

CITY OF BREWTON, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

CITY OF BREWTON, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

CITY CLERK'S OFFICE

**CITY OF BREWTON, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
SEPTEMBER 30, 2021**

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Letter of Transmittal	3
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Principal Officials	8
 FINANCIAL SECTION	
Independent Auditors' Report	9
Management's Discussion and Analysis	11
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
 Fund Financial Statements	
Balance Sheet - Governmental Funds	20
Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28
 Notes to the Financial Statements	 29
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the Net Pension Liability	55
Schedule of Employer Contributions	57
 OTHER SUPPLEMENTARY INFORMATION	
Combining and Individual Fund Financial Statements:	
Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund	59
Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund	61
Combining Balance Sheet - Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	66

**CITY OF BREWTON, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
SEPTEMBER 30, 2021**

TABLE OF CONTENTS

	Page
STATISTICAL SECTION	67
Net Position by Component	68
Changes in Net Position	69
Governmental Activities Tax Revenues by Source	71
Fund Balances of Governmental Funds	72
Changes in Fund Balances of Governmental Funds	73
Assessed Value and Estimated Actual Value of Taxable Property	75
Property Tax Rates	76
Principal Property Taxpayers	77
Property Tax Levies and Collections	78
Taxable Sales by Category	79
Direct and Overlapping Sales Tax Rates	80
Principal Sales Tax Remitters	81
Ratios of Outstanding Debt by Type	82
Ratios of General Bonded Debt Outstanding	83
Direct and Overlapping Governmental Activities Debt	84
Legal Debt Margin Information	85
Demographic and Economic Statistics	86
Principal Employers	87
Full-time Equivalent City Government Employees by Function	88
Operating Indicators by Function	89
Capital Asset Statistics by Function	90
 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	91
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	92
 Schedule of Expenditures of Federal Awards	93
Note to the Schedule of Expenditures of Federal Awards	94
Schedule of Findings and Questioned Cost	95

INTRODUCTORY SECTION



City of Brewton

Best 100 Small Towns in America

March 29, 2022

MAYOR

Yancey E. Lovelace

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

CITY CLERK

Brooke Hartin

CITY COUNCIL

Carrie Brown
David Jennings
Feast Broughton
Joe Nathan Watson
Cheryl Barton

The Annual Comprehensive Financial Report (the Report) of the City of Brewton, Alabama (the "City") for the Fiscal Year ending September 30, 2021, 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.

CITY ATTORNEY

Edward T. Hines

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 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, AL, the County Seat of Escambia County, Alabama has an estimated 2020 population of 5,120. The residents are nestled into 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 has faced some challenges this year due to the COVID19 pandemic. The City did not experience major revenue reductions, but expenses did increase. City employees and members of the community were provided with masks, gloves, sanitizing gel, and other protective equipment. The City was recently awarded funds from the American Rescue Plan Act and will receive more funds during the next fiscal year to help offset some of burden from the pandemic. The City of Brewton also faced setbacks due to extreme weather. One storm caused significant flooding and damages to several sites including the sewer treatment ponds. The City is currently working with State Legislators to receive extra funding to help compensate for the large expense. The City and the



City of Brewton

Best 100 Small Towns in America

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. Due to COVID and supply chain issues, the City and the Water board did not receive allocated grant funds in a timely manner. The significant delay in funds caused an increase in expenses that were not reimbursed during the current fiscal year. The City did finally receive a large sum from EDA in January 2022.

MAYOR

Yancey E. Lovelace

CITY CLERK

Brooke Hartin

CITY COUNCIL

Carrie Brown

David Jennings

Feast Broughton

Joe Nathan Watson

Cheryl Barton

CITY ATTORNEY

Edward T. Hines

ASSESSING CURRENT TRENDS

The City's Enterprise Funds are adequate to strong. The Municipal Airport is bolstered by good grant funding. Natural Gas has 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 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 2020 and are continuing into Fiscal Year 2021.

ANTICIPATING FUTURE TRIUMPHS

One reason for optimism is that a technology company established itself in Brewton in Fiscal Year 2018 and expects to reach its goal of 300 new jobs in the City by December 2022. The company currently employs close to 200 people who work in the downtown area. The business expanded into a new building in downtown Brewton earlier this year. The City along with its economic development partners were deeply involved in preparing the permanent physical location and as a result the City is already seeing new businesses and restaurants opening in the downtown area. Construction of a new hotel in the City was completed in early 2020 and a new bed and breakfast establishment opened after extensive remodeling. As a result, the City anticipates a continued increase in lodging taxes over the next year. 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, P.C., 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 Annual Comprehensive Financial Report for the Fiscal Year ending September 30, 2020. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized report. 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 Annual Comprehensive Financial Report 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.



City of Brewton

Best 100 Small Towns in America

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.

MAYOR

Yancey E. Lovelace

CITY CLERK

Brooke Hartin

CITY COUNCIL

Carrie Brown
David Jennings
Feast Broughton
Joe Nathan Watson
Cheryl Barton

CITY ATTORNEY

Edward T. Hines

Sincerely,

Brooke Hartin
City Clerk/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Brewton
Alabama**

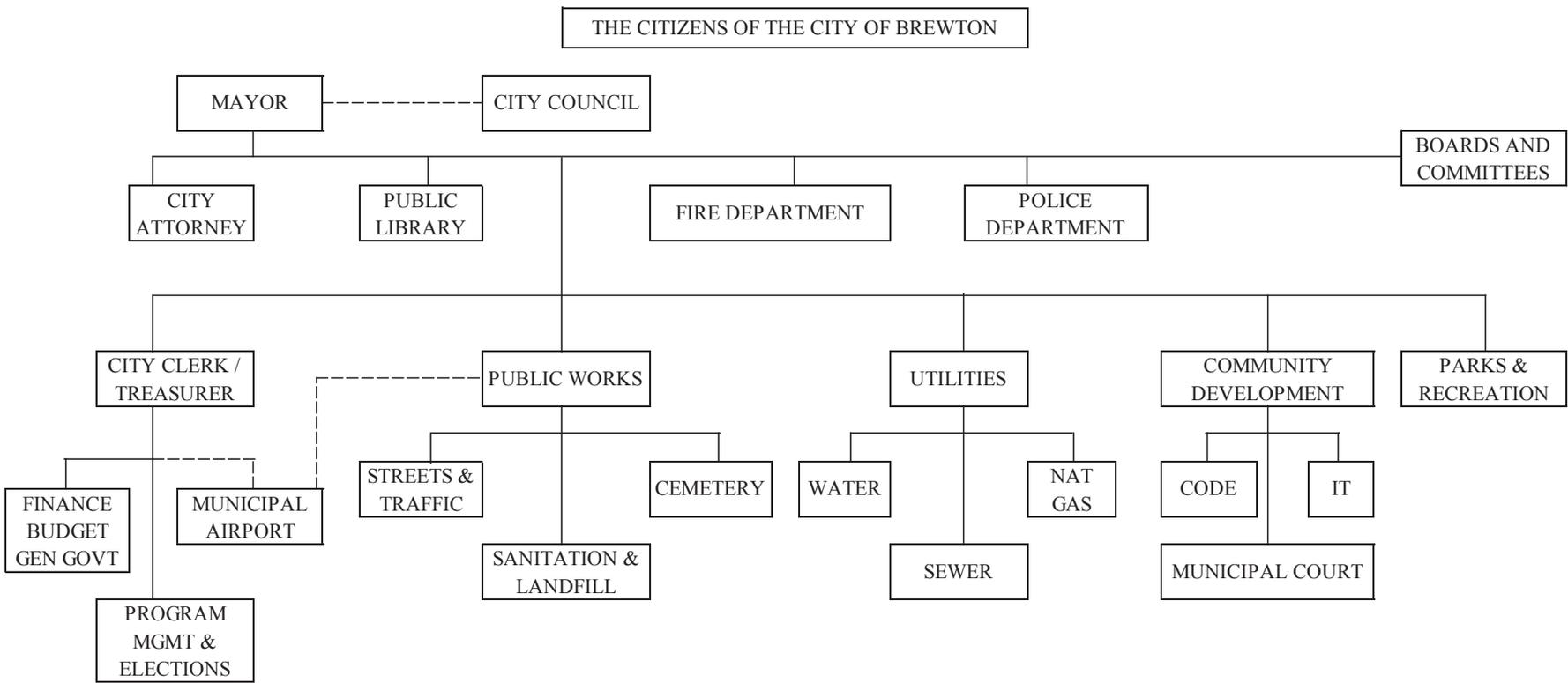
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

CITY OF BREWTON, ALABAMA
Organizational Chart



CITY OF BREWTON, ALABAMA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2021

<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

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, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2021, 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.

Other Matters***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.

Other 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. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, 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 29, 2022
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, 2021. 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 increased by \$4,253,000. The increase was primarily due additional funding provided by the governmental funds to the Brewton Development Authority in the prior year to provide initial capital for an economic development project.
- As of September 30, 2021, the governmental funds reported a combined ending fund balance of \$3,153,969, a decrease of \$171,078 from the previous fiscal year.
- The General Fund reported a fund balance of \$1,304,679 with all of it available to support non-debt service obligations of the City, an increase of \$784,852 from last year.
- The City's liabilities associated with governmental activities and business-type activities decreased by approximately 7.52% during fiscal year 2021.

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 decreased \$1,041,039 between fiscal years 2020 and 2021, culminating at approximately \$20,967,484.

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>Percentage Change 2021-2020</u>
Current and other assets	\$ 5,200	\$ 9,564	\$ 8,480	\$ 13,740	\$ 13,680	\$ 23,304	-41.30%
Capital assets	33,196	28,998	15,492	14,772	48,688	43,770	11.24%
Total assets	38,396	38,562	23,972	28,512	62,368	67,074	-7.02%
Deferred outflows of resources	1,600	1,519	854	872	2,454	2,391	2.63%
Long-term debt outstanding	23,647	23,785	15,957	16,172	39,604	39,957	-0.88%
Other liabilities	2,218	6,376	1,846	886	4,064	7,262	-44.04%
Total liabilities	25,865	30,161	17,803	17,058	43,668	47,219	-7.52%
Deferred inflows of resources	154	196	32	41	186	237	-21.52%
Net position							
Net investment in capital assets	14,832	9,389	9,159	13,014	23,991	22,403	7.09%
Restricted	1,849	2,805	-	-	1,849	2,805	-34.08%
Unrestricted	(2,704)	(2,470)	(2,168)	(729)	(4,872)	(3,199)	52.30%
Total net position	\$ 13,977	\$ 9,724	\$ 6,991	\$ 12,285	\$ 20,968	\$ 22,009	-4.73%

Changes in net position. The City's total revenues increased 8.9% to approximately \$45,787,000. Approximately 72% of the City's revenue was generated from charges for services, 23% from tax receipts, 3% from donations and grants, 2% from other taxes and other receipts.

The City's expenses decreased 1.7% to approximately \$46,828,000. The largest increase in expenses occurred in Gas. Expense increase in this cost category totaled \$7,258,000. The largest decrease in expenses was approximately \$5,836,000 in funding for the Brewton Development Authority.

CITY OF BREWTON, ALABAMA
SOURCES OF REVENUE
FISCAL YEAR 2021

<u>Source</u>	<u>%</u>
Charges for services	72%
Operating grants	3%
Sales tax	20%
Other taxes	2%
Property taxes	3%
	<u>100%</u>

CITY OF BREWTON, ALABAMA
FUNCTIONAL EXPENSES
FISCAL YEAR 2021

<u>Type</u>	<u>%</u>
Business-type activities	66%
General government	12%
Public safety	9%
Public works	5%
Recreation	2%
Library	1%
Education	5%
	<u>100%</u>

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2021	2020	2021	2020	2021	2020	Change
REVENUES							
Program revenues							
Charges for services	\$ 1,639	\$ 1,398	\$ 28,377	\$ 20,847	\$ 30,016	\$ 22,245	34.9%
Donations and operating grants	1,185	1,628	-	-	1,185	1,628	-27.2%
Capital grants	-	-	760	47	760	47	1517.0%
General revenues							
Sales tax	8,264	7,092	-	-	8,264	7,092	16.5%
Property tax	1,232	1,145	-	-	1,232	1,145	7.6%
Other taxes	731	560	-	-	731	560	30.5%
Investment earnings	22	32	64	90	86	122	-29.5%
Payments from City	-	-	-	5,836	-	5,836	100.0%
Receipts from Water Works Board	(728)	109	(52)	-	(780)	109	-815.6%
Receipts from Brewton Development Authority	3,871	3,488	-	-	3,871	3,488	100.0%
Gain (loss) on sale of capital assets	-	(533)	5	-	5	(533)	-100.9%
Bond issuance costs	-	(208)	-	-	-	(208)	100.0%
Other	417	526	-	-	417	526	-20.7%
Total revenues	<u>16,633</u>	<u>15,237</u>	<u>29,154</u>	<u>26,820</u>	<u>45,787</u>	<u>42,057</u>	8.9%
EXPENSES							
General government	4,826	4,680	-	-	4,826	4,680	3.1%
Public safety	4,046	3,833	-	-	4,046	3,833	5.6%
Public works	1,983	2,593	-	-	1,983	2,593	-23.5%
Library	457	534	-	-	457	534	-14.4%
Recreation	713	693	-	-	713	693	2.9%
Education	2,163	2,968	-	-	2,163	2,968	-27.1%
Water system	-	559	-	-	-	559	-100.0%
Brewton Development Authority	-	5,836	-	-	-	5,836	100.0%
Interest on long-term debt	687	218	-	-	687	218	215.1%
Gas	-	-	25,735	18,477	25,735	18,477	39.3%
Sewer	-	-	1,352	2,204	1,352	2,204	-38.7%
Sanitation	-	-	697	702	697	702	-0.7%
Airport	-	-	207	192	207	192	7.8%
Brewton Development Authority	-	-	91	678	91	678	-86.6%
Payments to City	-	-	3,871	3,488	3,871	3,488	100.0%
Total expenses	<u>14,875</u>	<u>21,914</u>	<u>31,953</u>	<u>25,741</u>	<u>46,828</u>	<u>47,655</u>	-1.7%
Excess (deficiency) before special items and transfers	1,758	(6,677)	(2,799)	1,079	(1,041)	(5,598)	-81.4%
Transfers	<u>2,495</u>	<u>(6,709)</u>	<u>(2,495)</u>	<u>6,709</u>	<u>-</u>	<u>-</u>	0.0%
Net change in net position	4,253	(13,386)	(5,294)	7,788	(1,041)	(5,598)	-81.4%
Net position, beginning	<u>9,724</u>	<u>23,110</u>	<u>12,285</u>	<u>4,496</u>	<u>22,009</u>	<u>27,606</u>	-20.3%
Net position, ending	<u>\$ 13,977</u>	<u>\$ 9,724</u>	<u>\$ 6,991</u>	<u>\$ 12,284</u>	<u>\$ 20,968</u>	<u>\$ 22,008</u>	-4.7%

Governmental Activities

Tax revenues for the City's governmental activities increased approximately \$1,430,000 or approximately 54.6%. Total revenues for governmental activities increased by approximately \$1,396,000, or approximately 9.2%.

Business-type Activities

Revenues for the City's business-type activities increased approximately \$2,334,000, due primarily to a major increase in gas costs, resulting in a major increase in sales price.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental Activities

The City's governmental funds reported a combined fund balance of \$3,154,000 a decrease of \$171,078 from fiscal year 2020.

Business-type Activities

The City's business-type funds reported a combined net position of approximately \$6,990,554 which is approximately \$5,293,967 less than last year. The major changes to net position include the following:

- Natural Gas: decreased approximately \$2,269,924 or 49%.
- Sewer Fund: increased approximately \$787,970 or 27%.
- Sanitation Fund: decreased \$111,945 or 109%.
- Municipal Airport: increased \$205,543, or 7%.
- Brewton Development Authority: decreased \$3,905,611, or 209%. This is primarily due to the project discussed in Note 15.

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, 2021, totals approximately \$48,688,000 (net of accumulated depreciation), an increase of approximately 11.2% 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 2021-2020
	2021	2020	2021	2020	2021	2020	
	Land and construction in progress	\$ 10,726	\$ 5,961	\$ 1,270	\$ 586	\$ 11,996	
Buildings	11,359	11,191	3,655	3,446	15,014	14,637	2.6%
Improvements other than buildings	18,207	17,755	16,307	16,152	34,514	33,907	1.8%
Vehicles and equipment	9,020	8,982	6,344	6,007	15,364	14,989	2.5%
Less accumulated depreciation	<u>(16,116)</u>	<u>(14,891)</u>	<u>(12,084)</u>	<u>(11,419)</u>	<u>(28,200)</u>	<u>(26,310)</u>	7.2%
Total	<u>\$ 33,196</u>	<u>\$ 28,998</u>	<u>\$ 15,492</u>	<u>\$ 14,772</u>	<u>\$ 48,688</u>	<u>\$ 43,770</u>	11.2%

Long-term Debt

The City's debt decreased approximately \$682,000. 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 2021-2020
	2021	2020	2021	2020	2021	2020	
	General obligation warrants	\$ 19,319	\$ 13,674	\$ 6,548	\$ 6,938	\$ 25,867	
Notes payable	86	6,064	7,920	7,920	8,006	13,984	100.0%
Capital leases	<u>132</u>	<u>212</u>	<u>366</u>	<u>245</u>	<u>498</u>	<u>457</u>	9.0%
Total	<u>\$ 19,537</u>	<u>\$ 19,950</u>	<u>\$ 14,834</u>	<u>\$ 15,103</u>	<u>\$ 34,371</u>	<u>\$ 35,053</u>	-1.9%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Fiscal Year 2021 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 fiscal year 2021 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 new technical services business in the city is approaching 200 new employees, and those numbers are expected to increase to 300 plus 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, a new bed and breakfast opened. The City anticipates seeing an increase in lodging taxes now that both businesses are open at capacity. 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 number of customers has now increased to almost 660. The sewer department will see an expansion in services over the next 2 years due to a grant awarded to Escambia County and the City of Brewton. The project includes installation of approximately 5,300 LF of sewer line. Revenue budgeting projections always factor in mid-year trends and are completed with a conservative bias. The Economic effects of the COVID-19 virus are still being determined. City administrators have already begun pro-active activities aimed at acquiring funding to replace possible reductions in revenues. The 2022 budgeting process has begun, and expense reductions will also be considered in light of the possible adverse effects of the pandemic and to address the rising inflation. The city received funding from the American Rescue Plan Act in the amount of \$618,641.02 in June of 2021. The city will receive another payment of equal value in June 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.

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, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Water Works Board of the City of Brewton
ASSETS				
Cash and cash equivalents	\$ 3,835,208	\$ 1,895,025	\$ 5,730,233	\$ 1,164,391
Temporary cash investments	661,489	-	661,489	-
Receivables, net	664,272	164,783	829,055	84,824
Receivable from component units	-	30,000	30,000	-
Receivables from FEMA	38,877	-	38,877	-
Inventories	-	383,391	383,391	477,541
Restricted funds	-	377,609	377,609	979,483
Other assets	-	-	-	39,664
Note Receivable	-	5,628,800	5,628,800	-
Capital assets, net				
Land, improvements, and construction in progress	10,726,256	1,269,897	11,996,153	2,989,958
Other capital assets, net of depreciation	22,469,790	14,222,564	36,692,354	9,085,623
TOTAL ASSETS	38,395,892	23,972,069	62,367,961	14,821,484
DEFERRED OUTFLOWS OF RESOURCES				
Employer retirement contributions	364,000	81,486	445,486	38,155
Changes of assumptions	143,475	30,101	173,576	14,095
Net difference between projected and actual earnings on plan investments	327,075	68,622	395,697	32,131
Difference between expected and actual experiences	443,828	93,115	536,943	43,601
Defeasance of debt	321,349	580,238	901,587	207,421
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,599,727	853,562	2,453,289	335,403
LIABILITIES				
Accounts payable and accrued expenses	1,131,760	638,414	1,770,174	137,240
Line of credit	600,000	1,368,106	1,968,106	-
Payable to City of Brewton	-	-	-	30,000
Customer deposits	-	101,317	101,317	147,833
Internal balances	262,196	(262,196)	-	-
Due to other governments	223,607	-	223,607	-
Long-term liabilities				
Due within one year	711,615	619,981	1,331,596	363,144
Due in more than one year	22,935,725	15,337,189	38,272,914	8,597,327
TOTAL LIABILITIES	25,864,903	17,802,811	43,667,714	9,275,544
DEFERRED INFLOWS OF RESOURCES				
Difference between expected and actual experiences	153,786	32,266	186,052	15,108
TOTAL DEFERRED INFLOWS OF RESOURCES	153,786	32,266	186,052	15,108
NET POSITION				
Net investment in capital assets	14,831,619	9,158,621	23,990,240	3,797,770
Restricted - debt service	1,843,496	-	1,843,496	-
Restricted - street improvement and construction	5,794	-	5,794	-
Restricted - construction	-	-	-	979,483
Unrestricted	(2,703,979)	(2,168,067)	(4,872,046)	1,088,982
TOTAL NET POSITION	\$ 13,976,930	\$ 6,990,554	\$ 20,967,484	\$ 5,866,235

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

**CITY OF BREWTON, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Water Works Board of the City of Brewton
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total	
Primary Government								
Governmental activities:								
General	\$ 4,826,433	\$ 1,403,858	\$ 1,185,004	\$ -	\$ (2,237,571)		\$ (2,237,571)	
Police	2,648,327	224,196	-	-	(2,424,131)		(2,424,131)	
Fire	1,397,282	-	-	-	(1,397,282)		(1,397,282)	
Street	1,642,784	-	-	-	(1,642,784)		(1,642,784)	
Animal control	172,109	-	-	-	(172,109)		(172,109)	
Code enforcement	167,957	-	-	-	(167,957)		(167,957)	
Library	457,269	1,736	-	-	(455,533)		(455,533)	
Recreation	713,254	9,316	-	-	(703,938)		(703,938)	
Education (payment to Board of Education)	2,162,795	-	-	-	(2,162,795)		(2,162,795)	
Interest on long-term debt	686,786	-	-	-	(686,786)		(686,786)	
Total governmental activities	<u>14,874,996</u>	<u>1,639,106</u>	<u>1,185,004</u>	<u>-</u>	<u>(12,050,886)</u>		<u>(12,050,886)</u>	
Business-type activities:								
Gas	25,735,067	26,312,598	-	-	-	\$ 577,531	577,531	
Sewer	1,352,010	1,144,839	-	440,000	-	232,829	232,829	
Sanitation	696,842	796,021	-	-	-	99,179	99,179	
Airport	206,826	124,035	-	320,020	-	237,229	237,229	
Brewton Development Authority	90,651	-	-	-	-	(90,651)	(90,651)	
Total business-type activities	<u>28,081,396</u>	<u>28,377,493</u>	<u>-</u>	<u>760,020</u>	<u>-</u>	<u>1,056,117</u>	<u>1,056,117</u>	
Total primary government	<u>\$ 42,956,392</u>	<u>\$ 30,016,599</u>	<u>\$ 1,185,004</u>	<u>\$ 760,020</u>	<u>(12,050,886)</u>	<u>1,056,117</u>	<u>(10,994,769)</u>	
Component Unit	<u>\$ 2,348,870</u>	<u>\$ 1,917,872</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (430,998)</u>
General revenues:								
Taxes								
Property					1,231,659	-	1,231,659	-
Sales					8,263,655	-	8,263,655	-
Other					730,810	-	730,810	-
Receipts from (payments to) City					-	(3,871,248)	(3,871,248)	779,969
Receipts from (payments to) Water Works Board					(727,729)	(52,240)	(779,969)	-
Receipts from (payments to) Brewton Development Authority					3,871,248	-	3,871,248	-
Investment earnings					22,062	64,214	86,276	889
Capital gain (loss) on sale of capital assets					-	4,605	4,605	-
Other					416,694	-	416,694	-
Transfers in/(out)					2,495,415	(2,495,415)	-	-
Total general revenues and transfers					<u>16,303,814</u>	<u>(6,350,084)</u>	<u>9,953,730</u>	<u>780,858</u>
Change in net position					4,252,928	(5,293,967)	(1,041,039)	349,860
Net position, beginning					9,724,002	12,284,521	22,008,523	5,516,375
Net position, ending					<u>\$ 13,976,930</u>	<u>\$ 6,990,554</u>	<u>\$ 20,967,484</u>	<u>\$ 5,866,235</u>

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

**CITY OF BREWTON, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	General	2016 General Obligation Warrant Debt Service Fund	2019 General Obligation Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,507,623	\$ -	\$ 1,321,791	\$ 5,794	\$ 3,835,208
Temporary cash investments	139,784	331,441	190,264	-	661,489
Receivables from FEMA	38,877	-	-	-	38,877
Due from other City funds	75,000	-	-	-	75,000
Taxes receivable	664,272	-	-	-	664,272
Total Assets	\$ 3,425,556	\$ 331,441	\$ 1,512,055	\$ 5,794	\$ 5,274,846
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 960,074	\$ -	\$ -	\$ -	\$ 960,074
Due to other City funds	337,196	-	-	-	337,196
Due to other governments	223,607	-	-	-	223,607
Line of credit	600,000	-	-	-	600,000
Total liabilities	2,120,877	-	-	-	2,120,877
FUND BALANCES					
Nonspendable	38,877	-	-	-	38,877
Restricted for:					
Debt service	-	331,441	1,512,055	-	1,843,496
Street construction	-	-	-	4,357	4,357
Street improvements	-	-	-	1,437	1,437
Unassigned	1,265,802	-	-	-	1,265,802
Total fund balances	1,304,679	331,441	1,512,055	5,794	3,153,969
Total Liabilities and Fund Balances	\$ 3,425,556	\$ 331,441	\$ 1,512,055	\$ 5,794	\$ 5,274,846

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, 2021

Fund Balances as reported on page 20		\$ 3,153,969
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	\$ 10,726,256	
Other capital assets, net of \$16,116,170 accumulated depreciation	<u>22,469,790</u>	
Total capital assets		33,196,046
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		1,124,592
Defeasance of debt		321,349
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		(19,318,692)
Notes payable		(86,091)
Capital lease obligations		(132,463)
Compensated absences		(454,105)
Net pension liability		<u>(3,655,989)</u>
Net Position of Governmental Activities as reported on page 18		<u><u>\$ 13,976,930</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, 2021

	General	2016 General Obligation Warrant Debt Service Fund	2019 General Obligation Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,894,887	\$ -	\$ -	\$ 61,964	\$ 9,956,851
Intergovernmental	1,358,930	-	-	-	1,358,930
Licenses and permits	984,875	-	-	-	984,875
Fines and forfeitures	224,196	-	-	-	224,196
Fees and charges	120,160	-	-	-	120,160
Revenue from City Property	309,875	-	-	-	309,875
Receipts from Brewton Development Authority	3,871,248	-	-	-	3,871,248
Receipts from Water Works Board	240,420	-	-	-	240,420
Interest	2,046	32	152	-	2,230
Donations	95,349	-	-	-	95,349
Other	416,696	-	-	-	416,696
	<u>17,518,682</u>	<u>32</u>	<u>152</u>	<u>61,964</u>	<u>17,580,830</u>
EXPENDITURES					
General	2,617,104	-	-	-	2,617,104
Public safety	4,045,609	-	-	-	4,045,609
Public works	1,982,849	-	-	89,256	2,072,105
Payments to Brewton City Board of Education	2,162,795	-	-	-	2,162,795
Payments to Water Works Board	786,373	-	62,054	-	848,427
Other departments	1,766,858	-	-	-	1,766,858
Capital expenditures	5,703,327	-	-	-	5,703,327
Debt service:					
Principal	6,095,987	400,000	125,000	-	6,620,987
Interest	217,897	126,650	293,778	-	638,325
	<u>25,378,799</u>	<u>526,650</u>	<u>480,832</u>	<u>89,256</u>	<u>26,475,537</u>
Excess (deficiency) of revenues over expenditures	<u>(7,860,117)</u>	<u>(526,618)</u>	<u>(480,680)</u>	<u>(27,292)</u>	<u>(8,894,707)</u>
OTHER FINANCING SOURCES AND (USES)					
Transfers in	4,514,028	578,759	458,598	155,500	5,706,885
Issuance of debt	6,228,214	-	-	-	6,228,214
Transfers out	<u>(2,097,273)</u>	<u>-</u>	<u>(900,187)</u>	<u>(214,010)</u>	<u>(3,211,470)</u>
	<u>8,644,969</u>	<u>578,759</u>	<u>(441,589)</u>	<u>(58,510)</u>	<u>8,723,629</u>
Net change in fund balances	784,852	52,141	(922,269)	(85,802)	(171,078)
Fund balances-beginning of year	<u>519,827</u>	<u>279,300</u>	<u>2,434,324</u>	<u>91,596</u>	<u>3,325,047</u>
FUND BALANCES-END 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>

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, 2021

Net change in fund balances--total governmental funds, page 22	\$ (171,078)
<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	5,703,327
Depreciation expense for the year	(1,310,564)
Loss on disposal of capital assets	(74,787)
<p>In the Statement of Activities, a transfer of capital assets to the Water Board is recorded as expenditures whereas, in the governmental funds, it is not recorded.</p>	
	(119,722)
<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	(6,228,214)
Repayment of debt	6,620,987
Amortization of warrant discount (premiums) and deferred loss(gain)	19,832
<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>	
	(18,983)
<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	(119,409)
Decrease (increase) in accrued interest payable	(48,461)
Change in Net Position of Government Activities, page 19	\$ 4,252,928

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, 2021

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Revenue			
Taxes	\$ 7,291,500	\$ 9,894,887	\$ 2,603,387
Licenses and permits	1,114,600	984,875	(129,725)
Fines and forfeitures	56,300	224,196	167,896
Fees and charges	117,320	120,160	2,840
Intergovernmental revenue	121,200	1,358,930	1,237,730
Revenue from City Property	17,000	309,875	292,875
Receipts from Brewton Development Authority	-	3,871,248	3,871,248
Receipts from Water Works Board	-	240,420	240,420
Other revenue	36,500	514,091	477,591
Total Revenues	8,754,420	17,518,682	8,764,262
Expenditures			
Current expenditures:			
General government	9,692,100	2,617,104	7,074,996
Public safety	4,235,283	4,045,609	189,674
Public works	2,085,785	1,982,849	102,936
Payments to Brewton City Board of Education	-	2,162,795	(2,162,795)
Payments to Water Works Board	-	786,373	(786,373)
Other departments	2,144,511	1,766,858	377,653
Capital expenditures	5,065,000	5,703,327	(638,327)
Debt Service:			
Principal	540,000	6,095,987	(5,555,987)
Interest	-	217,897	(217,897)
Total Expenditures	23,762,679	25,378,799	(1,616,120)
Excess Revenues Over (Under) Expenditures	<u>(15,008,259)</u>	<u>(7,860,117)</u>	<u>7,148,142</u>
Other Financing Sources (Uses)			
Transfers in	1,712,197	4,514,028	2,801,831
Transfers out	-	(2,097,273)	(2,097,273)
Issuance of debt	-	6,228,214	6,228,214
Total Other Financing Sources (Uses)	1,712,197	8,644,969	6,932,772
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(13,296,062)	784,852	14,080,914
Fund Balance at Beginning of Year	<u>(11,734,882)</u>	<u>519,827</u>	<u>12,254,709</u>
Fund Balance at End of Year	\$ (25,030,944)	\$ 1,304,679	\$ 26,335,623

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

**CITY OF BREWTON, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021**

	Major Funds					Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
Assets						
Current assets						
Cash	\$ 924,429	\$ 283,396	\$ 321,747	\$ 244,137	\$ 121,316	\$ 1,895,025
Restricted cash	65,742	311,867	-	-	-	377,609
Accounts receivable	65,766	64,885	30,731	3,401	-	164,783
Due from other funds	333,704	-	-	5,342	-	339,046
Receivable from component units	30,000	-	-	-	-	30,000
Inventories	302,435	80,956	-	-	-	383,391
Total current assets	<u>1,722,076</u>	<u>741,104</u>	<u>352,478</u>	<u>252,880</u>	<u>121,316</u>	<u>3,189,854</u>
Noncurrent assets						
Note receivable	-	-	-	-	5,628,800	5,628,800
Property, plant, and equipment						
Land, improvements and construction in progress	11,100	781,046	3,000	337,338	137,413	1,269,897
Utility systems	4,968,112	11,056,386	-	-	-	16,024,498
Buildings and improvements	282,849	-	-	3,655,321	-	3,938,170
Equipment	2,960,873	1,345,376	1,675,547	361,810	-	6,343,606
	<u>8,222,934</u>	<u>13,182,808</u>	<u>1,678,547</u>	<u>4,354,469</u>	<u>137,413</u>	<u>27,576,171</u>
Less accumulated depreciation	4,541,516	4,541,048	1,598,755	1,402,391	-	12,083,710
Net property, plant, and equipment	<u>3,681,418</u>	<u>8,641,760</u>	<u>79,792</u>	<u>2,952,078</u>	<u>137,413</u>	<u>15,492,461</u>
Total noncurrent assets	<u>3,681,418</u>	<u>8,641,760</u>	<u>79,792</u>	<u>2,952,078</u>	<u>5,766,213</u>	<u>21,121,261</u>
Total Assets	<u>5,403,494</u>	<u>9,382,864</u>	<u>432,270</u>	<u>3,204,958</u>	<u>5,887,529</u>	<u>24,311,115</u>
Deferred Outflows of Resources						
Defeasance of debt	40,737	539,501	-	-	-	580,238
Net difference between projected and actual earnings on plan investments	48,025	13,543	7,054	-	-	68,622
Difference between expected and actual experiences	65,167	18,377	9,571	-	-	93,115
Changes of assumptions	21,066	5,941	3,094	-	-	30,101
Employer retirement contributions	57,028	16,082	8,376	-	-	81,486
Total Deferred Outflows of Resources	<u>232,023</u>	<u>593,444</u>	<u>28,095</u>	<u>-</u>	<u>-</u>	<u>853,562</u>

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

CITY OF BREWTON, ALABAMA
STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Major Funds					Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
Liabilities and Net Position						
Current liabilities						
Accounts payable and accrued expenses	482,364	155,345	-	705	-	638,414
Due to other City funds	-	1,850	75,000	-	-	76,850
Long-term liabilities-current portion	103,144	343,144	173,693	-	-	619,981
Line of credit	1,368,106	-	-	-	-	1,368,106
Customer deposits	101,317	-	-	-	-	101,317
Total current liabilities	2,054,931	500,339	248,693	705	-	2,804,668
Noncurrent liabilities						
Long-term liabilities-less current portion	1,207,315	5,787,282	66,535	-	7,920,000	14,981,132
Accrued postclosure costs	-	-	356,057	-	-	356,057
Total noncurrent liabilities	1,207,315	5,787,282	422,592	-	7,920,000	15,337,189
Total liabilities	3,262,246	6,287,621	671,285	705	7,920,000	18,141,857
Deferred Inflows of Resources						
Difference between expected and actual experience	22,581	6,368	3,317	-	-	32,266
Total Deferred Inflows of Resources	22,581	6,368	3,317	-	-	32,266
Net position						
Net investment in capital assets	2,948,505	3,202,217	(81,592)	2,952,078	137,413	9,158,621
Unrestricted	(597,815)	480,102	(132,645)	252,175	(2,169,884)	(2,168,067)
Total Net Position	\$ 2,350,690	\$ 3,682,319	\$ (214,237)	\$ 3,204,253	\$ (2,032,471)	\$ 6,990,554

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, 2021

	Major Funds					Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
Operating Revenues						
Charges for services	\$ 26,202,012	\$ 1,112,856	\$ 788,188	\$ 124,035	\$ -	\$ 28,227,091
Other	110,586	31,983	7,833	-	-	150,402
Total operating revenues	<u>26,312,598</u>	<u>1,144,839</u>	<u>796,021</u>	<u>124,035</u>	<u>-</u>	<u>28,377,493</u>
Operating Costs and Expenses						
Cost of sales and services	23,742,360	-	338,817	-	-	24,081,177
Salaries and wages	745,874	251,493	97,003	23,000	-	1,117,370
Utilities	23,169	83,232	6,711	25,411	574	139,097
Maintenance and supplies	353,034	329,546	57,172	30,470	-	770,222
Employee benefits	182,169	41,738	31,638	-	-	255,545
Insurance	53,026	11,821	9,240	11,649	-	85,736
Professional fees	6,453	-	-	450	-	6,903
Office expense	31,097	4,068	6,371	307	-	41,843
Depreciation and amortization	170,710	286,964	118,696	107,467	-	683,837
Landfill postclosure expense	-	-	12,306	-	-	12,306
Other	333,616	24,975	1,454	8,072	5,796	373,913
Total operating costs and expenses	<u>25,641,508</u>	<u>1,033,837</u>	<u>679,408</u>	<u>206,826</u>	<u>6,370</u>	<u>27,567,949</u>
Operating Income (Loss)	<u>671,090</u>	<u>111,002</u>	<u>116,613</u>	<u>(82,791)</u>	<u>(6,370)</u>	<u>809,544</u>
Non-Operating Revenue (Expense)						
Interest earned	5,339	2,587	-	-	56,288	64,214
Capital gain (loss) on sale of assets	-	4,605	-	-	-	4,605
Payments to Water Works Board	(1,300)	(50,940)	-	-	-	(52,240)
Payments to City	-	-	-	-	(3,871,248)	(3,871,248)
Interest expense	(93,559)	(318,173)	(17,434)	-	(84,281)	(513,447)
Total non-operating revenue (expenses)	<u>(89,520)</u>	<u>(361,921)</u>	<u>(17,434)</u>	<u>-</u>	<u>(3,899,241)</u>	<u>(4,368,116)</u>
Income before contributions and transfers	581,570	(250,919)	99,179	(82,791)	(3,905,611)	(3,558,572)
Capital contributions	-	440,000	-	320,020	-	760,020
Transfers in	463,619	689,132	14,272	19,869	-	1,186,892
Transfers out	(3,315,113)	(90,243)	(225,396)	(51,555)	-	(3,682,307)
Change in Net Position	(2,269,924)	787,970	(111,945)	205,543	(3,905,611)	(5,293,967)
Net Position at Beginning of Year	<u>4,620,614</u>	<u>2,894,349</u>	<u>(102,292)</u>	<u>2,998,710</u>	<u>1,873,140</u>	<u>12,284,521</u>
Net Position at End 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>

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, 2021

	Major Funds					Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
Cash Flows from Operating Activities:						
Receipts from customers	\$ 26,342,455	\$ 1,138,662	\$ 821,129	\$ 125,217	\$ -	\$ 28,427,463
Payments to suppliers	(24,533,902)	(441,518)	(440,191)	(120,684)	(6,370)	(25,542,665)
Payments to employees	(906,322)	(302,549)	(124,531)	(23,000)	-	(1,356,402)
Net Cash Provided (Used) by Operating Activities	<u>902,231</u>	<u>394,595</u>	<u>256,407</u>	<u>(18,467)</u>	<u>(6,370)</u>	<u>1,528,396</u>
Cash Flows from Noncapital Financing Activities						
Transfers in	463,619	689,132	14,272	19,869	-	1,186,892
Transfers out	(3,315,113)	(90,243)	(225,396)	(51,555)	-	(3,682,307)
Payments to City	-	-	-	-	(3,871,248)	(3,871,248)
Payments to Water Works Board	(1,300)	(50,940)	-	-	-	(52,240)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,852,794)</u>	<u>547,949</u>	<u>(211,124)</u>	<u>(31,686)</u>	<u>(3,871,248)</u>	<u>(6,418,903)</u>
Cash Flows from Capital and Related Financing Activities						
Repayment of debt	(89,715)	(319,548)	(49,193)	-	-	(458,456)
Interest paid on debt	(93,559)	(254,202)	(17,434)	-	(84,281)	(449,476)
Capital contributions from grant	-	440,000	-	320,020	-	760,020
Proceeds from line of credit	972,628	-	-	-	-	972,628
Issuance of debt	94,609	94,609	-	-	-	189,218
Proceeds from disposal of capital assets	-	4,605	-	-	-	4,605
Purchase of capital assets	(182,224)	(1,012,037)	-	(209,715)	-	(1,403,976)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>701,739</u>	<u>(1,046,573)</u>	<u>(66,627)</u>	<u>110,305</u>	<u>(84,281)</u>	<u>(385,437)</u>
Cash Flows from Investing Activities						
Interest income	5,339	2,587	-	-	56,288	64,214
Net Increase (Decrease) in Cash	(1,243,485)	(101,442)	(21,344)	60,152	(3,905,611)	(5,211,730)
Cash at Beginning of Year	<u>2,233,656</u>	<u>696,705</u>	<u>343,091</u>	<u>183,985</u>	<u>4,026,927</u>	<u>7,484,364</u>
Cash at End of Year	<u>\$ 990,171</u>	<u>\$ 595,263</u>	<u>\$ 321,747</u>	<u>\$ 244,137</u>	<u>\$ 121,316</u>	<u>\$ 2,272,634</u>
Reconciliation of Operating Income (Loss) to Net Cash						
Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 671,090	\$ 111,002	\$ 116,613	\$ (82,791)	\$ (6,370)	\$ 809,544
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation and amortization	170,710	286,964	118,696	107,467	-	683,837
Change in deferred gain (loss) on debt defeasance	5,890	29,279	-	-	-	35,169
Change in pension expense as related to GASB 68	21,720	(9,318)	4,110	-	-	16,512
Change in accounts receivable	25,607	(6,177)	25,108	1,182	-	45,720
Change in inventories	(6,082)	8,723	-	-	-	2,641
Change in customer deposits	4,250	-	-	-	-	4,250
Change in accrued expenses	-	-	12,306	-	-	12,306
Change in accounts payable	9,046	(25,878)	(20,426)	(44,325)	-	(81,583)
Net Cash Provided (Used) by Operating Activities	<u>\$ 902,231</u>	<u>\$ 394,595</u>	<u>\$ 256,407</u>	<u>\$ (18,467)</u>	<u>\$ (6,370)</u>	<u>\$ 1,528,396</u>

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

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021**

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, 2021**

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, 2021**

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, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Principles

GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statement No. 14 and No. 61*, was issued to improve the consistency and comparability of reporting a government’s majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of GASB 90 are effective for fiscal year 2021. There was no impact to the City’s financial statements.

Recently Issued 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. The City is currently evaluating the impact it may have on its financial statements.

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. The City is currently evaluating the impact that this statement may have on its 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. The City is currently evaluating the impact that this statement may have on its financial statements.

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, 2021

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, 2021

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, 2021, 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</u> <u>Expenditures</u>		<u>Excess</u> <u>Expenditures</u>
<i>General Government:</i>		<i>Animal Control</i>	
Salaries	\$ 224	Salaries	\$ 28,842
Utilities	69,890	Employee benefits	9,733
Telephone	3,997	Repairs and maintenance	613
Office supplies	2,811	Tools and supplies	2,128
Dues and publications	3,323	Other	1,900
Travel	4,964	<i>Code Enforcement</i>	
Insurance	63,249	Salaries	29,734
Capital expenditures	227,292	Office supplies	11,814
Grants to local business	45,000	Other	909
<i>Public Safety:</i>		<i>Other Departments:</i>	
<i>Police Department</i>		<i>Municipal Court</i>	
Ammunition	2,019	Legal services	8,395
Investigation and education	14,983	Other	122,534
Capital expenditures	6,264	State fees	17,716
Office supplies	7,307	<i>Library Department</i>	
Other	1,993	Repairs and maintenance	12,988
<i>Fire Department</i>		Capital expenditures	71,613
Salaries	36,647	<i>Recreation Department</i>	
Employee benefits	16,431	Salaries	33,788
Utilities	229	Utilities	4,884
Uniforms	42	Recreation activities	10,947
Fuel, oil, and tires	6,588	Capital expenditures	64,245
Capital expenditures	116,024	<i>Cemetery Department</i>	
<i>Public Works:</i>		Gas and oil	86
<i>Street Department</i>		<i>Beautification and Fine Arts</i>	
Chemicals	25,903	Capital expenditures	52,793
Capital expenditures	100,096	Other	2,075
Utilities	5,723	<i>Payments to School Bd</i>	2,162,795
Telephone	1,460	<i>Payments to Water Bd</i>	786,373
Other	8,832	<i>Principal</i>	5,555,987
		<i>Interest</i>	217,897
		<i>Transfers Out</i>	2,067,819

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021**

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 29, 2022, the date which the financial statements were available to be issued.

There were no material subsequent events which require disclosure at September 30, 2021.

NOTE 2 DEPOSITS AND INVESTMENTS

At September 30, 2021, the City had investments in U.S. Treasury money market mutual funds through its trustee agreement for debt sinking funds. The fair value was \$1,577,185. The average maturity of the portfolio was 31 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, 2021, 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, 2021

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, 2021, 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, 2021, there was a deficit in net position of the Sanitation Fund and Brewton Development Authority Fund of \$214,237 and \$2,032,471, respectively. 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, 2021. 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 09/30/20	Additions	Reclassifications/ Retirements	Balance 09/30/21
Governmental Activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 4,826,615	\$ -	\$ -	\$ 4,826,615
Construction in progress	1,134,115	4,829,400	63,874	5,899,641
Total capital assets not being depreciated	<u>5,960,730</u>	<u>4,829,400</u>	<u>63,874</u>	<u>10,726,256</u>
<i>Capital assets being depreciated</i>				
Buildings	11,191,362	234,630	66,810	11,359,182
Improvements other than buildings	17,754,945	451,643	-	18,206,588
Vehicles and equipment	8,982,232	131,805	93,847	9,020,190
Total capital assets being depreciated	<u>37,928,539</u>	<u>818,078</u>	<u>160,657</u>	<u>38,585,960</u>
Less accumulated depreciation for:				
Buildings	3,345,756	260,959	85,870	3,520,845
Improvements other than buildings	4,674,847	507,420	-	5,182,267
Vehicles and equipment	6,870,873	542,185	-	7,413,058
Total accumulated depreciation	<u>14,891,476</u>	<u>1,310,564</u>	<u>85,870</u>	<u>16,116,170</u>
Total capital assets being depreciated	<u>23,037,063</u>	<u>(492,486)</u>	<u>74,787</u>	<u>22,469,790</u>
Capital assets, net	<u>\$ 28,997,793</u>	<u>\$ 4,336,914</u>	<u>\$ 138,661</u>	<u>\$ 33,196,046</u>
Depreciation was charged to governmental activities as follows:				
General	\$ 927,759			
Police	91,552			
Fire	108,062			
Street	105,232			
Recreation	37,765			
Library	40,194			
Total	<u>\$ 1,310,564</u>			

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Balance 09/30/20	Additions	Reclassifications/ Retirements	Balance 09/30/21
Business-type Activities				
Gas Service Fund				
<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	277,522	5,327	-	282,849
Utility systems	4,968,112	-	-	4,968,112
Equipment	2,792,407	176,897	8,431	2,960,873
Total capital assets being depreciated	8,038,041	182,224	8,431	8,211,834
Less accumulated depreciation for:				
Buildings and improvements	163,617	4,858	-	168,475
Utility systems	3,140,345	105,351	-	3,245,696
Equipment	1,075,275	60,501	8,431	1,127,345
Total accumulated depreciation	4,379,237	170,710	8,431	4,541,516
Total capital assets being depreciated	3,658,804	11,514	-	3,670,318
Capital assets, net	\$ 3,669,904	\$ 11,514	\$ -	\$ 3,681,418
Sewer Fund				
<i>Capital assets not being depreciated</i>				
Land	\$ 35,441	\$ -	\$ -	\$ 35,441
Construction in progress	56,285	689,320	-	745,605
Total capital assets not being depreciated	91,726	689,320	-	781,046
<i>Capital assets being depreciated</i>				
Utility systems	10,906,659	149,727	-	11,056,386
Equipment	1,182,512	172,990	10,126	1,345,376
Total capital assets being depreciated	12,089,171	322,717	10,126	12,401,762
Less accumulated depreciation for:				
Utility systems	3,215,363	227,189	-	3,442,552
Equipment	1,048,847	59,775	10,126	1,098,496
Total accumulated depreciation	4,264,210	286,964	10,126	4,541,048
Capital assets, net	\$ 7,916,687	\$ 725,073	\$ -	\$ 8,641,760
Sanitation Fund				
<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	1,480,059	118,696	-	1,598,755
Total accumulated depreciation	1,480,059	118,696	-	1,598,755
Total capital assets being depreciated	195,488	(118,696)	-	76,792
Capital assets, net	\$ 198,488	\$ (118,696)	\$ -	\$ 79,792

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Balance 09/30/20	Additions	Reclassifications/ Retirements	Balance 09/30/21
Business-type Activities (continued)				
Municipal Airport Fund				
<i>Capital assets not being depreciated</i>				
Land	\$ 298,000	\$ -	\$ -	\$ 298,000
Construction in progress	44,392	204,075	209,129	39,338
Total capital assets not being depreciated	342,392	204,075	209,129	337,338
<i>Capital assets being depreciated</i>				
Buildings and improvements	3,446,192	209,129	-	3,655,321
Equipment	356,170	5,640	-	361,810
Total capital assets being depreciated	3,802,362	214,769	-	4,017,131
Less accumulated depreciation for:				
Buildings and improvements	972,405	63,097	-	1,035,502
Equipment	322,519	44,370	-	366,889
Total accumulated depreciation	1,294,924	107,467	-	1,402,391
Total capital assets being depreciated	2,507,438	107,302	-	2,614,740
Capital assets, net	\$ 2,849,830	\$ 311,377	\$ 209,129	\$ 2,952,078
Brewton Development Authority				
<i>Capital assets not being depreciated</i>				
Land	\$ 137,413	\$ -	\$ -	\$ 137,413
Capital assets, net	\$ 137,413	\$ -	\$ -	\$ 137,413
Component Unit:				
Water Works Board				
<i>Capital assets not being depreciated</i>				
Land	\$ 85,206	\$ -	\$ -	\$ 85,206
Construction in progress	618,318	2,286,434	-	2,904,752
Total capital assets not being depreciated	703,524	2,286,434	-	2,989,958
<i>Capital assets being depreciated</i>				
Water system	13,267,413	171,930	35,198	13,404,145
Machinery and equipment	1,646,432	425,234	62,054	2,009,612
Property under capital lease	25,062	94,609	-	119,671
Furniture and fixtures	67,609	13,645	-	81,254
Total capital assets being depreciated	15,006,516	705,418	97,252	15,614,682
Less accumulated depreciation for:				
Water system	4,723,014	304,823	19,535	5,008,302
Machinery and equipment	1,368,307	64,799	-	1,433,106
Property under capital lease	5,669	8,311	-	13,980
Furniture and fixtures	67,690	5,981	-	73,671
Total accumulated depreciation	6,164,680	383,914	19,535	6,529,059
Total capital assets being depreciated	8,841,836	321,504	77,717	9,085,623
Capital assets, net	\$ 9,545,360	\$ 2,607,938	\$ 77,717	\$ 12,075,581

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt	\$ 13,410,000	\$ 6,190,000	\$ 525,000	\$ 19,075,000	\$ 520,000
Notes Payable	6,063,969	38,214	6,016,092	86,091	19,660
Capital Lease Obligations	212,358	-	79,895	132,463	81,134
Compensated Absences	435,122	309,369	290,386	454,105	90,821
	<u>20,121,449</u>	<u>6,537,583</u>	<u>6,911,373</u>	<u>19,747,659</u>	<u>711,615</u>
Warrant Premium	<u>263,524</u>	<u>-</u>	<u>19,832</u>	<u>243,692</u>	<u>-</u>
Net Pension Liability	<u>3,399,876</u>	<u>256,113</u>	<u>-</u>	<u>3,655,989</u>	<u>-</u>
Governmental Activities, long-term liabilities	<u>23,784,849</u>	<u>6,793,696</u>	<u>6,931,205</u>	<u>23,647,340</u>	<u>711,615</u>
Business-type Activities					
General Obligation Debt	6,870,000	-	390,000	6,480,000	400,000
Notes Payable	7,920,000	-	-	7,920,000	-
Capital Lease Obligations	245,210	189,218	67,859	366,569	207,675
Accrued Postclosure Costs	343,751	12,306	-	356,057	12,306
	<u>15,378,961</u>	<u>201,524</u>	<u>457,859</u>	<u>15,122,626</u>	<u>619,981</u>
Warrant Premium	<u>73,825</u>	<u>-</u>	<u>3,963</u>	<u>69,862</u>	<u>-</u>
Warrant Discount	<u>(5,722)</u>	<u>-</u>	<u>3,371</u>	<u>(2,353)</u>	<u>-</u>
Net Pension Liability	<u>724,687</u>	<u>42,348</u>	<u>-</u>	<u>767,035</u>	<u>-</u>
Business-type Activities, long-term liabilities	<u>16,171,751</u>	<u>243,872</u>	<u>465,193</u>	<u>15,957,170</u>	<u>619,981</u>
Total Long-term Liabilities	<u>\$ 39,956,600</u>	<u>\$ 7,037,568</u>	<u>\$ 7,396,398</u>	<u>\$ 39,604,510</u>	<u>\$ 1,331,596</u>

General Obligation Debt and Notes Payable at September 30, 2021, 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, 2021

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.	8,345,000
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.	5,175,000
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.	660,000
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.	4,540,000
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.	280,000
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.	365,000
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.	52,084
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.	<u>34,007</u>
Total General Obligation Debt and Notes Payable	<u>\$ 33,561,091</u>

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

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
2022	\$ 539,660	\$ 552,300	\$ 400,000	\$ 278,365
2023	555,323	536,101	410,000	266,939
2024	720,995	517,776	270,000	257,477
2025	736,672	497,340	280,000	250,165
2026	743,441	473,936	290,000	242,577
2027-2031	5,855,000	1,939,086	2,674,621	1,057,526
2032-2036	3,870,000	1,278,206	2,880,304	780,254
2037-2041	4,505,000	642,220	3,036,891	492,506
2042-2046	1,635,000	91,708	2,719,219	183,506
2047-2050	-	-	1,438,965	33,201
	<u>\$ 19,161,091</u>	<u>\$ 6,528,673</u>	<u>\$ 14,400,000</u>	<u>\$ 3,842,516</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. The leases qualify as capital leases for accounting purposes since there are bargain purchase elements at the end of the initial lease terms and the present values of the minimum lease payments are greater than 90 percent of the asset purchase prices. Each asset has, therefore, 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	541,726	394,016
Total	<u>\$ 130,382</u>	<u>\$ 244,667</u>

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, were as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2022	\$ 88,354	\$ 218,228
2023	40,989	52,240
2024	10,163	44,277
2025	-	40,804
2026	-	30,527
Total minimum lease payments	139,506	386,076
Less amount representing interest	(7,043)	(19,507)
Present value of minimum lease payments	\$ 132,463	\$ 366,569

Lines of Credit

The City has a line of credit with a \$2,000,500 limit. As of September 30, 2021, the balance was \$600,000 (including accrued interest). The interest rate is 2.50% with a maturity date of August 4, 2022. 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, 2021, the balance was \$1,368,106 (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

Issuance expense on long-term debt is accounted for as costs relating to the services provided in the current period and, as such, is expensed in the current period.

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 DEBT DEFEASANCE

In a prior year, debt of the City was defeased by placing the proceeds of the refunding issue in an irrevocable trust to provide for all future debt service payments of the defeased debt issue. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. \$5,035,000 was called December 1, 2020. Therefore, at September 30, 2021, \$-0- of defeased debt is outstanding.

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 10 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 \$356,057 reported as accrued postclosure costs by the sanitation fund represents the cumulative amount of estimated costs through September 30, 2021. 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, 2021. 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, 2021, the total landfill capacity with the addition of these two cells is unable to be reasonably estimated until construction has been completed and certified.

NOTE 11 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 13 trustees. 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.

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. Six 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. Two vested active employees of an employer participating in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 11 PENSION PLAN (CONTINUED)

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.

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.

As of September 30, 2020, membership consisted of:

	<u>Number</u>
Retired members or their beneficiaries currently receiving benefits	53
Vested inactive members	3
Non-vested inactive members	20
Active members	120
Post-DROP retired members still in active service	-
Total	<u><u>196</u></u>

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 11 PENSION PLAN (CONTINUED)

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.

Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members. Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation.

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, 2020, the City's active employee contribution rate was 7.99% percent of covered payroll, and the City's average contribution rate to fund the normal and accrued liability costs 7.77% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2020, was 9.33% for Tier 1 employees, and 6.38% for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2018, 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 \$445,486 and \$38,155 for the City and Water Works Board, respectively, for the year ended September 30, 2020.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019 rolled forward to September 30, 2020 using standard roll-forward techniques as shown in the following table:

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 11 PENSION PLAN (CONTINUED)

	Expected		Actual Before Act 2019-132		Actual After Act 2019-132	
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board
(a) Total Pension Liability as of September 30, 2019	\$ 16,344,462	\$ 1,340,154	\$ 16,520,366	\$ 1,354,578	\$ 16,520,366	\$ 1,354,578
(b) Discount rate	7.70%	7.70%	7.70%	7.70%	0.00%	0.00%
(c) Entry Age Normal Cost for the period October 1, 2019 to September 30, 2020	424,579	34,813	424,579	34,813	424,579	34,813
(d) Transfers Among Employers						
(e) Actual Benefit Payments & Refunds for October 1, 2019 to September 30, 2020	<u>(901,872)</u>	<u>(73,948)</u>	<u>(901,872)</u>	<u>(73,948)</u>	<u>(901,872)</u>	<u>(73,948)</u>
(f) Total Pension Liability as of September 30, 2020 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 17,090,970</u>	<u>\$ 1,401,364</u>	<u>\$ 17,108,394</u>	<u>\$ 1,402,792</u>	<u>\$ 17,108,394</u>	<u>\$ 1,402,792</u>
(g) Difference between Expected and Actual			<u>\$ 17,424</u>	<u>\$ 1,428</u>		
(h) Less Liability Transferred for Immediate Recognition			<u>(172,027)</u>	<u>(14,105)</u>		
(i) Difference between Expected and Actual - Experience (Gain)/Loss = (g) - (h)			<u>\$ 189,451</u>	<u>\$ 15,533</u>		
(j) Difference between Actual TPL and Actual Before and After Act 2019-132 - Benefit Changes (Gain/Loss)					<u>\$ -</u>	<u>\$ -</u>

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 11 PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the September 30, 2020, actuarial valuation was determined as part of actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included (a) 7.70% investment rate of return (net of pension plan investment expense), (b) projected salary increases ranging from 3.25% to 5.00% per year, and an inflation component of 2.75%. Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the September 30, 2018, valuation are based on the results of an investigation of the economic and demographic experience for the RSA based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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	17.0%	4.4%
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'ntrl Developed Mkt Stks	12.0%	9.5%
Inter'ntrl Emerging Mkt Stks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%

*Includes assumed rate of inflation of 2.5%

Discount Rate - The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. 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 RSA 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.

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 11 PENSION PLAN (CONTINUED)**Changes in Net Pension Liability**

	<u>Total Pension Liability</u>		<u>Plan Fiduciary Net Position</u>		<u>Net Pension Liability</u>	
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board
Balances at September 30, 2019	\$ 16,344,462	\$ 1,340,154	\$ 12,219,900	\$ 1,001,963	\$ 4,124,562	\$ 338,191
Changes for the year:						
Service cost	427,821	31,570	-	-	427,821	31,570
Interest	1,223,801	100,345	-	-	1,223,801	100,345
Differences between expected and actual experience	189,450	15,534	-	-	189,450	15,534
Contributions - employer	-	-	545,402	44,720	(545,402)	(44,720)
Contributions - employee	-	-	303,880	24,916	(303,880)	(24,916)
Net investment income	-	-	693,328	56,849	(693,328)	(56,849)
Benefit payments, including refunds of employee contributions	(901,872)	(73,948)	(901,872)	(73,948)	-	-
Transfers among employers	(172,027)	(14,105)	(172,027)	(14,105)	-	-
Net Changes	<u>767,173</u>	<u>59,396</u>	<u>468,711</u>	<u>38,432</u>	<u>298,462</u>	<u>20,964</u>
Balances at September 30, 2020	<u>\$ 17,111,635</u>	<u>\$ 1,399,550</u>	<u>\$ 12,688,611</u>	<u>\$ 1,040,395</u>	<u>\$ 4,423,024</u>	<u>\$ 359,155</u>

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 7.70%, 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 (6.70%) or 1-percentage-point higher (8.70%) than the current rate:

	<u>1% Decrease (6.70%)</u>		<u>Current Discount Rate (7.70%)</u>		<u>1% Increase (8.70%)</u>	
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board
Net pension liability	\$ 6,490,131	\$ 532,154	\$ 4,423,024	\$ 359,155	\$ 2,679,627	\$ 219,714

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 11 PENSION PLAN (CONTINUED)

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

For the year ended September 30, 2021, the City recognized pension expense of \$469,534 and \$38,499 for the City and Water Board, respectively. At September 30, 2021, the City and Water Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	City of Brewton	Water Board	City of Brewton	Water Board
Differences between expected and actual experience	\$ 536,943	\$ 43,601	\$ 186,052	\$ 15,108
Changes of assumptions	173,576	14,095	-	-
Net difference between projected and actual earnings on plan investments	395,697	32,131	-	-
Employer contributions subsequent to measurement date*	<u>445,486</u>	<u>38,155</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,551,702</u>	<u>\$ 127,982</u>	<u>\$ 186,052</u>	<u>\$ 15,108</u>

\$483,641 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, 2022. 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,			
2022	\$ 254,003	\$ 25,858	\$ 279,861
2023	281,930	23,984	305,914
2024	213,400	18,154	231,554
2025	94,129	8,007	102,136
2026	57,700	4,908	62,608
Thereafter	<u>11,806</u>	<u>1,004</u>	<u>12,810</u>
	<u>\$ 912,968</u>	<u>\$ 81,915</u>	<u>\$ 994,883</u>

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 12 INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2021 are:

	Interfund Payables			
	General	Sewer	Sanitation	Totals
<u>Interfund Receivables</u>				
General	\$ -	\$ -	\$ 75,000	\$ 75,000
Airport	5,342	-	-	5,342
Gas Service	331,854	1,850	-	333,704
Totals	<u>\$ 337,196</u>	<u>\$ 1,850</u>	<u>\$ 75,000</u>	<u>\$ 414,046</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, 2021, interfund transfers consisted of the following:

	Transfers Out							
	General	2019 GOW DSF	Other Governmental	Gas Service	Sewer	Sanitation	Airport	
<u>Transfers In</u>								
General	\$ -	\$ 900,187	\$ 156,010	\$ 3,313,112	\$ -	\$ 95,396	\$ 19,869	\$ 4,484,574
Other Governmental	97,500	-	58,000	-	-	-	-	155,500
2016 GOW DSF	578,759	-	-	-	-	-	-	578,759
2019 GOW DSF	458,598	-	-	-	-	-	-	458,598
Gas Service	253,619	-	-	-	80,000	130,000	-	463,619
Sewer	687,131	-	-	2,001	-	-	-	689,132
Airport	19,869	-	-	-	-	-	-	19,869
Sanitation	1,797	-	-	-	10,243	-	2,232	14,272
Totals	<u>\$ 2,097,273</u>	<u>\$ 900,187</u>	<u>\$ 214,010</u>	<u>\$ 3,315,113</u>	<u>\$ 90,243</u>	<u>\$ 225,396</u>	<u>\$ 22,101</u>	<u>\$ 6,864,323</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and 2) move unrestricted general fund revenues to finance various programs 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.

The 2019 GOW proceeds were used during the year to fund various City projects and operations in various funds.

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 13 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	\$ 1,577,185	\$ -	\$ -	\$ 1,577,185
Total	\$ 1,577,185	\$ -	\$ -	\$ 1,577,185

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 14 NOTES RECEIVABLE

Notes receivable consisted of the following at September 30, 2021:

As discussed in Note 15, the Brewton Development Authority made a loan of \$5,628,800 to the BDA Investment Fund, LLC in July 2020 as part of a NMTC transaction. Interest is payable in quarterly installments of 1% and matures in full in December 2050.	<u>\$ 5,628,800</u>
Total Notes Receivable	<u>\$ 5,628,800</u>

NOTE 15 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.

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 15 NEW MARKET TAX CREDITS (CONTINUED)

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.

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

NOTE 16 UNCERTAINTIES WITH REGARD TO COVID-19

On January 30, 2020, the World Health Organization declared the COVID-19 (Coronavirus) outbreak a “Public Health Emergency of International Concern”. On March 11, 2020, it was declared it to be a pandemic. The spread of the virus has begun to cause business disruption. Actions taken to mitigate the spread include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. It is unknown how long these conditions will last and what complete financial effect this will have on the City.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2020			2019			2018		
	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total
Total pension liability									
Service cost	\$ 424,579	\$ 34,813	\$ 459,392	\$ 426,224	\$ 34,948	\$ 461,172	\$ 376,423	\$ 42,020	\$ 418,443
Interest	1,223,801	100,345	1,324,146	1,151,414	94,410	1,245,824	1,120,146	104,363	1,224,509
Differences between expected and actual experience	189,450	15,534	204,984	270,514	22,181	292,695	(337,359)	(31,432)	(368,791)
Changes of assumptions	-	-	-	-	-	-	82,891	7,723	90,614
Benefit payments, including refunds	(901,872)	(73,948)	(975,820)	(948,420)	(77,765)	(1,026,185)	(886,724)	(82,615)	(969,339)
Transfers among employers	(172,027)	(14,105)	(186,132)	17,087	1,401	18,488	11,347	1,057	12,404
Net change in total pension liability	763,931	62,639	826,570	916,819	75,175	991,994	366,724	41,116	407,840
Total pension liability- beginning	<u>16,180,397</u>	<u>1,504,219</u>	<u>17,684,616</u>	<u>15,263,578</u>	<u>1,429,044</u>	<u>16,692,622</u>	<u>14,896,854</u>	<u>1,387,928</u>	<u>16,284,782</u>
Total pension liability- ending (a)	<u>\$ 16,944,328</u>	<u>\$ 1,566,858</u>	<u>\$18,511,186</u>	<u>\$ 16,180,397</u>	<u>\$ 1,504,219</u>	<u>\$17,684,616</u>	<u>\$ 15,263,578</u>	<u>\$ 1,429,044</u>	<u>\$16,692,622</u>
Plan fiduciary net position									
Contributions- employer	\$ 545,402	\$ 44,720	\$ 590,122	\$ 662,810	\$ 54,347	\$ 717,157	\$ 609,376	\$ 56,775	\$ 666,151
Contributions- member	303,880	24,916	328,796	287,140	23,544	310,684	267,948	24,965	292,913
Net investment income	725,297	24,880	750,177	305,726	24,880	330,606	996,377	92,832	1,089,209
Benefit payments, including refunds of employee	(901,872)	(73,948)	(975,820)	(948,420)	(77,765)	(1,026,185)	(886,724)	(82,615)	(969,339)
Transfers among employers	(172,027)	(14,105)	(186,132)	17,087	1,401	18,488	11,347	1,057	12,404
Net change in plan fiduciary net position	500,680	6,463	507,143	324,343	26,407	350,750	998,324	93,014	1,091,338
Plan net position- beginning	<u>12,098,469</u>	<u>1,123,394</u>	<u>13,221,863</u>	<u>11,774,126</u>	<u>1,096,987</u>	<u>12,871,113</u>	<u>10,775,802</u>	<u>1,003,973</u>	<u>11,779,775</u>
Plan net position- ending (b)	<u>\$ 12,599,149</u>	<u>\$ 1,129,857</u>	<u>\$13,729,006</u>	<u>\$ 12,098,469</u>	<u>\$ 1,123,394</u>	<u>\$13,221,863</u>	<u>\$ 11,774,126</u>	<u>\$ 1,096,987</u>	<u>\$12,871,113</u>
Net pension liability (asset)- ending (a) - (b)	\$ 4,345,179	\$ 437,001	\$ 4,782,180	\$ 4,081,928	\$ 380,825	\$ 4,462,753	\$ 3,489,452	\$ 332,057	\$ 3,821,509
Plan fiduciary net position as a percentage of the total pension liability	68.55%	5.62%	74.17%	69.09%	5.67%	74.76%	66.17%	6.17%	72.34%
Covered payroll *	\$ 5,365,420	\$ 439,934	\$ 5,805,354	\$ 5,056,132	\$ 414,575	\$ 5,470,707	\$ 4,733,460	\$ 441,012	\$ 5,174,472
Net pension liability (asset) as a percentage of covered payroll	80.98%	99.33%	82.38%	80.73%	91.86%	81.58%	73.72%	75.29%	73.85%

* Employer's covered payroll during the measurement period is the total covered payroll. For FY2021 the measurement period is October 1, 2019-September 30, 2020. 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,

2017			2016			2015			2014		
City of Brewton	Water Board	Total									
\$ 392,020	\$ 36,524	\$ 428,544	\$ 336,587	\$ 31,360	\$ 367,947	\$ 322,075	\$ 29,727	\$ 351,802	\$ 315,894	\$ 29,647	\$ 345,541
1,053,010	98,108	1,151,118	965,358	89,942	1,055,300	906,285	83,649	989,934	877,456	82,351	959,807
141,140	13,150	154,290	487,065	45,379	532,444	352,055	32,494	384,549	-	-	-
-	-	-	521,648	48,601	570,249	-	-	-	-	-	-
(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)
182,174	16,973	199,147	87,701	8,171	95,872	-	-	-	-	-	-
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
<u>14,045,929</u>	<u>1,308,647</u>	<u>15,354,576</u>	<u>12,479,654</u>	<u>1,170,072</u>	<u>13,649,726</u>	<u>11,724,532</u>	<u>1,100,376</u>	<u>12,824,908</u>	<u>11,405,208</u>	<u>1,070,408</u>	<u>12,475,616</u>
<u>\$ 14,896,855</u>	<u>\$ 1,387,927</u>	<u>\$16,284,782</u>	<u>\$ 14,039,202</u>	<u>\$ 1,315,374</u>	<u>\$15,354,576</u>	<u>\$ 12,479,654</u>	<u>\$ 1,170,072</u>	<u>\$13,649,726</u>	<u>\$ 11,724,532</u>	<u>\$ 1,100,376</u>	<u>\$12,824,908</u>
\$ 474,092	\$ 44,221	\$ 518,314	\$ 446,742	\$ 41,623	\$ 488,365	\$ 426,890	\$ 39,402	\$ 466,292	\$ 353,734	\$ 33,199	\$ 386,933
252,384	23,514	275,898	241,405	22,492	263,897	224,575	20,728	245,303	210,866	19,790	230,656
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
(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)
182,174	16,973	199,147	87,701	8,171	95,872	(26,380)	(2,435)	(28,815)	8,699	816	9,515
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
<u>9,562,250</u>	<u>890,907</u>	<u>10,453,157</u>	<u>8,738,629</u>	<u>814,171</u>	<u>9,552,800</u>	<u>8,842,086</u>	<u>816,118</u>	<u>9,658,204</u>	<u>8,168,228</u>	<u>766,609</u>	<u>8,934,837</u>
<u>\$ 10,775,930</u>	<u>\$ 1,003,844</u>	<u>\$11,779,775</u>	<u>\$ 9,562,423</u>	<u>\$ 890,734</u>	<u>\$10,453,157</u>	<u>\$ 8,745,589</u>	<u>\$ 807,211</u>	<u>\$ 9,552,800</u>	<u>\$ 8,829,531</u>	<u>\$ 828,673</u>	<u>\$ 9,658,204</u>
\$ 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%	62.28%	5.80%	68.08%	64.08%	5.91%	69.99%	68.85%	6.46%	75.31%
\$ 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
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,**

	2021			2020			2019		
	City of <u>Brewton</u>	<u>Water Board</u>	<u>Total</u>	City of <u>Brewton</u>	<u>Water Board</u>	<u>Total</u>	City of <u>Brewton</u>	<u>Water Board</u>	<u>Total</u>
Actuarially determined contribution*	\$ 445,486	\$ 38,155	\$ 483,641	\$ 449,567	\$ 34,691	\$ 484,258	\$ 492,043	\$ 34,691	\$ 526,734
Contributions in relation to the actuarially determined contribution*	<u>445,486</u>	<u>38,155</u>	<u>483,641</u>	<u>449,567</u>	<u>34,691</u>	<u>484,258</u>	<u>492,043</u>	<u>34,691</u>	<u>526,734</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll**	\$ 5,572,597	\$ 456,922	\$ 6,029,519	\$ 5,365,420	\$ 439,934	\$ 5,805,354	\$ 5,056,132	\$ 414,575	\$ 5,470,707
Contributions as a percentage of covered payroll	7.99%	8.35%	8.02%	8.38%	7.89%	8.34%	9.73%	8.37%	9.63%

* 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 FY2021 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 2021 were based on the September 30, 2018 actuarial valuation.

Methods and assumption used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	24.6 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,**

2018			2017			2016			2015		
City of <u>Brewton</u>	<u>Water Board</u>	<u>Total</u>									
\$ 432,919	\$ 34,691	\$ 467,610	\$ 387,299	\$ 33,009	\$ 420,308	\$ 369,632	\$ 34,117	\$ 403,749	\$ 369,107	\$ 34,642	\$ 403,749
<u>432,919</u>	<u>34,691</u>	<u>467,610</u>	<u>387,299</u>	<u>33,009</u>	<u>420,308</u>	<u>369,632</u>	<u>34,117</u>	<u>403,749</u>	<u>369,107</u>	<u>34,642</u>	<u>403,749</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 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
9.05%	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, 2021

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes			
Ad valorem tax	\$ 800,000	\$ 1,231,659	\$ 431,659
Beer tax	49,000	52,754	3,754
Cigarette tax	8,000	6,948	(1,052)
Sales tax	6,251,500	8,263,655	2,012,155
City gasoline tax	180,000	300,525	120,525
Wine tax	3,000	3,714	714
Oil severance tax	-	35,632	35,632
Total Taxes	<u>7,291,500</u>	<u>9,894,887</u>	<u>2,603,387</u>
Licenses and Permits			
Business licenses	1,100,000	964,136	(135,864)
Building permits	14,600	20,739	6,139
Total Licenses and Permits	<u>1,114,600</u>	<u>984,875</u>	<u>(129,725)</u>
Fines and Forfeitures			
Fines and court costs	56,300	224,196	167,896
Fees and Charges			
Recreation and golf revenues	11,220	9,316	(1,904)
Library fees	-	1,736	1,736
Miscellaneous fees	106,100	109,108	3,008
Total Fees and Charges	<u>117,320</u>	<u>120,160</u>	<u>2,840</u>
Intergovernmental Revenues			
Grant proceeds	-	1,095,151	1,095,151
Production privilege tax	15,000	16,581	1,581
Financial excise tax	25,000	146,276	121,276
Motor vehicle license	17,200	18,196	996
Business privilege tax	24,000	25,475	1,475
State capital improvement revenue	40,000	57,251	17,251
Total Intergovernmental Revenues	<u>121,200</u>	<u>1,358,930</u>	<u>1,237,730</u>
Revenue From City Property			
Sale of City property	1,000	286,200	285,200
Rent	-	18,930	18,930
Community center	16,000	4,745	(11,255)
Total Revenue From City Property	<u>17,000</u>	<u>309,875</u>	<u>292,875</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, 2021

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Receipts from Water Works Board	\$ -	\$ 240,420	\$ 240,420
Receipts from Brewton Development Authority	-	3,871,248	3,871,248
Other Revenue			
Interest earned	-	2,046	2,046
Donations	6,000	95,349	89,349
Other	30,500	416,696	386,196
Total Other Revenue	<u>36,500</u>	<u>514,091</u>	<u>477,591</u>
Total Revenues	<u>8,754,420</u>	<u>17,518,682</u>	<u>8,764,262</u>
Other Financing Sources			
Transfers in	1,712,197	4,514,028	2,801,831
Issuance of debt	-	6,228,214	6,228,214
Total Other Financing Sources	<u>1,712,197</u>	<u>10,742,242</u>	<u>9,030,045</u>
Total Revenues and Other Financing Sources	<u>\$ 10,466,617</u>	<u>\$ 28,260,924</u>	<u>\$ 17,794,307</u>

CITY OF BREWTON, ALABAMA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government			
Salaries	\$ 591,500	\$ 591,724	\$ (224)
Employee benefits	107,000	105,446	1,554
Utilities	105,000	174,890	(69,890)
Lease	9,000	3,000	6,000
Telephone	39,000	42,997	(3,997)
Office supplies	18,000	20,811	(2,811)
Dues and publications	2,850	6,173	(3,323)
Travel	23,500	28,464	(4,964)
Insurance	122,850	186,099	(63,249)
Repairs and maintenance	6,080,150	670,232	5,409,918
Professional fees	597,000	106,975	490,025
Street lighting	40,000	30,506	9,494
Fire hydrant rental	20,000	1,365	18,635
Industrial development expenditures	29,000	18,145	10,855
Appropriation	11,000	10,757	243
Capital expenditures	5,065,000	5,292,292	(227,292)
Grants to local businesses	-	45,000	(45,000)
Other	1,896,250	574,520	1,321,730
Total General Government	<u>14,757,100</u>	<u>7,909,396</u>	<u>6,847,704</u>
Public Safety			
Police Department			
Salaries	1,884,612	1,836,465	48,147
Employee benefits	405,000	382,627	22,373
Travel	31,000	28,948	2,052
Telephone	30,000	28,283	1,717
Uniforms and equipment	45,000	26,902	18,098
Repairs and maintenance	104,000	52,968	51,032
Fuel, oil, and tires	80,000	68,330	11,670
Ammunition	7,000	9,019	(2,019)
Insurance	180,371	124,901	55,470
Jail expenditures	1,000	-	1,000
Laundry	500	-	500
Investigation and education	36,800	51,783	(14,983)
Capital expenditures	-	6,264	(6,264)
Office supplies	8,000	15,307	(7,307)
Other	20,800	22,793	(1,993)
Total Police Department	<u>2,834,083</u>	<u>2,654,590</u>	<u>179,493</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, 2021

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Public Safety (Continued)			
Fire Department			
Salaries	\$ 968,000	\$ 1,004,647	\$ (36,647)
Employee benefits	206,000	222,431	(16,431)
Insurance	53,500	34,754	18,746
Repairs and maintenance	60,200	46,606	13,594
Tools and supplies	43,000	21,060	21,940
Utilities	11,000	11,229	(229)
Telephone	17,000	15,392	1,608
Office supplies	7,000	3,842	3,158
Uniforms	5,000	5,042	(42)
Education and travel	16,000	11,372	4,628
Fuel, oil, and tires	14,000	20,588	(6,588)
Miscellaneous	500	320	180
Capital expenditures	-	116,024	(116,024)
Total Fire Department	<u>1,401,200</u>	<u>1,513,307</u>	<u>(112,107)</u>
Total Public Safety	<u>4,235,283</u>	<u>4,167,897</u>	<u>67,386</u>
Public Works			
Street Department			
Salaries	930,000	906,340	23,660
Employee benefits	215,000	202,666	12,334
Insurance	98,800	58,421	40,379
Repairs and maintenance	423,500	301,265	122,235
Tools and supplies	21,000	17,657	3,343
Fuel, oil, and tires	67,000	57,479	9,521
Chemicals	8,000	33,903	(25,903)
Capital expenditures	-	100,096	(100,096)
Uniforms	21,060	16,337	4,723
Utilities	17,000	22,723	(5,723)
Telephone	12,000	13,460	(1,460)
Other	3,700	12,532	(8,832)
Total Street Department	<u>1,817,060</u>	<u>1,742,879</u>	<u>74,181</u>
Animal Control			
Salaries	77,500	106,342	(28,842)
Employee benefits	24,000	33,733	(9,733)
Uniforms	900	355	545
Insurance	6,500	3,429	3,071
Repairs and maintenance	12,500	13,113	(613)
Tools and supplies	4,000	6,128	(2,128)
Telephone	2,000	1,450	550
Utilities	6,000	4,884	1,116
Other	775	2,675	(1,900)
Total Animal Control	<u>134,175</u>	<u>172,109</u>	<u>(37,934)</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, 2021

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Code Enforcement			
Salaries	\$ 91,000	\$ 120,734	\$ (29,734)
Employee benefits	22,000	20,631	1,369
Travel	1,000	169	831
Office supplies	3,150	14,964	(11,814)
Insurance	4,850	3,886	964
Repairs and maintenance	6,550	3,249	3,301
Telephone	5,000	2,415	2,585
Fuel, oil, and tires	1,000	1,909	(909)
Total Code Enforcement	<u>134,550</u>	<u>167,957</u>	<u>(33,407)</u>
Total Public Works	<u>2,085,785</u>	<u>2,082,945</u>	<u>2,840</u>
Other Departments			
Municipal Court			
Salaries	171,200	154,389	16,811
Employee benefits	17,411	3,021	14,390
Legal services	11,000	19,395	(8,395)
Court supplies	2,200	580	1,620
Telephone	8,000	4,743	3,257
Other	8,200	130,734	(122,534)
State fees	25,000	42,716	(17,716)
Total Municipal Court	<u>243,011</u>	<u>355,578</u>	<u>(112,567)</u>
Library Department			
Salaries	319,000	286,384	32,616
Employee benefits	66,000	55,654	10,346
Insurance	32,000	11,657	20,343
Utilities	31,500	22,162	9,338
Telephone	11,000	9,686	1,314
Repairs and maintenance	15,000	27,988	(12,988)
Travel	2,500	-	2,500
Books purchased	36,000	20,021	15,979
Capital expenditures	-	71,613	(71,613)
Office supplies	28,500	23,717	4,783
Total Library Department	<u>541,500</u>	<u>528,882</u>	<u>12,618</u>
Recreation Department			
Salaries	268,000	301,788	(33,788)
Employee benefits	68,000	59,627	8,373
Utilities	60,000	64,884	(4,884)
Insurance	47,000	12,256	34,744
Recreation activities	190,000	200,947	(10,947)
Capital expenditures	-	64,245	(64,245)
Other	17,650	5,533	12,117
Repairs and maintenance	208,000	68,219	139,781
Total Recreation Department	<u>858,650</u>	<u>777,499</u>	<u>81,151</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, 2021

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Other Departments (Continued)			
Cemetery Department			
Salaries	\$ 64,500	\$ 61,532	\$ 2,968
Employee benefits	17,500	16,953	547
Insurance	8,750	7,000	1,750
Utilities	3,300	1,372	1,928
Uniforms	1,500	809	691
Gas and oil	4,000	4,086	(86)
Repairs and maintenance	22,500	2,651	19,849
Total Cemetery Department	<u>122,050</u>	<u>94,403</u>	<u>27,647</u>
Traffic Control			
Repairs and maintenance	58,800	38,971	19,829
Total Traffic Control	<u>58,800</u>	<u>38,971</u>	<u>19,829</u>
Beautification and Fine Arts			
Repairs and maintenance	318,000	102,808	215,192
Capital expenditures	-	52,793	(52,793)
Other	2,500	4,575	(2,075)
Total Beautification and Fine Arts	<u>320,500</u>	<u>160,176</u>	<u>160,324</u>
Total Other Departments	<u>2,144,511</u>	<u>1,955,509</u>	<u>189,002</u>
Payments to Brewton City Board of Education	-	2,162,795	(2,162,795)
Payments to Water Works Board	-	786,373	(786,373)
Debt Service			
Principal	540,000	6,095,987	(5,555,987)
Interest	-	217,897	(217,897)
Total Debt Service	<u>540,000</u>	<u>6,313,884</u>	<u>(5,773,884)</u>
Total Expenditures	23,762,679	25,378,799	(1,616,120)
Other Financing Uses			
Transfers out	-	2,097,273	(2,097,273)
Total Expenditures and Other Financing Uses	<u>\$ 23,762,679</u>	<u>\$ 27,476,072</u>	<u>\$ (3,713,393)</u>

**CITY OF BREWTON, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

		Special Revenue Funds		
		Street Construction Fund	Street Improvement Fund	Total
Assets				
	Cash	\$ 4,357	\$ 1,437	\$ 5,794
	Total Assets	\$ 4,357	\$ 1,437	\$ 5,794
Fund Balances				
Fund Balances				
Restricted for:				
	Street construction	\$ 4,357	\$ -	\$ 4,357
	Street improvements	-	1,437	1,437
	Total Fund Balances	4,357	1,437	5,794
	Total Liabilities & Fund Balances	\$ 4,357	\$ 1,437	\$ 5,794

**CITY OF BREWTON, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds		
	Street Construction Fund	Street Improvement Fund	Total
Revenues			
State gasoline tax	\$ 27,336	\$ 34,628	\$ 61,964
Total Revenues	27,336	34,628	61,964
Expenditures			
Public works program	8,084	81,172	89,256
Total Expenditures	8,084	81,172	89,256
Excess Revenues Over (Under) Expenditures	19,252	(46,544)	(27,292)
Other Financing Sources (Uses)			
Transfers in/(out)	(102,580)	44,070	(58,510)
Total Other Financing Sources (Uses)	(102,580)	44,070	(58,510)
Net change in fund balances	(83,328)	(2,474)	(85,802)
Fund Balances at Beginning of Year	87,685	3,911	91,596
Fund Balances at End of Year	\$ 4,357	\$ 1,437	\$ 5,794

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.

Contents	Page
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									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities										
Net investment in capital assets	\$ 12,711,696	\$ 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
Restricted	9,735	172,464	122,114	462,520	508,011	4,050,575	2,447,959	515,910	2,805,220	1,849,290
Unrestricted	(11,406,881)	(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)
Total governmental activities net position	<u>\$ 1,314,550</u>	<u>\$ 4,632,821</u>	<u>\$ 7,696,162</u>	<u>\$ 6,300,104</u>	<u>\$ 20,886,080</u>	<u>\$ 20,412,810</u>	<u>\$ 20,928,474</u>	<u>\$ 23,110,214</u>	<u>\$ 9,724,002</u>	<u>\$ 13,976,930</u>
Business-type activities										
Net investment in capital assets	\$ 9,185,275	\$ 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
Unrestricted	330,146	(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)
Total business-type activities net position	<u>\$ 9,515,421</u>	<u>\$ 4,501,203</u>	<u>\$ 4,153,199</u>	<u>\$ 2,028,560</u>	<u>\$ 3,424,531</u>	<u>\$ 5,064,330</u>	<u>\$ 3,221,431</u>	<u>\$ 4,495,858</u>	<u>\$ 12,284,521</u>	<u>\$ 6,990,554</u>
Primary government										
Net investment in capital assets	\$ 21,896,971	\$ 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
Restricted	9,735	172,464	122,114	462,520	508,011	4,050,575	2,447,959	515,910	2,805,220	1,849,290
Unrestricted	(11,076,735)	(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)
Total primary government net position	<u>\$ 10,829,971</u>	<u>\$ 9,134,024</u>	<u>\$ 11,849,361</u>	<u>\$ 8,328,664</u>	<u>\$ 24,310,611</u>	<u>\$ 25,477,140</u>	<u>\$ 24,149,905</u>	<u>\$ 27,606,072</u>	<u>\$ 22,008,523</u>	<u>\$ 20,967,484</u>

The City implemented GASB Statement No. 63 in fiscal year 2013. This statement replaces the previous classifications of net position and invested in capital assets, net of related debt. Prior periods have been retroactively changed to reflect the required classifications.

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

Expenses	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General	\$ 1,680,297	\$ 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
Public safety										
Police	1,986,011	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
Fire	829,671	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
Public works										
Street	1,063,448	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
Animal control	133,358	122,649	84,524	18,397	102,213	108,458	119,372	126,401	166,762	172,109
Code Enforcement	112,770	124,893	133,828	136,173	103,719	107,738	124,110	127,063	127,402	167,957
Library	285,412	283,654	361,353	446,609	462,395	462,468	467,573	526,591	533,808	457,269
Recreation	582,219	527,334	570,584	667,369	616,457	663,088	612,620	667,105	692,500	713,254
Education (payment to Board of Education)	2,159,312	3,451,722	650,382	683,140	63,300	3,244,382	4,046,038	2,134,846	2,967,682	2,162,795
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	1,224,295	1,002,026	790,923	734,666	560,242	193,890	177,728	165,936	217,582	686,786
Total governmental activities expenses	10,056,793	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
Business-type activities:										
Gas	9,094,670	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
Sewer	1,484,925	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
Sanitation	676,903	723,314	733,466	727,943	714,941	663,237	691,469	664,298	701,818	696,842
Airport	134,819	143,592	151,679	157,176	186,730	155,919	191,860	186,244	191,614	206,826
Brewton Development Authority	7,555	6,582	9,772	8,579	7,468	79,773	2,234	651	678,547	90,651
Total business-type activities expenses	11,398,872	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
Total primary government expenses	\$ 21,455,665	\$ 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
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
General	\$ 1,275,574	\$ 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
Police	362,906	345,273	380,831	274,112	315,923	273,656	169,895	280,664	176,675	224,196
Animal control	8,891	5,300	-	-	-	-	-	-	-	-
Recreation	157,344	123,654	104,889	5,293	110,096	38,863	8,144	20,204	12,301	9,316
Library	-	-	10,898	103,131	3,000	3,162	8,236	2,008	832	1,736
Operating grants and contributions	152,668	122,206	324,220	112,701	106,957	1,014,196	955,508	1,359,280	1,628,394	1,185,004
Total governmental activities program revenues	1,957,383	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
Business-type activities:										
Fees, fines, and charges for services:										
Gas	9,452,491	13,520,888	22,047,360	19,110,792	16,507,635	30,187,899	25,935,876	26,984,249	18,824,449	26,312,598
Sewer	410,169	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
Sanitation	666,227	660,937	628,254	610,103	691,881	772,074	662,601	678,366	743,376	796,021
Airport	101,679	99,255	111,482	114,096	120,900	158,743	96,124	125,903	105,819	124,035
Brewton Development Authority	-	-	-	264	12,577	-	-	-	50,000	-
Operating grants and contributions	15,000	123,749	-	-	-	-	-	-	-	-
Capital grants and contributions	115,975	163,216	800,622	100,910	555,175	801,512	40,543	961,492	47,414	760,020
Total business-type activities program revenues	10,761,541	15,128,265	24,639,241	20,949,798	19,018,597	33,018,368	27,861,699	29,895,882	20,894,583	29,137,513
Total primary government program revenues	\$ 12,718,924	\$ 17,034,497	\$ 26,790,772	\$ 22,933,220	\$ 20,984,701	\$ 35,834,713	\$ 30,325,897	\$ 32,832,874	\$ 23,920,797	\$ 31,961,623

The City implemented GASB Statement No. 63 in fiscal year 2013. This statement replaces the previous classifications of net assets and invested in capital assets, net of related debt. Prior periods have been retroactively changed to reflect the required classifications.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense)/revenue										
Governmental activities	\$ (8,099,410)	\$ (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)
Business-type activities	(637,331)	707,549	1,346,531	179,188	1,576,009	2,511,787	262,860	4,642,944	(1,358,210)	1,056,117
Total primary government net expense	<u>\$ (8,736,741)</u>	<u>\$ (8,999,456)</u>	<u>\$ (6,150,156)</u>	<u>\$ (9,244,464)</u>	<u>\$ (5,610,003)</u>	<u>\$ (7,385,583)</u>	<u>\$ (11,978,671)</u>	<u>\$ (5,597,872)</u>	<u>\$ (20,244,480)</u>	<u>\$ (10,994,769)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property	\$ 658,190	\$ 666,400	\$ 643,140	\$ 639,287	\$ 690,590	\$ 1,005,502	\$ 1,330,428	\$ 1,102,953	\$ 1,145,122	\$ 1,231,659
Sales	4,497,656	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
Other	643,931	711,237	599,722	582,733	504,744	447,829	572,587	583,218	559,563	730,810
Receipts from Brewton City Board of Education	2,509,921	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	(727,729)
Receipts from Brewton Development Authority	-	-	-	-	-	-	-	-	3,488,232	3,871,248
Investment earnings	1,964	1,648	2,129	2,107	2,115	26,838	48,042	22,952	32,219	22,062
Bond issuance costs	-	-	-	-	-	(193,286)	-	-	(208,212)	-
Other	186,062	31,530	17,287	87,288	(1,175,272)	73,661	226,096	278,157	524,572	416,694
Gain/(Loss) on sale of property	-	-	-	-	-	-	(41,253)	21,047	(533,556)	-
Transfers in/(out)	(481,060)	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
Total government activities	<u>8,016,664</u>	<u>13,025,276</u>	<u>10,560,028</u>	<u>10,769,489</u>	<u>21,472,357</u>	<u>9,424,100</u>	<u>12,757,195</u>	<u>12,422,556</u>	<u>5,500,058</u>	<u>16,303,814</u>
Business-type activities:										
Investment earnings	16	834	6,441	2,130	2,325	4,144	12,199	10,418	90,110	64,214
Payments from City	-	-	-	-	-	-	-	-	5,836,300	-
Receipts from Water Works Board	-	-	-	1,485	218,025	-	11,204	99,970	-	(52,240)
Receipts from (payments to) Brewton Development Authority	-	-	-	-	-	-	-	-	(3,488,232)	(3,871,248)
Gain/(Loss) on sale of property	-	-	-	7,500	-	(34,453)	-	38,935	-	4,605
Bond issuance costs	-	-	-	-	-	(123,296)	-	-	-	-
Transfers in/(out)	481,060	(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)
Total business-type activities	<u>481,076</u>	<u>(5,721,767)</u>	<u>(1,694,535)</u>	<u>(1,862,834)</u>	<u>(180,038)</u>	<u>(871,988)</u>	<u>(2,105,759)</u>	<u>(3,368,517)</u>	<u>9,146,873</u>	<u>(6,350,084)</u>
Total primary government	<u>\$ 8,497,740</u>	<u>\$ 7,303,509</u>	<u>\$ 8,865,493</u>	<u>\$ 8,906,655</u>	<u>\$ 21,292,319</u>	<u>\$ 8,552,112</u>	<u>\$ 10,651,436</u>	<u>\$ 9,054,039</u>	<u>\$ 14,646,931</u>	<u>\$ 9,953,730</u>
Change in Net Position										
Governmental activities	\$ (82,746)	\$ 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
Business-type activities	(156,255)	(5,014,218)	(348,004)	(1,683,646)	1,395,971	1,639,799	(1,842,899)	1,274,427	7,788,663	(5,293,967)
Total primary government	<u>\$ (239,001)</u>	<u>\$ (1,695,947)</u>	<u>\$ 2,715,337</u>	<u>\$ (337,809)</u>	<u>\$ 15,682,316</u>	<u>\$ 1,166,529</u>	<u>\$ (1,327,235)</u>	<u>\$ 3,456,167</u>	<u>\$ (5,597,549)</u>	<u>\$ (1,041,039)</u>

The City implemented GASB Statement No. 63 in fiscal year 2013. This statement replaces the previous classifications of net assets and invested in capital assets, net of related debt. Prior periods have been retroactively changed to reflect the required classifications.

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

Fiscal Year	Ad Valorem Tax	Beer and Wine Tax	Cigarette Tax	Sales Tax	Gasoline Tax	Production Privilege Tax	Oil Severance Tax	Total
2012	\$ 658,190	\$ 73,801	\$ 14,619	\$ 4,497,656	\$ 234,319	\$ 92,527	\$ 228,665	\$ 5,799,777
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

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

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 585	\$ 38,877	\$ 38,877	\$ 38,877	\$ 38,877
Unassigned	<u>2,864,242</u>	<u>2,326,731</u>	<u>3,772,779</u>	<u>3,688,902</u>	<u>4,116,121</u>	<u>3,063,473</u>	<u>2,765,646</u>	<u>1,713,122</u>	<u>480,950</u>	<u>1,265,802</u>
Total general fund	<u>\$ 2,864,242</u>	<u>\$ 2,326,731</u>	<u>\$ 3,772,779</u>	<u>\$ 3,688,902</u>	<u>\$ 4,116,121</u>	<u>\$ 3,064,058</u>	<u>\$ 2,804,523</u>	<u>\$ 1,751,999</u>	<u>\$ 519,827</u>	<u>\$ 1,304,679</u>
All other governmental funds										
Restricted for:										
School construction	\$ 2,775,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	477,188	402,592	407,893	412,377	424,319	3,979,673	2,345,931	388,979	2,713,624	1,843,496
Street construction	(16,265)	25,872	46,662	43,099	67,350	70,170	94,302	115,472	87,685	4,357
Street improvements	26,000	146,592	75,452	7,044	16,342	732	7,726	11,459	3,911	1,437
Assigned for:										
Sewer improvements	<u>30,189</u>	<u>1,687</u>	<u>-</u>							
Total all other governmental funds	<u>\$ 3,293,064</u>	<u>\$ 576,743</u>	<u>\$ 530,007</u>	<u>\$ 462,520</u>	<u>\$ 508,011</u>	<u>\$ 4,050,575</u>	<u>\$ 2,447,959</u>	<u>\$ 515,910</u>	<u>\$ 2,805,220</u>	<u>\$ 1,849,290</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Taxes	\$ 5,707,250	\$ 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
Intergovernmental	214,526	228,434	99,884	174,942	133,581	637,238	194,154	738,363	850,518	1,358,930
Licenses and permits	1,124,053	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
Fines and forfeitures	362,906	345,273	380,831	274,112	315,923	273,656	169,895	280,664	176,675	224,196
Fees and charges	245,514	223,928	224,488	282,665	295,510	160,009	137,235	143,389	111,455	120,160
Revenue from City Property	72,242	31,099	22,493	43,166	57,894	92,277	53,072	67,639	35,131	309,875
Receipts from Brewton City Board of Education	2,509,921	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
Receipts from Brewton Development Authority	-	-	-	-	-	-	-	-	3,488,232	3,871,248
Interest	1,964	1,648	2,129	2,107	1,587	12,769	32,696	7,604	13,507	2,230
Donations	30,669	14,191	324,220	64,373	76,792	476,516	940,913	172,279	959,654	95,349
Other	190,181	31,530	17,286	106,279	57,159	73,663	225,951	278,158	524,572	416,696
Total revenues	10,459,226	9,208,907	11,010,582	10,857,953	24,269,976	11,701,281	13,117,992	11,179,862	15,958,021	17,580,830
EXPENDITURES										
General government	837,073	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
Public safety	2,648,982	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
Public works	1,270,644	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
Payments to Brewton City Board of Education	2,159,312	3,451,722	650,382	683,140	63,300	3,244,382	4,046,038	2,134,846	2,321,182	2,162,795
Payments to Water Works Board	-	-	-	20,190	7,278	139,517	14,407	12,964	559,096	848,427
Payments to Brewton Development Authority	-	-	-	-	-	-	-	-	5,836,300	-
Other departments	1,174,396	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
Capital expenditures	683,641	509,306	839,804	864,965	356,809	3,095,850	2,992,917	5,203,823	2,131,705	5,703,327
Debt service:										
Principal	4,262,434	7,320,703	1,793,150	1,869,622	14,312,339	999,156	515,425	486,055	447,012	6,620,987
Interest	1,251,358	1,062,497	777,372	719,315	700,715	145,020	183,676	169,532	466,878	638,325
Total expenditures	14,287,840	18,593,457	11,519,150	13,346,821	23,128,201	15,710,678	17,109,305	17,861,274	22,630,080	26,475,537
Excess (deficiency) of revenues over expenditures	(3,828,614)	(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)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OTHER FINANCING SOURCES (USES)										
Transfers in	3,923,698	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
Issuance of debt	371,033	408,117	206,903	463,555	-	5,759,936	-	179,000	14,533,969	6,228,214
Payments to escrow	-	-	-	-	(1,069,453)	-	-	-	-	-
Premium (discount) on bonds issued	-	-	-	-	-	214,865	-	-	112,135	-
Debt issue cost	-	-	-	-	-	(193,286)	-	-	(208,212)	-
Transfers out	<u>(4,404,758)</u>	<u>(2,753,119)</u>	<u>(3,616,248)</u>	<u>(4,564,376)</u>	<u>(6,036,401)</u>	<u>(4,305,100)</u>	<u>(2,067,895)</u>	<u>(3,817,206)</u>	<u>(10,857,816)</u>	<u>(3,211,470)</u>
Total other financing sources (uses)	<u>(110,027)</u>	<u>6,130,718</u>	<u>1,907,879</u>	<u>2,337,504</u>	<u>(669,065)</u>	<u>6,499,898</u>	<u>2,131,162</u>	<u>3,696,839</u>	<u>7,729,197</u>	<u>8,723,629</u>
Net change in fund balance	<u>\$ (3,938,641)</u>	<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>
Debt service as a percentage of noncapital expenditures	40.5%	46.4%	24.1%	20.7%	65.9%	9.1%	5.0%	5.2%	4.5%	34.9%

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 Privilege Tax	Oil Severance Tax
2012	\$ 658,190	\$ 73,801	\$ 14,619	\$ 4,497,656	\$ 243,319	\$ 92,527	\$ 228,665
2013	666,400	56,537	16,096	5,539,409	314,786	120,419	203,399
2014	643,140	59,322	14,514	6,494,323	245,372	99,884	180,630
2015	639,287	61,317	14,723	6,974,515	264,284	126,614	115,795
2016	690,590	62,090	15,921	6,937,181	152,542	103,416	58,683
2017	1,005,502	62,368	11,332	7,336,029	149,134	99,559	62,451
2018	1,330,428	57,434	13,217	8,492,133	197,937	83,018	61,348
2019	1,102,953	52,337	8,480	6,895,303	200,235	131,261	60,130
2020	1,145,122	59,494	7,594	7,092,302	209,907	115,707	40,427
2021	1,231,659	56,468	6,948	8,263,655	300,525	206,528	35,632

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: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2012	\$ 31,537,600	\$ 13,788,420	\$ 39,806,220	\$ 8,232,000	\$ 76,900,240	15	\$ 1,153,503,600
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

Source: Escambia County Tax Assessor

**CITY OF BREWTON, ALABAMA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING¹ 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			Total State Millage			
					General Millage	School Millage ²	Health Care Authority Millage	Total County Millage	General Millage	School Millage	Soldier Millage			
2012	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	
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	

Source: Escambia County Commission and Escambia County Tax Collector

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

² 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>2021</u>			<u>2012</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.	\$ 9,731,860	1	11.2%	\$ 6,328,400	1	32.0%
Grede/ Citation/ Alabama Ductile Casting Co.	5,682,100	2	6.5%	1,433,580	4	7.2%
Walmart	3,059,740	3	3.5%	1,534,620	3	7.8%
Alabama Power Co.	2,424,060	4	2.8%	1,726,920	2	8.7%
Frit Car, Inc.	885,060	5	1.0%	-		-
CSX Transportation, Inc.	858,120	6	1.0%	676,500	9	3.4%
Brewton- Hall Apartments, LTD, I & II	784,440	7	0.9%	-		-
Trustmark/Banktrust of Brewton	597,740	8	0.7%	716,840	8	3.6%
The Brewton S/C, LLC	587,500	9	0.7%	-		-
Brewton Iron Works	449,360	10	0.5%	-		-
International Plastic & Equipment Corp	-		-	1,192,680	5	6.0%
BellSouth Communications	-		-	1,079,200	6	5.5%
Citation Corporation	-		-	1,006,480	7	5.1%
Hines Realty Company	-		-	663,120	10	3.3%
Totals	<u>\$ 25,059,980</u>		<u>28.8%</u>	<u>\$ 16,358,340</u>		<u>82.6%</u>
Total City Property Taxable Assessed Value	<u>\$ 86,937,780</u>			<u>\$ 19,804,286</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
2012	\$ 926,422	\$ 898,633	97.0%	\$ 12,336	\$ 910,969	98.3%
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%

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

FISCAL YEAR	CITY DIRECT RATE	ESCAMBIA COUNTY	STATE OF ALABAMA
2012	3.00%	1.00%	4.00%
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%

Source: City Clerk's Office

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

<u>Tax Remitter</u>	<u>2021</u>			<u>2012</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 Stores East	\$ 2,522,691	1	50.9%	\$ 1,269,435	1	52.5%
Simplified Sellers Use Tax	301,095	2	6.1%	-		-
Grede II LLC	281,922	5	5.7%	242,169	3	10.0%
Food Giant Supermarket/Pic-N-Save	239,471	3	4.8%	146,062	4	6.0%
T.R. Miller Mill Co.	213,229	4	4.3%	77,429	8	3.2%
Bondurant Lumber & Hardware Inc.	213,221	9	4.3%	-		-
Georgia Pacific Brewton	200,348	6	4.0%	265,884	2	11.0%
Central Network Retail Group LLC	149,541	7	3.0%	-		-
Tractor Supply	131,658	8	2.7%	-		-
Peach Automotive	128,254	10	2.6%	-		-
Dolgencorp	127,872	11	2.6%	83,578	7	3.5%
Dorso Restaurants Inc.	123,846	12	2.5%	-		-
Jim Peach Motors	119,029	13	2.4%	69,262	10	2.9%
Whataburger Restuarants	113,531	14	2.3%	-		-
Catfish Generation	93,683	15	1.9%	-		-
Southern Family Markets	-		-	96,367	5	4.0%
Marvin's Inc.	-		-	89,818	6	3.7%
McDonald's	-		-	76,367	9	3.2%
	<u>\$ 4,959,391</u>		<u>100.0%</u>	<u>\$ 2,416,371</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 ¹	Per Capita ¹
	General Obligation Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Notes Payable	Capital Leases			
2012	\$ 25,399,622	\$ -	\$ 258,889	\$ -	\$ -	\$ 601,221	\$ 26,259,732	16.87%	4,761
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%	5,326
2016	1,321,840	-	339,230	12,145,281	-	386,878	14,193,229	8.72%	2,644
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	10.82%	3,444
2020	13,673,524	6,063,969	212,358	6,938,103	7,920,000	245,210	35,053,164	20.85%	6,640
2021	19,318,692	86,091	132,463	6,547,509	7,920,000	366,569	34,371,324	20.45%	6,511

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

¹ 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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2012	\$ 25,656,746	\$ 477,188	\$ 25,179,558	2.18%	4,565
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	1.33%	3,258
2020	20,611,627	2,713,624	17,898,003	1.37%	3,390
2021	25,866,201	1,843,496	24,022,705	1.84%	4,551

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

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

² 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, 2021**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt: Escambia County	\$ 2,945,224	31.458%	\$ 926,509
Subtotal, overlapping debt			
City of Brewton direct debt			<u>19,537,246</u>
Total direct and overlapping debt			<u><u>\$ 20,463,755</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.

¹The 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 15,380,048	\$ 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
Total net debt applicable to limit	<u>692,146</u>	<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>
Legal debt margin	<u>\$ 14,687,902</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	4.50%	16.94%	9.77%	3.54%	12.25%	53.04%	41.92%	36.64%	43.05%	73.67%

Legal Debt Margin Calculation for Fiscal Year 2021

Total assessed value	\$ 92,552,280
Debt limit (20% of total assessed value)	18,510,456
Debt applicable to limit:	
General obligation bonds	25,555,000
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>(11,917,779)</u>
Total net debt applicable to limit	<u>13,637,221</u>
Legal debt margin	<u>\$ 4,873,235</u>

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2012	5,516	\$ 155,700,132	\$ 28,227	1,180	9.3%
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%

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>2021</u>			<u>2012</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	18.4%	405	1	24.3%
D.W. McMillan Hospital	300	2	12.3%	259	3	15.5%
Walmart Stores East	263	3	10.8%	128	5	7.7%
AAMP/Grede/MPG	260	4	10.6%	350	2	21.0%
T R Miller Mill Co	208	5	8.5%	190	4	11.4%
Escambia County Commission	205	6	8.4%	-	-	-
Provalus	187	7	7.6%	-	-	-
Westgate Village	157	8	6.4%	-	-	-
Brewton City Schools	151	9	6.2%	60	9	3.6%
City of Brewton	128	10	5.2%	84	6	5.0%
Frit Car	80	11	3.3%	77	7	4.6%
Natural Decorations, Inc.	34	12	1.4%	-	-	-
Trustmark/BankTrust of Brewton	22	13	0.9%	64	8	3.8%
Brewton Iron Works	-	-	-	49	10	2.9%
Totals	<u>2,445</u>		<u>100%</u>	<u>1,666</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government ¹	10	10	10	17	20	20	20	20	21	19
Public Safety										
Police										
Officers	26	27	26	25	25	24	24	28	21	24
Dispatch	7	5	5	4	4	4	4	4	4	5
Admin Assistants	-	-	-	2	2	2	2	3	2	2
Animal Control	-	-	-	1	2	2	2	2	2	3
Fire										
Firefighters and officers	26	15	16	15	15	15	15	15	16	15
Highways and streets										
Public works	8	8	23	22	23	23	23	28	23	24
Sanitation	3	3	3	2	2	2	2	2	2	2
Culture and recreation	4	4	3	5	5	5	5	6	6	6
Sewer	14	13	8	19	19	20	22	25	26	22
Library	-	-	-	6	6	6	6	6	6	6
Total	98	85	94	118	123	123	125	139	129	128

¹This 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical arrests	532	501	427	327	309	269	109	193	112	26
Parking violations	-	-	-	-	-	-	-	-	-	-
Traffic violations	1,414	1,514	1,641	1,552	912	444	177	772	544	460
Fire										
Number of calls answered	1,054	1,041	1,235	1,206	1,303	1,120	1,146	1,256	1,504	1,360
Inspections	1,037	1,128	1,130	1,133	1,140	1,143	1,155	1,159	1,161	1,171
Highways and streets										
Street resurfacing (miles)	2	-	1	8	3	8	3	3	2	-
Potholes repaired	55	60	100	98	104	82	50	65	55	90
Sanitation										
Refuse collected (tons/week)	36.8	37.2	34.2	53.0	48.2	46.0	46.0	46.0	46.0	60.0
Recyclables collected (tons/week) ¹	-	-	1	1	1	1	1	30	30	30
Culture and recreation										
Golf course rounds	7,169	6,538	5,865	5,765	5,649	1,889	-	-	-	-
Pavilion parties	249	241	213	179	165	105	110	16	31	24
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,388	1,410	1,400	1,400	1,200	1,200	1,200	1,200	1,200	1,200

¹ 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	27	27	27	26	26	25	25	22	22	21
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	89	89	89	89	89	87	87	87	87	87
Streetlights	888	902	904	904	904	910	910	918	918	921
Traffic signals	11	11	11	11	11	11	11	11	11	11
Culture and recreation										
Parks acreage	40	66	116	116	116	116	116	116	116	116
Parks	6	8	9	9	9	9	9	9	9	9
Swimming pools	2	1	1	-	-	-	-	-	1	1
Tennis courts	10	10	10	6	6	6	6	6	6	6
Community center	1	1	2	2	2	2	2	2	2	2
Sewer										
Sanitary sewers (miles)	60	62	63	65	65	68	68	68	68	68
Storm sewers (miles)	38	39	42	42	43	45	45	45	45	45
Maximum daily treatment capacity (thousands of gallons)	1,680	1,695	2,000	2,000	2,200	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, 2021, 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 29, 2022.

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.

115 St. Joseph Avenue • P.O. Box 774 • Brewton, AL 36427 • P 251-928-2443 • F 251-928-6921 • avizogroup.com

shareholders J. Earl Blackmon, CPA • Dennis E. Sherrin, CPA • Rachel G. Young, CPA • G. Allen Cave, Jr., CPA
of counsel Xavier A. Hartmann, III, CPA • Rucker T. Taylor, III, CPA • Sally S. Wagner, CPA

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 29, 2022
Brewton, Alabama



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Brewton, Alabama's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Brewton, Alabama's major federal programs for the year ended September 30, 2021. City of Brewton, Alabama's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Brewton, Alabama's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the compliance audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Brewton, Alabama's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Brewton, Alabama's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Brewton, Alabama, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of City of Brewton, Alabama, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Brewton, Alabama's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Brewton, Alabama's internal control over compliance.

115 St. Joseph Avenue • P.O. Box 774 • Brewton, AL 36427 • P 251-928-2443 • F 251-928-6921 • avizogroup.com

shareholders J. Earl Blackmon, CPA • Dennis E. Sherrin, CPA • Rachel G. Young, CPA • G. Allen Cave, Jr., CPA
of counsel Xavier A. Hartmann, III, CPA • Rucker T. Taylor, III, CPA • Sally S. Wagner, CPA

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

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

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

Avizo Group, Inc.

Certified Public Accountants

March 29, 2022
Brewton, Alabama

**CITY OF BREWTON, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
<u>Department of Housing & Urban Development</u>				
Passed Through Alabama Department of Economic and Community Affairs				
Community Development Block Grants (M)	14.228	LR CM PF 19 011	\$ -	\$ 440,000
Community Development Block Grants (M)	14.228	LR ED PF 17 002		188,456
Total Department of Housing & Urban Development			<u>-</u>	<u>628,456</u>
<u>Department of Transportation</u>				
Passed Through Alabama Department of Transportation				
Airport Improvement Program	20.106	3-01-0080-016-2020	-	209,382
Airport Improvement Program	20.106	3-01-0080-019-2021	-	48,292
Airport Improvement Program	20.106	3-01-0080-015-2018	-	7,284
COVID-19 - Airport Improvement Program	20.106		-	30,000
Total Airport Improvement Program				<u>294,958</u>
Recreational Trails Program	20.219		-	6,562
Total Department of Transportation			<u>-</u>	<u>301,520</u>
<u>Delta Regional Authority</u>				
Direct Program				
Delta Regional Development	90.200		-	293,000
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,222,976</u>

CITY OF BREWTON, ALABAMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Brewton, Alabama under the programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the preparation of the general purpose financial statements.

Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented based on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within a current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund revenues. Expenditures are recorded when the related liability is incurred.

Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF BREWTON, ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

SECTION 1-SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of opinion issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No	
Significant deficiency(ies) identified?	<u> X</u> Yes	<u> </u> No	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X</u> No	

Federal Awards

Type of auditors' report issued on compliance of major programs: Unmodified

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No	
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X</u> None reported	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	<u> </u> Yes	<u> X</u> No	

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.228	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

SECTION 2-FINANCIAL STATEMENT FINDINGS (GAGAS)

No matters were reportable.

SECTION 3-FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reportable.