

**CITY OF BREWTON, ALABAMA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2022**

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**CITY CLERK'S OFFICE**

**CITY OF BREWTON, ALABAMA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
SEPTEMBER 30, 2022**

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SEPTEMBER 30, 2022**

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## **INTRODUCTORY SECTION**



# City of Brewton

*Best 100 Small Towns in America*

**March 30, 2023**

**The Honorable Yancey E. Lovelace**  
**Members of the City Council**  
**Citizens of the City of Brewton, Alabama**

**MAYOR**  
 Yank Lovelace

**CITY CLERK**  
 Brooke Hartin

**CITY COUNCIL**  
 Carrie Brown  
 David Jennings  
 Feast Broughton  
 Joe Nathan Watson  
 Cheryl Barton

**CITY ATTORNEY**  
 Edward T. Hines

The Annual Comprehensive Financial Report (ACFR) of the City of Brewton, Alabama (the "City") for the Fiscal Year ending September 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and the completeness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Readers are invited to read the Management Discussion and Analysis (MD&A) for more detailed information.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. However, the cost of internal control should not exceed the anticipated benefits; therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial reporting entity includes all funds of the primary government (i.e., the City of Brewton, Alabama as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police and fire protection, sanitation services, maintenance of streets and infrastructure, recreational activities and cultural events.

Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Water Works Board of the City of Brewton is reported as a discretely presented component unit.

## **ANALYZING PAST TIMES**

Brewton, Alabama, the County Seat of Escambia County, Alabama has an estimated 2020 population of 5,120. The residents are nestled in an 11.2 square mile area that is bordered by Foshee Rd. at Highway 31 to the south and Old Castleberry Rd at Highway 31 to the north. Brewton is not exempt from the effects of the national and even global economy, but factors particular to our area minimize the extreme variations from high to low that are seen in other areas. Some of the particulars that help Brewton maintain economic consistency are expanding and established industry, small town life quality and progressive, visionary efforts by the City's leadership.

The City of Brewton is not immune to the negative effects of the country's rising inflation. The increase in inflation correlates to volatile supply markets which causes instability when trying to create budgets. Fortunately, the city did not experience major revenue reductions, but expenditures did increase. In addition to inflation, the City of Brewton has faced some residual challenges this year due to the COVID19 pandemic. Supply chain disruptions are still prevalent from the beginning of the pandemic and can make project planning difficult.

The City received the second round of funds from the American Rescue Plan Act to help offset some of burden from inflation and the COVID19 pandemic. The City and the Water Board continue to work on a project in the Pea Ridge area. Grants were awarded to complete a new water tank, well, and over 4 miles of new water pipe. The project is due to be completed by Summer 2023.

## **ASSESSING CURRENT TRENDS**

The City's Enterprise Funds are adequate to strong. The Municipal Airport is bolstered by good grant funding. Natural Gas has a strong income through residential and commercial customers. The Sewer and Sanitation Enterprise Funds both showed increases in their net position. The Water Board Component Unit has maintained its improved position for several years and continues to expand its customer base. Business openings and closings are at an approximate equilibrium. Significant infrastructure projects regarding paving, sewer and water were completed in Fiscal Year 2022 and are continuing into Fiscal Year 2023.

## **ANTICIPATING FUTURE TRIUMPHS**

The City continues to see significant growth in a new technology company that established itself in Brewton in Fiscal Year 2018 and expects to reach its goal of over 300 new jobs in the City by December 2023. As a result of the increased presence downtown, the City has seen new businesses and restaurants opening in the area. The local hotel and bed and breakfast have both been successful and continue to provide increased lodging taxes for the City. The City of Brewton received a grant award from the Alabama Department of Emergency Management in fiscal year 2023 in the amount of \$4,026,050.00 to rehabilitate the existing sanitary sewer system in the downtown area. The project will begin in late 2023 or early 2024. Recent large investments by existing industries in their facilities bodes well for the City's economic longevity. Tax revenue growth resulting from these business expansions and new employees will allow the city to grow services, programs, and projects. Aggressive pursuit of grant funding will continue to supplement municipal improvements and create opportunities for additional ones.

## **OTHER INFORMATION**

**Independent Audit.** Alabama state law requires an annual audit by independent Certified Public Accountants (CPAs). The accounting firm of Avizo Group, Inc. was selected by the City to perform the audit. The Independent Auditors' Report on the basic financial statements is included in the financial section of this report.

**Awards.** The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brewton, Alabama for its ACFR for the Fiscal Year ending September 30, 2021. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City's current Standard & Poor's rating is "A+" and the intentional action of the City is to improve that mark.

**Acknowledgements.** The preparation of the report has been accomplished with the efficient and dedicated service of the entire staff of the Finance Department.

Preparation of this report would not have been possible without the leadership and support of the Mayor, City Council and Finance Committee.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brooke Hartin", written over a light blue rectangular highlight.

Brooke Hartin  
City Clerk/Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Brewton  
Alabama**

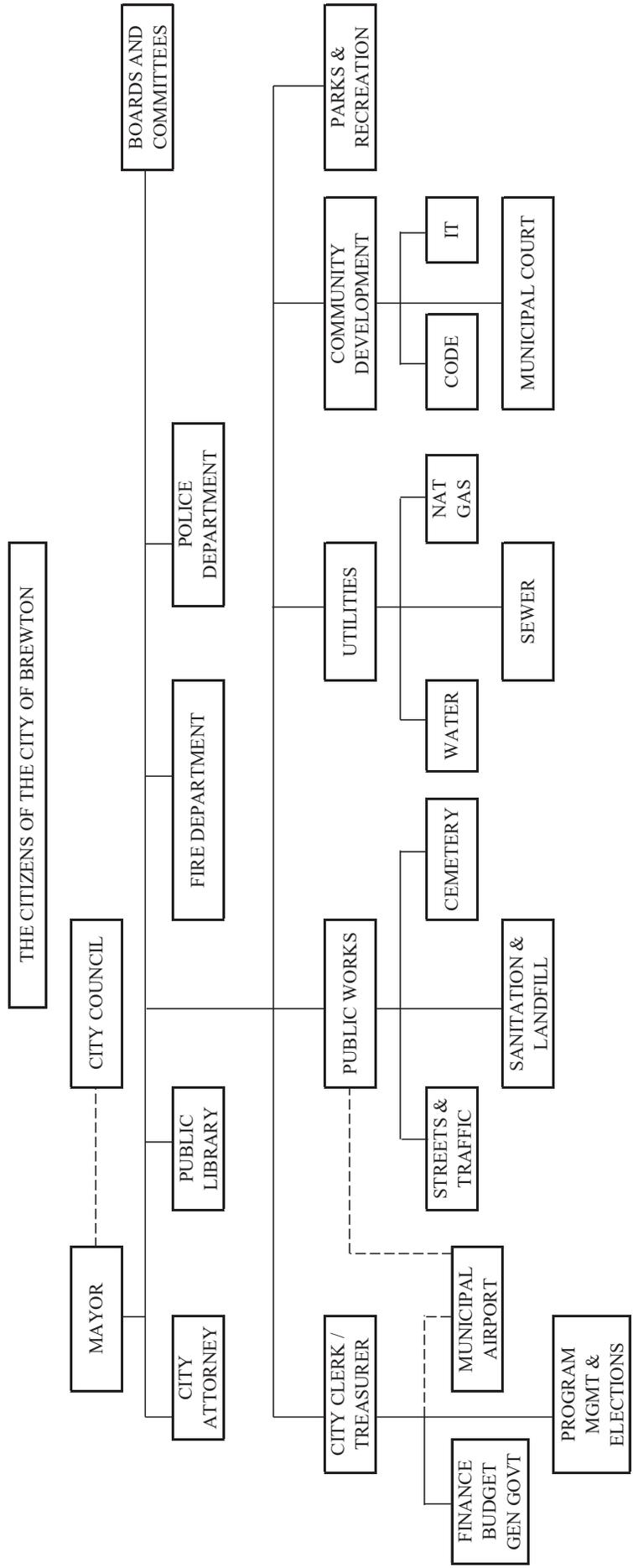
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO

CITY OF BREWTON, ALABAMA  
*Organizational Chart*



## CITY OF BREWTON, ALABAMA

## LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2022

<i>TITLE</i>	<i>NAME</i>	<i>TERM OF OFFICE</i>
<i>Mayor</i>	Yank Lovelace	Expires November 2025
<i>City Council</i>		
District 1	Carrie Brown	Expires November 2025
District 2	David Jennings	Expires November 2025
District 3	Feast Broughton	Expires November 2025
District 4	Joe Watson	Expires November 2025
District 5	Cheryl Barton	Expires November 2025
<i>City Clerk</i>	Brooke Hartin	
<i>City Attorney</i>	Edward T. Hines	

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members  
of the City Council of the  
City of Brewton, Alabama

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

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the general fund of City of Brewton, Alabama, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Brewton, Alabama's basic financial statements as listed in the table of contents. 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Brewton, Alabama, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Brewton, Alabama and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Brewton, Alabama's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Brewton, Alabama's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Brewton, Alabama's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11–17 and the Schedule of Changes in the Net Pension Liability and Schedule of Employer Contributions on pages 55 and 57, respectively, 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.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Brewton, Alabama's basic financial statements. The combining and individual nonmajor fund financial statements and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023, on our consideration of City of Brewton, Alabama'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 City of Brewton, Alabama's internal control over financial reporting and compliance.

*Avizo Group, Inc.*

Certified Public Accountants

March 30, 2023  
Brewton, Alabama

## Management's Discussion and Analysis

This section of the City of Brewton, Alabama's annual financial report presents our discussion and analysis of the financial activities of the City for the fiscal year ending September 30, 2022. Readers are encouraged to consider the information presented in conjunction with the Letter of Transmittal at the front of this report and the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- Net position of the governmental activities decreased by \$5,552,954. The decrease was primarily due to the transfer of assets to the Brewton Development Authority due to the completion of the Provalus building.
- As of September 30, 2022, the governmental funds reported a combined ending fund balance of \$4,356,285, an increase of \$1,202,317 from the previous fiscal year.
- The General Fund reported a fund balance of \$2,886,079 with all of it available to support non-debt service obligations of the City, an increase of \$1,581,400 from last year.
- The City's liabilities associated with governmental activities and business-type activities decreased by approximately 3.32% during fiscal year 2022.

### OVERVIEW OF THE 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 are comprised of three (3) components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **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 private sector businesses.

The *statement of net position* presents information on all of the City's assets, deferred outflows, deferred inflows and liabilities, with the difference between the components 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 government'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 cash flow. Thus, revenue and expenses reported in this statement, for some items, will only result in cash flow during future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, public safety, public services, community development and intergovernmental functions. The intergovernmental functions of the City are those activities whereby the City provides financial resources to other governmental entities, primarily the City Board of Education for support of the City school system.

The business-type activities of the City include sewer, natural gas, sanitation, the Municipal Airport, and the Brewton Development Authority. All of these activities are collectively referred to in the financial statements as those of the *primary government*.

The Water Works Board of the City of Brewton's activities are included in this report because of the relationship of the legally separate entity to the City. Financial information of the Water Works Board of the City of Brewton is referred to in the financial statements as that of the *discretely presented component unit*.

The government-wide financial statements can be found on pages 18-19 of 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, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three (3) categories: governmental funds, proprietary funds and fiduciary 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 the near-term inflows and outflows of 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 a government's near-term financing requirements.

The General Fund is the City's major governmental fund. The basic governmental fund financial statements can be found on pages 20-23 of this report.

*Proprietary Funds.* Proprietary funds (enterprise funds) are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for sewer, natural gas, sanitation, the Municipal Airport and the Brewton Development Authority.

*Fiduciary Funds.* The City does not maintain any fiduciary funds.

### **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 on pages 29-54 of this report.

## **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net position.** The City's *combined* net position increased \$706,768 between fiscal years 2021 and 2022, culminating at approximately \$21,674,252.

**CITY OF BREWTON, ALABAMA'S NET POSITION**  
(in thousands of dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>
Current and other assets	\$ 7,379	\$ 5,200	\$ 8,383	\$ 8,480	\$ 15,762	\$ 13,680	15.22%
Capital assets	26,330	33,196	21,528	15,492	47,858	48,688	-1.70%
<b>Total assets</b>	<b>33,709</b>	<b>38,396</b>	<b>29,911</b>	<b>23,972</b>	<b>63,620</b>	<b>62,368</b>	<b>2.01%</b>
<b>Deferred outflows of resources</b>	<b>1,864</b>	<b>1,600</b>	<b>827</b>	<b>854</b>	<b>2,691</b>	<b>2,454</b>	<b>9.66%</b>
Long-term debt outstanding	22,899	23,647	15,238	15,957	38,137	39,604	-3.70%
Other liabilities	2,021	2,218	2,061	1,846	4,082	4,064	0.44%
<b>Total liabilities</b>	<b>24,920</b>	<b>25,865</b>	<b>17,299</b>	<b>17,803</b>	<b>42,219</b>	<b>43,668</b>	<b>-3.32%</b>
<b>Deferred inflows of resources</b>	<b>2,229</b>	<b>154</b>	<b>189</b>	<b>32</b>	<b>2,418</b>	<b>186</b>	<b>1200.00%</b>
Net position							
Net investment in capital assets	8,213	14,832	15,688	9,159	23,901	23,991	-0.38%
Restricted	1,470	1,849	-	-	1,470	1,849	-20.50%
Unrestricted	(1,259)	(2,704)	(2,438)	(2,168)	(3,697)	(4,872)	-24.12%
<b>Total net position</b>	<b>\$ 8,424</b>	<b>\$ 13,977</b>	<b>\$ 13,250</b>	<b>\$ 6,991</b>	<b>\$ 21,674</b>	<b>\$ 20,968</b>	<b>3.37%</b>

**Changes in net position.** The City's total revenues increased 59.6% to approximately \$74,327,000. Approximately 80% of the City's revenue was generated from charges for services, 13% from tax receipts, 4% from donations and grants, 3% from other taxes and other receipts.

The City's expenses increased 54.7% to approximately \$73,633,000. The largest increase in expenses occurred in Gas. Expense increase in this cost category totaled \$21,583,000.

**CITY OF BREWTON, ALABAMA**  
**SOURCES OF REVENUE**  
**FISCAL YEAR 2022**

<u>Source</u>	<u>%</u>
Charges for services	80%
Operating grants	4%
Sales tax	13%
Other taxes	1%
Property taxes	2%
	<u>100%</u>

**CITY OF BREWTON, ALABAMA**  
**FUNCTIONAL EXPENSES**  
**FISCAL YEAR 2022**

<u>Type</u>	<u>%</u>
Business-type activities	76%
General government	8%
Public safety	6%
Public works	3%
Recreation	1%
Library	1%
Education	4%
Interest	1%
	<u>100%</u>

**CITY OF BREWTON, ALABAMA**  
**CHANGES IN NET POSITION**  
(in thousands of dollars)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>2022</u>	<u>2021</u>	<u>Percentage</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>
							<u>2022-2021</u>
<b>REVENUES</b>							
Program revenues							
Charges for services	\$ 1,482	\$ 1,639	\$ 52,191	\$ 28,377	\$ 53,673	\$ 30,016	78.8%
Donations and operating grants	2,593	1,185	-	-	2,593	1,185	118.8%
Capital grants	-	-	344	760	344	760	-54.7%
General revenues							
Sales tax	8,746	8,264	-	-	8,746	8,264	5.8%
Property tax	1,225	1,232	-	-	1,225	1,232	-0.6%
Other taxes	700	731	-	-	700	731	-4.2%
Investment earnings	53	22	61	64	114	86	32.6%
Receipts from City	-	-	6,591	-	6,591	-	100.0%
Receipts from Brewton Development Authority	-	3,871	-	-	-	3,871	100.0%
Gain (loss) on sale of capital assets	-	-	-	5	-	5	-100.0%
Other	263	417	79	-	342	417	-18.0%
Total revenues	<u>15,062</u>	<u>17,361</u>	<u>59,266</u>	<u>29,206</u>	<u>74,328</u>	<u>46,567</u>	59.6%
<b>EXPENSES</b>							
General government	5,482	4,826	-	-	5,482	4,826	13.6%
Public safety	4,292	4,046	-	-	4,292	4,046	6.1%
Public works	2,079	1,983	-	-	2,079	1,983	4.8%
Library	558	457	-	-	558	457	22.1%
Recreation	983	713	-	-	983	713	37.9%
Education	2,846	2,163	-	-	2,846	2,163	31.6%
Interest on long-term debt	601	687	-	-	601	687	-12.5%
Gas	-	-	47,318	25,735	47,318	25,735	83.9%
Sewer	-	-	1,219	1,352	1,219	1,352	-9.8%
Sanitation	-	-	662	697	662	697	-5.0%
Airport	-	-	488	207	488	207	135.7%
Brewton Development Authority	-	-	197	91	197	91	116.5%
Payments to City	-	-	-	3,871	-	3,871	100.0%
Payments to Water Works Board	281	728	24	52	305	780	100.0%
Payments to Brewton Development Authority	6,591	-	-	-	6,591	-	100.0%
Total expenses	<u>23,713</u>	<u>15,603</u>	<u>49,908</u>	<u>32,005</u>	<u>73,621</u>	<u>47,608</u>	54.6%
Excess (deficiency) before special items and transfers	(8,651)	1,758	9,358	(2,799)	707	(1,041)	-167.9%
Transfers	3,098	2,495	(3,098)	(2,495)	-	-	0.0%
Net change in net position	(5,553)	4,253	6,260	(5,294)	707	(1,041)	-167.9%
Net position, beginning	13,977	9,724	6,991	12,285	20,968	22,009	-4.7%
Net position, ending	<u>\$ 8,424</u>	<u>\$ 13,977</u>	<u>\$ 13,251</u>	<u>\$ 6,991</u>	<u>\$ 21,675</u>	<u>\$ 20,968</u>	3.4%

### **Governmental Activities**

Tax revenues for the City's governmental activities increased approximately \$444,000 or approximately 1.0%. Total revenues for governmental activities decreased by approximately \$2,300,000, or approximately 13.25%. Majority of the decrease is related to receipts from the Brewton Development Authority in 2021 to fund the Provalus project. Grant revenues nearly doubled due to additional funding from the American Rescue Plan and EDA.

### **Business-type Activities**

Revenues for the City's business-type activities increased approximately \$30,060,000, due primarily to a major increase in gas costs, resulting in a major increase in sales price. The City also transferred assets to the Brewton Development Authority related to the Provalus building in the amount of \$6,591,000.

## **FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS**

### **Governmental Activities**

The City's governmental funds reported a combined fund balance of \$4,356,286 an increase of \$1,202,317 from fiscal year 2021. The major changes to net position include the following:

- General Fund: increased approximately \$1,581,400 or 121.21%, mainly due to additional funding from American Rescue and EDA.
- 2016 General Obligation Warrant Debt Service Fund: increased approximately \$49,988 or 15.08%. A percentage of tax revenue is used for principal and interest payments. If tax income is higher, the funds transferred are higher due to increases in revenue.
- 2019 General Obligation Warrant Debt Service Fund: decreased approximately \$435,309 or 28.79%, mainly due to proceeds being used to help fund water projects.

### **Business-type Activities**

The City's business-type funds reported a combined net position of approximately \$13,250,276 which is approximately \$6,259,722 more than last year. The major changes to net position include the following:

- Natural Gas: decreased approximately \$501,567 or 21.34%, due to gas pricing. The profit margins were significantly lower due to the increase in costs from the supplier.
- Sewer Fund: increased approximately \$292,440 or 7.94%, mainly due to an increase in rates.
- Sanitation Fund: increased \$15,632 or 7.30%, due to less interest expense as we are nearing the end of the landfill tractor leases.
- Municipal Airport: decreased \$89,722, or 2.8%, mainly due to ongoing projects in 2022 and funding not yet received.
- Brewton Development Authority: decreased \$6,542,939, or 321.92%. This is primarily due to the transfer of assets from the City.

### **General Fund Budgetary Highlights**

The General Fund combined with transferred net revenue funds from natural gas sales is able to support Departmental budgets; revenue from business licenses, fines and forfeitures and sales tax continue to exceed budgeted expectations. The significant budgetary variances between the final amended budget and actual results include the following:

- Intergovernmental revenue: Federal grants are not included in the budget. Therefore, intergovernmental revenue is greater in the actual results.
- Other revenue: The budget does not include interest earned or donations. Therefore, other revenue is greater in the actual results.

- Capital expenses: The City delayed some projects to allow for a positive cash flow for successfully received grant assistance for a portion of the major projects.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for governmental and business-type activities, as of September 30, 2022, totals approximately \$47,858,000 (net of accumulated depreciation), an increase of approximately 1.70% from last year. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, park facilities, roads, curbs, streets, sidewalks, greenways, drainage, sewer and natural gas systems. These capital investments were effectuated by the conversion of governmental funds, thereby explaining much of the decrease in those funds. More detailed information is contained in the relevant disclosures in the notes to the financial statements. Additional information regarding the City's capital assets can be found in pages 38-40 of the notes.

### CITY OF BREWTON'S CAPITAL ASSETS

(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	2022-2021
Land and construction in progress	\$ 4,964	\$ 10,726	\$ 530	\$ 1,270	\$ 5,494	\$ 11,996	-54.2%
Buildings	11,389	11,359	3,655	3,655	15,044	15,014	0.2%
Improvements other than buildings	18,276	18,207	23,899	16,307	42,175	34,514	22.2%
Vehicles and equipment	9,052	9,020	6,327	6,344	15,379	15,364	0.1%
Less accumulated depreciation	(17,351)	(16,116)	(12,883)	(12,084)	(30,234)	(28,200)	7.2%
<b>Total</b>	<b>\$ 26,330</b>	<b>\$ 33,196</b>	<b>\$ 21,528</b>	<b>\$ 15,492</b>	<b>\$ 47,858</b>	<b>\$ 48,688</b>	<b>-1.7%</b>

### Long-term Debt

The City's debt decreased approximately \$788,000. Additional information regarding the City's long-term debt can be found in pages 41-44 of this report.

### CITY OF BREWTON'S OUTSTANDING DEBT

(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	2022-2021
General obligation warrants	\$ 19,165	\$ 19,319	\$ 6,146	\$ 6,548	\$ 25,311	\$ 25,867	-2.1%
Notes payable	64	86	7,920	7,920	7,984	8,006	-0.3%
Capital leases	49	132	239	366	288	498	-42.2%
<b>Total</b>	<b>\$ 19,278</b>	<b>\$ 19,537</b>	<b>\$ 14,305</b>	<b>\$ 14,834</b>	<b>\$ 33,583</b>	<b>\$ 34,371</b>	<b>-2.3%</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET****Fiscal Year 2022 Budget**

The City's Fiscal Year begins October 1 and ends on September 30 of the subsequent year. The Mayor and City Council considered many factors when developing the FY 2022 budget. There is no major short-term growth in population expected, but there has been significant growth in local industries in recent years with large capital expenditures resulting in growth of tax revenues and municipal gas sales. A technical services business in the City is approaching 300 new employees, and those numbers are expected to increase in the next 2 to 3 years. Another company specializing in energy, aerospace, and architectural manufacturing expanded their presence at the Industrial Park. The company extended their lease for their lay-down yard to accommodate storage of components that they are manufacturing and increased the number of employees. The biggest hotel is no longer under construction and is fully operational. In addition to the hotel, the local bed and breakfast remains consistent with their customer base. The City continues to see an increase in lodging taxes from both businesses. All the business expansions will help support the rental and home sales market and retail sales in the City. The Water Works Board of the City of Brewton (a discretely presented component unit) acquired a water system in 2018 with over 600 new customers. The City of Brewton received a grant award from the Alabama Department of Emergency Management in fiscal year 2023 in the amount of \$4,026,050 to rehabilitate the existing sanitary sewer system in the downtown area. The project will address some of the oldest lines in the system. The City continues to feel the residual effects of the COVID19 pandemic along with the increased inflation. The long-term effects are still being determined. City administrators have already begun pro-active activities aimed at acquiring funding to replace possible reductions in revenues. The 2023 budgeting process has begun, and expense reductions will also be considered in light of the possible adverse effects of inflation. The City received the second round of funding from the American Rescue Plan Act in the amount of \$618,641 in July of 2022.

**REQUEST FOR INFORMATION**

This financial report is designed with a general overview of the City's finances and to demonstrate accountability for the revenue it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the City Clerk / Treasurer, P. O. Box 368, Brewton, Alabama 36427, by calling (251) 809-1770, or by sending an email to [bhartin@cityofbrewton.org](mailto:bhartin@cityofbrewton.org).

Complete financial statements of the component unit can be obtained from its administrative office as follows:

Water Works of the City of Brewton  
City Hall  
Brewton, Alabama 36426

## **BASIC FINANCIAL STATEMENTS**

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Water Works Board of the City of Brewton
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,733,128	\$ 1,701,688	\$ 6,434,816	\$ 895,745
Temporary cash investments	747,706	-	747,706	-
Receivables, net	686,270	226,695	912,965	82,842
Receivable from component units	-	30,000	30,000	-
Receivables from FEMA	38,877	-	38,877	-
Receivables from lease	1,173,258	-	1,173,258	-
Inventories	-	366,712	366,712	389,230
Restricted funds	-	430,044	430,044	995,783
Other assets	-	-	-	37,752
Note Receivable	-	5,628,800	5,628,800	-
Capital assets, net				
Land, improvements, and construction in progress	4,963,664	529,659	5,493,323	3,048,656
Other capital assets, net of depreciation	21,366,396	20,997,869	42,364,265	9,203,157
<b>TOTAL ASSETS</b>	<b>33,709,299</b>	<b>29,911,467</b>	<b>63,620,766</b>	<b>14,653,165</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Employer retirement contributions	389,313	72,724	462,037	34,409
Changes of assumptions	610,096	109,437	719,533	51,779
Difference between expected and actual experiences	557,032	99,919	656,951	47,276
Defeasance of debt	307,527	545,069	852,596	194,458
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,863,968</b>	<b>827,149</b>	<b>2,691,117</b>	<b>327,922</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	607,422	678,863	1,286,285	351,861
Line of credit	923,035	1,539,028	2,462,063	-
Payable to City of Brewton	-	-	-	30,000
Customer deposits	-	104,962	104,962	186,529
Internal balances	262,197	(262,197)	-	-
Due to other governments	228,727	-	228,727	-
Long-term liabilities				
Due within one year	760,957	539,296	1,300,253	368,966
Due in more than one year	22,137,686	14,698,964	36,836,650	8,134,400
<b>TOTAL LIABILITIES</b>	<b>24,920,024</b>	<b>17,298,916</b>	<b>42,218,940</b>	<b>9,071,756</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Difference between expected and actual experiences	114,917	20,613	135,530	9,753
Net difference between projected and actual earnings on plan investments	941,092	168,811	1,109,903	79,871
Deferred inflow - lease receivable	1,173,258	-	1,173,258	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,229,267</b>	<b>189,424</b>	<b>2,418,691</b>	<b>89,624</b>
<b>NET POSITION</b>				
Net investment in capital assets	8,212,825	15,687,813	23,900,638	4,326,773
Restricted - debt service	1,458,175	-	1,458,175	-
Restricted - street improvement and construction	12,032	-	12,032	-
Restricted - construction	-	-	-	995,783
Unrestricted	(1,259,056)	(2,437,537)	(3,696,593)	497,151
<b>TOTAL NET POSITION</b>	<b>\$ 8,423,976</b>	<b>\$ 13,250,276</b>	<b>\$ 21,674,252</b>	<b>\$ 5,819,707</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BREWTON, ALABAMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Water Works Board of the City of Brewton
						Governmental Activities	Business-type Activities		
<b>Primary Government</b>									
Governmental activities:									
General	\$ 5,481,734	\$ 1,194,436	\$ 2,592,836	\$ -	\$ (1,694,462)	\$ (1,694,462)			
Police	2,861,843	257,618	-	-	(2,604,225)	(2,604,225)			
Fire	1,430,208	-	-	-	(1,430,208)	(1,430,208)			
Street	1,786,706	-	-	-	(1,786,706)	(1,786,706)			
Animal control	169,900	-	-	-	(169,900)	(169,900)			
Code enforcement	122,543	-	-	-	(122,543)	(122,543)			
Library	558,010	874	-	-	(557,136)	(557,136)			
Recreation	982,912	29,463	-	-	(953,449)	(953,449)			
Education (payment to Board of Education)	2,845,668	-	-	-	(2,845,668)	(2,845,668)			
Interest on long-term debt	600,770	-	-	-	(600,770)	(600,770)			
Total governmental activities	16,840,294	1,482,391	2,592,836	-	(12,765,067)	(12,765,067)			
Business-type activities:									
Gas	47,318,379	49,959,852	-	-	-	2,641,473	2,641,473		
Sewer	1,218,628	1,344,705	-	48,000	-	174,077	174,077		
Sanitation	662,119	746,174	-	-	-	84,055	84,055		
Airport	487,720	125,699	-	296,469	-	(65,552)	(65,552)		
Brewton Development Authority	197,393	15,000	-	-	-	(182,393)	(182,393)		
Total business-type activities	49,884,239	52,191,430	-	344,469	-	2,651,660	2,651,660		
Total primary government	\$ 66,724,533	\$ 53,673,821	\$ 2,592,836	\$ 344,469	(12,765,067)	2,651,660	(10,113,407)		
<b>Component Unit</b>								\$ (364,475)	
General revenues:	\$ 2,457,409	\$ 2,092,934	\$ -	\$ -					
Taxes									
Property	1,224,597	-	-	-	1,224,597	-	1,224,597	-	
Sales	8,746,477	-	-	-	8,746,477	-	8,746,477	-	
Other	699,650	-	-	-	699,650	78,532	778,182	-	
Receipts from (payments to) City	-	-	-	-	-	6,590,512	6,590,512	304,970	
Receipts from (payments to) Water Works Board	(280,889)	-	-	-	(280,889)	(24,081)	(304,970)	-	
Receipts from (payments to) Brewton Development Authority	(6,590,512)	-	-	-	(6,590,512)	-	(6,590,512)	-	
Investment earnings	52,562	-	-	-	52,562	61,034	113,596	3,192	
Other	262,293	-	-	-	262,293	-	262,293	9,785	
Transfers in/(out)	3,097,935	-	-	-	3,097,935	(3,097,935)	-	-	
Total general revenues and transfers	7,212,113	3,608,062	-	-	7,212,113	3,608,062	10,820,175	317,947	
Change in net position	(5,552,954)	6,259,722	-	-	(5,552,954)	6,259,722	706,768	(46,528)	
Net position, beginning	13,976,930	6,990,554	-	-	13,976,930	6,990,554	20,967,484	5,866,235	
<b>Net position, ending</b>	\$ 8,423,976	\$ 13,250,276	\$ -	\$ -	\$ 8,423,976	\$ 13,250,276	\$ 21,674,252	\$ 5,819,707	

The accompanying notes are an integral part of these financial statements.

**CITY OF BREWTON, ALABAMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	<b>General</b>	<b>2016 General Obligation Warrant Debt Service Fund</b>	<b>2019 General Obligation Warrant Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,870,044	\$ -	\$ 851,052	\$ 12,032	\$ 4,733,128
Temporary cash investments	140,583	381,429	225,694	-	747,706
Receivables from FEMA	38,877	-	-	-	38,877
Due from other City funds	74,999	-	-	-	74,999
Taxes receivable	686,270	-	-	-	686,270
Lease receivable	1,173,258	-	-	-	1,173,258
<b>Total Assets</b>	<b>\$ 5,984,031</b>	<b>\$ 381,429</b>	<b>\$ 1,076,746</b>	<b>\$ 12,032</b>	<b>\$ 7,454,238</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 435,735	\$ -	\$ -	\$ -	\$ 435,735
Due to other City funds	337,197	-	-	-	337,197
Due to other governments	228,727	-	-	-	228,727
Line of credit	923,035	-	-	-	923,035
<b>Total liabilities</b>	<b>1,924,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,924,694</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred inflow - lease receivable	1,173,258	-	-	-	1,173,258
<b>Total deferred inflow of resources</b>	<b>1,173,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,173,258</b>
<b>FUND BALANCES</b>					
Nonspendable	38,877	-	-	-	38,877
Restricted for:					
Debt service	-	381,429	1,076,746	-	1,458,175
Street construction	-	-	-	8,389	8,389
Street improvements	-	-	-	3,643	3,643
Unassigned	2,847,202	-	-	-	2,847,202
<b>Total fund balances</b>	<b>2,886,079</b>	<b>381,429</b>	<b>1,076,746</b>	<b>12,032</b>	<b>4,356,286</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,984,031</b>	<b>\$ 381,429</b>	<b>\$ 1,076,746</b>	<b>\$ 12,032</b>	<b>\$ 7,454,238</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BREWTON, ALABAMA**  
**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO**  
**NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**SEPTEMBER 30, 2022**

<b>Fund Balances as reported on page 20</b>		\$ 4,356,286
Net Position reported for governmental activities in the Statement of Net Position (page 18) are different from Fund Balances for governmental activities because:		
Capital assets used in governmental activities are financial resources and therefore are not reported in fund financial statements. Those assets consist of:		
Land, improvements, and construction in progress	\$ 4,963,664	
Other capital assets, net of \$17,350,627 accumulated depreciation	<u>21,366,396</u>	
Total capital assets		26,330,060
Some liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the fund financial statements.		
		(171,686)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Related to pension		500,432
Defeasance of debt		307,527
Long-term liabilities, including general obligation debt, capital lease obligations, net pension liability and notes payable are not due and payable in the current period and therefore are not reported in the fund financial statements.		
General obligation debt		(19,164,932)
Notes payable		(64,008)
Capital lease obligations		(49,055)
Compensated absences		(470,228)
Net pension liability		<u>(3,150,420)</u>
<b>Net Position of Governmental Activities as reported on page 18</b>		<u><u>\$ 8,423,976</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General	2016 General Obligation Warrant Debt Service Fund	2019 General Obligation Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 10,352,980	\$ -	\$ -	\$ 65,230	\$ 10,418,210
Intergovernmental	2,727,457	-	-	-	2,727,457
Licenses and permits	966,150	-	-	-	966,150
Fines and forfeitures	257,618	-	-	-	257,618
Fees and charges	224,264	-	-	-	224,264
Revenue from City Property	34,359	-	-	-	34,359
Receipts from Water Works Board	358,826	-	-	-	358,826
Interest	29,498	968	2,264	-	32,730
Donations	117,893	-	-	-	117,893
Other	262,294	-	-	-	262,294
Total revenues	<u>15,331,339</u>	<u>968</u>	<u>2,264</u>	<u>65,230</u>	<u>15,399,801</u>
<b>EXPENDITURES</b>					
General	3,243,740	-	-	-	3,243,740
Public safety	4,292,051	-	-	-	4,292,051
Public works	2,079,150	-	-	191,439	2,270,589
Payments to Brewton City Board of Education	2,845,668	-	-	-	2,845,668
Payments to Water Works Board	539,715	-	100,000	-	639,715
Payments to Brewton Development Authority	341,856	-	-	-	341,856
Other departments	2,218,294	-	-	-	2,218,294
Capital expenditures	617,127	-	-	-	617,127
Debt service:					
Principal	111,418	395,000	125,000	-	631,418
Interest	270,364	90,088	226,509	-	586,961
Total expenditures	<u>16,559,383</u>	<u>485,088</u>	<u>451,509</u>	<u>191,439</u>	<u>17,687,419</u>
Excess (deficiency) of revenues over expenditures	<u>(1,228,044)</u>	<u>(484,120)</u>	<u>(449,245)</u>	<u>(126,209)</u>	<u>(2,287,618)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Transfers in	4,259,554	534,108	434,936	147,947	5,376,545
Issuance of debt	392,000	-	-	-	392,000
Transfers out	(1,842,110)	-	(421,000)	(15,500)	(2,278,610)
Total other financing sources and (uses)	<u>2,809,444</u>	<u>534,108</u>	<u>13,936</u>	<u>132,447</u>	<u>3,489,935</u>
Net change in fund balances	1,581,400	49,988	(435,309)	6,238	1,202,317
Fund balances-beginning of year	<u>1,304,679</u>	<u>331,441</u>	<u>1,512,055</u>	<u>5,794</u>	<u>3,153,969</u>
<b>FUND BALANCES-END OF YEAR</b>	<u>\$ 2,886,079</u>	<u>\$ 381,429</u>	<u>\$ 1,076,746</u>	<u>\$ 12,032</u>	<u>\$ 4,356,286</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BREWTON, ALABAMA**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<b>Net change in fund balances--total governmental funds, page 22</b>	<b>\$ 1,202,317</b>
<p>Amounts reported for governmental activities in the Statement of Activities (page 19 ) are different from the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets.</p>	
Capital outlays for the year	617,127
Depreciation expense for the year	(1,234,457)
<p>In the Statement of Activities, a transfer of capital assets to the Brewton Development Authority is recorded as expenditures whereas, in the governmental funds, it is not recorded.</p>	
	(6,248,656)
<p>Bonds and other debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
Issuance of debt	(392,000)
Repayment of debt	631,418
Amortization of warrant discount (premiums) and deferred loss(gain)	19,833
<p>Compensated absences reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.</p>	
	(16,123)
<p>Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds.</p>	
Pension expense, current year (increase) decrease	(118,592)
Decrease (increase) in accrued interest payable	(13,821)
<b>Change in Net Position of Government Activities, page 19</b>	<b>\$ (5,552,954)</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenue</b>			
Taxes	\$ 7,901,500	\$ 10,352,980	\$ 2,451,480
Licenses and permits	1,216,000	966,150	(249,850)
Fines and forfeitures	56,300	257,618	201,318
Fees and charges	119,320	224,264	104,944
Intergovernmental revenue	121,200	2,727,457	2,606,257
Revenue from City Property	15,000	34,359	19,359
Receipts from Water Works Board	-	358,826	358,826
Other revenue	36,500	409,685	373,185
	<u>9,465,820</u>	<u>15,331,339</u>	<u>5,865,519</u>
<b>Total Revenues</b>			
<b>Expenditures</b>			
Current expenditures:			
General government	12,158,700	3,243,740	8,914,960
Public safety	4,377,100	4,292,051	85,049
Public works	2,218,125	2,079,150	138,975
Payments to Brewton City Board of Education	-	2,845,668	(2,845,668)
Payments to Water Works Board	-	539,715	(539,715)
Payments to Brewton Development Authority	-	341,856	(341,856)
Other departments	2,223,600	2,218,294	5,306
Capital expenditures	7,050,000	617,127	6,432,873
Debt Service:			
Principal	625,000	111,418	513,582
Interest	-	270,364	(270,364)
	<u>28,652,525</u>	<u>16,559,383</u>	<u>12,093,142</u>
<b>Total Expenditures</b>			
Excess Revenues Over (Under) Expenditures	<u>(19,186,705)</u>	<u>(1,228,044)</u>	<u>17,958,661</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,800,000	4,259,554	2,459,554
Transfers out	-	(1,842,110)	(1,842,110)
Issuance of debt	-	392,000	392,000
	<u>1,800,000</u>	<u>2,809,444</u>	<u>1,009,444</u>
<b>Total Other Financing Sources (Uses)</b>			
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>(17,386,705)</u>	<u>1,581,400</u>	<u>18,968,105</u>
Fund Balance at Beginning of Year	<u>(25,030,944)</u>	<u>1,304,679</u>	<u>26,335,623</u>
<b>Fund Balance at End of Year</b>	<u>\$ (42,417,649)</u>	<u>\$ 2,886,079</u>	<u>\$ 45,303,728</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2022**

	Major Funds					Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
<b>Assets</b>						
Current assets						
Cash	\$ 618,484	\$ 365,995	\$ 271,564	\$ 261,307	\$ 184,338	\$ 1,701,688
Restricted cash	74,853	355,191	-	-	-	430,044
Accounts receivable	74,423	54,234	94,524	3,401	113	226,695
Due from other funds	333,705	-	-	5,342	-	339,047
Receivable from component units	30,000	-	-	-	-	30,000
Inventories	297,505	69,207	-	-	-	366,712
Total current assets	1,428,970	844,627	366,088	270,050	184,451	3,094,186
Noncurrent assets						
Note receivable	-	-	-	-	5,628,800	5,628,800
Property, plant, and equipment						
Land, improvements and construction in progress	11,100	40,808	3,000	337,338	137,413	529,659
Utility systems	4,968,112	12,035,630	-	-	-	17,003,742
Buildings and improvements	282,849	-	-	3,655,321	6,612,257	10,550,427
Equipment	2,967,328	1,322,127	1,675,547	361,810	-	6,326,812
	8,229,389	13,398,565	1,678,547	4,354,469	6,749,670	34,410,640
Less accumulated depreciation	4,723,477	4,855,473	1,662,283	1,509,426	132,453	12,883,112
Net property, plant, and equipment	3,505,912	8,543,092	16,264	2,845,043	6,617,217	21,527,528
Total noncurrent assets	3,505,912	8,543,092	16,264	2,845,043	12,246,017	27,156,328
<b>Total Assets</b>	<b>4,934,882</b>	<b>9,387,719</b>	<b>382,352</b>	<b>3,115,093</b>	<b>12,430,468</b>	<b>30,250,514</b>
<b>Deferred Outflows of Resources</b>						
Defeasance of debt	34,848	510,221	-	-	-	545,069
Difference between expected and actual experiences	68,246	20,549	11,124	-	-	99,919
Changes of assumptions	74,747	22,506	12,184	-	-	109,437
Employer retirement contributions	49,672	14,956	8,096	-	-	72,724
<b>Total Deferred Outflows of Resources</b>	<b>227,513</b>	<b>568,232</b>	<b>31,404</b>	<b>-</b>	<b>-</b>	<b>827,149</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF NET POSITION (continued)**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2022**

	Major Funds					Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
<b>Liabilities and Net Position</b>						
Current liabilities						
Accounts payable and accrued expenses	489,820	188,481	-	562	-	678,863
Due to other City funds	-	1,850	75,000	-	-	76,850
Long-term liabilities-current portion	98,966	358,966	81,364	-	-	539,296
Line of credit	1,539,028	-	-	-	-	1,539,028
Customer deposits	104,962	-	-	-	-	104,962
Total current liabilities	<u>2,232,776</u>	<u>549,297</u>	<u>156,364</u>	<u>562</u>	<u>-</u>	<u>2,938,999</u>
Noncurrent liabilities						
Long-term liabilities-less current portion	951,117	5,392,939	66,545	-	7,920,000	14,330,601
Accrued postclosure costs	-	-	368,363	-	-	368,363
Total noncurrent liabilities	<u>951,117</u>	<u>5,392,939</u>	<u>434,908</u>	<u>-</u>	<u>7,920,000</u>	<u>14,698,964</u>
<b>Total liabilities</b>	<u>3,183,893</u>	<u>5,942,236</u>	<u>591,272</u>	<u>562</u>	<u>7,920,000</u>	<u>17,637,963</u>
<b>Deferred Inflows of Resources</b>						
Difference between expected and actual experience	14,079	4,239	2,295	-	-	20,613
Net difference between projected and actual earnings on plan investments	115,300	34,717	18,794	-	-	168,811
<b>Total Deferred Inflows of Resources</b>	<u>129,379</u>	<u>38,956</u>	<u>21,089</u>	<u>-</u>	<u>-</u>	<u>189,424</u>
Net position						
Net investment in capital assets	2,876,659	3,417,626	(68,732)	2,845,043	6,617,217	15,687,813
Unrestricted	<u>(1,027,536)</u>	<u>557,133</u>	<u>(129,873)</u>	<u>269,488</u>	<u>(2,106,749)</u>	<u>(2,437,537)</u>
<b>Total Net Position</b>	<u>\$ 1,849,123</u>	<u>\$ 3,974,759</u>	<u>\$ (198,605)</u>	<u>\$ 3,114,531</u>	<u>\$ 4,510,468</u>	<u>\$ 13,250,276</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Major Funds</b>					<b>Totals</b>
	<b>Gas Service</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Municipal Airport</b>	<b>Brewton Development Authority</b>	
<b>Operating Revenues</b>						
Charges for services	\$ 49,873,455	\$ 1,206,356	\$ 746,174	\$ 125,699	\$ -	\$ 51,951,684
Other	86,397	138,349	-	-	15,000	239,746
Total operating revenues	<u>49,959,852</u>	<u>1,344,705</u>	<u>746,174</u>	<u>125,699</u>	<u>15,000</u>	<u>52,191,430</u>
<b>Operating Costs and Expenses</b>						
Cost of sales and services	45,267,114	-	386,224	-	-	45,653,338
Salaries and wages	732,548	253,299	95,708	26,000	-	1,107,555
Utilities	33,006	98,013	5,108	19,253	609	155,989
Maintenance and supplies	472,272	316,306	50,221	300,522	7,544	1,146,865
Employee benefits	100,298	38,885	26,260	-	-	165,443
Insurance	64,872	20,656	9,603	30,247	-	125,378
Professional fees	3,267	300	-	-	-	3,567
Office expense	31,212	8,617	5,200	557	-	45,586
Depreciation and amortization	181,961	314,425	63,528	107,035	132,453	799,402
Landfill postclosure expense	-	-	12,306	-	-	12,306
Other	265,297	14,826	1,343	4,106	-	285,572
Total operating costs and expenses	<u>47,151,847</u>	<u>1,065,327</u>	<u>655,501</u>	<u>487,720</u>	<u>140,606</u>	<u>49,501,001</u>
Operating Income (Loss)	<u>2,808,005</u>	<u>279,378</u>	<u>90,673</u>	<u>(362,021)</u>	<u>(125,606)</u>	<u>2,690,429</u>
<b>Non-Operating Revenue (Expense)</b>						
Interest earned	1,662	3,084	-	-	56,288	61,034
Lease revenue	-	-	-	-	78,532	78,532
Receipt from Water Works Board	5,605	13,500	-	-	-	19,105
Payments to Water Works Board	(43,186)	-	-	-	-	(43,186)
Receipt from City	-	-	-	-	6,590,512	6,590,512
Interest expense	(166,532)	(153,301)	(6,618)	-	(56,787)	(383,238)
Total non-operating revenue (expenses)	<u>(202,451)</u>	<u>(136,717)</u>	<u>(6,618)</u>	<u>-</u>	<u>6,668,545</u>	<u>6,322,759</u>
Income before contributions and transfers	2,605,554	142,661	84,055	(362,021)	6,542,939	9,013,188
Capital contributions	-	48,000	-	296,469	-	344,469
Transfers in	287,968	464,574	1,577	500	-	754,619
Transfers out	(3,395,089)	(362,795)	(70,000)	(24,670)	-	(3,852,554)
Change in Net Position	(501,567)	292,440	15,632	(89,722)	6,542,939	6,259,722
Net Position at Beginning of Year	<u>2,350,690</u>	<u>3,682,319</u>	<u>(214,237)</u>	<u>3,204,253</u>	<u>(2,032,471)</u>	<u>6,990,554</u>
<b>Net Position at End of Year</b>	<u>\$ 1,849,123</u>	<u>\$ 3,974,759</u>	<u>\$ (198,605)</u>	<u>\$ 3,114,531</u>	<u>\$ 4,510,468</u>	<u>\$ 13,250,276</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Major Funds					Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
<b>Cash Flows from Operating Activities:</b>						
Receipts from customers	\$ 49,954,840	\$ 1,355,356	\$ 682,381	\$ 125,699	\$ 14,887	\$ 52,133,163
Payments to suppliers	(46,118,765)	(384,553)	(457,699)	(354,828)	(8,153)	(47,323,998)
Payments to employees	(878,254)	(298,828)	(123,435)	(26,000)	-	(1,326,517)
Net Cash Provided (Used) by Operating Activities	2,957,821	671,975	101,247	(255,129)	6,734	3,482,648
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers in	287,968	464,574	1,577	500	-	754,619
Transfers out	(3,395,089)	(362,795)	(70,000)	(24,670)	-	(3,852,554)
Receipts from City	-	-	-	-	6,590,512	6,590,512
Receipts from Water Works Board	5,605	13,500	-	-	-	19,105
Payments to Water Works Board	(43,186)	-	-	-	-	(43,186)
Net Cash Provided (Used) by Noncapital Financing Activities	(3,144,702)	115,279	(68,423)	(24,170)	6,590,512	3,468,496
<b>Cash Flows from Capital and Related Financing Activities</b>						
Repayment of debt	(138,628)	(343,357)	(76,389)	-	-	(558,374)
Interest paid on debt	(166,532)	(153,301)	(6,618)	-	(56,787)	(383,238)
Capital contributions from grant	-	48,000	-	296,469	-	344,469
Proceeds from line of credit	200,000	-	-	-	-	200,000
Purchase of capital assets	(6,455)	(215,757)	-	-	(6,612,257)	(6,834,469)
Net Cash Provided (Used) by Capital and Related Financing Activities	(111,615)	(664,415)	(83,007)	296,469	(6,669,044)	(7,231,612)
<b>Cash Flows from Investing Activities</b>						
Interest income	1,662	3,084	-	-	56,288	61,034
Rental income	-	-	-	-	78,532	78,532
Net Increase (Decrease) in Cash	(296,834)	125,923	(50,183)	17,170	63,022	(140,902)
Cash at Beginning of Year	990,171	595,263	321,747	244,137	121,316	2,272,634
<b>Cash at End of Year</b>	<b>\$ 693,337</b>	<b>\$ 721,186</b>	<b>\$ 271,564</b>	<b>\$ 261,307</b>	<b>\$ 184,338</b>	<b>\$ 2,131,732</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 2,808,005	\$ 279,378	\$ 90,673	\$ (362,021)	\$ (125,606)	\$ 2,690,429
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation and amortization	181,961	314,425	63,528	107,035	132,453	799,402
Change in deferred gain (loss) on debt defeasance	5,889	29,280	-	-	-	35,169
Change in pension expense as related to GASB 68	(45,409)	(6,644)	(1,467)	-	-	(53,520)
Change in accounts receivable	(8,657)	10,651	(63,793)	-	(113)	(61,912)
Change in inventories	4,930	11,749	-	-	-	16,679
Change in customer deposits	3,645	-	-	-	-	3,645
Change in accrued expenses	-	-	12,306	-	-	12,306
Change in accounts payable	7,457	33,136	-	(143)	-	40,450
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,957,821</b>	<b>\$ 671,975</b>	<b>\$ 101,247</b>	<b>\$ (255,129)</b>	<b>\$ 6,734</b>	<b>\$ 3,482,648</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Brewton, Alabama (the City) operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highway and streets, sanitation, health and social services, culture, recreation, cemetery, public improvements, planning and zoning and general administrative services.

The City's annual comprehensive financial report includes the accounts of all City operations.

The accounting policies of the City of Brewton, Alabama conform to accounting principles generally accepted in the United States of America. The following is a summary of significant policies.

**The Reporting Entity**

The financial statements of the City have been prepared in conformity with the accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB).

As required by accounting principles generally accepted in the United States of America, the financial statements of the City include the City of Brewton (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**Individual Component Unit Disclosures**

*Blended Component Unit*

1. *The Brewton Development Authority* is governed by a board appointed by the City's elected council. The Authority operates the City's industrial park; however, the management and financial accounting of the Authority is performed by the City's employees. The services provided by the Authority are exclusively for the benefit of the City. The Brewton Development Authority has a blended component unit included in its financial statements as well. The BDA Real Estate Holdings, Inc. is a nonprofit corporation wholly owned by the Brewton Development Authority. It was created to own real estate and obtain debt funding for the benefit of the Brewton Development Authority and, ultimately, the City of Brewton.

*Discretely Presented Component Unit.* The component unit column in the combined financial statements includes the financial data of the City's component unit, which does not meet the requirements for blending with the primary government. It is reported in separate column to emphasize that it is legally separate from the City. The governing board of the component unit is appointed by the City.

1. *The Water Works Board of the City of Brewton* provides water utility services to the citizens of the City and surrounding area. The Board must obtain the approval of the City Council prior to issuing bonded debt. In addition, the Board shares personnel, facilities, and other resources with the City.

Complete financial statements of the individual component unit can be obtained from the administrative office as follows:

Water Works of the City of Brewton  
City Hall  
Brewton, Alabama 36426

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation—Government-wide and Fund Level**

**Government-wide**

The basic financial statements include government-wide and fund financial statements. The reporting model focuses on the City as a whole, and major funds. Government-wide and fund financial statements categorize primary activities as governmental or business-type. In the Statement of Net Position, governmental and business-type activities (a) are presented on a consolidated basis, and (b) reflect, full accrual accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. As a general rule, eliminations have been made to minimize the double-counting of internal activities.

The Statement of Activities reflects both the gross and net cost per functional category (public works, police, fire, etc.) which are otherwise being supported by general government revenues (taxes, licenses and permits, etc.). The Statement of Activities reduces gross expenses, including depreciation, by related program revenues. The program revenues must be directly associated with a function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

**Fund Level**

The governmental fund level financial statements are presented on a current financial resource and modified accrual basis of accounting. Since governmental fund level financial statements are presented on a different basis of accounting and measurement focus than governmental activities in the government-wide presentation, a summary is presented to explain adjustments necessary to reconcile fund level statements to the government-wide presentation.

The accounts of the City are organized on the basis of funds which are each considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues result from nonexchange transactions or ancillary activities. The various funds are grouped into broad fund categories as follows:

**The General Fund** accounts for all revenues and expenditures of the City except those which must be accounted for by other funds, and it is the largest accounting activity of the City. These resources together with inter-fund revenues finance all of the current operations of the general governmental units which basically benefit all of the taxpayers or citizenry as a whole. In addition, it underwrites any deficits in other funds.

**Special Revenue Funds** are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute or local ordinance resolutions to finance particular activities or functions.

**Debt Service Funds** of the City are used to account for the payment of interest on, and principal of, most long-term debt not being financed by Proprietary Funds. They also provide the bond holders assurance that the provisions of the indentures relating to sinking fund requirements for principal and interest are met and that the security for the debt is protected.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Projects Funds** are used to account for financial resources segregated for the acquisition of major capital facilities.

A separate capital projects fund is used to account for the expenditures of the proceeds for each bond issue or grant when the fund is used for capital projects. The requirement of one fund for each source of revenue is necessitated by the fact that the accounting for particular revenue must show that the proceeds were spent only on the projects and for the purposes authorized, and that any unused proceeds are properly handled and accounted for in accordance with applicable legal, budgetary, and policy provisions.

**Proprietary Funds** are used to account for operations of the City that are: (a) financed and operated in a manner similar to private business enterprise, where the interest of the governing body is that the costs of providing goods or services to the general public on a continuing basis be recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or measurement of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All proprietary funds are enterprise funds.

The City reports the following major governmental funds:

- *General Fund*
- The *2016 General Obligation Warrant Debt Service Fund* is a debt service fund that accounts for the debt service requirements of the 2016 General Obligation Warrants.
- The *2019 General Obligation Warrant Debt Service Fund* is a debt service fund that accounts for the debt service requirements of the 2019 General Obligation Warrants.

The City reports the following major proprietary funds:

- The *Gas Service Fund* accounts for the City's gas distribution operations.
- The *Sewer Fund* accounts for the City's sewer operations.
- The *Sanitation Fund* accounts for the City's sanitation operations.
- The *Municipal Airport Fund* accounts for the activities related to the City's airport.
- The *Brewton Development Authority* accounts for the activities related to the City's industrial park and other industrial development property

**Capital Assets**

The accounting treatment over capital assets depends on whether the assets are used by governmental funds or proprietary funds and fund level or government-wide reporting.

In government-wide reporting, all capital assets are reported as capital assets for both governmental-type and business-type activities. The City has not established a minimum capitalization threshold at this time. Depreciation is provided on all capital assets at the government-wide level.

In fund level reporting, capital assets are reported as expenditures by governmental funds, while they remain capital assets in proprietary funds. Depreciation is provided only in proprietary funds at the fund level. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Depreciation is allocated as an expense in the Statement of Activities (government-wide level) and accumulated depreciation is reflected in the Statement of Net Position (government-wide level). Depreciation has been provided over the estimated useful lives using the straight-line method as follows:

Plant and distribution systems	50 years
Buildings	25 – 50 years
Golf course improvements	10 – 30 years
Vehicles and equipment	3 – 10 years
Infrastructure (roads, bridges, drainage)	25 – 50 years

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they become *measurable and available*. *Measurable* means the amount of the transaction can be determined and *available* means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers sales taxes and similar taxes collected by an intermediary at year end but not remitted until the following fiscal year to be available and therefore recognized as revenues if collected within 60 days of the year end. Revenue which is not both measurable and available includes licenses, permits and fines. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

Proprietary fund financial statements are presented on the accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

The City reports unearned revenue on its combined balance sheet. Unearned revenues arise when a potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impact of Recently Issued Accounting Principles**

*Recently Issued and Adopted Accounting Principles*

GASB Statement No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of GASB Statement No. 87 are effective for fiscal year 2022. As a result of this implementation a lease receivable and related deferred inflow of resources was recorded in the amount of \$1,223,945. See Note 14 for further information.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB Statement No. 89 are effective for the fiscal year 2022. There was no impact to the City's financial statements.

GASB Statement 92, *Omnibus 2020*, was issued as guidance addressing various accounting and financial reporting issues identified during the implementation and application of GASB Statement No. 87, *Leases*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, GASB Statement No. 84, *Fiduciary Activities*, and the measurement of liabilities and assets, if any, related to asset retirement obligations in a government acquisition. The various requirements of GASB Statement No. 92 are effective for the fiscal year 2022. There was no impact to the City's financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The City implemented the requirements of GASB Statement No. 98 for the year ended September 30, 2022.

*Recently Issued Accounting Principles*

GASB Statement 96, *Subscription-Based Information Technology Arrangements*, was issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability, (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) note disclosures regarding a SBITA. The requirements of GASB Statement No. 96 are effective for the fiscal year 2023. The City is currently evaluating the impact that this statement may have on its financial statements.

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Investments**

The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Investments in debt securities are stated at fair value. Investments in money market accounts are stated at cost which equals fair value.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Ad Valorem Taxes**

Ad Valorem taxes are levied on the assessed property valuations as of October 1 each year. They are due on October 1, but are not considered delinquent until December 31, after which delinquent penalties are levied. If taxes and penalties are not paid by the third week in May of the following year, the property is then sold for taxes due and remittance is made by the Escambia County Tax Collector to the City of Brewton.

**Inventories**

Inventories consist of repair supplies and fittings of the gas and sewer services (primary government) and water works (component unit) valued at cost which approximates market, using the first-in, first-out (FIFO) method.

**Insurance**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which it carries commercial insurance. There were no instances of settlements that exceeded insurance coverage in the last three fiscal years.

**Compensated Absences**

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and comp leave, which will be paid to employees upon separation from service. In governmental funds, the cost of vacation and comp leave is recognized when payments are made to employees upon maturity. There was no current liability recorded in the governmental fund types under the modified accrual basis because expenditures are expected to be made from future revenues rather than from expendable available resources.

**Pensions**

The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and Budgetary Accounting**

An annual operation budget for the General Fund is adopted by City Council action at the beginning of each fiscal year. Budgetary control is exercised at the object level. The City Clerk has no authority to amend the budget at any level during the year. When expenditures approach an appropriated limit, the City Council has to approve the excess expenditures. This is done in lieu of formally amending the budget. During the fiscal year ended September 30, 2022, all amounts expended which exceeded budget appropriations were approved by the Council, and there were no supplemental appropriations made. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapse at year end.

The following individual over expenditures were all approved by the City Council:

	<u>Excess Expenditures</u>		<u>Excess Expenditures</u>
<b><i>General Government:</i></b>		<b><i>Other Departments:</i></b>	
Utilities	\$ 20,361	<i>Municipal Court</i>	
Lease	78,532	Legal services	\$ 19,820
Office supplies	5,163	Other	100,342
Dues and publications	4,922	State fees	17,667
<b><i>Public Safety:</i></b>		<i>Library Department</i>	
<i>Police Department</i>		Utilities	432
Salaries	53,478	Repairs and maintenance	22,435
Employee benefits	12,396	Capital expenditures	14,905
Travel	12,169	Repairs and maintenance	14,171
Telephone	21	<i>Recreation Department</i>	
Fuel, oil, and tires	7,449	Salaries	60,291
Capital expenditures	14,980	Utilities	886
Other	8,532	Recreation activities	21,683
<i>Fire Department</i>		Capital expenditures	6,900
Salaries	20,212	Repairs and maintenance	14,171
Employee benefits	23,981	<i>Cemetery Department</i>	
Fuel, oil, and tires	1,697	Salaries	10,929
Capital expenditures	595	Employee benefits	7,952
<b><i>Public Works:</i></b>		Gas and oil	850
<i>Street Department</i>		Capital expenditures	8,000
Salaries	6,567	<i>Beautification and Fine Arts</i>	
Fuel, oil, and tires	8,239	Capital expenditures	33,255
Chemicals	13,256	Other	24,061
Capital expenditures	7,750	<i>Payments to School Bd</i>	2,845,668
<i>Animal Control</i>		<i>Payments to Water Bd</i>	539,715
Tools and supplies	3,785	<i>Payments to Brewton</i>	
Utilities	2,432	<i>Deveoplment Authority</i>	341,856
Capital expenditures	38,823	<i>Interest</i>	270,364
Other	8,865	<i>Transfers Out</i>	1,842,110
<i>Code Enforcement</i>			
Travel	569		

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position and Equity Classifications**

Government-wide Financial Statements

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, that superseded GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Government*. Equity is classified as net position and displayed in three components:

- Net investment in capital assets—Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt or deferred inflows of resources attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of the related debt. Rather, that portion of the debt or deferred inflows of resources is included in the same net position as the unspent proceeds.
- Restricted net position—Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted net position—The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Financial Statements

The fund equity of the governmental fund financial statements is classified as fund balance. In March 2009, GASB adopted a standard that establishes a hierarchy based on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

Fund balance is classified into one of the following five categories:

- Nonspendable fund balance—Consists of amounts that are not in a spendable form or are required to be maintained intact.
- Restricted fund balance—Consists of fund balances with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) the City’s own laws through its enabling legislation and other provisions of its laws and regulations.
- Committed fund balance—Consists of fund balances that are useable only for specific purposes by formal action of the government’s highest level of decision making authority. The City’s highest level of decision making lies with the Mayor of the City and the City Council. In order to establish, modify or rescind a fund balance commitment, the Mayor and City Council must pass a law by formal action committing the funds.

Assigned fund balance—Consists of fund balances that are intended to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (1) the governing body itself, or (2) a subordinate high-level body or official which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Mayor and the City Council have the power to assign fund balance amounts to specific purposes. The governing body must vote to grant authorization of assigned fund balances to specific purposes.

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- Unassigned fund balance—All other fund balances that do not meet the definition of “nonspendable, restricted, committed, or assigned fund balances.” The general fund is the only fund appropriate to report a positive unassigned fund balance.

The City considers restricted fund balances to have been spent when both restricted and unrestricted fund balances are available. Also, the City considers assigned and committed fund balances to have been spent when unassigned or unrestricted amounts are available.

**Subsequent Events**

The City of Brewton, Alabama has evaluated subsequent events through March 30, 2023, the date which the financial statements were available to be issued.

There were no material subsequent events which require disclosure at September 30, 2022.

**NOTE 2 DEPOSITS AND INVESTMENTS**

At September 30, 2022, the City had investments in U.S. Treasury money market mutual funds through its trustee agreement for debt sinking funds. The fair value was \$1,630,405. The average maturity of the portfolio was 6 days.

**Investment Risk**

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

**Credit Risk**

State statutes authorize the City’s investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, direct obligations of the state, and SEC registered mutual funds holding like maturities. The City has no investment policy that further limits investment choices. As of September 30, 2022, the City’s mutual fund investments were rated AAA by Standard & Poor’s.

**Custodial Credit Risk**

The City is a participant in the Security for Alabama Funds Enhancement (SAFE) Program, a multiple financial institution collateral pool, administered by the State of Alabama. The program, by law, provides administration of pledge collateral coverage for all governments and agencies in the State and requires qualified financial institutions to provide collateral to the administrator adequate to secure all deposits of public funds in that financial institution. The State guarantees deposits identified as “public funds” will be adequately secured by insurance or collateral. Any collateral shortages of one financial institution are assessed to other member financial institutions.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 3 CONCENTRATION OF CREDIT RISK**

The City's utility systems provide services to customers located within the City. Customer deposits are required to reduce the risk of loss in the event of non-payment.

In the fiscal year September 30, 2022, the largest customer for the gas fund accounted for approximately 98% of revenue in the gas fund.

**NOTE 4 NET POSITION DEFICIT**

At September 30, 2022, there was a deficit in net position of the Sanitation Fund of \$198,605. The City transferred funds in a subsequent fiscal year from the general fund to replenish these funds.

**NOTE 5 GRANT PROCEEDS IN PROPRIETARY FUNDS**

The Proprietary Funds received proceeds from grants during the fiscal year September 30, 2022. The grant received in the Municipal Airport Fund was used to fund construction of runway improvements and is recorded as a capital contribution on the Statement of Revenues, Expenses and Changes in Fund Net Position. The grant received in the Sewer Fund was used to fund sewer and water system improvements and is recorded as a capital contribution on the Statement of Revenues, Expenses and Changes in Fund Net Position.

**NOTE 6 CAPITAL ASSETS**

Changes in capital assets during the fiscal year were as follows:

	Balance 09/30/21	Additions	Reclassifications/ Retirements	Balance 09/30/22
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 4,826,615	\$ -	\$ -	\$ 4,826,615
Construction in progress	5,899,641	486,064	6,248,656	137,049
Total capital assets not being depreciated	<u>10,726,256</u>	<u>486,064</u>	<u>6,248,656</u>	<u>4,963,664</u>
<i>Capital assets being depreciated</i>				
Buildings	11,359,182	30,023	-	11,389,205
Improvements other than buildings	18,206,588	69,034	-	18,275,622
Vehicles and equipment	9,020,190	32,006	-	9,052,196
Total capital assets being depreciated	<u>38,585,960</u>	<u>131,063</u>	<u>-</u>	<u>38,717,023</u>
Less accumulated depreciation for:				
Buildings	3,520,845	266,138	-	3,786,983
Improvements other than buildings	5,182,267	521,159	-	5,703,426
Vehicles and equipment	7,413,058	447,160	-	7,860,218
Total accumulated depreciation	<u>16,116,170</u>	<u>1,234,457</u>	<u>-</u>	<u>17,350,627</u>
Total capital assets being depreciated	<u>22,469,790</u>	<u>(1,103,394)</u>	<u>-</u>	<u>21,366,396</u>
Capital assets, net	<u>\$ 33,196,046</u>	<u>\$ (617,330)</u>	<u>\$ 6,248,656</u>	<u>\$ 26,330,060</u>

Depreciation was charged to governmental activities as follows:

General	\$ 946,736
Police	74,145
Fire	78,963
Street	66,992
Recreation	28,337
Library	39,284
Total	<u>\$ 1,234,457</u>

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	Balance 09/30/21	Additions	Reclassifications/ Retirements	Balance 09/30/22
<b>Business-type Activities</b>				
<b>Gas Service Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 11,100	\$ -	\$ -	\$ 11,100
Total capital assets not being depreciated	11,100	-	-	11,100
<i>Capital assets being depreciated</i>				
Buildings and improvements	282,849	-	-	282,849
Utility systems	4,968,112	-	-	4,968,112
Equipment	2,960,873	6,455	-	2,967,328
Total capital assets being depreciated	8,211,834	6,455	-	8,218,289
Less accumulated depreciation for:				
Buildings and improvements	168,475	5,184	-	173,659
Utility systems	3,245,696	105,351	-	3,351,047
Equipment	1,127,345	71,426	-	1,198,771
Total accumulated depreciation	4,541,516	181,961	-	4,723,477
Total capital assets being depreciated	3,670,318	(175,506)	-	3,494,812
Capital assets, net	<u>\$ 3,681,418</u>	<u>\$ (175,506)</u>	<u>\$ -</u>	<u>\$ 3,505,912</u>
<b>Sewer Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 40,808	\$ -	\$ -	\$ 40,808
Total capital assets not being depreciated	40,808	-	-	40,808
<i>Capital assets being depreciated</i>				
Utility systems	11,828,206	207,424	-	12,035,630
Equipment	1,313,794	8,333	-	1,322,127
Total capital assets being depreciated	13,142,000	215,757	-	13,357,757
Less accumulated depreciation for:				
Utility systems	3,442,552	241,282	-	3,683,834
Equipment	1,098,496	73,143	-	1,171,639
Total accumulated depreciation	4,541,048	314,425	-	4,855,473
Capital assets, net	<u>\$ 8,641,760</u>	<u>\$ (98,668)</u>	<u>\$ -</u>	<u>\$ 8,543,092</u>
<b>Sanitation Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
<i>Capital assets being depreciated</i>				
Equipment	1,675,547	-	-	1,675,547
Total capital assets being depreciated	1,675,547	-	-	1,675,547
Less accumulated depreciation for:				
Equipment	1,598,755	63,528	-	1,662,283
Total accumulated depreciation	1,598,755	63,528	-	1,662,283
Total capital assets being depreciated	76,792	(63,528)	-	13,264
Capital assets, net	<u>\$ 79,792</u>	<u>\$ (63,528)</u>	<u>\$ -</u>	<u>\$ 16,264</u>

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	Balance 09/30/21	Additions	Reclassifications/ Retirements	Balance 09/30/22
<b>Business-type Activities (continued)</b>				
<b>Municipal Airport Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 298,000	\$ -	\$ -	\$ 298,000
Construction in progress	39,338	-	-	39,338
Total capital assets not being depreciated	<u>337,338</u>	<u>-</u>	<u>-</u>	<u>337,338</u>
<i>Capital assets being depreciated</i>				
Buildings and improvements	3,655,321	-	-	3,655,321
Equipment	361,810	-	-	361,810
Total capital assets being depreciated	<u>4,017,131</u>	<u>-</u>	<u>-</u>	<u>4,017,131</u>
Less accumulated depreciation for:				
Buildings and improvements	1,035,502	102,511	-	1,138,013
Equipment	366,889	4,524	-	371,413
Total accumulated depreciation	<u>1,402,391</u>	<u>107,035</u>	<u>-</u>	<u>1,509,426</u>
Total capital assets being depreciated	<u>2,614,740</u>	<u>(107,035)</u>	<u>-</u>	<u>2,507,705</u>
Capital assets, net	<u>\$ 2,952,078</u>	<u>\$ (107,035)</u>	<u>\$ -</u>	<u>\$ 2,845,043</u>
<b>Brewton Development Authority</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 137,413	\$ -	\$ -	\$ 137,413
<i>Capital assets being depreciated</i>				
Buildings and improvements	-	6,612,257	-	6,612,257
Total capital assets being depreciated	<u>-</u>	<u>6,612,257</u>	<u>-</u>	<u>6,612,257</u>
Less accumulated depreciation for:				
Buildings and improvements	-	132,453	-	132,453
Total accumulated depreciation	<u>-</u>	<u>132,453</u>	<u>-</u>	<u>132,453</u>
Total capital assets being depreciated	<u>-</u>	<u>6,479,804</u>	<u>-</u>	<u>6,479,804</u>
Capital assets, net	<u>\$ 137,413</u>	<u>\$ 6,479,804</u>	<u>\$ -</u>	<u>\$ 6,617,217</u>
<b>Component Unit:</b>				
<b>Water Works Board</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 85,206	\$ -	\$ -	\$ 85,206
Construction in progress	2,904,752	472,653	413,955	2,963,450
Total capital assets not being depreciated	<u>2,989,958</u>	<u>472,653</u>	<u>413,955</u>	<u>3,048,656</u>
<i>Capital assets being depreciated</i>				
Water system	13,404,145	554,731	-	13,958,876
Machinery and equipment	2,009,612	-	-	2,009,612
Property under capital lease	119,671	-	-	119,671
Furniture and fixtures	81,254	-	-	81,254
Total capital assets being depreciated	<u>15,614,682</u>	<u>554,731</u>	<u>-</u>	<u>16,169,413</u>
Less accumulated depreciation for:				
Water system	5,008,302	317,787	-	5,326,089
Machinery and equipment	1,433,106	88,978	-	1,522,084
Property under capital lease	13,980	22,502	-	36,482
Furniture and fixtures	73,671	7,930	-	81,601
Total accumulated depreciation	<u>6,529,059</u>	<u>437,197</u>	<u>-</u>	<u>6,966,256</u>
Total capital assets being depreciated	<u>9,085,623</u>	<u>117,534</u>	<u>-</u>	<u>9,203,157</u>
Capital assets, net	<u>\$ 12,075,581</u>	<u>\$ 590,187</u>	<u>\$ 413,955</u>	<u>\$ 12,251,813</u>

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 7 LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
General Obligation Debt	\$ 19,075,000	\$ 392,000	\$ 525,927	\$ 18,941,073	\$ 608,028
Notes Payable	86,091	-	22,083	64,008	19,660
Capital Lease Obligations	132,463	-	83,408	49,055	39,223
Compensated Absences	454,105	464,196	448,073	470,228	94,046
	<u>19,747,659</u>	<u>856,196</u>	<u>1,079,491</u>	<u>19,524,364</u>	<u>760,957</u>
Warrant Premium	243,692	-	19,833	223,859	-
Net Pension Liability	3,655,989	-	505,569	3,150,420	-
Governmental Activities, long-term liabilities	<u>23,647,340</u>	<u>856,196</u>	<u>1,604,893</u>	<u>22,898,643</u>	<u>760,957</u>
<u>Business-type Activities</u>					
General Obligation Debt	6,480,000	-	400,000	6,080,000	410,000
Notes Payable	7,920,000	-	-	7,920,000	-
Capital Lease Obligations	366,569	-	127,684	238,885	116,990
Accrued Postclosure Costs	356,057	12,306	-	368,363	12,306
	<u>15,122,626</u>	<u>12,306</u>	<u>527,684</u>	<u>14,607,248</u>	<u>539,296</u>
Warrant Premium	69,862	-	3,963	65,899	-
Warrant Discount	(2,353)	-	2,353	-	-
Net Pension Liability	767,035	-	201,922	565,113	-
Business-type Activities, long-term liabilities	<u>15,957,170</u>	<u>12,306</u>	<u>735,922</u>	<u>15,238,260</u>	<u>539,296</u>
Total Long-term Liabilities	<u>\$ 39,604,510</u>	<u>\$ 868,502</u>	<u>\$ 2,340,815</u>	<u>\$ 38,136,903</u>	<u>\$ 1,300,253</u>

Compensated Absences and Net Pension Liabilities, typically, have been liquidated in the general fund.

General Obligation Debt and Notes Payable at September 30, 2022, were comprised of the following:

2020 General Obligation Warrant payable with interest only payments at 1.16% to 3.13% due June 1 and December 31 until 2027, then due in annual installments of \$350,000 to \$500,000, including interest, maturing September 30, 2041.

\$ 6,190,000

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 7      LONG-TERM LIABILITIES (CONTINUED)**

2019 General Obligation Warrants payable in annual installments of \$30,000 to \$320,000 through December 1, 2045, with interest at 2.00% to 3.55% payable June 1, and December 1.	8,220,000
2017 General Obligation Sewer Revenue Warrant payable in annual installments of \$30,000 to \$310,000 through December 1, 2043, with interest at 2.00% to 3.40% payable June 1, and December 1.	5,015,000
2017 General Obligation Gas Revenue Warrant payable in annual installments of \$5,000 to \$95,000 through December 1, 2028, with interest at 2.00% to 2.30% payable June 1, and December 1.	580,000
2016 General Obligation Warrants payable in annual installments of \$365,000 to \$520,000 through December 1, 2030, with interest at 2.00% to 3.13% payable June 1, and December 1.	4,145,000
2013 General Obligation Sewer Revenue Warrant payable in annual installments of \$140,000 to \$250,000 through December 1, 2022, with interest at 4.750% to 5.00% payable June 1, and December 1.	140,000
2014 Clean Water State Revolving Fund General Obligation Warrants payable in annual installments of \$20,000 to \$30,000 through February 15, 2035, with interest at 1.70% to 2.45% payable on February 15 and August 15.	345,000
Note payable dated July 29, 2020, with interest only payments at 1.16% due in quarterly installments until July 2027, then due in quarterly installments of \$69,766, including interest at 1.16%, maturing December 31, 2050.	5,628,800
Note payable dated July 29, 2020, with interest only payments at 1.16% due in quarterly installments until July 2027, then due in quarterly installments of \$69,766, including interest at 1.16%, maturing December 31, 2050.	2,291,200
Note payable for purchase of truck dated September 3, 2020, due in 60 monthly installments of \$1,159, including interest at 3.25%, maturing September 30, 2025.	37,297
Note payable for purchase of truck dated March 19, 2021, due in 60 monthly installments of \$619, including interest at 3.25%, maturing March 20, 2026.	26,711

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 7 LONG-TERM LIABILITIES (CONTINUED)**

2022 General Obligation Warrant payable in 60 monthly installments of \$7,156, with interest at 3.64%, maturing August 9, 2027. 386,073

Total General Obligation Debt and Notes Payable \$ 33,005,081

Annual debt service requirements to maturity for general obligation bonds and warrants are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 627,688	\$ 548,942	\$ 410,000	\$ 266,939
2024	796,726	527,915	270,000	257,477
2025	812,811	504,675	280,000	250,165
2026	824,855	478,365	290,000	242,577
2027	1,188,001	448,773	360,270	234,514
2028-2032	5,475,000	1,789,805	2,876,949	1,001,362
2033-2037	3,985,000	1,165,372	2,904,178	724,232
2038-2042	4,135,000	503,190	3,091,887	430,822
2043-2047	1,160,000	45,493	2,455,403	137,867
2048-2050	-	-	1,061,313	33,501
	<u>\$ 19,005,081</u>	<u>\$ 6,012,530</u>	<u>\$ 14,000,000</u>	<u>\$ 3,579,456</u>

Certain General Obligation Bonds and Warrants are not associated with the City's capital assets. The unspent proceeds of the 2019 General Obligation Warrant and the portion of the 2016 General Obligation Warrant used to refund the 2009 General Obligation Warrant have not been included in the calculation of Net Investment in Capital Assets.

**Capital Leases**

The City has entered into lease agreements as lessee for financing the acquisition of fire vehicles and various street equipment. Additionally, the City has financed the acquisition of certain items of equipment for the utility funds. Each asset has been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets and the enterprise funds, respectively.

The capital assets acquired through capital lease obligations are as follows:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 672,108	\$ 638,683
Less accumulated depreciation	621,019	485,721
Total	<u>\$ 51,089</u>	<u>\$ 152,962</u>

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 7 LONG-TERM LIABILITIES (CONTINUED)**

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2022, were as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2023	\$ 40,989	\$ 124,147
2024	9,922	60,330
2025	-	40,804
2026	-	25,520
Total minimum lease payments	50,911	250,801
Less amount representing interest	<u>(1,856)</u>	<u>(11,916)</u>
Present value of minimum lease payments	<u>\$ 49,055</u>	<u>\$ 238,885</u>

**Lines of Credit**

The City has a line of credit with a \$2,000,500 limit. As of September 30, 2022, the balance was \$923,035 (including accrued interest). The interest rate is 2.50% with a maturity date of October 4, 2023. It was established to fund the Provalus project in the General Fund.

In addition, the City has a line of credit with a \$1,700,000 limit. As of September 30, 2022, the balance was \$1,539,028 (including accrued interest). The interest rate is 3.25% with a maturity date of October 30, 2022. It was established to fund gas purchases in the Gas Fund (Business-type Activity).

**NOTE 8 DEBT ISSUE COST**

For governmental funds, bond discounts/premiums are treated as other financing sources (uses) in the year of issue in the fund financial statements. In the government-wide financial statements and proprietary fund financial statements, bond discounts/premiums are presented as a reduction/addition to the face amount of the bonds payable.

**NOTE 9 LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

The City is required by federal and state laws to place a final cover on its inert landfill when it stops accepting trash and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting trash, the City reports a portion of these estimated future costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$368,363 reported as accrued postclosure costs by the sanitation fund represents the cumulative amount of estimated costs through September 30, 2022. Actual costs may be higher due to inflation changes in technology or changes in regulations. Estimated current costs of closure and postclosure care to be recognized totaled \$932,692 at September 30, 2022. During fiscal year 2021, a new waste disposal cell(4a) was constructed and construction had begun on an additional cell(4b). As of September 30, 2022, the total landfill capacity with the addition of these two cells is unable to be reasonably estimated until construction has been completed and certified.

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 10 PENSION PLAN**

Plan Description

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

The ERS Board of Control consists of 13 trustees as follows:

1. The Governor, ex officio.
2. The State Treasurer, ex officio.
3. The State Personnel Director, ex officio.
4. The State Director of Finance, ex officio.
5. Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6. Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
  - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
  - b. Two vested active state employees.
  - c. One full time employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - d. One full time employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - e. One full time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - f. One full time employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

*Benefits Provided*

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 10 PENSION PLAN (CONTINUED)**

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

As of September 30, 2020, membership consisted of:

	<u>Number</u>
Retired members or their beneficiaries currently receiving benefits	55
Vested inactive members	3
Non-vested inactive members	20
Active members	115
Post-DROP retired members still in active service	-
Total	<u><u>193</u></u>

*Contributions*

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 10      PENSION PLAN (CONTINUED)**

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2022, the City's active employee contribution rate was Tier 1 Regular 5%, Tier 1 FLC 6%, Tier 2 Regular 7.5%, and Tier 2 FLC 8.5% of covered payroll, and the City's average contribution rate to fund the normal and accrued liability costs 8.92% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2022, was 9.29% for Tier 1 employees, and 6.46% for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan were \$462,037 and \$34,409 for the City and Water Works Board, respectively, for the year ended September 30, 2022.

*Net Pension Liability*

The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020 rolled forward to September 30, 2021 using standard roll-forward techniques as shown in the following table:

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 10 PENSION PLAN (CONTINUED)**

	Expected		Actual Before Act 2019-132		Actual After Act 2019-132		Actual After 2020 Experience Study	
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board
(a) Total Pension Liability as of September 30, 2019	\$ 17,268,506	\$ 1,242,680	\$ 17,591,833	\$ 1,265,947	\$ 17,591,833	\$ 1,265,947	\$ 18,291,809	\$ 1,316,319
(b) Discount rate	7.70%	7.70%	7.70%	7.70%	7.70%	7.70%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2019 to September 30, 2020	445,260	32,042	445,260	32,042	445,260	32,042	489,609	35,233
(d) Transfers Among Employers	-	-	2,919	210	2,919	210	2,919	210
(e) Actual Benefit Payments & Refunds for October 1, 2019 to September 30, 2020	<u>(1,081,342)</u>	<u>(77,816)</u>	<u>(1,081,342)</u>	<u>(77,816)</u>	<u>(1,081,342)</u>	<u>(77,816)</u>	<u>(1,081,342)</u>	<u>(77,816)</u>
(f) Total Pension Liability as of September 30, 2020 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 17,920,467</u>	<u>\$ 1,289,597</u>	<u>\$ 18,271,609</u>	<u>\$ 1,314,865</u>	<u>\$ 18,271,609</u>	<u>\$ 1,314,865</u>	<u>\$ 19,025,453</u>	<u>\$ 1,369,114</u>
(g) Difference between Expected and Actual			\$ 351,142	\$ 25,268				
(h) Less Liability Transferred for Immediate Recognition			<u>2,919</u>	<u>210</u>				
(i) Difference between Expected and Actual - Experience (Gain)/Loss = (g) - (h)			<u>\$ 348,223</u>	<u>\$ 25,058</u>				
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Changes (Gain/Loss)			<u>\$ -</u>	<u>\$ -</u>				
(k) Difference between Actual TPL Before and After 2020 Experience Study - Assumption Change (Gain/Loss)							<u>\$ 753,845</u>	<u>\$ 54,248</u>

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 10 PENSION PLAN (CONTINUED)***Actuarial Assumptions*

The total pension liability as of September 30, 2021 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. The actuarial assumptions included (a) 7.45% investment rate of return (including inflation), (b) projected salary increases ranging from 4.25% to 6.00% per year, and an inflation component of 2.50%.

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

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 returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.0%	2.8%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
Inter'ntl Developed Mkt Stks	12.0%	9.5%
Inter'ntl Emerging Mkt Stks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real Estate	10.0%	6.5%
Cash	5.0%	1.5%

\*Includes assumed rate of inflation of 2.0%

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 10 PENSION PLAN (CONTINUED)**

*Discount Rate*

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were 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.

**Changes in Net Pension Liability**

	Total Pension Liability		Plan Fiduciary Net Position		Net Pension Liability	
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board
Balances at September 30, 2020	\$ 17,268,506	\$ 1,242,680	\$ 12,807,360	\$ 921,646	\$ 4,461,146	\$ 321,034
Changes for the year:						
Service cost	445,260	32,042	-	-	445,260	32,042
Interest	1,288,044	92,690	-	-	1,288,044	92,690
Changes of assumptions	753,845	54,248	-	-	753,845	54,248
Differences between expected and actual experience	348,222	25,059	-	-	348,222	25,059
Contributions - employer	-	-	451,174	32,467	(451,174)	(32,467)
Contributions - employee	-	-	319,867	23,018	(319,867)	(23,018)
Net investment income	-	-	2,809,943	202,210	(2,809,943)	(202,210)
Benefit payments, including refunds of employee contributions	(1,081,342)	(77,816)	(1,081,342)	(77,816)	-	-
Transfers among employers	2,919	210	2,919	210	-	-
Net Changes	1,756,948	126,433	2,502,561	180,089	(745,613)	(53,656)
Balances at September 30, 2021	\$ 19,025,454	\$ 1,369,113	\$ 15,309,921	\$ 1,101,735	\$ 3,715,533	\$ 267,378

*Sensitivity of the net pension liability to changes in the discount rate* - The following table presents the City and Water Board's net pension liability calculated using the discount rate of 7.45%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)		Current Discount Rate (7.45%)		1% Increase (8.45%)	
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board
Net pension liability	\$ 6,061,919	\$ 436,229	\$ 3,715,533	\$ 267,378	\$ 1,751,886	\$ 126,070

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 10 PENSION PLAN (CONTINUED)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2022, the City recognized pension expense of \$65,072 and \$22,744 for the City and Water Board, respectively. At September 30, 2022, the City and Water Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	City of Brewton	Water Board	City of Brewton	Water Board
Differences between expected and actual experience	\$ 656,951	\$ 47,276	\$ 135,530	\$ 9,753
Changes of assumptions	719,533	51,779	-	-
Net difference between projected and actual earnings on plan investments	-	-	1,109,903	79,871
Employer contributions subsequent to measurement date*	462,037	34,409	-	-
Total	<u>\$ 1,838,521</u>	<u>\$ 133,464</u>	<u>\$ 1,245,433</u>	<u>\$ 89,624</u>

\$496,446 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ending	City of Brewton		Water Board		Total
	September 30,	City of Brewton	Water Board	Total	
2023	\$	82,827	\$ 11,296	\$ 94,123	
2024		18,214	1,549	19,763	
2025		(101,058)	(8,597)	(109,655)	
2026		(137,487)	(11,696)	(149,183)	
2027		179,306	15,254	194,560	
Thereafter		83,749	7,125	90,874	
	\$	<u>125,551</u>	<u>14,931</u>	<u>140,482</u>	

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 INTERFUND TRANSACTIONS**

Interfund receivables and payables at September 30, 2022 are:

	Interfund Payables			
	General	Sewer	Sanitation	Totals
<b>Interfund Receivables</b>				
General	\$ -	\$ -	\$ 75,000	\$ 75,000
Airport	5,342	-	-	5,342
Gas Service	331,855	1,850	-	333,705
<b>Totals</b>	<u>\$ 337,197</u>	<u>\$ 1,850</u>	<u>\$ 75,000</u>	<u>\$ 414,047</u>

During the course of normal operations, the City has numerous transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reflected as interfund receivables and liabilities.

At September 30, 2022, interfund transfers consisted of the following:

	General	2019				Transfers Out			
		GOW DSF	Other Governmental	Gas Service	Totals	Sewer	Sanitation	Airport	Totals
<b>Transfers In</b>									
General	\$ -	\$ 421,000	\$ -	\$ 3,381,089	\$ 362,795	\$ 70,000	\$ 24,670	\$ 4,259,554	
Other Governmental	132,447	-	15,500	-	-	-	-	147,947	
2016 GOW DSF	534,108	-	-	-	-	-	-	534,108	
2019 GOW DSF	434,936	-	-	-	-	-	-	434,936	
Gas Service	287,968	-	-	-	-	-	-	287,968	
Sewer	451,074	-	-	13,500	-	-	-	464,574	
Airport	500	-	-	-	-	-	-	500	
Sanitation	1,077	-	-	500	-	-	-	1,577	
<b>Totals</b>	<u>\$ 1,842,110</u>	<u>\$ 421,000</u>	<u>\$ 15,500</u>	<u>\$ 3,395,089</u>	<u>\$ 362,795</u>	<u>\$ 70,000</u>	<u>\$ 24,670</u>	<u>\$ 6,131,164</u>	

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service funds as debt service principal and interest payments become due, and 2) move unrestricted revenues from funds to finance various programs/projects that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 12 FAIR VALUE DISCLOSURE**

Investments including derivative instruments that are not hedging derivatives, are measured at fair value in a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair Value measurements are categorized based on the valuation inputs used to measure an assets fair value.

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

Investment's fair value measurements are as follows:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level:				
U.S. Treasuries	\$ 1,630,405	\$ -	\$ -	\$ 1,630,405
Total	\$ 1,630,405	\$ -	\$ -	\$ 1,630,405

Debt securities categorized as Level 1 are based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Fair value of the investment approximates cost.

**NOTE 13 NOTES RECEIVABLE**

As discussed in Note 14, the Brewton Development Authority made loan of \$5,628,800 to the BDA Investment Fund, LLC in July 2020 as part of a NMTC transaction. Interest only is payable in quarterly installments of 1% and matures in full in December 2050. At September 30, 2022 the total outstanding balance was \$5,628,800.

As discussed in Note 14, The Brewton Development Authority constructed a building for Optomi, LLC. The building was leased from the Brewton Development Authority to the City, and subsequently, subleased to Optomi, LLC. Since the Brewton Development Authority is a blended component unit of the City, only the lease between the primary government and Optomi, LLC will be reported under the requirements of GASB No. 87. The lease was entered into in December 2021 and expires December 2036 with monthly payments of \$8,726. The lease receivable is measured as the net present value of the future minimum lease payments expected to be received during the term of the lease at a discounted rate of 3.460%, which is the estimated incremental borrowing rate. In fiscal year 2022, the City recognized \$50,687 and \$27,845 in lease and interest revenue, respectively. Future minimum lease and interest payments to be received are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2023	\$ 65,141	\$ 39,568
2024	67,431	37,278
2025	69,801	34,908
2026	72,255	32,454
2027	74,795	29,914
2028-2032	415,314	108,232
2033-2037	408,521	30,973
	<u>\$ 1,173,258</u>	<u>\$ 313,327</u>

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 14      NEW MARKET TAX CREDITS**

In July 2020, the Brewton Development Authority executed a New Market Tax Credits Financing Transaction with Wells Fargo Bank to fund the rehabilitation, construction, and development of a campus for a technology support company. The City of Brewton provided \$2,441,908 to the Brewton Development Authority to be combined with a temporary loan from Wells Fargo in the amount of \$3,386,892. The Brewton Development Authority then made a loan in the amount of \$5,628,800 to the BDA Investment Fund, LLC. This loan is included in Note Receivable on the Statement of Net Position-Proprietary Funds at year end. The Note Receivable requires quarterly interest payments of 1% and will mature in December 2050.

The Brewton Development Authority formed BDA Real Estate Holdings, Inc. (a non-profit corporation considered a blended component unit of the Brewton Development Authority) which will own the property related to the technology support company project. BDA Real Estate Holdings, LLC received loans from VAF Sub-CDE L, LLC in the amounts of \$5,628,800 and \$2,291,200. Both loans require quarterly interest payments of 1.16% and mature in December 2050. These loans are included in the long-term debt section of the Statement of Net Position-Proprietary Funds at year end. BDA Real Estate Holdings, LLC is using the proceeds from the loans to fund the rehabilitation and construction of the property. BDA Real Estate Holdings, LLC paid \$3,394,392 to the City of Brewton for project costs incurred prior to the New Market Tax Credits Financing funding. The City of Brewton contributed the full amount to the Brewton Development Authority to pay off the temporary financing of \$3,386,892 from Wells Fargo.

The City of Brewton entered into a lease of the completed property from BDA Real Estate Holdings, Inc. and subleased it to the technology support company, Optomi LLC. The lease payments along with the interest payments received from the Note Receivable will be used to repay the loans from VAF Sub-CDE L, LLC.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS ENDING SEPTEMBER 30,**

	2021			2020			2019		
	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total
<b>Total pension liability</b>									
Service cost	\$ 445,260	\$ 32,042	\$ 477,302	\$ 428,552	\$ 30,840	\$ 459,392	\$ 430,213	\$ 30,959	\$ 461,172
Interest	1,288,044	92,690	1,380,734	1,235,254	88,892	1,324,146	1,162,190	83,634	1,245,824
Differences between expected and actual experience	348,222	25,059	373,281	191,223	13,761	204,984	273,046	19,649	292,695
Changes of assumptions	753,845	54,248	808,093	-	-	-	-	-	-
Benefit payments, including refunds	(1,081,342)	(77,816)	(1,159,158)	(910,312)	(65,508)	(975,820)	(957,296)	(68,889)	(1,026,185)
Transfers among employers	2,919	210	3,129	(173,637)	(12,495)	(186,132)	17,247	1,241	18,488
<b>Net change in total pension liability</b>	<b>1,756,948</b>	<b>126,433</b>	<b>1,883,381</b>	<b>771,080</b>	<b>55,490</b>	<b>826,570</b>	<b>925,400</b>	<b>66,594</b>	<b>991,994</b>
<b>Total pension liability- beginning</b>	<b>16,960,058</b>	<b>1,551,128</b>	<b>18,511,186</b>	<b>16,188,978</b>	<b>1,495,638</b>	<b>17,684,616</b>	<b>15,263,578</b>	<b>1,429,044</b>	<b>16,692,622</b>
<b>Total pension liability- ending (a)</b>	<b>\$ 18,717,006</b>	<b>\$ 1,677,561</b>	<b>\$ 20,394,567</b>	<b>\$ 16,960,058</b>	<b>\$ 1,551,128</b>	<b>\$ 18,511,186</b>	<b>\$ 16,188,978</b>	<b>\$ 1,495,638</b>	<b>\$ 17,684,616</b>
<b>Plan fiduciary net position</b>									
Contributions- employer	\$ 451,174	\$ 32,467	\$ 483,641	\$ 550,506	\$ 39,616	\$ 590,122	\$ 669,013	\$ 48,144	\$ 717,157
Contributions- member	319,867	23,018	342,885	306,723	22,073	328,796	289,827	20,857	310,684
Net investment income	2,591,629	420,524	3,012,153	725,297	24,880	750,177	305,726	24,880	330,606
Benefit payments, including refunds of employee	(961,336)	(197,822)	(1,159,158)	(910,312)	(65,508)	(975,820)	(957,296)	(68,889)	(1,026,185)
Transfers among employers	2,919	210	3,129	(173,637)	(12,495)	(186,132)	17,247	1,241	18,488
<b>Net change in plan fiduciary net position</b>	<b>2,404,253</b>	<b>278,397</b>	<b>2,682,650</b>	<b>498,577</b>	<b>8,566</b>	<b>507,143</b>	<b>324,517</b>	<b>26,233</b>	<b>350,750</b>
<b>Plan net position- beginning</b>	<b>12,597,220</b>	<b>1,131,786</b>	<b>13,729,006</b>	<b>12,098,643</b>	<b>1,123,220</b>	<b>13,221,863</b>	<b>11,774,126</b>	<b>1,096,987</b>	<b>12,871,113</b>
<b>Plan net position- ending (b)</b>	<b>\$ 15,001,473</b>	<b>\$ 1,410,183</b>	<b>\$ 16,411,656</b>	<b>\$ 12,597,220</b>	<b>\$ 1,131,786</b>	<b>\$ 13,729,006</b>	<b>\$ 12,098,643</b>	<b>\$ 1,123,220</b>	<b>\$ 13,221,863</b>
<b>Net pension liability (asset)- ending (a) - (b)</b>	<b>\$ 3,715,533</b>	<b>\$ 267,378</b>	<b>\$ 3,982,911</b>	<b>\$ 4,362,838</b>	<b>\$ 419,342</b>	<b>\$ 4,782,180</b>	<b>\$ 4,090,335</b>	<b>\$ 372,418</b>	<b>\$ 4,462,753</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	69.19%	4.98%	74.17%	69.19%	4.98%	74.17%	69.74%	5.02%	74.76%
<b>Covered payroll *</b>	\$ 5,624,750	\$ 404,769	\$ 6,029,519	\$ 5,415,633	\$ 389,721	\$ 5,805,354	\$ 5,103,451	\$ 367,256	\$ 5,470,707
<b>Net pension liability (asset) as a percentage of covered payroll</b>	66.06%	66.06%	66.06%	80.56%	107.60%	82.38%	80.15%	101.41%	81.58%

\* Employer's covered payroll during the measurement period is the total covered payroll. For FY2022 the measurement period is October 1, 2020-September 30, 2021. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll for FY2017.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

(CONTINUED)

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS ENDING SEPTEMBER 30,**

	2018		2017		2016		2015		2014					
	City of Brewton	Water Board Total												
\$ 376,423	\$ 42,020	\$ 418,443	\$ 392,020	\$ 36,524	\$ 428,544	\$ 336,587	\$ 31,360	\$ 367,947	\$ 322,075	\$ 29,727	\$ 351,802	\$ 315,894	\$ 29,647	\$ 345,541
1,120,146	104,363	1,224,509	1,053,010	98,108	1,151,118	965,358	89,942	1,055,300	906,285	83,649	989,934	877,456	82,351	959,807
(337,359)	(31,432)	(368,791)	141,140	13,150	154,290	487,065	45,379	532,444	352,055	32,494	384,549	-	-	-
82,891	7,723	90,614	-	-	-	521,648	48,601	570,249	-	-	-	-	-	-
(886,724)	(82,615)	(969,339)	(917,418)	(85,475)	(1,002,893)	(838,811)	(78,151)	(916,962)	(825,293)	(76,174)	(901,467)	(874,026)	(82,030)	(956,056)
11,347	1,057	12,404	182,174	16,973	199,147	87,701	8,171	95,872	-	-	-	-	-	-
366,724	41,116	407,840	850,926	79,280	930,206	1,559,548	145,302	1,704,850	755,122	69,696	824,818	319,324	29,968	349,292
14,896,854	1,387,928	16,284,782	14,045,929	1,308,647	15,354,576	12,479,654	1,170,072	13,649,726	11,724,532	1,100,376	12,824,908	11,405,208	1,070,408	12,475,616
\$15,263,578	\$ 1,429,044	\$16,692,622	\$14,896,855	\$ 1,387,927	\$16,284,782	\$14,039,202	\$ 1,315,374	\$15,354,576	\$12,479,654	\$ 1,170,072	\$13,649,726	\$11,724,532	\$ 1,100,376	\$12,824,908
\$ 609,376	\$ 56,775	\$ 666,151	\$ 474,092	\$ 44,221	\$ 518,314	\$ 446,742	\$ 41,623	\$ 488,365	\$ 426,890	\$ 39,402	\$ 466,292	\$ 353,734	\$ 33,199	\$ 386,933
267,948	24,965	292,913	252,384	23,514	275,898	241,405	22,492	263,897	224,575	20,728	245,303	210,866	19,790	230,656
996,377	92,832	1,089,209	1,222,448	113,704	1,336,152	886,757	82,428	969,185	103,711	9,572	113,283	962,030	90,289	1,052,319
(886,724)	(82,615)	(969,339)	(917,418)	(85,475)	(1,002,893)	(838,811)	(78,151)	(916,962)	(825,293)	(76,174)	(901,467)	(874,026)	(82,030)	(956,056)
11,347	1,057	12,404	182,174	16,973	199,147	87,701	8,171	95,872	(26,380)	(2,435)	(28,815)	8,699	816	9,515
998,324	93,014	1,091,338	1,213,680	112,937	1,326,618	823,794	76,563	900,357	(96,497)	(8,907)	(105,404)	661,303	62,064	723,367
10,775,802	1,003,973	11,779,775	9,562,250	890,907	10,453,157	8,738,629	814,171	9,552,800	8,842,086	816,118	9,658,204	8,168,228	766,609	8,934,837
\$11,774,126	\$ 1,096,987	\$12,871,113	\$10,775,930	\$ 1,003,844	\$11,779,775	\$ 9,562,423	\$ 890,734	\$10,453,157	\$ 8,745,589	\$ 807,211	\$ 9,552,800	\$ 8,829,531	\$ 828,673	\$ 9,658,204
\$ 3,489,452	\$ 332,057	\$ 3,821,509	\$ 4,120,925	\$ 384,083	\$ 4,505,007	\$ 4,476,779	\$ 424,640	\$ 4,901,419	\$ 3,734,065	\$ 362,861	\$ 4,096,926	\$ 2,895,001	\$ 271,703	\$ 3,166,704
66.17%	6.17%	72.34%	66.17%	6.17%	72.34%	62.28%	5.80%	68.08%	64.08%	5.91%	69.99%	68.85%	6.46%	75.31%
\$ 4,733,460	\$ 441,012	\$ 5,174,472	\$ 4,393,679	\$ 409,355	\$ 4,803,034	\$ 4,314,385	\$ 401,968	\$ 4,716,353	\$ 4,055,403	\$ 374,311	\$ 4,429,714	\$ 4,049,645	\$ 380,069	\$ 4,429,714
73.72%	75.29%	73.85%	93.79%	93.83%	93.80%	103.76%	105.64%	103.92%	92.08%	96.94%	92.49%	71.49%	71.49%	71.49%

**CITY OF BREWTON, ALABAMA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30,**

	2022		2021		2020	
	City of Brewton	Water Board Total	City of Brewton	Water Board Total	City of Brewton	Water Board Total
Actuarially determined contribution*	\$ 462,037	\$ 34,409	\$ 445,486	\$ 3,815	\$ 449,567	\$ 34,691
Contributions in relation to the actuarially determind contribution*	462,037	496,446	445,486	483,641	449,567	484,258
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll**	\$ 5,888,387	\$ 6,312,128	\$ 5,572,597	\$ 6,029,519	\$ 5,365,420	\$ 5,805,354
Contributions as a percentage of covered payroll	7.85%	8.12%	7.99%	8.02%	8.38%	8.34%

\* Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

\*\* Employer's covered payroll for FY2022 is the total covered payroll for the 12 month period of the underlying financial statement.

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumption used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	24.4 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25- 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

(CONTINUED)

**CITY OF BREWTON, ALABAMA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30,**

	2019		2018		2017		2016		2015					
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board				
\$ 492,043	\$ 34,691	\$ 526,734	\$ 432,919	\$ 34,691	\$ 467,610	\$ 387,299	\$ 33,009	\$ 420,308	\$ 369,632	\$ 34,117	\$ 403,749	\$ 369,107	\$ 34,642	\$ 403,749
492,043	34,691	526,734	432,919	34,691	467,610	387,299	33,009	420,308	369,632	34,117	403,749	369,107	34,642	403,749
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,056,132	\$ 414,575	\$ 5,470,707	\$ 4,782,346	\$ 392,126	\$ 5,174,472	\$ 4,439,056	\$ 363,978	\$ 4,803,034	\$ 4,317,821	\$ 398,532	\$ 4,716,353	\$ 4,049,645	\$ 380,069	\$ 4,429,714
9.73%	8.37%	9.63%	9.05%	8.85%	9.04%	8.72%	9.07%	8.75%	8.56%	8.56%	8.56%	9.11%	9.11%	9.11%

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
<b>Taxes</b>			
Ad valorem tax	\$ 900,000	\$ 1,224,597	\$ 324,597
Beer tax	49,000	54,464	5,464
Cigarette tax	8,000	7,828	(172)
Sales tax	6,751,500	8,746,477	1,994,977
City gasoline tax	190,000	297,565	107,565
Wine tax	3,000	3,816	816
Oil severance tax	-	18,233	18,233
Total Taxes	<u>7,901,500</u>	<u>10,352,980</u>	<u>2,451,480</u>
<b>Licenses and Permits</b>			
Business licenses	1,200,000	949,386	(250,614)
Building permits	16,000	16,764	764
Total Licenses and Permits	<u>1,216,000</u>	<u>966,150</u>	<u>(249,850)</u>
<b>Fines and Forfeitures</b>			
Fines and court costs	56,300	257,618	201,318
<b>Fees and Charges</b>			
Recreation and golf revenues	11,220	29,463	18,243
Library fees	-	874	874
Miscellaneous fees	108,100	193,927	85,827
Total Fees and Charges	<u>119,320</u>	<u>224,264</u>	<u>104,944</u>
<b>Intergovernmental Revenues</b>			
Grant proceeds	-	2,474,943	2,474,943
Production privilege tax	15,000	12,260	(2,740)
Financial excise tax	25,000	131,204	106,204
Motor vehicle license	17,200	31,972	14,772
Business privilege tax	24,000	25,666	1,666
ABC store revenue	-	887	887
State capital improvement revenue	40,000	50,525	10,525
Total Intergovernmental Revenues	<u>121,200</u>	<u>2,727,457</u>	<u>2,606,257</u>
<b>Revenue From City Property</b>			
Sale of City property	1,000	12,900	11,900
Rent	-	20,334	20,334
Community center	14,000	1,125	(12,875)
Total Revenue From City Property	<u>15,000</u>	<u>34,359</u>	<u>19,359</u>

(continued)

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (continued)**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Receipts from Water Works Board</b>	\$ -	\$ 358,826	\$ 358,826
<b>Other Revenue</b>			
Interest earned	-	29,498	29,498
Donations	6,000	117,893	111,893
Other	30,500	262,294	231,794
Total Other Revenue	36,500	409,685	373,185
Total Revenues	9,465,820	15,331,339	5,865,519
<b>Other Financing Sources</b>			
Transfers in	1,800,000	4,259,554	2,459,554
Issuance of debt	-	392,000	392,000
Total Other Financing Sources	1,800,000	4,651,554	2,851,554
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 11,265,820</b>	<b>\$ 19,982,893</b>	<b>\$ 8,717,073</b>

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures</b>			
<b>General Government</b>			
Salaries	\$ 911,000	\$ 729,069	\$ 181,931
Employee benefits	114,600	113,279	1,321
Utilities	138,000	158,361	(20,361)
Lease	-	78,532	(78,532)
Telephone	50,000	38,440	11,560
Office supplies	30,000	35,163	(5,163)
Dues and publications	4,300	9,222	(4,922)
Travel	38,500	32,634	5,866
Insurance	145,000	97,412	47,588
Repairs and maintenance	7,526,250	1,274,740	6,251,510
Professional fees	800,200	212,175	588,025
Street lighting	42,000	41,559	441
Fire hydrant rental	20,000	-	20,000
Industrial development expenditures	50,000	10,227	39,773
Appropriation	15,000	10,757	4,243
Capital expenditures	7,050,000	492,514	6,557,486
Grants to local businesses	150,000	5,000	145,000
Other	2,123,850	397,170	1,726,680
Total General Government	<u>19,208,700</u>	<u>3,736,254</u>	<u>15,472,446</u>
<b>Public Safety</b>			
<b>Police Department</b>			
Salaries	1,940,000	1,993,478	(53,478)
Employee benefits	405,000	417,396	(12,396)
Travel	30,000	42,169	(12,169)
Telephone	32,000	32,021	(21)
Uniforms and equipment	50,000	27,010	22,990
Repairs and maintenance	109,000	33,911	75,089
Fuel, oil, and tires	80,000	87,449	(7,449)
Ammunition	8,000	7,085	915
Insurance	196,500	149,065	47,435
Jail expenditures	1,000	-	1,000
Laundry	500	-	500
Investigation and education	49,500	32,868	16,632
Capital expenditures	-	14,980	(14,980)
Office supplies	20,000	9,059	10,941
Other	21,800	30,332	(8,532)
Total Police Department	<u>2,943,300</u>	<u>2,876,823</u>	<u>66,477</u>

(continued)

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES (continued)**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Public Safety (Continued)</b>			
<b>Fire Department</b>			
Salaries	\$ 1,000,000	\$ 1,020,212	\$ (20,212)
Employee benefits	210,000	233,981	(23,981)
Insurance	51,000	44,438	6,562
Repairs and maintenance	56,300	28,371	27,929
Tools and supplies	42,000	38,087	3,913
Utilities	12,000	9,721	2,279
Telephone	17,000	14,589	2,411
Office supplies	8,000	6,434	1,566
Uniforms	8,000	3,449	4,551
Education and travel	15,000	14,134	866
Fuel, oil, and tires	14,000	15,697	(1,697)
Miscellaneous	500	1,095	(595)
Total Fire Department	<u>1,433,800</u>	<u>1,430,208</u>	<u>3,592</u>
Total Public Safety	<u>4,377,100</u>	<u>4,307,031</u>	<u>70,069</u>
<b>Public Works</b>			
<b>Street Department</b>			
Salaries	1,000,000	1,006,567	(6,567)
Employee benefits	215,000	207,824	7,176
Insurance	115,000	73,909	41,091
Repairs and maintenance	385,000	316,365	68,635
Tools and supplies	27,000	25,935	1,065
Fuel, oil, and tires	67,000	75,239	(8,239)
Chemicals	15,000	28,256	(13,256)
Capital expenditures	-	7,750	(7,750)
Uniforms	22,000	15,573	6,427
Utilities	27,000	15,168	11,832
Telephone	15,000	14,068	932
Other	8,200	7,803	397
Total Street Department	<u>1,896,200</u>	<u>1,794,457</u>	<u>101,743</u>
<b>Animal Control</b>			
Salaries	108,000	91,840	16,160
Employee benefits	34,000	31,951	2,049
Uniforms	1,000	306	694
Insurance	6,500	5,062	1,438
Repairs and maintenance	13,000	9,528	3,472
Tools and supplies	5,000	8,785	(3,785)
Telephone	2,000	1,156	844
Utilities	6,000	8,432	(2,432)
Capital expenditures	-	38,823	(38,823)
Other	3,975	12,840	(8,865)
Total Animal Control	<u>179,475</u>	<u>208,723</u>	<u>(29,248)</u>

(continued)

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES (continued)**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Code Enforcement</b>			
Salaries	\$ 81,700	\$ 79,839	\$ 1,861
Employee benefits	18,000	11,351	6,649
Travel	1,000	1,569	(569)
Office supplies	24,350	21,783	2,567
Insurance	4,850	2,977	1,873
Repairs and maintenance	6,550	3,019	3,531
Telephone	5,000	1,631	3,369
Fuel, oil, and tires	1,000	374	626
Total Code Enforcement	<u>142,450</u>	<u>122,543</u>	<u>19,907</u>
Total Public Works	<u>2,218,125</u>	<u>2,125,723</u>	<u>92,402</u>
<b>Other Departments</b>			
<b>Municipal Court</b>			
Salaries	172,500	102,835	69,665
Employee benefits	21,600	4,947	16,653
Legal services	11,000	30,820	(19,820)
Court supplies	2,000	1,532	468
Travel	-	485	(485)
Telephone	7,000	(1,532)	8,532
Other	7,700	108,042	(100,342)
State fees	25,000	42,667	(17,667)
Total Municipal Court	<u>246,800</u>	<u>289,796</u>	<u>(42,996)</u>
<b>Library Department</b>			
Salaries	349,000	335,264	13,736
Employee benefits	66,000	55,947	10,053
Insurance	32,000	11,427	20,573
Utilities	31,500	31,932	(432)
Telephone	12,000	10,963	1,037
Repairs and maintenance	25,000	47,435	(22,435)
Travel	2,500	554	1,946
Books purchased	36,000	24,836	11,164
Capital expenditures	-	14,905	(14,905)
Office supplies	30,500	39,651	(9,151)
Total Library Department	<u>584,500</u>	<u>572,914</u>	<u>11,586</u>
<b>Recreation Department</b>			
Salaries	295,000	355,291	(60,291)
Employee benefits	68,000	63,201	4,799
Utilities	70,000	70,886	(886)
Insurance	47,000	42,516	4,484
Recreation activities	223,000	244,683	(21,683)
Capital expenditures	-	6,900	(6,900)
Other	20,500	3,663	16,837
Repairs and maintenance	188,500	202,671	(14,171)
Total Recreation Department	<u>912,000</u>	<u>989,811</u>	<u>(77,811)</u>

(continued)

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES (continued)**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other Departments (Continued)</b>			
<b>Cemetery Department</b>			
Salaries	\$ 64,500	\$ 75,429	\$ (10,929)
Employee benefits	17,500	25,452	(7,952)
Insurance	10,500	6,440	4,060
Utilities	6,300	1,637	4,663
Uniforms	1,500	195	1,305
Gas and oil	4,000	4,850	(850)
Repairs and maintenance	21,000	14,212	6,788
Capital expenditures	-	8,000	(8,000)
Total Cemetery Department	<u>125,300</u>	<u>136,215</u>	<u>(10,915)</u>
<b>Traffic Control</b>			
Repairs and maintenance	65,500	56,177	9,323
Total Traffic Control	<u>65,500</u>	<u>56,177</u>	<u>9,323</u>
<b>Beautification and Fine Arts</b>			
Repairs and maintenance	287,000	176,625	110,375
Capital expenditures	-	33,255	(33,255)
Other	2,500	26,561	(24,061)
Total Beautification and Fine Arts	<u>289,500</u>	<u>236,441</u>	<u>53,059</u>
Total Other Departments	<u>2,223,600</u>	<u>2,281,354</u>	<u>(57,754)</u>
<b>Payments to Brewton City Board of Education</b>	-	2,845,668	(2,845,668)
<b>Payments to Water Works Board</b>	-	539,715	(539,715)
<b>Payments to Brewton Development Authority</b>	-	341,856	(341,856)
<b>Debt Service</b>			
Principal	625,000	111,418	513,582
Interest	-	270,364	(270,364)
Total Debt Service	<u>625,000</u>	<u>381,782</u>	<u>243,218</u>
Total Expenditures	28,652,525	16,559,383	12,093,142
<b>Other Financing Uses</b>			
Transfers out	-	1,842,110	(1,842,110)
<b>Total Expenditures and Other Financing Uses</b>	<u>\$ 28,652,525</u>	<u>\$ 18,401,493</u>	<u>\$ 10,251,032</u>

**CITY OF BREWTON, ALABAMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	<b>Special Revenue Funds</b>		
<b>Assets</b>	<b>Street Construction Fund</b>	<b>Street Improvement Fund</b>	<b>Total</b>
Cash	\$ 8,389	\$ 3,643	\$ 12,032
<b>Total Assets</b>	\$ 8,389	\$ 3,643	\$ 12,032
<b>Fund Balances</b>			
Fund Balances			
Restricted for:			
Street construction	\$ 8,389	\$ -	\$ 8,389
Street improvements	-	3,643	3,643
<b>Total Fund Balances</b>	8,389	3,643	12,032
<b>Total Liabilities &amp; Fund Balances</b>	\$ 8,389	\$ 3,643	\$ 12,032

**CITY OF BREWTON, ALABAMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Special Revenue Funds</b>		
	<b>Street Construction Fund</b>	<b>Street Improvement Fund</b>	<b>Total</b>
<b>Revenues</b>			
State gasoline tax	\$ 28,810	\$ 36,420	\$ 65,230
Total Revenues	28,810	36,420	65,230
<b>Expenditures</b>			
Public works program	12,501	178,938	191,439
Total Expenditures	12,501	178,938	191,439
Excess Revenues Over (Under) Expenditures	16,309	(142,518)	(126,209)
<b>Other Financing Sources (Uses)</b>			
Transfers in/(out)	(12,277)	144,724	132,447
Total Other Financing Sources (Uses)	(12,277)	144,724	132,447
Net change in fund balances	4,032	2,206	6,238
Fund Balances at Beginning of Year	4,357	1,437	5,794
<b>Fund Balances at End of Year</b>	\$ 8,389	\$ 3,643	\$ 12,032

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the City of Brewton, Alabama's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	68-74
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue sources, the sales tax and the property tax.</i>	75-81
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	82-85
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	86-87
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	88-90

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**CITY OF BREWTON, ALABAMA**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net investment in capital assets	\$ 20,227,853	\$ 20,331,482	\$ 20,148,056	\$ 19,918,415	\$ 20,649,636	\$ 21,350,100	\$ 23,957,466	\$ 9,388,768	\$ 14,831,619	\$ 8,212,825
Restricted	172,464	122,114	462,520	508,011	4,050,575	2,447,959	515,910	2,805,220	1,849,290	1,470,207
Unrestricted	(15,767,496)	(12,757,434)	(14,310,472)	459,654	(4,287,401)	(2,869,585)	(1,363,162)	(2,469,986)	(2,703,979)	(1,259,056)
Total governmental activities net position	\$ 4,632,821	\$ 7,696,162	\$ 6,300,104	\$ 20,886,080	\$ 20,412,810	\$ 20,928,474	\$ 23,110,214	\$ 9,724,002	\$ 13,976,930	\$ 8,423,976
<b>Business-type activities</b>										
Net investment in capital assets	\$ 5,629,785	\$ 6,494,970	\$ 4,860,102	\$ 5,610,626	\$ 6,330,145	\$ 6,187,690	\$ 8,440,253	\$ 13,013,756	\$ 9,158,621	\$ 15,687,813
Unrestricted	(1,128,582)	(2,341,771)	(2,831,542)	(2,186,095)	(1,265,815)	(2,966,259)	(3,944,395)	(729,235)	(2,168,067)	(2,437,537)
Total business-type activities net position	\$ 4,501,203	\$ 4,153,199	\$ 2,028,560	\$ 3,424,531	\$ 5,064,330	\$ 3,221,431	\$ 4,495,858	\$ 12,284,521	\$ 6,990,554	\$ 13,250,276
<b>Primary government</b>										
Net investment in capital assets	\$ 25,857,638	\$ 26,826,452	\$ 25,008,158	\$ 25,529,041	\$ 26,979,781	\$ 27,537,790	\$ 32,397,719	\$ 22,402,524	\$ 23,990,240	\$ 23,900,638
Restricted	172,464	122,114	462,520	508,011	4,050,575	2,447,959	515,910	2,805,220	1,849,290	1,470,207
Unrestricted	(16,896,078)	(15,099,205)	(17,142,014)	(1,726,441)	(5,553,216)	(5,835,844)	(5,307,557)	(3,199,221)	(4,872,046)	(3,696,593)
Total primary government net position	\$ 9,134,024	\$ 11,849,361	\$ 8,328,664	\$ 24,310,611	\$ 25,477,140	\$ 24,149,905	\$ 27,606,072	\$ 22,008,523	\$ 20,967,484	\$ 21,674,252

**CITY OF BREWTON, ALABAMA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General	\$ 1,979,955	\$ 2,813,132	\$ 3,481,011	\$ 2,596,948	\$ 3,189,213	\$ 4,017,243	\$ 4,132,088	\$ 4,679,860	\$ 4,826,433	\$ 5,481,734
Public safety										
Police	2,217,730	2,215,587	2,459,560	2,313,076	2,274,256	2,467,478	2,526,212	2,483,701	2,648,327	2,861,843
Fire	961,853	1,017,221	1,030,101	1,039,194	1,026,734	1,111,793	1,231,108	1,349,166	1,397,282	1,430,208
Public works										
Street	941,421	1,010,684	1,689,858	1,287,294	1,303,971	1,547,367	1,527,494	2,298,625	1,642,784	1,786,706
Animal control	122,649	84,524	18,397	102,213	108,458	119,372	126,401	166,762	172,109	169,900
Code Enforcement	124,893	133,828	136,173	103,719	107,738	124,110	127,063	127,402	167,957	122,543
Library	283,654	361,353	446,609	462,395	462,468	467,573	526,591	533,808	457,269	558,010
Recreation	527,334	570,584	667,369	616,457	663,088	612,620	667,105	692,500	713,254	982,912
Education (payment to Board of Education)	3,451,722	650,382	683,140	63,300	3,244,382	4,046,038	2,134,846	2,967,682	2,162,795	2,845,668
Water system (payment to Water Works Board)	-	-	20,190	7,278	139,517	14,407	12,964	559,096	-	-
Brewton Development Authority (payment to Brewton Development Authority)	-	-	-	-	-	-	-	5,836,300	-	-
Interest on long-term debt	1,002,026	790,923	734,666	560,242	193,890	177,728	165,936	217,582	686,786	600,770
Total governmental activities expenses	11,613,237	9,648,218	11,367,074	9,152,116	12,713,715	14,705,729	13,177,808	21,912,484	14,874,996	16,840,294
Business-type activities:										
Gas	12,758,400	21,165,274	18,410,851	14,931,968	28,211,313	24,975,101	22,789,402	18,476,939	25,735,067	47,318,379
Sewer	788,828	1,232,519	1,466,061	1,601,481	1,396,339	1,738,175	1,612,343	2,203,875	1,352,010	1,218,628
Sanitation	723,314	733,466	727,943	714,941	663,237	691,469	664,298	701,818	696,842	662,119
Airport	143,592	151,679	157,176	186,730	155,919	191,860	186,244	191,614	206,826	487,720
Brewton Development Authority	6,582	9,772	8,579	7,468	79,773	2,234	651	678,547	90,651	197,393
Total business-type activities expenses	14,420,716	23,292,710	20,770,610	17,442,588	30,506,581	27,598,839	25,252,938	22,252,793	28,081,396	49,884,239
Total primary government expenses	\$ 26,033,953	\$ 32,940,928	\$ 32,137,684	\$ 26,594,704	\$ 43,220,296	\$ 42,304,568	\$ 38,430,746	\$ 44,165,277	\$ 42,956,392	\$ 66,724,533
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines, and charges for services:										
General	\$ 1,309,799	\$ 1,330,693	\$ 1,488,185	\$ 1,430,128	\$ 1,486,468	\$ 1,322,415	\$ 1,274,836	\$ 1,208,012	\$ 1,403,858	\$ 1,194,436
Police	345,273	380,831	274,112	315,923	273,656	169,895	280,664	176,675	224,196	257,618
Animal control	5,300	-	-	-	-	-	-	-	-	-
Recreation	123,654	104,889	5,293	110,096	38,863	8,144	20,204	12,301	9,316	29,463
Library	-	10,898	103,131	3,000	3,162	8,236	2,008	832	1,736	874
Operating grants and contributions	122,206	324,220	112,701	106,957	1,014,196	955,508	1,359,280	1,628,394	1,185,004	2,592,836
Total governmental activities program revenues	1,906,232	2,151,531	1,983,422	1,966,104	2,816,345	2,464,198	2,936,992	3,026,214	2,824,110	4,075,227
Business-type activities:										
Fees, fines, and charges for services:										
Gas	13,520,888	22,047,360	19,110,792	16,507,635	30,187,899	25,935,876	26,984,249	18,824,449	26,312,594	49,959,852
Sewer	560,220	1,051,523	1,013,633	1,130,429	1,098,140	1,126,555	1,145,872	1,123,525	1,144,839	1,344,705
Sanitation	660,937	628,254	610,103	691,881	772,074	662,601	678,366	743,376	796,021	746,174
Airport	99,255	111,482	114,096	120,900	158,743	96,124	125,903	105,819	124,035	125,699
Brewton Development Authority	-	-	264	12,577	-	-	-	50,000	-	15,000
Operating grants and contributions	123,749	-	-	-	-	-	-	-	-	-
Capital grants and contributions	163,216	800,622	100,910	555,175	801,512	40,543	961,492	47,414	760,020	344,469
Total business-type activities program revenues	15,128,265	24,639,241	20,949,798	19,018,597	33,018,368	27,861,699	29,895,882	20,894,583	29,137,509	52,535,899
Total primary government program revenues	\$ 17,034,497	\$ 26,790,772	\$ 22,933,220	\$ 20,984,701	\$ 35,834,713	\$ 30,325,897	\$ 32,832,874	\$ 23,920,797	\$ 31,961,619	\$ 56,611,126

**CITY OF BREWTON, ALABAMA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense)/revenue	\$ (9,707,005)	\$ (7,496,687)	\$ (9,423,652)	\$ (7,186,012)	\$ (9,897,370)	\$ (12,241,531)	\$ (10,240,816)	\$ (18,886,270)	\$ (12,050,886)	\$ (12,765,067)
Governmental activities	707,549	1,346,531	179,188	1,576,009	2,511,787	262,860	4,642,944	(13,582,10)	1,056,117	2,651,660
Business-type activities	\$ (8,999,456)	\$ (6,150,156)	\$ (9,244,464)	\$ (5,610,003)	\$ (7,385,583)	\$ (11,978,671)	\$ (5,597,872)	\$ (20,244,480)	\$ (10,994,769)	\$ (10,113,407)
Total primary government net expense										
<b>General Revenues and Other Changes in</b>										
<b>Net Position</b>										
Governmental activities:										
Taxes										
Property	\$ 666,400	\$ 643,140	\$ 639,287	\$ 690,590	\$ 1,005,502	\$ 1,330,428	\$ 1,102,953	\$ 1,145,122	\$ 1,231,659	\$ 1,224,597
Sales	5,539,409	6,494,323	6,974,151	6,937,181	7,336,029	8,492,133	6,895,303	7,092,302	8,263,655	8,746,477
Other	711,237	599,722	582,733	504,744	447,829	572,587	583,218	559,563	730,810	699,650
Receipts from Brewton City Board of Education	352,451	1,102,451	600,000	14,102,637	-	-	-	108,511	-	-
Receipts from Water Works Board	-	-	9,974	9,974	9,144	-	-	-	(727,729)	(280,889)
Receipts from (payments to) Brewton Development Authority	-	-	2,107	2,115	26,838	48,042	22,952	3,488,232	3,871,248	(6,590,512)
Investment earnings	1,648	2,129	-	-	(193,286)	-	-	32,219	22,062	52,562
Bond issuance costs	-	-	-	-	-	-	-	(208,212)	-	-
Other	31,530	17,287	87,288	(1,175,272)	73,661	226,096	278,157	524,572	416,694	262,293
Gain/(Loss) on sale of property	-	-	-	-	-	(41,253)	2,1047	(533,556)	-	-
Transfers in/(out)	5,722,601	1,700,976	1,873,949	400,388	718,383	2,129,162	3,517,840	(6,708,695)	2,495,415	3,097,935
Total government activities	13,025,276	10,560,028	10,769,489	21,472,357	9,424,100	12,757,195	12,422,556	5,500,058	16,303,814	7,212,113
Business-type activities:										
Investment earnings	834	6,441	2,150	2,325	4,144	12,199	10,418	90,110	64,214	61,034
Lease revenue	-	-	-	-	-	-	-	-	-	78,532
Payments from City	-	-	-	-	-	-	-	5,836,300	-	6,590,512
Receipts from Water Works Board	-	-	1,485	218,025	-	11,204	99,970	-	(52,240)	(24,081)
Receipts from (payments to) Brewton Development Authority	-	-	-	-	-	-	-	(3,488,232)	(3,871,248)	-
Gain/(Loss) on sale of property	-	-	-	-	(34,453)	-	-	-	4,605	-
Bond issuance costs	-	-	-	-	(123,296)	-	-	-	-	-
Transfers in/(out)	(5,722,601)	(1,700,976)	(1,873,949)	(400,388)	(718,383)	(2,129,162)	(3,517,840)	6,708,695	(2,495,415)	(3,097,935)
Total business-type activities	(5,722,601)	(1,694,535)	(1,862,834)	(180,038)	(871,988)	(2,105,759)	(3,368,517)	9,146,873	(6,350,084)	3,608,062
Total primary government	\$ 7,303,509	\$ 8,865,493	\$ 8,906,655	\$ 21,292,319	\$ 8,552,112	\$ 10,651,436	\$ 9,054,039	\$ 14,646,931	\$ 9,953,730	\$ 10,820,175
<b>Change in Net Position</b>										
Governmental activities	\$ 3,318,271	\$ 3,063,341	\$ 1,345,837	\$ 14,286,345	\$ (473,270)	\$ 515,664	\$ 2,181,740	\$ (13,386,212)	\$ 4,252,928	\$ (5,552,954)
Business-type activities	(5,014,218)	(348,004)	(1,683,646)	1,395,971	1,639,799	(1,842,899)	12,74,427	7,788,663	(5,293,967)	6,259,722
Total primary government	\$ (1,695,947)	\$ 2,715,337	\$ (337,809)	\$ 15,682,316	\$ 1,166,529	\$ (1,327,235)	\$ 3,456,167	\$ (5,597,549)	\$ (1,041,039)	\$ 706,768

**CITY OF BREWTON, ALABAMA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
 (accrual basis of accounting)

Fiscal Year	Ad Valorem	Beer and Wine	Cigarette	Sales	Gasoline	Privilege	Severance	Total
	Tax	Tax	Tax	Tax	Tax	Tax	Tax	
2013	\$ 666,400	\$ 56,537	\$ 16,096	\$ 5,539,409	\$ 314,786	\$ 120,419	\$ 203,399	\$ 6,917,046
2014	643,140	59,322	14,514	6,494,323	245,372	99,884	180,630	7,737,185
2015	639,287	61,317	14,723	6,974,151	264,284	126,614	115,795	8,196,171
2016	690,590	62,090	15,921	6,937,181	152,542	103,416	58,683	8,020,423
2017	1,005,502	62,368	11,332	7,336,029	149,134	99,559	62,451	8,726,375
2018	1,330,428	57,434	13,217	8,492,133	197,937	83,018	61,348	10,235,515
2019	1,102,953	52,337	8,480	6,895,303	200,235	131,261	60,130	8,450,699
2020	1,145,122	59,494	7,594	7,092,302	209,907	115,707	40,427	8,670,553
2021	1,231,659	56,468	6,948	8,263,655	300,525	206,528	35,632	10,101,415
2022	1,224,597	58,280	7,828	8,746,477	297,565	201,989	18,233	10,554,969

**CITY OF BREWTON, ALABAMA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified basis of accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 585	\$ 38,877	\$ 38,877	\$ 38,877	\$ 38,877	\$ 38,877
Unassigned	2,326,731	3,772,779	3,688,902	4,116,121	3,063,473	2,765,646	1,713,122	480,950	1,265,802	2,847,202
Total general fund	\$ 2,326,731	\$ 3,772,779	\$ 3,688,902	\$ 4,116,121	\$ 3,064,058	\$ 2,804,523	\$ 1,751,999	\$ 519,827	\$ 1,304,679	\$ 2,886,079
All other governmental funds										
Restricted for:										
Debt service	\$ 402,592	\$ 407,893	\$ 412,377	\$ 424,319	\$ 3,979,673	\$ 2,345,931	\$ 388,979	\$ 2,713,624	\$ 1,843,496	\$ 1,458,175
Street construction	25,872	46,662	43,099	67,350	70,170	94,302	115,472	87,685	4,357	8,389
Street improvements	146,592	75,452	7,044	16,342	732	7,726	11,459	3,911	1,437	3,643
Assigned for:										
Sewer improvements	1,687	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 576,743	\$ 530,007	\$ 462,520	\$ 508,011	\$ 4,050,575	\$ 2,447,959	\$ 515,910	\$ 2,805,220	\$ 1,849,290	\$ 1,470,207

**CITY OF BREWTON, ALABAMA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified basis of accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>REVENUES</b>										
Taxes	\$ 6,796,627	\$ 7,637,301	\$ 8,069,557	\$ 8,029,099	\$ 8,689,801	\$ 10,215,588	\$ 8,383,613	\$ 8,615,208	\$ 9,956,851	\$ 10,418,210
Intergovernmental	228,434	99,884	174,942	133,581	637,238	194,154	738,363	850,518	1,358,930	2,727,457
Licenses and permits	1,183,726	1,199,499	1,230,778	1,189,820	1,276,208	1,148,488	1,107,067	1,074,558	984,875	966,150
Fines and forfeitures	345,273	380,831	274,112	315,923	273,656	169,895	280,664	176,675	224,196	257,618
Fees and charges	223,928	224,488	282,665	295,510	160,009	137,235	143,389	111,455	120,160	224,264
Revenue from City Property	31,099	22,493	43,166	57,894	92,277	53,072	67,639	35,131	309,875	34,359
Receipts from Brewton City Board of Education	352,451	1,102,451	600,000	14,102,637	-	-	-	-	-	-
Receipts from Water Works Board	-	-	9,974	9,974	9,144	-	1,086	108,511	240,420	358,826
Receipts from Brewton Development Authority	-	-	-	-	-	-	-	3,488,232	3,871,248	-
Interest	1,648	2,129	2,107	1,587	12,769	32,696	7,604	13,507	2,230	32,730
Donations	14,191	324,220	64,373	76,792	476,516	940,913	172,279	959,654	95,349	117,893
Other	31,530	17,286	106,279	57,159	73,663	225,951	278,158	524,572	416,696	262,294
<b>Total revenues</b>	<b>9,208,907</b>	<b>11,010,582</b>	<b>10,857,953</b>	<b>24,269,976</b>	<b>11,701,281</b>	<b>13,117,992</b>	<b>11,179,862</b>	<b>15,958,021</b>	<b>17,580,830</b>	<b>15,399,801</b>
<b>EXPENDITURES</b>										
General government	947,270	1,823,168	2,611,395	1,567,912	1,567,263	2,319,461	2,407,404	2,478,680	2,617,104	3,243,740
Public safety	2,992,192	3,059,140	3,288,003	3,110,300	3,300,992	3,579,271	3,757,319	3,832,865	4,045,609	4,292,051
Public works	1,146,234	1,183,221	1,775,954	1,489,625	1,573,143	1,850,313	1,835,842	2,723,232	2,072,105	2,270,589
Payments to Brewton City Board of Education	3,451,722	650,382	683,140	63,300	3,244,382	4,046,038	2,134,846	2,321,182	2,162,795	2,845,668
Payments to Water Works Board	-	-	20,190	7,278	139,517	14,407	12,964	559,096	848,427	639,715
Payments to Brewton Development Authority	-	-	-	-	-	-	-	5,836,300	-	341,856
Other departments	1,163,533	1,392,913	1,514,237	1,519,923	1,645,355	1,607,797	1,853,489	1,833,130	1,766,858	2,218,294
Capital expenditures	509,306	839,804	864,965	356,809	3,095,850	2,992,917	5,203,823	2,131,705	5,703,327	617,127
Debt service:										
Principal	7,320,703	1,793,150	1,869,622	14,312,339	999,156	515,425	486,055	447,012	6,620,987	631,418
Interest	1,062,497	777,372	719,315	700,715	145,020	183,676	169,532	466,878	638,325	586,961
<b>Total expenditures</b>	<b>18,593,457</b>	<b>11,519,150</b>	<b>13,346,821</b>	<b>23,128,201</b>	<b>15,710,678</b>	<b>17,109,305</b>	<b>17,861,274</b>	<b>22,630,080</b>	<b>26,475,537</b>	<b>17,687,419</b>
Excess (deficiency) of revenues over expenditures	(9,384,550)	(508,568)	(2,488,868)	1,141,775	(4,009,397)	(3,991,313)	(6,681,412)	(6,672,059)	(8,894,707)	(2,287,618)

**CITY OF BREWTON, ALABAMA  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (continued)  
LAST TEN FISCAL YEARS  
(modified basis of accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	8,475,720	5,317,224	6,438,325	6,436,789	5,023,483	4,199,057	7,335,045	4,149,121	5,706,885	5,376,545
Issuance of debt	408,117	206,903	463,555	-	5,759,936	-	179,000	14,533,969	6,228,214	392,000
Payments to escrow	-	-	-	(1,069,453)	-	-	-	-	-	-
Premium (discount) on bonds issued	-	-	-	-	214,865	-	-	112,135	-	-
Debt issue cost	-	-	-	-	(193,286)	-	-	(208,212)	-	-
Transfers out	(2,753,119)	(3,616,248)	(4,564,376)	(6,036,401)	(4,305,100)	(2,067,895)	(3,817,206)	(10,857,816)	(3,211,470)	(2,278,610)
Total other financing sources (uses)	6,130,718	1,907,879	2,337,504	(669,065)	6,499,898	2,131,162	3,696,839	7,729,197	8,723,629	3,489,935
Net change in fund balance	<u>\$ (3,253,832)</u>	<u>\$ 1,399,311</u>	<u>\$ (151,364)</u>	<u>\$ 472,710</u>	<u>\$ 2,490,501</u>	<u>\$ (1,860,151)</u>	<u>\$ (2,984,573)</u>	<u>\$ 1,057,138</u>	<u>\$ (171,078)</u>	<u>\$ 1,202,317</u>

Debt service as a percentage of noncapital expenditures

46.4%	24.1%	20.7%	65.9%	9.1%	5.0%	5.2%	4.5%	34.9%	7.1%
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**CITY OF BREWTON, ALABAMA  
GENERAL GOVERNMENT TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

Fiscal Year	Ad Valorem Tax	Beer and Wine Tax	Cigarette Tax	Sales Tax	Gasoline Tax	Production		Oil Severance Tax
						Privilege Tax	Severance Tax	
2013	\$ 666,400	\$ 56,537	\$ 16,096	\$ 5,539,409	\$ 314,786	\$ 120,419	\$ 203,399	\$ 203,399
2014	643,140	59,322	14,514	6,494,323	245,372	99,884	180,630	180,630
2015	639,287	61,317	14,723	6,974,515	264,284	126,614	115,795	115,795
2016	690,590	62,090	15,921	6,937,181	152,542	103,416	58,683	58,683
2017	1,005,502	62,368	11,332	7,336,029	149,134	99,559	62,451	62,451
2018	1,330,428	57,434	13,217	8,492,133	197,937	83,018	61,348	61,348
2019	1,102,953	52,337	8,480	6,895,303	200,235	131,261	60,130	60,130
2020	1,145,122	59,494	7,594	7,092,302	209,907	115,707	40,427	40,427
2021	1,231,659	56,468	6,948	8,263,655	300,525	206,528	35,632	35,632
2022	1,224,597	58,280	7,828	8,746,477	297,565	201,989	18,233	18,233

**CITY OF BREWTON, ALABAMA  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30	Residential Property	Commercial Property	Industrial Property	Less:		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
				Tax Exempt Real Property	Tax Exempt Property			
2013	\$ 31,661,540	\$ 13,152,940	\$ 39,602,680	\$ 8,636,620	\$ 75,780,540	15	\$ 1,136,708,100	
2014	30,391,300	12,892,220	38,464,700	8,241,560	73,506,660	15	1,102,599,900	
2015	30,116,400	12,954,000	38,792,720	8,251,580	73,611,540	15	1,104,173,100	
2016	30,435,620	14,183,100	40,683,040	8,085,780	77,215,980	15	1,158,239,700	
2017	30,125,920	13,522,380	40,510,060	8,055,120	76,103,240	15	1,141,548,600	
2018	32,669,160	15,267,500	47,222,660	9,245,100	85,914,220	15	1,288,713,300	
2019	32,197,720	17,827,900	45,977,200	9,065,040	86,937,780	15	1,304,066,700	
2020	31,919,660	22,339,900	46,226,180	9,344,680	91,141,060	15	1,367,115,900	
2021	34,226,940	20,401,560	47,517,340	9,593,560	92,552,280	15	1,388,284,200	
2022	37,320,840	22,890,260	50,759,840	10,465,560	100,505,380	15	1,507,580,700	

Source: Escambia County Tax Assessor

**CITY OF BREWTON, ALABAMA  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING<sup>1</sup> GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year	City of Brewton				Overlapping Rates							Total Direct & Overlapping Rates	
	General Millage	School Millage	Bond Tax Millage	Total City Millage	County			State					
					General Millage	School Millage <sup>2</sup>	Health Care Authority Millage	Total County Millage	General Millage	School Millage	Soldier Millage		Total State Millage
2013	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2014	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2015	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2016	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2017	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2018	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2019	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2020	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2021	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2022	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0

Source: Escambia County Commission and Escambia County Tax Collector

<sup>1</sup> Overlapping rates are those of county and state governments that apply to property owners within the City of Brewton.

<sup>2</sup> The school millage increased in 2006 due to a 10.0 mill tax increase that was approved by vote.

**CITY OF BREWTON, ALABAMA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

<u>Taxpayer</u>	<u>2022</u>			<u>2013</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
T. R. Miller Mill Co., Inc.	\$ 13,254,160	1	15.2%	\$ 6,146,400	1	23.4%
Grede/ Citation/ Alabama Ductile Casting Co.	6,400,600	2	7.4%	1,445,280	4	5.5%
Walmart	2,946,120	3	3.4%	1,534,620	3	5.8%
Alabama Power Co.	2,667,460	4	3.1%	1,878,520	2	7.7%
CSX Transportation, Inc.	1,282,540	5	1.5%	702,640	9	2.7%
Frit Car, Inc	891,860	6	1.0%	-		-
Trustmark National Bank	695,780	7	0.8%	-		-
Sapphire Hospitality	664,500	8	0.8%	-		-
The Brewton S/C, LLC	640,860	9	0.7%	-		-
Gordy Timber & Development	614,760	10	0.7%	-		-
International Plastic & Equipment Corp	-		-	1,082,900	5	4.1%
BellSouth Communications	-		-	884,100	7	3.4%
Citation Corporation	-		-	1,006,480	6	3.8%
Bank Trust of Brewton	-		-	716,840	8	2.7%
Wal-mart Real Estate II	-		-	666,400	10	2.5%
Totals	<u>\$ 30,058,640</u>		<u>34.6%</u>	<u>\$ 16,064,180</u>		<u>61.6%</u>
Total City Property Taxable Assessed Value	<u>\$ 86,937,780</u>			<u>\$ 26,078,214</u>		

Source: Escambia County Tax Assessor

**CITY OF BREWTON, ALABAMA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in subsequent years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 950,543	\$ 909,098	95.6%	\$ 17,681	\$ 926,779	97.5%
2014	924,688	877,655	94.9%	17,283	894,938	96.8%
2015	925,137	877,893	94.9%	15,919	893,812	96.6%
2016	980,224	858,493	87.6%	16,031	874,524	89.2%
2017	966,731	907,636	93.9%	48,337	955,973	98.9%
2018	1,090,611	905,262	83.0%	24,393	929,655	85.2%
2019	1,107,733	1,004,800	90.7%	26,170	1,030,970	93.1%
2020	1,180,959	1,043,933	88.4%	28,733	1,072,666	90.8%
2021	1,184,217	1,119,586	94.5%	31,908	1,151,494	97.2%
2022	1,284,092	1,112,240	86.6%	27,801	1,140,041	88.8%

**CITY OF BREWTON, ALABAMA**  
**TAXABLE SALES BY CATEGORY**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Construction	\$ 55,816	\$ 47,034	\$ 98,626	\$ 65,406	\$ 66,613	\$ 34,065	\$ 32,583	\$ 31,406	\$ 31,436	\$ 29,250
Manufacturing	695,614	890,861	952,501	1,035,450	1,479,178	1,380,470	856,954	714,662	733,214	991,857
Wholesale	297,674	328,196	395,150	401,485	331,583	360,806	335,627	337,913	402,282	382,892
Retail	3,489,682	4,085,651	4,125,793	4,201,317	4,068,372	4,140,413	4,263,035	4,660,808	5,161,203	5,312,469
Information	43,490	59,821	77,361	96,119	99,599	71,471	57,971	57,030	68,997	61,406
Finance and Insurance	53,798	47,724	50,690	52,038	51,119	57,189	60,906	69,945	81,600	39,304
Real Estate and Rental and Leasing	105,791	129,190	147,317	128,792	143,286	102,158	101,607	92,392	102,945	119,055
Professional, Scientific, and Technical Services	28,429	33,418	36,702	83,307	114,791	126,484	181,717	269,857	333,218	361,794
Administration and Support and Waste										
Management and Remediation Services	7,975	8,111	10,294	14,228	14,894	14,279	19,670	17,817	15,900	25,809
Accommodation and Food Services	527,799	574,436	578,769	678,191	618,078	655,406	670,246	667,014	706,398	672,780
Other Services (except Public Administration)	49,355	53,611	48,847	52,165	47,841	42,545	58,979	58,234	54,783	70,349
Other	144,060	184,203	407,786	295,526	200,713	223,455	214,885	279,172	427,796	657,847
	<u>\$ 5,499,483</u>	<u>\$ 6,442,256</u>	<u>\$ 6,929,836</u>	<u>\$ 7,104,024</u>	<u>\$ 7,236,067</u>	<u>\$ 7,208,741</u>	<u>\$ 6,854,180</u>	<u>\$ 7,256,250</u>	<u>\$ 8,119,772</u>	<u>\$ 8,724,812</u>
City direct sales tax rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Source: AlaTax Revenue Discovery Systems

**CITY OF BREWTON, ALABAMA  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS**

<b>FISCAL YEAR</b>	<b>CITY DIRECT RATE</b>	<b>ESCAMBIA COUNTY</b>	<b>STATE OF ALABAMA</b>
2013	4.00%	1.00%	4.00%
2014	4.00%	1.00%	4.00%
2015	4.00%	1.00%	4.00%
2016	4.00%	1.00%	4.00%
2017	4.00%	2.00%	4.00%
2018	4.00%	2.00%	4.00%
2019	4.00%	2.00%	4.00%
2020	4.00%	2.00%	4.00%
2021	4.00%	2.00%	4.00%
2022	4.00%	2.00%	4.00%

Source: City Clerk's Office

**CITY OF BREWTON, ALABAMA  
PRINCIPAL SALES TAX REMITTERS  
CURRENT YEAR AND NINE YEARS AGO**

<u>Tax Remitter</u>	<u>2023</u>			<u>2013</u>		
	<u>Tax Liability</u>	<u>Rank</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Rank</u>	<u>Percentage of Total</u>
Wal-Mart Inc.	\$ 2,646,610	1	49.4%	\$ 1,598,342	1	54.3%
Simplified Sellers Use Tax	374,617	2	7.0%	-		-
Grede II LLC	336,856	5	6.3%	270,577	3	9.2%
T.R. Miller Mill Co.	286,400	3	5.3%	87,777	9	3.0%
Georgia Pacific Brewton	251,773	4	4.7%	294,073	2	10.0%
Food Giant Supermarket/Pic-N-Save	250,782	9	4.7%	164,867	4	5.6%
Bondurant Lumber & Hardware Inc.	231,459	6	4.3%	-		-
Central Network Retail Group LLC	145,699	7	2.7%	-		-
Tractor Supply	140,093	8	2.6%	-		-
Peach Automotive	132,843	10	2.5%	-		-
Dolgencorp	122,051	11	2.3%	84,069	10	2.9%
Whataburger Restuarants	116,777	12	2.2%	-		-
McDonald's	116,535	13	2.2%	-		-
Jim Peach Motors Inc.	114,560	14	2.1%	127,904	5	4.3%
Murphy Oil USA	91,765	15	1.7%	-		-
Belle Foods LLC	-		-	116,715	6	4.0%
Marvin's Inc.	-		-	99,550	7	3.4%
Dorso Restaurants	-		-	97,369	8	3.3%
	<u>\$ 5,358,820</u>		<u>100.0%</u>	<u>\$ 2,941,243</u>		<u>100.0%</u>

Sources: City Clerk's Office and AlaTax Revenue Discovery Systems

**CITY OF BREWTON, ALABAMA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Notes Payable	Capital Leases			
2013	\$ 18,229,045	\$ -	\$ 545,734	\$ 12,116,460	\$ -	\$ 488,545	\$ 31,379,784	19.67%	\$ 5,869
2014	16,757,579	-	459,807	12,492,748	-	372,602	30,082,736	17.47%	5,534
2015	15,371,694	-	431,153	12,437,722	-	233,674	28,474,243	17.32%	5,265
2016	1,321,840	-	339,230	12,145,281	-	386,878	14,193,229	8.72%	2,617
2017	6,353,211	-	269,435	12,966,652	-	343,436	19,932,734	11.76%	3,667
2018	5,890,867	-	201,006	12,543,302	-	301,474	18,936,649	11.27%	3,587
2019	5,475,478	-	293,992	12,111,380	-	301,225	18,182,075	14.15%	3,455
2020	13,673,524	6,063,969	212,358	6,938,103	7,920,000	245,210	35,053,164	27.04%	6,728
2021	19,318,692	86,091	132,463	6,547,509	7,920,000	366,569	34,371,324	26.18%	6,515
2022	19,164,932	64,008	49,055	6,145,899	7,920,000	238,885	33,582,779	24.62%	6,383

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Demographic and Economic Statistics on page 86 for personal income and population data.

**CITY OF BREWTON, ALABAMA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
2013	\$ 18,457,315	\$ 402,592	\$ 18,054,723	1.59%	\$ 3,377
2014	16,956,995	407,893	16,549,102	1.50%	3,044
2015	15,542,256	412,377	15,129,879	1.37%	2,798
2016	14,220,416	424,319	13,796,097	1.19%	2,544
2017	18,498,492	3,979,673	14,518,819	1.27%	2,671
2018	18,434,169	2,345,931	16,088,238	1.25%	3,048
2019	17,586,858	388,979	17,197,879	1.32%	3,268
2020	20,611,627	2,713,624	17,898,003	1.31%	3,435
2021	25,866,201	1,843,496	24,022,705	1.73%	4,553
2022	25,310,831	1,458,175	23,852,656	1.58%	4,534

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 75 for property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics on page 86.

**CITY OF BREWTON, ALABAMA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2022**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt: Escambia County	\$ 1,897,878	31.458%	\$ 597,034
Subtotal, overlapping debt			
City of Brewton direct debt			<u>19,277,995</u>
Total direct and overlapping debt			<u><u>\$ 19,875,029</u></u>

Sources: Estimated percentage applicable and debt outstanding data provided by the Escambia County clerk.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Brewton, Alabama. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>1</sup>The percentage of overlapping debt applicable is estimated using the population. Applicable percentages were estimated by determining the portion of the county's population that is within the government's boundaries and dividing it by the county's total population.

**CITY OF BREWTON, ALABAMA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 15,156,108	\$ 14,701,332	\$ 14,722,308	\$ 15,443,196	\$ 15,220,648	\$ 17,182,844	\$ 17,387,556	\$ 18,228,212	\$ 18,510,456	\$ 20,101,076
Total net debt applicable to limit	<u>2,567,315</u>	<u>1,436,995</u>	<u>520,942</u>	<u>1,891,796</u>	<u>8,072,714</u>	<u>7,202,228</u>	<u>6,370,125</u>	<u>7,847,221</u>	<u>13,637,221</u>	<u>13,628,294</u>
Legal debt margin	<u>\$ 12,588,793</u>	<u>\$ 13,264,337</u>	<u>\$ 14,201,366</u>	<u>\$ 13,551,400</u>	<u>\$ 7,147,934</u>	<u>\$ 9,980,616</u>	<u>\$ 11,017,431</u>	<u>\$ 10,380,991</u>	<u>\$ 4,873,235</u>	<u>\$ 6,472,782</u>
Total net debt applicable to the limit as a percentage of debt limit	16.94%	9.77%	3.54%	12.25%	53.04%	41.92%	36.64%	43.05%	73.67%	67.80%

**Legal Debt Margin Calculation for Fiscal Year 2022**

Total assessed value	\$ 100,505,380
Debt limit (20% of total assessed value)	20,101,076
Debt applicable to limit:	
General obligation bonds	25,021,073
Less items excluded from legal debt limit:	
General obligation debt exempted by State law:	
Proceeds used for the construction of sewer and gas system	<u>(11,392,779)</u>
Total net debt applicable to limit	<u>13,628,294</u>
Legal debt margin	<u>\$ 6,472,782</u>

**CITY OF BREWTON, ALABAMA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2013	5,347	\$ 159,565,174	\$ 29,842	1,108	8.2%
2014	5,436	172,234,224	31,684	1,129	8.3%
2015	5,408	166,323,040	30,755	1,146	7.0%
2016	5,424	164,575,008	30,342	1,102	7.0%
2017	5,435	169,430,690	31,174	1,116	5.0%
2018	5,279	168,093,918	31,842	1,115	4.6%
2019	5,263	128,496,145	24,415	1,116	3.1%
2020	5,210	129,656,060	24,886	1,127	6.0%
2021	5,276	131,298,536	24,886	1,138	4.2%
2022	5,261	136,380,903	25,923	1,174	3.2%

Data Sources:

State Department of Labor

Brewton City Board of Education

**CITY OF BREWTON, ALABAMA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2022</u>			<u>2013</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Georgia Pacific (formerly Smurfit Stone)	450	1	17.7%	450	1	27.3%
D.W. McMillan Hospital	334	2	13.2%	239	3	14.5%
Walmart Stores East	244	3	9.6%	128	5	7.8%
AAMP/Grede/MPG	280	4	11.0%	350	2	21.2%
T R Miller Mill Co	207	5	8.2%	190	4	11.5%
Escambia County Commission	210	6	8.3%	-		-
Provalus	220	7	8.7%	-		-
Westgate Village	180	8	7.1%	-		-
Brewton City Schools	156	9	6.2%	-		-
City of Brewton	126	10	5.0%	88	6	5.3%
Frit Car	75	11	3.0%	77	7	4.7%
Natural Decorations, Inc.	32	12	1.3%	35	10	2.1%
Trustmark/BankTrust of Brewton	22	13	0.9%	-		-
Brewton Iron Works	-		-	49	8	3.0%
Silgan IPEC	-		-	43	9	2.6%
Totals	<u>2,536</u>		<u>100%</u>	<u>1,649</u>		<u>100%</u>

Source: Coastal Gateway Economic Development Alliance

**CITY OF BREWTON, ALABAMA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government <sup>1</sup>	10	10	17	20	20	20	20	21	19	19
Public Safety										
Police										
Officers	27	26	25	25	24	24	28	21	24	23
Dispatch	5	5	4	4	4	4	4	4	5	5
Admin Assistants	-	-	2	2	2	2	3	2	2	2
Animal Control	-	-	1	2	2	2	2	2	3	3
Fire										
Firefighters and officers	15	16	15	15	15	15	15	16	15	16
Highways and streets										
Public works	8	23	22	23	23	23	28	23	24	23
Sanitation	3	3	2	2	2	2	2	2	2	2
Culture and recreation	4	3	5	5	5	5	6	6	6	5
Sewer	13	8	19	19	20	22	25	26	22	22
Library	-	-	6	6	6	6	6	6	6	6
<b>Total</b>	<b>85</b>	<b>94</b>	<b>118</b>	<b>123</b>	<b>123</b>	<b>125</b>	<b>139</b>	<b>129</b>	<b>128</b>	<b>126</b>

<sup>1</sup>This figure includes the mayor and council who are not full-time employees of the City. However, they are paid from the general government funds.

Source: City Clerk's Office

**CITY OF BREWTON, ALABAMA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Physical arrests	501	427	327	309	269	109	193	112	26	197
Parking violations	-	-	-	-	-	-	-	-	-	1
Traffic violations	1,514	1,641	1,552	912	444	177	772	544	460	438
Fire										
Number of calls answered	1,041	1,235	1,206	1,303	1,120	1,146	1,256	1,504	1,360	1,226
Inspections	1,128	1,130	1,133	1,140	1,143	1,155	1,159	1,161	1,171	1,185
Highways and streets										
Street resurfacing (miles)	-	1	8	3	8	3	3	2	-	-
Potholes repaired	60	100	98	104	82	50	65	55	90	95
Sanitation										
Refuse collected (tons/week)	37.2	34.2	53.0	48.2	46.0	46.0	46.0	46.0	60.0	60.0
Recyclables collected (tons/week) 1	-	1	1	1	1	1	30	30	30	30
Culture and recreation										
Golf course rounds	6,538	5,865	5,765	5,649	1,889	-	-	-	-	-
Pavilion parties	241	213	179	165	105	110	16	31	24	25
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,410	1,400	1,400	1,200	1,200	1,200	1,200	1,200	1,200	1,200

<sup>1</sup> Recycling ended in August 2006, but resumed in 2014.

Sources: Various government departments

**CITY OF BREWTON, ALABAMA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	27	27	26	26	25	25	22	22	21	22
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	89	89	89	89	87	87	87	87	87	87
Streetlights	902	904	904	904	910	910	918	918	921	921
Traffic signals	11	11	11	11	11	11	11	11	11	11
Culture and recreation										
Parks acreage	66	116	116	116	116	116	116	116	116	116
Parks	8	9	9	9	9	9	9	9	9	9
Swimming pools	1	1	-	-	-	-	-	1	1	1
Tennis courts	10	10	6	6	6	6	6	6	6	6
Community center	1	2	2	2	2	2	2	2	2	2
Sewer										
Sanitary sewers (miles)	62	63	65	65	68	68	68	68	68	68
Storm sewers (miles)	39	42	42	43	45	45	45	45	45	45
Maximum daily treatment capacity (thousands of gallons)	1,695	2,000	2,000	2,200	2,000	2,000	2,000	2,000	2,000	2,000

Sources: Various city departments

Note: No capital asset indicators are available for the general government function.

## **COMPLIANCE SECTION**



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

Honorable Mayor and Members  
of the City Council of the  
City of Brewton, Alabama

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Brewton, Alabama, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Brewton Alabama's basic financial statements, and have issued our report thereon dated March 30, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Brewton, Alabama'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 City of Brewton, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Brewton, Alabama'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency and described it in the following paragraph.

**Segregation of Duties**

Our study and evaluation disclosed that because of the limited size of your accounting staff, your organization has limited segregation of duties. A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to completion. While we recognize that your organization is not large enough to permit an adequate segregation of duties in all respects, it is important that you be aware of this condition.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Brewton, Alabama'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.

*Avizo Group, Inc.*

Certified Public Accountants

March 30, 2023  
Brewton, Alabama