -	\$ (1,796,156)	\$ -	\$ (1,796,156)
Public safety	7,554,734	407,085	85,992	1,433,162	(5,628,495)	-	(5,628,495)
Public services	2,887,267	147,337	-	307,212	(2,432,718)	-	(2,432,718)
Culture and recreation	7,216,569	5,412,195	4,792	-	(1,799,582)	-	(1,799,582)
Economic development	123,498	-	-	-	(123,498)	-	(123,498)
Debt service - interest and fiscal charges	1,644,334	-	-	-	(1,644,334)	-	(1,644,334)
Total governmental activities	<u>21,280,702</u>	<u>6,024,761</u>	<u>90,784</u>	<u>1,740,374</u>	<u>(13,424,783)</u>	<u>-</u>	<u>(13,424,783)</u>
Business-type activities							
Water and sewer	6,694,532	8,827,037	-	15,000	-	2,147,505	2,147,505
Sanitation	1,285,362	1,337,683	-	-	-	52,321	52,321
Total business-type activities	<u>7,979,894</u>	<u>10,164,720</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>2,199,826</u>	<u>2,199,826</u>
Total primary government	<u>\$ 29,260,596</u>	<u>\$ 16,189,481</u>	<u>\$ 90,784</u>	<u>\$ 1,755,374</u>	<u>(13,424,783)</u>	<u>2,199,826</u>	<u>(11,224,957)</u>
General revenues							
Taxes							
Sales and use taxes					7,395,615	-	7,395,615
Property taxes					7,244,489	-	7,244,489
Franchise fees					920,507	-	920,507
Other taxes and shared revenue					1,115,640	-	1,115,640
Investment income					107,857	61,621	169,478
Gain (loss) on sale of assets					15,205	-	15,205
Other					291,576	-	291,576
Total general revenues and transfers					<u>17,090,889</u>	<u>61,621</u>	<u>17,152,510</u>
Change in net position					3,666,106	2,261,447	5,927,553
Net Position, September 30, 2017					14,839,034	14,827,009	29,666,043
Prior period adjustment					-	(174,887)	(174,887)
Net Position, September 30, 2018					<u>\$ 18,505,140</u>	<u>\$ 16,913,569</u>	<u>\$ 35,418,709</u>

See accompanying notes to financial statements.

**CITY OF BRANDON
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018**

	General Fund	Capital Projects Fund	Debt Service Fund	Amphitheater Fund	Drug Seizure Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,054,547	\$ 1,453,270	\$ 1,244,506	\$ 971,209	\$ 17,547	\$ 4,741,079
Receivables						
Ad valorem and road taxes	149,850	-	80,884	-	-	230,734
Current sales tax	1,173,930	-	-	-	-	1,173,930
Franchise tax	218,198	-	-	-	-	218,198
Other receivables	3,737	-	-	45,198	-	48,935
Restricted cash	1,900,637	-	-	-	-	1,900,637
Internal Balances - due from other funds	247,565	-	-	-	-	247,565
Total Assets	<u>4,748,464</u>	<u>1,453,270</u>	<u>1,325,390</u>	<u>1,016,407</u>	<u>17,547</u>	<u>8,561,078</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	530,085	-	710	11,038	-	541,833
Accrued wages payable	197,057	-	-	1,722	-	198,779
Internal Balances - due to other funds	-	-	-	160,231	-	160,231
Total Liabilities	<u>727,142</u>	<u>-</u>	<u>710</u>	<u>172,991</u>	<u>-</u>	<u>900,843</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - unearned revenues	-	-	-	234,377	-	234,377
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,377</u>	<u>-</u>	<u>234,377</u>
Fund Balance						
Restricted	1,900,637	1,453,270	1,324,680	609,039	17,547	5,305,173
Committed	48,148	-	-	-	-	48,148
Assigned	33,525	-	-	-	-	33,525
Unassigned	2,039,012	-	-	-	-	2,039,012
Total Fund Balances	<u>4,021,322</u>	<u>1,453,270</u>	<u>1,324,680</u>	<u>609,039</u>	<u>17,547</u>	<u>7,425,858</u>
Total Liabilities and Fund Balances	<u>\$ 4,748,464</u>	<u>\$ 1,453,270</u>	<u>\$ 1,325,390</u>	<u>\$ 1,016,407</u>	<u>\$ 17,547</u>	<u>\$ 8,561,078</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, 2018

Total fund balances - governmental funds		\$	7,425,858
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:			
Governmental capital assets	98,651,100		
Less accumulated depreciation	<u>(25,254,690)</u>		73,396,410
Certain items are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.			
Deferred outflows and inflows related to pensions			1,619,281
Deferred outflows related to bond refunding			127,091
Certain items are not due and payable in the current period and, therefore, are either deferred or not reported in the governmental funds.			
Interest payable			(369,311)
Deferred inflows for developer construction advances			(31,509)
Long-term liabilities (including currents portion due) are not due and payable in the current period and accordingly are not reported in the governmental funds.			
			<u>(63,662,680)</u>
Net position of governmental activities		\$	<u><u>18,505,140</u></u>

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended September 30, 2018

	General Fund	Capital Projects Fund	Debt Service Fund	Amphitheater Fund	Drug Seizure Fund	Total Governmental Funds
Revenues						
Property tax	\$ 4,514,840	\$ -	\$ 2,944,601	\$ -	\$ -	\$ 7,459,441
Sales tax	5,980,493	-	-	-	-	5,980,493
Sales tax - restaurants & hotels	1,178,766	-	-	-	-	1,178,766
Franchise tax	920,507	-	-	-	-	920,507
Licenses and permits	177,461	-	-	-	-	177,461
State shared revenues	1,969,019	-	-	-	-	1,969,019
County shared revenues	962,865	-	-	-	-	962,865
Charges for services	486,718	-	-	5,032,520	-	5,519,238
Fines and forfeitures	367,885	-	-	-	39,200	407,085
Other revenues	290,323	25,124	15,249	14,172	7,460	352,328
Total Revenues	16,848,877	25,124	2,959,850	5,046,692	46,660	24,927,203
Expenditures						
Current (operating)						
General government	1,664,456	-	-	-	-	1,664,456
Public safety	6,650,550	-	-	-	23,658	6,674,208
Public services	2,504,349	-	-	-	-	2,504,349
Culture and recreation	1,490,553	-	-	4,411,662	-	5,902,215
Economic Development	120,927	-	-	-	-	120,927
Capital outlay	4,386,509	11,127,837	-	61,004	43,267	15,618,617
Debt service						
Principal	647,696	-	1,735,000	-	-	2,382,696
Interest and fiscal charges	35,198	255,000	1,471,922	-	-	1,762,120
Total Expenditures	17,500,238	11,382,837	3,206,922	4,472,666	66,925	36,629,588
Excess of revenues over (under) expenditures	(651,361)	(11,357,713)	(247,072)	574,026	(20,265)	(11,702,385)
Other financing sources and uses, including transfers						
Proceeds from debt issuance	140,472	6,000,000	-	-	-	6,140,472
Premium on bonds issued	-	78,965	-	-	-	78,965
Proceeds from sale of assets	19,606	-	-	-	-	19,606
Transfers in (out)	(881,932)	250,000	631,932	-	-	-
Total other financing sources and (uses)	(721,854)	6,328,965	631,932	-	-	6,239,043
Net change in fund balances	(1,373,215)	(5,028,748)	384,860	574,026	(20,265)	(5,463,342)
Fund Balances, September 30, 2017	5,394,537	6,482,018	939,820	35,013	37,812	12,889,200
Fund Balances, September 30, 2018	\$ 4,021,322	\$ 1,453,270	\$ 1,324,680	\$ 609,039	\$ 17,547	\$ 7,425,858

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, 2018

Net change in fund balances - governmental funds \$ (5,463,342)

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

Governmental funds report capital outlays as expenditures.

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

Capital outlay	15,727,443	
Depreciation expense	<u>(2,562,444)</u>	13,164,999

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

84,000

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

Change in compensated absences		23,084
Pension expense for the current period		(428,501)
Interest expense		117,786
Other revenues (expenses)		(20,673)

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

Debt issuance proceeds	(6,219,437)	
Retirement of debt	<u>2,408,190</u>	<u>(3,811,247)</u>

Change in net position - governmental funds \$ 3,666,106

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018

	Business-Type Activities Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,420,291	\$ 167,326	\$ 4,587,617
Receivables			
Accounts receivable, net of allowance for uncollectible accounts	1,160,151	161,151	1,321,302
Inventory	192,786	-	192,786
Total current assets	5,773,228	328,477	6,101,705
Noncurrent assets			
Restricted cash	7,109,108	-	7,109,108
Capital assets, net	18,724,166	35,167	18,759,333
Total noncurrent assets	25,833,274	35,167	25,868,441
Total assets	31,606,502	363,644	31,970,146
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pensions	244,180	40,706	284,886
Total deferred outflows of resources	244,180	40,706	284,886
LIABILITIES			
Current liabilities			
Accounts payable	533,345	596	533,941
Accrued payroll liabilities	22,359	1,858	24,217
Internal Balances - due to other funds	87,335	-	87,335
Meter deposits payable	784,486	-	784,486
Current portion of capital improvement loan	860,427	-	860,427
Current portion of capital lease payable	1,338,707	-	1,338,707
Current portion of revenue bonds	105,000	-	105,000
Total current liabilities	3,731,659	2,454	3,734,113
Noncurrent liabilities			
Compensated absences	58,553	2,145	60,698
Net pension liability	1,927,924	267,702	2,195,626
Capital improvement loan	4,624,557	-	4,624,557
Revenue bonds	1,895,000	-	1,895,000
Obligation under capital lease	2,778,445	-	2,778,445
Total noncurrent liabilities	11,284,479	269,847	11,554,326
Total liabilities	15,016,138	272,301	15,288,439
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	48,962	4,062	53,024
Total deferred inflows of resources	48,962	4,062	53,024
NET POSITION			
Net investment in capital assets	10,355,737	35,167	10,390,904
Restricted	6,324,622	-	6,324,622
Unrestricted	105,223	92,820	198,043
Total net position	\$ 16,785,582	\$ 127,987	\$ 16,913,569

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended September 30, 2018

	Business-Type Activities Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
Operating Revenues			
Charges for services	\$ 8,827,037	\$ 1,337,683	\$ 10,164,720
Total operating revenues	8,827,037	1,337,683	10,164,720
Operating Expenses			
Personnel services	1,289,985	109,716	1,399,701
Supplies, services and other charges	3,915,382	1,163,486	5,078,868
Depreciation and amortization	1,347,914	12,145	1,360,059
Total operating expenses	6,553,281	1,285,347	7,838,628
Operating income (loss)	2,273,756	52,336	2,326,092
Nonoperating revenues (expenses)			
Capital grant	15,000	-	15,000
Interest income	61,018	603	61,621
Interest expense and bond fees	(141,251)	(15)	(141,266)
Total nonoperating revenues (expenses)	(65,233)	588	(64,645)
Change in net position	2,208,523	52,924	2,261,447
Net Position, September 30, 2017	14,751,946	75,063	14,827,009
Prior period adjustment	(174,887)	-	(174,887)
Net Position, September 30, 2018	\$ 16,785,582	\$ 127,987	\$ 16,913,569

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2018

	Business-Type Activities Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 8,625,819	\$ 1,319,343	\$ 9,945,162
Cash payments for goods and services	(3,823,778)	(1,167,478)	(4,991,256)
Cash payments for personnel services	(1,227,361)	(104,193)	(1,331,554)
Net cash provided by operating activities	<u>3,574,680</u>	<u>47,672</u>	<u>3,622,352</u>
Cash flows from non-capital financing activities			
Receipts from other funds on internal balances	<u>240,804</u>	<u>-</u>	<u>240,804</u>
Net cash provided (used) by non-capital financing activities	<u>240,804</u>	<u>-</u>	<u>240,804</u>
Cash flows from capital and related financing activities			
Proceeds received upon issuance of debt	2,000,000	-	2,000,000
Proceeds from capital loan and leases	5,306,879	-	5,306,879
Principal paid on notes payable and capital leases	(686,549)	(3,546)	(690,095)
Interest paid on notes and capital leases	(141,251)	(15)	(141,266)
Acquisition and construction of capital assets	(2,349,870)	-	(2,349,870)
Proceeds from capital grants	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net cash used for capital and related financing activities	<u>4,144,209</u>	<u>(3,561)</u>	<u>4,140,648</u>
Cash flows from investing activities			
Interest on investments	<u>61,018</u>	<u>603</u>	<u>61,621</u>
Net cash provided (used) by investing activities	<u>61,018</u>	<u>603</u>	<u>61,621</u>
Net increase (decrease) in cash and cash equivalents	8,020,711	44,714	8,065,425
Cash and cash equivalents, October 1, 2017	<u>3,508,688</u>	<u>122,612</u>	<u>3,631,300</u>
Cash and cash equivalents, September 30, 2018	<u>\$ 11,529,399</u>	<u>\$ 167,326</u>	<u>\$ 11,696,725</u>
Cash and cash equivalents consists of the following statement of net position amounts			
Cash and cash equivalents	\$ 4,420,291	\$ 167,326	\$ 4,587,617
Restricted cash	<u>7,109,108</u>	<u>-</u>	<u>7,109,108</u>
Total cash and cash equivalents	<u>\$ 11,529,399</u>	<u>\$ 167,326</u>	<u>\$ 11,696,725</u>

See accompanying notes to financial statements.

CITY OF BRANDON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2018

	Business-Type Activities Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 2,273,756	\$ 52,336	\$ 2,326,092
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	1,347,914	12,145	1,360,059
Changes in assets and liabilities			
(Increase) decrease in accounts receivable, net	(210,432)	(18,340)	(228,772)
(Increase) deferred outflow of resources	(2,050)	(186)	(2,236)
Increase (decrease) in accounts payable	91,604	(3,992)	87,612
Increase (decrease) in customer meter deposits	9,214	-	9,214
Increase (decrease) in payroll liabilities	2,891	93	2,984
Increase (decrease) in pension liability	54,643	4,967	59,610
Increase (decrease) in deferred inflows of resources	7,140	649	7,789
Net cash provided (used) by operating activities	\$ <u>3,574,680</u>	\$ <u>47,672</u>	\$ <u>3,622,352</u>

See accompanying notes to financial statements.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

(1) Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Financial Statement Presentation

The basic financial statements are prepared in conformity with GAAP, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Management's Discussion and Analysis provides an analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented that compares the original adopted and final amended General Fund budget with actual results.

Government-Wide and Fund Financial Statements

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

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

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. Direct expenses are those that are clearly identifiable with a specific activity or program. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given activity

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

or program, and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular activity or program. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Major Governmental Funds

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

The 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).

The Amphitheater Fund is a special revenue fund which is used to account for revenues generated from and expenditures related to the operation of the Amphitheater.

Non-Major Governmental Fund Types

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

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

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

Major Proprietary Fund

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

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

Fund Balance

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

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

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

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

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

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

Cash and Investments

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

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

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

Receivables and Payables

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

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

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

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, 2017, was 33 mills. Of that amount, 20 mills were for general fund and 13 mills for the debt service fund. The taxes were distributed to funds in accordance with prescribed tax levies. Remaining uncollected taxes were not accrued. An annual tax sale is held for uncollected taxes.

Inventory

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

Restricted Assets

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

Capital Assets

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

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

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

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

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.

Deferred Outflows and Inflows of Resources

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

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

Long-term Debt

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

Bond Discounts, Premiums and Issuance Costs

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

Pensions

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

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

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

Use of Estimates

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

Comparative Data

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

Reclassifications

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

(2) Budget and Budgetary Accounting

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

- 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.
- During September, the budget must be published in a newspaper published in the city (or the county if none is published by the city).
- 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.
- Prior to September 15, the budget is legally enacted through passage of an ordinance.
- 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.
- It is the City's policy for the Board to approve all budget transfers between departments and/or funds.
- 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.
- 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.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

(3) Deposits and Investments

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

Custodial Credit Risk

State statute requires that all deposits in financial institutions be collateralized in an amount at least equal to 105% of the amount not insured by the Federal Deposit Insurance Corporation (FDIC). The City participates in the State Treasurer's collateral pool. The City's deposits were fully insured or collateralized with securities held by this pool at September 30, 2018.

At September 30, 2018, the carrying amount of the City's deposits was \$18,338,441 and the bank balance was \$18,802,749.

(4) Receivables

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

Allowances for doubtful accounts are as follows:

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

(5) Interfund Advances and Transfers

1. Individual fund interfund receivable and payable balances at September 30, 2018 were:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 87,335
General Fund	Amphitheater Fund	<u>160,231</u>
Net Internal Balances		<u>\$ 247,566</u>

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

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

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

(6) Capital Assets

A summary of changes in Capital Assets at September 30, 2018 follows:

	Balance 09/30/17	Increases	Decrease	CIP Completed	Balance 09/30/18
Governmental Activities					
Non-depreciable					
Land	\$ 3,073,607	\$ -	\$ -	\$ -	3,073,607
Construction in progress	18,174,779	14,767,779	-	(28,480,634)	4,461,924
Total	<u>21,248,386</u>	<u>14,767,779</u>	<u>-</u>	<u>(28,480,634)</u>	<u>7,535,531</u>
Depreciable					
Buildings	19,933,923	-	-	20,513,195	40,447,118
Improvement other than bldg.	33,478,542	709,827	-	6,472,819	40,661,188
Machinery, equip. & vehicles	8,278,435	249,837	(15,629)	1,494,620	10,007,263
Total	<u>61,690,900</u>	<u>959,664</u>	<u>(15,629)</u>	<u>28,480,634</u>	<u>91,115,569</u>
Less accum. depreciation					
Buildings	3,761,041	742,965	-	-	4,504,006
Improvement other than bldg.	13,039,519	1,296,120	-	-	14,335,639
Machinery, equip. & vehicles	5,905,752	523,359	(14,066)	-	6,415,045
Total	<u>22,706,312</u>	<u>2,562,444</u>	<u>(14,066)</u>	<u>-</u>	<u>25,254,690</u>
Governmental Activities, net	<u>\$ 60,232,974</u>	<u>\$ 13,164,999</u>	<u>\$ (1,563)</u>	<u>\$ -</u>	<u>\$ 73,396,410</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 134,453
Public safety	436,944
Public service	812,114
Culture and recreation	<u>1,178,932</u>
	<u>\$ 2,562,443</u>

Business-type Activities					
Non-depreciable					
Land	\$ 130,377	\$ -	\$ -	\$ -	130,377
Construction in progress	1,119,146	1,949,897	-	(1,112,356)	1,956,687
Total	<u>1,249,523</u>	<u>1,949,897</u>	<u>-</u>	<u>(1,112,356)</u>	<u>2,087,064</u>
Depreciable					
Buildings	1,022,391	-	-	-	1,022,391
Improvement other than bldg.	35,757,179	130,206	-	1,112,356	36,999,741
Machinery, equip. & vehicles	1,835,434	269,767	-	-	2,105,201
Total	<u>38,615,004</u>	<u>399,973</u>	<u>-</u>	<u>1,112,356</u>	<u>40,127,333</u>
Less accum. depreciation					
Buildings	380,652	19,064	-	-	399,716
Improvement other than bldg.	20,210,810	1,233,270	-	-	21,444,080
Machinery, equip. & vehicles	1,504,172	107,096	-	-	1,611,268
Total	<u>22,095,634</u>	<u>1,359,430</u>	<u>-</u>	<u>-</u>	<u>23,455,064</u>
Business-type Activities, net	<u>\$ 17,768,893</u>	<u>\$ 990,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,759,333</u>

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

Obligations under capital lease

The City has entered into the following lease agreements as of September 30, 2018, which qualify as capital leases for accounting purposes:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
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.	\$ 20,582	\$ -
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.	9,007	-
Lease dated November 20, 2017, with PNC Equipment Finance for the acquisition of equipment in the amount of \$140,472 payable in 36 monthly payments of \$3,902.	124,864	-
Lease dated August 21, 2018, with BancLeasing, LLC for the acquisition of water meters in the amount of \$4,117,167 at 2.43% payable in 36 monthly payments of \$118,563.	-	4,117,152
Total obligations under capital leases	\$ 154,453	\$ 4,117,152

As of September 30, 2018, the City had future minimum payments under capital leases as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
September 30:		
2019	\$ 76,584	\$ 1,422,756
2020	46,824	1,422,756
2021	31,216	1,422,426
2022	-	-
2023	-	-
Total	154,624	4,267,938
Less amount representing interest	171	150,786
Present value of future minimum lease payments	\$ 154,453	\$ 4,117,152
Cost of equipment	\$ 395,036	\$ -
Accumulated depreciation	\$ 202,592	\$ -

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

(7) Long-Term Debt

Transactions for the fiscal year ended September 30, 2018, are summarized as follows:

	Balance 09/30/17	Additions	Payments	Balance 09/30/18
Governmental Activities				
Capital improvement loans	\$ 132,815	\$ -	\$ 25,356	\$ 107,459
General obligation bonds	25,790,000	-	1,630,000	24,160,000
Special obligation bonds	13,870,000	6,000,000	105,000	19,765,000
Other long-term liabilities	1,900,000	-	500,000	1,400,000
Obligations under capital lease	138,731	140,472	124,750	154,453
Compensated absences	364,493	-	23,084	341,409
Total governmental activities	42,196,039	6,140,472	2,408,190	45,928,321
Business-type Activities				
Capital improvement loans	4,981,805	1,189,727	686,549	5,484,984
Obligations under capital lease	3,546	4,117,152	3,546	4,117,152
Revenue bonds	-	2,000,000	-	2,000,000
Compensated absences	60,698	-	-	60,698
Total business-type activities	5,046,049	7,306,879	690,095	11,662,834
Total government-wide	\$ 47,242,088	\$ 13,447,351	\$ 3,098,285	\$ 57,591,155

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, 2018, including interest payments are as follows:

Year Ended 30-Sep	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 2,551,582	\$ 1,580,703	\$ 860,426	\$ 177,759	\$ 5,170,470
2020	2,612,089	1,519,010	484,089	161,357	4,776,545
2021	2,122,864	1,461,052	493,205	150,150	4,227,271
2022	1,335,924	1,402,566	507,551	138,667	3,384,708
2023	1,605,000	1,361,069	522,132	126,855	3,615,055
2023-2027	10,455,000	5,828,393	2,737,897	444,597	19,465,887
2028-2032	10,895,000	3,832,896	1,602,123	149,591	16,479,610
2033-2037	6,970,000	1,937,800	277,561	19,859	9,205,220
2038-2042	3,900,000	1,079,463	-	-	4,979,463
2043-2047	2,985,000	243,600	-	-	3,228,600
Total	\$ 45,432,459	\$ 20,246,551	\$ 7,484,984	\$ 1,368,835	\$ 74,532,829

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

Capital Improvement Loans

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

<u>Description</u>	<u>Governmental 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.	\$ -	\$ 430,639
\$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.	-	619,612
\$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.	-	1,772,460
\$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.	-	627,315
\$250,091 Capital Improvement Revolving Loan for the purchase of a fire truck through the Mississippi Development Authority. Payments are \$2,515 monthly for 10 years through 2025. Interest is 3% APR.	107,459	-
\$500,000 Water Pollution Control Revolving Loan for pollution control improvements through the Mississippi Department of Environmental Quality. Monthly payments of \$2,773 for a period of 240 months through 04/01/37. Interest is 3% APR.	-	473,585
\$1,425,843 Water Pollution Control Revolving Loan for pollution control improvements through the Mississippi Department of Environmental Quality. Monthly payments of \$6,280 for a period of 234 months through 09/01/38. Interest is 1.75% APR.	-	1,048,294
\$990,384 Drinking Water State Revolving Loan for drinking water improvements through the Mississippi State Department of Health. Monthly payments of \$5,056 for a period of 236 months through 09/01/38. Interest is 1.95% APR.	-	513,079
Total Capital Improvement Loans	\$ 107,459	\$ 5,484,984

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

General Obligation Bonds

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

Special Obligation Bonds

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

Bonds payable at September 30, 2018, are comprised of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>General Obligation Bonds</u>		
\$2,535,000 2009 Refunding Bonds due in annual installments ranging from \$5,000 to \$360,000 for 12 years through April 2021, bearing interest of 2.875%.	\$ 1,055,000	\$ -
\$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%.	855,000	-
\$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%.	1,235,000	-
\$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%.	1,890,000	-
\$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%.	13,125,000	-
\$6,000,000 2016 Special Obligation Bonds, Series A (General Obligation Bond), due in annual installments ranging from \$0 to \$900,000 for 15 years through 2031, with interest ranging from 3.0% to 4.0%.	<u>6,000,000</u>	<u>-</u>
Total General Obligation Bonds	<u>24,160,000</u>	<u>-</u>

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

\$14,000,000 2016 Special Obligation Bonds, Series B, due in annual installments ranging from \$130,000 to \$6,200,000 for 30 years through 2046, with interest ranging from 3.0% to 4.0%.	13,765,000	-
\$2,000,000 Water and Sewer Revenue Bonds Sr 2017, due in semi-annual installments ranging from \$105,000 to \$170,000 for 15 years through 2033, with interest ranging from 1.9% to 2.7%.	-	2,000,000
\$6,000,000 2018 Special Obligation Bonds due in annual installments ranging from \$225,000 to \$400,000 for 20 years through 2038, with interest ranging from 2% to 4%.	6,000,000	-
Total Special Obligation Bonds	19,765,000	2,000,000
Total before premiums/(discounts), net	43,925,000	2,000,000
Premiums/(discounts), net	2,419,126	-
Total Bonds Payable	\$ 46,344,126	\$ 2,000,000

Other Long-term Liabilities

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

Other Long-term Liabilities payable at September 30, 2018, are comprised of the following:

<u>Other Long-Term Liabilities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
\$500,000 due to B&B Family Properties, L.P. for the purchase of property due in 5 annual installments of \$100,000 through June 2020, bearing no interest.	\$ 200,000	\$ -
\$2,000,000 General Obligation Note Payable to Community Bank for the construction of roads due in 5 annual installments of \$400,000 through June 2020, with an interest rate of 1.739%.	1,200,000	-
Total Long-Term Liabilities	\$ 1,400,000	\$ -

Limitation of Indebtedness

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

In computing such indebtedness, there may be deducted all bonds or other evidence of indebtedness, heretofore or hereafter issued, for school, water, sewer systems, gas and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

and floating, shall exceed twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation.

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

The following is a schedule of limitations on the indebtedness of the City as of September 30, 2018:

Authorized Debt Limit:	<u>15 Percent</u>	<u>20 Percent</u>
Assessed valuation for the fiscal year ended September 30, 2018 - \$ 240,943,674	\$ 36,141,551	\$ 48,188,735
Total long-term debt - governmental activities	45,928,321	45,928,321
Less amounts not subject to statutory limitation	<u>(21,768,321)</u>	<u>(20,106,409)</u>
Present debt subject to debt limitation	<u>24,160,000</u>	<u>25,821,912</u>
Margin for further general indebtedness	<u>\$ 11,981,551</u>	<u>\$ 22,366,823</u>

(8) Fund Balances and Restricted Net Position

In 2013, legislation was passed providing for a 2% sales tax of restaurant and bar food and beverage sales to be used by the City to fund the promotion of tourism, parks and recreation, which is set to be repealed after July 1, 2027. At September 30, 2018, the government-wide statement of net position reports \$4,391,035 of restricted net position, of which \$1,559,520 is restricted by this enabling legislation.

(9) 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

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

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 contributions are deducted from the employee's wages or salary and remitted by the City to PERS. The employer's contractually required contribution rate for the year ended September 30, 2018 was 15.75% of annual covered payroll, and when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City's contributions to PERS for the years ended September 30, 2018, 2017, and 2016 was \$1,058,605, \$1,044,539, and \$1,053,983, respectively, which was 100% of 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, 2018, the City reported a liability of \$17,510,858 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion was 0.105278 percent, which was an increase of .002656 from its proportion measured as of June 30, 2017.

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

Differences Between Expected and Actual Experience.

Differences between actual and expected experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over the average of the expected remaining service lives of active and inactive members. For 2018, this was 3.90 years, which was an increase of .53 years from the prior year average of 3.37.

Changes in Assumptions.

2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

2016

- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2015

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP- 2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Changes in benefit provisions

2016

- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

For the year ended September 30, 2018, the City recognized pension expense of \$1,552,541, which included net amortization of deferred outflows and deferred inflows. Of this amount, \$1,346,626 was allocated to governmental activities and \$205,915 was allocated to business-type activities.

At September 30, 2018, the City reported \$2,282,723 in deferred outflows of resources and \$431,580 in deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,766	\$ 73,817
Net difference between projected and actual earnings on pension plan investments	-	348,092
Change of assumptions	10,334	9,671
City contributions subsequent to the measurement date	287,165	-
Differences between City contributions and proportionate share of contributions	1,908,458	-
Total	<u>\$ 2,282,723</u>	<u>\$ 431,580</u>

The \$287,165 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, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense in future years.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, with male's rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012–June 30, 2016. The experience report is dated April 18, 2017.

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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Broad	27%	4.60%
International equity	18%	4.50%
Emerging markets equity	4%	4.75%
Global	12%	4.75%
Fixed income	18%	0.75%
Real assets	10%	3.50%
Private equity	8%	5.10%
Emerging debt	2%	2.25%
Cash	1%	0.00%
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.

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

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:

	Discount Rate		
	1% Decrease	Current	1% Increase
	6.75 %	7.75 %	8.75 %
City's proportional share of the net pension liability	\$ 23,056,777	\$ 17,510,858	\$ 12,901,469

Plan Fiduciary Net Position

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

(10) Commitments and contingencies

Operating Leases

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

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

Contingent Liabilities

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

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

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2018

Construction and Other Significant Commitments

The remaining payments of construction contracts relating to construction or major repairs in progress aggregated approximately \$2,400,000. These contracts will be paid in future periods as work is performed. Payment will be made with proceeds remaining from past bond issues, operating revenues, Federal grants and restaurant sales tax receipts to be received.

The City has executed Development and Reimbursement Agreements with developers related to future Tax Increment Financing (TIF) for the ongoing Crossgates Crossing and Grants Ferry Parkway projects. The amount the financed will be determined when the projects are completed. The TIF debt will be paid from future revenues generated in the respective project areas. Crossgates Crossing TIF debt will be paid from future ad valorem receipts. Grants Ferry Parkway TIF debt will be paid with a combination of future ad valorem revenue and sales tax revenue (50%).

The City has approved tax abatements for which the amounts have not yet been established. The abatement of property taxes will be determined based on the difference in unimproved and improved property values upon completion of ongoing construction projects in the Downtown Historic District.

(11) 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
For the year ended September 30, 2018

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.

(12) Prior Period Adjustment

Business-type Activities: Grant revenues were accrued as A/R and revenue in FY 2016. The grant funds were received by the City in FY 2017 and were recorded as revenues; however, the receivable was not reversed. Both revenue and A/R were overstated in FY 2017 by \$174,887, which had a corresponding effect on change in net position and on total net position.

Net position, as previously reported September 30, 2017	\$ 14,751,946
Prior period adjustment	<u>(174,887)</u>
Net position, as restated September 30, 2017	\$ <u>14,577,059</u>

(13) Subsequent Events

The City evaluated subsequent events through May 29, 2019, the date which the financial statements were available to be issued, noting no subsequent events to be disclosed.

CITY OF BRANDON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2018

	Original Budget	Budget as Amended	Actual	Variance from Final Amended Budget Over (under)
Revenues:				
Taxes	\$ 4,442,205	\$ 4,442,205	\$ 4,557,017	\$ 114,812
Licenses and permits	1,071,000	1,071,000	1,093,892	22,892
State shared revenues	7,117,131	7,117,131	7,430,505	313,374
Grants	1,566,201	1,566,201	1,692,216	126,016
County shared revenues	906,587	906,587	900,687	(5,900)
Charges for services	380,175	380,175	420,869	40,694
Fines and forfeits	606,650	606,650	392,235	(214,415)
Other	143,956	143,956	360,168	216,212
Total Revenues	16,233,905	16,233,905	16,847,589	613,684
Expenditures:				
City court				
Personnel costs	245,715	245,715	240,719	(4,996)
Supplies	3,500	3,500	3,122	(378)
Charges for services	9,325	9,325	7,208	(2,117)
Capital expenditures	2,550	2,550	-	(2,550)
Total city court	261,090	261,090	251,049	(10,041)
Executive / Administrative				
Personnel cost	334,262	334,262	295,132	(39,130)
Supplies	1,500	1,500	587	(913)
Charges for services	40,041	53,041	52,743	(298)
Total executive / administrative	375,803	388,803	348,462	(40,341)
General Government				
Personnel cost	499,313	499,313	474,063	(25,250)
Supplies	18,670	18,670	15,830	(2,840)
Charges for services	537,399	607,399	575,050	(32,349)
Capital expenditures	3,500	3,500	1,960	(1,540)
Debt service	106,956	106,956	106,956	-
Total general government	1,165,838	1,235,838	1,173,859	(61,979)

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

CITY OF BRANDON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2018

	Original Budget	Budget as Amended	Actual	Variance from Final Amended Budget Over (under)
Police Department				
Personnel cost	2,671,556	2,671,556	2,661,790	(9,766)
Supplies	197,123	197,123	187,056	(10,067)
Charges for services	346,867	346,867	289,692	(57,175)
Capital expenditures	107,131	129,131	128,275	(856)
Debt service	31,099	31,099	31,097	(2)
Total police department	3,353,776	3,375,776	3,297,910	(77,866)
Fire Department				
Personnel cost	3,372,887	3,372,887	3,233,699	(139,188)
Supplies	72,600	72,600	60,496	(12,104)
Charges for services	263,419	263,419	217,817	(45,602)
Capital expenditures	278,106	278,106	152,529	(125,577)
Debt service	38,992	38,992	32,323	(6,669)
Total fire department	4,026,004	4,026,004	3,696,864	(329,140)
Street Department				
Personnel cost	340,440	340,440	327,257	(13,183)
Supplies	153,070	174,070	173,248	(822)
Charges for services	1,156,864	1,699,864	1,699,152	(712)
Capital expenditures	2,700,000	3,848,000	3,931,917	83,917
Debt service	343,352	397,352	396,910	(442)
Total street department	4,693,726	6,459,726	6,528,484	68,758
Community development				
Personnel cost	261,005	261,005	233,218	(27,787)
Supplies	8,190	8,190	4,894	(3,296)
Charges for services	70,359	70,359	66,581	(3,778)
Capital expenditures	5,600	5,600		
Total community development	345,154	345,154	304,693	(34,861)

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

CITY OF BRANDON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2018

	Original Budget	Budget as Amended	Actual	Variance from Final Amended Budget Over (under)
Cemetery Maintenance				
Charges for services	33,869	33,869	29,217	(4,652)
Capital expenditures	3,000	3,000	-	(3,000)
Total cemetery maintenance	36,869	36,869	29,217	(7,652)
Parks Department				
Personnel cost	760,245	760,245	659,878	(100,367)
Supplies	172,870	172,870	135,242	(37,628)
Charges for services	404,326	404,326	269,121	(135,205)
Capital expenditures	24,010	98,010	237,820	139,810
Debt service	60,000	60,000	15,608	(44,392)
Total parks department	1,421,451	1,495,451	1,317,669	(177,782)
Library				
Supplies	4,700	4,700	4,567	(133)
Charges for services	117,789	136,789	136,620	(169)
Total library	122,489	141,489	141,187	(302)
Senior Citizen Department				
Personnel cost	66,415	66,415	63,557	(2,858)
Supplies	14,400	14,400	10,255	(4,145)
Charges for services	37,275	37,275	27,622	(9,653)
Capital expenditures	2,874	2,874	300	(2,574)
Total senior citizen department	120,964	120,964	101,734	(19,230)

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

CITY OF BRANDON
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2018

	Original Budget	Budget as Amended	Actual	Variance from Final Amended Budget Over (under)
Conference Center				
Personnel cost	103,617	103,617	98,391	(5,226)
Supplies	8,101	12,501	12,313	(188)
Charges for services	132,240	132,240	43,390	(88,850)
Capital expenditures	16,100	24,600	32,801	8,201
Total conference center	<u>260,058</u>	<u>272,958</u>	<u>186,895</u>	<u>(86,063)</u>
Economic Development				
Personnel cost	45,815	45,815	42,695	(3,120)
Supplies	150	950	903.00	(47)
Charges for services	174,845	174,845	77,329	(97,516)
Total economic development	<u>220,810</u>	<u>221,610</u>	<u>120,927</u>	<u>(100,683)</u>
Total Expenditures	<u>16,404,032</u>	<u>18,381,732</u>	<u>17,498,950</u>	<u>(877,182)</u>
Excess of revenues over (under) expenditures	<u>(170,127)</u>	<u>(2,147,827)</u>	<u>(651,361)</u>	<u>1,490,866</u>
Other financing sources (uses):				
Non-revenue receipts	13,000	13,000	19,606	6,606
Proceeds from debt issuance	-	-	140,472	140,472
Operating transfers out	<u>(872,729)</u>	<u>(872,729)</u>	<u>(881,932)</u>	<u>(9,203)</u>
Total other financing sources (uses)	<u>(859,729)</u>	<u>(859,729)</u>	<u>(721,854)</u>	<u>137,875</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	<u>\$ (1,029,856)</u>	<u>\$ (3,007,556)</u>	<u>(1,373,215)</u>	<u>\$ 1,628,741</u>
Fund Balance, September 30, 2017			<u>5,394,537</u>	
Fund Balance, September 30, 2018			<u>\$ 4,021,322</u>	

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

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

	2018	2017	2016
City's proportion of the net pension liability	\$17,059,260	\$ 17,722,991	\$14,431,151
City's proportionate share of the net pension liability	0.102622%	0.099219%	0.093357%
City's covered - employee payroll	6,583,257	6,347,257	5,832,419
City's proportionate share of the net pension liability as a percentage of its covered - employee payroll	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%

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

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$1,044,539	\$1,053,983	\$ 948,315
Contributions in relation to the contractually required contribution	<u>1,044,539</u>	<u>1,053,983</u>	<u>948,315</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered - employee payroll	6,631,994	6,691,956	6,021,048
Contributions as a percentage of covered - employee payroll	15.75%	15.75%	15.75%

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

CITY OF BRANDON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

Budgetary Comparison Schedule

Basis of Presentation

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

Pension Schedules

Measurement Date

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

Data Available and Presented

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

Change of Benefit Terms

There were no changes in benefit terms during the year ended September 30, 2018.

Change of Assumptions

There were no changes of assumptions during the year ended September 30, 2018.

CITY OF BRANDON
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2018

Position	Name	Surety	Amount
Mayor	Lee, Butch	St Paul	\$ 100,000
Alderman	Coker, Lu	St Paul	\$ 100,000
Alderman	Corley, Monica (Roland)	St Paul	\$ 100,000
Alderman	Dobbs, Tahya	St Paul	\$ 100,000
Alderman	Middleton, Dwight	St Paul	\$ 100,000
Alderman	Morris, James	St Paul	\$ 100,000
Alderman	Vinson, Cris	St Paul	\$ 100,000
Alderman	Williams, Harry	St Paul	\$ 100,000
City Clerk/Tax Collector	Bean, Angela	St Paul	\$ 50,000
Deputy City Clerk	Davis, Amy	Western Surety Company	\$ 50,000
Accountant	Greenwood, Elizabeth	Western Surety Company	\$ 50,000
Accounts Payable Clerk	Rankin, Susan	Western Surety Company	\$ 50,000
Payroll Clerk	Jobe, Niki	Western Surety Company	\$ 50,000
Receptionist	Johnson, Elizabeth	Western Surety Company	\$ 50,000
Events Coordinator	Pryor, Angela	Western Surety Company	\$ 50,000
Police Chief	Thompson, William	St Paul	\$ 50,000
Administrative Assistant	Arendale, Byrnnne	Western Surety Company	\$ 50,000
Court Clerk	Yates, Tara	Western Surety Company	\$ 50,000
Deputy Court Clerk	Berry, Lydia	Western Surety Company	\$ 50,000
Deputy Court Clerk	Young-Daniels, Cassandra	Western Surety Company	\$ 50,000
Administrative Assistant	Palmer, Carolyn	Western Surety Company	\$ 50,000
Community Development Director	Dodd, Matthew	Western Surety Company	\$ 50,000
Community Development Office Manager	Hazen, Catherine	Western Surety Company	\$ 50,000
Code Enforcement Officer	Hinton, Matthew	Western Surety Company	\$ 50,000
P&R Director	Ford, Ramie	Western Surety Company	\$ 50,000
P&R Office Manager	Pardo, Brienne	Western Surety Company	\$ 50,000
Parks Superintendent	Voyles, Corey	Western Surety Company	\$ 50,000
Sports Rec. Coordinator	Leach, Brent	Western Surety Company	\$ 50,000
Recreation Program Coordinator	Hopson, Julie	Western Surety Company	\$ 50,000
Public Works Director	Smith, Charles	Western Surety Company	\$ 50,000
PW Operations Coordinator	Dearman, Carly	Western Surety Company	\$ 50,000
Utility Billing Clerk	Blackwell, Tonya	Western Surety Company	\$ 50,000
Utility Billing Clerk	Massey, Sharon	Western Surety Company	\$ 50,000
Utility Billing Clerk	Scanlon, Lindsay	Western Surety Company	\$ 50,000
Utility Billing Clerk	Gilbert, Susan	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
Various Communications Personnel			

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<u>Revenues</u>		
Taxes		
Property tax	\$ 4,514,840	\$ 3,976,492
Sales tax	5,980,493	5,820,570
Sales tax - restaurants	1,131,934	1,081,830
Sales tax - hotels	46,832	4,534
Franchise tax	920,507	829,544
	<u>12,594,606</u>	<u>11,712,970</u>
Licenses and Permits		
Privilege licenses	49,544	44,216
Building permits	115,242	170,212
Other licenses	12,675	18,821
Total Licenses and Permits	<u>177,461</u>	<u>233,249</u>
State Shared Revenues		
Payment in lieu of taxes - Grand Gulf	164,510	184,777
Fire protection	125,105	164,379
Municipal aid	10,824	10,824
Gasoline tax	18,846	18,846
Emergency disaster funds	42,212	8,228
Department of Transportation grant	15,000	4,785
Department of Public Safety funds	1,324,533	56,251
MDA Grants	250,000	-
Other grant funds	17,989	16,994
Total State Shared Revenue	<u>1,969,019</u>	<u>465,084</u>
County Shared Revenues		
Pro-rata county road tax	857,575	860,886
Auto rental and rail tax	50,391	46,694
Tourism tax	34,899	35,995
County reimbursements	20,000	500,000
Total County Shared Revenues	<u>962,865</u>	<u>1,443,575</u>
Service Charges		
Facility rental fees	127,232	87,210
Park sales and fees	247,466	223,468
Plan review and inspection fees	25,635	31,710
Zoning & development fees	86,385	1,326
Total Service Charges	<u>486,718</u>	<u>343,714</u>
Court Fines and Forfeits	<u>367,885</u>	<u>498,210</u>
Other revenues	<u>290,323</u>	<u>184,276</u>
Total Revenues	<u>16,848,877</u>	<u>14,881,078</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<u>Expenditures</u>		
General Government and Administration		
City Court		
Salaries		
Salaries	169,694	189,760
Employer costs	71,025	70,048
Total Salaries	<u>240,719</u>	<u>259,808</u>
Supplies, Services and Other Charges		
Office supplies	3,122	3,142
Professional fees	7,208	6,831
Total Supplies, Services and Other Charges	<u>10,330</u>	<u>9,973</u>
Total City Court	<u>251,049</u>	<u>269,781</u>
 Election		
Operating supplies	<u>-</u>	<u>7,900</u>
Total Election Costs	<u>-</u>	<u>7,900</u>
 Executive / Administration		
Salaries		
Salaries	204,561	189,817
Employer costs	90,571	79,325
Total Salaries	<u>295,132</u>	<u>269,142</u>
Supplies, Services and Other Charges		
Advertising	450	174
Bond fees and expenses	651	1,225
Conventions	1,679	5,066
Donations	6,500	7,000
Dues and subscriptions	8,396	7,761
Exhibitions and promotions	783	889
Insurance	4,758	3,592
Miscellaneous	-	94

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Operating supplies	307	1,182
Printing and binding	65	720
Professional fees	15,108	7,807
Rentals	600	661
Repairs - Vehicles	864	211
Telephone and communication	876	1,801
Training	11,798	2,812
Transportation	493	1,193
Total Supplies, Services and Other Charges	<u>53,328</u>	<u>42,188</u>
Total Executive / Administrative Department	<u>348,460</u>	<u>311,330</u>
General Government Department		
Salaries		
Salaries	350,460	349,356
Employer costs	123,602	124,274
Total Salaries	<u>474,062</u>	<u>473,630</u>
Supplies, Services and Other Charges		
Advertising	286	1,627
Bond fees and expenses	1,730	2,210
Cleaning and janitorial	3,960	4,419
Contract labor	6,754	1,957
Conventions	-	1,771
Dues and subscriptions	90,841	20,835
Insurance	15,161	10,723
Land leases	1,200	1,200
Miscellaneous	5,015	938
Office supplies	3,802	5,302
Operating supplies	6,437	11,114
Postage	2,950	5,215
Printing and binding	4,556	3,705
Professional fees	199,497	261,103
Rentals	13,337	100,888
Repairs - equipment	3,472	2,730
Repairs - other	29,947	41,282
Repairs - vehicles	66	173
Telephone and communication	135,592	104,380
Training	300	330
Transportation	1,325	525
Uniforms	0	284
Utilities	64,654	49,230
Total Supplies, Services and Other Charges	<u>590,882</u>	<u>631,941</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Capital Outlay		
Machinery and equipment	1,960	61,267
Total Capital Outlay	<u>1,960</u>	<u>61,267</u>
Debt Service		
Debt service principal	100,000	108,242
Debt service interest	6,956	8,243
Total Debt Service	<u>106,956</u>	<u>116,485</u>
Total General Government Department	<u>1,173,860</u>	<u>1,283,323</u>
Total General Government and Administration	<u>1,773,369</u>	<u>1,872,334</u>
Public Services		
Street Department		
Salaries		
Wages	228,615	240,214
Employer costs	98,643	101,334
Total Salaries	<u>327,258</u>	<u>341,548</u>
Supplies, Services and Other Charges		
Advertising	154	741
Chemicals	10,404	19,803
Contract labor	269,488	237,459
Insurance	39,978	24,974
Miscellaneous	-	121
Operating supplies	120,894	122,713
Professional fees	616,565	327,106
Rentals	35,795	-
Repairs - equipment	69,833	77,914
Repairs - vehicles	35,751	23,718
Repairs - other	132,409	194,392
Telephone and communications	1,268	1,796
Training	475	150
Transportation	36,887	27,462
Uniforms	5,063	5,469
Utilities - street lights	497,433	496,931
Total Supplies, Services and Other Charges	<u>1,872,397</u>	<u>1,560,749</u>
Capital Outlay		
Improvements other than buildings	3,922,477	2,192,295
Machinery and equipment	9,440	-
Total Capital Outlay	<u>3,931,917</u>	<u>2,192,295</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Debt Service		
Debt service principal	375,430	435,834
Debt service interest	<u>21,480</u>	<u>26,952</u>
Total Debt Service	<u>396,910</u>	<u>462,786</u>
Total Street Department	<u>6,528,482</u>	<u>4,557,378</u>
Community Development Department		
Salaries		
Salaries	172,391	196,891
Employer costs	<u>60,827</u>	<u>76,135</u>
Total Salaries	<u>233,218</u>	<u>273,026</u>
Supplies, Services and Other Charges		
Advertising	370	449
Contract labor	287	6,710
Convention	893	1,014
Dues and subscriptions	685	865
Insurance	3,930	5,189
Miscellaneous expenses	4,719	5,806
Office supplies	601	1,684
Operating supplies	1,110	1,862
Printing and binding	5,890	695
Professional fees	44,799	36,613
Repairs - vehicles	283	674
Communications	3,976	5,487
Training	750	2,231
Transportation	3,033	3,173
Uniforms	<u>150</u>	<u>439</u>
Total Supplies, Services and Other Charges	<u>71,476</u>	<u>72,891</u>
Total Community Development Department	<u>304,694</u>	<u>345,917</u>
Total Public Services	<u>6,833,176</u>	<u>4,903,295</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Public Safety		
Police Department		
Salaries		
Salaries	1,932,462	1,975,129
Employer costs	729,327	722,251
Total Salaries	<u>2,661,789</u>	<u>2,697,380</u>
Supplies, Services and Other Charges		
Advertising	31	-
Bond fees and expenses	750	1,925
Cleaning and janitorial	2,713	3,564
Contract labor	1,680	6,887
Conventions	325	942
D.P.S. Fund expenses	19,206	11,240
Dues and subscriptions	928	598
Insurance	60,205	93,751
Miscellaneous	18,340	11,465
Office supplies	2,866	4,939
Operating supplies	4,612	9,212
Printing and binding	841	1,403
Prisoners expense	42,742	49,869
Professional fees	79,155	17,374
Repairs - equipment	5,033	3,423
Repairs - other	23,759	21,215
Repairs - vehicles	29,987	31,364
SRT expenses	-	4,628
Telephone and communications	34,215	31,375
Training	10,565	13,032
Transportation	98,220	85,135
Uniforms	16,717	16,967
Utilities	23,860	30,339
Total Supplies, Services and Other Charges	<u>476,750</u>	<u>450,647</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Capital Outlay		
Machinery and equipment	28,275	-
Total Capital Outlay	<u>28,275</u>	<u>-</u>
Debt Service		
Debt service principal	130,381	129,801
Debt service interest	716	1,296
Total Debt Service	<u>131,097</u>	<u>131,097</u>
Total Police Department	<u>3,297,911</u>	<u>3,279,124</u>
Fire Department		
Salaries		
Salaries	2,288,027	2,308,995
Employer costs	945,673	896,810
Total Salaries	<u>3,233,700</u>	<u>3,205,805</u>
Supplies, Services and Other Charges		
Advertising	36	197
Bond fees and expenses	175	175
Cleaning	5,282	5,637
Communications	15,455	18,409
Conventions	2,023	3,050
Data processing	133	84
Dues and subscriptions	6,300	6,380
Exhibitions and promotions	2,413	1,491
Insurance	50,335	48,649
Miscellaneous	13,934	16,715
Office supplies	1,814	2,445
Operating supplies	3,359	7,357
Printing and binding	-	924
Professional fees	13,307	10,598
Rentals	2,061	2,566
Repairs - vehicles	23,954	42,419
Repairs - equipment	19,534	12,778
Repairs - other	8,356	5,794
Storm Team	1,800	2,205

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Training	19,465	36,775
Transportation	28,714	31,168
Uniforms	20,670	36,727
Utilities	39,191	33,368
Total Supplies, Services and Other Charges	<u>278,311</u>	<u>325,911</u>
Capital Outlay		
Buildings and land	3,850	-
Machinery and equipment	149,348	62,847
Furniture and fixtures	538	3,319
Total Capital Outlay	<u>153,736</u>	<u>66,166</u>
Debt Service		
Debt service principal	26,277	55,707
Debt service interest	6,047	6,086
Total Debt Service	<u>32,324</u>	<u>61,793</u>
Total Fire Department	<u>3,698,071</u>	<u>3,659,675</u>
Animal Control		
Salaries		
Salaries	-	29,275
Employer costs	-	12,540
Total Salaries	<u>-</u>	<u>41,815</u>
Supplies, Services and Other Costs		
Advertising	-	15
Insurance	-	2,992
Operating supplies	-	61
Professional fees	-	2,071
Repairs - vehicles	-	268
Telephone and communications	-	652
Transportation	-	1,708
Uniforms	-	26
Total Supplies, Services and Other Charges	<u>-</u>	<u>7,793</u>
Total Animal Control	<u>-</u>	<u>49,608</u>
Total Public Safety	<u>6,995,982</u>	<u>6,988,407</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Culture and Recreation		
Cemetery Department		
Supplies, Services and Other Charges		
Contract labor	28,516	23,255
Utilities	701	678
Total Supplies, Services and Other Charges	<u>29,217</u>	<u>23,933</u>
Total Cemetery Department	<u>29,217</u>	<u>23,933</u>
Parks Department		
Salaries		
Salaries	229,912	178,023
Wages	248,302	207,793
Employer costs	181,664	126,577
Total Salaries	<u>659,878</u>	<u>512,393</u>
Supplies, Services and Other Charges		
Advertising	138	501
Beautification	12,996	19,201
Chemicals	32,838	23,892
Cleaning and janitorial	8,928	15,497
Contract labor	44,249	89,352
Dues and subscriptions	116	45
Exhibitions and promotions	-	2,150
Insurance	30,300	22,224
Miscellaneous expenses	1,604	2,653
Office supplies	942	2,217
Operational supplies	41,592	61,197
Printing and binding	545	692
Professional fees	38,027	24,007
Rental	10,997	12,983
Repairs - equipment	8,373	22,621
Repairs - other	21,222	37,071
Repairs - vehicles	4,566	6,668
Telephone and communications	4,800	5,734
Tournament fees	1,156	2,145
Training	1,065	954

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Transportation	13,679	10,471
Uniforms	37,263	36,771
Utilities	<u>88,969</u>	<u>77,247</u>
Total Supplies, Services and Other Charges	<u>404,365</u>	<u>476,293</u>
Capital Outlay		
Improvements other than buildings	68,525	19,138
Machinery and equipment	<u>169,296</u>	<u>21,991</u>
Total Capital Outlay	<u>237,821</u>	<u>41,129</u>
Debt Service		
Debt service principal	<u>15,608</u>	<u>-</u>
Total Debt Service	<u>15,608</u>	<u>-</u>
Total Parks Department	<u>1,317,672</u>	<u>1,029,815</u>
Splash Park Department		
Salaries		
Wages	-	12,642
Employer costs	<u>-</u>	<u>968</u>
Total Salaries	<u>-</u>	<u>13,610</u>
Supplies, Services and Other Charges		
Chemicals	-	339
Cleaning and janitorial	-	68
Office supplies	-	97
Operational supplies	-	121
Professional fees	-	540
Repairs - other	-	1,481
Uniforms	-	375
Utilities	<u>-</u>	<u>254</u>
Total Supplies, Services and Other Charges	<u>-</u>	<u>3,275</u>
Total Splash Park Department	<u>-</u>	<u>16,885</u>
Senior Citizens Department		
Salaries		
Wages	45,124	44,307
Employer costs	<u>18,434</u>	<u>17,347</u>
Total Salaries	<u>63,558</u>	<u>61,654</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Supplies, Services and Other Charges		
Advertising	-	415
Cleaning and janitorial	2,404	2,759
Contract labor	17,265	22,725
Dues and subscriptions	513	625
Insurance	2,001	2,279
Miscellaneous expenses	1,040	784
Office supplies	182	140
Operational supplies	7,240	9,786
Printing and binding	-	54
Professional fees	639	52
Rental	3,954	3,825
Repairs - equipment	246	3,365
Telephone and communications	885	1,155
Training	1,080	89
Transportation	730	427
Total Supplies, Services and Other Charges	<u>38,179</u>	<u>48,480</u>
Total Senior Citizens Department	<u>101,737</u>	<u>110,134</u>
Library		
Supplies, Services and Other Charges		
Cleaning and janitorial	4,232	4,551
Contract labor	2,942	725
Insurance	3,457	684
Operating supplies	336	687
Miscellaneous expenses	886	146
Professional fees	3,735	3,688
Repairs - equipment	17,911	14,823
Telephone and communications	6,849	8,186
Utilities	100,838	92,749
Total Supplies, Services and Other Charges	<u>141,186</u>	<u>126,239</u>
Total Library Department	<u>141,186</u>	<u>126,239</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Conference Center		
Salaries		
Salaries	68,858	69,178
Employer costs	29,532	28,922
Total Salaries	<u>98,390</u>	<u>98,100</u>
Supplies, Services and Other Charges		
Advertising	1,390	3,485
Bond fees	175	350
Brandon Opry	600	7,193
Cleaning and janitorial	3,369	5,110
Contract labor	965	3,300
Communications	791	892
Dues and subscriptions	45	-
Insurance	1,950	1,474
Office supplies	733	507
Operating supplies	8,290	2,863
Miscellaneous expenses	366	562
Professional fees	10,841	43,494
Repairs and maintenance	-	2,740
Special Events	15,645	29,639
Veteran's Day	10,621	16,202
Total Supplies, Services and Other Charges	<u>55,781</u>	<u>117,811</u>
Capital Outlay		
Machinery and equipment	32,801	17,510
Total Capital Outlay	<u>32,801</u>	<u>17,510</u>
Total Conference Center Department	<u>186,972</u>	<u>233,421</u>
Total Culture and Recreation	<u>1,776,784</u>	<u>1,540,427</u>
Economic Development		
Salaries		
Wages	32,413	60,742
Employer costs	10,281	19,266
Total Salaries	<u>42,694</u>	<u>80,008</u>

**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Supplies, Services and Other Charges		
Advertising	10,225	226
Conventions	-	988
Dues & subscriptions	360	300
Insurance	1,656	1,527
Postage	30	45
Professional fees	64,722	41,272
Specialized department supplies	866	-
Training	337	-
Uniforms	37	-
Total Supplies, Services and Other Charges	<u>78,233</u>	<u>44,358</u>
Total Economic Development	<u>120,927</u>	<u>124,366</u>
Total Expenditures	<u>17,500,238</u>	<u>15,428,829</u>
Excess of Revenues over (under) Expenditures	<u>(651,361)</u>	<u>(547,751)</u>
Other Financing Sources (Uses)		
Issuance of debt	140,472	-
Operating transfers in (out)	(881,932)	(615,919)
Sales of general fixed assets	19,606	42,724
Total Other Financing Sources (Uses)	<u>(721,854)</u>	<u>(573,195)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,373,215)	(1,120,946)
Fund Balance, beginning	<u>5,394,537</u>	<u>6,515,483</u>
Fund Balance, ending	<u>\$ 4,021,322</u>	<u>\$ 5,394,537</u>

**CITY OF BRANDON
CAPITAL PROJECTS FUND
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Revenues		
Interest income	\$ 25,125	\$ 23,190
Total Revenues	<u>25,125</u>	<u>23,190</u>
Capital Outlay		
Morgan's Way Fire Station	-	3,121
Grant's Ferry Fire Station	-	3,121
Kennedy Farms Fire Station	-	3,121
Rankin Trails	213,093	254,220
Shiloh Park Improvements	11,449	1,158,057
City Park Improvement	-	56,685
Amphitheater	10,903,295	13,891,863
Conference Center	<u>-</u>	<u>97,658</u>
Total Capital Outlay	<u>11,127,837</u>	<u>15,467,846</u>
Debt Service		
Interest and fiscal charges	<u>255,000</u>	<u>-</u>
Total Debt Service	255,000	-
Total Expenditures, Capital Outlay and Debt Service	11,382,837	15,467,846
Excess of revenues over (under) expenditures	<u>(11,357,712)</u>	<u>(15,444,656)</u>
Other Financing Sources and Uses		
Proceeds from debt issuance	6,000,000	-
Premiums on bonds issued	78,965	-
Transfers In/Out	<u>250,000</u>	<u>-</u>
Total other financing sources and (uses)	6,328,965	-
Net change in fund balances	<u>(5,028,747)</u>	<u>(15,444,656)</u>
Fund Balance, beginning	<u>6,482,018</u>	<u>21,926,674</u>
Fund Balance, ending	<u>\$ 1,453,271</u>	<u>\$ 6,482,018</u>

**CITY OF BRANDON
DEBT SERVICE FUND
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Revenues		
Taxes	\$ 2,944,601	\$ 2,677,461
Other income	<u>15,249</u>	<u>1,565</u>
Total Revenues	<u>2,959,850</u>	<u>2,679,026</u>
Debt Service		
Debt service principal	1,735,000	1,735,000
Interest and fiscal charges	<u>1,471,922</u>	<u>1,372,653</u>
Total Debt Service	<u>3,206,922</u>	<u>3,107,653</u>
Total Expenditures, Capital Outlay and Debt Service	<u>3,206,922</u>	<u>3,107,653</u>
Excess of revenues over (under) expenditures	<u>(247,072)</u>	<u>(428,627)</u>
Other Financing Sources and Uses		
Transfers In	<u>631,932</u>	<u>615,919</u>
Total other financing sources and (uses)	<u>631,932</u>	<u>615,919</u>
Net change in fund balances	<u>384,860</u>	<u>187,292</u>
Fund Balance, beginning	<u>939,820</u>	<u>752,528</u>
Fund Balance, ending	<u>\$ 1,324,680</u>	<u>\$ 939,820</u>

**CITY OF BRANDON
AMPHITHEATER FUND
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Revenues		
Amphitheater revenues	\$ 5,032,520	\$ 35,000
Other income	<u>14,172</u>	<u>13</u>
Total Revenues	<u>5,046,692</u>	<u>35,013</u>
Operating Expenses		
Salaries		
Salaries and wages	46,223	-
Employer costs	<u>10,446</u>	<u>-</u>
Total Salaries	<u>56,669</u>	<u>-</u>
Supplies, Services and Other Charges		
Advertising	128,163	-
Bank charges and credit card processing fees	11,490	-
Cleaning and janitorial	44,783	-
Contract labor	142,168	-
Insurance	112,466	-
Miscellaneous expenses	5,516	-
Office supplies	556	-
Other supplies	22,379	-
Printing and binding	378	-
Professional fees	3,752,155	-
Rental	32,587	-
Repairs - equipment	2,229	-
Repairs - other	244	-
Specialized department supplies	58,281	-
Telephone and communications	9,191	-
Training	7,774	-
Utilities	<u>24,633</u>	<u>-</u>
Total Supplies, Services and Other Charges	<u>4,354,993</u>	<u>-</u>
Capital Outlay		
Improvements other than buildings	5,732	-
Furniture and fixtures	31,985	-
Machinery and equipment	<u>23,287</u>	<u>-</u>
Total Capital Outlay	<u>61,004</u>	<u>-</u>
Total Expenditures	<u>4,472,666</u>	<u>-</u>
Excess of revenues over (under) expenditures	574,026	35,013
Fund Balance, beginning	<u>35,013</u>	<u>-</u>
Fund Balance, ending	<u>\$ 609,039</u>	<u>\$ 35,013</u>

**CITY OF BRANDON
DRUG SEIZURE FUND
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Revenues		
Forfeitures - cash	\$ 39,200	\$ 297,785
Other income	<u>7,460</u>	<u>198</u>
Total Revenues	<u>46,660</u>	<u>297,983</u>
Expenditures		
Buy money	1,000	-
Paid to other agencies	7,840	58,575
Operating supplies	3,551	2,812
Training	675	-
Miscellaneous	<u>10</u>	<u>-</u>
Total Expenditures	<u>13,076</u>	<u>61,387</u>
Capital Outlay		
Machinery and equipment	<u>53,849</u>	<u>225,856</u>
Total Capital Outlay	<u>53,849</u>	<u>225,856</u>
Total Expenditures	<u>66,925</u>	<u>287,243</u>
Excess of revenues over (under) expenditures	(20,265)	10,740
Other Financing Uses		
Proceeds from sale of assets	<u>-</u>	<u>4,150</u>
Excess of revenues over (under) expenditures and other financing uses	(20,265)	14,890
Fund Balance, beginning	<u>37,812</u>	<u>22,922</u>
Fund Balance, ending	\$ <u>17,547</u>	\$ <u>37,812</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Water sales	\$ 1,774,654	\$ 1,589,611
Flat rate	2,208,264	757,363
Late charges and reconnect fees	258,901	126,906
Sewer charges	2,261,026	1,105,367
Service connect charges	67,789	121,750
Sewer charges - West Rankin	2,236,067	2,588,016
Miscellaneous revenue	20,336	30,732
Total Operating Revenues	<u>8,827,037</u>	<u>6,319,745</u>
Operating Expenses		
Salaries		
Salaries	260,775	179,911
Wages	637,899	576,621
Employer costs	391,311	396,694
Total Salaries	<u>1,289,985</u>	<u>1,153,226</u>
Supplies, Service and Other Charges		
Advertising	1,738	1,119
Bad Debt	55	-
Chemicals	35,896	37,800
Contract labor	102,418	176,329
Dues & subscriptions	1,300	50
Insurance	43,917	76,777
Land leases	2,725	2,400
Miscellaneous	1,628	932
Office supplies	50,058	56,678
Operating supplies	102,245	136,372
Printing & binding	14,099	12,959
Professional services	143,953	173,092
Rentals	19,235	37,529
Repairs - equipment	283,717	242,063
Repairs - other	606,683	580,268
Repairs - vehicles	31,915	14,030
Sub-interceptor usage expense	2,020,159	2,170,144
Telephone and communications	40,120	31,406
Training	2,814	3,945
Transportation	86,094	56,915
Uniforms	13,147	9,758
Utilities	311,466	262,728
Total Supplies, Services and Other Charges	<u>3,915,382</u>	<u>4,083,294</u>
Total Operating Expenses	<u>5,205,367</u>	<u>5,236,520</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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Operating Income Before Depreciation	3,621,670	1,083,225
Depreciation expense	<u>1,347,914</u>	<u>1,188,565</u>
Operating Income	<u>2,273,756</u>	<u>(105,340)</u>
Non-operating Revenues (Expenses)		
Capital grant	15,000	133,273
Interest earnings	61,018	4,646
Interest and fiscal charges - loans	<u>(141,251)</u>	<u>(112,440)</u>
Total Non-operating Revenues (Expenses)	<u>(65,233)</u>	<u>25,479</u>
Change in Net Position	2,208,523	(79,861)
Net Position, beginning	<u>14,577,059</u>	<u>14,656,920</u>
Net Position, ending	<u>\$ 16,785,582</u>	<u>\$ 14,577,059</u>

**CITY OF BRANDON
SANITATION FUND
COMPARISON SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Operating Revenue		
Sanitation fees	\$ 1,337,683	\$ 1,028,716
Total Operating Revenue	<u>1,337,683</u>	<u>1,028,716</u>
Operating Expenses		
Personnel Costs		
Wages	73,890	72,617
Employer costs	<u>35,826</u>	<u>35,434</u>
Total Personnel Costs	<u>109,716</u>	<u>108,051</u>
Supplies, Service and Other Charges		
Advertising	-	2,906
Communications	-	70
Contract labor	-	40
Insurance	15,058	10,262
Miscellaneous	28	1,706
Operating supplies	1,637	2,168
Printing and binding	-	1,111
Prisoner meals	26,228	35,973
Professional services	422	1,314
Repairs - equipment	1,009	7,058
Repairs - vehicles	1,060	2,768
Sanitation contract	1,109,024	1,048,503
Transportation	7,244	5,387
Uniforms	<u>1,776</u>	<u>2,041</u>
Total Supplies, Services and Other Charges	<u>1,163,486</u>	<u>1,121,307</u>
Total Operating Expenses	<u>1,273,202</u>	<u>1,229,358</u>
Operating Loss Before Depreciation	64,481	(200,642)
Depreciation expense	<u>12,145</u>	<u>19,643</u>
Operating Gain (Loss)	<u>52,336</u>	<u>(220,285)</u>
Non-operating Revenues (Expenses)		
Interest income	603	232
Interest expense	<u>(15)</u>	<u>(134)</u>
Total Non-operating Revenues (Expenses)	<u>588</u>	<u>98</u>
Change in Net Position	52,924	(220,187)
Net Position, beginning	<u>75,063</u>	<u>295,250</u>
Net Position, ending	<u>\$ 127,987</u>	<u>\$ 75,063</u>

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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, 2018, and have issued our report dated May 29, 2019. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed no instances 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.



Brandon, Mississippi
May 29, 2019



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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, 2018, 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 May 29, 2019.

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.

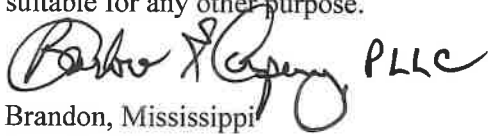


Compliance and Other Matters

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.

A handwritten signature in black ink, appearing to read "Barbo & Company PLLC", is written over the printed text of the signature block.

Brandon, Mississippi
May 29, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Brandon, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Brandon, Mississippi's major federal programs for the year ended September 30, 2018. The City of Brandon, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Brandon, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Brandon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



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Opinion on Each Major Federal Program

In our opinion, the City of Brandon, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

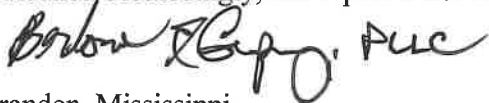
Report on Internal Control over Compliance

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

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

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

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



Brandon, Mississippi
May 29, 2019

CITY OF BRANDON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2018

<u>Federal Agency/Pass-through Entity/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>
United States Department of Transportation <i>Passed-through Mississippi Department of Transportation</i>			
Highway Planning and Construction Cluster	20.205	STP-7314-00(027) LPA/106826-701000	\$ 1,283,707
Total U.S. Department of Transportation			<u>1,283,707</u>
Total Federal Awards			\$ <u>1,283,707</u>

Notes to Schedule

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

**CITY OF BRANDON, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2018**

Section 1: Summary of Auditor's Results

Financial Statements:

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- | | | |
|-----|---|----------------------|
| i. | Material weakness(es) identified? | <u>No</u> |
| ii. | Significant deficiency(ies) identified that are not considered to be material weaknesses? | <u>None Reported</u> |
| | Noncompliance material to financial statements noted? | <u>No</u> |

Federal Awards:

An unmodified opinion was issued on compliance for the major program.

- | | | |
|-----|---|----------------------|
| i. | Material weakness(es) identified? | <u>No</u> |
| ii. | Significant deficiency(ies) identified that are not considered to be material weaknesses? | <u>None Reported</u> |

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>No</u>
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Federal programs identified as major programs:

U.S. Department of Transportation
Highway Planning and Construction Cluster
CFDA #20.205

Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
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Auditee qualified as a low-risk auditee?	<u>No</u>
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CITY OF BRANDON, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2018

Section 2: Findings - Financial Statement Audit

No matters were reported.

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

No matters were reported.

Section 4: Schedule of Findings and Questioned Costs – Prior Year

N/A