

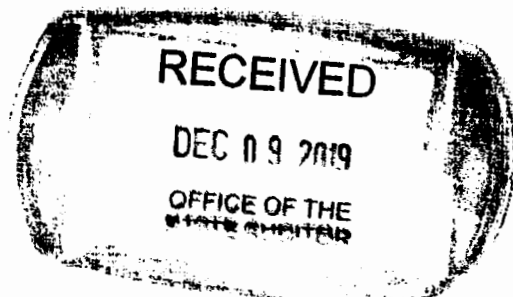


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CITY OF BRUCE, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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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.



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, 2018, and the related notes to the financial statements, which collectively comprise the City of Bruce, Mississippi's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

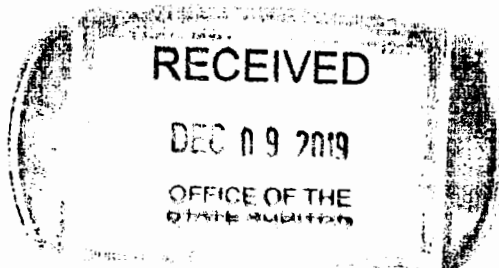
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit.

The financial statements do not include financial data for the City's legally separate component unit. Accounting principles generally accepted in the United States of America require that the financial data for component units be reported with the financial data of the City's primary government unless the city also issues financial statements for the financial reporting entity that include the financial data for its component unit. The city has not issued such reporting entity financial statements. The amount by which this departure would effect the assets, liabilities, net position, revenue, and expenses of the aggregate discretely presented component unit is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to alone do not present fairly, the financial position of the aggregate discretely presented component units of City of Bruce, Mississippi, as of September 30, 2018, or the changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United State of America.



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, 2018, and the respective changes in cash basis financial position thereof, for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

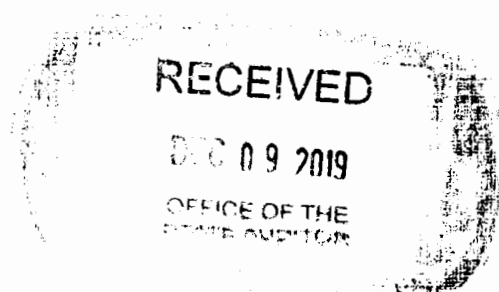
As discussed in Note 1 of the financial statements, the City of Bruce, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 21 through 23 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 September 28, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bruce, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bruce, Mississippi's internal control over financial reporting and compliance.

The Dwight L. Young Group

The Dwight L. Young Group
Oxford, Mississippi
September 28, 2019

CITY OF BRUCE, MISSISSIPPI
STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS
As of and For the Year Ended September 30, 2018

FUNCTIONS/PROGRAMS	PROGRAM CASH RECEIPTS					NET (DISBURSEMENTS) RECEIPTS AND CHANGES IN NET POSITION	
	CASH DISBURSEMENTS	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	Business-Type ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 349,601	\$ 4,215	\$ -0-	\$ -0-	\$ (345,386)	\$ -0-	\$ (345,386)
Public Safety	1,146,424	99,188	3,600	-0-	(1,043,636)	-0-	(1,043,636)
Culture and Recreation	233,299	21,115	-0-	-0-	(212,184)	-0-	(212,184)
Sanitation	116,025	114,647	-0-	-0-	(1,378)	-0-	(1,378)
Street Maintenance	400,533	-0-	9,012	200,696	(190,825)	-0-	(190,825)
Total Governmental Activities	<u>2,245,882</u>	<u>239,165</u>	<u>12,612</u>	<u>200,696</u>	<u>(1,793,409)</u>	<u>-0-</u>	<u>(1,793,409)</u>
Business-Type Activities:							
Water and Sewer	<u>538,021</u>	<u>440,712</u>	<u>-0-</u>	<u>63,427</u>	<u>-0-</u>	<u>(33,882)</u>	<u>(33,882)</u>
Total Business-Type Activities	<u>538,021</u>	<u>440,712</u>	<u>-0-</u>	<u>63,427</u>	<u>-0-</u>	<u>(33,882)</u>	<u>(33,882)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$2,783,903</u>	<u>\$ 679,877</u>	<u>\$ 12,612</u>	<u>\$ 264,123</u>	<u>\$ (1,793,409)</u>	<u>\$ (33,882)</u>	<u>\$ (1,827,291)</u>

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

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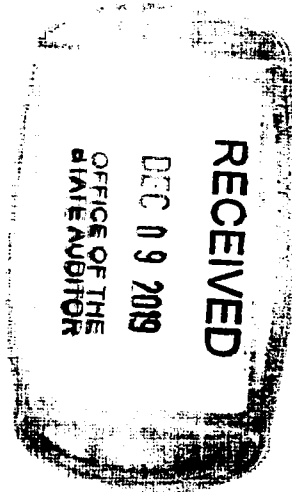
CITY OF BRUCE, MISSISSIPPI
STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS
As of and For the Year Ended September 30, 2018

FUNCTIONS/PROGRAMS (CONTINUED)	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	
General Receipts:							
Taxes:							
Ad-valorem					\$ 398,061	\$ -0-	\$ 398,061
Sales Taxes					502,138	-0-	502,138
In Lieu of Taxes					43,912	-0-	43,912
Franchise Taxes					59,174	-0-	59,174
Unrestricted Investment Income					11,404	363	11,767
Intergovernmental					104,934	-0-	104,934
Water Deposit Receipts					-0-	2,623	2,623
Miscellaneous					3,422	1,885	5,307
Interfund Loans					11,869	(11,869)	-0-
Rent					197,744	-0-	197,744
Loan Proceeds					304,995	59,750	364,745
Total General Receipts					<u>1,637,653</u>	<u>52,752</u>	<u>1,690,405</u>
Changes in Net Assets					(155,756)	18,870	(136,886)
Net Assets at October 1, 2017					1,365,141	359,403	1,724,544
Net Assets at September 30, 2018					<u>\$ 1,209,385</u>	<u>\$ 378,273</u>	<u>\$1,587,658</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, 2018

FUNCTIONS/PROGRAMS CONTINUED:	PROGRAM CASH RECEIPTS					NET (DISBURSEMENTS) RECEIPTS AND CHANGES IN NET POSITION	
	CASH DISBURSEMENTS	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	Business-Type ACTIVITIES	TOTAL
ASSETS							
Cash and Equivalents					\$ 1,165,753	\$ 288,878	\$ 1,454,631
Restricted Cash					43,632	89,395	133,027
Total Assets					\$ 1,209,385	\$ 378,273	\$ 1,587,658
NET ASSETS							
Restricted for Public Safety					\$ 40,642	\$ -0-	\$ 40,642
Restricted for Meter Deposits					-0-	89,395	89,395
Restricted for Unemployment Compensation					2,970	-0-	2,970
Restricted for Taxes					20	-0-	20
Unrestricted					1,165,753	288,878	1,454,631
Total Net Assets					\$ 1,209,385	\$ 378,273	\$ 1,587,658



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, 2018

	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	\$ 1,102,540	\$ 63,213	\$ 1,165,753	\$ 288,878	\$ 288,878
Restricted Cash	<u>43,632</u>	<u>-0-</u>	<u>43,632</u>	<u>89,395</u>	<u>89,395</u>
Total Cash Basis Assets	\$ <u>1,146,172</u>	\$ <u>63,213</u>	\$ <u>1,209,385</u>	\$ <u>378,273</u>	\$ <u>378,273</u>
CASH BASIS FUND BALANCES-END OF YEAR					
Restricted for Public Safety	\$ 40,642	\$ -0-	\$ 40,642	\$ -0-	\$ -0-
Restricted for Meter Deposits	-0-	-0-	-0-	89,395	89,395
Restricted for Unemployment	2,970	-0-	2,970	-0-	-0-
Restricted for Taxes	20	-0-	20	-0-	-0-
Unrestricted	<u>1,102,540</u>	<u>63,213</u>	<u>1,165,753</u>	<u>288,878</u>	<u>288,878</u>
Total Cash Basis Fund Balances	\$ <u>1,146,172</u>	\$ <u>63,213</u>	\$ <u>1,209,385</u>	\$ <u>378,273</u>	\$ <u>378,273</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, 2018

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES	
	MAJOR FUND GENERAL FUND	OTHER NONMAJOR FUNDS	TOTAL	MAJOR FUND WATER & SEWER FUND	TOTAL
RECEIPTS					
Taxes-Ad Valorem	\$ 398,061	\$ -0-	\$ 398,061	\$ -0-	\$ -0-
In Lieu of Taxes	43,912	-0-	43,912	-0-	-0-
Franchise Taxes	59,174	-0-	59,174	-0-	-0-
Licenses and Permits	4,215	-0-	4,215	-0-	-0-
Recreation	21,115	-0-	21,115	-0-	-0-
Intergovernmental Revenues:					
Charges for Services:					
Sanitation	114,647	-0-	114,647	-0-	-0-
Water and Sewer	-0-	-0-	-0-	440,712	440,712
Fines and Forfeits	99,188	-0-	99,188	-0-	-0-
Rent	197,744	-0-	197,744	-0-	-0-
County Shared Revenues:					
Road Taxes	70,957	-0-	70,957	-0-	-0-
Fire	16,394	-0-	16,394	-0-	-0-
State Shared Revenue:					
Sales Tax	502,138	-0-	502,138	-0-	-0-
Municipal Aid	6,783	-0-	6,783	-0-	-0-
Fire Protection	10,800	-0-	10,800	-0-	-0-
MEMA Grant	9,012	-0-	9,012	-0-	-0-
Other Grant	3,600	-0-	3,600	-0-	-0-
MDA Grant	48,396	-0-	48,396	-0-	-0-
CDBG Grant	-0-	-0-	-0-	63,427	63,427
Weyerhaeuser Grant	152,300	-0-	152,300	-0-	-0-
Interest	11,404	-0-	11,404	363	363
Donations	230	-0-	230	-0-	-0-
Miscellaneous	3,192	-0-	3,192	1,885	1,885
Total Receipts	\$ 1,773,262	\$ -0-	\$ 1,773,262	\$ 506,387	\$ 506,387

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, 2018

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES	
	MAJOR FUND GENERAL FUND	OTHER NONMAJOR FUNDS	TOTAL	MAJOR FUND WATER & SEWER FUND	TOTAL
DISBURSEMENTS					
General Government	\$ 307,260	\$ -0-	\$ 307,260	\$ -0-	\$ -0-
Public Safety	557,223	-0-	557,223	-0-	-0-
Culture and Recreation	232,799	-0-	232,799	-0-	-0-
Sanitation	116,025	-0-	116,025	-0-	-0-
Street Maintenance	319,142	-0-	319,142	-0-	-0-
Enterprise: Water and Sewer	-0-	-0-	-0-	371,007	371,007
Total Disbursement	<u>1,532,449</u>	<u>-0-</u>	<u>1,532,449</u>	<u>371,007</u>	<u>371,007</u>
Excess of Receipts Over (Under) Disbursements	<u>240,813</u>	<u>-0-</u>	<u>240,813</u>	<u>135,380</u>	<u>135,380</u>
OTHER CASH SOURCES (USES)					
Debt Issued	304,995	-0-	304,995	59,750	59,750
Debt Repaid	(175,830)	-0-	(175,830)	(24,495)	(24,495)
Capital Outlay	(537,515)	-0-	(537,515)	(144,518)	(144,518)
Interfund Transfers	100,000	(100,000)	-0-	-0-	-0-
Interfund Loan Repayment	11,869	-0-	11,869	(11,869)	(11,869)
Water Deposits	-0-	-0-	-0-	2,623	2,623
Prior Period Adjustment	(88)	-0-	(88)	1,999	1,999
Total Other Cash Sources (Uses)	<u>(296,569)</u>	<u>(100,000)</u>	<u>(396,569)</u>	<u>(116,510)</u>	<u>(116,510)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	<u>(55,756)</u>	<u>(100,000)</u>	<u>(155,756)</u>	<u>18,870</u>	<u>18,870</u>
CASH BASIS FUND BALANCE, OCTOBER 1, 2017	<u>1,201,928</u>	<u>163,213</u>	<u>1,365,141</u>	<u>359,403</u>	<u>359,403</u>
CASH BASIS FUND BALANCE, SEPT. 30, 2018	\$ <u>1,146,172</u>	\$ <u>63,213</u>	\$ <u>1,209,385</u>	\$ <u>378,273</u>	\$ <u>378,273</u>

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

CITY OF BRUCE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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.

Management has chosen to omit from these financial statements the City of Bruce, Mississippi, Park Activities Fund which has a significant operational or a financial relationship with the City. Accordingly, the financial statements do not include data of all of the City's component units necessary for reporting, in accordance with the 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.



CITY OF BRUCE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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.

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.

CITY OF BRUCE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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.

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.

CITY OF BRUCE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Cash is comprised of the following at September 30, 2018:

	CASH AND CASH EQUIVALENTS	RESERVED CASH AND CASH EQUIVALENTS	TOTAL
GOVERNMENTAL ACTIVITIES:			
General Fund	\$ 1,102,540	\$ 43,632	\$ 1,146,172
Capital Project Fund	63,213	-0-	63,213
Total Governmental Activities	<u>1,165,753</u>	<u>43,632</u>	<u>1,209,385</u>
BUSINESS-TYPE ACTIVITIES:			
Water and Sewer Fund	288,878	89,395	378,273
Total Business-Type Activities	<u>288,878</u>	<u>89,395</u>	<u>378,273</u>
GOVERNMENT-WIDE TOTAL	\$ <u>1,454,631</u>	\$ <u>133,027</u>	\$ <u>1,587,658</u>

Deposits at September 30, 2018, are summarized as follows:

	REPORTED AMOUNT	BANK BALANCE
Cash	\$ 556,880	\$ 581,248
Certificate of Deposit	<u>1,030,178</u>	<u>1,030,178</u>
Total Deposits	<u>\$1,587,658</u>	<u>\$1,612,026</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, 2018, none of the City's bank balance of \$1,612,026 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.

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CITY OF BRUCE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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, 2018, the City had no investments other than certificates of deposit.

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.

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STATE AUDITOR

CITY OF BRUCE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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, 2018, were approximately 99.79% of the total tax levy.

The tax rate levied by the City for fiscal year 2018 remained at 26.4 mills. The general fund receives all property tax collections and allocates them between departments as follows:

Park	<u>\$ 26,389</u>
Library	<u>\$ 13,036</u>
Admin, Public	
Safety, Public Works	<u>\$350,399</u>

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.

CITY OF BRUCE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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, 2018, 2017, and 2016 were \$97,342, \$96,776 and \$96,174 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, 2018, comprehensive annual financial report.

NOTE 5 - LITIGATION

The City is not currently involved in any litigation.

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 28, 2019, 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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RECEIPTS				
Taxes-Ad Valorem	\$ 410,453	\$ 410,453	\$ 398,061	\$ (12,392)
In Lieu of Taxes	44,000	44,000	43,912	(88)
Franchise Fees	50,000	50,000	59,174	9,174
Licenses and Permits	5,500	5,500	4,215	(1,285)
Recreation	25,893	25,893	21,115	(4,778)
Intergovernmental Revenues:				
Charges for Services:				
Sanitation	112,600	112,600	114,647	2,047
Fines and Forfeits	80,000	80,000	99,188	19,188
Rent	150,486	150,486	197,744	47,258
County Shared Revenue:				
Road Taxes	75,000	75,000	70,957	(4,043)
Fire	10,000	10,000	16,394	6,394
State Shared Revenue:				
Sales Tax	490,000	490,000	502,138	12,138
Municipal Aid	6,784	6,784	6,783	(1)
Fire Protection	20,000	20,000	10,800	(9,200)
MEMA Grant	-0-	-0-	9,012	9,012
Other Grant	-0-	-0-	3,600	3,600
MDA Grant	-0-	-0-	48,396	48,396
Weyerhaeuser Grant	-0-	-0-	152,300	152,300
Interest Earned	12,050	12,050	11,404	(646)
Donations	1,200	1,200	230	(970)
Miscellaneous	14,000	14,000	3,192	(10,808)
Total Receipts	<u>1,507,966</u>	<u>1,507,966</u>	<u>1,773,262</u>	<u>265,296</u>
EXPENDITURES				
General Government:				
Personnel	233,835	233,835	225,196	(8,639)
Supplies	11,850	11,850	14,199	2,349
Professional Services	73,100	73,100	67,865	(5,235)
Public Safety:				
Personnel	406,541	406,541	374,631	(31,910)
Supplies	111,850	111,850	133,002	21,152
Professional Services	42,850	42,850	49,590	6,740
Sanitation:				
Professional Services	112,000	112,000	116,025	4,025
Streets:				
Personnel	173,901	173,901	161,442	(12,459)
Supplies	50,700	50,700	34,455	(16,245)
Professional Services	106,700	106,700	123,245	16,545

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

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CITY CLERK

CITY OF BRUCE, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
EXPENDITURES (Continued)				
Culture and Recreation:				
Personnel	\$ 150,084	\$ 150,084	\$ 138,372	\$ (11,712)
Supplies	64,215	64,215	49,059	(15,156)
Professional Services	50,291	50,291	45,368	(4,923)
Total Expenditures	<u>1,587,917</u>	<u>1,587,917</u>	<u>1,532,449</u>	<u>(55,468)</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>(79,951)</u>	<u>(79,951)</u>	<u>240,813</u>	<u>320,764</u>
OTHER CASH SOURCES (USES)				
Debt Issues	-0-	-0-	304,995	304,995
Debt Repaid	-0-	-0-	(175,830)	(175,830)
Capital Outlay	(130,465)	(130,465)	(537,515)	(407,050)
Transfer In	60,194	60,194	100,000	39,806
Interfund Loan	28,534	28,534	-0-	(28,534)
Prior Period Adjustment	-0-	-0-	(88)	(88)
Interfund Loan Repayment	-0-	-0-	11,869	11,869
Total Other Financing Uses	<u>(41,737)</u>	<u>(41,737)</u>	<u>(296,569)</u>	<u>(254,832)</u>
Net Change in Cash Basis				
Fund Balance	\$ <u>(121,688)</u>	\$ <u>(121,688)</u>	\$ (55,756)	\$ <u>65,932</u>
Cash Basis Fund Balance, October 1, 2017			<u>1,201,928</u>	
Cash Basis Fund Balance, September 30, 2018			\$ <u>1,146,172</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, 2018

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, the Board 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 goods 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

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CHIEF AUDITOR

CITY OF BRUCE, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
For the Fiscal Year Ended September 30, 2018

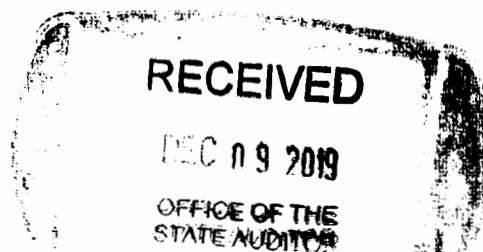
	<u>DEPOSIT AMOUNT</u>
Certificate of Deposit with Renasant Bank Maturing January 9, 2019, Interest rate 0.594%	\$ 46,711
Certificate of Deposit with Renasant Bank Maturing August 20, 2018, Interest rate 1.594%	2,970
Certificate of Deposit with Calhoun Banking Center Maturing August 1, 2018 Interest rate 1.25%	<u>981,097</u>
	\$ <u>1,030,778</u>
Fund Recap:	
General Fund	\$ 984,067
Water and Sewer Fund	<u>46,711</u>
	\$ <u>1,030,778</u>

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, 2018

	BEGINNING				ENDING
	BALANCE	ADDITIONS	DELETIONS	ADJUSTMENTS	BALANCE
Governmental Activities:					
Capital Assets:					
Land	\$ 603,783	\$ -0-	\$ -0-	-0-	\$ 603,783
Buildings	5,468,397	43,821	-0-	-0-	5,512,219
Machinery and Equipment	983,856	441,468	-0-	-0-	1,425,324
Infrastructure	<u>1,405,792</u>	<u>52,226</u>	<u>-0-</u>	<u>-0-</u>	<u>1,458,018</u>
Total Governmental					
Activities Capital Assets	\$ <u>8,461,828</u>	\$ <u>537,515</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>8,999,344</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	404,365	81,091	(3,475)	-0-	481,981
Infrastructure	<u>3,397,116</u>	<u>63,427</u>	<u>-0-</u>	<u>-0-</u>	<u>3,460,543</u>
Total Business-type					
Activities Capital Assets	\$ <u>4,032,277</u>	\$ <u>144,518</u>	\$ <u>(3,475)</u>	\$ <u>-0-</u>	\$ <u>4,173,320</u>

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



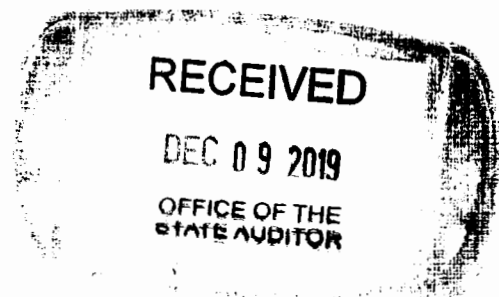
CITY OF BRUCE, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Year Ended September 30, 2018

	BALANCE OUTSTANDING 9/30/17	ISSUED	PAYMENTS	BALANCE OUTSTANDING 9/30/18
Government Type Activities:				
CNH Capital - Case Tractor Lease Purchase - June 10, 2013 60 month - 3.25%	\$ 12,657	\$ -0-	\$ 12,657	\$ -0-
John Deere Financial - JD Tractor/loader Lease Purchase - March 25, 2014 60 month - 3.0%	23,350	-0-	15,449	7,901
KS State Bank-Typhoon Custom Pumper Issued October 15, 2017- 7 years- 3.85%	<u>-0-</u>	<u>304,995</u>	<u>147,724</u>	<u>157,271</u>
Total	<u>36,007</u>	<u>304,995</u>	<u>175,830</u>	<u>165,172</u>
Business Type Activities				
MDEQ-WPCRLF Sewer Project - June 1, 2018 Maturity: February 1, 2036 - 1.75%	448,951	-0-	20,845	428,106
Bancorp South-Sewer Jetter Issued June 5, 2018 60 month- 3.69%	<u>-0-</u>	<u>59,750</u>	<u>3,650</u>	<u>56,100</u>
Total	<u>448,951</u>	<u>59,750</u>	<u>24,495</u>	<u>484,206</u>
Total Debt	\$ <u>484,958</u>	\$ <u>364,745</u>	\$ <u>200,325</u>	\$ <u>649,378</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, 2018

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.

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.



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, 2018, and have issued our report thereon dated September 28, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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

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

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

The Dwight L. Young Group
Oxford, Mississippi
September 28, 2019

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

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

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



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

INDEPENDENT AUDITOR'S REPORT ON 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, 2018, 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 September 28, 2019.

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
September 28, 2019

