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MAYOR BUTCH LEE

March 14, 2017

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

Re: Annual Municipal Audit

Accompanying this letter is a hard copy of the annual audit of the City of Brandon, Mississippi, for the fiscal year ended September 30, 2016. A digital copy will be sent via email to Mr. Tom Chain.

Sincerely,

Angela Bean
City Clerk

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CITY OF BRANDON
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For the year ended September 30, 2016

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FINANCIAL AUDIT REPORT

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brandon, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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



The CPA. Never Underestimate The Value.



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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City's Contributions on pages 3-12 and 43-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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



MANAGEMENT'S DISCUSSION AND ANALYSIS



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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2016 were as follows:

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

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

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

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

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

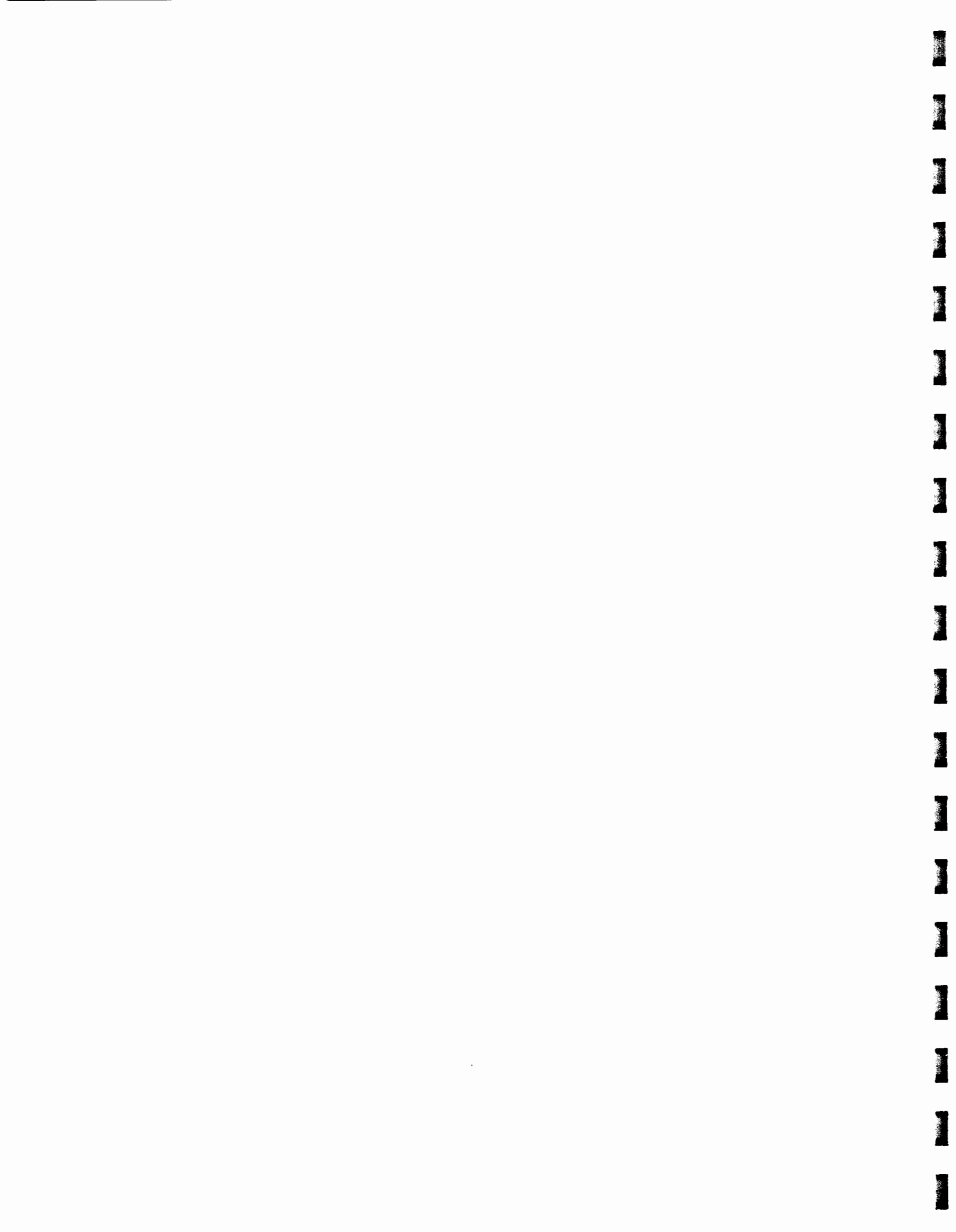
OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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



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

Table 1
Net Position
2016

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

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

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

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



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

Table 2
Changes in Net Position
2016

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

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



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

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

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

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

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

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

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

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



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

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

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

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



CURRENT ISSUES

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

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

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS



CITY OF BRANDON
STATEMENT OF NET POSITION
September 30, 2016

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

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See accompanying notes to financial statements.



CITY OF BRANDON
STATEMENT OF NET POSITION
September 30, 2016

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

See accompanying notes to financial statements.



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

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

See accompanying notes to financial statements.



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

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

See accompanying notes to financial statements.



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

Total fund balances - governmental funds	\$ 29,217,607
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Total net position reported for governmental activities in the statement of net position is different because:

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

Governmental capital assets	66,091,816	
Less accumulated depreciation	<u>(21,182,401)</u>	44,909,415

Certain items are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.

Deferred outflows and inflows related to pensions	3,157,434
Deferred outflows related to bond refunding	157,826

Certain items are not due and payable in the current period and, therefore, are either deferred or not reported in the governmental funds.

Interest payable	(307,777)
Accounts payable	(802,815)
Deferred inflows for developer construction advances	(31,509)

Long-term liabilities (including currents portion due) are not due and payable in the current period and accordingly are not reported in the governmental funds.

(62,730,314)

Net position of governmental activities	\$ <u><u>13,569,867</u></u>
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See accompanying notes to financial statements.



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

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

See accompanying notes to financial statements.



CITY OF BRANDON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

For the year ended September 30, 2016

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

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

Governmental funds report capital outlays as expenditures.

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

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

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

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

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

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

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

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

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See accompanying notes to financial statements.



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

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

See accompanying notes to financial statements.



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

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

See accompanying notes to financial statements.



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

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

See accompanying notes to financial statements.



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

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

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See accompanying notes to financial statements.



NOTES TO THE FINANCIAL STATEMENTS



CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

(1) Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

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

Major Governmental Funds

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

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

Non-Major Governmental Fund Types

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

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

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

Major Proprietary Fund

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

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



CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Fund Balance

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

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

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

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

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

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

Cash and Investments

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

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

Receivables and Payables

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

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

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

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CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
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Property Tax

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

Inventory

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

Restricted Assets

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

Capital Assets

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

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

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

Compensated Absences

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



CITY OF BRANDON
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Deferred Outflows and Inflows of Resources

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

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

Long-term Debt

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

Bond Discounts, Premiums and Issuance Costs

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

Pensions

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

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

Use of Estimates

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



CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Comparative Data

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

Reclassifications

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

(2) Budget and Budgetary Accounting

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

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

(3) Deposits and Investments

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



CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Custodial Credit Risk

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

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

(4) Receivables

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

Allowances for doubtful accounts are as follows:

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

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

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

(5) Interfund Advances and Transfers

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

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

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

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



CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
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(6) Capital Assets

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

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

Depreciation expense was charged to governmental functions as follows:

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

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

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September 30, 2016

(7) Obligations under capital lease:

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

	<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.	\$ 80,764	\$ -
Lease dated June 25, 2015, with Trustmark National Bank for the acquisition of equipment in the amount of \$68,105 at 1.57% payable in 36 monthly payments of \$1,938.	40,126	-
Lease dated February 25, 2015, with Regions Equipment Finance Corp. for the acquisition of equipment and vehicles in the amount of \$206,299 at 1.65% payable in 36 monthly payments of \$5,877	86,734	11,957
Lease dated December 15, 2015, with Trustmark National Bank for the acquisition of equipment and vehicles in the amount of \$105,989 at 1.43% payable in 36 monthly payments of \$3,009.	<u>79,916</u>	<u>-</u>
Total obligations under capital leases	\$ <u>287,540</u>	\$ <u>11,957</u>

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

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



CITY OF BRANDON
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September 30, 2016

(8) Long-Term Debt

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

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

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

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

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

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



CITY OF BRANDON
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Capital Improvement Loans

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

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

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.



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



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

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

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

<u>Other Long-Term Liabilities</u>	<u>Governmental 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 (see footnote 11).	\$ 400,000	\$ -
\$2,000,000 General Obligation Note Payable to Community Bank for the construction of roads due in 5 annual installments of \$400,000 through June 2020, with an interest rate of 1.739%.	2,000,000	-
Total Long-Term Liabilities	<u>\$ 2,400,000</u>	<u>\$ -</u>

Limitation of Indebtedness

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS
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(9) Fund Balances and Restricted Net Position

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

(10) Defined Benefit Pension Plan

Plan Description

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

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

Contributions

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



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NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

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

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

Differences Between Expected and Actual Experience.

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

Changes in Assumptions.

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

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

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

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



CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

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

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

Year ended September 30:

2017	\$ 1,472,804
2018	1,193,044
2019	937,657
2020	-
Total	<u>\$ 3,603,505</u>

Actuarial Assumptions

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

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

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

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

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

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CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

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

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

Discount Rate

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

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

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

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

Plan Fiduciary Net Position

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



CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

(11) Commitments and contingencies

Operating Leases

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

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

Contingent Liabilities

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

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

Construction and Other Significant Commitments

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

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

(12) Risk Management

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

Participation in Public Entity Risk Pool

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

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



CITY OF BRANDON
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

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

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

Group Health Insurance

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

(13) Special items

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

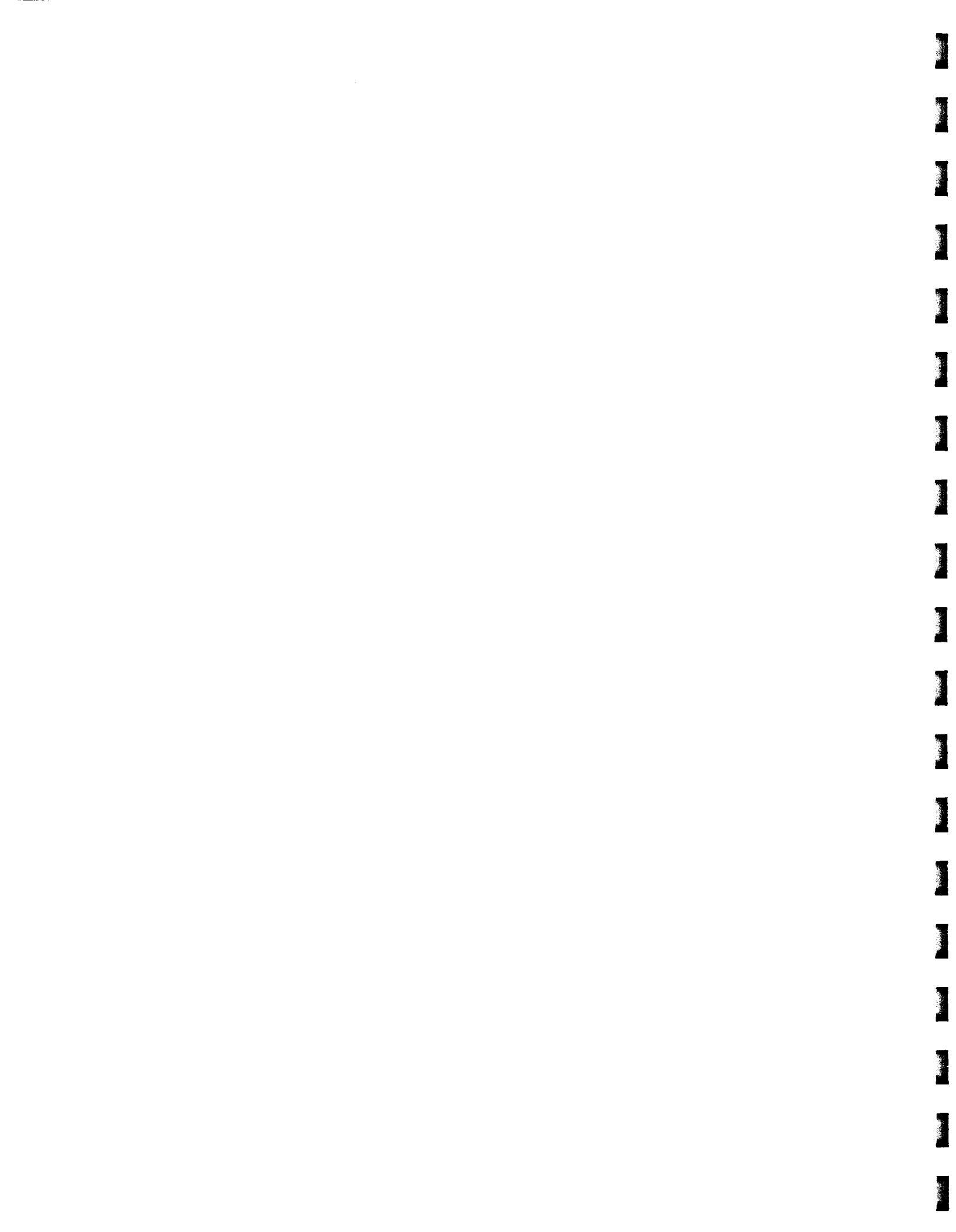
As a result of this legislation, the Department of Revenue abated the remaining balance due from the City in the amount of \$871,766.

(14) Subsequent Events

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

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REQUIRED SUPPLEMENTAL INFORMATION



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

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

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

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

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

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



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

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

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



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

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

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

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

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

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



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

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

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

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

Budgetary Comparison Schedule

Basis of Presentation

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

Pension Schedules

Measurement Date

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

Data Available and Presented

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

Change of Benefit Terms

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

Change of Assumptions

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



OTHER SUPPLEMENTAL INFORMATION



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

Position	Name	Surety	Amount
Mayor	Lee, Butch	St Paul	\$ 100,000
Alderman	Corley, Monica (Roland)	St Paul	\$ 100,000
Alderman	Vinson, Cris	St Paul	\$ 100,000
Alderman	Williams, Harry	St Paul	\$ 100,000
Alderman	Coker, Lu	St Paul	\$ 100,000
Alderman	Christopher, Bobby	St Paul	\$ 100,000
Alderman	Dobbs, Tahya	St Paul	\$ 100,000
Alderman	Morris, James	St Paul	\$ 100,000
City Clerk/Tax Collector	Bean, Angela	St Paul	\$ 50,000
Deputy City Clerk	Davis, Amy	Western Surety Company	\$ 50,000
Accountant	Greenwood, Elizabeth	Western Surety Company	\$ 50,000
Accounts Payable Clerk	Rankin, Susan	Western Surety Company	\$ 50,000
Payroll Clerk	Talbert, Wanda	Western Surety Company	\$ 50,000
Human Resource Manager	Edwards, Chad	Western Surety Company	\$ 50,000
Receptionist	Johnson, Elizabeth	Western Surety Company	\$ 50,000
Events Coordinator	Farrar, Lori	Western Surety Company	\$ 50,000
Senior Services Coordinator	Merideth, Diana	Western Surety Company	\$ 50,000
Police Chief	Thompson, William	St Paul	\$ 50,000
Administrative Assistant	Arendale, Byrnnne	Western Surety Company	\$ 50,000
Court Clerk	Burkes-Fortune, Karen	Western Surety Company	\$ 50,000
Deputy Court Clerk	Berry, Lydia	Western Surety Company	\$ 50,000
Deputy Court Clerk	McAdams, Samantha	Western Surety Company	\$ 50,000
Administrative Assistant	Palmer, Carolyn	Western Surety Company	\$ 50,000
Community Development Director	Hillman, Jordan	Western Surety Company	\$ 50,000
Community Development Office Manager	Hazen, Catherine	Western Surety Company	\$ 50,000
Building Inspector	Weeks, Clay	Western Surety Company	\$ 50,000
Code Enforcement Officer	Parrish, Heather	Western Surety Company	\$ 50,000
P&R Office Manager	Pardo, Brianne	Western Surety Company	\$ 50,000
Recreation Program Coordinator	Hales, Gwen	Western Surety Company	\$ 50,000
Recreation Program Coordinator	Hopson, Julie	Western Surety Company	\$ 50,000
Assistant Recreation Coordinator	Jones, Adison	Western Surety Company	\$ 50,000
PW Operations Coordinator	Dearman, Carly	Western Surety Company	\$ 50,000
Utility Billing Clerk III	Blackwell, Tonya	Western Surety Company	\$ 50,000
Utility Billing Clerk II	Massey, Sharon	Western Surety Company	\$ 50,000
Utility Billing Clerk II	Scanlon, Lindsay	Western Surety Company	\$ 50,000
Public Works Field Manager	Smith, Charles	Western Surety Company	\$ 50,000
Public Employees Blanket Bond (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
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2016**

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

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

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



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

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



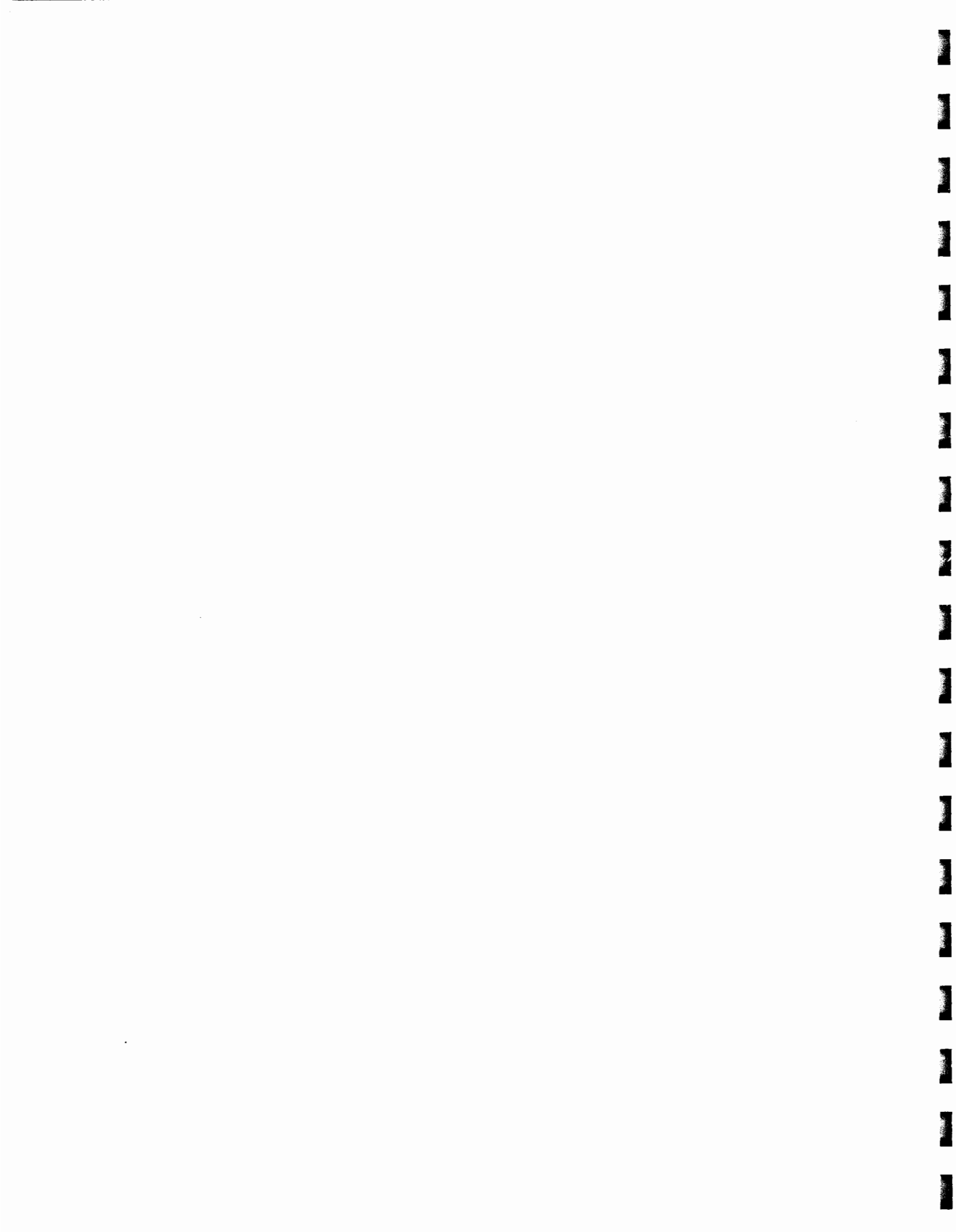
**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2016 and 2015**

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



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

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



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

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

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

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



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

For the Years Ended September 30, 2016 and 2015

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



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

For the Years Ended September 30, 2016 and 2015

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



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

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



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

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

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

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



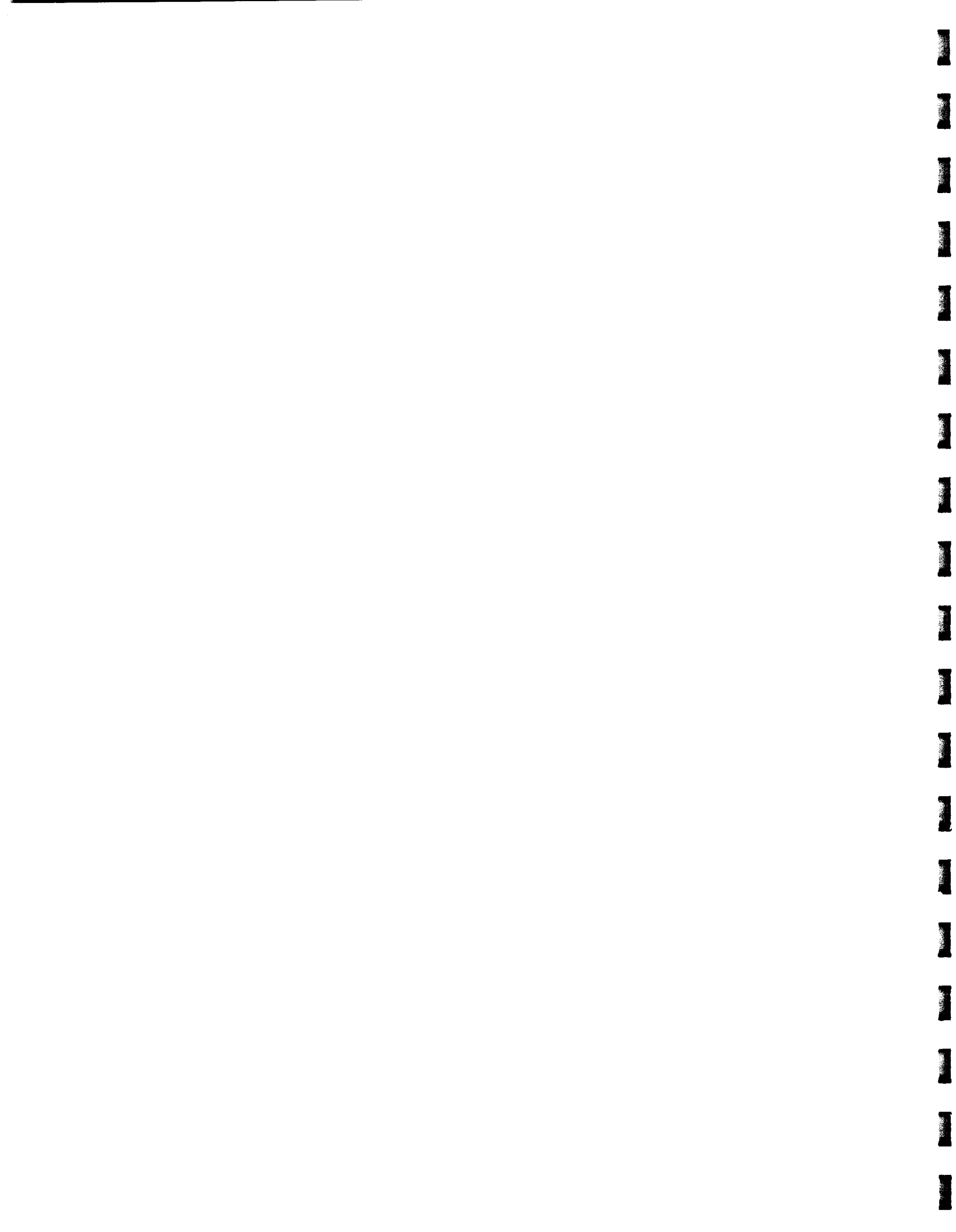
**CITY OF BRANDON
GENERAL FUND
COMPARISON SCHEDULES OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2016 and 2015**

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



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

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



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

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

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

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

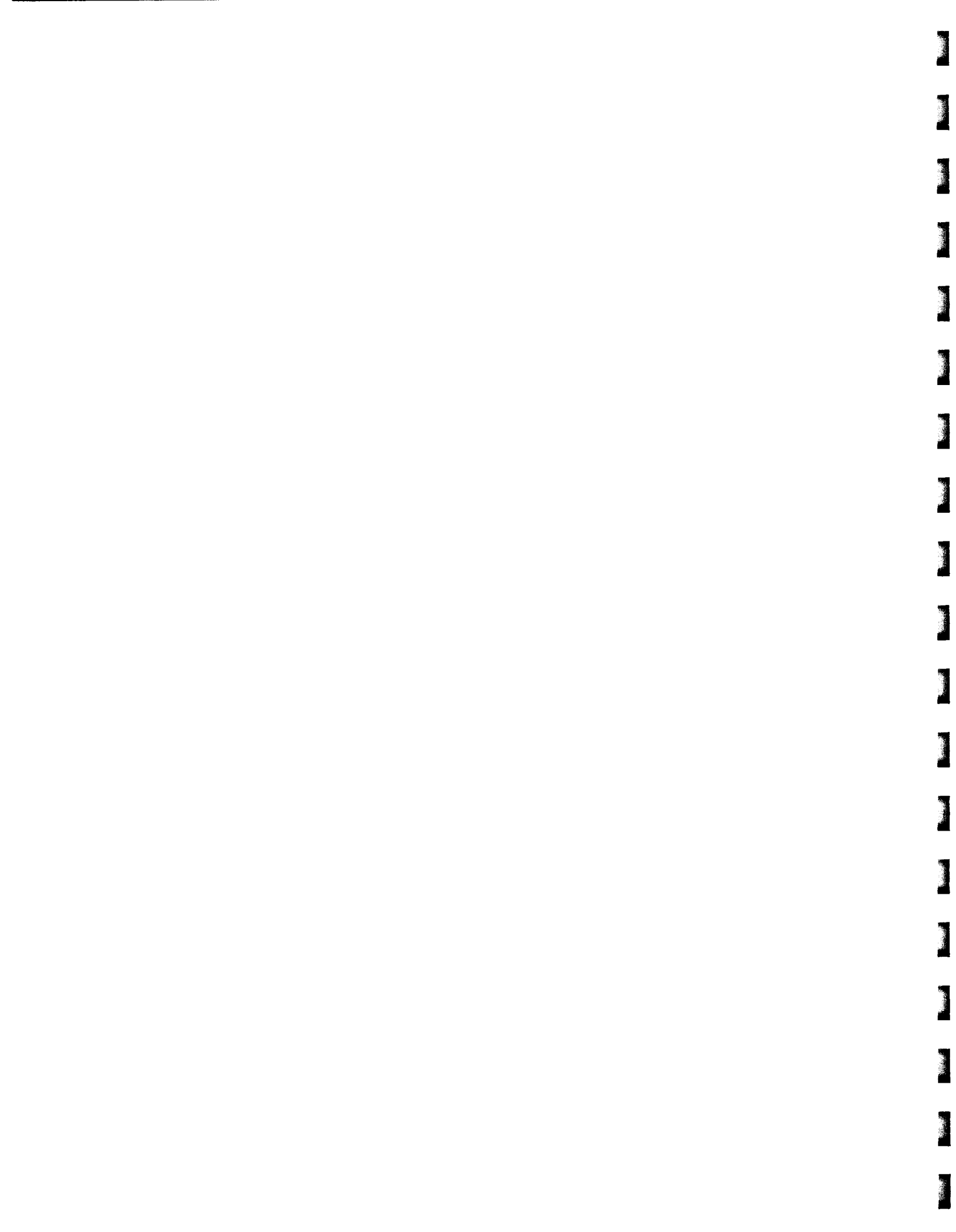


**CITY OF BRANDON
DRUG SEIZURE FUND
COMPARISON SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Years Ended September 30, 2016 and 2015**

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

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

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



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

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



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

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

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

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

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

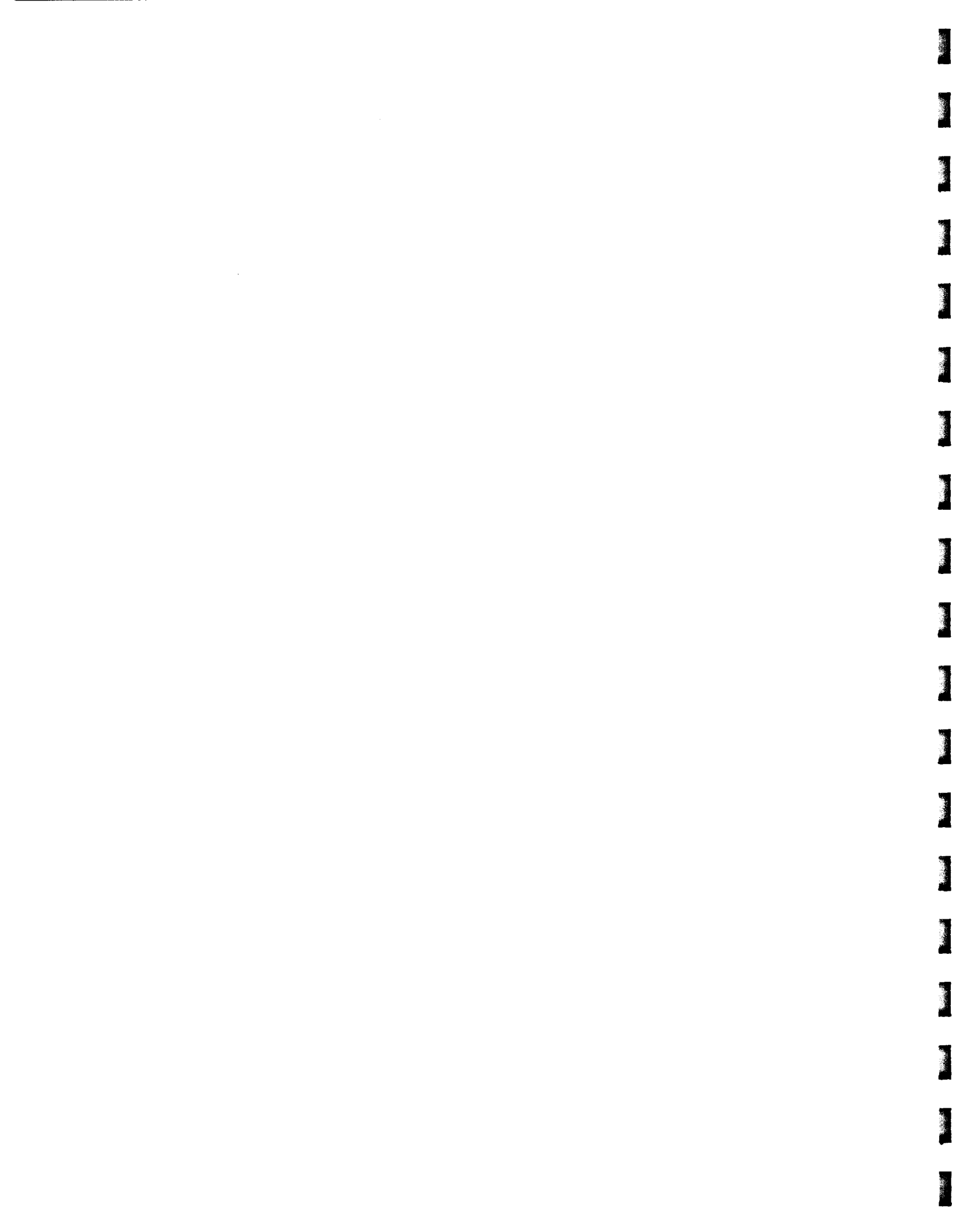
	<u>2016</u>	<u>2015</u>
Non-operating Revenues (Expenses)		
Gain (loss) on sale of equipment	10,295	-
Interest income	760	903
Interest expense	<u>(271)</u>	<u>(273)</u>
Total Non-operating Revenues (Expenses)	<u>10,784</u>	<u>630</u>
Net loss before operating transfers	(424,617)	(240,664)
Operating transfers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



COMPLIANCE REPORTS

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MAR 20 2017



Barlow, Walker & Company, P.A.

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

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

We have audited the basic financial statements of the City of Brandon, Mississippi as of and for the year ended September 30, 2016, and have issued our report dated March 1, 2017. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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

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

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

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

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

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