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City Clerk  
RITA TALFORD

Deputy Clerk  
JANICE  
GOLLIDAY

**CITY OF BRUCE**  
P. O. BOX 667 • BRUCE, MISSISSIPPI 38915  
(662) 983-2453 • Fax (662) 983-2433  
RUDY POPE, Mayor

City Attorney  
JIM BECKETT

Chief of Police  
STAN EVANS

July 10, 2017

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

To Whom It May Concern:

Please find enclosed 2 copies of the annual audit report for the City of Bruce, Mississippi, for the fiscal year ended September 30, 2016.

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

Sincerely,



Rita Talford  
City Clerk

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**"We are an equal  
opportunity provider"**



CITY OF BRUCE, MISSISSIPPI  
AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

  
*The Dwight L. Young Group*  
CERTIFIED PUBLIC ACCOUNTANTS  
606 SOUTH 16TH STREET  
P.O. DRAWER 280  
OXFORD, MS 38655-0280  
PHONE (662) 234-1251  
FAX (662) 236-3804



**CITY OF BRUCE, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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**JUL 13 2017**



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

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

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

Sylvia C. Alger, C.P.A.



*The Dwight L. Young Group*

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and business-type activities, each major fund and the aggregate remaining fund information of the City of Bruce, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements. These financial statements are the responsibility of the City of Bruce, Mississippi management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

**Auditor's Responsibility**

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

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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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Bruce, Mississippi, as of September 30, 2016, and the respective changes in cash basis financial position thereof, for the year then ended in accordance with the basis of accounting described in Note 1.

### **Basis of Accounting**

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 20 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in

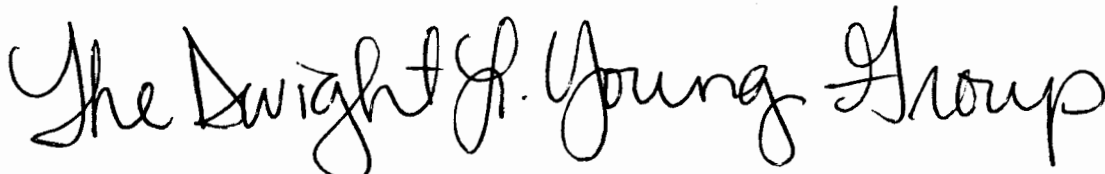


an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2017 on our consideration of the City of Bruce, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bruce, Mississippi's internal control over financial reporting and compliance.

A large, stylized handwritten signature in black ink that reads "The Dwight L. Young Group". The signature is written in a cursive, flowing style with large, connected letters.

The Dwight L. Young Group  
Oxford, Mississippi  
May 19, 2017



CITY OF BRUCE, MISSISSIPPI  
STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS  
As of and For the Year Ended September 30, 2016

FUNCTIONS/PROGRAMS	PROGRAM CASH RECEIPTS				NET(DISBURSEMENTS) RECEIPTS AND CHANGES IN NET POSITION		TOTAL
	CASH DISBURSEMENTS	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	Business-Type ACTIVITIES	
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 287,760	\$ 5,046	\$ -0-	\$ -0-	\$ (282,714)	\$ -0-	\$ (282,714)
Public Safety	560,919	176,758	21,187	-0-	(362,974)	-0-	(362,974)
Culture and Recreation	228,078	7,160	-0-	-0-	(220,918)	-0-	(220,918)
Sanitation	115,185	115,012	-0-	-0-	(173)	-0-	(173)
Street Maintenance	795,098	-0-	-0-	282,290	(512,808)	-0-	(512,808)
Total Governmental Activities	<u>1,987,040</u>	<u>303,976</u>	<u>21,187</u>	<u>282,290</u>	<u>(1,379,587)</u>	<u>-0-</u>	<u>(1,379,587)</u>
Business-Type Activities:							
Water and Sewer	907,653	441,108	29,646	502,623	-0-	65,724	65,724
Total Business-Type Activities	<u>907,653</u>	<u>441,108</u>	<u>29,646</u>	<u>502,623</u>	<u>-0-</u>	<u>65,724</u>	<u>65,724</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,894,693</u>	<u>\$ 745,084</u>	<u>\$ 50,833</u>	<u>\$ 784,913</u>	<u>\$ (1,379,587)</u>	<u>\$ 65,724</u>	<u>\$ (1,313,863)</u>

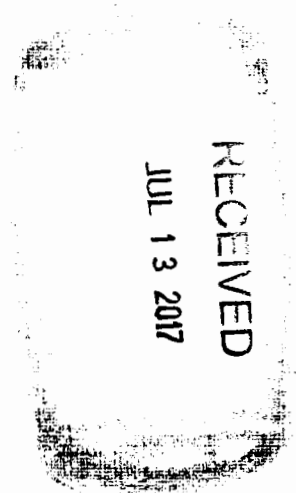
The accompanying notes to the financial statements are an integral part of this statement.





CITY OF BRUCE, MISSISSIPPI  
STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS  
As of and For the Year Ended September 30, 2016

	PROGRAM CASH RECEIPTS				NET (DISBURSEMENTS) RECEIPTS AND		CHANGES IN NET POSITION
	CASH	CHARGES FOR	OPERATING	CAPITAL	GOVERNMENTAL	Business-Type	
FUNCTIONS/PROGRAMS	DISBURSEMENTS	SERVICES	GRANTS & CONTRIBUTIONS	GRANTS & CONTRIBUTIONS	ACTIVITIES	ACTIVITIES	TOTAL
(CONTINUED)							
General Receipts:							
Taxes:							
Ad-valorem					\$ 401,893	\$ -0-	\$ 401,893
Sales Taxes					516,501	-0-	516,501
In Lieu of Taxes					26,222	-0-	26,222
Franchise Taxes					55,390	-0-	55,390
Unrestricted Investment Income					3,933	318	4,251
Intergovernmental					99,134	-0-	99,134
Water Deposit Receipts					-0-	3,807	3,807
Miscellaneous					11,553	1,606	13,159
Interfund Loans					2,098	(2,098)	-0-
Rent					127,703	-0-	127,703
Total General Receipts					<u>1,244,427</u>	<u>3,633</u>	<u>1,248,060</u>
Changes in Net Assets					(135,160)	69,357	(65,803)
Net Assets at October 1, 2015					1,517,746	423,702	1,941,448
Prior period adjustment						(66,149)	(66,149)
Net Assets at September 30, 2016					<u>\$ 1,382,586</u>	<u>\$ 426,910</u>	<u>\$ 1,809,496</u>



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



CITY OF BRUCE, MISSISSIPPI  
STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS  
As of and For the Year Ended September 30, 2016

	PROGRAM CASH RECEIPTS				NET (DISBURSEMENTS) RECEIPTS AND CHANGES IN NET POSITION		
	CASH	CHARGES FOR	OPERATING	CAPITAL	GOVERNMENTAL	Business-Type	
<u>FUNCTIONS/PROGRAMS</u>	<u>DISBURSEMENTS</u>	<u>SERVICES</u>	<u>GRANTS &amp; CONTRIBUTIONS</u>	<u>GRANTS &amp; CONTRIBUTIONS</u>	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
(CONTINUED)							
ASSETS							
Cash and Equivalents					\$ 1,272,296	\$ 342,039	\$ 1,614,335
Restricted Cash					110,290	84,871	195,161
Total Assets					\$ <u>1,382,586</u>	\$ <u>426,910</u>	\$ <u>1,809,496</u>
NET ASSETS							
Restricted for Public Safety					\$ 107,283	\$ -0-	\$ 107,283
Restricted for Meter Deposits					-0-	84,871	84,871
Restricted for Unemployment Compensation					2,935	-0-	2,935
Restricted for Taxes					72	-0-	72
Unrestricted					<u>1,272,296</u>	<u>342,039</u>	<u>1,614,335</u>
Total Net Assets					\$ <u>1,382,586</u>	\$ <u>426,910</u>	\$ <u>1,809,496</u>

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



CITY OF BRUCE, MISSISSIPPI  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND CASH  
RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
As of and For the Year Ended September 30, 2016

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES	
	MAJOR FUND			MAJOR FUND	
	GENERAL FUND	OTHER NONMAJOR FUNDS	TOTAL	WATER & SEWER FUND	TOTAL
CASH BASIS ASSETS-End of Year					
Cash and Cash Equivalents	\$ 1,109,083	\$ 163,213	\$ 1,272,296	\$ 342,039	\$ 342,039
Restricted Cash	<u>110,290</u>	<u>-0-</u>	<u>110,290</u>	<u>84,871</u>	<u>84,871</u>
Total Cash Basis Assets	\$ <u>1,219,373</u>	\$ <u>163,213</u>	\$ <u>1,382,586</u>	\$ <u>426,910</u>	\$ <u>426,910</u>
CASH BASIS FUND BALANCES-END OF YEAR					
Reserved	\$ 110,290	\$ -0-	\$ 110,290	\$ 84,871	\$ 84,871
Unreserved	<u>1,109,083</u>	<u>163,213</u>	<u>1,272,296</u>	<u>342,039</u>	<u>342,039</u>
Total Cash Basis Fund Balances	\$ <u>1,219,373</u>	\$ <u>163,213</u>	\$ <u>1,382,586</u>	\$ <u>426,910</u>	\$ <u>426,910</u>

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



CITY OF BRUCE, MISSISSIPPI  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND CASH  
RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
For the Year Ended September 30, 2016

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND		TOTAL	MAJOR FUND		TOTAL
	GENERAL FUND	OTHER NONMAJOR FUNDS		WATER & SEWER FUND		
RECEIPTS						
Taxes-Ad Valorem	\$ 401,893	\$ -0-	\$ 401,893	\$ -0-		\$ -0-
In Lieu of Taxes	26,222	-0-	26,222	-0-		-0-
Franchise Taxes	55,390	-0-	55,390	-0-		-0-
Licenses and Permits	5,046	-0-	5,046	-0-		-0-
Recreation	7,160	-0-	7,160	-0-		-0-
Intergovernmental Revenues:						
Charges for Services:						
Sanitation	115,012	-0-	115,012	-0-		-0-
Water and Sewer	-0-	-0-	-0-	441,108		441,108
Fines and Forfeits	176,758	-0-	176,758	-0-		-0-
Rent	127,703	-0-	127,703	-0-		-0-
County Shared Revenues:						
Road Taxes	71,540	-0-	71,540	-0-		-0-
Fire	17,610	-0-	17,610	-0-		-0-
State Shared Revenue:						
Sales Tax	516,501	-0-	516,501	-0-		-0-
Municipal Aid	6,784	-0-	6,784	-0-		-0-
Fire Protection	3,200	-0-	3,200	-0-		-0-
Other Grants	292,290	-0-	292,290	57,771		57,771
Interest	3,933	-0-	3,933	318		318
Donations	11,187	-0-	11,187	-0-		-0-
Miscellaneous	11,553	-0-	11,553	1,606		1,606
Total Receipts	\$ 1,849,782	\$ -0-	\$ 1,849,782	\$ 500,803		\$ 500,803

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





CITY OF BRUCE, MISSISSIPPI  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND CASH  
RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
For the Year Ended September 30, 2016

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES	
	MAJOR FUND			MAJOR FUND	
	GENERAL FUND	OTHER NONMAJOR FUNDS	TOTAL	WATER & SEWER FUND	TOTAL
DISBURSEMENTS					
General Government	\$ 283,755	\$ -0-	\$ 283,755	\$ -0-	\$ -0-
Public Safety	556,262	-0-	556,262	-0-	-0-
Culture and Recreation	216,793	-0-	216,793	-0-	-0-
Sanitation	115,185	-0-	115,185	-0-	-0-
Street Maintenance	291,566	-0-	291,566	-0-	-0-
Enterprise: Water and Sewer	-0-	-0-	-0-	379,425	379,425
Total Disbursement	<u>1,463,561</u>	<u>-0-</u>	<u>1,463,561</u>	<u>379,425</u>	<u>379,425</u>
Excess of Receipts Over (Under) Disbursements	<u>386,221</u>	<u>-0-</u>	<u>386,221</u>	<u>121,378</u>	<u>121,378</u>
OTHER CASH SOURCES (USES)					
Debt Issued	-0-	-0-	-0-	474,498	474,498
Debt Repaid	(32,050)	-0-	(32,050)	(5,065)	(5,065)
Capital Outlay	(491,429)	-0-	(491,429)	(523,163)	(523,163)
Interfund Transfers	89,514	(89,514)	-0-	-0-	-0-
Interfund Loan	(9,771)	-0-	(9,771)	9,771	9,771
Interfund Loan Repayment	11,869	-0-	11,869	(11,869)	(11,869)
Water Deposits	-0-	-0-	-0-	3,807	3,807
Total Other Cash Sources (Uses)	<u>(431,867)</u>	<u>(89,514)</u>	<u>(521,381)</u>	<u>( 52,021)</u>	<u>(52,021)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	<u>(45,646)</u>	<u>(89,514)</u>	<u>(135,160)</u>	<u>69,357</u>	<u>69,357</u>
CASH BASIS FUND BALANCE, OCTOBER 1, 2015	1,265,019	252,727	1,517,746	423,702	423,702
PRIOR PERIOD ADJUSTMENT	-0-	-0-	-0-	(66,149)	(66,149)
CASH BASIS FUND BALANCE, SEPT. 30, 2016	\$ <u>1,219,373</u>	\$ <u>163,213</u>	\$ <u>1,382,586</u>	\$ <u>426,910</u>	\$ <u>426,910</u>



CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*A. Reporting Entity*

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

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

*B. Government-wide and Fund Financial Statements*

Basic financial statements consist of the following:

Statement of activities and net assets - cash basis

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

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

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

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CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016

*C. Measurement Focus and Basis of Accounting*

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund type:

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

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



CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016

*D. Assets and Net Assets of Equity*

*1. Cash and Investments*

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

*2. Fund Equity*

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

NOTE 2. CASH AND CASH EQUIVALENTS

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

Cash is comprised of the following at September 30, 2016:

	CASH AND CASH <u>EQUIVALENTS</u>	RESERVED CASH AND CASH <u>EQUIVALENTS</u>	<u>TOTAL</u>
GOVERNMENTAL ACTIVITIES:			
General Fund	\$ 1,109,083	\$ 110,290	\$ 1,219,373
Capital Project Fund	<u>163,213</u>	<u>-0-</u>	<u>163,213</u>
Total Governmental Activities	<u>1,272,296</u>	<u>110,290</u>	<u>1,382,586</u>
 BUSINESS-TYPE ACTIVITIES:			
Water and Sewer Fund	<u>342,039</u>	<u>84,871</u>	<u>426,910</u>
Total Business-Type Activities	<u>342,039</u>	<u>84,871</u>	<u>426,910</u>
 GOVERNMENT-WIDE TOTAL	 \$ <u>1,614,335</u>	 \$ <u>195,161</u>	 \$ <u>1,809,496</u>





CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016

Deposits at September 30, 2016, are summarized as follows:

	<u>REPORTED AMOUNT</u>	<u>BANK BALANCE</u>
Cash	\$ 802,728	\$ 801,874
Certificate of Deposit	<u>1,006,768</u>	<u>1,006,768</u>
Total Deposits	<u>\$1,809,496</u>	<u>\$ 1,808,642</u>

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2016, none of the City's bank balance of \$1,956,359 was exposed to custodial credit risk.

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

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

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy that addresses custodial risk. However, the Mississippi State Treasurer manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2016, the City had no investments other than certificates of deposit.



CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016

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

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

NOTE 3 - PROPERTY TAX

The City levies property taxes annually based upon assessed valuations by the county. The City collects it's real and personal property ad valorem taxes. Automobile ad valorem taxes and certain road taxes are collected by the Calhoun County tax collector and disbursed to the City. Current collections of taxes for the year ended September 30, 2016, were approximately 99.79% of the total tax levy.

The tax rate levied by the City for fiscal year 2016 remained at 26.4 mills. The general fund receives all property tax collections and allocates them between departments as follows:

Park	<u>\$ 16,472</u>
Library	<u>\$ 11,393</u>
Admin, Public	
Safety, Public Works	<u>\$306,250</u>



CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Public Employees' Retirement System

*A. Plan Description and Provisions*

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

*B. Plan Funding Policy*

PERS members are required to contribute 9.0% of their annual covered salary and the City of Bruce, Mississippi is required to contribute at an actuarially determined rate, currently set at 15.75% of covered payroll. The contribution requirements of PERS members are established and may be amended only by State of Mississippi Legislature. The City of Bruce, Mississippi's contributions to PERS for the years ended September 30, 2016, 2015, and 2014 were \$96,776, \$96,174 and \$99,047 respectively, which equaled to the required contributions for each year.

*C. Trend Information*

Ten year historical information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS' June 30, 2016, comprehensive annual financial report.

NOTE 5 - LITIGATION

The City is not currently involved in any litigation.



CITY OF BRUCE, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 19, 2017, the date the financial statements were available to be issued.





REQUIRED SUPPLEMENTARY INFORMATION



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

For the Year Ended September 30, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RECEIPTS				
Taxes-Ad Valorem	\$ 394,508	\$ 394,508	\$ 401,893	\$ 7,385
In Lieu of Taxes	50,000	50,000	26,222	(23,778)
Franchise Fees	50,000	50,000	55,390	5,390
Licenses and Permits	4,700	4,700	5,046	346
Recreation	6,259	6,259	7,160	901
Intergovernmental Revenues:				
Charges for Services:				
Sanitation	104,500	104,500	115,012	10,512
Fines and Forfeits	100,000	100,000	176,758	76,758
Rent	127,200	127,200	127,703	503
County Shared Revenue:				
Road Taxes	75,000	75,000	71,540	(3,460)
Fire	10,000	10,000	17,610	7,610
State Shared Revenue:				
Sales Tax	485,000	485,000	516,501	31,501
Municipal Aid	7,000	7,000	6,784	(216)
Fire Protection	5,000	5,000	3,200	(1,800)
Grants	-0-	-0-	292,290	292,290
Interest Earned	5,100	5,100	3,933	(1,167)
Donations	12,000	12,000	11,187	(813)
Miscellaneous	15,000	15,000	11,553	(3,447)
Total Receipts	<u>1,451,267</u>	<u>1,451,267</u>	<u>1,849,782</u>	<u>398,515</u>
EXPENDITURES				
General Government:				
Personnel	212,031	212,031	203,679	8,352
Supplies	11,750	11,750	14,334	(2,584)
Professional Services	66,800	71,005	65,742	5,263
Public Safety:				
Personnel	345,021	345,021	350,583	(5,562)
Supplies	108,350	170,369	165,360	5,009
Professional Services	40,375	42,375	40,319	2,056
Sanitation:				
Professional Services	120,000	120,000	115,185	4,815
Streets:				
Personnel	148,632	148,632	139,795	8,837
Supplies	100,400	50,400	39,967	10,433
Professional Services	125,100	125,100	111,804	13,296

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



CITY OF BRUCE, MISSISSIPPI  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended September 30, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
EXPENDITURES (Continued)				
Culture and Recreation:				
Personnel	\$ 143,155	\$ 143,155	\$ 134,809	\$ 8,346
Supplies	36,848	36,848	41,562	(4,714)
Professional Services	37,500	37,500	40,422	(2,922)
Total Expenditures	<u>1,495,962</u>	<u>1,514,186</u>	<u>1,463,561</u>	<u>50,625</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(44,695)</u>	<u>(62,919)</u>	<u>386,221</u>	<u>449,140</u>
OTHER CASH SOURCES (USES)				
Debt Repaid	-0-	-0-	(32,050)	(32,050)
Capital Outlay	(73,000)	(261,445)	(491,429)	(229,984)
Interfund Transfer	-0-	-0-	89,514	89,514
Interfund Loan	-0-	-0-	(9,771)	(9,771)
Interfund Loan Repayment	<u>11,869</u>	<u>11,869</u>	<u>11,869</u>	<u>-0-</u>
Total Other Financing Uses	<u>(61,131)</u>	<u>(249,576)</u>	<u>(431,867)</u>	<u>(182,291)</u>
Net Change in Cash Basis				
Fund Balance	\$ <u>(105,826)</u>	\$ <u>(312,495)</u>	\$ (45,646)	\$ <u>266,849</u>
Cash Basis Fund Balance, October 1, 2015			<u>1,265,019</u>	
Cash Basis Fund Balance, September 30, 2016			\$ <u>1,219,373</u>	

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



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

Note A - Budgetary Information

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

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

Note B - Basis of Presentation

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

Note C - Budget Reconciliation

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





SUPPLEMENTAL INFORMATION



CITY OF BRUCE, MISSISSIPPI  
SCHEDULE OF INVESTMENTS - ALL FUNDS  
For the Fiscal Year Ended September 30, 2016

	<u>DEPOSIT AMOUNT</u>
Certificate of Deposit with Renasant Bank Maturing January 9, 2019, Interest rate 0.594%	\$ 46,160
Certificate of Deposit with Renasant Bank Maturing August 20, 2017, Interest rate 1.594%	2,935
Certificate of Deposit with Calhoun Banking Center Maturing August 1, 2018 Interest rate 1.25%	<u>957,673</u>
	\$ <u>1,006,768</u>
Fund Recap:	
General Fund	\$ 960,608
Water and Sewer Fund	<u>46,160</u>
	\$ <u>1,006,768</u>

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



CITY OF BRUCE, MISSISSIPPI  
SCHEDULE OF CAPITAL ASSETS  
For the Year Ended September 30, 2016

	BEGINNING				ENDING
	BALANCE	ADDITIONS	DELETIONS	ADJUSTMENTS	BALANCE
Governmental Activities:					
Capital Assets:					
Land	\$ 603,783	\$ -0-	\$ -0-	-0-	\$ 603,783
Buildings	5,463,192	5,205	-0-	-0-	5,468,397
Machinery and Equipment	838,644	51,889	200	21,916	912,249
Infrastructure	<u>833,350</u>	<u>436,804</u>	<u>-0-</u>	<u>2,900</u>	<u>1,273,054</u>
Total Governmental					
Activities Capital Assets	\$ <u>7,738,969</u>	\$ <u>493,898</u>	\$ <u>200</u>	\$ <u>24,816</u>	\$ <u>8,257,483</u>
Business-type Activities:					
Capital Assets:					
Land	\$ 100,100	\$ -0-	\$ -0-	\$ -0-	\$ 100,100
Buildings	130,696	-0-	-0-	-0-	130,696
Machinery and Equipment	247,428	36,429	3,000	65,950	346,807
Infrastructure	1,770,992	458,609	-0-	721,028	2,950,629
Construction in Progress	<u>721,979</u>	<u>28,125</u>	<u>-0-</u>	<u>(721,979)</u>	<u>28,125</u>
Total Business-type					
Activities Capital Assets	\$ <u>2,971,195</u>	\$ <u>523,163</u>	\$ <u>3,000</u>	\$ <u>64,999</u>	\$ <u>3,556,357</u>

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



CITY OF BRUCE, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
For the Year Ended September 30, 2016

	BALANCE OUTSTANDING 9/30/15	ISSUED	PAYMENTS	BALANCE OUTSTANDING 9/30/16
Government Type Activities:				
CNH Capital - Case Tractor Lease Purchase - June 10, 2013 60 month - 3.25%	\$ 48,232	\$ -0-	\$ 17,499	\$ 30,733
John Deere Financial - JD Tractor/loader Lease Purchase - March 25, 2014 60 month - 3.0%	<u>52,894</u>	<u>-0-</u>	<u>14,551</u>	<u>38,343</u>
Total	\$ <u>101,126</u>	\$ <u>-0-</u>	\$ <u>32,050</u>	\$ <u>69,076</u>
Business Type Activities				
MDEQ-WPCRLF Sewer Project - June 1, 2016 Maturity: February 1, 2036 - 1.75%	\$ <u>-0-</u>	\$ <u>474,498</u>	\$ <u>5,065</u>	\$ <u>469,433</u>
Total	<u>-0-</u>	<u>474,498</u>	<u>5,065</u>	<u>469,433</u>
Total Debt	\$ <u>101,126</u>	\$ <u>474,498</u>	\$ <u>37,115</u>	\$ <u>538,509</u>

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





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

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

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

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COMPLIANCE REPORTS



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

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

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



*The Dwight L. Young Group*

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Mayor and Board of Aldermen  
City of Bruce, Mississippi

We have audited the financial statements of the City of Bruce, Mississippi as of and for the year ended September 30, 2016, and have issued our report thereon dated May 19, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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

The results of those procedures and our audit of the basic financial statements disclosed no material instances of noncompliance with state laws and regulations. The prior year findings have been corrected unless otherwise noted.

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

*The Dwight L. Young Group*  
The Dwight L. Young Group  
Oxford, Mississippi  
May 19, 2017

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and Board of Aldermen  
City of Bruce, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bruce, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Bruce, Mississippi's basic financial statements, and have issued our report thereon dated May 19, 2017.

**Internal Control over Financial Reporting**

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





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

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

#### **Compliance and Other Matters**

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

#### **Purpose of this Report**

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

*The Dwight L. Young Group*

The Dwight L. Young Group  
Oxford, Mississippi  
May 19, 2017

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