

**CITY OF BREWTON, ALABAMA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2019**

**CITY OF BREWTON, ALABAMA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2019**

**CITY CLERK'S OFFICE**

**CITY OF BREWTON, ALABAMA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2019**

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**CITY OF BREWTON, ALABAMA  
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## **INTRODUCTORY SECTION**



# City of Brewton

*Best 100 Small Towns in America*

## **MAYOR**

Yancey E. Lovelace

## **CITY CLERK**

Alex B McDowell

## **CFO**

Brooke Hartin

## **CITY COUNCIL**

Carrie Brown

Lawrence Weaver

Feast Broughton

Joe Nathan Watson

Cheryl Barton

## **CITY ATTORNEY**

Edward T. Hines

March 31, 2020

**The Honorable Yancey E. Lovelace**

**Members of the City Council**

**Citizens of the City of Brewton, Alabama**

The Comprehensive Annual Financial Report (CAFR) of the City of Brewton, Alabama (the "City") for the Fiscal Year ending September 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and the completeness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Readers are invited to read the Management Discussion and Analysis (MD&A) for more detailed information.

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

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

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

## ANALYZING PAST TIMES

Brewton, AL, the County Seat of Escambia County, Alabama has an estimated 2019 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.

## 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. Business openings and closings are at an approximate equilibrium. Significant infrastructure projects regarding paving, sewer and water were completed in FY 2019 and are continuing into FY 2020.

## ANTICIPATING FUTURE TRIUMPHS

One reason for optimism is that a technology company established itself in Brewton in FY 2017, and its number of employees has reached 130. That business will expand into a new building in downtown Brewton during 2020 and 2021. That business projects reaching its goal of locating 300 jobs in the City by December 31, 2022. The City along with its economic development partners is already deeply involved in preparing the permanent physical location of the technical company as well as preparing for education and other aspects of their employee's personnel needs. Construction of a new hotel in the City should be completed in 2020. Recent large investments by existing industries in their facilities bodes well for the City's economic longevity. Tax revenue growth resulting from these business expansions and new employees will allow the City to grow services, programs and projects. Aggressive pursuit of grant funding will continue to supplement municipal improvements and create opportunities for additional ones.

## OTHER INFORMATION

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

**Awards.** The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brewton, Alabama for its CAFR for the Fiscal Year ending September 30, 2018. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. 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 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

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

Sincerely,



Alex B McDowell  
City Clerk / Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Brewton  
Alabama**

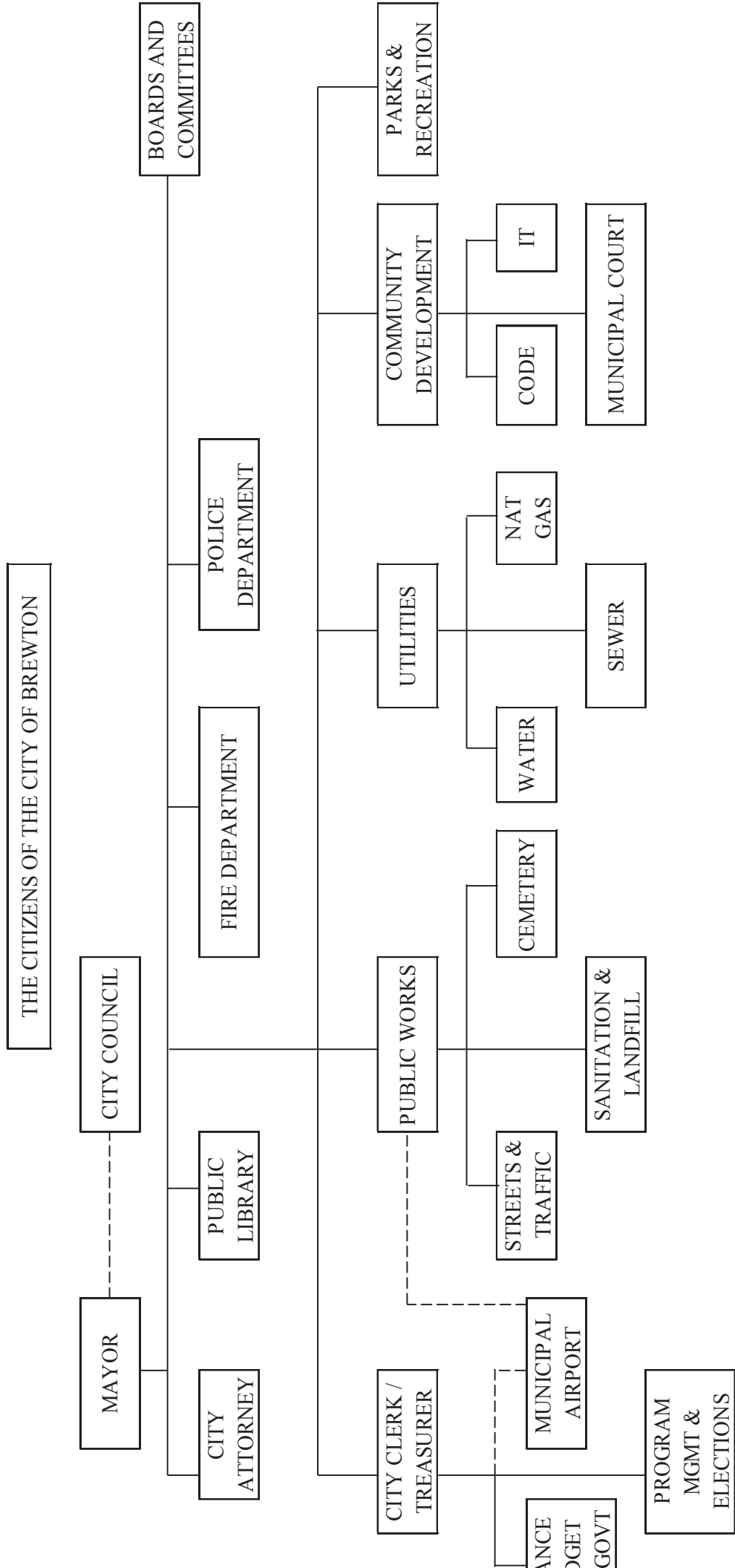
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

CITY OF BREWTON, ALABAMA  
Organizational Chart



**CITY OF BREWTON, ALABAMA****LIST OF PRINCIPAL OFFICIALS****SEPTEMBER 30, 2019**

<i><b>TITLE</b></i>	<i><b>NAME</b></i>	<i><b>TERM OF OFFICE</b></i>
<i>Mayor</i>	Yank Lovelace	Expires November 2020
<i>City Council</i>		
District 1	Carrie Brown	Expires November 2020
District 2	Lawrence Weaver	Expires November 2020
District 3	Feast Broughton	Expires November 2020
District 4	Joe Watson	Expires November 2020
District 5	Cheryl Barton	Expires November 2020
<i>City Clerk</i>	Alex McDowell	
<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, 2019, 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, 2019, 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.

PO Box 773 • Brewton, AL 36427 • P 251-928-2443 • F 251-928-6921 • [avizogroup.com](http://avizogroup.com)

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

## **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 57 and 58, 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 31, 2020, 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 31, 2020  
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, 2019. 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 \$2,182,000.
- As of September 30, 2019, the governmental funds reported a combined ending fund balance of \$2,267,909, a decrease of \$2,984,573 from the previous Fiscal Year.
- The General Fund reported a fund balance of \$1,751,999 with all of it available to support non-debt service obligations of the City, a decrease of \$1,052,524 from last year.
- The City's liabilities associated with governmental activities and business-type activities increased by approximately 7.12% during FY 2019, with the major increase being due to temporary line of credit draws to support financing of a major economic development project. Long term financing has subsequently been obtained to pay off the temporary financing.

### **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 29-56 of this report.

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

**Net position.** The City's *combined* net position increased \$3,456,167 between Fiscal Years 2018 and 2019, culminating at approximately \$27,606,072.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019-2018</b>
Current and other assets	\$ 3,136	\$ 6,230	\$ 5,739	\$ 2,792	\$ 8,875	\$ 9,022	-1.63%
Capital assets	29,377	24,693	15,164	13,951	44,541	38,644	15.26%
<b>Total assets</b>	<b>32,513</b>	<b>30,923</b>	<b>20,903</b>	<b>16,743</b>	<b>53,416</b>	<b>47,666</b>	<b>12.06%</b>
<b>Deferred outflows of resources</b>	<b>1,105</b>	<b>1,197</b>	<b>1,013</b>	<b>1,064</b>	<b>2,118</b>	<b>2,261</b>	<b>-6.32%</b>
Long-term debt outstanding	9,038	9,887	13,278	13,810	22,316	23,697	-5.83%
Other liabilities	919	1,033	4,025	718	4,944	1,751	182.35%
<b>Total liabilities</b>	<b>9,957</b>	<b>10,920</b>	<b>17,303</b>	<b>14,528</b>	<b>27,260</b>	<b>25,448</b>	<b>7.12%</b>
<b>Deferred inflows of resources</b>	<b>551</b>	<b>272</b>	<b>117</b>	<b>57</b>	<b>668</b>	<b>329</b>	<b>103.04%</b>
Net position							
Net investment in capital assets	23,957	21,350	8,440	6,188	32,397	27,538	17.64%
Restricted	516	2,448	-	-	516	2,448	-78.92%
Unrestricted	(1,363)	(2,870)	(3,944)	(2,966)	(5,307)	(5,836)	-9.06%
<b>Total net position</b>	<b>\$ 23,110</b>	<b>\$ 20,928</b>	<b>\$ 4,496</b>	<b>\$ 3,222</b>	<b>\$ 27,606</b>	<b>\$ 24,150</b>	<b>14.31%</b>

**Changes in net position.** The City's total revenues increased 2.21% to approximately \$41,885,000 largely due to increases in grants. Approximately 73% of the City's revenue was generated from charges for services, 22% from tax receipts, 3% from donations and grants, 2% from other taxes and other receipts.

The City's expenses decreased 9.16% from Fiscal Year End 2018 to FYE 2019. The largest increase in expenses occurred in general government and public safety. Expense increases in those costs categories combined for an approximate total of \$293,000. The largest decrease in expenses was approximately \$2,186,000 in natural gas purchases. The positive effect of decreased purchase expenses was offset by decreased natural gas sales receipts.

**CITY OF BREWTON, ALABAMA**  
**SOURCES OF REVENUE**  
**FISCAL YEAR 2019**

<b>Source</b>	<b>%</b>
Charges for services	73%
Operating grants	3%
Sales tax	19%
Other taxes	2%
Property taxes	3%
	<u>100%</u>

**CITY OF BREWTON, ALABAMA**  
**FUNCTIONAL EXPENSES**  
**FISCAL YEAR 2019**

<b>Type</b>	<b>%</b>
Business-type activities	66%
General government	10%
Public safety	10%
Public works	5%
Recreation	2%
Library	1%
Education	6%
	<u>100%</u>

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019-2018</b>
<b>REVENUES</b>							
Program revenues							
Charges for services	\$ 1,578	\$ 1,509	\$ 28,934	\$ 27,821	\$ 30,512	\$ 29,330	4.0%
Donations and operating grants	1,359	956	-	-	1,359	956	42.2%
Capital grants	-	-	961	41	961	41	2243.9%
General revenues							
Sales tax	6,895	8,492	-	-	6,895	8,492	-18.8%
Property tax	1,103	1,330	-	-	1,103	1,330	-17.1%
Other taxes	583	573	-	-	583	573	1.7%
Investment earnings	23	48	10	12	33	60	-45.0%
Receipts from Water Works Board	1	-	100	11	101	11	100.0%
Gain (loss) on sale of capital assets	21	(41)	39	-	60	(41)	100.0%
Other	278	226	-	-	278	226	23.0%
Total revenues	11,841	13,093	30,044	27,885	41,885	40,978	2.2%
<b>EXPENSES</b>							
General government	4,132	4,017	-	-	4,132	4,017	2.9%
Public safety	3,757	3,579	-	-	3,757	3,579	5.0%
Public works	1,782	1,792	-	-	1,782	1,792	-0.6%
Library	527	468	-	-	527	468	12.6%
Recreation	667	613	-	-	667	613	8.8%
Education	2,135	4,046	-	-	2,135	4,046	-47.2%
Water system	13	14	-	-	13	14	100.0%
Interest on long-term debt	166	178	-	-	166	178	-6.7%
Gas	-	-	22,789	24,975	22,789	24,975	-8.8%
Sewer	-	-	1,612	1,738	1,612	1,738	-7.2%
Sanitation	-	-	664	691	664	691	-3.9%
Airport	-	-	186	192	186	192	-3.1%
Brewton Development Authority	-	-	1	2	1	2	-50.0%
Total expenses	13,179	14,707	25,252	27,598	38,431	42,305	-9.2%
Excess (deficiency) before special items and transfers	(1,338)	(1,614)	4,792	287	3,454	(1,327)	-360.3%
Transfers	3,518	2,129	(3,518)	(2,129)	-	-	0.0%
Net change in net position	2,180	515	1,274	(1,842)	3,454	(1,327)	-360.3%
Net position, beginning	20,928	20,413	3,221	5,064	24,149	25,477	-5.2%
Net position, ending	\$ 23,108	\$ 20,928	\$ 4,495	\$ 3,222	\$ 27,603	\$ 24,150	14.3%

### **Governmental Activities**

Tax revenues for the City's governmental activities decreased approximately \$1,814,000 or approximately 9%. Total revenues for governmental activities decreased by approximately \$1,252,000, or approximately 2%, due mostly to decreased tax revenues.

### **Business-type Activities**

Revenues for the City's business-type activities increased approximately \$1,159,000, due primarily to an increase in capital grants.

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

### **Governmental Activities**

The City's governmental funds reported a combined fund balance of \$2,267,909, a decrease of \$1,052,524 from FYE 2018.

### **Business-type Activities**

The City's business-type funds reported a combined net position of approximately \$4,495,858 which is approximately \$1,274,427 less than last year. The major changes to net position include the following:

- Natural Gas: increased approximately \$257,700, or 10%.
- Sewer Fund: increased approximately \$716,400, or 32%.
- Sanitation Fund: increased \$55,000, or 45%.
- Municipal Airport: increased \$245,700, or 9%.
- Brewton Development Authority: decreased \$650, or 0%.

### **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, 2019, totals approximately \$44,541,000 (net of accumulated depreciation), an increase of approximately 15.3% 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 40-43 of the notes.

**CITY OF BREWTON'S CAPITAL ASSETS**

(in thousands of dollars)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019-2018</b>
Land and construction in progress	\$ 5,125	\$ 5,658	\$ 479	\$ 1,349	\$ 5,604	\$ 7,007	-20.0%
Buildings	12,123	8,718	3,379	3,065	15,502	11,783	31.6%
Improvements other than buildings	17,064	15,373	16,043	15,410	33,107	30,783	7.5%
Vehicles and equipment	8,672	7,589	5,989	4,226	14,661	11,815	24.1%
Less accumulated depreciation	(13,607)	(12,645)	(10,726)	(10,099)	(24,333)	(22,744)	7.0%
<b>Total</b>	<b>\$ 29,377</b>	<b>\$ 24,693</b>	<b>\$ 15,164</b>	<b>\$ 13,951</b>	<b>\$ 44,541</b>	<b>\$ 38,644</b>	<b>15.3%</b>

**Long-term Debt**

The City's debt decreased approximately \$755,000, primarily due to normal debt payments during the year. Additional information regarding the City's long-term debt can be found in pages 44-48 of this report.

**CITY OF BREWTON'S OUTSTANDING DEBT**

(in thousands of dollars)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019-2018</b>
General obligation warrants	\$ 5,475	\$ 5,891	\$ 12,112	\$ 12,544	\$ 17,587	\$ 18,435	-4.6%
Capital leases	294	201	301	301	595	502	18.5%
<b>Total</b>	<b>\$ 5,769</b>	<b>\$ 6,092</b>	<b>\$ 12,413</b>	<b>\$ 12,845</b>	<b>\$ 18,182</b>	<b>\$ 18,937</b>	<b>-4.0%</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET****Fiscal Year 2019 Budget**

The City's Fiscal Year begins October 1 and ends on September 30 of the subsequent year. The Mayor and City Council considered many factors when developing the FY 2019 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 130 new employees, and those numbers are expected to increase to 300 or more in the next 2 to 3 years. The technical business expansion 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. That acquisition will enhance water revenues as initial acquisition expenses are paid off. 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 unknown, and they are being monitored. City administrators have already begun pro-active activities aimed at acquiring funding to replace possible reductions in revenues. The 2019 budgeting process has begun and expense reductions will also be considered in light of the possible adverse effects of the pandemic.

**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) 809-1773, or by sending an email to [amcdowell@cityofbrewton.org](mailto:amcdowell@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, 2019**

	Primary Government			Component Unit
	Governmental	Business-type		Water Works
	Activities	Activities	Total	Board of the
				City of Brewton
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,022,590	\$ 2,438,830	\$ 4,461,420	\$ 1,388,879
Temporary cash investments	516,901	-	516,901	-
Receivables, net	557,805	278,489	836,294	39,696
Receivable from component units	-	30,000	30,000	-
Receivables from FEMA	38,877	-	38,877	-
Inventories	-	2,487,372	2,487,372	638,571
Restricted funds	-	504,529	504,529	1,818,698
Capital assets, net				
Land, improvements, and construction in progress	5,125,101	479,013	5,604,114	122,206
Other capital assets, net of depreciation	24,252,105	14,685,234	38,937,339	9,060,408
<b>TOTAL ASSETS</b>	<b>32,513,379</b>	<b>20,903,467</b>	<b>53,416,846</b>	<b>13,068,458</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Employer retirement contributions	401,016	85,714	486,730	40,004
Changes of assumptions	295,723	61,388	357,111	30,820
Difference between expected and actual experiences	409,029	81,057	490,086	44,328
Defeasance of debt	-	784,584	784,584	116,936
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,105,768</b>	<b>1,012,743</b>	<b>2,118,511</b>	<b>232,088</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	503,533	464,819	968,352	191,345
Line of credit	-	3,725,306	3,725,306	-
Payable to City of Brewton	-	-	-	30,000
Customer deposits	-	97,177	97,177	137,648
Internal balances	262,197	(262,197)	-	-
Due to other governments	153,707	-	153,707	-
Long-term liabilities				
Due within one year	529,683	465,621	995,304	336,661
Due in more than one year	8,508,155	12,812,866	21,321,021	7,237,021
<b>TOTAL LIABILITIES</b>	<b>9,957,275</b>	<b>17,303,592</b>	<b>27,260,867</b>	<b>7,932,675</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Difference between expected and actual experiences	238,247	50,908	289,155	23,759
Net difference between projected and actual earnings on plan investments	313,411	65,852	379,263	30,493
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>551,658</b>	<b>116,760</b>	<b>668,418</b>	<b>54,252</b>
<b>NET POSITION</b>				
Net investment in capital assets	23,957,466	8,440,253	32,397,719	3,066,663
Restricted - debt service	388,979	-	388,979	-
Restricted - street improvement and construction	126,931	-	126,931	-
Restricted - construction	-	-	-	1,818,698
Unrestricted	(1,363,162)	(3,944,395)	(5,307,557)	428,258
<b>TOTAL NET POSITION</b>	<b>\$ 23,110,214</b>	<b>\$ 4,495,858</b>	<b>\$ 27,606,072</b>	<b>\$ 5,313,619</b>

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

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	Water Works Board of the City of Brewton
<b>Primary Government</b>							
Governmental activities:							
General	\$ 4,132,088	\$ 1,274,836	\$ 1,359,280	\$ -	\$ (1,497,972)	\$ (1,497,972)	
Police	2,526,212	280,664	-	-	(2,245,548)	(2,245,548)	
Fire	1,231,108	-	-	-	(1,231,108)	(1,231,108)	
Street	1,527,494	-	-	-	(1,527,494)	(1,527,494)	
Animal control	126,401	-	-	-	(126,401)	(126,401)	
Code enforcement	127,063	-	-	-	(127,063)	(127,063)	
Library	526,591	2,008	-	-	(524,583)	(524,583)	
Recreation	667,105	20,204	-	-	(646,901)	(646,901)	
Education (payment to Board of Education)	2,134,846	-	-	-	(2,134,846)	(2,134,846)	
Water system (payment to Water Works Board)	12,964	-	-	-	(12,964)	(12,964)	
Interest on long-term debt	165,936	-	-	-	(165,936)	(165,936)	
Total governmental activities	13,177,808	1,577,712	1,359,280	-	(10,240,816)	(10,240,816)	
Business-type activities:							
Gas	22,789,402	26,984,249	-	-	-	4,194,847	4,194,847
Sewer	1,612,343	1,145,872	-	657,126	-	190,655	190,655
Sanitation	664,298	678,366	-	-	-	14,068	14,068
Airport	186,244	125,903	-	304,366	-	244,025	244,025
Brewton Development Authority	651	-	-	-	-	(651)	(651)
Total business-type activities	25,252,938	28,934,390	-	961,492	-	4,642,944	4,642,944
Total primary government	\$ 38,430,746	\$ 30,512,102	\$ 1,359,280	\$ 961,492	(10,240,816)	4,642,944	(5,597,872)
<b>Component Units</b>	<u>\$ 1,630,411</u>	<u>\$ 1,851,165</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ 220,754</u>
General revenues:							
Taxes							
Property					1,102,953	-	1,102,953
Sales					6,895,303	-	6,895,303
Other					583,218	-	583,218
Payments from City					-	-	-
Receipts from (payments to) Water Works Board					1,086	99,970	101,056
Investment earnings					22,952	10,418	33,370
Capital gain (loss) on sale of capital assets					21,047	38,935	59,982
Other					278,157	-	278,157
Transfers in/(out)					3,517,840	(3,517,840)	-
Total general revenues and transfers					12,422,556	(3,368,517)	9,054,039
Change in net position					2,181,740	1,274,427	3,456,167
Net position, beginning					20,928,474	3,221,431	24,149,905
<b>Net position, ending</b>					<u>\$ 23,110,214</u>	<u>\$ 4,495,858</u>	<u>\$ 27,606,072</u>

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

**CITY OF BREWTON, ALABAMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

		<b>2016 General Obligation Warrant Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>			
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,886,755	\$ 8,904	\$ 126,931	\$ 2,022,590
Temporary cash investments	136,826	380,075	-	516,901
Receivables from FEMA	38,877	-	-	38,877
Due from other City funds	154,086	-	-	154,086
Taxes receivable	557,805	-	-	557,805
<b>Total Assets</b>	<b>\$ 2,774,349</b>	<b>\$ 388,979</b>	<b>\$ 126,931</b>	<b>\$ 3,290,259</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 452,360	\$ -	\$ -	\$ 452,360
Due to other City funds	416,283	-	-	416,283
Due to other governments	153,707	-	-	153,707
<b>Total liabilities</b>	<b>1,022,350</b>	<b>-</b>	<b>-</b>	<b>1,022,350</b>
<b>FUND BALANCES</b>				
Nonspendable	38,877	-	-	38,877
Restricted for:				
Debt service	-	388,979	-	388,979
Street construction	-	-	115,472	115,472
Street improvements	-	-	11,459	11,459
Unassigned	1,713,122	-	-	1,713,122
<b>Total fund balances</b>	<b>1,751,999</b>	<b>388,979</b>	<b>126,931</b>	<b>2,267,909</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,774,349</b>	<b>\$ 388,979</b>	<b>\$ 126,931</b>	<b>\$ 3,290,259</b>

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

**CITY OF BREWTON, ALABAMA**  
**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO**  
**NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**SEPTEMBER 30, 2019**

<b>Fund Balances as reported on page 20</b>	<b>\$ 2,267,909</b>
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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	\$ 5,125,101	
Other capital assets, net of \$13,606,458 accumulated depreciation	24,252,105	
Total capital assets		29,377,206

Some liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the fund financial statements	(51,173)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds	554,110
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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	(5,475,478)
Capital lease obligations	(293,992)
Compensated absences	(313,353)
Net pension liability	(2,955,015)

<b>Net Position of Governmental Activities as reported on page 18</b>	<b>\$ 23,110,214</b>
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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, 2019**

		2016 General Obligation Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	General			
<b>REVENUES</b>				
Taxes	\$ 8,319,438	\$ -	\$ 64,175	\$ 8,383,613
Intergovernmental	738,363	-	-	738,363
Licenses and permits	1,107,067	-	-	1,107,067
Fines and forfeitures	280,664	-	-	280,664
Fees and charges	143,389	-	-	143,389
Revenue from City Property	67,639	-	-	67,639
Receipts from Water Works Board	1,086	-	-	1,086
Interest	1,852	5,752	-	7,604
Donations	172,279	-	-	172,279
Other	278,158	-	-	278,158
Total revenues	11,109,935	5,752	64,175	11,179,862
<b>EXPENDITURES</b>				
General	2,407,404	-	-	2,407,404
Public safety	3,757,319	-	-	3,757,319
Public works	1,780,959	-	54,883	1,835,842
Payments to Brewton City Board of Education	2,134,846	-	-	2,134,846
Payments to Water Works Board	12,964	-	-	12,964
Other departments	1,853,489	-	-	1,853,489
Capital expenditures	5,203,823	-	-	5,203,823
Debt service:				
Principal	121,055	365,000	-	486,055
Interest	9,812	159,720	-	169,532
Total expenditures	17,281,671	524,720	54,883	17,861,274
Excess (deficiency) of revenues over expenditures	(6,171,736)	(518,968)	9,292	(6,681,412)
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in	6,533,096	781,949	20,000	7,335,045
Debt proceeds	179,000	-	-	179,000
Transfers out	(1,592,884)	(2,219,933)	(4,389)	(3,817,206)
Total other financing sources and (uses)	5,119,212	(1,437,984)	15,611	3,696,839
Net change in fund balances	(1,052,524)	(1,956,952)	24,903	(2,984,573)
Fund balances-beginning of year	2,804,523	2,345,931	102,028	5,252,482
<b>FUND BALANCES-END OF YEAR</b>	<b>\$ 1,751,999</b>	<b>\$ 388,979</b>	<b>\$ 126,931</b>	<b>\$ 2,267,909</b>

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, 2019**

**Net change in fund balances--total governmental funds, page 22** **\$ (2,984,573)**

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:

Governmental funds report capital outlays as expenditures while governmental  
activities report depreciation expense to allocate those expenditures over  
the lives of the assets.

Capital outlays for the year	5,203,823
Depreciation expense for the year	(1,165,730)

In the Statement of Activities, donation of capital assets is recorded as revenue whereas, in the governmental funds, it is not recorded.	646,500
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Bonds and other debt proceeds 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.

Debt proceeds	(179,000)
Repayment of debt	486,055
Amortization of warrant discount (premiums)	15,348

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.	6,240
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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.

Pension expense, current year (increase) decrease	149,481
Decrease (increase) in accrued interest payable	3,596

<b>Change in Net Position of Government Activities, page 19</b>	<b><u><u>\$ 2,181,740</u></u></b>
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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, 2019**

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>			
Taxes	\$ 6,797,625	\$ 8,319,438	\$ 1,521,813
Licenses and permits	1,121,600	1,107,067	(14,533)
Fines and forfeitures	75,900	280,664	204,764
Fees and charges	86,920	143,389	56,469
Intergovernmental revenue	94,000	738,363	644,363
Revenue from City Property	20,500	67,639	47,139
Other revenue	-	452,289	452,289
	<hr/>	<hr/>	<hr/>
Total Revenues	8,196,545	11,109,935	2,913,390
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Current expenditures:			
General government	1,443,124	2,407,404	(964,280)
Public safety	3,656,452	3,757,319	(100,867)
Public works	1,866,402	1,780,959	85,443
Payments to Brewton City Board of Education	-	2,134,846	(2,134,846)
Payments to Water Works Board	-	12,964	(12,964)
Other departments	1,792,182	1,853,489	(61,307)
Capital expenditures	-	5,203,823	(5,203,823)
Debt Service:			
Principal	538,333	121,055	417,278
Interest	20,150	9,812	10,338
	<hr/>	<hr/>	<hr/>
Total Expenditures	9,316,643	17,281,671	(7,965,028)
	<hr/>	<hr/>	<hr/>
Excess Revenues Over (Under) Expenditures	(1,120,098)	(6,171,736)	(5,051,638)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,525,000	6,533,096	5,008,096
Transfers out	-	(1,592,884)	(1,592,884)
Loan proceeds	-	179,000	179,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	1,525,000	5,119,212	3,594,212
	<hr/>	<hr/>	<hr/>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	404,902	(1,052,524)	(1,457,426)
	<hr/>	<hr/>	<hr/>
Fund Balance at Beginning of Year	269,386	2,804,523	2,535,137
	<hr/>	<hr/>	<hr/>
<b>Fund Balance at End of Year</b>	<u>\$ 674,288</u>	<u>\$ 1,751,999</u>	<u>\$ 1,077,711</u>

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

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2019**

	Major Funds				Nonmajor Fund	
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	Totals
<b>Assets</b>						
Current assets						
Cash	\$ 1,491,482	\$ 482,768	\$ 293,322	\$ 164,746	\$ 6,512	\$ 2,438,830
Restricted cash	71,503	433,026	-	-	-	504,529
Accounts receivable	75,930	163,332	34,644	4,583	-	278,489
Due from other funds	333,705	-	-	5,342	-	339,047
Receivable from component units	30,000	-	-	-	-	30,000
Inventories	2,369,532	117,840	-	-	-	2,487,372
Total current assets	4,372,152	1,196,966	327,966	174,671	6,512	6,078,267
Noncurrent assets						
Property, plant, and equipment						
Land, improvements and construction in progress	11,100	29,500	3,000	298,000	137,413	479,013
Utility systems	4,968,112	10,906,619	-	-	-	15,874,731
Buildings and improvements	168,022	-	-	3,378,519	-	3,546,541
Equipment	2,792,407	1,164,512	1,675,544	356,170	-	5,988,633
Less accumulated depreciation	7,939,641	12,100,631	1,678,544	4,032,689	137,413	25,888,918
Net property, plant, and equipment	4,223,515	3,986,600	1,341,975	1,172,581	-	10,724,671
Total noncurrent assets	3,716,126	8,114,031	336,569	2,860,108	137,413	15,164,247
<b>Total Assets</b>	8,088,278	9,310,997	664,535	3,034,779	143,925	21,242,514
<b>Deferred Outflows of Resources</b>						
Defeasance of debt	52,517	732,067	-	-	-	784,584
Difference between expected and actual experiences	55,323	16,498	9,236	-	-	81,057
Changes of assumptions	41,590	13,261	6,537	-	-	61,388
Employer retirement contributions	56,032	21,313	8,369	-	-	85,714
<b>Total Deferred Outflows of Resources</b>	205,462	783,139	24,142	-	-	1,012,743

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

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF NET POSITION (continued)**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2019**

	Major Funds				Nonmajor Fund	
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	Totals
<b>Liabilities and Net Position</b>						
Current liabilities						
Accounts payable and accrued expenses	286,875	171,903	353	5,688	-	464,819
Due to other City funds	-	1,850	75,000	-	-	76,850
Long-term liabilities-current portion	77,637	312,637	75,347	-	-	465,621
Line of credit	3,725,306	-	-	-	-	3,725,306
Customer deposits	97,177	-	-	-	-	97,177
Total current liabilities	4,186,995	486,390	150,700	5,688	-	4,829,773
Noncurrent liabilities						
Long-term liabilities-less current portion	1,136,366	11,083,977	261,078	-	-	12,481,421
Accrued postclosure costs	-	-	331,445	-	-	331,445
Total noncurrent liabilities	1,136,366	11,083,977	592,523	-	-	12,812,866
<b>Total liabilities</b>	5,323,361	11,570,367	743,223	5,688	-	17,642,639
<b>Deferred Inflows of Resources</b>						
Difference between expected and actual experience	33,279	12,658	4,971	-	-	50,908
Net difference between projected and actual earnings on plan investments	42,589	16,597	6,666	-	-	65,852
<b>Total Deferred Inflows of Resources</b>	75,868	29,255	11,637	-	-	116,760
Net position						
Net investment in capital assets	2,998,466	2,381,313	62,953	2,860,108	137,413	8,440,253
Unrestricted	(103,955)	(3,886,799)	(129,136)	168,983	6,512	(3,944,395)
<b>Total Net Position</b>	\$ 2,894,511	\$ (1,505,486)	\$ (66,183)	\$ 3,029,091	\$ 143,925	\$ 4,495,858

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, 2019**

	Major Funds				Nonmajor Fund	
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	Totals
<b>Operating Revenues</b>						
Charges for services	\$ 26,940,950	\$ 1,083,335	\$ 678,366	\$ 125,903	\$ -	\$ 28,828,554
Other	43,299	62,537	-	-	-	105,836
Total operating revenues	26,984,249	1,145,872	678,366	125,903	-	28,934,390
<b>Operating Costs and Expenses</b>						
Cost of sales and services	21,081,110	-	326,809	-	-	21,407,919
Salaries and wages	615,064	276,589	86,133	18,000	-	995,786
Utilities	20,800	76,531	3,256	22,496	651	123,734
Maintenance and supplies	293,898	450,867	37,999	16,101	-	798,865
Employee benefits	130,611	55,218	25,349	-	-	211,178
Insurance	53,528	13,581	7,993	13,195	-	88,297
Professional fees	6,152	25	-	-	-	6,177
Office expense	25,808	10,300	4,271	64	-	40,443
Depreciation and amortization	145,803	264,127	139,094	115,799	-	664,823
Landfill postclosure expense	-	-	12,306	-	-	12,306
Other	312,865	11,787	5,757	589	-	330,998
Total operating costs and expenses	22,685,639	1,159,025	648,967	186,244	651	24,680,526
Operating Income (Loss)	4,298,610	(13,153)	29,399	(60,341)	(651)	4,253,864
<b>Non-Operating Revenue (Expense)</b>						
Interest earned	2,574	7,844	-	-	-	10,418
Capital gain (loss) on sale of assets	-	38,935	-	-	-	38,935
Receipt from Water Works Board	108,704	-	-	-	-	108,704
Payments to Water Works Board	(8,734)	-	-	-	-	(8,734)
Interest expense	(103,763)	(453,318)	(15,331)	-	-	(572,412)
Total non-operating revenue (expenses)	(1,219)	(406,539)	(15,331)	-	-	(423,089)
Income before contributions and transfers	4,297,391	(419,692)	14,068	(60,341)	(651)	3,830,775
Capital contributions	-	657,126	-	304,366	-	961,492
Transfers in	991,427	493,991	41,014	2,396	-	1,528,828
Transfers out	(5,031,030)	(14,941)	-	(697)	-	(5,046,668)
Change in Net Position	257,788	716,484	55,082	245,724	(651)	1,274,427
Net Position at Beginning of Year	2,636,723	(2,221,970)	(121,265)	2,783,367	144,576	3,221,431
<b>Net Position at End of Year</b>	<b>\$ 2,894,511</b>	<b>\$ (1,505,486)</b>	<b>\$ (66,183)</b>	<b>\$ 3,029,091</b>	<b>\$ 143,925</b>	<b>\$ 4,495,858</b>

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, 2019**

	Major Funds				Nonmajor Fund	
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Development Authority	Totals
<b>Cash Flows from Operating Activities:</b>						
Receipts from customers	\$ 26,998,409	\$ 1,151,160	\$ 675,365	\$ 125,903	\$ -	\$ 28,950,837
Payments to suppliers	(23,884,587)	(528,340)	(385,975)	(46,758)	(651)	(24,846,311)
Payments to employees	(769,628)	(341,789)	(144,280)	(18,000)	-	(1,243,697)
Net Cash Provided (Used) by Operating Activities	2,344,194	28,1031	175,110	61,145	(651)	2,860,829
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers in	991,427	493,991	41,014	2,396	-	1,528,828
Transfers out	(5,031,030)	(14,941)	-	(697)	-	(5,046,668)
Receipts from Water Works Board	108,704	-	-	-	-	108,704
Payments to Water Works Board	(8,734)	-	-	-	-	(8,734)
Net Cash Provided (Used) by Noncapital Financing Activities	(3,939,633)	479,050	41,014	1,699	-	(3,417,870)
<b>Cash Flows from Capital and Related Financing Activities</b>						
Repayment of debt	(157,334)	(307,580)	(101,421)	-	-	(566,335)
Interest paid on debt	(103,763)	(453,318)	(15,331)	-	-	(572,412)
Capital contributions from grant	-	657,126	-	304,366	-	961,492
Proceeds from line of credit	3,358,676	-	-	-	-	3,358,676
Proceeds from debt	25,062	-	-	-	-	50,124
Proceeds from disposal of capital assets	-	38,935	-	-	-	38,935
Purchase of capital assets	(838,321)	(721,645)	-	(318,725)	-	(1,878,691)
Net Cash Provided (Used) by Capital and Related Financing Activities	2,284,320	(761,420)	(116,752)	(43,359)	-	1,391,789
<b>Cash Flows from Investing Activities</b>						
Interest income	2,574	7,844	-	-	-	10,418
Net Increase (Decrease) in Cash	691,455	6,505	99,372	48,485	(651)	845,166
Cash at Beginning of Year	871,530	909,289	193,950	116,261	7,163	2,098,193
<b>Cash at End of Year</b>	<u>\$ 1,562,985</u>	<u>\$ 915,794</u>	<u>\$ 293,322</u>	<u>\$ 164,746</u>	<u>\$ 6,512</u>	<u>\$ 2,943,359</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 4,298,610	\$ (13,153)	\$ 29,399	\$ (60,341)	\$ (651)	\$ 4,253,864
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation and amortization	145,803	264,127	139,094	115,799	-	664,823
Change in deferred gain (loss) on debt defeasance	5,890	30,610	-	-	-	36,500
Change in pension expense as related to GASB 68	(23,952)	(9,980)	(2,800)	-	-	(36,732)
Change in accounts receivable	12,545	5,288	(3,001)	-	-	14,832
Change in inventories	(2,126,909)	9,676	-	-	-	(2,117,233)
Change in customer deposits	1,615	-	-	-	-	1,615
Change in accrued expenses	-	-	12,306	-	-	12,306
Change in accounts payable	30,592	(5,537)	112	5,687	-	30,854
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 2,344,194</u>	<u>\$ 28,1031</u>	<u>\$ 175,110</u>	<u>\$ 61,145</u>	<u>\$ (651)</u>	<u>\$ 2,860,829</u>

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**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 comprehensive annual 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 of the Authority is performed by the City's employees. The services provided by the Authority are exclusively for the benefit of the City.

*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, 2019**

**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, 2019**

**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 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.

**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, 2019**

**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, 2019**

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

**Impact of Recently Issued Accounting Principles**

*Recently Issued and Adopted Accounting Principles*

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued to address accounting and financial reporting for certain retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government has a legal obligation to perform future asset retirement activities related to its tangible capital assets and should recognize a liability based on the guidance in this statement. The requirements of GASB Statement No. 83 are effective for fiscal year 2019. The adoption of GASB Statement No. 83 did not have any impact on the City's financial statements.

GASB Statement No. 84, *Fiduciary Activities*, was issued to improve the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The requirements of GASB Statement No. 84 are effective for fiscal year 2019. The adoption of GASB Statement No. 84 did not have any impact on the City's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued to improve the disclosures in notes to government financial statements related to debt, including direct borrowings and direct placements. The statement also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of GASB Statement No. 88 are effective for the fiscal year 2019. The adoption of GASB Statement No. 88 did not have any impact on 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 2021. The City is currently evaluating the impact it may have on its financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued to improve the disclosures in notes to government financial statements related to debt, including direct borrowings and direct placements. The statement also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of GASB Statement No. 88 are effective for the fiscal year 2019. The City is currently evaluating the impact that this statement 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 2020. 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, 2019**

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

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 2020. The City is currently evaluating the impact of GASB 90 may have on its financial statements.

**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.

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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

**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 Comprehensive Annual Financial Report.

**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, 2019, 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.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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

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

	<u>Excess Expenditures</u>		<u>Excess Expenditures</u>
<b><i>General Government:</i></b>		<b><i>Code Enforcement</i></b>	
Office supplies	\$ 4,045	Employee benefits	\$ 7,083
Dues and publications	755	Salaries	2,854
Employee benefits	36,109	<b><i>Other Departments:</i></b>	
Utilities	15,296	<b><i>Municipal Court</i></b>	
Lease	48,418	Salaries	6,863
Insurance	47,589	Employee benefits	4,575
Repairs and maintenance	396,853	Court supplies	210
Professional fees	209,174	Legal services	24,421
Street lighting	89,651	Other	1,062
Industrial development expenditures	45,290	State fees	60,216
Capital expenditures	3,242,510	<b><i>Library Department</i></b>	
Other	128,785	Salaries	12,301
<b><i>Public Safety:</i></b>		Employee benefits	5,761
<b><i>Police Department</i></b>		Insurance	1,140
Employee benefits	53,265	Repairs and maintenance	16,175
Travel	10,308	Books purchased	30,716
Investigation and education	9,712	Capital expenditures	753,038
Capital expenditures	76,886	Office supplies	19,081
Office supplies	4,690	<b><i>Recreation Department</i></b>	
Other	11,717	Salaries	18,459
<b><i>Fire Department</i></b>		Employee benefits	6,671
Salaries	81,744	Recreation activities	34,520
Employee benefits	28,160	Capital expenditures	80,703
Repairs and maintenance	6,033	Other	4,099
Tools and supplies	1,130	<b><i>Cemetery Department</i></b>	
Office supplies	183	Salaries	10,538
Fuel, oil, and tires	4,780	Employee benefits	1,742
Capital expenditures	6,175	Utilities	15,179
<b><i>Public Works:</i></b>		<b><i>Traffic control</i></b>	
<b><i>Street Department</i></b>		Repairs and maintenance	20,264
Salaries	3,820	<b><i>Beautification</i></b>	
Employee benefits	4,800	Capital expenditures	60,056
Chemicals	339	Other	4,369
Capital expenditures	984,455	<b><i>Payments to School Bd</i></b>	2,134,846
Telephone	1,448	<b><i>Payments to Water Bd</i></b>	12,964
Other	2,674	<b><i>Transfers Out</i></b>	1,592,882
<b><i>Animal Control</i></b>			
Salaries	10,059		
Employee benefits	4,064		
Uniforms	17		
Insurance	2,453		
Telephone	47		
Utilities	206		

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**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.

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**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**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 31, 2020, the date which the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the COVID-19 (Coronavirus) outbreak a “Public Health Emergency of International Concern”. On March 10, 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. While it is unknown how long these conditions will last and what complete financial effect this will have on the City, the City is expecting to experience a decline in revenue.

On December 11, 2019, the City issued Series 2019-A and Series 2019-B General Obligation Warrants of \$3,370,000 and \$5,100,000, respectively, for the purposes of financing various capital improvements and partially refunding the City’s 2013 General Obligation Warrants in the amount of \$4,845,000.

There were no other material subsequent events which require disclosure at September 30, 2019.

**NOTE 2            DEPOSITS AND INVESTMENTS**

At September 30, 2019, the City had investments in U.S. Treasury money market mutual funds through its trustee agreement for debt sinking funds. The fair value was \$442,627. The average maturity of the portfolio was 35 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, 2019, 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, 2019**

**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, 2019, the largest customer for the gas fund accounted for approximately 96% of revenue in the gas fund.

**NOTE 4      NET POSITION DEFICIT**

At September 30, 2019, there was a deficit in net position of the Sewer Fund of \$1,505,486 and the Sanitation Fund of \$66,183. The City transferred funds in a subsequent fiscal year from the general fund to replenish the funds.

**NOTE 5      GRANT PROCEEDS IN PROPRIETARY FUNDS**

The Proprietary Funds received proceeds from a grant during the fiscal year September 30, 2019. 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 for sewer 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 09/30/18	Additions	Reclassifications/ Retirements	Balance 09/30/19
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 4,807,229	\$ 85,000	\$ -	\$ 4,892,229
Construction in progress	850,753	77,981	695,862	232,872
Total capital assets not being depreciated	5,657,982	162,981	695,862	5,125,101
<i>Capital assets being depreciated</i>				
Buildings	8,717,693	3,405,548	-	12,123,241
Improvements other than buildings	15,372,791	1,690,890	-	17,063,681
Vehicles and equipment	7,589,151	1,286,766	204,276	8,671,641
Total capital assets being depreciated	31,679,635	6,383,204	204,276	37,858,563
Less accumulated depreciation for:				
Buildings	2,902,002	206,072	-	3,108,074
Improvements other than buildings	3,768,272	434,970	-	4,203,242
Vehicles and equipment	5,974,730	524,688	204,276	6,295,142
Total accumulated depreciation	12,645,004	1,165,730	204,276	13,606,458
Total capital assets being depreciated	19,034,631	5,217,474	-	24,252,105
Capital assets, net	\$ 24,692,613	\$ 5,380,455	\$ 695,862	\$ 29,377,206
Depreciation was charged to governmental activities as follows:				
General	\$ 738,195			
Police	171,942			
Fire	105,889			
Street	87,089			
Recreation	50,375			
Library	12,240			
Total	\$ 1,165,730			

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	Balance 09/30/18	Additions	Reclassifications/ Retirements	Balance 09/30/19
<b>Business-type Activities</b>				
<b>Gas Service Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 11,100	\$ -	\$ -	\$ 11,100
Construction in progress	870,184	-	870,184	-
Total capital assets not being depreciated	881,284	-	870,184	11,100
<i>Capital assets being depreciated</i>				
Buildings and improvements	168,022	-	-	168,022
Utility systems	4,968,112	-	-	4,968,112
Equipment	1,083,902	1,708,505	-	2,792,407
Total capital assets being depreciated	6,220,036	1,708,505	-	7,928,541
Less accumulated depreciation for:				
Buildings and improvements	156,332	2,639	-	158,971
Utility systems	2,954,447	89,347	-	3,043,794
Equipment	966,933	53,817	-	1,020,750
Total accumulated depreciation	4,077,712	145,803	-	4,223,515
Total capital assets being depreciated	2,142,324	1,562,702	-	3,705,026
Capital assets, net	\$ 3,023,608	\$ 1,562,702	\$ 870,184	\$ 3,716,126
<b>Sewer Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 29,500	\$ -	\$ -	\$ 29,500
Construction in progress	-	-	-	-
Total capital assets not being depreciated	29,500	-	-	29,500
<i>Capital assets being depreciated</i>				
Utility systems	10,273,521	633,098	-	10,906,619
Equipment	1,114,900	88,587	38,975	1,164,512
Total capital assets being depreciated	11,388,421	721,685	38,975	12,071,131
Less accumulated depreciation for:				
Utility systems	2,785,648	211,692	-	2,997,340
Equipment	975,760	52,435	38,935	989,260
Total accumulated depreciation	3,761,408	264,127	38,935	3,986,600
Capital assets, net	\$ 7,656,513	\$ 457,558	\$ 40	\$ 8,114,031

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	Balance 09/30/18	Additions	Reclassifications/ Retirements	Balance 09/30/19
<b>Business-type Activities (continued)</b>				
<b>Sanitation Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
<i>Capital assets being depreciated</i>				
Equipment	1,675,544	-	-	1,675,544
Total capital assets being depreciated	1,675,544	-	-	1,675,544
Less accumulated depreciation for:				
Equipment	1,202,881	139,094	-	1,341,975
Total accumulated depreciation	1,202,881	139,094	-	1,341,975
Total capital assets being depreciated	472,663	(139,094)	-	333,569
Capital assets, net	\$ 475,663	\$ (139,094)	\$ -	\$ 336,569
<b>Municipal Airport Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 298,000	\$ -	\$ -	\$ 298,000
Total capital assets not being depreciated	298,000	-	-	298,000
<i>Capital assets being depreciated</i>				
Buildings and improvements	3,065,154	313,365	-	3,378,519
Equipment	350,810	5,360	-	356,170
Total capital assets being depreciated	3,415,964	318,725	-	3,734,689
Less accumulated depreciation for:				
Buildings and improvements	777,292	94,284	-	871,576
Equipment	279,491	21,514	-	301,005
Total accumulated depreciation	1,056,783	115,798	-	1,172,581
Total capital assets being depreciated	2,359,181	202,927	-	2,562,108
Capital assets, net	\$ 2,657,181	\$ 202,927	\$ -	\$ 2,860,108
<b>Brewton Development Authority</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 137,413	\$ -	\$ -	\$ 137,413
Capital assets, net	\$ 137,413	\$ -	\$ -	\$ 137,413

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 6      CAPITAL ASSETS (CONTINUED)**

<b>Component Unit:</b>	Balance 09/30/18	Additions	Reclassifications/ Retirements	Balance 09/30/19
<b>Water Works Board</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 85,206	\$ -	\$ -	\$ 85,206
Construction in progress	37,000	-	-	37,000
Total capital assets not being depreciated	<u>122,206</u>	<u>-</u>	<u>-</u>	<u>122,206</u>
<i>Capital assets being depreciated</i>				
Water system	13,045,070	112,843	-	13,157,913
Machinery and equipment	1,610,989	5,540	-	1,616,529
Property under capital lease	-	25,062	-	25,062
Furniture and fixtures	67,609	-	-	67,609
Total capital assets being depreciated	<u>14,723,668</u>	<u>143,445</u>	<u>-</u>	<u>14,867,113</u>
Less accumulated depreciation for:				
Water system	4,121,043	299,072	-	4,420,115
Machinery and equipment	1,258,749	58,143	-	1,316,892
Property under capital lease	-	2,089	-	2,089
Furniture and fixtures	67,609	-	-	67,609
Total accumulated depreciation	<u>5,447,401</u>	<u>359,304</u>	<u>-</u>	<u>5,806,705</u>
Total capital assets being depreciated	<u>9,276,267</u>	<u>(215,859)</u>	<u>-</u>	<u>9,060,408</u>
Capital assets, net	<u>\$ 9,398,473</u>	<u>\$ (215,859)</u>	<u>\$ -</u>	<u>\$ 9,182,614</u>

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 7      LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
General Obligation Debt	\$ 5,705,419	\$ -	\$ 400,041	\$ 5,305,378	\$ 385,378
Capital Lease Obligations	201,006	179,000	86,014	293,992	81,634
Compensated Absences	319,593	332,670	338,910	313,353	62,671
	<u>6,226,018</u>	<u>511,670</u>	<u>824,965</u>	<u>5,912,723</u>	<u>529,683</u>
Warrant Premium	<u>185,448</u>	<u>-</u>	<u>15,348</u>	<u>170,100</u>	<u>-</u>
Net Pension Liability	<u>3,475,419</u>	<u>-</u>	<u>520,404</u>	<u>2,955,015</u>	<u>-</u>
Governmental Activities, long-term liabilities	<u>9,886,885</u>	<u>511,670</u>	<u>1,360,717</u>	<u>9,037,838</u>	<u>529,683</u>
<b>Business-type Activities</b>					
General Obligation Debt	12,539,365	-	432,062	12,107,303	397,303
Capital Lease Obligations	301,474	50,124	50,373	301,225	56,012
Accrued Postclosure Costs	319,139	12,306	-	331,445	12,306
	<u>13,159,978</u>	<u>62,430</u>	<u>482,435</u>	<u>12,739,973</u>	<u>465,621</u>
Warrant Premium	81,753		3,960	77,793	-
Warrant Discount	<u>(77,816)</u>	<u>-</u>	<u>4,102</u>	<u>(73,716)</u>	<u>-</u>
Net Pension Liability	<u>645,634</u>	<u>-</u>	<u>111,197</u>	<u>534,437</u>	<u>-</u>
Business-type Activities, long-term liabilities	<u>13,809,549</u>	<u>62,430</u>	<u>601,694</u>	<u>13,278,487</u>	<u>465,621</u>
Total Long-term Liabilities	<u>\$ 23,696,434</u>	<u>\$ 574,100</u>	<u>\$ 1,962,411</u>	<u>\$ 22,316,325</u>	<u>\$ 995,304</u>

Compensated absences, typically, have been liquidated in the general fund.

Bonds and warrants payable at September 30, 2019, were comprised of the following:

**General Obligation Bonds and Warrants:**

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.

\$ 5,255,000

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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

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.	675,000
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.	5,290,000
2013 General Obligation Sewer Revenue Warrant payable in annual installments of \$140,000 to \$350,000 through December 1, 2043, with interest at 4.750% to 5.00% payable June 1, and December 1.	5,620,000
2013 General Obligation Gas Revenue Warrant payable in annual installments of \$60,000 to \$65,000 through December 1, 2020, with interest at 2.00% to 4.25% payable on June 1, and December 1.	130,000
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.	405,000
Note payable for purchase of tractor dated April 30, 2015, due in 60 monthly installments of \$842, including interest at 2.00%, maturing April 30, 2020.	5,914
Note payable for purchase of trash truck dated April 15, 2015, due in 60 monthly installments of \$2,335, including interest at 1.75%, maturing April 15, 2020.	16,389
Note payable for purchase of street sweeper dated March 8, 2015, due in 60 monthly installments of \$2,676, including interest at 1.79%, maturing March 8, 2020.	<u>15,378</u>
Total General Obligation Bonds and Warrants	<u>\$ 17,412,681</u>

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**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
2020	\$ 385,378	\$ 155,834	\$ 397,303	\$ 430,070
2021	380,000	146,350	385,000	419,875
2022	395,000	134,725	400,000	409,166
2023	405,000	122,725	410,000	397,740
2024	415,000	110,425	420,000	385,653
2025-2029	2,300,000	337,425	2,300,000	1,721,612
2030-2034	1,025,000	30,975	2,225,000	1,332,505
2035-2039	-	-	2,530,000	884,810
2040-2044	-	-	3,040,000	327,744
2045	-	-	-	-
	<u>\$ 5,305,378</u>	<u>\$ 1,038,459</u>	<u>\$ 12,107,303</u>	<u>\$ 6,309,175</u>

Certain General Obligation Bonds and Warrants are not associated with the City's capital assets. The unspent proceeds of the 2016 General Obligation Warrant have not been included in the calculation of Net Investment in Capital Assets. The unspent proceeds of the 2013 and 2017 General Obligation Sewer and Gas Warrants 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 sanitation fund. 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.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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

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

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 672,108	\$ 449,465
Less accumulated depreciation	363,748	233,250
Total	<u>\$ 308,360</u>	<u>\$ 216,215</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2019, were as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2020	\$ 93,243	\$ 70,622
2021	88,354	70,622
2022	88,353	177,423
2023	40,989	11,436
2024	<u>10,164</u>	<u>3,475</u>
Total minimum lease payments	321,103	333,578
Less amount representing interest	<u>(27,111)</u>	<u>(32,353)</u>
Present value of minimum lease payments	<u>\$ 293,992</u>	<u>\$ 301,225</u>

**Line of Credit and Letter of Credit**

The City has a line of credit with a \$1,700,000 limit. As of September 30, 2019, the balance was \$1,725,355 (including accrued interest). The interest rate is 4.75% with a maturity date of September 23, 2020. In addition, the City also has a line of credit with a \$2,000,000 limit. As of September 30, 2019, the balance was \$1,999,951. The interest rate is 2.55% with a maturity date of March 5, 2020. Both were 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.

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**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. At September 30, 2019, \$8,665,000 of defeased debt is outstanding.

**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 \$331,445 reported as accrued postclosure costs by the sanitation fund represents the cumulative amount of estimated costs through September 30, 2019. 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, 2019. Estimated total landfill capacity is 1,350,000 cubic yards of which 1,178,597 cubic yards or approximately 87 percent had been used at September 30, 2016. The landfill's estimated remaining life at September 30, 2019, was approximately 4 years.

**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](http://www.rsa-al.gov).

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

1. The Governor, ex officio.
2. The State Treasurer, ex officio.
3. The State Personnel Director, ex officio.
4. The State Director of Finance, ex officio.
5. Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6. 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, 2019**

**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. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

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. State Police are allowed 2.375% for each year of state police service in computing the formula method.

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.

The ERS serves approximately 909 local participating employers. The ERS membership includes approximately 90,999 participants. As of September 30, 2018, membership consisted of:

	<u>Number</u>
Retired members or their beneficiaries currently receiving benefits	51
Vested inactive members	2
Non-vested inactive members	17
Active members	123
Post-DROP retired members still in active service	<u>0</u>
Total	<u><u>193</u></u>

*Contributions*

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 11      PENSION PLAN (CONTINUED)**

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. State Police of the ERS contribute 10% 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. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

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, 2019, the City's active employee contribution rate was 9.93% percent of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 7.04% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2019, was 9.93% for Tier 1 employees, and 7.04% for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2016, 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 \$486,730 and \$40,004 for the City and Water Works Board, respectively, for the year ended September 30, 2019.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 11      PENSION PLAN (CONTINUED)**

*Net Pension Liability*

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017 rolled forward to September 30, 2018 using standard roll-forward techniques as shown in the following table:

	Expected		Actual		Actual	
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board
(a) Total Pension Liability as of September 30, 2016	\$ 14,896,854	\$ 1,387,928	\$ 14,583,760	\$ 1,358,757	\$ 14,664,093	\$ 1,366,241
(b) Discount rate	7.75%	7.75%	7.75%	7.75%	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2016 to September 30, 2017	382,780	35,663	382,780	35,663	386,223	35,984
(d) Transfers Among Employers						
(e) Actual Benefit Payments & Refunds for October 1, 2016 to September 30, 2017	<u>(886,724)</u>	<u>(82,615)</u>	<u>(886,724)</u>	<u>(82,615)</u>	<u>(886,724)</u>	<u>(82,615)</u>
(f) Total Pension Liability as of September 30, 2017 [(a) x (1+(b)) + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 15,513,056</u>	<u>\$ 1,445,339</u>	<u>\$ 15,187,044</u>	<u>\$ 1,414,964</u>	<u>\$ 15,269,935</u>	<u>\$ 1,422,687</u>
(g) Difference between Expected and Actual			<u>\$ (326,012)</u>	<u>\$ (30,375)</u>		
(h) Less Liability Transferred for Immediate Recognition			<u>11,347</u>	<u>1,057</u>		
(i) Experience (Gain)/Loss = (g) - (h)			<u>\$ (337,359)</u>	<u>\$ (31,432)</u>		
(j) Difference between Actual at 7.70% and Actual at 7.75% [Assumption Change (Gain)/Loss] =					<u>\$ 82,891</u>	<u>\$ 7,723</u>

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 11 PENSION PLAN (CONTINUED)**

*Actuarial Assumptions* - The total pension liability in the September 30, 2018, 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, 2017, 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'ntl Developed Mkt Stks	12.0%	9.5%
Inter'ntl Emerging Mkt Stks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash	3.0%	1.5%

\*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, 7.7%. 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, 2019**

**NOTE 11      PENSION PLAN (CONTINUED)**

**Changes in Net Pension Liability**

	Total Pension Liability		Plan Fiduciary Net Position		Net Pension Liability	
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board
Balances at September 30, 2017	\$ 14,896,854	\$ 1,387,928	\$ 10,775,802	\$ 1,003,973	\$ 4,121,052	\$ 383,955
Changes for the year:						
Service cost	376,423	42,020	-	-	376,423	42,020
Interest	1,120,146	104,363	-	-	1,120,146	104,363
Changes of assumptions	82,891	7,723	-	-	82,891	7,723
Differences between expected and actual experience	(337,359)	(31,432)	-	-	(337,359)	(31,432)
Contributions - employer	-	-	609,376	56,775	(609,376)	(56,775)
Contributions - employee	-	-	267,948	24,965	(267,948)	(24,965)
Net investment income	-	-	996,377	92,832	(996,377)	(92,832)
Benefit payments, including refunds of employee contributions	(886,724)	(82,615)	(886,724)	(82,615)	-	-
Administrative expense	-	-	-	-	-	-
Transfers among employers	11,347	1,057	11,347	1,057	-	-
Net Changes	366,724	41,116	998,324	93,014	(631,600)	(51,898)
Balances at September 30, 2018	\$ 15,263,578	\$ 1,429,044	\$ 11,774,126	\$ 1,096,987	\$ 3,489,452	\$ 332,057

*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:

	1% Decrease (6.70%)		Current Discount Rate (7.70%)		1% Increase (8.70%)	
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board
Net pension liability	\$ 5,349,325	\$ 498,392	\$ 3,489,452	\$ 332,057	\$ 1,940,588	\$ 180,803

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 11      PENSION PLAN (CONTINUED)**

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the RSA prepared as of September 30, 2018. The auditor's report dated August 17, 2019 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

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

For the year ended September 30, 2019, the City recognized pension expense of \$643,187 and \$59,925 for the City and Water Board, respectively. At September 30, 2019, the City and Water Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	City of Brewton	Water Board	City of Brewton	Water Board
Differences between expected and actual experience	\$ 490,086	\$ 44,328	\$ 289,155	\$ 23,759
Changes of assumptions	357,111	30,820	-	-
Net difference between projected and actual earnings on plan investments	-	-	379,263	30,493
Employer contributions subsequent to measurement date*	486,730	40,004	-	-
Total	<u>\$ 1,333,927</u>	<u>\$ 115,152</u>	<u>\$ 668,418</u>	<u>\$ 54,252</u>

\*Employer contributions made from October 1, 2018 through September 30, 2019, related to normal and accrued liability components of employer rate net of any refunds or error service payments. These amounts will be recognized in 2020 as a reduction of the net pension liability.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 11 PENSION PLAN (CONTINUED)**

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 September 30,	City of Brewton	Water Board	Total
2020	\$ 142,056	\$ 16,335	\$ 158,391
2021	26,050	2,216	28,266
2022	18,604	1,583	20,187
2023	42,615	3,625	46,240
2024	(25,915)	(2,205)	(28,120)
Thereafter	(23,306)	(1,983)	(25,289)
	<u>\$ 180,104</u>	<u>\$ 19,571</u>	<u>\$ 199,675</u>

**NOTE 12 INTERFUND TRANSACTIONS**

Interfund receivables and payables at September 30, 2019 are:

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

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.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 12 INTERFUND TRANSACTIONS (CONTINUED)**

At September 30, 2019, interfund transfers consisted of the following:

	Transfers Out						
	General	2016 GOW DSF	Other Governmental	Gas Service	Sewer	Airport	Totals
Transfers In							
General	\$ -	\$ 1,508,535	\$ 6,389	\$ 5,002,855	\$ 14,941	\$ 376	\$ 6,533,096
Other Governmental	22,000	-		-	-	-	22,000
2016 GOW DSF	781,949	-	-	-	-	-	781,949
Gas Service	279,709	711,398	-	-	-	321	991,427
Sewer	493,991	-	-	-	-	-	493,991
Airport	2,075	-	-	321	-	-	2,396
Sanitation	13,160	-	-	27,854	-	-	41,014
Totals	\$ 1,592,884	\$ 2,219,933	\$ 6,389	\$ 5,031,030	\$ 14,941	\$ 697	\$ 8,865,873

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 2016 GOW proceeds were used during the year to fund various City projects and operations in the gas service fund as well as the general fund.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**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:				
Treasury Portfolio	\$ 884,604	\$ -	\$ -	\$ 884,604
Total	<u>\$ 884,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 884,604</u>

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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2018			2017			2016			2015			2014		
	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total
<b>Total pension liability</b>															
Service cost	\$ 376,423	\$ 42,020	\$ 418,443	\$ 392,020	\$ 36,524	\$ 428,544	\$ 336,587	\$ 31,360	\$ 367,947	\$ 322,075	\$ 29,727	\$ 351,802	\$ 315,894	\$ 29,647	\$ 345,541
Interest	1,120,146	104,363	1,224,509	1,053,010	98,108	1,151,118	965,358	89,942	1,055,300	906,285	83,649	989,934	877,456	82,351	959,807
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(337,359)	(31,432)	(368,791)	141,140	13,150	154,290	487,065	45,379	532,444	352,055	32,494	384,549	-	-	-
Changes of assumptions	82,891	7,723	90,614	-	-	-	521,648	48,601	570,249	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(886,724)	(82,615)	(969,339)	(917,418)	(85,475)	(1,002,893)	(838,811)	(78,151)	(916,962)	(825,293)	(76,174)	(901,467)	(874,026)	(82,030)	(956,056)
Transfers among employers	11,347	1,057	12,404	182,174	16,973	199,147	87,701	8,171	95,872	-	-	-	-	-	-
<b>Net change in total pension liability</b>	366,724	41,116	407,840	850,926	79,280	930,206	1,559,548	145,302	1,704,850	755,122	69,696	824,818	319,324	29,968	349,292
<b>Total pension liability- beginning</b>	14,896,854	1,387,928	16,284,782	14,045,929	1,308,647	15,354,576	12,486,380	1,163,346	13,649,726	11,741,203	1,083,705	12,824,908	11,405,208	1,070,408	12,475,616
<b>Total pension liability- ending (a)</b>	<u>\$ 15,263,578</u>	<u>\$ 1,429,044</u>	<u>\$ 16,692,622</u>	<u>\$ 14,896,855</u>	<u>\$ 1,387,927</u>	<u>\$ 16,284,782</u>	<u>\$ 14,045,928</u>	<u>\$ 1,308,648</u>	<u>\$ 15,354,576</u>	<u>\$ 12,496,325</u>	<u>\$ 1,153,401</u>	<u>\$ 13,649,726</u>	<u>\$ 11,724,532</u>	<u>\$ 1,100,376</u>	<u>\$ 12,824,908</u>
<b>Plan fiduciary net position</b>															
Contributions- employer	\$ 609,376	\$ 56,775	\$ 666,151	\$ 474,092	\$ 44,221	\$ 518,314	\$ 446,742	\$ 41,623	\$ 488,365	\$ 426,890	\$ 39,402	\$ 466,292	\$ 353,734	\$ 33,199	\$ 386,933
Contributions- member	267,948	24,965	292,913	252,384	23,514	275,898	241,405	22,492	263,897	224,575	20,728	245,303	210,866	19,790	230,656
Net investment income	996,377	92,832	1,089,209	1,222,448	113,704	1,336,152	886,757	82,428	969,185	103,711	9,572	113,283	962,030	90,289	1,052,319
Benefit payments, including refunds of employee	(886,724)	(82,615)	(969,339)	(917,418)	(85,475)	(1,002,893)	(838,811)	(78,151)	(916,962)	(825,293)	(76,174)	(901,467)	(874,026)	(82,030)	(956,056)
Transfers among employers	11,347	1,057	12,404	182,174	16,973	199,147	87,701	8,171	95,872	(26,380)	(2,435)	(28,815)	8,699	816	9,515
<b>Net change in plan fiduciary net position</b>	998,324	93,014	1,091,338	1,213,680	112,937	1,326,618	823,794	76,563	900,357	(96,497)	(8,907)	(105,404)	661,303	62,064	723,367
<b>Plan net position- beginning</b>	10,775,802	1,003,973	11,779,775	9,562,250	890,907	10,453,157	8,738,629	814,171	9,552,800	8,842,086	816,118	9,658,204	8,168,228	766,609	8,934,837
<b>Plan net position- ending (b)</b>	<u>\$ 11,774,126</u>	<u>\$ 1,096,987</u>	<u>\$ 12,871,113</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>
<b>Net pension liability (asset)- ending (a) - (b)</b>	\$ 3,489,452	\$ 332,057	\$ 3,821,509	\$ 4,120,925	\$ 384,083	\$ 4,505,007	\$ 4,483,505	\$ 417,914	\$ 4,901,419	\$ 3,750,736	\$ 346,190	\$ 4,096,926	\$ 2,895,001	\$ 271,703	\$ 3,166,704
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	66.17%	6.17%	72.34%	66.17%	6.17%	72.34%	62.28%	5.80%	68.08%	64.08%	5.91%	69.99%	68.85%	6.46%	75.31%
<b>Covered payroll *</b>	\$ 4,733,460	\$ 441,012	\$ 5,174,472	\$ 4,393,679	\$ 409,355	\$ 4,803,034	\$ 4,314,385	\$ 401,968	\$ 4,716,353	\$ 4,055,403	\$ 374,311	\$ 4,429,714	\$ 4,049,645	\$ 380,069	\$ 4,429,714
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	73.72%	75.29%	73.85%	93.79%	93.83%	93.80%	103.92%	103.97%	103.92%	92.49%	92.49%	92.49%	71.49%	71.49%	71.49%

\* Employer's covered-payroll during the measurement period is the total covered payroll. For FY2019 the measurement period is October 1, 2017 - September 30, 2018. 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.

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

	2019			2018			2017			2016		
	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total
Actuarially determined contribution*	\$ 432,919	\$ 34,691	\$ 526,734	\$ 432,919	\$ 34,691	\$ 467,610	\$ 387,299	\$ 33,009	\$ 420,308	\$ 369,632	\$ 34,117	\$ 403,749
Contributions in relation to the actuarially determined contribution*	432,919	34,691	526,734	432,919	34,691	467,610	387,299	33,009	420,308	369,632	34,117	403,749
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll**	\$ 5,004,447	\$ 466,260	\$ 5,470,707	\$ 4,733,460	\$ 441,012	\$ 5,174,472	\$ 4,393,679	\$ 409,355	\$ 4,803,034	\$ 4,317,821	\$ 398,532	\$ 4,716,353
Contributions as a percentage of covered-employee payroll	8.65%	7.44%	9.63%	9.15%	7.87%	9.04%	8.81%	8.06%	8.75%	8.56%	8.56%	8.56%

\* 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

\*\* Employer's covered-payroll for FY2019 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 2019 were based on the September 30, 2016 actuarial valuation.

Methods and assumption used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	26.3 years
Asset valuation method	Five year smoothed market
Inflation	2.875%
Salary increases	3.375- 5.125 %, including inflation
Investment rate of return	7.875%, 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.

## **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, 2019**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
<b>Taxes</b>			
Ad valorem tax	\$ 625,000	\$ 1,102,953	\$ 477,953
Beer tax	55,000	49,523	(5,477)
Cigarette tax	9,000	8,480	(520)
Sales tax	5,956,625	6,895,303	938,678
City gasoline tax	149,000	200,235	51,235
Wine tax	3,000	2,814	(186)
Oil severance tax	-	60,130	60,130
Total Taxes	<u>6,797,625</u>	<u>8,319,438</u>	<u>1,521,813</u>
<b>Licenses and Permits</b>			
Business licenses	1,100,000	1,085,688	(14,312)
Building permits	21,600	21,379	(221)
Total Licenses and Permits	<u>1,121,600</u>	<u>1,107,067</u>	<u>(14,533)</u>
<b>Fines and Forfeitures</b>			
Fines and court costs	<u>75,900</u>	<u>280,664</u>	<u>204,764</u>
<b>Fees and Charges</b>			
Recreation and golf revenues	5,420	20,204	14,784
Library fees	-	2,008	2,008
Miscellaneous fees	81,500	121,177	39,677
Total Fees and Charges	<u>86,920</u>	<u>143,389</u>	<u>56,469</u>
<b>Intergovernmental Revenues</b>			
Grant proceeds	-	556,191	556,191
Production privilege tax	13,500	23,799	10,299
Financial excise tax	39,000	64,446	25,446
Motor vehicle license	17,500	17,919	419
Business privilege tax	24,000	25,097	1,097
State capital improvement revenue	-	50,911	50,911
Total Intergovernmental Revenues	<u>94,000</u>	<u>738,363</u>	<u>644,363</u>
<b>Revenue From City Property</b>			
Sale of City property	4,500	36,320	31,820
Rent	-	12,654	12,654
Community center	16,000	18,665	2,665
Total Revenue From City Property	<u>20,500</u>	<u>67,639</u>	<u>47,139</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, 2019**

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
<b>Receipts from Water Works Board</b>	\$ -	\$ 1,086	\$ 1,086
<b>Other Revenue</b>			
Interest earned	-	1,852	1,852
Donations	-	172,279	172,279
Other	-	278,158	278,158
Total Other Revenue	-	452,289	452,289
Total Revenues	8,196,545	11,109,935	2,913,390
<b>Other Financing Sources</b>			
Transfers in	1,525,000	6,533,096	5,008,096
Loan proceeds	-	179,000	179,000
Total Other Financing Sources	1,525,000	6,712,096	5,187,096
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 9,721,545</u>	<u>\$ 17,822,031</u>	<u>\$ 8,100,486</u>

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures</b>			
<b>General Government</b>			
Salaries	\$ 564,867	\$ 523,227	\$ 41,640
Employee benefits	82,212	118,321	(36,109)
Utilities	70,500	85,796	(15,296)
Lease	69,000	117,418	(48,418)
Telephone	36,600	36,005	595
Office supplies	13,000	17,045	(4,045)
Dues and publications	2,850	3,605	(755)
Travel	33,500	19,670	13,830
Insurance	75,638	123,227	(47,589)
Repairs and maintenance	146,800	543,653	(396,853)
Professional fees	122,500	331,674	(209,174)
Street lighting	-	89,651	(89,651)
Fire hydrant rental	18,000	16,380	1,620
Industrial development expenditures	13,500	58,790	(45,290)
Appropriation	10,757	10,757	-
Capital expenditures	-	3,242,510	(3,242,510)
Other	183,400	312,185	(128,785)
Total General Government	<u>1,443,124</u>	<u>5,649,914</u>	<u>(4,206,790)</u>
<b>Public Safety</b>			
<b>Police Department</b>			
Salaries	1,674,669	1,670,924	3,745
Employee benefits	356,661	409,926	(53,265)
Travel	20,000	30,308	(10,308)
Telephone	25,000	21,388	3,612
Uniforms and equipment	36,000	28,890	7,110
Repairs and maintenance	101,500	86,815	14,685
Fuel, oil, and tires	75,000	70,315	4,685
Ammunition	4,000	3,282	718
Insurance	165,380	124,244	41,136
Jail expenditures	1,000	-	1,000
Laundry	1,500	-	1,500
Investigation and education	31,500	41,212	(9,712)
Capital expenditures	-	76,886	(76,886)
Office supplies	8,000	12,690	(4,690)
Other	14,500	26,217	(11,717)
Total Police Department	<u>2,514,710</u>	<u>2,603,097</u>	<u>(88,387)</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, 2019**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Public Safety (Continued)</b>			
<b>Fire Department</b>			
Salaries	\$ 766,488	\$ 848,232	\$ (81,744)
Employee benefits	190,000	218,160	(28,160)
Insurance	60,004	37,858	22,146
Repairs and maintenance	35,200	41,233	(6,033)
Tools and supplies	17,250	18,380	(1,130)
Utilities	11,500	11,399	101
Telephone	19,200	14,418	4,782
Office supplies	4,800	4,983	(183)
Uniforms	6,000	4,686	1,314
Education and travel	17,000	13,179	3,821
Fuel, oil, and tires	13,500	18,280	(4,780)
Laundry	500	-	500
Miscellaneous	300	300	-
Capital expenditures	-	6,175	(6,175)
Total Fire Department	<u>1,141,742</u>	<u>1,237,283</u>	<u>(95,541)</u>
 Total Public Safety	 <u>3,656,452</u>	 <u>3,840,380</u>	 <u>(183,928)</u>
<b>Public Works</b>			
<b>Street Department</b>			
Salaries	862,621	866,441	(3,820)
Employee benefits	209,165	213,965	(4,800)
Insurance	97,533	62,856	34,677
Repairs and maintenance	301,725	253,741	47,984
Tools and supplies	20,000	13,167	6,833
Fuel, oil, and tires	67,000	60,502	6,498
Chemicals	5,000	5,339	(339)
Capital expenditures	-	984,455	(984,455)
Uniforms	21,060	19,842	1,218
Utilities	16,000	13,907	2,093
Telephone	10,000	11,448	(1,448)
Other	3,613	6,287	(2,674)
Total Street Department	<u>1,613,717</u>	<u>2,511,950</u>	<u>(898,233)</u>
<b>Animal Control</b>			
Salaries	71,811	81,870	(10,059)
Employee benefits	16,995	21,059	(4,064)
Uniforms	900	917	(17)
Insurance	2,173	4,626	(2,453)
Repairs and maintenance	12,100	5,550	6,550
Tools and supplies	5,400	4,405	995
Telephone	900	947	(47)
Utilities	6,800	7,006	(206)
Other	875	22	853
Total Animal Control	<u>117,954</u>	<u>126,402</u>	<u>(8,448)</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, 2019**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Code Enforcement</b>			
Salaries	\$ 82,413	\$ 85,267	\$ (2,854)
Employee benefits	17,804	24,887	(7,083)
Travel	2,500	668	1,832
Office supplies	12,300	2,357	9,943
Insurance	5,164	1,211	3,953
Repairs and maintenance	7,750	7,057	693
Telephone	5,800	4,648	1,152
Fuel, oil, and tires	1,000	967	33
Total Code Enforcement	<u>134,731</u>	<u>127,062</u>	<u>7,669</u>
Total Public Works	<u>1,866,402</u>	<u>2,765,414</u>	<u>(899,012)</u>
<b>Other Departments</b>			
<b>Municipal Court</b>			
Salaries	170,669	177,532	(6,863)
Employee benefits	22,583	27,158	(4,575)
Legal services	2,500	26,921	(24,421)
Court supplies	2,000	2,210	(210)
Travel	1,500	1,203	297
Telephone	8,400	6,037	2,363
Other	6,700	7,762	(1,062)
State fees	-	60,216	(60,216)
Total Municipal Court	<u>214,352</u>	<u>309,039</u>	<u>(94,687)</u>
<b>Library Department</b>			
Salaries	280,069	292,370	(12,301)
Employee benefits	55,277	61,038	(5,761)
Insurance	24,626	25,766	(1,140)
Utilities	31,000	26,149	4,851
Telephone	12,500	8,813	3,687
Repairs and maintenance	23,000	39,175	(16,175)
Travel	3,000	182	2,818
Books purchased	8,000	38,716	(30,716)
Capital expenditures	-	753,038	(753,038)
Office supplies	15,300	34,381	(19,081)
Total Library Department	<u>452,772</u>	<u>1,279,628</u>	<u>(826,856)</u>
<b>Recreation Department</b>			
Salaries	223,515	241,974	(18,459)
Employee benefits	56,000	62,671	(6,671)
Utilities	48,500	43,692	4,808
Insurance	37,007	23,596	13,411
Recreation activities	175,000	209,520	(34,520)
Capital expenditures	-	80,703	(80,703)
Other	8,150	12,249	(4,099)
Repairs and maintenance	185,500	73,403	112,097
Total Recreation Department	<u>733,672</u>	<u>747,808</u>	<u>(14,136)</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, 2019**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other Departments (Continued)</b>			
<b>Cemetery Department</b>			
Salaries	\$ 49,964	\$ 60,502	\$ (10,538)
Employee benefits	15,895	17,637	(1,742)
Insurance	9,902	5,190	4,712
Utilities	3,300	18,479	(15,179)
Uniforms	1,775	1,684	91
Gas and oil	4,600	3,412	1,188
Repairs and maintenance	22,650	2,571	20,079
Total Cemetery Department	<u>108,086</u>	<u>109,475</u>	<u>(1,389)</u>
<b>Traffic Control</b>			
Repairs and maintenance	38,300	58,564	(20,264)
Total Traffic Control	<u>38,300</u>	<u>58,564</u>	<u>(20,264)</u>
<b>Beautification and Fine Arts</b>			
Repairs and maintenance	243,000	176,347	66,653
Capital expenditures	-	60,056	(60,056)
Other	2,000	6,369	(4,369)
Total Beautification and Fine Arts	<u>245,000</u>	<u>242,772</u>	<u>2,228</u>
Total Other Departments	<u>1,792,182</u>	<u>2,747,286</u>	<u>(955,104)</u>
<b>Payments to Brewton City Board of Education</b>	-	2,134,846	(2,134,846)
<b>Payments to Water Works Board</b>	-	12,964	(12,964)
<b>Debt Service</b>			
Principal	538,333	121,055	417,278
Interest	20,150	9,812	10,338
Total Debt Service	<u>558,483</u>	<u>130,867</u>	<u>427,616</u>
Total Expenditures	9,316,643	17,281,671	(7,965,028)
<b>Other Financing Uses</b>			
Transfers out	-	1,592,882	(1,592,882)
<b>Total Expenditures and Other Financing Uses</b>	<u>\$ 9,316,643</u>	<u>\$ 18,874,553</u>	<u>\$ (9,557,910)</u>

**CITY OF BREWTON, ALABAMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	<b>Special Revenue Funds</b>		
	<b>Street Construction Fund</b>	<b>Street Improvement Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash	\$ 115,472	\$ 11,459	\$ 126,931
<b>Total Assets</b>	<u>\$ 115,472</u>	<u>\$ 11,459</u>	<u>\$ 126,931</u>
<b>Fund Balances</b>			
Fund Balances			
Restricted for:			
Street construction	\$ 115,472	\$ -	\$ 115,472
Street improvements	-	11,459	11,459
<b>Total Fund Balances</b>	<u>115,472</u>	<u>11,459</u>	<u>126,931</u>
<b>Total Liabilities &amp; Fund Balances</b>	<u>\$ 115,472</u>	<u>\$ 11,459</u>	<u>\$ 126,931</u>

**CITY OF BREWTON, ALABAMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Special Revenue Funds</u>			
	<u>Street Construction Fund</u>	<u>Street Improvement Fund</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>				
State gasoline tax	\$ 28,255	\$ 35,920	\$ 64,175	\$ 64,175
Total Revenues	28,255	35,920	64,175	64,175
<b>Expenditures</b>				
Public works program	7,085	47,798	54,883	54,883
Total Expenditures	7,085	47,798	54,883	54,883
Excess Revenues Over (Under) Expenditures	21,170	(11,878)	9,292	9,292
<b>Other Financing Sources (Uses)</b>				
Transfers in/(out)	-	15,611	15,611	15,611
Total Other Financing Sources (Uses)	-	15,611	15,611	15,611
Net change in fund balances	21,170	3,733	24,903	24,903
Fund Balances at Beginning of Year	94,302	7,726	102,028	102,028
<b>Fund Balances at End of Year</b>	<b>\$ 115,472</b>	<b>\$ 11,459</b>	<b>\$ 126,931</b>	<b>\$ 126,931</b>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the City of Brewton, Alabama's comprehensive annual 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 comprehensive annual financial reports for the relevant year.

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

	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities											
Net investment in capital assets	\$ 8,010,933	\$ 13,033,711	\$ 13,606,403	\$ 12,711,696	\$ 20,227,853	\$ 20,331,482	\$ 20,148,056	\$ 19,918,415	\$ 20,649,636	\$ 21,350,100	\$ 23,957,466
Restricted	370,707	606,140	52,341	9,735	172,464	122,114	462,520	508,011	4,050,575	2,447,959	515,910
Unrestricted	6,725,123	(4,029,370)	(12,261,448)	(11,406,881)	(15,767,496)	(12,757,434)	(14,310,472)	459,654	(4,287,401)	(2,869,585)	(1,363,162)
Total governmental activities net position	<u>\$ 15,106,763</u>	<u>\$ 9,610,481</u>	<u>\$ 1,397,296</u>	<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>
Business-type activities											
Net investment in capital assets	\$ 8,357,169	\$ 9,178,771	\$ 9,319,561	\$ 9,185,275	\$ 5,629,785	\$ 6,494,970	\$ 4,860,102	\$ 5,610,626	\$ 6,330,145	\$ 6,187,690	\$ 8,440,253
Unrestricted	263,689	184,749	352,115	330,146	(1,128,582)	(2,341,771)	(2,831,542)	(2,186,095)	(1,265,815)	(2,966,259)	(3,944,395)
T total business-type activities net position	<u>\$ 8,620,858</u>	<u>\$ 9,363,520</u>	<u>\$ 9,671,676</u>	<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>
Primary government											
Net investment in capital assets	\$ 16,368,102	\$ 22,212,482	\$ 22,925,964	\$ 21,896,971	\$ 25,857,638	\$ 26,826,452	\$ 25,008,158	\$ 25,529,041	\$ 26,979,781	\$ 27,537,790	\$ 32,397,719
Restricted	370,707	606,140	52,341	9,735	172,464	122,114	462,520	508,011	4,050,575	2,447,959	515,910
Unrestricted	6,988,812	(3,844,621)	(11,909,333)	(11,076,735)	(16,896,078)	(15,099,205)	(17,142,014)	(1,726,441)	(5,553,216)	(5,835,844)	(5,307,557)
T total primary government net position	<u>\$ 23,727,621</u>	<u>\$ 18,974,001</u>	<u>\$ 11,068,972</u>	<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>

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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:											
General	\$ 1,646,833	\$ 1,759,220	\$ 1,953,615	\$ 1,680,297	\$ 1,979,955	\$ 2,813,132	\$ 3,481,011	\$ 2,596,948	\$ 3,189,213	\$ 4,017,243	\$ 4,132,088
Public safety											
Police	1,962,140	2,014,975	2,045,155	1,986,011	2,217,730	2,215,587	2,459,560	2,313,076	2,274,256	2,467,478	2,526,212
Fire	743,098	749,389	780,243	829,671	961,853	1,017,221	1,030,101	1,039,194	1,026,734	1,111,793	1,231,108
Public works											
Street	818,186	728,896	869,372	1,063,448	941,421	1,010,684	1,689,858	1,287,294	1,303,971	1,547,367	1,527,494
Animal control	-	-	-	133,358	122,649	84,524	18,397	102,213	108,458	119,372	126,401
Code Enforcement	147,222	127,317	115,030	112,770	124,893	133,828	136,173	103,719	107,738	124,110	127,063
Library	366,674	310,210	307,386	285,412	283,654	361,353	446,609	462,395	462,468	467,573	526,591
Recreation	564,458	578,783	617,398	582,219	527,334	570,584	667,369	616,457	663,088	612,620	667,105
Education (payment to Board of Education)	1,443,918	8,015,062	8,332,971	2,159,312	3,451,722	650,382	683,140	63,300	3,244,382	4,046,038	2,134,846
Water system (payment to Water Works Board)	-	-	-	-	-	-	20,190	7,278	139,517	14,407	12,964
Interest on long-term debt	1,130,661	1,364,163	1,288,831	1,224,295	1,002,026	790,923	734,666	560,242	193,890	177,728	165,936
Total governmental activities expenses	8,823,190	15,648,015	16,310,001	10,056,793	11,613,237	9,648,218	11,367,074	9,152,116	12,713,715	14,705,729	13,177,808
Business-type activities:											
Gas	11,131,295	16,316,113	11,461,549	9,094,670	12,758,400	21,165,274	18,410,851	14,931,968	28,211,313	24,975,101	22,789,402
Sewer	604,102	632,723	1,716,138	1,484,925	788,828	1,232,519	1,466,061	1,601,481	1,396,339	1,738,175	1,612,343
Sanitation	678,469	680,333	690,290	676,903	723,314	733,466	727,943	714,941	663,237	691,469	664,298
Airport	100,971	127,520	128,070	134,819	143,592	151,679	157,176	186,730	155,919	191,860	186,244
Brewton Development Authority	-	8,229	5,872	7,555	6,582	9,772	8,579	7,468	79,773	2,234	651
Total business-type activities expenses	12,514,837	17,764,918	14,001,919	11,398,872	14,420,716	23,292,710	20,770,610	17,442,588	30,506,581	27,598,839	25,252,938
Total primary government expenses	\$ 2,1338,027	\$ 33,412,933	\$ 30,311,920	\$ 21,455,665	\$ 26,033,953	\$ 32,940,928	\$ 32,137,684	\$ 26,594,704	\$ 43,220,296	\$ 42,304,568	\$ 38,430,746
Program Revenues											
Governmental activities:											
Fees, fines, and charges for services:											
General	\$ 1,149,219	\$ 1,215,878	\$ 1,387,381	\$ 1,275,574	\$ 1,309,799	\$ 1,330,693	\$ 1,488,185	\$ 1,430,128	\$ 1,486,468	\$ 1,322,415	\$ 1,274,836
Police	155,661	233,101	400,220	362,906	345,273	380,831	274,112	315,923	273,656	169,895	280,664
Animal control	-	-	-	8,891	5,300	-	-	-	-	-	-
Recreation	180,010	153,803	154,880	157,344	123,654	104,889	5,293	110,096	38,863	8,144	20,204
Library	-	-	-	-	-	10,898	103,131	3,000	3,162	8,236	2,008
Operating grants and contributions	608,855	52,684	820,376	152,668	122,206	324,220	112,701	106,957	101,196	955,508	1,359,280
Capital grants and contributions	554,244	889,881	243,701	-	-	-	-	-	-	-	-
Total governmental activities program revenues	2,647,989	2,545,347	3,006,558	1,957,383	1,906,232	2,151,531	1,983,422	1,966,104	2,816,345	2,464,198	2,936,992
Business-type activities:											
Fees, fines, and charges for services:											
Gas	11,022,248	16,811,215	11,926,347	9,452,491	13,520,888	22,047,360	19,110,792	16,507,635	30,187,899	25,935,876	26,984,249
Sewer	445,903	419,514	411,330	410,169	560,220	1,051,523	1,013,633	1,130,429	1,098,140	1,126,555	1,145,872
Sanitation	570,503	593,078	618,795	666,227	660,937	628,254	610,103	691,881	772,074	662,601	678,366
Airport	66,741	69,349	70,175	101,679	99,255	111,482	114,096	120,900	158,743	96,124	125,903
Brewton Development Authority	-	-	4	-	-	-	264	12,577	-	-	-
Operating grants and contributions	-	-	65,000	15,000	123,749	-	-	555,175	801,512	40,543	961,492
Capital grants and contributions	431,177	660,041	183,009	115,975	163,216	800,622	100,910	19,018,597	33,018,368	27,861,699	29,895,882
Total business-type activities program revenues	12,536,572	18,553,197	13,274,660	10,761,541	15,128,265	24,639,241	20,949,798	19,018,597	33,018,368	27,861,699	29,895,882
Total primary government program revenues	\$ 15,184,561	\$ 21,098,544	\$ 16,281,218	\$ 12,718,924	\$ 17,034,497	\$ 26,790,772	\$ 22,933,220	\$ 20,984,701	\$ 35,834,713	\$ 30,325,897	\$ 32,832,874

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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense)/revenue											
Governmental activities	\$ (6,175,201)	\$ (13,102,668)	\$ (13,303,443)	\$ (8,099,410)	\$ (9,707,005)	\$ (7,496,687)	\$ (9,423,652)	\$ (7,186,012)	\$ (9,897,370)	\$ (12,241,531)	\$ (10,240,816)
Business-type activities	21,735	788,279	(727,259)	(637,331)	707,549	1,346,531	179,188	1,576,009	2,511,787	262,860	4,642,944
Total primary government net expense	<u>\$ (6,153,466)</u>	<u>\$ (12,314,389)</u>	<u>\$ (14,030,702)</u>	<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>
General Revenues and Other Changes in Net Position											
Governmental activities:											
Taxes											
Property	\$ 601,636	\$ 617,203	\$ 662,968	\$ 658,190	\$ 666,400	\$ 643,140	\$ 639,287	\$ 690,590	\$ 1,005,502	\$ 1,330,428	\$ 1,102,953
Sales	4,294,686	4,361,406	4,298,720	4,497,656	5,539,409	6,494,323	6,974,151	6,937,181	7,336,029	8,492,133	6,895,303
Other	601,062	524,404	630,527	643,931	711,237	599,722	582,733	504,744	447,829	572,587	583,218
Receipts from Brewton City Board of Education	360,539	1,547,424	408,635	2,509,921	352,451	1,102,451	600,000	14,102,637	-	-	-
Receipts from Water Works Board	-	-	-	-	-	-	9,974	9,974	9,144	-	1086
Investment earnings	193,928	229,998	41,143	1,964	1,648	2,129	2,107	2,115	26,838	48,042	22,952
Bond issuance costs	-	-	-	-	-	-	-	-	(193,286)	-	-
Other	15,624	14,164	43,654	186,062	31,530	17,287	87,288	(1,175,272)	73,661	226,096	278,157
Special item, transfer of Golf Fund to Governmental Activities	1,371,940	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) on sale of property	310,402	-	-	-	-	-	-	-	-	(41,253)	21047
Transfers in/(out)	(87,583)	311,787	(995,389)	(48,106)	5,722,601	1,700,976	1,873,949	400,388	718,383	2,129,162	3,517,840
Total government activities	<u>7,662,234</u>	<u>7,606,386</u>	<u>5,090,258</u>	<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>
Business-type activities:											
Investment earnings	3,401	25	26	16	834	6,441	2,130	2,325	4,144	12,199	10,418
Receipts from Water Works Board	-	-	-	-	-	-	1,485	218,025	-	11,204	99,970
Special item, transfer of Golf Fund to Governmental Activities	(1,371,940)	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) on sale of property	-	-	40,000	-	-	-	7,500	-	(34,453)	-	38,935
Bond issuance costs	-	-	-	-	-	-	-	-	(123,296)	-	-
Transfers in/(out)	87,583	(311,787)	995,389	48,106	(5,722,601)	(17,009,976)	(1,873,949)	(400,388)	(718,383)	(2,129,162)	(3,517,840)
Total business-type activities	<u>(1,280,956)</u>	<u>(311,762)</u>	<u>1,035,415</u>	<u>48,1076</u>	<u>(5,721,767)</u>	<u>(16,945,535)</u>	<u>(1,862,834)</u>	<u>(180,038)</u>	<u>(871,988)</u>	<u>(2,105,759)</u>	<u>(3,368,517)</u>
Total primary government	<u>\$ 6,381,278</u>	<u>\$ 7,294,624</u>	<u>\$ 6,125,673</u>	<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>
Change in Net Position											
Governmental activities	\$ 1,487,033	\$ (5,496,282)	\$ (8,213,185)	\$ (82,746)	\$ 3,318,271	\$ 3,063,341	\$ 1,345,837	\$ 14,286,345	\$ (473,270)	\$ 515,664	\$ 2,181,740
Business-type activities	(1,259,221)	476,517	308,156	(156,255)	(5,014,218)	(348,004)	(1,683,646)	1,395,971	1,639,799	(1,842,899)	1,274,427
Total primary government	<u>\$ 227,812</u>	<u>\$ (5,019,765)</u>	<u>\$ (7,905,029)</u>	<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>

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)

<b>Fiscal Year</b>	<b>Ad Valorem Tax</b>	<b>Beer and Wine Tax</b>	<b>Cigarette Tax</b>	<b>Sales Tax</b>	<b>Gasoline Tax</b>	<b>Privilege Tax</b>	<b>Severance Tax</b>	<b>Total</b>
2009	\$ 601,636	\$ 67,873	\$ 14,590	\$ 4,294,686	\$ 250,498	\$ 139,443	\$ 128,658	\$ 5,497,384
2010	617,203	65,346	13,307	4,361,406	249,419	92,733	103,618	5,503,032
2011	662,968	61,599	17,222	4,298,720	249,222	110,589	191,895	5,592,215
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

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

	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund											
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 585	\$ 38,877	\$ 38,877
Unassigned	4,176,419	2,818,073	2,665,230	2,864,242	2,326,731	3,772,779	3,688,902	4,116,121	3,063,473	2,765,646	1,713,122
T total general fund	<u>\$ 4,176,419</u>	<u>\$ 2,818,073</u>	<u>\$ 2,665,230</u>	<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>
All other governmental funds											
Restricted for:											
School construction	\$ 18,751,429	\$ 11,431,676	\$ 4,184,306	\$ 2,775,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	2,509,460	3,141,612	2,309,981	477,188	402,592	407,893	412,377	424,319	3,979,673	2,345,931	388,979
Street construction	9,375	35,769	13,142	(16,265)	25,872	46,662	43,099	67,350	70,170	94,302	115,472
Street improvements	34,654	17,036	39,199	26,000	146,592	75,452	7,044	16,342	732	7,726	11,459
Assigned for:											
Sewer improvements	2,326,773	2,112,540	884,089	30,189	1,687	-	-	-	-	-	-
T total all other governmental funds	<u>\$ 23,631,691</u>	<u>\$ 16,738,633</u>	<u>\$ 7,430,717</u>	<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>

The City implemented GASB Statement No. 54 in fiscal year 2011. This statement replaces the previous classifications of reserved, unreserved, designated, and undesignated fund balances.

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

	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES											
Taxes	\$ 5,357,941	\$ 5,410,299	\$ 5,490,633	\$ 5,707,250	\$ 6,796,627	\$ 7,637,301	\$ 8,069,557	\$ 8,029,099	\$ 8,689,801	\$10,215,588	\$ 8,383,613
Intergovernmental	693,687	982,614	630,564	214,526	228,434	99,884	174,942	133,581	637,238	194,154	738,363
Licenses and permits	1,040,084	1,091,915	1,243,344	1,124,053	1,183,726	1,199,499	1,230,778	1,189,820	1,276,208	1,148,488	1,107,067
Fines and forfeitures	155,661	233,101	400,220	362,906	345,273	380,831	274,112	315,923	273,656	169,895	280,664
Fees and charges	254,285	241,276	247,437	245,514	223,928	224,488	282,665	295,510	160,009	137,235	143,389
Revenue from City Property	584,860	36,471	51,480	72,242	31,099	22,493	43,166	57,894	92,277	53,072	67,639
Receipts from Brewton City Board of Education	360,539	1,547,424	408,635	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
Interest	193,928	229,998	41,143	1,964	1,648	2,129	2,107	1,587	12,769	32,696	7,604
Donations	608,855	52,684	535,096	30,669	14,191	324,220	64,373	76,792	476,516	940,913	172,279
Other	15,624	14,164	43,654	190,181	31,530	17,286	106,279	57,159	73,663	225,951	278,158
Total revenues	9,265,464	9,839,946	9,092,206	10,459,226	9,208,907	11,010,582	10,857,953	24,269,976	11,701,281	13,117,992	11,179,862
EXPENDITURES											
General government	857,749	923,930	1,120,115	837,073	947,270	1,823,168	2,611,395	1,567,912	1,567,263	2,319,461	2,407,404
Public safety	2,552,723	2,603,634	2,659,536	2,648,982	2,992,192	3,059,140	3,288,003	3,110,300	3,300,992	3,579,271	3,757,319
Public works	923,703	826,985	962,550	1,270,644	1,146,234	1,183,221	1,775,954	1,489,625	1,573,143	1,850,313	1,835,842
Payments to Brewton City Board of Education	1,443,918	8,015,062	8,332,971	2,159,312	3,451,722	650,382	683,140	63,300	3,244,382	4,046,038	2,134,846
Payments to Water Works Board	-	-	-	-	-	-	20,190	7,278	139,517	14,407	12,964
Other departments	1,196,834	1,162,407	1,239,001	1,174,396	1,163,533	1,392,913	1,514,237	1,519,923	1,645,355	1,607,797	1,853,489
Capital expenditures	1,760,175	2,269,440	463,778	683,641	509,306	839,804	864,965	356,809	3,095,850	2,992,917	5,203,823
Debt service:											
Principal	3,557,347	1,353,094	1,729,940	4,262,434	7,320,703	1,793,150	1,869,622	14,312,339	999,156	515,425	486,055
Interest	968,610	1,318,390	1,275,033	1,251,358	1,062,497	777,372	719,315	700,715	145,020	183,676	169,532
Total expenditures	13,261,059	18,472,942	17,782,924	14,287,840	18,593,457	11,519,150	13,346,821	23,128,201	15,710,678	17,109,305	17,861,274
Excess (deficiency) of revenues over expenditures	(3,995,595)	(8,632,996)	(8,690,718)	(3,828,614)	(9,384,550)	(508,568)	(2,488,868)	1,141,775	(4,009,397)	(3,991,313)	(6,681,412)

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

	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OTHER FINANCING SOURCES (USES)											
Transfers in	9,020,651	4,614,323	3,417,816	3,923,698	8,475,720	5,317,224	6,438,325	6,436,789	5,023,483	4,199,057	7,335,045
Issuance of debt	23,797,413	69,805	225,349	371,033	408,117	206,903	463,555	-	5,759,936	-	179,000
Payments to escrow	-	-	-	-	-	-	-	(1,069,453)	-	-	-
Premium (discount) on bonds issued	(360,019)	-	-	-	-	-	-	-	214,865	-	-
Debt issue cost	(232,890)	-	-	-	-	-	-	-	(193,286)	-	-
Transfers out	(9,108,234)	(4,302,536)	(4,413,205)	(4,404,758)	(2,753,119)	(3,616,248)	(4,564,376)	(6,036,401)	(4,305,100)	(2,067,895)	(3,817,206)
Total other financing sources (uses)	23,116,921	381,592	(770,040)	(110,027)	6,130,718	1,907,879	2,337,504	(669,065)	6,499,898	2,131,162	3,696,839
Net change in fund balance	\$19,121,326	\$ (8,251,404)	\$ (9,460,758)	\$ (3,938,641)	\$ (3,253,832)	\$ 1,399,311	\$ (151,364)	\$ 472,710	\$ 2,490,501	\$ (1,860,151)	\$ (2,984,573)

Debt service as a percentage of noncapital expenditures 39.4% 16.5% 17.4% 40.5% 46.4% 24.1% 20.7% 65.9% 9.1% 5.0% 5.2%

**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	Privilege Tax	Severance Tax
2009	\$ 601,636	\$ 67,873	\$ 14,590	\$ 4,294,686	\$ 250,498	\$ 139,443	\$ 128,658
2010	617,203	65,346	13,307	4,361,406	249,419	92,733	103,618
2011	662,968	61,599	17,222	4,298,720	249,222	110,589	191,895
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

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

<b>Fiscal Year Ended September 30</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>
2009	\$ 17,991,200	\$ 13,901,020	\$ 35,777,120	\$ 9,262,680	\$ 58,406,660	15	\$ 876,099,900
2010	20,042,740	12,836,940	40,613,440	8,861,760	64,631,360	15	969,470,400
2011	21,320,560	13,669,100	39,721,500	8,459,080	66,252,080	15	993,781,200
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

Source: Escambia County Tax Assessor

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

Fiscal Year	City of Brewton				County				Overlapping Rates				Total	
	General		School		Total		City		General		School		Health Care	
	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Authority	Authority
	Bond Tax		Total		County		Total		General		School		Soldier	
	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage
	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage
2009	5.0	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
2010	5.0	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
2011	5.0	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
2012	5.0	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	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	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	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	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	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	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	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0

Source: Escambia County Commission and Escambia County Tax Collector

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

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

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

<u>Taxpayer</u>	<u>2019</u>			<u>2009</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.	\$ 7,629,940	1	8.8%	\$ 4,425,260	1	7.6%
Grede/ Citation/ Alabama Ductile Casting Co.	6,042,720	2	7.0%	2,914,640	2 & 7	5.0%
Walmart	3,365,060	3	3.9%	1,514,680	4	2.6%
Brewton- Hall Apartments, LTD, I & II	2,602,000	4	3.0%			
Alabama Power Co.	2,387,240	5	2.7%	1,635,560	3	2.8%
DOE Properties	1,794,120	6	2.1%			
The Brewton S/C, LLC	1,376,680	7	1.6%			
Brewton Realty, LLC	1,287,960	8	1.5%			
BRC Brewton LLC	1,062,360	9	1.2%			
BellSouth Telecommunications	1,055,800	10	1.2%	1,486,900	5	2.5%
Frit Car, Inc.						
CSX Transportation, Inc.						-
Banktrust of Brewton	-			666,080	10	1.1%
Escambia County Alabama	-		-	1,012,580	6	1.7%
Brewton Area YMCA	-		-	773,940	8	1.3%
Gordy Timber & Development	-			689,840	9	1.2%
Totals	<u>\$ 28,603,880</u>		<u>32.9%</u>	<u>\$ 15,119,480</u>		<u>25.9%</u>
Total City Property Taxable Assessed Value	<u>\$ 85,914,200</u>			<u>\$ 58,406,660</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
2009	\$ 886,981	\$ 806,648	90.9%	\$ 40,801	\$ 847,449	95.5%
2010	909,709	867,553	95.4%	22,743	890,276	97.9%
2011	922,829	895,662	97.1%	16,374	912,036	98.8%
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%

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

	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Construction	\$ 40,682	\$ 31,141	\$ 42,324	\$ 45,418	\$ 55,816	\$ 47,034	\$ 98,626	\$ 65,406	\$ 66,613	\$ 34,065	\$ 32,583
Manufacturing	542,109	640,990	673,748	688,189	695,614	890,861	952,501	1,035,450	1,479,178	1,380,470	856,954
Wholesale	214,563	241,206	226,362	239,179	297,674	328,196	395,150	401,485	331,583	360,806	335,627
Retail	2,809,197	2,662,072	2,694,557	2,827,119	3,489,682	4,085,651	4,125,793	4,201,317	4,068,372	4,140,413	4,263,035
Information	49,857	52,234	47,006	20,645	43,490	59,821	77,361	96,119	99,599	71,471	57,971
Finance and Insurance	46,130	41,173	42,969	47,905	53,798	47,724	50,690	52,038	51,119	57,189	60,906
Real Estate and Rental and Leasing	52,640	69,042	57,207	57,225	105,791	129,190	147,317	128,792	143,286	102,158	101,607
Professional, Scientific, and Technical Services	20,815	20,950	18,552	13,132	28,429	33,418	36,702	83,307	114,791	126,484	181,717
Administration and Support and Waste											
Management and Remediation Services	5,390	6,458	6,109	6,967	7,975	8,111	10,294	14,228	14,894	14,279	19,670
Accommodation and Food Services	446,062	410,252	473,445	443,920	527,799	574,436	578,769	678,191	618,078	655,406	670,246
Other Services (except Public Administration)	51,933	53,463	135,003	58,254	49,355	53,611	48,847	52,165	47,841	42,545	58,979
Other	91,361	104,419	104,419	114,225	144,060	184,203	407,786	295,526	200,713	223,455	214,885
	<u>\$ 4,370,739</u>	<u>\$ 4,333,400</u>	<u>\$ 4,521,701</u>	<u>\$ 4,562,178</u>	<u>\$ 5,499,483</u>	<u>\$ 6,442,256</u>	<u>\$ 6,929,836</u>	<u>\$ 7,104,024</u>	<u>\$ 7,236,067</u>	<u>\$ 7,208,741</u>	<u>\$ 6,854,180</u>
City direct sales tax rate	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Source: AlaTax Revenue Discovery Systems

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

<b>FISCAL YEAR</b>	<b>CITY DIRECT RATE</b>	<b>ESCAMBIA COUNTY</b>	<b>STATE OF ALABAMA</b>
2009	3.00%	1.00%	4.00%
2010	3.00%	1.00%	4.00%
2011	3.00%	1.00%	4.00%
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%

Source: City Clerk's Office

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

<b>Tax Remitter</b>	<b>2019</b>			<b>2009</b>		
	<b>Tax Liability</b>	<b>Rank</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Rank</b>	<b>Percentage of Total</b>
Wal-Mart Stores East	\$ 2,201,796	1	52.8%	\$ 777,238	1	17.9%
Grede/Citation	328,753	2	7.9%	106,112	6	2.4%
Food Giant Supermarket/Pic-N-Save	274,426	3	6.6%	213,600	4	4.9%
Georgia Pacific/Smurfit	214,586	4	5.1%	273,474	2	6.3%
Simplified Sellers Use Tax	171,321	5	4.1%	-	-	0.0%
Jim Peach Motors	136,752	6	3.3%	79,851	10	1.8%
Dorso	132,573	7	3.2%	-	-	0.0%
Dolgen Corp, LLC	131,654	8	3.2%	-	-	0.0%
Central Network Retail Group LLC	126,435	9	3.0%	-	-	
Peach Automotive	125,274	10	3.0%	91,142	9	2.1%
T.R. Miller Mill Co.	118,864	11	2.9%	101,877	7	2.3%
Bondurant Hardware	113,418	12	2.7%	-	-	0.0%
Tractor Supply	91,986	13	2.2%	-	-	0.0%
Marvins	-	-	0.0%	100,851	8	2.3%
Whataburger Restaurant	-	-	0.0%	-	-	-
Winn Dixie	-	-	0.0%	229,885	3	5.3%
Southern Family Mkt	-	-	0.0%	107,646	5	2.5%
	<u>\$ 4,167,838</u>		<u>100.0%</u>	<u>\$ 2,081,676</u>		<u>47.8%</u>

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

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General		Capital Leases	General		Capital Leases			
	Obligation	Bonds		Obligation	Bonds				
2009	\$ 32,056,314	\$ 194,918	\$ 180,805	\$ 326,508	\$ 180,805	\$ 32,758,545	24.55%	\$ 6,205	
2010	30,850,168	146,629	176,847	158,514	176,847	31,332,158	22.47%	5,979	
2011	29,478,727	42,333	749,873	-	749,873	30,270,933	27.35%	5,597	
2012	25,399,622	258,889	601,221	-	601,221	26,259,732	16.87%	4,761	
2013	18,229,045	545,734	488,545	12,116,460	488,545	31,379,784	19.67%	5,869	
2014	16,757,579	459,807	372,602	12,492,748	372,602	30,082,736	17.47%	5,534	
2015	15,371,694	431,153	233,674	12,437,722	233,674	28,474,243	17.32%	5,326	
2016	1,321,840	339,230	386,878	12,145,281	386,878	14,193,229	8.72%	2,644	
2017	6,353,211	269,435	343,436	12,966,652	343,436	19,932,734	11.76%	3,667	
2018	5,890,867	201,006	301,474	12,543,302	301,474	18,936,649	11.27%	3,587	
2019	5,475,478	293,992	301,225	12,111,380	301,225	18,182,075	10.82%	3,444	

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

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

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
2009	\$ 32,400,000	\$ 2,543,912	\$ 29,856,088	3.41%	\$ 5,656
2010	31,165,000	3,141,612	28,023,388	2.89%	5,348
2011	29,764,705	2,309,981	27,454,724	2.76%	5,077
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

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

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

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

**CITY OF BREWTON, ALABAMA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF SEPTEMBER 30, 2019**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt: Escambia County	\$ 1,680,946	31.458%	\$ 528,792
Subtotal, overlapping debt			
City of Brewton direct debt			<u>5,769,470</u>
Total direct and overlapping debt			<u><u>\$ 6,298,262</u></u>

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

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

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

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

	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 11,681,332	\$ 12,926,272	\$ 13,250,416	\$ 15,380,048	\$ 15,156,108	\$ 14,701,332	\$ 14,722,308	\$ 15,443,196	\$ 15,220,648	\$ 17,182,844	\$ 17,387,556
Total net debt applicable to limit	<u>4,455,400</u>	<u>3,220,400</u>	<u>1,820,105</u>	<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>
Legal debt margin	<u>\$ 7,225,932</u>	<u>\$ 9,705,872</u>	<u>\$ 11,430,311</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	38.14%	24.91%	13.74%	4.50%	16.94%	9.77%	3.54%	12.25%	53.04%	41.92%	36.64%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Total assessed value	\$ 86,937,780
Debt limit (20% of total assessed value)	17,387,556
Debt applicable to limit:	
General obligation bonds	17,412,681
Less items excluded from legal debt limit:	
General obligation debt exempted by State law:	(11,042,556)
Proceeds used for the construction of sewer system	<u>6,370,125</u>
Total net debt applicable to limit	<u>\$ 11,017,431</u>
Legal debt margin	

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2009	5,279	\$ 133,437,283	\$ 25,277	1,198	13.9%
2010	5,240	139,446,880	26,612	1,176	11.1%
2011	5,408	110,685,536	20,467	1,220	10.5%
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%

Data Sources:

State Department of Labor

Brewton City Board of Education

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

<b>Employer</b>	<b>2019</b>			<b>2009</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Georgia Pacific (formerly Smurfit Stone)	450	1	20.2%	-		-
AAMP/Grede/MPG	350	2	15.7%	250	2	12.1%
Walmart Stores East	235	3	10.6%	130	5	6.3%
Escambia County Commission	220	4	9.9%	-		-
T R Miller Mill Co	209	5	9.4%	215	3	10.4%
Westgate Village	175	6	7.9%	-		-
D.W. McMillan Hospital	160	7	7.2%	273	1	13.3%
City of Brewton	139	8	6.3%	88	7	4.3%
Brewton City Schools	132	9	5.9%	151	4	7.3%
Frit Car	97	10	4.4%	77	8	3.7%
Natural Decorations, Inc.	28	11	1.3%	92	6	4.5%
Trustmark/BankTrust of Brewton	28	11	1.3%	73	9	3.5%
Totals	2,223		100.0%	1,349		65.4%

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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government <sup>1</sup>	10	10	10	10	10	10	17	20	20	20	20
Public Safety											
Police											
Officers	29	28	26	26	27	26	25	25	24	24	28
Dispatch	9	6	5	7	5	5	4	4	4	4	4
Admin Assistants	-	-	-	-	-	-	2	2	2	2	3
Animal Control	-	-	-	-	-	-	1	2	2	2	2
Fire											
Firefighters and officers	28	26	25	26	15	16	15	15	15	15	15
Highways and streets											
Public works	8	8	8	8	8	23	22	23	23	23	28
Sanitation	3	3	3	3	3	3	2	2	2	2	2
Culture and recreation	4	4	4	4	4	3	5	5	5	5	6
Sewer	16	15	14	14	13	8	19	19	20	22	25
Library	-	-	-	-	-	-	6	6	6	6	6
Total	107	100	95	98	85	94	118	123	123	125	139

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

Source: City Clerk's Office

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

Function	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police											
Physical arrests	491	420	267	532	501	427	327	309	269	109	193
Parking violations	-	-	-	-	-	-	-	-	-	-	-
Traffic violations	2,476	1,497	2,316	1,414	1,514	1,641	1,552	912	444	177	772
Fire											
Number of calls answered	895	995	1,139	1,054	1,041	1,235	1,206	1,303	1,120	1,146	1,256
Inspections	756	1,012	1,019	1,037	1,128	1,130	1,133	1,140	1,143	1,155	1,159
Highways and streets											
Street resurfacing (miles)	1	11	2	2	-	1	8	3	8	3	3
Potholes repaired	51	48	56	55	60	100	98	104	82	50	65
Sanitation											
Refuse collected (tons/week)	32.2	33.5	34.2	36.8	37.2	34.2	53.0	48.2	46.0	46.0	46.0
Recyclables collected (tons/week) 1	-	-	-	-	-	1	1	1	1	1	30
Culture and recreation											
Golf course rounds	8,458	7,850	7,216	7,169	6,538	5,865	5,765	5,649	1,889	-	-
Pavilion parties	129	258	250	249	241	213	179	165	105	110	16
Wastewater											
Average daily sewage treatment (thousands of gallons)	1,350	1,355	1,387	1,388	1,410	1,400	1,400	1,200	1,200	1,200	1,200

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

Sources: Various government departments

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

Function	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety											
Police:											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol units	28	27	28	27	27	27	26	26	25	25	22
Fire stations	1	1	1	1	1	1	1	1	1	1	1
Highways and streets											
Streets (miles)	88	88	88	89	89	89	89	89	87	87	87
Streetlights	850	860	875	888	902	904	904	904	910	910	918
Traffic signals	10	10	11	11	11	11	11	11	11	11	11
Culture and recreation											
Parks acreage	40	40	40	40	66	116	116	116	116	116	116
Parks	6	6	6	6	8	9	9	9	9	9	9
Swimming pools	3	3	2	2	1	1	-	-	-	-	-
Tennis courts	10	10	10	10	10	10	6	6	6	6	6
Community center	1	1	1	1	1	2	2	2	2	2	2
Sewer											
Sanitary sewers (miles)	58	58	60	60	62	63	65	65	68	68	68
Storm sewers (miles)	24	30	32	38	39	42	42	43	45	45	45
Maximum daily treatment capacity (thousands of gallons)	812	822	828	1,680	1,695	2,000	2,000	2,200	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, 2019, 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 31, 2020.

**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.

PO Box 773 • Brewton, AL 36427 • P 251-928-2443 • F 251-928-6921 • [avizogroup.com](http://avizogroup.com)

**shareholders** J. Earl Blackmon, CPA • Dennis E. Sherrin, CPA • G. Allen Cave, Jr., CPA • Rachel G. Young, CPA  
**principals** LeeAnn M. May, 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 31, 2020  
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, 2019. 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, 2019.

### **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.

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**principals** LeeAnn M. May, 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 31, 2020  
Brewton, Alabama

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b><u>Department of Housing &amp; Urban Development</u></b>				
<b>Passed Through Alabama Department of Economic and Community Affairs</b>				
Community Development Block Grants (M)	14.228		\$ -	\$ 440,000
<b>Total Department of Housing &amp; Urban Development</b>			-	440,000
<b><u>Department of Transportation</u></b>				
<b>Passed Through Alabama Department of Transportation</b>				
Highway Planning and Construction	20.205	TAPOA-TA16(936)	-	275,022
Airport Improvement Program	20.106	AEROF-12J	-	304,366
<b>Total Department of Transportation</b>			-	579,388
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 1,019,388

(M) = Major Program

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**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, 2019. 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 COST  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**SECTION 1-SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of opinion issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Yes</u></td> <td style="width: 50%; text-align: center;"><u>X</u> No</td> </tr> </table>	<u>Yes</u>	<u>X</u> No
<u>Yes</u>	<u>X</u> No		
Significant deficiency(ies) identified?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>X</u> Yes</td> <td style="width: 50%; text-align: center;"><u>No</u></td> </tr> </table>	<u>X</u> Yes	<u>No</u>
<u>X</u> Yes	<u>No</u>		
Noncompliance material to financial statements noted?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Yes</u></td> <td style="width: 50%; text-align: center;"><u>X</u> No</td> </tr> </table>	<u>Yes</u>	<u>X</u> No
<u>Yes</u>	<u>X</u> No		

**Federal Awards**

Type of auditors' report issued on compliance of major programs:	<u>Unmodified</u>		
Internal control over major programs:			
Material weakness(es) identified?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Yes</u></td> <td style="width: 50%; text-align: center;"><u>X</u> No</td> </tr> </table>	<u>Yes</u>	<u>X</u> No
<u>Yes</u>	<u>X</u> No		
Significant deficiency(ies) identified?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Yes</u></td> <td style="width: 50%; text-align: center;"><u>X</u> None reported</td> </tr> </table>	<u>Yes</u>	<u>X</u> None reported
<u>Yes</u>	<u>X</u> None reported		
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Yes</u></td> <td style="width: 50%; text-align: center;"><u>X</u> No</td> </tr> </table>	<u>Yes</u>	<u>X</u> No
<u>Yes</u>	<u>X</u> No		
Identification of major programs:			

<b><u>CFDA Numbers</u></b>	<b><u>Name of Federal Program or Cluster</u></b>		
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?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Yes</u></td> <td style="width: 50%; text-align: center;"><u>X</u> No</td> </tr> </table>	<u>Yes</u>	<u>X</u> No
<u>Yes</u>	<u>X</u> No		

**SECTION 2-FINANCIAL STATEMENT FINDINGS (GAGAS)**

No matters were reportable.

**SECTION 3-FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No matters were reportable.