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# CITY OF BRUCE

City Clerk  
RITA TALFORD

P. O. BOX 667 • BRUCE, MISSISSIPPI 38915  
(662) 983-2453 • Fax (662) 983-2433

City Attorney  
JIM BECKETT

Deputy Clerk  
JANICE  
GOLLIDAY

RUDY POPE, Mayor

Chief of Police  
STAN EVANS

May 9, 2016

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

To Whom It May Concern:

Please find enclosed 2 copies of the annual audit report for the City of Bruce, Mississippi, for the fiscal year ended September 30, 2015.

The management letter is included as part of the annual audit.

Sincerely,



Rita Talford  
City Clerk

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CITY OF BRUCE, MISSISSIPPI  
AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

  
*The Dwight L. Young Group*  
CERTIFIED PUBLIC ACCOUNTANTS  
606 SOUTH 16TH STREET  
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OXFORD, MS 38655-0260  
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CITY OF BRUCE, MISSISSIPPI  
AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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Dwight L. Young, Sr., C.P.A.  
1918 - 1977

Roger A. Garrett, C.P.A.  
1922 - 2008

Dwight L. Young, Jr., C.P.A.  
Sylvia C. Alger, C.P.A.



604 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Bruce, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash receipts and disbursements basis of accounting, as described in Note 1, which is a comprehensive basis of accounting other than accounting generally accepted in the United States of America; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Bruce, Mississippi, as of September 30, 2015, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

### **Basis of Accounting**

As discussed in Note 1 of the financial statements, the City of Bruce, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 21 through 22 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.

The City of Bruce, Mississippi has not presented Management's Discussion and Analysis which is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bruce, Mississippi's basic financial statements taken as a whole. The Schedule of Expenditures of Federal awards as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Schedule of Investments-All Funds, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Surety Bonds for Municipal Officials 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 as required by the Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, Schedule of Investments-All Funds, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Surety Bonds for Municipal Officials are the responsibility of management and was derived from and relates 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

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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 Schedule of Expenditures of Federal Awards as required by the Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, Schedule of Investments-All Funds, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Surety Bonds for Municipal Officials are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2016, on our consideration of the City of Bruce, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bruce, Mississippi's internal control over financial reporting and compliance.

*The Dwight H. Young Group*

Oxford, Mississippi  
April 28, 2016

CITY OF BRUCE, MISSISSIPPI  
 STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS  
 As of and For the Year Ended September 30, 2015

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT:	PROGRAM CASH RECEIPTS				NET(DISBURSEMENTS) RECEIPTS AND CHANGES IN NET POSITION		
	CASH DISBURSEMENTS	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	Business-Type ACTIVITIES	TOTAL
Governmental Activities:							
General Government	\$ 324,054	\$ 6,544	\$ 5,000	\$ -0-	\$ (312,510)	\$ -0-	\$ (312,510)
Public Safety	657,995	168,777	13,861	92,700	(382,657)	-0-	(382,657)
Culture and Recreation	249,885	6,920	-0-	-0-	(242,965)	-0-	(242,965)
Sanitation	109,602	111,781	-0-	-0-	2,179	-0-	2,179
Street Maintenance	363,021	-0-	-0-	-0-	(363,021)	-0-	(363,021)
Total Governmental Activities	<u>1,704,557</u>	<u>294,022</u>	<u>18,861</u>	<u>92,700</u>	<u>(1,298,974)</u>	<u>-0-</u>	<u>(1,298,974)</u>
Business-Type Activities:							
Water and Sewer	1,057,720	426,833	-0-	798,898	-0-	168,011	168,011
Total Business-Type Activities	<u>1,057,720</u>	<u>426,833</u>	<u>-0-</u>	<u>798,898</u>	<u>-0-</u>	<u>168,011</u>	<u>168,011</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 2,762,277</u>	<u>\$ 720,855</u>	<u>\$ 18,861</u>	<u>\$ 891,598</u>	<u>\$ (1,298,974)</u>	<u>\$ 168,011</u>	<u>\$ (1,130,963)</u>

CITY OF BRUCE, MISSISSIPPI  
 STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS  
 As of and For the Year Ended September 30, 2015

	PROGRAM CASH RECEIPTS			NET (DISBURSEMENTS) RECEIPTS AND CHANGES IN NET POSITION		
FUNCTIONS/PROGRAMS (CONTINUED)	CASH DISBURSEMENTS	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	Business-Type ACTIVITIES	TOTAL
General Receipts:				\$ 401,773	\$ -0-	\$ 401,773
Taxes:						
Ad-valorem				511,732	-0-	511,732
Sales Taxes				46,189	-0-	46,189
In Lieu of Taxes				55,291	-0-	55,291
Franchise Taxes				4,719	413	5,132
Unrestricted Investment Income				110,948	-0-	110,948
Intergovernmental				-0-	2,977	2,977
Water Deposit Receipts				22,602	1,912	24,514
Miscellaneous				11,869	(11,869)	-0-
Interfund Loans				127,200	-0-	127,200
Rent				1,292,323	(6,567)	1,285,756
Total General Receipts				(6,651)	161,444	154,793
Changes in Net Assets				1,524,397	262,258	1,786,655
Net Assets at October 1, 2014				\$ 1,517,746	\$ 423,702	\$ 1,941,448
Net Assets at September 30, 2015						

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

CITY OF BRUCE, MISSISSIPPI  
 STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS  
 As of and For the Year Ended September 30, 2015

	PROGRAM CASH RECEIPTS				NET (DISBURSEMENTS) RECEIPTS AND CHANGES IN NET POSITION		
FUNCTIONS/PROGRAMS (CONTINUED)	CASH DISBURSEMENTS	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	Business-Type ACTIVITIES	TOTAL
ASSETS							
Cash and Equivalents		\$ 1,433,979	\$		\$ 342,638	\$	1,776,617
Restricted Cash		83,767			81,064		164,831
Total Assets		<u>1,517,746</u>	\$		<u>423,702</u>	\$	<u>1,941,448</u>
NET ASSETS							
Restricted for Public Safety		\$ 80,806	\$		-0-	\$	80,806
Restricted for Meter Deposits		-0-			81,064		81,064
Restricted for Unemployment Compensation		2,922			-0-		2,922
Restricted for Taxes		39			-0-		39
Unrestricted		<u>1,433,979</u>			<u>342,638</u>		<u>1,776,617</u>
Total Net Assets		<u>1,517,746</u>	\$		<u>423,702</u>	\$	<u>1,941,448</u>

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

CITY OF BRUCE, MISSISSIPPI  
 STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND CASH  
 RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
 As of and For the Year Ended September 30, 2015

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	OTHER NONMAJOR FUNDS	TOTAL	MAJOR FUND	WATER & SEWER FUND	TOTAL
CASH BASIS ASSETS-End of Year						
Cash and Cash Equivalents	\$ 1,181,252	\$ 252,727	\$ 1,433,979	\$ 342,638	\$ 342,638	
Restricted Cash	83,767	-0-	83,767	81,064	81,064	
Total Cash Basis Assets	<u>\$ 1,265,019</u>	<u>\$ 252,727</u>	<u>\$ 1,517,746</u>	<u>\$ 423,702</u>	<u>\$ 423,702</u>	
CASH BASIS FUND BALANCES-END OF YEAR						
Reserved	\$ 83,767	-0-	\$ 83,767	\$ 81,064	\$ 81,064	
Unreserved	<u>1,181,252</u>	<u>252,727</u>	<u>1,433,979</u>	<u>342,638</u>	<u>342,638</u>	
Total Cash Basis Fund Balances	<u>\$ 1,265,019</u>	<u>\$ 252,727</u>	<u>\$ 1,517,746</u>	<u>\$ 423,702</u>	<u>\$ 423,702</u>	

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

CITY OF BRUCE, MISSISSIPPI  
 STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND CASH  
 RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
 As of and For the Year Ended September 30, 2015

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	OTHER NONMAJOR FUNDS	TOTAL	MAJOR FUND	WATER & SEWER FUND	TOTAL
	GENERAL FUND					
RECEIPTS						
Taxes-Ad Valorem	\$ 401,756	\$ -0-	\$ 401,756	\$ -0-	\$ -0-	\$ -0-
In Lieu of Taxes	46,188	-0-	46,188	-0-	-0-	-0-
Franchise Taxes	55,291	-0-	55,291	-0-	-0-	-0-
Licenses and Permits	6,544	-0-	6,544	-0-	-0-	-0-
Recreation	6,920	-0-	6,920	-0-	-0-	-0-
Intergovernmental Revenues:						
Federal Grants	92,700	-0-	92,700	798,898	798,898	798,898
Charges for Services:						
Sanitation	111,781	-0-	111,781	-0-	-0-	-0-
Water and Sewer	-0-	-0-	-0-	426,833	426,833	426,833
Fines and Forfeits	168,777	-0-	168,777	-0-	-0-	-0-
Rent	127,200	-0-	127,200	-0-	-0-	-0-
County Shared Revenues:						
Road Taxes	75,203	-0-	75,203	-0-	-0-	-0-
Fire	15,561	-0-	15,561	-0-	-0-	-0-
State Shared Revenue:						
Sales Tax	511,732	-0-	511,732	-0-	-0-	-0-
Municipal Aid	6,784	-0-	6,784	-0-	-0-	-0-
Fire Protection	13,400	-0-	13,400	-0-	-0-	-0-
Other Grants	5,000	-0-	5,000	-0-	-0-	-0-
Interest	4,718	-0-	4,718	413	413	413
Donations	13,861	-0-	13,861	-0-	-0-	-0-
Miscellaneous	22,601	-0-	22,601	1,912	1,912	1,912
Total Receipts	<u>\$ 1,686,017</u>	<u>\$ -0-</u>	<u>\$ 1,686,017</u>	<u>\$ 1,228,056</u>	<u>\$ 1,228,056</u>	<u>\$ 1,228,056</u>

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

CITY OF BRUCE, MISSISSIPPI  
 STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND CASH  
 RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
 As of and For the Year Ended September 30, 2015

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	OTHER NONMAJOR FUNDS	TOTAL	MAJOR FUND	WATER & SEWER FUND	TOTAL
DISBURSEMENTS						
General Government	\$ 286,819	\$ -0-	\$ 286,819	\$ -0-	\$ -0-	\$ -0-
Public Safety	521,454	-0-	521,454	-0-	-0-	-0-
Culture and Recreation	215,056	-0-	215,056	-0-	-0-	-0-
Sanitation	109,602	-0-	109,602	-0-	-0-	-0-
Street Maintenance	276,835	-0-	276,835	-0-	-0-	-0-
Enterprise: Water and Sewer	-0-	-0-	-0-	333,290	-0-	333,290
Total Disbursement	<u>1,409,766</u>	<u>-0-</u>	<u>1,409,766</u>	<u>333,290</u>	<u>333,290</u>	<u>333,290</u>
Excess of Receipts Over (Under) Disbursements	<u>276,251</u>	<u>-0-</u>	<u>276,251</u>	<u>894,766</u>	<u>894,766</u>	<u>894,766</u>
OTHER CASH SOURCES (USES)						
Debt Repaid	(29,670)	-0-	(29,670)	-0-	-0-	-0-
Capital Outlay	(265,101)	-0-	(265,101)	(724,430)	(724,430)	(724,430)
Interfund Transfers	56,183	(56,183)	-0-	-0-	-0-	-0-
Interfund Loan Repayment	11,869	-0-	11,869	(11,869)	(11,869)	(11,869)
Water Deposits	-0-	-0-	-0-	2,977	2,977	2,977
Total Other Cash Sources (Uses)	<u>(226,719)</u>	<u>(56,183)</u>	<u>(282,902)</u>	<u>(733,322)</u>	<u>(733,322)</u>	<u>(733,322)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	49,532	(56,183)	(6,651)	161,444	161,444	161,444
CASH BASIS FUND BALANCE, OCTOBER 1, 2014	1,215,487	308,910	1,524,397	262,258	262,258	262,258
CASH BASIS FUND BALANCE, SEPT. 30, 2015	\$ <u>1,265,019</u>	\$ <u>252,727</u>	\$ <u>1,517,746</u>	\$ <u>423,702</u>	\$ <u>423,702</u>	\$ <u>423,702</u>

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

CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*A. Reporting Entity*

The City of Bruce, Mississippi (the City) was incorporated in 1927. The City operates under a Mayor-Board of Alderman form of government and provides all of the rights and privileges and services as provided by statutes for municipalities.

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

*B. Government-wide and Fund Financial Statements*

Basic financial statements consist of the following:

Statement of activities and net assets - cash basis

Statement of cash basis assets and fund balances and cash receipts, disbursements and changes in cash basis fund balances

The government-wide statements report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City combines the statement of activities and statement of net assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

*C. Measurement Focus and Basis of Accounting*

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

Government fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized as soon as they are collected. Expenditures generally are recorded when cash is spent.

The City reports the following major governmental fund:

The **general** fund is the government's primary operating fund. The fund accounts for all the financial sources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

The City reports the following major proprietary fund:

The **water and sewer fund** accounts for the activities of providing water and sewer services to citizens of the City.

Additionally, the City reports the following fund type:

The **capital project fund** which is not legally restricted but is used as a reserve by the City for capital expansion.

Amounts reported as program receipts include 1) receipts from customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts.

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CITY OF BRUCE, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

D. *Assets and Net Assets of Equity*

1. *Cash and Investments*

The government's cash and cash equivalents are considered to be cash in checking or savings accounts or cash invested in certificates of deposit.

2. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2. CASH AND CASH EQUIVALENTS

The collateral for public entities' deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits.

Cash is comprised of the following at September 30, 2015:

	CASH AND CASH <u>EQUIVALENTS</u>	RESERVED CASH AND CASH <u>EQUIVALENTS</u>	<u>TOTAL</u>
GOVERNMENTAL ACTIVITIES:			
General Fund	\$ 1,181,252	\$ 83,767	\$ 1,265,019
Capital Project Fund	<u>252,727</u>	<u>-0-</u>	<u>252,727</u>
Total Governmental Activities	<u>1,433,979</u>	<u>83,767</u>	<u>1,517,746</u>
BUSINESS-TYPE ACTIVITIES:			
Water and Sewer Fund	<u>342,638</u>	<u>81,064</u>	<u>423,702</u>
Total Business-Type Activities	<u>342,638</u>	<u>81,064</u>	<u>423,702</u>
GOVERNMENT-WIDE TOTAL	\$ <u>1,776,617</u>	\$ <u>164,831</u>	\$ <u>1,941,448</u>

CITY OF BRUCE, MISSISSIPPI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

Deposits at September 30, 2015, are summarized as follows:

	<u>REPORTED AMOUNT</u>	<u>BANK BALANCE</u>
Cash	\$ 938,812	\$ 953,723
Certificate of Deposit	<u>1,002,636</u>	<u>1,002,636</u>
Total Deposits	<u>\$ 1,941,448</u>	<u>\$ 1,956,359</u>

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2015, none of the City's bank balance of \$1,956,359 was exposed to custodial credit risk.

*Interest Rate Risk.* The City does not have a formal investment policy that limits investment maturities as a mean of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy that addresses custodial risk. However, the Mississippi State Treasurer manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2015, the City had no investments other than certificates of deposit.

CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

*Concentration of Credit Risk.* Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. Cities may invest any funds in excess of sums required for immediate expenditure or current obligations. State statutes limit the City's eligible investments to approved certificates of deposit or direct obligations of the United States of America and any Mississippi school, county, or state obligations.

State statute allows the investment of funds received from the sale of bonds, notes or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

NOTE 3 - PROPERTY TAX

The City levies property taxes annually based upon assessed valuations by the county. The City collects it's real and personal property ad valorem taxes. Automobile ad valorem taxes and certain road taxes are collected by the Calhoun County tax collector and disbursed to the City. Current collections of taxes for the year ended September 30, 2015, were approximately 99.9% of the total tax levy.

The tax rate levied by the City for fiscal year 2015 remained at 26.4 mills. The general fund receives all property tax collections and allocates them between departments as follows:

Park	\$ 16,414
Library	\$ 11,353
Admin, Public	
Safety, Public Works	\$ 305,174

CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Public Employees' Retirement System

A. *Plan Description and Provisions*

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

B. *Plan Funding Policy*

PERS members are required to contribute 9.0% of their annual covered salary and the City of Bruce, Mississippi is required to contribute at an actuarially determined rate, currently set at 15.75% of covered payroll. The contribution requirements of PERS members are established and may be amended only by State of Mississippi Legislature. The City of Bruce, Mississippi's contributions to PERS for the years ended September 30, 2015, 2014, and 2013 were \$96,174, \$99,047 and \$85,783 respectively, which equaled to the required contributions for each year.

C. *Trend Information*

Ten year historical information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS' June 30, 2015, comprehensive annual financial report.

NOTE 5 - LITIGATION

The City is not currently involved in any litigation.

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CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

NOTE 6 - SUBSEQUENT EVENTS

No events or transactions have occurred through April 28, 2016, the date the financial statements were available to be issued, which would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRUCE, MISSISSIPPI  
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
 GENERAL FUND

For the Year Ended September 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	(BUDGETARY BASIS)	FINAL BUDGET
<b>RECEIPTS</b>				
Taxes-Ad Valorem	\$ 395,156	\$ 395,156	\$ 401,756	\$ 6,600
In Lieu of Taxes	65,000	65,000	46,188	(18,812)
Franchise Fees	50,000	50,000	55,291	5,291
Licenses and Permits	3,500	3,500	6,544	3,044
Recreation	6,259	6,259	6,920	661
Intergovernmental Revenues:				
Federal Grants	-0-	-0-	92,700	92,700
Charges for Services:				
Sanitation	103,500	103,500	111,781	8,281
Fines and Forfeits	100,000	100,000	168,777	68,777
Rent	120,000	120,000	127,200	7,200
County Shared Revenue:				
Road Taxes	80,000	80,000	75,203	(4,797)
Fire	19,000	19,000	15,561	(3,439)
State Shared Revenue:				
Sales Tax	485,000	485,000	511,732	26,732
Municipal Aid	7,000	7,000	6,784	(216)
Fire Protection	5,000	5,000	13,400	8,400
Grants	-0-	-0-	5,000	5,000
Interest Earned	6,000	6,000	4,718	(1,282)
Donations	5,000	5,000	13,861	8,861
Miscellaneous	11,000	16,321	22,601	6,280
Total Receipts	<u>1,461,415</u>	<u>1,466,736</u>	<u>1,686,017</u>	<u>219,281</u>
<b>EXPENDITURES</b>				
General Government:				
Personnel	212,031	212,031	204,658	7,373
Supplies	11,750	16,250	12,717	3,533
Professional Services	65,500	62,245	69,444	(7,199)
Public Safety:				
Personnel	352,118	352,118	355,424	(3,306)
Supplies	104,850	125,816	132,189	(6,373)
Professional Services	37,875	40,875	33,841	7,034
Sanitation:				
Professional Services	120,000	120,000	109,602	10,398
Streets:				
Personnel	172,049	168,049	150,763	17,286
Supplies	144,500	80,440	18,006	62,434
Professional Services	135,750	94,750	108,066	(13,316)

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

CITY OF BRUCE, MISSISSIPPI  
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
 GENERAL FUND  
 For the Year Ended September 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	(BUDGETARY BASIS)	
EXPENDITURES (Continued)				
Culture and Recreation:				
Personnel	\$ 152,126	\$ 152,126	\$ 132,106	\$ 20,020
Supplies	36,848	38,033	40,908	(2,875)
Professional Services	37,500	37,500	42,042	(4,542)
Total Expenditures	<u>1,582,897</u>	<u>1,500,233</u>	<u>1,409,766</u>	<u>90,467</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(121,482)</u>	<u>(33,497)</u>	<u>276,251</u>	<u>309,748</u>
OTHER CASH SOURCES (USES)				
Debt Issued	-0-	-0-	-0-	-0-
Debt Repaid	-0-	-0-	(29,670)	(29,670)
Capital Outlay	(141,945)	(373,284)	(265,101)	108,183
Interfund Transfer	-0-	-0-	56,183	56,183
Interfund Loan Repayment	11,869	11,869	11,869	-0-
Total Other Financing Uses	<u>(130,076)</u>	<u>(361,415)</u>	<u>(226,719)</u>	<u>134,696</u>
Net Change in Cash Basis Fund Balance	\$ <u>(251,558)</u>	\$ <u>(394,912)</u>	\$ 49,532	\$ <u>444,444</u>
Cash Basis Fund Balance, October 1, 2014			<u>1,215,487</u>	
Cash Basis Fund Balance, September 30, 2015			\$ <u>1,265,019</u>	

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

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CITY OF BRUCE, MISSISSIPPI  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended September 30, 2015

Note A - Budgetary Information

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Alderman of the City, using historical and anticipated fiscal data, prepare an original budget for the general fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Alderman that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to the budget because state law does not require that funds be available when good or services are ordered, only when payment is made.

Note B - Basis of Presentation

The Budgetary Comparison Schedule - budget, actual and variance - present the original adopted budget, the final adopted budget, actual amounts on a budgetary (non-GAAP) basis and variance between the final budget and the actual amounts. The schedule is presented for the General Fund.

Note C - Budget Reconciliation

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

SUPPLEMENTAL INFORMATION

CITY OF BRUCE, MISSISSIPPI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY GRANT  
 For the Fiscal Year Ended September 30, 2015

FEDERAL GRANTOR/PASS- THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES (\$)
OTHER PROGRAMS		
United States Environmental Protection Agency Direct Programs		
ARRA-Capitalization Grants For Clean Water State Revolving Funds	66.458	\$ <u>576,674</u>
Total United States Environmental Protection Agency		<u>576,674</u>
United States Department of Agriculture Direct Programs		
Community Facilities Loans And Grants	10.780	<u>92,700</u>
Total United States Department of Agriculture Direct Programs		<u>92,700</u>
United States Department of Agriculture Direct Programs		
Part 1774-Special Evaluation Assistance for Rural Communities and Households Program (SEARCH)	10.759	<u>30,000</u>
Total United States Department of Agriculture		<u>30,000</u>
Total Other Programs		<u>699,374</u>
Total Expenditures of Federal Awards		\$ <u><u>699,374</u></u>

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

CITY OF BRUCE, MISSISSIPPI  
 SCHEDULE OF INVESTMENTS - ALL FUNDS  
 For the Fiscal Year Ended September 30, 2015

	DEPOSIT AMOUNT
Certificate of Deposit with Renasant Bank Maturing January 9, 2016, Interest rate .55%	\$ 45,960
Certificate of Deposit with Renasant Bank Maturing August 20, 2017, Interest rate 1.594%	2,922
Certificate of Deposit with Renasant Bank Maturing July 21, 2016, Interest rate .395%	<u>953,754</u>
	\$ <u>1,002,636</u>
 Fund Recap:	
General Fund	\$ 956,676
Water and Sewer Fund	<u>45,960</u>
	\$ <u>1,002,636</u>

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

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CITY OF BRUCE, MISSISSIPPI  
SCHEDULE OF CAPITAL ASSETS  
For the Year Ended September 30, 2015

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities:				
Capital Assets:				
Land	\$ 547,600	\$ 56,183	\$ -0-	\$ 603,783
Buildings	5,455,608	8,956	1,372	5,463,192
Machinery and Equipment	676,441	180,161	17,958	838,644
Infrastructure	<u>813,619</u>	<u>19,801</u>	<u>70</u>	<u>833,350</u>
Total Governmental Activities Capital Assets	\$ <u>7,493,268</u>	\$ <u>265,101</u>	\$ <u>19,400</u>	\$ <u>7,738,969</u>
Business-type Activities:				
Capital Assets:				
Land	\$ 100,100	\$ -0-	\$ -0-	\$ 100,100
Buildings	130,696	-0-	-0-	130,696
Machinery and Equipment	244,976	2,452	-0-	247,428
Infrastructure	1,770,992	-0-	-0-	1,770,992
Construction in Progress	<u>-0-</u>	<u>721,979</u>	<u>-0-</u>	<u>721,979</u>
Total Business-type Activities Capital Assets	\$ <u>2,246,764</u>	\$ <u>724,431</u>	\$ <u>-0-</u>	\$ <u>2,971,195</u>

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

CITY OF BRUCE, MISSISSIPPI  
 SCHEDULE OF LONG-TERM DEBT  
 For the Year Ended September 30, 2015

	BALANCE OUTSTANDING 10/1/14	ISSUED	PAYMENTS	BALANCE OUTSTANDING 9/30/15
Government Type Activities:				
CNH Capital - Case Tractor				
Lease Purchase - June 10, 2013				
60 month - 3.25%	\$ 63,781	\$ -0-	\$ 15,549	\$ 48,232
John Deere Financial -				
JD Tractor/loader				
Lease Purchase - March 25, 2014				
60 month - 3.0%	<u>67,015</u>	<u>-0-</u>	<u>14,121</u>	<u>52,894</u>
Total Debt	\$ <u>130,796</u>	\$ <u>-0-</u>	\$ <u>29,670</u>	\$ <u>101,126</u>

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

CITY OF BRUCE, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS  
September 30, 2015

NAME	POSITION	SURETY	BOND AMOUNT
Rudy Pope	Mayor	Travelers Casualty & Surety Co.	\$ 50,000
Danny Rodgers	Alderman	Travelers Casualty & Surety Co.	50,000
Johnny Armstrong	Alderman	Travelers Casualty & Surety Co.	50,000
Steve Nelson	Alderman	Travelers Casualty & Surety Co.	50,000
John E. Armstrong	Alderman	Travelers Casualty & Surety Co.	50,000
Ellen Shaw	Alderman	Travelers Casualty & Surety Co.	50,000
Rita Talford	City Clerk	Western Surety Company	50,000
Rita Talford	Tax Collector	Western Surety Company	10,000
Stanley Evans	Chief of Police	Western Surety Company	50,000
Other specified city employees	Various	Travelers Casualty & Surety Co.	25,000

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

COMPLIANCE REPORTS

Dwight L. Young, Sr., C.P.A.  
1918 - 1977

Roger A. Garrett, C.P.A.  
1922 - 2008

Dwight L. Young, Jr., C.P.A.  
Sylvia C. Alger, C.P.A.



604 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

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

Mayor and Board of Aldermen  
City of Bruce, Mississippi

We have audited the financial statements of the City of Bruce, Mississippi as of and for the year ended September 30, 2015, and have issued our report thereon dated April 28, 2016. We 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 basic financial statements disclosed no material instances of noncompliance with state laws and regulations. The prior year findings have been corrected unless otherwise noted.

This report is intended for the information of the City'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.

*The Dwight L. Young Group*

Oxford, Mississippi  
April 28, 2016

Dwight L. Young, Sr., C.P.A.  
1918 - 1977

Roger A. Garrett, C.P.A.  
1922 - 2008

Dwight L. Young, Jr., C.P.A.  
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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

Mayor and Board of Aldermen  
City of Bruce, 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 Bruce, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Bruce, Mississippi's basic financial statements, and have issued our report thereon dated April 28, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Bruce, 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 Bruce, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bruce, Mississippi's internal control.

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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 Bruce, 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 entity'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.

*The Dwight J. Young Group*

Oxford, Mississippi  
April 28, 2016



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

To the City of Bruce  
Bruce, Mississippi

**Report on Compliance for Each Major Federal Program**

We have audited the City of Bruce, Mississippi's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Bruce, Mississippi's major federal programs for the year ended September 30, 2015. The City of Bruce, 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 Bruce, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bruce,

Mississippi'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 Bruce, Mississippi's compliance.

#### **Opinion on Each Major Federal Program**

In our opinion, the City of Bruce, 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, 2015.

#### **Report on Internal Control over Compliance**

Management of the City of Bruce, 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 Bruce, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bruce, Mississippi's internal control over compliance.

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

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

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

*The Dwight D. Young Group*

Oxford, Mississippi  
April 28, 2016

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CITY OF BRUCE, MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended September 30, 2015

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued on the financial statements:                        | Unqualified   |
| 2. Internal control over financial reporting:  |               |
| a. Material weakness identified?   | No            |
| b. Significant deficiency identified that is not considered to be a material weakness? | None reported |
| 3. Noncompliance material to the primary government financial statements?              | No            |

**Federal Awards:**

- |  |               |
|--|---------------|
| 4. Internal control over major programs:   |               |
| a. Material weakness identified?   | No            |
| b. Significant deficiency identified?  | None reported |
| 5. Type of auditor's report issued on compliance for major federal programs:         | Unqualified   |
| 6. Any audit finding reported as required by Section ____ .510(a) of Circular A-133? | No            |
| 7. Federal programs identified as major programs:                                    |               |
| a. ARRA-Capitalization Grants for Clean Water State Revolving Funds                  | 66.458        |
| 8. The dollar threshold used to distinguish between type A and type B programs:      | \$300,000     |
| 9. Auditee qualified as a low-risk auditee?  | No            |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.