

CITY OF BREWTON, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015

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CITY CLERK'S OFFICE

**CITY OF BREWTON, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION



City of Brewton

Best 100 Small Towns in America

March 28, 2016

MAYOR

Yancey E. Lovelace

CITY CLERK

Stephen R. Yuhasz

CITY COUNCIL

Pat Poole
Frank Cotten
Bill Littles
Joe Nathan Watson
Fred Barton

CITY ATTORNEY

Edward T. Hines

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, 2015, 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's 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 and Brewton City Board of Education are reported as discretely presented component units.

ANALYZING PAST TIMES

Brewton, AL, the County Seat of Escambia County, Alabama has an estimated 2015 population of 5,391. 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

An assessment of the present trends of our municipality reveals the shape we are presently in.

1. Some of the City's Enterprise Funds are adequate to strong. Sanitation meets requirements. The Municipal Airport is bolstered by good grant funding. Natural Gas has solid income through residential and commercial customers.
2. Two Enterprise Funds, Sewer and Water, are continuing to improve. Comparing FY 15 to FY 14, Sewer has 26 more customers and Water has 33 more customers.
3. Gross sales tax increased \$487,240 in FY15 over the year before. Business openings offset closures in the year. Businesses that opened in FY15 were Popeyes, Taco Bell, Sally's Beauty Supply, The Purple Paisley Boutique, Swain's Sandwich Shop and Outreach Thrift Store. Businesses that closed during the year were Treasure Chest, Ramada Inn, Deslonde's Tire and Service, the Alabama State campus at Southern Normal and Video Warehouse.
4. Significant infrastructure projects regarding paving, sewer and water were completed.

ANTICIPATING FUTURE TRIUMPHS

Factual and hopeful optimism simmers for the future. Investments to expand industry enhance the prospect of its longevity and our City's well being. Another year of increased sales tax revenue positions 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 Hartmann, Blackmon & Kilgore, P.C., was selected by the City to perform the audit. The Independent Auditors' Report on the basic financial statements is included in the financial section of this report.

Awards. The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brewton, Alabama for its CAFR for the Fiscal Year ending September 30, 2014. 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.

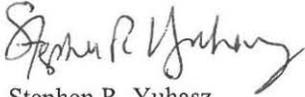
A Certificate of Achievement is valid for a period of one (1) year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Acknowledgements. The preparation of the CAFR on a timely basis has been accomplished with the efficient and dedicated service of the entire staff of the Finance Department.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen R. Yuhasz". The signature is written in a cursive, flowing style.

Stephen R. Yuhasz
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

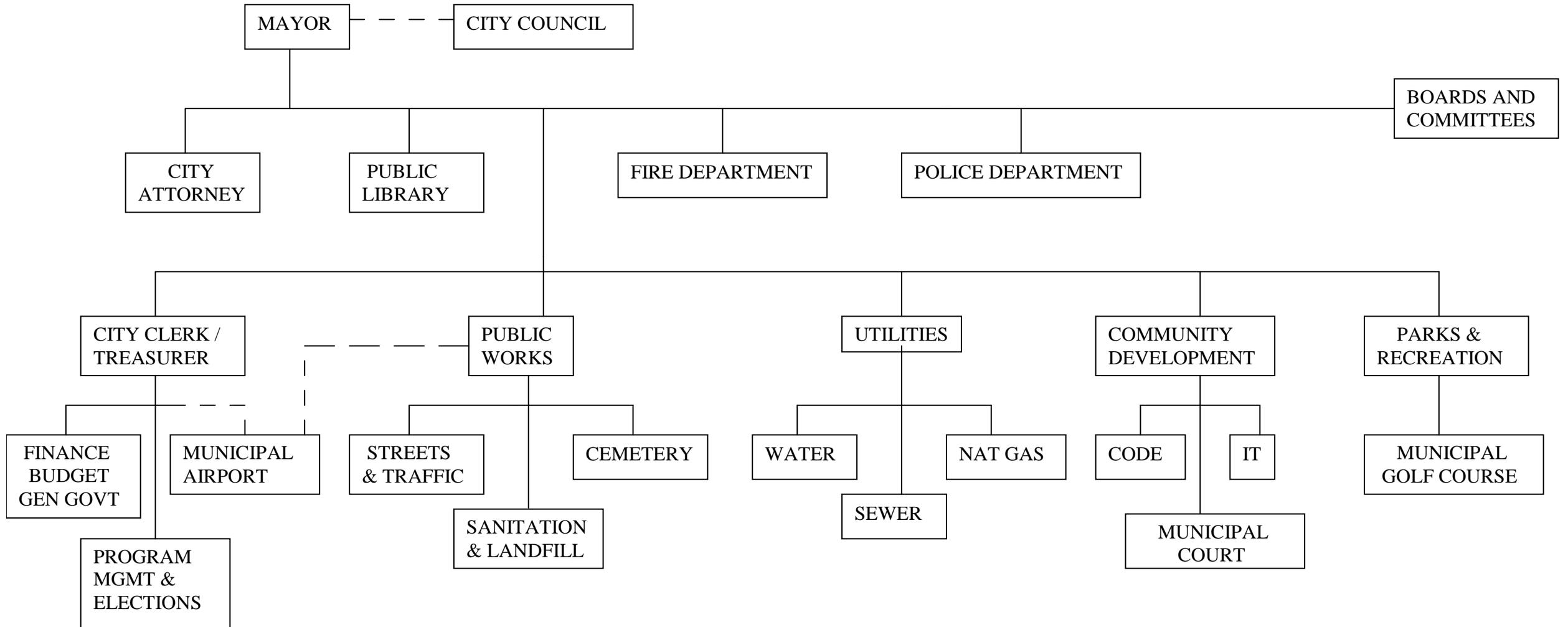
September 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is written in a cursive, flowing style.

Executive Director/CEO

CITY OF BREWTON, ALABAMA
Organizational Chart

THE CITIZENS OF THE CITY OF BREWTON



CITY OF BREWTON, ALABAMA**LIST OF PRINCIPAL OFFICIALS****SEPTEMBER 30, 2015**

<i>TITLE</i>	<i>NAME</i>	<i>TERM OF OFFICE</i>
<i>Mayor</i>	Yank Lovelace	Expires November 2016
<i>City Council</i>		
District 1	Pat Poole	Expires November 2016
District 2	Frank Cotten	Expires November 2016
District 3	Cary Barton	Expires November 2016
District 4	Joe Watson	Expires November 2016
District 5	Fred Barton	Expires November 2016
<i>City Clerk</i>	Stephen R. Yuhasz	
<i>City Attorney</i>	Edward T. Hines	

FINANCIAL SECTION

Shareholders

J. Earl Blackmon, Jr., CPA
B. Vance Kilgore, CPA
Dennis E. Sherrin, CPA

Principals

Rachel M. Godwin, CPA
G. Allen Cave, CPA

Of Counsel

Xavier A. Hartmann, III, CPA
Rucker T. Taylor, III, CPA
Sally S. Wagner, CPA



Certified Public Accountants & Consultants

Hartmann, Blackmon & Kilgore, P.C.

311 Sowell Street
P. O. Box 1379
Brewton, Alabama 36427

hbkcpcas.com

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 units, 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, 2015, 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

City of Brewton, Alabama's 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 units, each major fund, and the aggregate remaining fund information of City of Brewton, Alabama, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11–17 and the Schedule of Changes in the Net Pension Liability and Schedule of Employer Contributions on pages 55 and 56, 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 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Restatement of Prior Periods

The financial statements of the City of Brewton, Alabama as of September 30, 2014, dated April 27, 2015, expressed an unmodified opinion on the financial statements. As discussed in Note 13 to the financial statements, the City of Brewton, Alabama has adjusted its September 30, 2014, financial statements to retrospectively apply the implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

As part of our audit, we also audited the adjustments to the September 30, 2014, financial statements to retrospectively apply the change in accounting principle as described in Note 13. In our opinion, such adjustments are appropriate and have been properly applied.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016 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.

Hartmann, Blackmon & Kilgore, P.C.

Certified Public Accountants

March 28, 2016
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, 2015. Readers are encouraged to consider the information presented in conjunction with the Letter of Transmittal at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position of the governmental activities decreased by \$1,096,427 due to the inclusion of \$2,452,221 which is net pension liability not factored in previous years.
- As of September 30, 2015, the governmental funds reported a combined ending fund balance of \$4,151,422 a decrease of \$151,364 from the previous Fiscal Year.
- The General Fund reported a fund balance of \$3,688,902 with all of it available to support non-debt service obligations of the City, a decrease of \$83,877 from last year.
- The City's liabilities associated with governmental activities and business-type activities increased during FY 2015 due to the net pension liability but would have decreased without that. Debt continues to be paid off at a steady rate.

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 and liabilities, with the difference between the two 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*.

Other entities' activities are included in this report because of the relationship of these legally separate entities to the City. Financial information of the Brewton City Board of Education and Water Works

Board of the City of Brewton are collectively referred to in the financial statements as those of the *discretely presented component units*.

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 and the 2008 General Obligation Warrant Debt Service Fund are the City's major governmental funds. 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

- 1) 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 31-54 of this report.
- 2) Effective for the fiscal year ended September 30, 2015, the City implemented Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and Government Accounting Standards Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71) and is discussed in Note 1, page 35.

Under Government Accounting Standards Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), implemented in the prior fiscal year, certain items that were previously reported as assets and liabilities were reclassified as deferred outflows of resources, deferred inflows of resources or current period outflows (expenses) and inflows (revenues). At year end, deferred outflows of resources included employer retirement contributions of \$369,109 and defeasance of debt of \$314,608. Conversely, deferred inflows of resources consisted of the net difference between projected and actual earnings on plan investments and had a balance of \$256,482 at year end. These amounts are reported on the Statement of Net Position, page 18 and in the notes to the financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's *combined* net position decreased \$3,221,066 between Fiscal Years 2014 and 2015, culminating at approximately \$8,628,295. Factoring in the pension liability that has not been considered previously, the City's combined net position would have been \$11,511,552, or a decrease

from 2014 of \$337,809. The net pension liability factor affected significantly the City's financial reports. Otherwise, the variations are small indication a "business-as-usual" fiscal year for the City.

CITY OF BREWTON, ALABAMA'S NET POSITION

(in thousands of dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>
							<u>2015-2014</u>
Current and other assets	\$ 4,521	\$ 4,302	\$ 4,875	\$ 7,846	\$ 9,396	\$ 12,148	-22.65%
Capital assets	21,156	21,049	11,689	10,355	32,845	31,404	4.59%
Total assets	<u>25,677</u>	<u>25,351</u>	<u>16,564</u>	<u>18,201</u>	<u>42,241</u>	<u>43,552</u>	-3.01%
Deferred outflows of resources	<u>312</u>	<u>-</u>	<u>371</u>	<u>351</u>	<u>683</u>	<u>351</u>	100%
Long-term debt outstanding	18,553	17,482	13,397	13,135	31,950	30,617	4.35%
Other liabilities	620	173	1,471	1,264	2,091	1,437	45.51%
Total liabilities	<u>19,173</u>	<u>17,655</u>	<u>14,868</u>	<u>14,399</u>	<u>34,041</u>	<u>32,054</u>	6.20%
Deferred inflows of resources	<u>217</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>256</u>	<u>-</u>	100%
Net position							
Net investment in capital assets	20,148	20,331	4,860	6,495	25,008	26,826	-6.78%
Restricted	463	122	-	-	463	122	279.51%
Unrestricted	(14,011)	(12,757)	(2,832)	(2,342)	(16,843)	(15,099)	11.55%
Total net position	<u>\$ 6,600</u>	<u>\$ 7,696</u>	<u>\$ 2,028</u>	<u>\$ 4,153</u>	<u>\$ 8,628</u>	<u>\$ 11,849</u>	-27.18%

Changes in net position. The City's total revenues (excluding special items) decreased 10% to \$31,799,875, mainly due to a decrease in grant funding and receipts from the Board of Education. Approximately 23% of the City's revenue was generated from sales and property taxes, with another 72% from fees charged for services.

The City's expenses cover a range of services, with 76% related to business-type activities and general government, an overall 4% decrease from the last Fiscal Year. Public safety expenses increased 3%.

**CITY OF BREWTON, ALABAMA
SOURCES OF REVENUE
FISCAL YEAR 2015**

<u>Source</u>	<u>%</u>
Charges for services	72%
Sales tax	21%
Other	3%
Other taxes	2%
Property taxes	2%
	<u>100%</u>

**CITY OF BREWTON, ALABAMA
FUNCTIONAL EXPENSES
FISCAL YEAR 2015**

<u>Type</u>	<u>%</u>
Business-type activities	65%
General government	11%
Public safety	11%
Public works	6%
Recreation	2%
Library	1%
Education/Water	2%
Interest	2%
	<u>100%</u>

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

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2015	2014	2015	2014	2015	2014	Change
							2015-2014
REVENUES							
Program revenues							
Charges for services	\$ 1,831	\$ 1,827	\$ 20,849	\$ 23,839	\$ 22,680	\$ 25,666	-11.6%
Donations and operating grants	113	324	-	-	113	324	-65.1%
Capital grants	-	-	101	801	101	801	-87.4%
General revenues							
Sales tax	6,974	6,494	-	-	6,974	6,494	7.4%
Property tax	639	643	-	-	639	643	-0.6%
Other taxes	583	600	-	-	583	600	-2.8%
Investment earnings	2	2	2	6	4	8	-50.0%
Receipts from School Board	600	1,103	-	-	600	1,103	-45.6%
Receipts from Water Works Board	10	-	1	-	11	-	100.0%
Gain on sale of capital assets	-	-	8	-	8	-	100.0%
Other	87	17	-	-	87	17	411.8%
Total revenues	<u>10,839</u>	<u>11,010</u>	<u>20,961</u>	<u>24,646</u>	<u>31,800</u>	<u>35,656</u>	-10.8%
EXPENSES							
General government	3,481	2,813	-	-	3,481	2,813	23.7%
Public safety	3,490	3,233	-	-	3,490	3,233	7.9%
Public works	1,844	1,230	-	-	1,844	1,230	49.9%
Library	447	361	-	-	447	361	23.8%
Recreation	667	571	-	-	667	571	16.8%
Education	683	650	-	-	683	650	5.1%
Water system	20	-	-	-	20	-	100.0%
Interest on long-term debt	735	791	-	-	735	791	-7.1%
Gas	-	-	18,411	21,166	18,411	21,166	-13.0%
Sewer	-	-	1,466	1,233	1,466	1,233	18.9%
Sanitation	-	-	728	733	728	733	-0.7%
Airport	-	-	157	152	157	152	3.3%
Brewton Development Authority	-	-	9	10	9	10	-10.0%
Total expenses	<u>11,367</u>	<u>9,649</u>	<u>20,771</u>	<u>23,294</u>	<u>32,138</u>	<u>32,943</u>	-2.4%
Excess (deficiency) before special items and transfers	(528)	1,361	190	1,352	(338)	2,713	-112.5%
Transfers	<u>1,874</u>	<u>1,701</u>	<u>(1,874)</u>	<u>(1,701)</u>	<u>-</u>	<u>-</u>	0.0%
Net change in net position	<u>\$ 1,346</u>	<u>\$ 3,062</u>	<u>\$ (1,684)</u>	<u>\$ (349)</u>	<u>\$ (338)</u>	<u>\$ 2,713</u>	-112.5%

Governmental Activities

Tax revenues for the City's governmental activities increased \$458,986. Total revenue decreased by \$171,621 due mostly to less donations, grants, and school board receipts.

Business-type Activities

Revenues for the City's business-type activities decreased \$3,684,769 due partly to a decrease in the charges for services from the gas fund caused by lower fuel prices and a warmer winter as well as less grant funding during the current year. There were large sewer repair projects during the current year and funds were transferred to governmental activities for City enhancements.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental Activities

The City's governmental funds reported a combined fund balance of \$4,151,422, a decrease of \$151,362, which is close to equal to last year.

Business-type Activities

The City's business-type funds reported a combined net position of \$2,028,560 which is \$2,124,639 less than last year. The major changes to net position include the following:

- Natural Gas Service was essentially equal to last year in the net position at the end of the year.
- Sewer Fund: Charges for services was relatively equal, but costs and capital contributions were higher.
- Sanitation Fund: Revenues remained stable, while expenses also remained stable.
- Municipal Airport: Revenue and expenses remained stable. The Municipal Airport receives grant funds to support operations.
- Brewton Development Authority: Revenues remained stable, while expenses decreased 12%.

General Fund Budgetary Highlights

The General Fund is able to support the Department budgets; revenue from business licenses, fines and forfeitures and sales tax continue to exceed 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 or 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, 2015, totals \$32,754,832 (net of accumulated depreciation), an increase of 4% 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. 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 41-44 of the notes.

CITY OF BREWTON'S CAPITAL ASSETS

(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2015-2014
Land and construction in progress	\$ 3,452	\$ 3,411	\$ 817	\$ 488	\$ 4,269	\$ 3,899	9.5%
Buildings	8,395	8,358	2,297	2,254	10,692	10,612	0.8%
Improvements other than buildings	12,705	12,615	13,121	11,878	25,826	24,493	5.4%
Vehicles and equipment	6,897	6,286	3,990	3,713	10,887	9,999	8.9%
Less accumulated depreciation	(10,383)	(9,620)	(8,536)	(7,977)	(18,919)	(17,597)	7.5%
Total	\$ 21,066	\$ 21,050	\$ 11,689	\$ 10,356	\$ 32,755	\$ 31,406	4.3%

Long-term Debt

In the current fiscal year, the City incurred several small debt obligations. Additional information regarding the City's long-term debt can be found in pages 45-48 of this report.

CITY OF BREWTON'S OUTSTANDING DEBT

(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2015-2014
General obligation warrants	\$ 15,542	\$ 16,957	\$ 12,594	\$ 12,655	\$ 28,136	\$ 29,612	-5.0%
Capital leases	431	460	234	373	665	833	-20.2%
Total	\$ 15,973	\$ 17,417	\$ 12,828	\$ 13,028	\$ 28,801	\$ 30,445	-5.4%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**Fiscal Year 2015 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 2015 budget, which included the development of a Project Fund. The stability of the local economy and Brewton's own development initiatives have achieved barely adequate revenue, with the national economic outlook getting marginally better. Total revenue growth will have a conservative projection, mainly due to corporate expansion in the City which has brought hundreds of workers who rent dwelling places in and around the City and purchase goods and services, thus contributing heartily to the City's economy

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

**CITY OF BREWTON, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 3,235,781	\$ 2,279,978	\$ 5,515,759	\$ 2,759,433
Temporary cash investments	757,855	-	757,855	10,820,426
Receivables, net	612,966	192,191	805,157	900,221
Receivable from component units	-	30,000	30,000	-
Loan proceeds receivable	-	438,020	438,020	-
Inventories	4,161	129,591	133,752	298,340
Restricted funds	-	1,806,287	1,806,287	921,290
Other assets	-	-	-	841
Capital assets, net				
Land, improvements, and construction in progress	3,452,496	817,617	4,270,113	12,807,420
Other capital assets, net of depreciation	17,613,968	10,870,751	28,484,719	31,496,685
TOTAL ASSETS	25,677,227	16,564,435	42,241,662	60,004,656
DEFERRED OUTFLOWS OF RESOURCES				
Employer retirement contributions	312,640	56,469	369,109	685,977
Defeasance of debt	-	314,608	314,608	168,908
TOTAL DEFERRED OUTFLOWS OF RESOURCES	312,640	371,077	683,717	854,885
LIABILITIES				
Accounts payable and accrued expenses	614,774	1,389,979	2,004,753	723,886
Unearned revenue	-	-	-	17,118
Payable to City of Brewton	-	-	-	30,000
Customer deposits	-	86,337	86,337	92,608
Internal balances	5,000	(5,000)	-	-
Long-term liabilities				
Accrued postclosure costs	-	282,221	282,221	-
Net pension liability	2,452,221	442,790	2,895,011	8,683,693
Due within one year	2,028,266	569,633	2,597,899	598,178
Due in more than one year	14,072,618	12,101,763	26,174,381	13,283,303
TOTAL LIABILITIES	19,172,879	14,867,723	34,040,602	23,428,786
DEFERRED INFLOWS OF RESOURCES				
Proportionate share of collective deferred inflows related to net pension liability	-	-	-	736,000
Net difference between projected and actual earnings on plan investments	217,253	39,229	256,482	24,070
TOTAL DEFERRED INFLOWS OF RESOURCES	217,253	39,229	256,482	760,070
NET POSITION				
Net investment in capital assets	20,148,056	4,860,102	25,008,158	31,368,164
Restricted - street improvement and construction	462,520	-	462,520	-
Restricted - construction	-	-	-	2,385,840
Restricted - education	-	-	-	424,020
Unrestricted	(14,010,841)	(2,831,542)	(16,842,383)	2,492,661
TOTAL NET POSITION	\$ 6,599,735	\$ 2,028,560	\$ 8,628,295	\$ 36,670,685

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

**CITY OF BREWTON, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary Government								
Governmental activities:								
General	\$ 3,481,011	\$ 1,448,185	\$ 112,701	\$ -	\$ (1,920,125)		\$ (1,920,125)	
Police	2,459,560	274,112	-	-	(2,185,448)		(2,185,448)	
Fire	1,030,101	-	-	-	(1,030,101)		(1,030,101)	
Street	1,689,858	-	-	-	(1,689,858)		(1,689,858)	
Animal control	18,397	-	-	-	(18,397)		(18,397)	
Code enforcement	136,173	-	-	-	(136,173)		(136,173)	
Library	446,609	5,293	-	-	(441,316)		(441,316)	
Recreation	667,369	103,131	-	-	(564,238)		(564,238)	
Education (payment to Board of Education)	683,140	-	-	-	(683,140)		(683,140)	
Water system (payment to Water Works Board)	20,190	-	-	-	(20,190)		(20,190)	
Interest on long-term debt	734,666	-	-	-	(734,666)		(734,666)	
Total governmental activities	<u>11,367,074</u>	<u>1,830,721</u>	<u>112,701</u>	<u>-</u>	<u>(9,423,652)</u>		<u>(9,423,652)</u>	
Business-type activities:								
Gas	18,410,851	19,110,792	-	-	-	\$ 699,941	699,941	
Sewer	1,466,061	1,013,633	-	6,975	-	(445,453)	(445,453)	
Sanitation	727,943	610,103	-	-	-	(117,840)	(117,840)	
Airport	157,176	114,096	-	93,935	-	50,855	50,855	
Brewton Development Authority	8,579	264	-	-	-	(8,315)	(8,315)	
Total business-type activities	<u>20,770,610</u>	<u>20,848,888</u>	<u>-</u>	<u>100,910</u>	<u>-</u>	<u>179,188</u>	<u>179,188</u>	
Total primary government	<u>\$ 32,137,684</u>	<u>\$ 22,679,609</u>	<u>\$ 112,701</u>	<u>\$ 100,910</u>	<u>(9,423,652)</u>	<u>179,188</u>	<u>(9,244,464)</u>	
Component Units	<u>\$ 13,808,908</u>	<u>\$ 2,131,264</u>	<u>\$ 7,892,773</u>	<u>\$ 6,975</u>				<u>\$ (3,777,896)</u>
General revenues:								
Taxes								
Property					639,287	-	639,287	1,537,621
Sales					6,974,151	-	6,974,151	786,462
Other					582,733	-	582,733	374,773
Payments from City					-	-	-	689,718
Receipts from Brewton City Board of Education					600,000		600,000	-
Receipts from Water Works Board					9,974	1,485	11,459	-
Investment earnings					2,107	2,130	4,237	108,511
Capital gain on sale of capital assets					-	7,500	7,500	-
Other					87,288	-	87,288	82,764
Transfers in/(out)					1,873,949	(1,873,949)	-	-
Total general revenues and transfers					<u>10,769,489</u>	<u>(1,862,834)</u>	<u>8,906,655</u>	<u>3,579,849</u>
Change in net position					1,345,837	(1,683,646)	(337,809)	(198,047)
Net position, beginning as previously stated					7,696,162	4,153,199	11,849,361	45,675,322
Prior period adjustment-GASB 68					(2,442,264)	(440,993)	(2,883,257)	(8,806,590)
Net position, beginning as restated					<u>5,253,898</u>	<u>3,712,206</u>	<u>8,966,104</u>	<u>36,868,732</u>
Net position, ending					<u>\$ 6,599,735</u>	<u>\$ 2,028,560</u>	<u>\$ 8,628,295</u>	<u>\$ 36,670,685</u>

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

**CITY OF BREWTON, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	General	2008 General Obligation Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,185,638	\$ -	\$ 50,143	\$ 3,235,781
Temporary cash investments	345,478	-	412,377	757,855
Inventory	4,161	-	-	4,161
Due from other City funds	75,000	-	-	75,000
Taxes receivable	612,966	-	-	612,966
	<u>612,966</u>	<u>-</u>	<u>-</u>	<u>612,966</u>
Total Assets	<u>\$ 4,223,243</u>	<u>\$ -</u>	<u>\$ 462,520</u>	<u>\$ 4,685,763</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 454,341	\$ -	\$ -	\$ 454,341
Due to other City funds	80,000	-	-	80,000
	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Total liabilities	<u>534,341</u>	<u>-</u>	<u>-</u>	<u>534,341</u>
FUND BALANCES				
Restricted for:				
Debt service	-	-	412,377	412,377
Street construction	-	-	43,099	43,099
Street improvements	-	-	7,044	7,044
Unassigned	3,688,902	-	-	3,688,902
	<u>3,688,902</u>	<u>-</u>	<u>-</u>	<u>3,688,902</u>
Total fund balances	<u>3,688,902</u>	<u>-</u>	<u>462,520</u>	<u>4,151,422</u>
Total Liabilities and Fund Balances	<u>\$ 4,223,243</u>	<u>\$ -</u>	<u>\$ 462,520</u>	<u>\$ 4,685,763</u>

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, 2015

Fund Balances as reported on page 20		\$ 4,151,422
<p>Net Position reported for governmental activities in the Statement of Net Position (page 18) are different from Fund Balances for governmental activities because:</p>		
<p>Capital assets used in governmental activities are financial resources and therefore are not reported in fund financial statements. Those assets consist of:</p>		
Land, improvements, and construction in progress	\$ 3,452,496	
Other capital assets, net of \$10,382,809 accumulated depreciation	<u>17,613,968</u>	
Total capital assets		21,066,464
<p>Some liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the fund financial statements</p>		
		(160,433)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds</p>		
Employment retirement contributions		312,640
Net difference between projected and actual earnings on plan investments		(217,253)
<p>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.</p>		
General obligation debt		(15,371,693)
Capital lease obligations		(431,153)
Compensated absences		(298,038)
Net pension liability		<u>(2,452,221)</u>
Net Position of Governmental Activities as reported on page 18		<u><u>\$ 6,599,735</u></u>

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

CITY OF BREWTON, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General	2008 General Obligation Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 7,961,092	\$ -	\$ 108,465	\$ 8,069,557
Intergovernmental	174,942	-	-	174,942
Licenses and permits	1,230,778	-	-	1,230,778
Fines and forfeitures	274,112	-	-	274,112
Fees and charges	282,665	-	-	282,665
Revenue from City Property	43,166	-	-	43,166
Receipts from Brewton City Board of Education	600,000	-	-	600,000
Receipts from Water Works Board	9,974	-	-	9,974
Interest	2,081	-	26	2,107
Donations	64,373	-	-	64,373
Other	106,279	-	-	106,279
Total revenues	<u>10,749,462</u>	<u>-</u>	<u>108,491</u>	<u>10,857,953</u>
EXPENDITURES				
General	2,611,395	-	-	2,611,395
Public safety	3,288,003	-	-	3,288,003
Public works	1,589,518	-	186,436	1,775,954
Payments to Brewton City Board of Education	683,140	-	-	683,140
Payments to Water Works Board	20,190	-	-	20,190
Other departments	1,514,237	-	-	1,514,237
Capital expenditures	864,965	-	-	864,965
Debt service:				
Principal	224,622	1,180,000	465,000	1,869,622
Interest	23,572	640,430	55,313	719,315
Total expenditures	<u>10,819,642</u>	<u>1,820,430</u>	<u>706,749</u>	<u>13,346,821</u>
Excess (deficiency) of revenues over expenditures	<u>(70,180)</u>	<u>(1,820,430)</u>	<u>(598,258)</u>	<u>(2,488,868)</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers in	4,087,124	1,820,430	530,771	6,438,325
Loan proceeds	346,729	-	-	346,729
Capital leases	116,826	-	-	116,826
Transfers out	(4,564,376)	-	-	(4,564,376)
Total other financing sources and (uses)	<u>(13,697)</u>	<u>1,820,430</u>	<u>530,771</u>	<u>2,337,504</u>
Net change in fund balances	(83,877)	-	(67,487)	(151,364)
Fund balances-beginning of year	3,772,779	-	530,007	4,302,786
FUND BALANCES-END OF YEAR	<u>\$ 3,688,902</u>	<u>\$ -</u>	<u>\$ 462,520</u>	<u>\$ 4,151,422</u>

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

CITY OF BREWTON, ALABAMA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances--total governmental funds, page 22	\$ (151,364)
<p>Amounts reported for governmental activities in the Statement of Activities (page 19) are different from the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets.</p>	
Capital outlays for the year	864,965
Depreciation expense for the year	(790,466)
<p>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.</p>	
Capital leases incurred during the year	(116,826)
Loans incurred during the year	(346,729)
Principal payments on notes and warrants	1,761,468
Principal payments on capital lease obligations	145,480
Decrease in warrant discounts	(28,855)
<p>Compensated absences reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds</p>	
	(34,453)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
Miscellaneous	(56,317)
<p>Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds.</p>	
Pension expense, current year (increase) decrease	85,431
Decrease in accrued interest payable	13,503
	13,503
Change in Net Position of Government Activities, page 19	\$ 1,345,837

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, 2015

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Revenue			
Taxes	\$ 3,809,952	\$ 7,961,092	\$ 4,151,140
Licenses and permits	1,117,520	1,230,778	113,258
Fines and forfeitures	145,100	274,112	129,012
Fees and charges	279,725	282,665	2,940
Intergovernmental revenue	100,800	174,942	74,142
Revenue from City Property	12,800	43,166	30,366
Receipts from Brewton City Board of Education	-	600,000	600,000
Receipts from Water Works Board	-	9,974	9,974
Other revenue	2,000	172,733	170,733
Total Revenues	<u>5,467,897</u>	<u>10,749,462</u>	<u>5,281,565</u>
Expenditures			
Current expenditures:			
General government	971,543	2,611,395	(1,639,852)
Public safety	2,669,603	3,288,003	(618,400)
Public works	1,109,015	1,589,518	(480,503)
Payments to Brewton City Board of Education	-	683,140	(683,140)
Payments to Water Works Board	-	20,190	(20,190)
Other departments	1,200,422	1,514,237	(313,815)
Capital expenditures	163,135	864,965	(701,830)
Debt Service:			
Principal	81,426	224,622	(143,196)
Interest	19,100	23,572	(4,472)
Total Expenditures	<u>6,214,244</u>	<u>10,819,642</u>	<u>(4,605,398)</u>
Excess Revenues Over (Under) Expenditures	<u>(746,347)</u>	<u>(70,180)</u>	<u>676,167</u>
Other Financing Sources (Uses)			
Transfers in	1,418,858	4,087,124	2,668,266
Transfers out	-	(4,564,376)	(4,564,376)
Loan proceeds	-	346,729	346,729
Capital lease proceeds	-	116,826	116,826
Total Other Financing Sources (Uses)	<u>1,418,858</u>	<u>(13,697)</u>	<u>(1,432,555)</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	672,511	(83,877)	(756,388)
Fund Balance at Beginning of Year	<u>1,591,936</u>	<u>3,772,779</u>	<u>2,180,843</u>
Fund Balance at End of Year	<u><u>\$ 2,264,447</u></u>	<u><u>\$ 3,688,902</u></u>	<u><u>\$ 1,424,455</u></u>

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

**CITY OF BREWTON, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015**

	Major Funds				Nonmajor Fund	Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
Assets						
Current assets						
Cash	\$ 1,769,564	\$ 332,259	\$ 22,044	\$ 155,766	\$ 345	\$ 2,279,978
Restricted cash	1,029,545	776,742	-	-	-	1,806,287
Accounts receivable	105,188	50,494	31,926	4,583	-	192,191
Due from other funds	81,850	-	-	-	-	81,850
Receivable from component units	30,000	-	-	-	-	30,000
Loan proceeds receivable	-	438,020	-	-	-	438,020
Inventories	112,014	17,577	-	-	-	129,591
Total current assets	3,128,161	1,615,092	53,970	160,349	345	4,957,917
Noncurrent assets						
Property, plant, and equipment						
Land, improvements and construction in progress	64,799	247,382	3,000	356,496	145,940	817,617
Utility systems	4,758,285	8,362,674	-	-	-	13,120,959
Buildings and improvements	168,022	-	-	1,931,019	197,500	2,296,541
Equipment	1,058,074	1,022,872	1,563,587	345,426	-	3,989,959
	6,049,180	9,632,928	1,566,587	2,632,941	343,440	20,225,076
Less accumulated depreciation	3,679,124	3,031,829	963,651	763,347	98,757	8,536,708
Net property, plant, and equipment	2,370,056	6,601,099	602,936	1,869,594	244,683	11,688,368
Total noncurrent assets	2,370,056	6,601,099	602,936	1,869,594	244,683	11,688,368
Total Assets	5,498,217	8,216,191	656,906	2,029,943	245,028	16,646,285
Deferred Outflows of Resources						
Defeasance of debt	-	314,608	-	-	-	314,608
Employer retirement contributions	39,035	10,963	6,471	-	-	56,469
Total Deferred Outflows of Resources	39,035	325,571	6,471	-	-	371,077

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

CITY OF BREWTON, ALABAMA
STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Major Funds				Nonmajor Fund	Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
Liabilities and Net Position						
Current liabilities						
Accounts payable and accrued expenses	1,055,032	192,776	105,445	36,671	55	1,389,979
Due to other City funds	-	1,850	75,000	-	-	76,850
Long-term liabilities-current portion	82,045	244,656	242,932	-	-	569,633
Customer deposits	86,337	-	-	-	-	86,337
Total current liabilities	1,223,414	439,282	423,377	36,671	55	2,122,799
Noncurrent liabilities						
Long-term liabilities-less current portion	934,413	11,073,260	94,090	-	-	12,101,763
Net pension liability	306,101	86,003	50,686	-	-	442,790
Accrued postclosure costs	-	-	282,221	-	-	282,221
Total noncurrent liabilities	1,240,514	11,159,263	426,997	-	-	12,826,774
Total liabilities	2,463,928	11,598,545	850,374	36,671	55	14,949,573
Deferred Inflows of Resources						
Net difference between projected and actual earnings on plan investments	27,119	7,619	4,491	-	-	39,229
Total Deferred Inflows of Resources	27,119	7,619	4,491	-	-	39,229
Net position						
Net investment in capital assets	2,383,143	96,768	265,914	1,869,594	244,683	4,860,102
Unrestricted	663,062	(3,161,170)	(457,402)	123,678	290	(2,831,542)
Total Net Position	\$ 3,046,205	\$ (3,064,402)	\$ (191,488)	\$ 1,993,272	\$ 244,973	\$ 2,028,560

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

CITY OF BREWTON, ALABAMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Major Funds				Nonmajor Fund	Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
Operating Revenues						
Charges for services	\$ 19,081,252	\$ 1,011,723	\$ 607,879	\$ 114,095	\$ -	\$ 20,814,949
Other	29,540	1,910	2,224	1	264	33,939
Total operating revenues	<u>19,110,792</u>	<u>1,013,633</u>	<u>610,103</u>	<u>114,096</u>	<u>264</u>	<u>20,848,888</u>
Operating Costs and Expenses						
Cost of sales and services	16,924,945	-	423,128	-	-	17,348,073
Salaries and wages	493,195	127,196	74,098	19,500	-	713,989
Utilities	37,286	83,058	3,713	20,795	719	145,571
Maintenance and supplies	297,486	441,607	59,064	27,680	1,350	827,187
Employee benefits	100,521	20,187	18,331	-	-	139,039
Insurance	42,315	7,867	5,754	5,567	1,572	63,075
Professional fees	35,672	840	-	-	-	36,512
Office expense	25,479	4,903	2,664	329	-	33,375
Depreciation and amortization	164,849	254,111	112,060	83,305	4,938	619,263
Landfill postclosure expense	-	-	12,306	-	-	12,306
Other	251,580	4,702	1,293	-	-	257,575
Total operating costs and expenses	<u>18,373,328</u>	<u>944,471</u>	<u>712,411</u>	<u>157,176</u>	<u>8,579</u>	<u>20,195,965</u>
Operating Income (Loss)	<u>737,464</u>	<u>69,162</u>	<u>(102,308)</u>	<u>(43,080)</u>	<u>(8,315)</u>	<u>652,923</u>
Non-Operating Revenue (Expense)						
Interest earned	1,415	715	-	-	-	2,130
Capital gain on sale of assets	7,500	-	-	-	-	7,500
Receipt from Water Works Board	-	1,485	-	-	-	1,485
Payments to Water Works Board	-	(743)	-	-	-	(743)
Interest expense	(37,523)	(520,847)	(15,532)	-	-	(573,902)
Total non-operating revenue (expenses)	<u>(28,608)</u>	<u>(519,390)</u>	<u>(15,532)</u>	<u>-</u>	<u>-</u>	<u>(563,530)</u>
Income before contributions and transfers	708,856	(450,228)	(117,840)	(43,080)	(8,315)	89,393
Capital contributions	-	6,975	-	93,935	-	100,910
Transfers in	147,304	2,087,875	59,996	-	3,500	2,298,675
Transfers out	(660,474)	(3,512,150)	-	-	-	(4,172,624)
Change in Net Position	195,686	(1,867,528)	(57,844)	50,855	(4,815)	(1,683,646)
Net Position at Beginning of Year- as previously stated	3,155,378	(1,111,220)	(83,164)	1,942,417	249,788	4,153,199
Prior period adjustment	(304,859)	(85,654)	(50,480)	-	-	(440,993)
Net Position at Beginning of Year- as restated	<u>2,850,519</u>	<u>(1,196,874)</u>	<u>(133,644)</u>	<u>1,942,417</u>	<u>249,788</u>	<u>3,712,206</u>
Net Position at End of Year	<u>\$ 3,046,205</u>	<u>\$ (3,064,402)</u>	<u>\$ (191,488)</u>	<u>\$ 1,993,272</u>	<u>\$ 244,973</u>	<u>\$ 2,028,560</u>

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

CITY OF BREWTON, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Major Funds				Nonmajor Fund	Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
Cash Flows from Operating Activities:						
Receipts from customers	\$ 19,088,139	\$ 1,077,762	\$ 640,282	\$ 114,096	\$ 264	\$ 20,920,543
Payments to suppliers	(17,541,005)	(528,914)	(495,549)	(48,964)	(3,586)	(18,618,018)
Payments to employees	(604,390)	(150,378)	(94,203)	(19,500)	-	(868,471)
Net Cash Provided (Used) by Operating Activities	<u>942,744</u>	<u>398,470</u>	<u>50,530</u>	<u>45,632</u>	<u>(3,322)</u>	<u>1,434,054</u>
Cash Flows from Noncapital Financing Activities						
Transfers in	147,304	2,087,875	59,996	-	3,500	2,298,675
Transfers out	(660,474)	(3,512,150)	-	-	-	(4,172,624)
Change in interfund receivable	(50,000)	-	-	-	-	(50,000)
Receipts from Water Works Board	-	1,485	-	-	-	1,485
Payments to Water Works Board	-	(743)	-	-	-	(743)
Proceeds from grant	-	6,975	-	93,935	-	100,910
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(563,170)</u>	<u>(1,416,558)</u>	<u>59,996</u>	<u>93,935</u>	<u>3,500</u>	<u>(1,822,297)</u>
Cash Flows from Capital and Related Financing Activities						
Principal paid on capital debt	(86,207)	(141,579)	(113,545)	-	-	(341,331)
Interest paid on capital debt	(37,523)	(479,799)	(15,532)	-	-	(532,854)
Change in loan proceeds receivable	-	192,008	-	-	-	192,008
Proceeds from capital debt	24,064	24,064	135,205	-	-	183,333
Debt issue cost	-	(35,956)	-	-	-	(35,956)
Proceeds from disposal of capital assets	7,500	-	-	-	-	7,500
Purchase of capital assets	(111,404)	(1,545,229)	(135,205)	(101,387)	-	(1,893,225)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(203,570)</u>	<u>(1,986,491)</u>	<u>(129,077)</u>	<u>(101,387)</u>	<u>-</u>	<u>(2,420,525)</u>
Cash Flows from Investing Activities						
Interest income	1,415	715	-	-	-	2,130
Net Increase (Decrease) in Cash	<u>177,419</u>	<u>(3,003,864)</u>	<u>(18,551)</u>	<u>38,180</u>	<u>178</u>	<u>(2,806,638)</u>
Cash at Beginning of Year	<u>2,621,690</u>	<u>4,112,865</u>	<u>40,595</u>	<u>117,586</u>	<u>167</u>	<u>6,892,903</u>
Cash at End of Year	<u>\$ 2,799,109</u>	<u>\$ 1,109,001</u>	<u>\$ 22,044</u>	<u>\$ 155,766</u>	<u>\$ 345</u>	<u>\$ 4,086,265</u>
Reconciliation of Operating Income (Loss) to Net Cash						
Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 737,464	\$ 69,162	\$ (102,308)	\$ (43,080)	\$ (8,315)	\$ 652,923
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation and amortization	142,085	254,111	112,060	83,305	4,938	596,499
Change in pension expense as related to GASB 68	(10,674)	(2,995)	(1,775)	-	-	(15,444)
Change in accounts receivable	(25,163)	64,129	30,179	-	-	69,145
Change in inventories	(81,562)	(16,077)	-	-	-	(97,639)
Change in customer deposits	2,511	-	-	-	-	2,511
Change in accrued expenses	-	-	12,306	-	-	12,306
Change in accounts payable	178,083	30,140	68	5,407	55	213,753
Net Cash Provided (Used) by Operating Activities	<u>\$ 942,744</u>	<u>\$ 398,470</u>	<u>\$ 50,530</u>	<u>\$ 45,632</u>	<u>\$ (3,322)</u>	<u>\$ 1,434,054</u>

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

CITY OF BREWTON, ALABAMA
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	
	<u>Brewton City</u> <u>Board of</u> <u>Education</u>	<u>Water Works Board</u> <u>of the City</u> <u>of Brewton</u>	<u>Total</u> <u>Component</u> <u>Units</u>
ASSETS			
Cash and cash equivalents	\$ 1,860,790	\$ 898,643	\$ 2,759,433
Temporary cash investments	10,820,426	-	10,820,426
Receivables, net	847,553	52,668	900,221
Inventories	9,388	288,952	298,340
Restricted funds	-	921,290	921,290
Other assets	841	-	841
Capital assets, net			
Land, improvements and construction in progress	12,698,122	109,298	12,807,420
Other capital assets, net of depreciation	23,883,601	7,613,084	31,496,685
TOTAL ASSETS	50,120,721	9,883,935	60,004,656
DEFERRED OUTFLOWS OF RESOURCES			
Employer pension contribution	651,338	34,639	685,977
Defeasance of debt	-	168,908	168,908
TOTAL DEFERRED OUTFLOWS OF RESOURCES	651,338	203,547	854,885
LIABILITIES			
Accounts payable and accrued expenses	425,520	298,366	723,886
Payable to City of Brewton	-	30,000	30,000
Customer deposits	-	92,608	92,608
Unearned revenue	17,118	-	17,118
Long-term liabilities			
Due within one year	365,354	232,824	598,178
Due in more than one year	8,415,866	4,867,437	13,283,303
Net pension liability	8,412,000	271,693	8,683,693
TOTAL LIABILITIES	17,635,858	5,792,928	23,428,786
DEFERRED INFLOWS OF RESOURCES			
Proportionate share of collective deferred inflows related to net pension liability	736,000	-	736,000
Net difference between projected and actual earnings on plan investments	-	24,070	24,070
TOTAL DEFERRED INFLOWS OF RESOURCES	736,000	24,070	760,070
NET POSITION			
Net investment in capital assets	28,212,790	3,155,374	31,368,164
Restricted for:			
Education	424,020	-	424,020
Construction	1,464,550	921,290	2,385,840
Unrestricted	2,298,841	193,820	2,492,661
TOTAL NET POSITION	\$ 32,400,201	\$ 4,270,484	\$ 36,670,685

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

**CITY OF BREWTON, ALABAMA
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
					<u>Brewton City Board of Education</u>	<u>Water Works Board Board of the City of Brewton</u>	
Component Units							
Brewton City Board of Education	\$ 12,510,084	\$ 555,149	\$ 7,892,773	\$ -	\$ (4,062,162)	\$ -	\$ (4,062,162)
Water Works Board of the City of Brewton	<u>1,298,824</u>	<u>1,576,115</u>	<u>-</u>	<u>6,975</u>	<u>-</u>	<u>284,266</u>	<u>284,266</u>
Total component units	<u>\$ 13,808,908</u>	<u>\$ 2,131,264</u>	<u>\$ 7,892,773</u>	<u>\$ 6,975</u>	<u>(4,062,162)</u>	<u>284,266</u>	<u>(3,777,896)</u>
General revenues:							
Taxes							
Property					1,537,621	-	1,537,621
Sales					786,462	-	786,462
Other					374,773	-	374,773
Receipts from City					668,785	20,933	689,718
Investment earnings					107,760	751	108,511
Other					<u>82,764</u>	<u>-</u>	<u>82,764</u>
Total general revenues and transfers					<u>3,558,165</u>	<u>21,684</u>	<u>3,579,849</u>
Change in net position					(503,997)	305,950	(198,047)
Net position, beginning as previously stated					41,440,198	4,235,124	45,675,322
Prior period adjustment due to GASB Statement No. 68					<u>(8,536,000)</u>	<u>(270,590)</u>	<u>(8,806,590)</u>
Net position, beginning as restated					<u>32,904,198</u>	<u>3,964,534</u>	<u>36,868,732</u>
Net position, ending					<u>\$ 32,400,201</u>	<u>\$ 4,270,484</u>	<u>\$ 36,670,685</u>

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

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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 Units. The component units' columns in the combined financial statements include the financial data of the City's component units, which do not meet the requirements for blending with the primary government. They are reported in separate columns to emphasize that they are legally separate from the City. The governing boards of the component units are appointed by the City.

1. *The Brewton City Board of Education* operates the public elementary, middle and high schools in the City. The City provides material annual operating subsidies in its sharing of tax revenues. In addition, the City has financed substantial improvements to the local schools through general obligation debt.

2. *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 units can be obtained from their respective administrative offices as follows:

Brewton City Board of Education
721 Belleville Avenue
Brewton, Alabama 36426

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 *2008 General Obligation Warrant Debt Service Fund* is a debt service fund that accounts for the debt service requirements of the 2008 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.

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 valued at estimated fair value on the date donated.

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, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Principles

On October 1, 2012, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure. The adoption of GASB Statement No. 62 did not have any impact on the City's consolidated financial statements.

On October 1, 2012, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The Balance Sheet is renamed the Statement of Net Position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources.

During fiscal year 2013, the City early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 requires certain items that were previously reported as assets and liabilities to be reclassified as deferred outflows of resources, deferred inflows of resources or current-period outflows (expenses) and inflows (revenues). These determinations are based on the following definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*:

Deferred outflows of resources are consumptions of net position by the Board that are applicable to a future reporting period.

Deferred inflows of resources are acquisitions of net position by the Board that are applicable to a future reporting period.

Outflows of resources are consumptions of net position by the Board that are applicable to the reporting period.

Inflows of resources are acquisitions of net position by the Board that are applicable to the reporting period.

During the year ended September 30, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements create disclosure and reporting requirements that may or may not be consistent with the basis used for funding the plan. As a result, a net position liability equal to the difference between the actuarial present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position was recognized. Additionally, pension expense and deferred outflows of resources and deferred inflows of

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

resources were recognized from changes in the components of the net pension liability. See Notes 11 and 13 for more information.

Recently Issued Accounting Principles

GASB Statement No. 72, *Fair Value Measurement and Application*, was issued to provide guidance for determining a fair value measurement for financial reporting purposes. The requirements for GASB Statement No. 72 are effective for fiscal year 2016. The City is currently evaluating the impact this standard may have on its financial statements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement No. 68* was issued to establish requirements for assets that are not within the scope of GASB Statement No. 68. The requirements of GASB Statement No. 73 are effective for fiscal year 2016. The City is currently evaluating the impact this standard may have on its financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued to identify the hierarchy of generally accepted accounting principles. The requirements of GASB Statement No. 76 are effective immediately and were applied retroactively resulting in no significant impact to the financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures*, was issued to improve financial reporting by giving users of the financial statements essential information that is not consistently or comprehensively reported to the public at the present. The requirements of GASB Statement No. 77 are effective for fiscal year 2017. The City is currently evaluating the impact that this statement 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 service (primary government) and water works (component unit) valued at cost which approximates market, using the first-in, first-out (FIFO) method.

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insurance

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

Compensated Absences

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

Pensions

The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's 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, 2015, 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, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following individual overexpenditures were all approved by the City Council:

	<u>Excess</u> <u>Expenditures</u>		<u>Excess</u> <u>Expenditures</u>
General Government:		<i>Animal Control</i>	
Employee benefits	\$ 31,818	Insurance	\$ 806
Utilities	16,085	Repairs and maintenance	6,266
Telephone	10,649	Telephone	815
Office supplies	10,067	Utilities	7,467
Travel	8,170	Other	3,043
Insurance	50,357	<i>Code Enforcement</i>	
Repairs and maintenance	1,312,110	Employee benefits	8,008
Professional fees	335,515	Repairs and maintenance	7,999
Street lighting	1,944	Telephone	1,111
Fire hydrant rental	845	Other Departments:	
Capital expenditures	162,713	<i>Municipal Court</i>	
Public Safety:		Salaries	11,412
<i>Police Department</i>		Employee benefits	937
Salaries	124,064	Legal services	5,424
Employee benefits	213,164	Telephone	1,038
Travel	13,083	Other	21,738
Telephone	8,628	State fees	57,659
Uniforms and equipment	16,581	<i>Library Department</i>	
Insurance	52,907	Employee benefits	33,022
Investigation and education	9,806	Utilities	17,619
Capital expenditures	200,307	Telephone	5939
Office Supplies	2,107	Repairs and maintenance	9526
Other	18,675	Travel	2,378
<i>Fire Department</i>		Books purchased	31,571
Salaries	75,304	Capital expenditures	49,946
Employee benefits	108,970	Office supplies	23,502
Tools and supplies	1,182	<i>Recreation Department</i>	
Utilities	1,162	Employee benefits	28,499
Telephone	11,491	Utilities	5,208
Office supplies	2,577	Capital expenditures	12,575
Public Works:		Repairs and maintenance	73,927
<i>Street Department</i>		<i>Cemetery Department</i>	
Salaries	55,047	Employee benefits	13,365
Employee benefits	140,160	Utilities	303
Insurance	9,872	Repairs and maintenance	1,895
Repairs and maintenance	244,422	<i>Traffic Control</i>	
Fuel, oil, and tires	17,630		18,296
Chemicals	1,675	<i>Beautification</i>	
Capital expenditures	255,075	Repairs and maintenance	8,936
Uniforms	7,764	Capital expenditures	36,479
Utilities	7,779	<i>Payments to School Bd</i>	
Telephone	6,459		683,140
Other	1,710	Payments to Water Bd	20,190
		<i>Debt Service</i>	
			147,668
		<i>Transfers Out</i>	
			4,564,376

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

- Unassigned fund balance—All other fund balances that do not meet the definition of “nonspendable, restricted, committed, or assigned fund balances.”

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 28, 2016, the date which the financial statements were available to be issued.

There were no material subsequent events which require disclosure at September 30, 2015.

NOTE 2 DEPOSITS AND INVESTMENTS

At September 30, 2015, the City had investments in U.S. Treasury money market mutual funds through its trustee agreement for debt sinking funds. The fair value was \$588,836. The average maturity of the portfolio was 46 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, 2015, 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.

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 2015, the largest customer for the gas fund accounted for approximately 92% of revenue in the gas fund.

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 4 NET POSITION DEFICIT

At September 30, 2015, there was a deficit in net position of the Sewer Fund of \$3,064,402 and the Sanitation Fund of \$191,488. The City transferred funds in the subsequent fiscal year from the general fund to replenish the funds.

NOTE 5 GRANT PROCEEDS IN PROPRIETARY FUNDS

The Proprietary Funds received proceeds from two grants during the fiscal year 2015. The grant received in the Municipal Airport Fund was used to fund construction of hangar and 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 various capital improvement projects 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 10/01/14	Additions	Reclassifications/ Retirements	Balance 09/30/15
Governmental Activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 3,410,534	\$ 41,962	\$ -	\$ 3,452,496
<i>Capital assets being depreciated</i>				
Buildings	8,357,597	37,299	-	8,394,896
Improvements other than buildings	12,615,064	90,244	-	12,705,308
Vehicles and equipment	6,285,588	695,460	84,475	6,896,573
Total capital assets being depreciated	27,258,249	823,003	84,475	27,996,777
Less accumulated depreciation for:				
Buildings	2,213,835	169,749	-	2,383,584
Improvements other than buildings	2,612,517	252,497	-	2,865,014
Vehicles and equipment	4,794,149	368,220	28,158	5,134,211
Total accumulated depreciation	9,620,501	790,466	28,158	10,382,809
Total capital assets being depreciated	17,637,748	32,537	56,317	17,613,968
Capital assets, net	\$ 21,048,282	\$ 74,499	\$ 56,317	\$ 21,066,464

Depreciation was charged to governmental activities as follows:

General	\$ 483,584
Police	139,919
Fire	61,739
Street	68,474
Recreation	29,131
Library	7,619
Total	\$ 790,466

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Balance 10/01/14	Additions	Reclassifications/ Retirements	Balance 09/30/15
Component Unit:				
Brewton City Board of Education				
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,284,675	\$ -	\$ -	\$ 1,284,675
Construction in progress	7,042,481	4,370,966		11,413,447
Total capital assets not being depreciated	<u>8,327,156</u>	<u>4,370,966</u>	<u>-</u>	<u>12,698,122</u>
<i>Capital assets being depreciated</i>				
Buildings and improvements	30,666,899	-	-	30,666,899
Equipment	3,565,271	113,576	-	3,678,847
Total capital assets being depreciated	<u>34,232,170</u>	<u>113,576</u>	<u>-</u>	<u>34,345,746</u>
Less accumulated depreciation for:				
Buildings and improvements	6,413,160	593,628	-	7,006,788
Equipment	3,328,505	126,852	-	3,455,357
Total accumulated depreciation	<u>9,741,665</u>	<u>720,480</u>	<u>-</u>	<u>10,462,145</u>
Total capital assets being depreciated	<u>24,490,505</u>	<u>(606,904)</u>	<u>-</u>	<u>23,883,601</u>
Capital assets, net	<u>\$ 32,817,661</u>	<u>\$ 3,764,062</u>	<u>\$ -</u>	<u>\$ 36,581,723</u>
Business-type Activities				
Gas Service Fund				
<i>Capital assets not being depreciated</i>				
Land	\$ 11,100	\$ -	\$ -	\$ 11,100
Construction in progress	-	53,699		53,699
Total capital assets not being depreciated	<u>11,100</u>	<u>53,699</u>	<u>-</u>	<u>64,799</u>
<i>Capital assets being depreciated</i>				
Buildings and improvements	168,022	-	-	168,022
Utility systems	4,758,285	-	-	4,758,285
Equipment	1,000,369	80,469	22,764	1,058,074
Total capital assets being depreciated	<u>5,926,676</u>	<u>80,469</u>	<u>22,764</u>	<u>5,984,381</u>
Less accumulated depreciation for:				
Buildings and improvements	145,776	2,639	-	148,415
Utility systems	2,630,699	94,554	-	2,725,253
Equipment	760,564	67,656	22,764	805,456
Total accumulated depreciation	<u>3,537,039</u>	<u>164,849</u>	<u>22,764</u>	<u>3,679,124</u>
Total capital assets being depreciated	<u>2,389,637</u>	<u>(84,380)</u>	<u>-</u>	<u>2,305,257</u>
Capital assets, net	<u>\$ 2,400,737</u>	<u>\$ (30,681)</u>	<u>\$ -</u>	<u>\$ 2,370,056</u>

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Balance 10/01/14	Additions	Reclassifications/ Retirements	Balance 09/30/15
Business-type Activities (continued)				
Sewer Fund				
<i>Capital assets not being depreciated</i>				
Land	\$ 29,500	\$ -	\$ -	\$ 29,500
Construction in progress	-	217,882		217,882
Total capital assets not being depreciated	29,500	217,882	-	247,382
<i>Capital assets being depreciated</i>				
Utility systems	7,119,330	1,243,344	-	8,362,674
Equipment	938,869	84,003	-	1,022,872
Total capital assets being depreciated	8,058,199	1,327,347	-	9,385,546
Less accumulated depreciation for:				
Utility systems	2,044,397	142,278	-	2,186,675
Equipment	769,277	75,877	-	845,154
Total accumulated depreciation	2,813,674	218,155	-	3,031,829
Capital assets, net	\$ 5,274,025	\$ 1,327,074	\$ -	\$ 6,601,099
Sanitation Fund				
<i>Capital assets not being depreciated</i>				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
<i>Capital assets being depreciated</i>				
Equipment	1,428,382	135,205	-	1,563,587
Total capital assets being depreciated	1,428,382	135,205	-	1,563,587
Less accumulated depreciation for:				
Equipment	851,591	112,060	-	963,651
Total accumulated depreciation	851,591	112,060	-	963,651
Total capital assets being depreciated	576,791	23,145	-	599,936
Capital assets, net	\$ 579,791	\$ 23,145	\$ -	\$ 602,936
Municipal Airport Fund				
<i>Capital assets not being depreciated</i>				
Land	\$ 298,000	\$ -	\$ -	\$ 298,000
Construction in progress	-	58,496		58,496
Total capital assets not being depreciated	298,000	58,496	-	356,496
<i>Capital assets being depreciated</i>				
Buildings and improvements	1,888,128	42,891	-	1,931,019
Equipment	345,426	-	-	345,426
Total capital assets being depreciated	2,233,554	42,891	-	2,276,445
Less accumulated depreciation for:				
Buildings and improvements	487,069	58,375	-	545,444
Equipment	192,973	24,930	-	217,903
Total accumulated depreciation	680,042	83,305	-	763,347
Total capital assets being depreciated	1,553,512	(40,414)	-	1,513,098
Capital assets, net	\$ 1,851,512	\$ 18,082	\$ -	\$ 1,869,594

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Balance 10/01/14	Additions	Reclassifications/ Retirements	Balance 09/30/15
Business-type Activities (continued)				
Brewton Development Authority				
<i>Capital assets not being depreciated</i>				
Land	\$ 145,940	\$ -	\$ -	\$ 145,940
<i>Capital assets being depreciated</i>				
Buildings and improvements	197,500	-	-	197,500
Total capital assets being depreciated	197,500	-	-	197,500
Less accumulated depreciation for:				
Buildings and improvements	93,819	4,938	-	98,757
Total accumulated depreciation	93,819	4,938	-	98,757
Total capital assets being depreciated	103,681	(4,938)	-	98,743
Capital assets, net	\$ 249,621	\$ (4,938)	\$ -	\$ 244,683
Component Unit:				
Water Works Board				
<i>Capital assets not being depreciated</i>				
Land	\$ 83,423	\$ -	\$ -	\$ 83,423
Construction in progress	-	25,875	-	25,875
Total capital assets not being depreciated	83,423	25,875	-	109,298
<i>Capital assets being depreciated</i>				
Water system	10,564,139	224,729	-	10,788,868
Machinery and equipment	1,078,022	61,058	7,100	1,131,980
Property under capital lease	150,888	-	36,994	113,894
Furniture and fixtures	67,609	-	-	67,609
Total capital assets being depreciated	11,860,658	285,787	44,094	12,102,351
Less accumulated depreciation for:				
Water system	3,136,533	244,780	-	3,381,313
Machinery and equipment	937,591	73,645	7,100	1,004,136
Property under capital lease	54,397	15,455	33,643	36,209
Furniture and fixtures	67,609	-	-	67,609
Total accumulated depreciation	4,196,130	333,880	40,743	4,489,267
Total capital assets being depreciated	7,664,528	(48,093)	3,351	7,613,084
Capital assets, net	\$ 7,747,951	\$ (22,218)	\$ 3,351	\$ 7,722,382

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt	\$ 16,956,995	\$ 346,729	\$ 1,761,468	\$ 15,542,256	\$ 1,876,197
Capital Lease Obligations	459,807	116,826	145,480	431,153	92,461
Compensated Absences	263,585	384,798	350,345	298,038	59,608
	<u>17,680,387</u>	<u>848,353</u>	<u>2,257,293</u>	<u>16,271,447</u>	<u>2,028,266</u>
Warrant Discount	<u>(199,416)</u>	<u>4,911</u>	<u>33,765</u>	<u>(170,562)</u>	<u>-</u>
Governmental Activities, long-term liabilities	<u>17,480,971</u>	<u>853,264</u>	<u>2,291,058</u>	<u>16,100,885</u>	<u>2,028,266</u>
Business-type Activities					
General Obligation Debt	12,655,000	183,333	244,647	12,593,686	335,606
Capital Lease Obligations	372,602	-	138,928	233,674	230,027
Accrued Postclosure Costs	269,915	12,306	-	282,221	12,306
	<u>13,297,517</u>	<u>195,639</u>	<u>383,575</u>	<u>13,109,581</u>	<u>577,939</u>
Warrant Discount	<u>(162,252)</u>	<u>-</u>	<u>6,288</u>	<u>(155,964)</u>	<u>-</u>
Business-type Activities, long-term liabilities	<u>13,135,265</u>	<u>195,639</u>	<u>389,863</u>	<u>12,953,617</u>	<u>577,939</u>
Total Long-term Liabilities	<u>\$ 30,616,236</u>	<u>\$ 1,048,903</u>	<u>\$ 2,680,921</u>	<u>\$ 29,054,502</u>	<u>\$ 2,606,205</u>

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

Bonds and warrants payable at September 30, 2015, were comprised of the following:

General Obligation Bonds and Warrants:

2013 General Obligation Sewer Revenue Warrant payable in annual installments of \$115,000 to \$655,000 through December 1, 2043, with interest at 4.750% to 5.00% payable June 1, and December 1. \$ 10,950,000

2013 General Obligation Gas Revenue Warrant payable in annual installments of \$55,000 to \$90,000 through December 1, 2028, with interest at 2.00% to 4.25% payable on June 1, and December 1. 990,000

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

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.	485,000
2008 General Obligation Warrants payable in annual installments of \$965,000 to \$1,815,000 through December 1, 2023, with interest at 4.00% to 4.60% payable on June 1, and December 1.	13,575,000
2009 General Obligation Warrants payable in annual installments of \$430,000 to \$510,000 through December 1, 2017, with interest at 2.00% to 4.00% payable on June 1 and December 1.	1,480,000
Note payable for purchase of street equipment dated September 15, 2011, due in 72 monthly installments of \$2,493, including interest at 2.59%	58,259
Note payable for purchase of police vehicle dated January 8, 2014, due in 48 monthly installments of \$831, including interest at 4.70%	21,181
Note payable for purchase of Christmas lights October 2, 2013, due in 60 monthly installments of \$2,288, including interest at 2.19%	81,876
Note payable for purchase of street vehicle dated March 1, 2012, due in 60 monthly installments of \$443, including interest at 2.38%	7,821
Note payable for purchase of tractor dated April 30, 2015, due in 60 monthly installments of \$842, including interest at 2.00%	44,304
Note payable for purchase of trash truck dated April 15, 2015, due in 60 monthly installments of \$2,335, including interest at 1.75%	124,384
Note payable for purchase of street sweeper dated March 8, 2015, due in 60 monthly installments of \$2,676, including interest at 1.79%	138,716
Note payable for purchase of police vehicles dated April 8, 2015, due in 36 monthly installments of \$5,469 including interest at 1.20%	166,858

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Note payable for purchase of fire vehicle dated March 1, 2012, due in 60 monthly installments of \$710, including interest at 2.38% 12,543

Total General Obligation Bonds and Warrants \$ 28,135,942

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
2016	\$ 1,876,197	\$ 642,335	\$ 335,606	\$ 515,079
2017	1,942,651	574,216	341,258	506,065
2018	1,953,542	501,013	346,922	496,886
2019	1,463,896	426,636	357,598	487,469
2020	1,520,970	352,749	352,302	477,939
2021-2025	6,785,000	638,616	1,800,000	2,231,944
2026-2030	-	-	2,050,000	1,873,696
2031-2035	-	-	2,105,000	1,445,592
2036-2040	-	-	2,465,000	919,481
2041-2044	-	-	2,440,000	251,500
	<u>\$ 15,542,256</u>	<u>\$ 3,135,565</u>	<u>\$ 12,593,686</u>	<u>\$ 9,205,651</u>

Certain General Obligation Bonds and Warrants are not associated with the City's capital assets. The 2008 General Obligation Warrant provided funding for a City school board construction project. The 2009 General Obligation Warrant was used to fund non-capital projects. The unspent proceeds of the 2013 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 police vehicles, golf carts and various street equipment. Additionally, the City has financed the acquisition of certain items of equipment for the gas, sewer and sanitation funds. The leases qualify as capital leases for accounting purposes since there are bargain purchase elements at the end of the initial lease terms and the present values of the minimum lease payments are greater than 90 percent of the asset purchase prices. Each asset has, therefore, been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets and the enterprise funds, respectively.

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

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 632,573	\$ 725,114
Less accumulated depreciation	151,919	309,950
Total	<u>\$ 480,654</u>	<u>\$ 415,164</u>

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2015, were as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2016	\$ 105,001	\$ 235,031
2017	79,495	3,663
2018	75,358	-
2019	66,920	-
2020	52,256	-
2021-2022	94,730	-
Total minimum lease payments	473,760	238,694
Less amount representing interest	(42,607)	(5,020)
Present value of minimum lease payments	<u>\$ 431,153</u>	<u>\$ 233,674</u>

Line of Credit and Letter of Credit

The City has an unused line of credit (\$1,700,150 limit) and an unused letter of credit (\$1,500,000 limit) from a bank. 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.

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, 2015, \$5,600,000 of defeased debt is outstanding.

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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 \$282,221 reported as accrued postclosure costs by the sanitation fund represents the cumulative amount of estimated costs through September 30, 2015. 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, 2015. Estimated total landfill capacity is 1,350,000 cubic yards of which 141,314 cubic yards or approximately 10 percent had been used at September 30, 2002. The landfill's estimated remaining life at September 30, 2015, was approximately 20 years.

NOTE 11 PENSION PLAN

Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. The component unit, Water Works of Brewton, Alabama, is included in the City's pension plan. The plan is affiliated with the Employees Retirement System of Alabama (RSA), an agency multiple-employer pension plan. The State of Alabama has the authority to establish and amend the benefit provisions of the plans that participate. RSA issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the Retirement Systems of Alabama, P.O. Box 302150, Montgomery, Alabama 36130-2150.

The RSA was established on October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing 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 general administration and operation of the RSA is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the City authority to accept or reject various cost-of-living adjustments granted to retirees. RSA issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained at www.rsa-al.gov.

As established by state statute, all full-time employees of the City must participate in the pension plan from the date they are hired. Contributions made by an employee vest immediately and contributions made by the City vest after 10 years of full-time employment. An employee who leaves the employment of the City is entitled to his or her contributions and the City's contributions if vesting requirements are satisfied. During its 2012 session, the Alabama Legislature passed and the Governor signed into law changes in the pension plan creating a Tier 2 employee. Employees hired prior to January 1, 2013 (Tier 1 employees) must contribute 5% of his or her gross earnings to the pension plan. Employees hired on or after that date (Tier 2 employees) will contribute on gross earnings at rate of 6%.

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 11 PENSION PLAN (CONTINUED)

A Tier 1 employee may retire after 25 years of credited service and receive pension benefits equal to 2.0125% of the employee's average final salary multiplied times years of credited service. A Tier 2 employee may retire after attainment of age 62 and ten years of service years and with benefits equal to 1.65% of the employee's average final salary multiplied times years of credited service. Average final salary for Tier 1 employees is defined as the average of the three highest years' salary out of the last ten years of service. Average final salary for Tier 2 employees is defined as the average of the five highest years' salary out of the last ten years of service. The pension plan also provides death benefits and disability benefits as determined by state statutes.

The City's contractually required contribution rate for the year ended September 30, 2015, was 9.82% for Tier 1 employees, and 7.52% for Tier 2 employees. The contribution requirements of plan members and the City are established and may be amended by RSA. These required contribution rates are based upon the actuarial valuation dated September 30, 2014, 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 \$403,749 for the year ended September 30, 2015.

The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2013 rolled forward to September 30, 2014 using standard roll-forward techniques as shown in the following table:

(a) Total Pension Liability as of September 30, 2013	\$ 12,475,616
(b) Entry Age Normal Cost for the period October 1, 2013 to September 30, 2014	\$ 345,541
(c) Actual Benefit Payments & Refunds for October 1, 2013 to September 30, 2014	\$ (956,056)
(d) Total Pension Liability as of September 30, 2014 [(a) x 1.08] + (b) - [(c) x (1.04)]	\$ 12,824,908

Actuarial Assumptions - The total pension liability in the September 30, 2013, actuarial valuation was determined as part of actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return (net of pension plan investment expense), (b) projected salary increases ranging from 3.75% to 7.25% per year, and an inflation component of 3%. Mortality rates for RSA were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 11 PENSION PLAN (CONTINUED)

The actuarial assumptions used in the September 30, 2013, valuation were based on the results of an investigation of the economic and demographic experience for the RSA based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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:

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	25.0%	5.0%
U.S. Large Stocks	34.0%	9.0%
U.S. Mid Stocks	8.0%	12.0%
U.S. Small Stocks	3.0%	15.0%
Inter'ntrl Developed Mkt Stks	15.0%	11.0%
Inter'ntrl Emerging Mkt Stks	3.0%	16.0%
Real Estate	10.0%	7.5%
Cash	2.0%	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, 8%. 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, 2015

NOTE 11 PENSION PLAN (CONTINUED)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2013	\$ 12,475,616	\$ 8,934,837	\$ 3,540,779
Changes for the year:			
Service cost	345,541	-	345,541
Interest	959,807	-	959,807
Differences between expected and actual experience	-	-	-
Contributions - employer	-	386,933	(386,933)
Contributions - employee	-	230,656	(230,656)
Net investment income	-	1,052,319	(1,052,319)
Benefit payments, including refunds of employee contributions	(956,056)	(956,056)	-
Administrative expense	-	-	-
Transfers among employers	-	9,515	(9,515)
Net Changes	349,292	723,367	(374,075)
Balances at September 30, 2014	<u>\$ 12,824,908</u>	<u>\$ 9,658,204</u>	<u>\$ 3,166,704</u>

Sensitivity of the net pension liability to changes in the discount rate - The following table presents the Board's net pension liability calculated using the discount rate of 8%, 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 (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.0%)	Current Rate (8.0%)	1% Increase (9.0%)
Net pension liability	\$ 4,596,835	\$ 3,166,704	\$ 1,964,084

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, 2014. The supporting actuarial information is included in the GASB Statement No. 68 Report for the RSA prepared as of September 30, 2014. The auditor's report dated June 3, 2015 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.

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

For the year ended September 30, 2015, the City recognized pension expense of \$293,410. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 11 PENSION PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	280,552
Employer contributions subsequent to measurement date	403,749	-
Total	<u>\$ 403,749</u>	<u>\$ 280,552</u>

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,	
2016	\$ (87,217)
2017	70,138
2018	70,138
2019	70,138
	<u>\$ 123,197</u>

NOTE 12 INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2015 are:

	Interfund Payables			Totals
	General	Sewer	Sanitation	
Interfund Receivables				
General	\$ -	\$ -	\$ 75,000	\$ 75,000
Gas Service	80,000	1,850	-	81,850
Totals	<u>\$ 80,000</u>	<u>\$ 1,850</u>	<u>\$ 75,000</u>	<u>\$ 156,850</u>

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

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 12 INTERFUND TRANSACTIONS (CONTINUED)

At September 30, 2015, interfund transfers consisted of the following:

	Transfers Out			
	General	Gas Service	Sewer	Totals
Transfers In				
General	\$ -	\$ 649,974	\$ 3,437,150	\$ 4,087,124
Other Governmental	2,351,201	-	-	2,351,201
Gas Service	77,304	-	70,000	147,304
Sewer	2,087,875	-	-	2,087,875
Brewton Development Authority	3,000	500		3,500
Sanitation	44,996	10,000	5,000	59,996
Totals	<u>\$ 4,564,376</u>	<u>\$ 660,474</u>	<u>\$ 3,512,150</u>	<u>\$ 8,737,000</u>

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

NOTE 13 PRIOR PERIOD ADJUSTMENT

Effective October 1, 2014, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* effective by recording a prior period adjustment in the amount of \$2,883,257. The prior period adjustment increased deferred outflows of resources by \$353,735 for the employer pension plan contributions made from the measurement date (September 30, 2014) through September 30, 2015, and established a net pension liability in the amount of \$3,236,992.

REQUIRED SUPPLEMENTARY INFORMATION

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

Total pension liability	2014
Service cost	\$ 345,541
Interest	959,807
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(956,056)
Net change in total pension liability	349,292
Total pension liability- beginning	12,475,616
Total pension liability- ending (a)	\$ 12,824,908
 Plan fiduciary net position	
Contributions- employer	\$ 386,933
Contributions- member	230,656
Net investment income	1,052,319
Benefit payments, including refunds of employee	(956,056)
Transfers among employers	9,515
Net change in plan fiduciary net position	723,367
Plan net position- beginning	8,934,837
Plan net position- ending (b)	\$ 9,658,204
Net pension liability (asset)- ending (a) - (b)	\$ 3,166,704
 Plan fiduciary net position as a percentage of the total pension liability	 85.47%
Covered-employee payroll *	4,429,714
 Net pension liability (asset) as a percentage of covered-employee payroll	 71.49%

* Employer's covered-payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). For FY2014 the measurement period is October 1, 2013- September 30, 2014.

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.

This schedule includes information from the component unit, Water Works Board of the City of Brewton, Alabama, which is a part of the City of Brewton, Alabama's pension plan.

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

	2015
Actuarially determined contribution*	\$ 403,749
Contributions in relation to the actuarially determined contribution*	403,749
Contribution deficiency (excess)	\$ -
Covered-employee payroll**	\$ 4,429,714
Contributions as a percentage of covered-employee payroll	9.11%

* Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For FY2015, the fiscal year is the twelve month period beginning after 6/15/2014.

** Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For FY2015, the fiscal year is the twelve month period beginning after 6/15/2014.

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year 2015 were based on the September 30, 2012 actuarial valuation.

Methods and assumption used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	26 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75- 7.25 %, including inflation
Investment rate of return	8.00%, 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.

This schedule includes information from the component unit, Water Works Board of the City of Brewton, Alabama, which is a part of the City of Brewton, Alabama's pension plan.

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, 2015

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes			
Ad valorem tax	\$ 364,200	\$ 639,287	\$ 275,087
Beer tax	70,000	57,433	(12,567)
Cigarette tax	21,000	14,723	(6,277)
Sales tax	3,227,002	6,974,151	3,747,149
City gasoline tax	118,750	155,819	37,069
Wine tax	9,000	3,884	(5,116)
Oil severance tax	-	115,795	115,795
Total Taxes	<u>3,809,952</u>	<u>7,961,092</u>	<u>4,151,140</u>
Licenses and Permits			
Business licenses	1,106,520	1,217,955	111,435
Building permits	7,000	12,823	5,823
Wiring inspection fees	1,000	-	(1,000)
Yard sale permits	2,500	-	(2,500)
Street permits	500	-	(500)
Total Licenses and Permits	<u>1,117,520</u>	<u>1,230,778</u>	<u>113,258</u>
Fines and Forfeitures			
Fines and court costs	<u>145,100</u>	<u>274,112</u>	<u>129,012</u>
Fees and Charges			
Recreation and golf revenues	157,300	103,131	(54,169)
Library fees	-	5,293	5,293
Miscellaneous fees	122,425	174,241	51,816
Total Fees and Charges	<u>279,725</u>	<u>282,665</u>	<u>2,940</u>
Intergovernmental Revenues			
Federal grants	-	48,328	48,328
Production privilege tax	21,000	20,300	(700)
Financial excise tax	28,000	42,510	14,510
State auto license	3,600	5,327	1,727
Motor vehicle license	14,500	20,200	5,700
Business privilege tax	22,000	24,358	2,358
ABC store revenue	11,700	13,919	2,219
Total Intergovernmental Revenues	<u>100,800</u>	<u>174,942</u>	<u>74,142</u>
Revenue From City Property			
Sale of City property	800	11,535	10,735
Rent	-	18,517	18,517
Community center	12,000	13,114	1,114
Total Revenue From City Property	<u>12,800</u>	<u>43,166</u>	<u>30,366</u>
Receipts from Brewton City Board of Education	<u>-</u>	<u>600,000</u>	<u>600,000</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, 2015

	<u>Original and Final Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Receipts from Water Works Board	\$ -	\$ 9,974	\$ 9,974
Other Revenue			
Interest earned	-	2,081	2,081
Donations	-	64,373	64,373
Other	2,000	106,279	104,279
Total Other Revenue	<u>2,000</u>	<u>172,733</u>	<u>170,733</u>
Total Revenues	<u>5,467,897</u>	<u>10,749,462</u>	<u>5,271,591</u>
Other Financing Sources			
Transfers in	1,418,858	4,087,124	2,668,266
Capital lease proceeds	-	116,826	116,826
Loan proceeds	-	346,729	346,729
Total Other Financing Sources	<u>1,418,858</u>	<u>4,550,679</u>	<u>3,131,821</u>
Total Revenues and Other Financing Sources	<u>\$ 6,886,755</u>	<u>\$ 15,300,141</u>	<u>\$ 8,403,412</u>

CITY OF BREWTON, ALABAMA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government			
Salaries	\$ 429,323	\$ 365,728	\$ 63,595
Employee benefits	39,220	71,038	(31,818)
Utilities	27,000	43,085	(16,085)
Telephone	17,800	28,449	(10,649)
Office supplies	15,900	25,967	(10,067)
Dues and publications	5,100	4,155	945
Travel	13,000	21,170	(8,170)
Insurance	60,045	110,402	(50,357)
Repairs and maintenance	52,100	1,364,210	(1,312,110)
Professional fees	31,000	366,515	(335,515)
Street lighting	78,000	79,944	(1,944)
Fire hydrant rental	16,900	17,745	(845)
Industrial development expenditures	79,468	35,318	44,150
Appropriation	19,033	11,653	7,380
Capital expenditures	54,500	217,213	(162,713)
Other	87,654	66,016	21,638
Total General Government	<u>1,026,043</u>	<u>2,828,608</u>	<u>(1,802,565)</u>
Public Safety			
Police Department			
Salaries	1,428,441	1,552,505	(124,064)
Employee benefits	131,050	344,214	(213,164)
Travel	10,800	23,883	(13,083)
Telephone	15,000	23,628	(8,628)
Uniforms and equipment	17,381	33,962	(16,581)
Repairs and maintenance	73,100	65,170	7,930
Fuel, oil, and tires	90,000	87,803	2,197
Ammunition	3,000	1,575	1,425
Insurance	82,000	134,907	(52,907)
Jail expenditures	2,000	-	2,000
Laundry	6,500	3,406	3,094
Investigation and education	5,000	14,806	(9,806)
Capital expenditures	9,984	210,291	(200,307)
Office supplies	7,500	9,607	(2,107)
Other	5,500	24,175	(18,675)
Total Police Department	<u>1,887,256</u>	<u>2,529,932</u>	<u>(642,676)</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, 2015

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Public Safety (Continued)			
Fire Department			
Salaries	\$ 592,848	\$ 668,152	\$ (75,304)
Employee benefits	46,683	155,653	(108,970)
Insurance	45,750	40,486	5,264
Repairs and maintenance	35,650	34,055	1,595
Tools and supplies	2,500	3,682	(1,182)
Utilities	11,000	12,162	(1,162)
Telephone	7,500	18,991	(11,491)
Office supplies	5,000	7,577	(2,577)
Uniforms	4,000	3,192	808
Education and travel	16,500	10,506	5,994
Fuel, oil, and tires	18,000	13,715	4,285
Laundry	1,900	191	1,709
Miscellaneous	5,000	-	5,000
Capital expenditures	48,251	37,986	10,265
Total Fire Department	<u>840,582</u>	<u>1,006,348</u>	<u>(165,766)</u>
Total Public Safety	<u>2,727,838</u>	<u>3,536,280</u>	<u>(808,442)</u>
Public Works			
Street Department			
Salaries	607,131	662,178	(55,047)
Employee benefits	45,550	185,710	(140,160)
Insurance	48,690	58,562	(9,872)
Repairs and maintenance	171,800	416,222	(244,422)
Tools and supplies	16,500	4,459	12,041
Fuel, oil, and tires	37,000	54,630	(17,630)
Chemicals	5,000	6,675	(1,675)
Capital expenditures	23,900	278,975	(255,075)
Uniforms	10,000	17,764	(7,764)
Utilities	7,000	14,779	(7,779)
Telephone	3,800	10,259	(6,459)
Other	2,000	3,710	(1,710)
Total Street Department	<u>978,371</u>	<u>1,713,923</u>	<u>(735,552)</u>
Animal Control			
Insurance	-	806	(806)
Repairs and maintenance	-	6,266	(6,266)
Telephone	-	815	(815)
Utilities	-	7,467	(7,467)
Other	-	3,043	(3,043)
Total Animal Control	<u>-</u>	<u>18,397</u>	<u>(18,397)</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, 2015

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Code Enforcement			
Salaries	\$ 121,695	\$ 96,593	\$ 25,102
Employee benefits	9,099	17,107	(8,008)
Travel	2,000	501	1,499
Office supplies	9,500	5,465	4,035
Insurance	3,800	1,763	2,037
Repairs and maintenance	1,950	9,949	(7,999)
Telephone	2,500	3,611	(1,111)
Fuel, oil, and tires	4,000	1,184	2,816
Capital expenditures	2,000	-	2,000
Total Code Enforcement	<u>156,544</u>	<u>136,173</u>	<u>20,371</u>
Total Public Works	<u>1,134,915</u>	<u>1,868,493</u>	<u>(733,578)</u>
Other Departments			
Municipal Court			
Salaries	75,169	86,581	(11,412)
Employee benefits	2,690	3,627	(937)
Legal services	17,520	22,944	(5,424)
Court supplies	3,000	967	2,033
Travel	2,500	1,613	887
Telephone	1,700	2,738	(1,038)
Other	2,701	24,439	(21,738)
State fees	-	57,659	(57,659)
Total Municipal Court	<u>105,280</u>	<u>200,568</u>	<u>(95,288)</u>
Library Department			
Salaries	247,578	232,241	15,337
Employee benefits	18,171	51,193	(33,022)
Insurance	12,200	12,021	179
Utilities	17,000	34,619	(17,619)
Telephone	7,500	13,439	(5,939)
Repairs and maintenance	10,000	19,526	(9,526)
Travel	4,000	6,378	(2,378)
Books purchased	9,500	41,071	(31,571)
Capital expenditures	10,000	59,946	(49,946)
Office supplies	5,000	28,502	(23,502)
Total Library Department	<u>340,949</u>	<u>498,936</u>	<u>(157,987)</u>
Recreation Department			
Salaries	251,929	239,428	12,501
Employee benefits	16,329	44,828	(28,499)
Utilities	42,674	47,882	(5,208)
Insurance	15,150	13,016	2,134
Recreation activities	109,550	92,681	16,869
Capital expenditures	11,500	24,075	(12,575)
Other	18,194	16,676	1,518
Repairs and maintenance	109,800	183,727	(73,927)
Total Recreation Department	<u>575,126</u>	<u>662,313</u>	<u>(87,187)</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, 2015

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Other Departments (Continued)			
Cemetery Department			
Salaries	\$ 54,379	\$ 49,790	\$ 4,589
Employee benefits	5,188	18,553	(13,365)
Insurance	3,700	3,446	254
Utilities	500	803	(303)
Uniforms	2,100	1,197	903
Gas and oil	4,000	3,625	375
Repairs and maintenance	5,400	7,295	(1,895)
Tools and supplies	800	-	800
Capital expenditures	3,000	-	3,000
Total Cemetery Department	<u>79,067</u>	<u>84,709</u>	<u>(5,642)</u>
Traffic Control	62,500	80,796	(18,296)
Beautification and Fine Arts			
Repairs and maintenance	62,000	70,936	(8,936)
Capital expenditures	-	36,479	(36,479)
Total Beautification and Fine Arts	<u>62,000</u>	<u>107,415</u>	<u>(45,415)</u>
Payments to Brewton City Board of Education	-	683,140	(683,140)
Payments to Water Works Board	-	20,190	(20,190)
Debt Service			
Principal	81,426	224,622	(143,196)
Interest	19,100	23,572	(4,472)
Total Other Departments	<u>1,325,448</u>	<u>2,586,261</u>	<u>(1,260,813)</u>
Total Expenditures	6,214,244	10,819,642	(4,605,398)
Other Financing Uses			
Transfers out	-	4,564,376	(4,564,376)
Total Expenditures and Other Financing Uses	<u>\$ 6,214,244</u>	<u>\$ 15,384,018</u>	<u>\$ (9,169,774)</u>

**CITY OF BREWTON, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Debt Service Fund	Special Revenue Funds			Total Nonmajor Governmental Funds
	2009 General Obligation Warrant Fund	Street Construction Fund	Street Improvement Fund	Total	
Assets					
Cash	\$ -	\$ 43,099	\$ 7,044	\$ 50,143	\$ 50,143
Temporary cash investments	412,377	-	-	-	412,377
Total Assets	<u>\$ 412,377</u>	<u>\$ 43,099</u>	<u>\$ 7,044</u>	<u>\$ 50,143</u>	<u>\$ 462,520</u>
Fund Balances					
Fund Balances					
Restricted for:					
Debt service	\$ 412,377	\$ -	\$ -	\$ -	\$ 412,377
Street construction	-	43,099	-	43,099	43,099
Street improvements	-	-	7,044	7,044	7,044
Total Fund Balances	<u>\$ 412,377</u>	<u>\$ 43,099</u>	<u>\$ 7,044</u>	<u>\$ 50,143</u>	<u>\$ 462,520</u>

CITY OF BREWTON, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Debt Service Fund	Special Revenue Funds			Total Nonmajor Governmental Funds
	2009 General Obligation Warrant Fund	Street Construction Fund	Street Improvement Fund	Total	
Revenues					
State gasoline tax	\$ -	\$ 26,436	\$ 82,029	\$ 108,465	\$ 108,465
Interest earned	26	-	-	-	26
Total Revenues	<u>26</u>	<u>26,436</u>	<u>82,029</u>	<u>108,465</u>	<u>108,491</u>
Expenditures					
Public works program	-	29,999	156,437	186,436	186,436
Debt Service:					
Principal	465,000	-	-	-	465,000
Interest	55,313	-	-	-	55,313
Total Expenditures	<u>520,313</u>	<u>29,999</u>	<u>156,437</u>	<u>186,436</u>	<u>706,749</u>
Excess Revenues Over (Under) Expenditures	<u>(520,287)</u>	<u>(3,563)</u>	<u>(74,408)</u>	<u>(77,971)</u>	<u>(598,258)</u>
Other Financing Sources (Uses)					
Transfers in/(out)	524,771	-	6,000	6,000	530,771
Total Other Financing Sources (Uses)	<u>524,771</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>	<u>530,771</u>
Net change in fund balances	4,484	(3,563)	(68,408)	(71,971)	(67,487)
Fund Balances at Beginning of Year	407,893	46,662	75,452	122,114	530,007
Fund Balances at End of Year	<u>\$ 412,377</u>	<u>\$ 43,099</u>	<u>\$ 7,044</u>	<u>\$ 50,143</u>	<u>\$ 462,520</u>

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>	66-72
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>	73-79
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>	80-83
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>	84-85
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>	86-88

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									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Net investment in capital assets	\$ 7,122,181	\$ 6,991,356	\$ 8,019,134	\$ 8,010,933	\$ 13,033,711	\$ 13,606,403	\$ 12,711,696	\$ 20,227,853	\$ 20,331,482	\$ 20,148,056
Restricted	4,132,318	3,290,346	86,704	370,707	606,140	52,341	9,735	172,464	122,114	462,520
Unrestricted	<u>1,232,848</u>	<u>2,553,001</u>	<u>5,513,892</u>	<u>6,725,123</u>	<u>(4,029,370)</u>	<u>(12,261,448)</u>	<u>(11,406,881)</u>	<u>(15,767,496)</u>	<u>(12,757,434)</u>	<u>(14,010,841)</u>
Total governmental activities net position	<u>\$ 12,487,347</u>	<u>\$ 12,834,703</u>	<u>\$ 13,619,730</u>	<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>\$ 6,599,735</u>
Business-type activities										
Net investment in capital assets	\$ 8,182,620	\$ 8,613,994	\$ 9,525,239	\$ 8,357,169	\$ 9,178,771	\$ 9,319,561	\$ 9,185,275	\$ 5,629,785	\$ 6,494,970	\$ 4,860,102
Unrestricted	<u>600,870</u>	<u>630,458</u>	<u>354,840</u>	<u>263,689</u>	<u>184,749</u>	<u>352,115</u>	<u>330,146</u>	<u>(1,128,582)</u>	<u>(2,341,771)</u>	<u>(2,831,542)</u>
Total business-type activities net position	<u>\$ 8,783,490</u>	<u>\$ 9,244,452</u>	<u>\$ 9,880,079</u>	<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>
Primary government										
Net investment in capital assets	\$ 15,304,801	\$ 15,605,350	\$ 17,544,373	\$ 16,368,102	\$ 22,212,482	\$ 22,925,964	\$ 21,896,971	\$ 25,857,638	\$ 26,826,452	\$ 25,008,158
Restricted	4,132,318	3,290,346	86,704	370,707	606,140	52,341	9,735	172,464	122,114	462,520
Unrestricted	<u>1,833,718</u>	<u>3,183,459</u>	<u>5,868,732</u>	<u>6,988,812</u>	<u>(3,844,621)</u>	<u>(11,909,333)</u>	<u>(11,076,735)</u>	<u>(16,896,078)</u>	<u>(15,099,205)</u>	<u>(16,842,383)</u>
Total primary government net position	<u>\$ 21,270,837</u>	<u>\$ 22,079,155</u>	<u>\$ 23,499,809</u>	<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>\$ 8,628,295</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
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Expenses	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General	\$ 1,470,859	\$ 1,644,920	\$ 1,508,830	\$ 1,646,833	\$ 1,759,220	\$ 1,953,615	\$ 1,680,297	\$ 1,979,955	\$ 2,813,132	\$ 3,481,011
Public safety										
Police	1,532,554	1,775,048	1,790,501	1,962,140	2,014,975	2,045,155	1,986,011	2,217,730	2,215,587	2,459,560
Fire	639,579	649,810	852,348	743,098	749,389	780,243	829,671	961,853	1,017,221	1,030,101
Public works										
Street	1,369,907	991,215	793,755	818,186	728,896	869,372	1,063,448	941,421	1,010,684	1,689,858
Animal control	-	-	-	-	-	-	133,358	122,649	84,524	18,397
Code Enforcement	184,576	166,971	148,519	147,222	127,317	115,030	112,770	124,893	133,828	136,173
Library	325,211	307,440	323,847	366,674	310,210	307,386	285,412	283,654	361,353	446,609
Recreation	267,654	309,476	306,382	564,458	578,783	617,398	582,219	527,334	570,584	667,369
Education (payment to Board of Education)	617,340	617,340	617,340	1,443,918	8,015,062	8,332,971	2,159,312	3,451,722	650,382	683,140
Water system (payment to Water Works Board)	-	-	-	-	-	-	-	-	-	20,190
Interest on long-term debt	592,234	480,857	645,606	1,130,661	1,364,163	1,288,831	1,224,295	1,002,026	790,923	734,666
Total governmental activities expenses	6,999,914	6,943,077	6,987,128	8,823,190	15,648,015	16,310,001	10,056,793	11,613,237	9,648,218	11,367,074
Business-type activities:										
Gas	3,267,047	2,168,605	15,252,942	11,131,295	16,316,113	11,461,549	9,094,670	12,758,400	21,165,274	18,410,851
Sewer	557,248	643,214	556,162	604,102	632,723	1,716,138	1,484,925	788,828	1,232,519	1,466,061
Sanitation	732,691	532,132	679,673	678,469	680,333	690,290	676,903	723,314	733,466	727,943
Airport	113,008	98,507	106,182	100,971	127,520	128,070	134,819	143,592	151,679	157,176
Golf course	192,264	193,102	215,912	-	-	-	-	-	-	-
Brewton Development Authority	-	-	-	-	8,229	5,872	7,555	6,582	9,772	8,579
Total business-type activities expenses	4,862,258	3,635,560	16,810,871	12,514,837	17,764,918	14,001,919	11,398,872	14,420,716	23,292,710	20,770,610
Total primary government expenses	\$ 11,862,172	\$ 10,578,637	\$ 23,797,999	\$ 21,338,027	\$ 33,412,933	\$ 30,311,920	\$ 21,455,665	\$ 26,033,953	\$ 32,940,928	\$ 32,137,684
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
General	\$ 935,258	\$ 1,037,908	\$ 1,101,857	\$ 1,149,219	\$ 1,215,878	\$ 1,387,381	\$ 1,275,574	\$ 1,309,799	\$ 1,330,693	\$ 1,488,185
Police	50,675	135,061	119,208	155,661	233,101	400,220	362,906	345,273	380,831	274,112
Animal control	-	-	-	-	-	-	8,891	5,300	-	-
Recreation	16,435	14,621	15,170	180,010	153,803	154,880	157,344	123,654	104,889	5,293
Library	-	-	-	-	-	-	-	-	10,898	103,131
Operating grants and contributions	117,302	232	40,500	608,855	52,684	820,376	152,668	122,206	324,220	112,701
Capital grants and contributions	464,589	829,576	243,368	554,244	889,881	243,701	-	-	-	-
Total governmental activities program revenues	1,584,259	2,017,398	1,520,103	2,647,989	2,545,347	3,006,558	1,957,383	1,906,232	2,151,531	1,983,422
Business-type activities:										
Fees, fines, and charges for services:										
Gas	2,986,310	2,378,842	16,451,592	11,022,248	16,811,215	11,926,347	9,452,491	13,520,888	22,047,360	19,110,792
Sewer	469,417	450,538	443,506	445,903	419,514	411,330	410,169	560,220	1,051,523	1,013,633
Sanitation	570,757	492,075	587,970	570,503	593,078	618,795	666,227	660,937	628,254	610,103
Airport	67,520	67,760	73,548	66,741	69,349	70,175	101,679	99,255	111,482	114,096
Brewton Development Authority	-	-	-	-	-	4	-	-	-	264
Golf course	156,885	150,612	169,770	-	-	-	-	-	-	-
Operating grants and contributions	123,620	203,487	123,664	-	-	65,000	15,000	123,749	-	-
Capital grants and contributions	-	-	18,300	431,177	660,041	183,009	115,975	163,216	800,622	100,910
Total business-type activities program revenues	4,374,509	3,743,314	17,868,350	12,536,572	18,553,197	13,274,660	10,761,541	15,128,265	24,639,241	20,949,798
Total primary government program revenues	\$ 5,958,768	\$ 5,760,712	\$ 19,388,453	\$ 15,184,561	\$ 21,098,544	\$ 16,281,218	\$ 12,718,924	\$ 17,034,497	\$ 26,790,772	\$ 22,933,220

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense)/revenue										
Governmental activities	\$ (5,415,655)	\$ (4,925,679)	\$ (5,467,025)	\$ (6,175,201)	\$ (13,102,668)	\$ (13,303,443)	\$ (8,099,410)	\$ (9,707,005)	\$ (7,496,687)	\$ (9,423,652)
Business-type activities	(487,749)	107,754	1,057,479	21,735	788,279	(727,259)	(637,331)	707,549	1,346,531	179,188
Total primary government net expense	<u>\$ (5,903,404)</u>	<u>\$ (4,817,925)</u>	<u>\$ (4,409,546)</u>	<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>
General Revenues and Other Changes in										
Net Position										
Governmental activities:										
Taxes										
Property	\$ 250,094	\$ 570,600	\$ 601,302	\$ 601,636	\$ 617,203	\$ 662,968	\$ 658,190	\$ 666,400	\$ 643,140	\$ 639,287
Sales	4,413,913	3,917,235	4,382,751	4,294,686	4,361,406	4,298,720	4,497,656	5,539,409	6,494,323	6,974,151
Other	616,657	535,964	640,149	601,062	524,404	630,527	643,931	711,237	599,722	582,733
Receipts from Brewton City Board of Education	-	-	-	360,539	1,547,424	408,635	2,509,921	352,451	1,102,451	600,000
Receipts from Water Works Board	-	-	-	-	-	-	-	-	-	9,974
Investment earnings	281,392	400,748	176,932	193,928	229,998	41,143	1,964	1,648	2,129	2,107
Other	206,203	178,466	8,253	15,624	14,164	43,654	186,062	31,530	17,287	87,288
Special item, transfer of Golf Fund to										
Governmental Activities	-	-	-	1,371,940	-	-	-	-	-	-
Gain/(Loss) on sale of property	-	-	-	310,402	-	-	-	-	-	-
Transfers in/(out)	(994,773)	(329,978)	442,665	(87,583)	311,787	(995,389)	(481,060)	5,722,601	1,700,976	1,873,949
Total government activities	<u>4,773,486</u>	<u>5,273,035</u>	<u>6,252,052</u>	<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>
Business-type activities:										
Investment earnings	28,367	23,230	20,813	3,401	25	26	16	834	6,441	2,130
Receipts from Water Works Board	-	-	-	-	-	-	-	-	-	1,485
Special item, transfer of Golf Fund to										
Governmental Activities	-	-	-	(1,371,940)	-	-	-	-	-	-
Gain/(Loss) on sale of property	-	-	-	-	-	40,000	-	-	-	7,500
Transfers in/(out)	994,773	329,978	(442,665)	87,583	(311,787)	995,389	481,060	(5,722,601)	(1,700,976)	(1,873,949)
Total business-type activities	<u>1,023,140</u>	<u>353,208</u>	<u>(421,852)</u>	<u>(1,280,956)</u>	<u>(311,762)</u>	<u>1,035,415</u>	<u>481,076</u>	<u>(5,721,767)</u>	<u>(1,694,535)</u>	<u>(1,862,834)</u>
Total primary government	<u>\$ 5,796,626</u>	<u>\$ 5,626,243</u>	<u>\$ 5,830,200</u>	<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>
Change in Net Position										
Governmental activities	\$ (642,169)	\$ 347,356	\$ 785,027	\$ 1,487,033	\$ (5,496,282)	\$ (8,213,185)	\$ (82,746)	\$ 3,318,271	\$ 3,063,341	\$ 1,345,837
Business-type activities	535,391	460,962	635,627	(1,259,221)	476,517	308,156	(156,255)	(5,014,218)	(348,004)	(1,683,646)
Total primary government	<u>\$ (106,778)</u>	<u>\$ 808,318</u>	<u>\$ 1,420,654</u>	<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>

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

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

Fiscal Year	Ad Valorem Tax	Beer and Wine Tax	Cigarette Tax	Sales Tax	Gasoline Tax	Production Privilege Tax	Oil Severance Tax	Total
2006	\$ 500,188	\$ 74,237	\$ 21,815	\$ 4,163,819	\$ 194,176	\$ 158,049	\$ 168,380	\$ 5,280,664
2007	570,600	66,525	14,625	3,917,235	189,184	108,872	156,758	5,023,799
2008	601,302	61,441	16,683	4,382,751	203,372	124,827	233,826	5,624,202
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

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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund										
Unassigned	<u>\$ 3,263,199</u>	<u>\$ 4,054,930</u>	<u>\$ 4,159,818</u>	<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>
All other governmental funds										
Restricted for:										
School construction	\$ -	\$ -	\$ -	\$ 18,751,429	\$ 11,431,676	\$ 4,184,306	\$ 2,775,952	\$ -	\$ -	\$ -
Debt service	1,842,093	1,029,230	1,368,930	2,509,460	3,141,612	2,309,981	477,188	402,592	407,893	412,377
Street construction	215,939	47,558	49,742	9,375	35,769	13,142	(16,265)	25,872	46,662	43,099
Street improvements	3,027	39,654	36,962	34,654	17,036	39,199	26,000	146,592	75,452	7,044
Assigned for:										
Sewer improvements	<u>3,913,352</u>	<u>3,203,134</u>	<u>3,071,333</u>	<u>2,326,773</u>	<u>2,112,540</u>	<u>884,089</u>	<u>30,189</u>	<u>1,687</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 5,974,411</u>	<u>\$ 4,319,576</u>	<u>\$ 4,526,967</u>	<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>

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes	\$ 5,122,615	\$ 4,914,927	\$ 5,499,375	\$ 5,357,941	\$ 5,410,299	\$ 5,490,633	\$ 5,707,250	\$ 6,796,627	\$ 7,637,301	\$ 8,069,557
Intergovernmental	739,940	938,680	368,195	693,687	982,614	630,564	214,526	228,434	99,884	174,942
Licenses and permits	844,958	937,230	994,996	1,040,084	1,091,915	1,243,344	1,124,053	1,183,726	1,199,499	1,230,778
Fines and forfeitures	50,675	135,061	119,208	155,661	233,101	400,220	362,906	345,273	380,831	274,112
Fees and charges	85,500	90,748	85,553	254,285	241,276	247,437	245,514	223,928	224,488	282,665
Revenue from City Property	21,235	24,551	36,478	584,860	36,471	51,480	72,242	31,099	22,493	43,166
Receipts from Brewton City Board of Education	-	-	-	360,539	1,547,424	408,635	2,509,921	352,451	1,102,451	600,000
Receipts from Water Works Board	-	-	-	-	-	-	-	-	-	9,974
Interest	281,392	400,748	176,932	193,928	229,998	41,143	1,964	1,648	2,129	2,107
Donations	91,973	50,000	40,500	608,855	52,684	535,096	30,669	14,191	324,220	64,373
Other	114,230	134,146	8,253	15,624	14,164	43,654	190,181	31,530	17,286	106,279
Total revenues	7,352,518	7,626,091	7,329,490	9,265,464	9,839,946	9,092,206	10,459,226	9,208,907	11,010,582	10,857,953
EXPENDITURES										
General government	904,349	973,785	809,546	857,749	923,930	1,120,115	837,073	947,270	1,823,168	2,611,395
Public safety	2,063,805	2,318,592	2,352,907	2,552,723	2,603,634	2,659,536	2,648,982	2,992,192	3,059,140	3,288,003
Public works	1,504,960	1,118,357	1,060,938	923,703	826,985	962,550	1,270,644	1,146,234	1,183,221	1,775,954
Payments to Brewton City Board of Education	617,340	617,340	617,340	1,443,918	8,015,062	8,332,971	2,159,312	3,451,722	650,382	683,140
Payments to Water Works Board	-	-	-	-	-	-	-	-	-	20,190
Other departments	746,228	869,794	879,914	1,196,834	1,162,407	1,239,001	1,174,396	1,163,533	1,392,913	1,514,237
Capital expenditures	318,212	1,280,149	611,501	1,760,175	2,269,440	463,778	683,641	509,306	839,804	864,965
Debt service:										
Principal	645,781	639,289	665,916	3,557,347	1,353,094	1,729,940	4,262,434	7,320,703	1,793,150	1,869,622
Interest	594,360	583,268	559,547	968,610	1,318,390	1,275,033	1,251,358	1,062,497	777,372	719,315
Total expenditures	7,395,035	8,400,574	7,557,609	13,261,059	18,472,942	17,782,924	14,287,840	18,593,457	11,519,150	13,346,821
Excess (deficiency) of revenues over expenditures	(42,517)	(774,483)	(228,119)	(3,995,595)	(8,632,996)	(8,690,718)	(3,828,614)	(9,384,550)	(508,568)	(2,488,868)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OTHER FINANCING SOURCES (USES)										
Transfers in	1,733,937	1,667,402	2,614,804	9,020,651	4,614,323	3,417,816	3,923,698	8,475,720	5,317,224	6,438,325
Capital leases	-	241,357	97,733	52,685	69,805	-	305,886	408,117	40,653	116,826
Issuance of debt	-	-	-	23,744,728	-	225,349	65,147	-	166,250	346,729
Discount on bonds issued	-	-	-	(360,019)	-	-	-	-	-	-
Debt issue cost	-	-	-	(232,890)	-	-	-	-	-	-
Transfers out	<u>(2,728,710)</u>	<u>(1,997,380)</u>	<u>(2,172,139)</u>	<u>(9,108,234)</u>	<u>(4,302,536)</u>	<u>(4,413,205)</u>	<u>(4,404,758)</u>	<u>(2,753,119)</u>	<u>(3,616,248)</u>	<u>(4,564,376)</u>
Total other financing sources (uses)	<u>(994,773)</u>	<u>(88,621)</u>	<u>540,398</u>	<u>23,116,921</u>	<u>381,592</u>	<u>(770,040)</u>	<u>(110,027)</u>	<u>6,130,718</u>	<u>1,907,879</u>	<u>2,337,504</u>
Net change in fund balance	<u>\$ (1,037,290)</u>	<u>\$ (863,104)</u>	<u>\$ 312,279</u>	<u>\$ 19,121,326</u>	<u>\$ (8,251,404)</u>	<u>\$ (9,460,758)</u>	<u>\$ (3,938,641)</u>	<u>\$ (3,253,832)</u>	<u>\$ 1,399,311</u>	<u>\$ (151,364)</u>
Debt service as a percentage of noncapital expenditures	17.5%	17.2%	17.6%	39.4%	16.5%	17.4%	40.5%	46.4%	24.1%	20.7%

CITY OF BREWTON, ALABAMA
GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Ad Valorem Tax	Beer and Wine Tax	Cigarette Tax	Sales Tax	Gasoline Tax	Production Privilege Tax	Oil Severance Tax
2006	\$ 500,188	\$ 74,237	\$ 21,815	\$ 4,163,819	\$ 194,176	\$ 158,049	\$ 168,380
2007	570,600	66,525	14,625	3,914,235	189,184	108,872	156,758
2008	601,302	61,441	16,683	4,382,751	203,372	124,827	233,826
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

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

Fiscal Year Ended September 30	Residential Property	Commercial Property	Industrial Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2006	\$ 13,323,640	\$ 14,267,940	\$ 27,014,540	\$ 7,199,020	\$ 47,407,100	15	\$ 711,106,500
2007	16,492,980	12,507,320	33,939,320	8,454,060	54,485,560	15	817,283,400
2008	16,980,260	13,004,080	35,188,740	8,179,320	56,993,760	15	854,906,400
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

Source: Escambia County Tax Assessor

**CITY OF BREWTON, ALABAMA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING¹ GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	City of Brewton				Overlapping Rates								Total Direct & Overlapping Rates
	General Millage	School Millage	Bond Tax Millage	Total City Millage	County			State					
					General Millage	School Millage ²	Health Care Authority Millage	Total County Millage	General Millage	School Millage	Soldier Millage	Total State Millage	
2006	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
2007	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
2008	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
2009	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	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	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	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2013	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2014	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2015	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0

Source: Escambia County Commission and Escambia County Tax Collector

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

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

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

<u>Taxpayer</u>	<u>2015</u>			<u>2006</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.	\$ 5,557,380	1	22.4%	\$ 5,442,700	1	29.1%
Grede	2,475,680	2	10.0%	1,044,560	4	5.6%
Walmart	1,915,560	3	7.7%	-		-
Citation Corporation	1,011,480	4	4.1%	-		-
BellSouth Telecommunications	821,300	5	3.3%	1,447,400	3	7.7%
CSX Transportation	751,940	6	3.0%	-		-
Power South Energy Cooperative	672,880	7	2.7%	1,472,300	2	7.9%
Trustmark Bank	604,780	8	2.4%	666,080	7	3.6%
FM Brewton S/C, LLC	552,780	9	2.2%	-		-
Brewton Ironworks, Inc.	479,300	10	1.9%	468,240	10	2.5%
Hines Realty Company	-		-	745,320	5	4.0%
Market Square II, LLC	-		-	618,480	6	3.3%
Brewton-Hall Apartments LTD	-		-	566,720	8	3.0%
Brewton-Hall Apartments LTD II	-		-	528,280	9	2.8%
Totals	<u>\$ 14,843,080</u>		<u>59.7%</u>	<u>\$ 13,000,080</u>		<u>69.5%</u>
Total City Property Tax	<u>\$ 24,845,900</u>			<u>\$ 18,692,360</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
2006	\$ 822,618	\$ 645,364	78.5%	\$ 100,204	\$ 745,568	90.6%
2007	834,559	721,745	86.5%	101,623	823,368	98.7%
2008	900,824	798,277	88.6%	82,672	880,949	97.8%
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%

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Construction	\$ 5,374	\$ 29,074	\$ 27,099	\$ 40,682	\$ 31,141	\$ 42,324	\$ 45,418	\$ 55,816	\$ 47,034	\$ 98,626
Manufacturing	514,821	463,048	638,182	542,109	640,990	673,748	688,189	695,614	890,861	952,501
Wholesale	77,798	179,334	273,333	214,563	241,206	226,362	239,179	297,674	328,196	395,150
Retail	2,194,511	2,417,495	2,594,564	2,809,197	2,662,072	2,694,557	2,827,119	3,489,682	4,085,651	4,125,793
Information	18,054	9,088	50,223	49,857	52,234	47,006	20,645	43,490	59,821	77,361
Finance and Insurance	242	33,590	22,408	46,130	41,173	42,969	47,905	53,798	47,724	50,690
Real Estate and Rental and Leasing	15,990	53,244	19,447	52,640	69,042	57,207	57,225	105,791	129,190	147,317
Professional, Scientific, and Technical Services	2,711	12,918	19,549	20,815	20,950	18,552	13,132	28,429	33,418	36,702
Administration and Support and Waste Management and Remediation Services	1,212	10,922	1,991	5,390	6,458	6,109	6,967	7,975	8,111	10,294
Accommodation and Food Services	204,931	374,011	414,795	446,062	410,252	473,445	443,920	527,799	574,436	578,769
Other Services (except Public Administration)	7,544	84,803	58,562	51,933	53,463	135,003	58,254	49,355	53,611	48,847
Other	1,090,307	264,733	65,220	91,361	104,419	104,419	114,225	144,060	184,203	407,786
	<u>\$ 4,133,495</u>	<u>\$ 3,932,260</u>	<u>\$ 4,185,373</u>	<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>
City direct sales tax rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	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**

FISCAL YEAR	CITY DIRECT RATE	ESCAMBIA COUNTY	STATE OF ALABAMA
2006	3.00%	1.00%	4.00%
2007	3.00%	1.00%	4.00%
2008	3.00%	1.00%	4.00%
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%

Source: City Clerk's Office

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

<u>Tax Remitter</u>	<u>2015</u>			<u>2006</u>		
	<u>Tax Liability</u>	<u>Rank</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Rank</u>	<u>Percentage of Total</u>
Wal-Mart Stores East	\$ 1,876,876	1	27.4%	\$ 822,932	1	20.0%
Georgia Pacific/Smurfit	422,060	2	6.2%	161,477	4	3.9%
Grede/Citation	314,700	3	4.6%	141,940	6	3.4%
Food Giant Supermarket	265,871	4	3.9%	-	-	-
Jim Peach Motors	182,873	5	2.7%	122,408	7	3.0%
Peach Automotive	137,440	6	2.0%	-	-	-
Marvins	122,297	7	1.8%	111,799	8	2.7%
Frit Car	107,789	8	1.6%	-	-	-
Dorso	106,271	9	1.6%	-	-	-
T R Miller Mill Co.	105,184	10	1.5%	142,494	5	3.5%
Winn Dixie	-	-	-	207,366	2	5.0%
ABBC, Inc./Cost Plus	-	-	-	171,691	3	4.2%
Southern Family Mkt	-	-	-	104,068	9	2.5%
Swift Supply	-	-	-	76,067	10	1.8%
	<u>\$ 3,641,361</u>		<u>53.2%</u>	<u>\$ 2,062,242</u>		<u>50.1%</u>

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

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases			
2006	\$ 13,172,602	\$ 126,853	\$ -	\$ 197,642	\$ 13,497,097	11.24%	\$ 2,512
2007	12,646,972	233,763	-	369,048	13,249,783	11.05%	2,488
2008	12,080,770	231,783	502,210	292,342	13,107,105	10.20%	2,482
2009	32,400,000	194,918	326,508	180,805	33,102,231	24.81%	6,271
2010	31,165,000	146,629	158,514	176,847	31,646,990	22.69%	6,040
2011	29,764,705	42,333	-	749,873	30,556,911	27.61%	5,650
2012	25,656,746	258,889	-	601,221	26,516,856	17.03%	4,807
2013	18,457,315	545,734	12,285,000	488,545	31,776,594	19.91%	5,943
2014	16,956,995	459,807	12,655,000	372,602	30,444,404	17.68%	5,601
2015	15,542,256	431,153	12,593,686	233,674	28,800,769	17.32%	5,326

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

¹ See the Schedule of Demographic and Economic Statistics on page 84 for personal income and population data.

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2006	\$ 13,172,602	\$ 1,842,093	\$ 11,330,509	1.60%	\$ 2,109
2007	12,646,972	2,055,493	10,591,479	1.30%	1,989
2008	12,080,770	2,416,660	9,664,110	1.13%	1,830
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%	2,797.68

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

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 73 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 84.

**CITY OF BREWTON, ALABAMA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2015**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt: Escambia County	\$ 3,187,835	31.458%	\$ 1,002,829
Subtotal, overlapping debt			
City of Brewton direct debt			<u>15,973,409</u>
Total direct and overlapping debt			<u><u>\$ 16,976,238</u></u>

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

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

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

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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 10,897,112	\$ 10,897,112	\$ 11,398,752	\$ 11,681,332	\$ 12,926,272	\$ 13,250,416	\$ 15,380,048	\$ 15,156,108	\$ 14,701,332	\$ 14,722,308
Total net debt applicable to limit	<u>4,762,602</u>	<u>4,236,972</u>	<u>3,670,770</u>	<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>
Legal debt margin	<u>\$ 6,134,510</u>	<u>\$ 6,660,140</u>	<u>\$ 7,727,982</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	43.71%	38.88%	32.20%	38.14%	24.91%	13.74%	4.50%	16.94%	9.77%	3.54%

Legal Debt Margin Calculation for Fiscal Year 2014

Total assessed value	\$ 73,611,540
Debt limit (20% of total assessed value)	14,722,308
Debt applicable to limit:	
General obligation bonds and warrants	28,135,942
Less items excluded from legal debt limit:	
General obligation debt exempted by State law:	
Proceeds used for the construction of schools	(15,890,000)
Proceeds used for the construction of sewer system	<u>(11,725,000)</u>
Total net debt applicable to limit	<u>520,942</u>
Legal debt margin	<u>\$ 14,201,366</u>

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2006	5,373	\$ 120,134,907	\$ 22,359	1,320	4.4%
2007	5,326	119,914,890	22,515	1,307	4.7%
2008	5,281	128,634,598	24,358	1,295	6.8%
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%

Data Sources:

State Department of Labor

Brewton City Board of Education

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

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Georgia Pacific (formerly Smurfit Stone)	450	1	17.0%	-		-
Grede (formerly Citation)	285	2	10.8%	380	1	17.9%
D.W. McMillan Hospital	275	3	10.4%	307	2	14.5%
Escambia County Commission	209	4	7.9%	-		-
T R Miller Mill Co	190	5	7.2%	271	3	12.8%
Walmart Supercenter	190	6	7.2%	156	4	7.4%
Westgate Village	135	7	5.1%	-		-
Brewton City Schools	126	8	4.8%	152	5	7.2%
City of Brewton	123	9	4.6%	85	7	4.0%
Frit Car	77	10	2.9%	100	6	4.7%
Natural Decorations, Inc.	-		-	85	8	4.0%
BankTrust of Brewton	-		-	61	9	2.9%
Brewton Medical Center				60	10	2.8%
Totals	<u>2,060</u>		<u>77.7%</u>	<u>1,657</u>		<u>78.2%</u>

Source: Escambia County Industrial Development Authority

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government ¹	10	10	10	10	10	10	10	10	10	17
Public Safety										
Police										
Officers	30	30	28	29	28	26	26	27	26	25
Dispatch	7	7	7	9	6	5	7	5	5	4
Admin Assistants	-	-	-	-	-	-	-	-	-	2
Animal Control	-	-	-	-	-	-	-	-	-	1
Fire										
Firefighters and officers	30	31	28	28	26	25	26	15	16	15
Highways and streets										
Public works	8	8	7	8	8	8	8	8	23	22
Sanitation	3	3	3	3	3	3	3	3	3	2
Culture and recreation	18	17	16	16	15	14	14	13	8	19
Sewer	4	4	4	4	4	4	4	4	3	5
Library	-	-	-	-	-	-	-	-	-	6
Total	110	110	103	107	100	95	98	85	94	118

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

Source: City Clerk's Office

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrests	350	535	402	491	420	267	532	501	427	327
Parking violations	2	-	-	-	-	-	-	-	-	-
Traffic violations	962	766	890	2,476	1,497	2,316	1,414	1,514	1,641	1,552
Fire										
Number of calls answered	654	758	905	895	995	1,139	1,054	1,041	1,235	1,206
Inspections	740	972	967	756	1,012	1,019	1,037	1,128	1,130	1,133
Highways and streets										
Street resurfacing (miles)	17	8	2	1	11	2	2	-	1	8
Potholes repaired	48	42	38	51	48	56	55	60	100	98
Sanitation										
Refuse collected (tons/week)	30.6	31.2	31.7	32.2	33.5	34.2	36.8	37.2	34.2	53.0
Recyclables collected (tons/week) ¹	1	-	-	-	-	-	-	-	1	1
Culture and recreation										
Golf course rounds	7,456	7,457	8,782	8,458	7,850	7,216	7,169	6,538	5,865	5,765
Pavilion parties	125	127	144	129	258	250	249	241	213	179
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,300	1,400	1,420	1,350	1,355	1,387	1,388	1,410	1,400	1,400

¹ Recycling ended in August 2006

Sources: Various government departments

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	25	25	28	27	28	27	27	27	26
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	88	88	88	88	88	88	89	89	89	89
Streetlights	835	840	844	850	860	875	888	902	904	904
Traffic signals	9	9	10	10	10	11	11	11	11	11
Culture and recreation										
Parks acreage	39	40	40	40	40	40	40	66	116	116
Parks	6	6	6	6	6	6	6	8	9	9
Swimming pools	3	3	3	3	3	2	2	1	1	-
Tennis courts	10	10	10	10	10	10	10	10	10	6
Community center	1	1	1	1	1	1	1	1	2	2
Sewer										
Sanitary sewers (miles)	42	44	58	58	58	60	60	62	63	65
Storm sewers (miles)	20	21	22	24	30	32	38	39	42	42
Maximum daily treatment capacity (thousands of gallons)	720	722	809	812	822	828	1,680	1,695	2,000	2,000

Sources: Various city departments

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

COMPLIANCE SECTION

Shareholders

J. Earl Blackmon, Jr., CPA
B. Vance Kilgore, CPA
Dennis E. Sherrin, CPA

Principals

Rachel M. Godwin, CPA
G. Allen Cave, CPA

Of Counsel

Xavier A. Hartmann, III, CPA
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Sally S. Wagner, CPA



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**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 units, each major fund, and the aggregate remaining fund information of City of Brewton, Alabama as of and for the year ended September 30, 2015, 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 28, 2016.

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 that we reported to those charged with governance in a separate letter dated March 28, 2016.

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.

Hartmann, Blackman & Kilgore, P.C.

Certified Public Accountants

March 28, 2016
Brewton, Alabama