

**CITY OF BREWTON, ALABAMA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2020**

**CITY OF BREWTON, ALABAMA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2020**

**CITY CLERK'S OFFICE**

**CITY OF BREWTON, ALABAMA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2020**

**TABLE OF CONTENTS**

<b>INTRODUCTORY SECTION</b>	<b>Page</b>
Letter of Transmittal	3
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Principal Officials	8
 <b>FINANCIAL SECTION</b>	
Independent Auditors' Report	9
Management's Discussion and Analysis	11
 <b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	18
Statement of Activities	19
 <b>Fund Financial Statements</b>	
Balance Sheet - Governmental Funds	20
Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund	
Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28
 <b>Notes to the Financial Statements</b>	29
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Changes in the Net Pension Liability	56
Schedule of Employer Contributions	58
 <b>OTHER SUPPLEMENTARY INFORMATION</b>	
Combining and Individual Fund Financial Statements:	
Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund	60
Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund	62
Combining Balance Sheet - Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances - Nonmajor Governmental Funds	67

**CITY OF BREWTON, ALABAMA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2020**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATISTICAL SECTION</b>	68
Net Position by Component	69
Changes in Net Position	70
Governmental Activities Tax Revenues by Source	72
Fund Balances of Governmental Funds	73
Changes in Fund Balances of Governmental Funds	74
Assessed Value and Estimated Actual Value of Taxable Property	76
Property Tax Rates	77
Principal Property Taxpayers	78
Property Tax Levies and Collections	79
Taxable Sales by Category	80
Direct and Overlapping Sales Tax Rates	81
Principal Sales Tax Remitters	82
Ratios of Outstanding Debt by Type	83
Ratios of General Bonded Debt Outstanding	84
Direct and Overlapping Governmental Activities Debt	85
Legal Debt Margin Information	86
Demographic and Economic Statistics	87
Principal Employers	88
Full-time Equivalent City Government Employees by Function	89
Operating Indicators by Function	90
Capital Asset Statistics by Function	91
<b>COMPLIANCE SECTION</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	92

## **INTRODUCTORY SECTION**



# City of Brewton

*Best 100 Small Towns in America*

May 26, 2021

**MAYOR**

Yancey E. Lovelace

The Honorable Yancey E. Lovelace

Members of the City Council

Citizens of the City of Brewton, Alabama

**CITY CLERK**

Brooke Hartin

The Comprehensive Annual Financial Report (the Report) of the City of Brewton, Alabama (the "City") for the Fiscal Year ending September 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and the completeness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Readers are invited to read the Management Discussion and Analysis (MD&A) for more detailed information.

**CITY COUNCIL**

Carrie Brown

David Jennings

Feast Broughton

Joe Nathan Watson

Cheryl Barton

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.

**CITY ATTORNEY**

Edward T. Hines

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

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

## ANALYZING PAST TIMES

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

The City of Brewton has faced some challenges this year due to the COVID19 pandemic. The City did not experience major revenue reductions, but expenses did increase. City employees were provided with masks, gloves, sanitizing gel, and other protective equipment. Offices were closed to the public to eliminate risks and many staff worked remotely. The City submitted requests for reimbursement from the State of Alabama to access funding from the CARES Act. The bulk of the reimbursement funds were not received until Fiscal Year 2021. The City of Brewton also faced major setbacks due to Hurricane Sally. The storm caused significant flooding, large amounts of debris, and damages to infrastructure. The City is currently working with FEMA to receive reimbursement for several claims, but funds were not granted nor received until Fiscal Year 2021.





# City of Brewton

*Best 100 Small Towns in America*

## ASSESSING CURRENT TRENDS

### MAYOR

Yancey E. Lovelace

### CITY CLERK

Brooke Hartin

### CITY COUNCIL

Carrie Brown

David Jennings

Feast Broughton

Joe Nathan Watson

Cheryl Barton

### CITY ATTORNEY

Edward T. Hines

The City's Enterprise Funds are adequate to strong. The Municipal Airport is bolstered by good grant funding. Natural Gas has strong income through residential and commercial customers. The Sewer and Sanitation Enterprise Funds both showed increases in their net position. The Water Board Component Unit has maintained its improved position for several years and continues expand its customer base. Business openings and closings are at an approximate equilibrium. Significant infrastructure projects regarding paving, sewer and water were completed in Fiscal Year 2020 and are continuing into Fiscal Year 2021.

## ANTICIPATING FUTURE TRIUMPHS

One reason for optimism is that a technology company established itself in Brewton in Fiscal Year 2018 and expects to reach its goal of 300 new jobs in the City by December 2022. The company currently employs over 150 people who work in the downtown area. The business will expand into a new building in downtown Brewton upon completion this summer. The City along with its economic development partners are already deeply involved in preparing the permanent physical location of the technical company as well as preparing for education and other aspects of their employee's personnel needs. Construction of a new hotel in the City was completed in early 2020. Recent large investments by existing industries in their facilities bodes well for the City's economic longevity. Tax revenue growth resulting from these business expansions and new employees will allow the City to grow services, programs, and projects. Aggressive pursuit of grant funding will continue to supplement municipal improvements and create opportunities for additional ones. The City was recently awarded funds from the CARES act and hopes to receive those funds during the next fiscal year.

## OTHER INFORMATION

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

**Awards.** The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brewton, Alabama for its Comprehensive Annual Financial Report for the Fiscal Year ending September 30, 2019. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

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



# City of Brewton

*Best 100 Small Towns in America*

**MAYOR**

Yancey E. Lovelace

**CITY CLERK**

Brooke Hartin

**CITY COUNCIL**

Carrie Brown  
David Jennings  
Feast Broughton  
Joe Nathan Watson  
Cheryl Barton

**CITY ATTORNEY**

Edward T. Hines

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

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

Sincerely,

Brooke Hartin  
City Clerk/Treasurer





Government Finance Officers Association

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

Presented to

**City of Brewton  
Alabama**

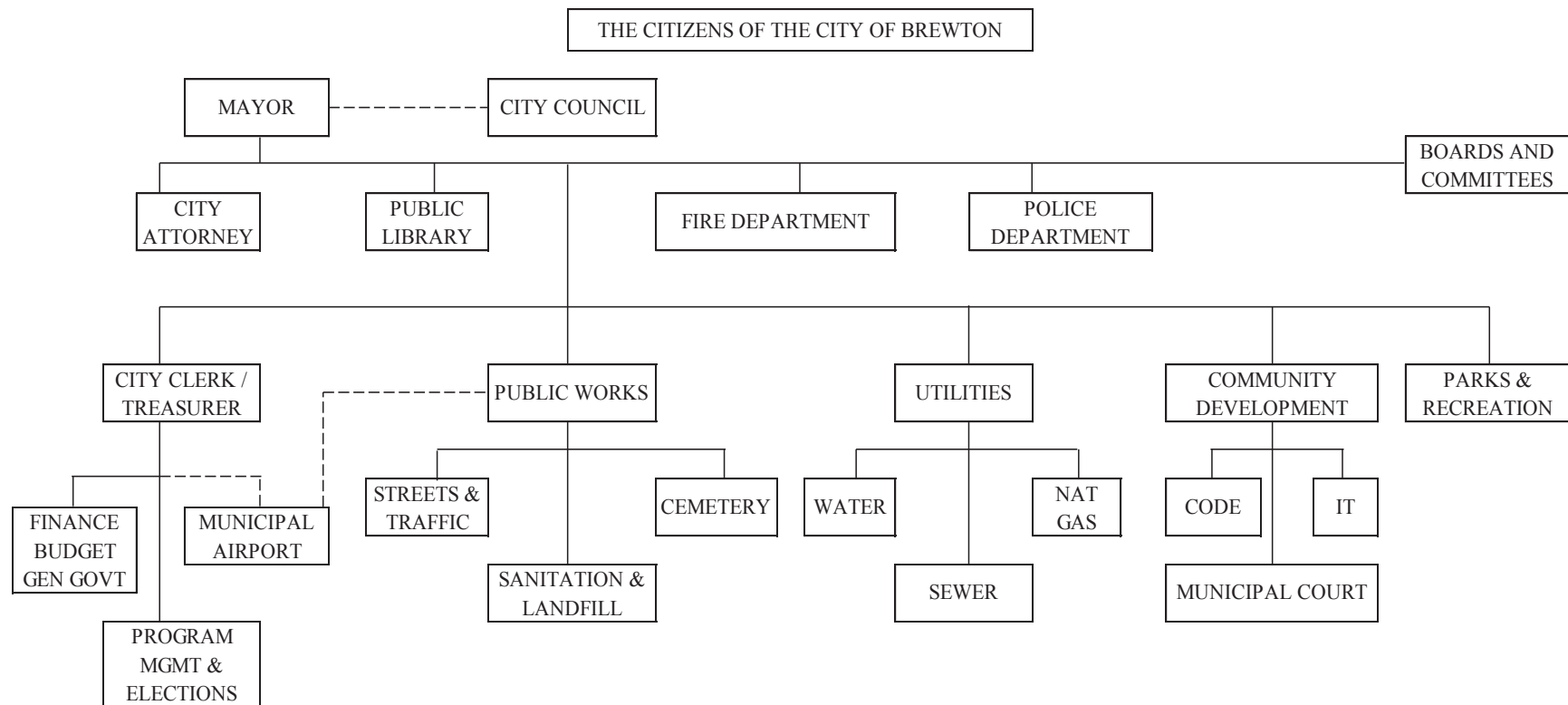
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO

CITY OF BREWTON, ALABAMA  
*Organizational Chart*



**CITY OF BREWTON, ALABAMA****LIST OF PRINCIPAL OFFICIALS****SEPTEMBER 30, 2020**

<i><b>TITLE</b></i>	<i><b>NAME</b></i>	<i><b>TERM OF OFFICE</b></i>
<i>Mayor</i>	Yank Lovelace	Expires November 2024
<i>City Council</i>		
District 1	Carrie Brown	Expires November 2024
District 2	David Jennings	Expires November 2024
District 3	Feast Broughton	Expires November 2024
District 4	Joe Watson	Expires November 2024
District 5	Cheryl Barton	Expires November 2024
<i>City Clerk</i>	Brooke Hartin	
<i>City Attorney</i>	Edward T. Hines	

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the general fund of City of Brewton, Alabama, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise City of Brewton, Alabama's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Brewton, Alabama, as of September 30, 2020, 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.

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

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

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11–17 and the Schedule of Changes in the Net Pension Liability and Schedule of Employer Contributions on pages 56 and 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Brewton, Alabama's basic financial statements. The combining and individual nonmajor fund financial statements and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2021, on our consideration of City of Brewton, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Brewton, Alabama's internal control over financial reporting and compliance.

*Avizo Group, Inc.*

Certified Public Accountants

May 26, 2021  
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, 2020. 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 \$13,386,000. The decrease was primarily due to general obligation debt obtained by the governmental funds being transferred to other funds to partially refund a Sewer bond and to provide initial capital for an economic development project for the Brewton Development Authority. In addition, at year end, the City was awaiting reimbursement for expenditures related to COVID19 and Hurricane Sally from the CARES Act and the Federal Emergency Management Agency.
- As of September 30, 2020, the governmental funds reported a combined ending fund balance of \$3,325,047, an increase of \$1,057,138 from the previous Fiscal Year.
- The General Fund reported a fund balance of \$519,827 with all of it available to support non-debt service obligations of the City, a decrease of \$1,232,172 from last year.
- The City's liabilities associated with governmental activities and business-type activities increased by approximately 73.26% during FY 2020, with the major increase being due to issuance of new debt to support financing of a major economic development project. Long term financing has subsequently been obtained to pay off the temporary financing.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three (3) components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private sector businesses.

The *statement of net position* presents information on all of the City's assets, deferred outflows, deferred inflows and liabilities, with the difference between the components reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent Fiscal Year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flow. Thus, revenue and expenses reported in this statement, for some items, will only result in cash flow during future fiscal periods.

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

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

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

The government-wide financial statements can be found on pages 18-19 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three (3) categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental Funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the Fiscal Year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-55 of this report.

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

**Net position.** The City's *combined* net position decreased \$5,597,549 between Fiscal Years 2019 and 2020, culminating at approximately \$21,998,048.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020-2019</b>
Current and other assets	\$ 9,564	\$ 3,136	\$ 13,740	\$ 5,739	\$ 23,304	\$ 8,875	162.58%
Capital assets	28,998	29,377	14,772	15,164	43,770	44,541	-1.73%
<b>Total assets</b>	<b>38,562</b>	<b>32,513</b>	<b>28,512</b>	<b>20,903</b>	<b>67,074</b>	<b>53,416</b>	<b>25.57%</b>
<b>Deferred outflows of resources</b>	<b>1,519</b>	<b>1,105</b>	<b>872</b>	<b>1,013</b>	<b>2,391</b>	<b>2,118</b>	<b>12.89%</b>
Long-term debt outstanding	23,785	9,038	16,172	13,278	39,957	22,316	79.05%
Other liabilities	6,376	919	886	4,025	7,262	4,944	46.89%
<b>Total liabilities</b>	<b>30,161</b>	<b>9,957</b>	<b>17,058</b>	<b>17,303</b>	<b>47,219</b>	<b>27,260</b>	<b>73.22%</b>
<b>Deferred inflows of resources</b>	<b>196</b>	<b>551</b>	<b>41</b>	<b>117</b>	<b>237</b>	<b>668</b>	<b>-64.52%</b>
Net position							
Net investment in capital assets	9,389	23,957	13,014	8,440	22,403	32,397	-30.85%
Restricted	2,805	516	-	-	2,805	516	443.60%
Unrestricted	(2,470)	(1,363)	(729)	(3,944)	(3,199)	(5,307)	-39.72%
<b>Total net position</b>	<b>\$ 9,724</b>	<b>\$ 23,110</b>	<b>\$ 12,285</b>	<b>\$ 4,496</b>	<b>\$ 22,009</b>	<b>\$ 27,606</b>	<b>-20.27%</b>

**Changes in net position.** The City's total revenues increased 0.4% to approximately \$42,057,000. Approximately 58% of the City's revenue was generated from charges for services, 21% from tax receipts, 4% from donations and grants, 1% from other taxes and other receipts.

The City's expenses increased 24.0% from Fiscal Year End 2019 to FYE 2020. The largest increase in expenses occurred in Brewton Development Authority. Expense increase in this costs category totaled \$678,000. The largest decrease in expenses was approximately \$4,312,000 in natural gas purchases.

**CITY OF BREWTON, ALABAMA**  
**SOURCES OF REVENUE**  
**FISCAL YEAR 2020**

<b>Source</b>	<b>%</b>
Charges for services	58%
Operating grants	4%
Sales tax	18%
Other taxes	1%
Property taxes	3%
	<u>84%</u>

**CITY OF BREWTON, ALABAMA**  
**FUNCTIONAL EXPENSES**  
**FISCAL YEAR 2020**

<b>Type</b>	<b>%</b>
Business-type activities	50%
General government	11%
Public safety	9%
Public works	7%
Recreation	2%
Library	1%
Education	7%
	<u>87%</u>

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	2020-2019
<b>REVENUES</b>							
Program revenues							
Charges for services	\$ 1,398	\$ 1,578	\$ 20,847	\$ 28,934	\$ 22,245	\$ 30,512	-27.1%
Donations and operating grants	1,628	1,359	-	-	1,628	1,359	19.8%
Capital grants	-	-	47	961	47	961	-95.1%
General revenues							
Sales tax	7,092	6,895	-	-	7,092	6,895	2.9%
Property tax	1,145	1,103	-	-	1,145	1,103	3.8%
Other taxes	560	583	-	-	560	583	-3.9%
Investment earnings	32	23	90	10	122	33	269.7%
Payments from City	-	-	5,836	-	5,836	-	100.0%
Receipts from Water Works Board	109	1	-	100	109	101	7.9%
Receipts from Brewton Development Authority	3,488	-	-	-	3,488	-	100.0%
Gain (loss) on sale of capital assets	(533)	21	-	39	(533)	60	-988.3%
Bond issuance costs	(208)	-	-	-	(208)	-	100.0%
Other	526	278	-	-	526	278	89.2%
Total revenues	<u>15,237</u>	<u>11,841</u>	<u>26,820</u>	<u>30,044</u>	<u>42,057</u>	<u>41,885</u>	0.4%
<b>EXPENSES</b>							
General government	4,680	4,132	-	-	4,680	4,132	13.3%
Public safety	3,833	3,757	-	-	3,833	3,757	2.0%
Public works	2,593	1,782	-	-	2,593	1,782	45.5%
Library	534	527	-	-	534	527	1.3%
Recreation	693	667	-	-	693	667	3.9%
Education	2,968	2,135	-	-	2,968	2,135	39.0%
Water system	559	13	-	-	559	13	4200.0%
Brewton Development Authority	5,836	-	-	-	5,836	-	100.0%
Interest on long-term debt	218	166	-	-	218	166	31.3%
Gas	-	-	18,477	22,789	18,477	22,789	-18.9%
Sewer	-	-	2,204	1,612	2,204	1,612	36.7%
Sanitation	-	-	702	664	702	664	5.7%
Airport	-	-	192	186	192	186	3.2%
Brewton Development Authority	-	-	678	1	678	1	67700.0%
Payments to City	-	-	3,488	-	3,488	-	100.0%
Total expenses	<u>21,914</u>	<u>13,179</u>	<u>25,741</u>	<u>25,252</u>	<u>47,655</u>	<u>38,431</u>	24.0%
Excess (deficiency) before special items and transfers	(6,677)	(1,338)	1,079	4,792	(5,598)	3,454	-262.1%
Transfers	(6,709)	3,518	6,709	(3,518)	-	-	0.0%
Net change in net position	(13,386)	2,180	7,788	1,274	(5,598)	3,454	-262.1%
Net position, beginning	<u>23,110</u>	<u>20,928</u>	<u>4,496</u>	<u>3,221</u>	<u>27,606</u>	<u>24,149</u>	14.3%
Net position, ending	<u>\$ 9,724</u>	<u>\$ 23,108</u>	<u>\$ 12,284</u>	<u>\$ 4,495</u>	<u>\$ 22,008</u>	<u>\$ 27,603</u>	-20.3%

### **Governmental Activities**

Tax revenues for the City's governmental activities increased approximately \$216,000 or approximately 2.8%. Total revenues for governmental activities decreased by approximately \$94,000, or approximately 0.7%.

### **Business-type Activities**

Revenues for the City's business-type activities decreased approximately \$3,224,000, due primarily to a major decrease in gas costs, resulting in a major decrease in sales price.

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

### **Governmental Activities**

The City's governmental funds reported a combined fund balance of \$3,325,000 an increase of \$1,057,000 from FYE 2019.

### **Business-type Activities**

The City's business-type funds reported a combined net position of approximately \$12,284,000 which is approximately \$7,788,663 greater than last year. The major changes to net position include the following:

- Natural Gas: increased approximately \$1,76,103, or 60%.
- Sewer Fund: increased approximately \$4,399,835 or 292%.
- Sanitation Fund: decreased \$36,109 or 55%.
- Municipal Airport: decreased \$30,381, or 1%.
- Brewton Development Authority: increased \$1,729,215, or 1,201%. This is primarily due to the project discussed in Note 15.

### **General Fund Budgetary Highlights**

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

- Intergovernmental revenue: Federal grants are not included in the budget. Therefore, intergovernmental revenue is greater in the actual results.
- Other revenue: The budget does not include interest earned or donations. Therefore, other revenue is greater in the actual results.
- Capital expenses: The City delayed some projects to allow for a positive cash flow for successfully received grant assistance for a portion of the major projects.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets for governmental and business-type activities, as of September 30, 2020, totals approximately \$43,770,000 (net of accumulated depreciation), a decrease of approximately 1.7% from last year. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, park facilities, roads, curbs, streets, sidewalks, greenways, drainage, sewer and natural gas systems. These capital investments were effectuated by the conversion of governmental funds, thereby explaining much of the decrease in those funds. More detailed information is contained in the relevant disclosures in the notes to the financial statements. Additional information regarding the City's capital assets can be found in pages 38-41 of the notes.

#### **CITY OF BREWTON'S CAPITAL ASSETS**

(in thousands of dollars)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020-2019</b>
Land and construction in progress	\$ 5,961	\$ 5,125	\$ 586	\$ 479	\$ 6,547	\$ 5,604	16.8%
Buildings	11,191	12,123	3,446	3,379	14,637	15,502	-5.6%
Improvements other than buildings	17,755	17,064	16,152	16,043	33,907	33,107	2.4%
Vehicles and equipment	8,982	8,672	6,007	5,989	14,989	14,661	2.2%
Less accumulated depreciation	(14,891)	(13,607)	(11,419)	(10,726)	(26,310)	(24,333)	8.1%
<b>Total</b>	<b>\$ 28,998</b>	<b>\$ 29,377</b>	<b>\$ 14,772</b>	<b>\$ 15,164</b>	<b>\$ 43,770</b>	<b>\$ 44,541</b>	<b>-1.7%</b>

### **Long-term Debt**

The City's debt increased approximately \$16,871,000, primarily due to the issuance of new debt in order to fund financing of a major economic development project. Additional information regarding the City's long-term debt can be found in pages 42-45 of this report.

#### **CITY OF BREWTON'S OUTSTANDING DEBT**

(in thousands of dollars)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020-2019</b>
General obligation warrants	\$ 13,674	\$ 5,475	\$ 6,938	\$ 12,112	\$ 20,612	\$ 17,587	17.2%
Notes payable	6,064	-	7,920	-	13,984	-	100.0%
Capital leases	212	294	245	301	457	595	-23.2%
<b>Total</b>	<b>\$ 19,950</b>	<b>\$ 5,769</b>	<b>\$ 15,103</b>	<b>\$ 12,413</b>	<b>\$ 35,053</b>	<b>\$ 18,182</b>	<b>92.8%</b>



**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET****Fiscal Year 2020 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 2020 budget. There is no major short term growth in population expected, but there has been significant growth in local industries in recent years with large capital expenditures resulting in growth of tax revenues and municipal gas sales. A new technical services business in the city is approaching 130 new employees, and those numbers are expected to increase to 300 or more in the next 2 to 3 years. The technical business expansion will help support the rental and home sales market and retail sales in the City. The Water Works Board of the City of Brewton (a discretely presented component unit) acquired a water system in 2018 with over 600 new customers. That acquisition will enhance water revenues as initial acquisition expenses are paid off. Revenue budgeting projections always factor in mid-year trends and are completed with a conservative bias. The Economic effects of the COVID-19 virus are still being determined as the pandemic continues. City administrators have already begun pro-active activities aimed at acquiring funding to replace possible reductions in revenues. The 2021 budgeting process has begun and expense reductions will also be considered in light of the possible adverse effects of the pandemic.

**REQUEST FOR INFORMATION**

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

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

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

	Primary Government			Component Unit
	Governmental	Business-type		Water Works
	Activities	Activities	Total	Board of the
				City of Brewton
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,184,864	\$ 7,074,519	\$ 15,259,383	\$ 1,388,691
Temporary cash investments	604,437	-	604,437	-
Receivables, net	736,283	210,503	946,786	64,867
Receivable from component units	-	30,000	30,000	-
Receivables from FEMA	38,877	-	38,877	-
Inventories	-	386,032	386,032	420,793
Restricted funds	-	409,845	409,845	3,329,716
Other assets	-	-	-	40,154
Note Receivable	-	5,628,800	5,628,800	-
Capital assets, net				
Land, improvements, and construction in progress	5,960,730	585,631	6,546,361	703,524
Other capital assets, net of depreciation	23,037,063	14,186,688	37,223,751	8,841,917
<b>TOTAL ASSETS</b>	<b>38,562,254</b>	<b>28,512,018</b>	<b>67,074,272</b>	<b>14,789,662</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Employer retirement contributions	363,725	82,181	445,906	38,352
Changes of assumptions	219,256	46,735	265,991	21,810
Net difference between projected and actual earnings on plan investments	130,407	27,797	158,204	12,972
Difference between expected and actual experiences	470,317	100,249	570,566	46,783
Defeasance of debt	335,171	615,407	950,578	220,385
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,518,876</b>	<b>872,369</b>	<b>2,391,245</b>	<b>340,302</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	1,416,643	656,027	2,072,670	498,958
Line of credit	4,480,000	395,478	4,875,478	-
Payable to City of Brewton	-	-	-	30,000
Customer deposits	-	97,067	97,067	143,758
Internal balances	262,196	(262,196)	-	-
Due to other governments	217,620	-	217,620	-
Long-term liabilities				
Due within one year	1,257,064	461,358	1,718,422	69,931
Due in more than one year	22,527,785	15,710,393	38,238,178	8,851,464
<b>TOTAL LIABILITIES</b>	<b>30,161,308</b>	<b>17,058,127</b>	<b>47,219,435</b>	<b>9,594,111</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Difference between expected and actual experiences	195,820	41,739	237,559	19,478
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>195,820</b>	<b>41,739</b>	<b>237,559</b>	<b>19,478</b>
<b>NET POSITION</b>				
Net investment in capital assets	9,388,768	13,013,756	22,402,524	3,766,660
Restricted - debt service	2,713,624	-	2,713,624	-
Restricted - street improvement and construction	91,596	-	91,596	-
Restricted - construction	-	-	-	3,329,716
Unrestricted	(2,469,986)	(729,235)	(3,199,221)	(1,580,001)
<b>TOTAL NET POSITION</b>	<b>\$ 9,724,002</b>	<b>\$ 12,284,521</b>	<b>\$ 22,008,523</b>	<b>\$ 5,516,375</b>

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

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Water Works Board of the City of Brewton
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total	
<b>Primary Government</b>								
Governmental activities:								
General	\$ 4,679,860	\$ 1,208,012	\$ 1,628,394	\$ -	\$ (1,843,454)		\$ (1,843,454)	
Police	2,483,701	176,675	-	-	(2,307,026)		(2,307,026)	
Fire	1,349,166	-	-	-	(1,349,166)		(1,349,166)	
Street	2,298,625	-	-	-	(2,298,625)		(2,298,625)	
Animal control	166,762	-	-	-	(166,762)		(166,762)	
Code enforcement	127,402	-	-	-	(127,402)		(127,402)	
Library	533,808	832	-	-	(532,976)		(532,976)	
Recreation	692,500	12,301	-	-	(680,199)		(680,199)	
Education (payment to Board of Education)	2,967,682	-	-	-	(2,967,682)		(2,967,682)	
Water system (payment to Water Works Board)	559,096	-	-	-	(559,096)		(559,096)	
Brewton Development Authority (payment to Brewton Development Authority)	5,836,300	-	-	-	(5,836,300)		(5,836,300)	
Interest on long-term debt	217,582	-	-	-	(217,582)		(217,582)	
Total governmental activities	21,912,484	1,397,820	1,628,394	-	(18,886,270)		(18,886,270)	
Business-type activities:								
Gas	18,476,939	18,824,449	-	-	-	\$ 347,510	347,510	
Sewer	2,203,875	1,123,525	-	-	-	(1,080,350)	(1,080,350)	
Sanitation	701,818	743,376	-	-	-	41,558	41,558	
Airport	191,614	105,819	-	47,414	-	(38,381)	(38,381)	
Brewton Development Authority	678,547	50,000	-	-	-	(628,547)	(628,547)	
Total business-type activities	22,252,793	20,847,169	-	47,414	-	(1,358,210)	(1,358,210)	
Total primary government	\$ 44,165,277	\$ 22,244,989	\$ 1,628,394	\$ 47,414	(18,886,270)	(1,358,210)	(20,244,480)	
<b>Component Unit</b>	\$ 2,315,043	\$ 1,945,939	\$ -	\$ -				\$ (369,104)
General revenues:								
Taxes								
Property					1,145,122	-	1,145,122	-
Sales					7,092,302	-	7,092,302	-
Other					559,563	-	559,563	-
Payments from City					-	5,836,300	5,836,300	559,096
Receipts from Water Works Board					108,511	-	108,511	-
Receipts from (payments to) Brewton Development Authority					3,488,232	(3,488,232)	-	-
Investment earnings					32,219	90,110	122,329	12,764
Capital gain (loss) on sale of capital assets					(533,556)	-	(533,556)	-
Bond issuance costs					(208,212)	-	(208,212)	-
Other					524,572	-	524,572	-
Transfers in/(out)					(6,708,695)	6,708,695	-	-
Total general revenues and transfers					5,500,058	9,146,873	14,646,931	571,860
Change in net position					(13,386,212)	7,788,663	(5,597,549)	202,756
Net position, beginning					23,110,214	4,495,858	27,606,072	5,313,619
<b>Net position, ending</b>					<u>\$ 9,724,002</u>	<u>\$ 12,284,521</u>	<u>\$ 22,008,523</u>	<u>\$ 5,516,375</u>

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

**CITY OF BREWTON, ALABAMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

		<b>2016 General Obligation Warrant Debt Service Fund</b>	<b>2019 General Obligation Warrant Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>				
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,809,084	\$ -	\$ 2,281,923	\$ 93,857	\$ 8,184,864
Temporary cash investments	138,270	279,300	186,867	-	604,437
Receivables from FEMA	38,877	-	-	-	38,877
Due from other City funds	75,000	-	-	-	75,000
Taxes receivable	736,283	-	-	-	736,283
<b>Total Assets</b>	<b>\$ 6,797,514</b>	<b>\$ 279,300</b>	<b>\$ 2,468,790</b>	<b>\$ 93,857</b>	<b>\$ 9,639,461</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,242,870	\$ -	\$ 34,466	\$ 2,261	\$ 1,279,597
Due to other City funds	337,196	-	-	-	337,196
Due to other governments	217,621	-	-	-	217,621
Line of credit	4,480,000	-	-	-	4,480,000
<b>Total liabilities</b>	<b>6,277,687</b>	<b>-</b>	<b>34,466</b>	<b>2,261</b>	<b>6,314,414</b>
<b>FUND BALANCES</b>					
Nonspendable	38,877	-	-	-	38,877
Restricted for:					
Debt service	-	279,300	2,434,324	-	2,713,624
Street construction	-	-	-	87,685	87,685
Street improvements	-	-	-	3,911	3,911
Unassigned	480,950	-	-	-	480,950
<b>Total fund balances</b>	<b>519,827</b>	<b>279,300</b>	<b>2,434,324</b>	<b>91,596</b>	<b>3,325,047</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,797,514</b>	<b>\$ 279,300</b>	<b>\$ 2,468,790</b>	<b>\$ 93,857</b>	<b>\$ 9,639,461</b>

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

**CITY OF BREWTON, ALABAMA**  
**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO**  
**NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**SEPTEMBER 30, 2020**

<b>Fund Balances as reported on page 20</b>	\$ 3,325,047
---	--------------

Net Position reported for governmental activities in the Statement of Net Position (page 18) are different from Fund Balances for governmental activities because:

Capital assets used in governmental activities are financial resources and therefore are not reported in fund financial statements. Those assets consist of:

Land, improvements, and construction in progress	\$ 5,960,730	
Other capital assets, net of \$14,891,476 accumulated depreciation	<u>23,037,063</u>	
Total capital assets		28,997,793

Some liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the fund financial statements	(137,045)
---	-----------

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds	1,323,056
--	-----------

Long-term liabilities, including general obligation debt, capital lease obligations, net pension liability and notes payable are not due and payable in the current period and therefore are not reported in the fund financial statements.

General obligation debt	(13,673,524)
Notes payable	(6,063,969)
Capital lease obligations	(212,358)
Compensated absences	(435,122)
Net pension liability	<u>(3,399,876)</u>

<b>Net Position of Governmental Activities as reported on page 18</b>	<b><u>\$ 9,724,002</u></b>
---	----------------------------

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, 2020**

		2016 General Obligation Warrant Debt Service Fund	2019 General Obligation Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	General				
<b>REVENUES</b>					
Taxes	\$ 8,554,846	\$ -	\$ -	\$ 60,362	\$ 8,615,208
Intergovernmental	850,518	-	-	-	850,518
Licenses and permits	1,074,558	-	-	-	1,074,558
Fines and forfeitures	176,675	-	-	-	176,675
Fees and charges	111,455	-	-	-	111,455
Revenue from City Property	35,131	-	-	-	35,131
Receipts from Brewton Development Authority	3,488,232	-	-	-	3,488,232
Receipts from Water Works Board	108,511	-	-	-	108,511
Interest	1,793	1,556	10,158	-	13,507
Donations	959,654	-	-	-	959,654
Other	524,572	-	-	-	524,572
Total revenues	15,885,945	1,556	10,158	60,362	15,958,021
<b>EXPENDITURES</b>					
General	2,478,680	-	-	-	2,478,680
Public safety	3,832,865	-	-	-	3,832,865
Public works	2,592,790	-	-	130,442	2,723,232
Payments to Brewton City Board of Education	2,321,182	-	-	-	2,321,182
Payments to Water Works Board	559,096	-	-	-	559,096
Payments to Brewton Development Authority	5,836,300	-	-	-	5,836,300
Other departments	1,833,130	-	-	-	1,833,130
Capital expenditures	2,131,705	-	-	-	2,131,705
Debt service:					
Principal	97,012	350,000	-	-	447,012
Interest	123,355	220,089	123,434	-	466,878
Total expenditures	21,806,115	570,089	123,434	130,442	22,630,080
Excess (deficiency) of revenues over expenditures	(5,920,170)	(568,533)	(113,276)	(70,080)	(6,672,059)
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Transfers in	3,521,602	467,774	125,000	34,745	4,149,121
Debt proceeds	6,063,969	-	8,470,000	-	14,533,969
Original issue premium	-	-	112,135	-	112,135
Bond issuance costs	-	-	(208,212)	-	(208,212)
Transfers out	(4,897,573)	(8,920)	(5,951,323)	-	(10,857,816)
Total other financing sources and (uses)	4,687,998	458,854	2,547,600	34,745	7,729,197
Net change in fund balances	(1,232,172)	(109,679)	2,434,324	(35,335)	1,057,138
Fund balances-beginning of year	1,751,999	388,979	-	126,931	2,267,909
<b>FUND BALANCES-END OF YEAR</b>	<b>\$ 519,827</b>	<b>\$ 279,300</b>	<b>\$ 2,434,324</b>	<b>\$ 91,596</b>	<b>\$ 3,325,047</b>

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

**CITY OF BREWTON, ALABAMA**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**Net change in fund balances--total governmental funds, page 22** **\$ 1,057,138**

Amounts reported for governmental activities in the Statement of Activities (page 19 )  
are different from the Statement of Revenue, Expenditures and Changes in Fund  
Balances - Governmental Funds because:

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

Capital outlays for the year	2,131,705
Depreciation expense for the year	(1,331,062)
Loss on disposal of capital assets	(533,556)

In the Statement of Activities, donation of capital assets is recorded as expenditures whereas, in the governmental funds, it is not recorded.	(646,500)
---	-----------

Bonds and other debt proceeds provide current financial resources to governmental  
funds, but issuing debt increases long-term liabilities in the Statement of Net Position.  
Repayment of long-term liabilities is an expenditure in governmental funds, but the  
repayment reduces long-term liabilities in the Statement of Net Position.

Debt proceeds	(14,533,969)
Repayment of debt	447,012
Amortization of warrant discount (premiums) and deferred loss(gain)	241,746

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.	(121,769)
--	-----------

Some expenses reported in the Statement of Activities do not require the use of current resources and  
therefore are not reported as expenditures in governmental funds.

Pension expense, current year (increase) decrease	(11,083)
Decrease (increase) in accrued interest payable	<u>(85,874)</u>

**Change in Net Position of Government Activities, page 19** **\$ (13,386,212)**

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenue</b>			
Taxes	\$ 6,765,500	\$ 8,554,846	\$ 1,789,346
Licenses and permits	1,118,500	1,074,558	(43,942)
Fines and forfeitures	50,900	176,675	125,775
Fees and charges	114,020	111,455	(2,565)
Intergovernmental revenue	76,100	850,518	774,418
Revenue from City Property	17,000	35,131	18,131
Receipts from Brewton Development Authority	-	3,488,232	3,488,232
Receipts from Water Works Board	-	108,511	108,511
Other revenue	35,500	1,486,019	1,450,519
	<u>8,177,520</u>	<u>15,885,945</u>	<u>7,708,425</u>
<b>Total Revenues</b>			
	<u>8,177,520</u>	<u>15,885,945</u>	<u>7,708,425</u>
<b>Expenditures</b>			
Current expenditures:			
General government	10,058,650	2,478,680	7,579,970
Public safety	3,851,921	3,832,865	19,056
Public works	2,000,982	2,592,790	(591,808)
Payments to Brewton City Board of Education	-	2,321,182	(2,321,182)
Payments to Water Works Board	-	559,096	(559,096)
Payments to Brewton Development Authority	-	5,836,300	(5,836,300)
Other departments	2,067,184	1,833,130	234,054
Capital expenditures	3,765,000	2,131,705	1,633,295
Debt Service:			
Principal	555,000	97,012	457,988
Interest	150	123,355	(123,205)
	<u>22,298,887</u>	<u>21,806,115</u>	<u>492,772</u>
<b>Total Expenditures</b>			
	<u>22,298,887</u>	<u>21,806,115</u>	<u>492,772</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(14,121,367)</u>	<u>(5,920,170)</u>	<u>8,201,197</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,712,197	3,521,602	1,809,405
Transfers out	-	(4,897,573)	(4,897,573)
Loan proceeds	-	6,063,969	6,063,969
	<u>1,712,197</u>	<u>4,687,998</u>	<u>2,975,801</u>
<b>Total Other Financing Sources (Uses)</b>			
	<u>1,712,197</u>	<u>4,687,998</u>	<u>2,975,801</u>
<b>Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<u>(12,409,170)</u>	<u>(1,232,172)</u>	<u>11,176,998</u>
<b>Fund Balance at Beginning of Year</b>	<u>674,288</u>	<u>1,751,999</u>	<u>1,077,711</u>
<b>Fund Balance at End of Year</b>	<u>\$ (11,734,882)</u>	<u>\$ 519,827</u>	<u>\$12,254,709</u>

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

**CITY OF BREWTON, ALABAMA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2020**

	Major Funds					Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
<b>Assets</b>						
Current assets						
Cash	\$ 2,163,223	\$ 357,293	\$ 343,091	\$ 183,985	\$ 4,026,927	\$ 7,074,519
Restricted cash	70,433	339,412	-	-	-	409,845
Accounts receivable	91,373	58,708	55,839	4,583	-	210,503
Due from other funds	333,704	-	-	5,342	-	339,046
Receivable from component units	30,000	-	-	-	-	30,000
Inventories	296,353	89,679	-	-	-	386,032
Total current assets	2,985,086	845,092	398,930	193,910	4,026,927	8,449,945
Noncurrent assets						
Note receivable	-	-	-	-	5,628,800	5,628,800
Property, plant, and equipment						
Land, improvements and construction in progress	11,100	91,726	3,000	342,392	137,413	585,631
Utility systems	4,968,112	10,906,659	-	-	-	15,874,771
Buildings and improvements	277,522	-	-	3,446,192	-	3,723,714
Equipment	2,792,407	1,182,512	1,675,544	356,170	-	6,006,633
	8,049,141	12,180,897	1,678,544	4,144,754	137,413	26,190,749
Less accumulated depreciation	4,379,237	4,264,210	1,480,059	1,294,924	-	11,418,430
Net property, plant, and equipment	3,669,904	7,916,687	198,485	2,849,830	137,413	14,772,319
Total noncurrent assets	3,669,904	7,916,687	198,485	2,849,830	5,766,213	20,401,119
<b>Total Assets</b>	6,654,990	8,761,779	597,415	3,043,740	9,793,140	28,851,064
<b>Deferred Outflows of Resources</b>						
Defeasance of debt	46,627	568,780	-	-	-	615,407
Net difference between projected and actual earnings on plan investments	18,899	6,172	2,726	-	-	27,797
Difference between expected and actual experiences	68,159	22,260	9,830	-	-	100,249
Changes of assumptions	31,775	10,377	4,583	-	-	46,735
Employer retirement contributions	55,875	18,248	8,058	-	-	82,181
<b>Total Deferred Outflows of Resources</b>	221,335	625,837	25,197	-	-	872,369

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

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF NET POSITION (continued)**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2020**

	<b>Major Funds</b>					
	<b>Gas Service</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Municipal Airport</b>	<b>Brewton Development Authority</b>	<b>Totals</b>
<b>Liabilities and Net Position</b>						
Current liabilities						
Accounts payable and accrued expenses	473,319	117,252	20,426	45,030	-	656,027
Due to other City funds	-	1,850	75,000	-	-	76,850
Long-term liabilities-current portion	84,931	314,931	61,496	-	-	461,358
Line of credit	395,478	-	-	-	-	395,478
Customer deposits	97,067	-	-	-	-	97,067
Total current liabilities	1,050,795	434,033	156,922	45,030	-	1,686,780
Noncurrent liabilities						
Long-term liabilities-less current portion	1,176,538	6,049,966	220,138	-	7,920,000	15,366,642
Accrued postclosure costs	-	-	343,751	-	-	343,751
Total noncurrent liabilities	1,176,538	6,049,966	563,889	-	7,920,000	15,710,393
<b>Total liabilities</b>	2,227,333	6,483,999	720,811	45,030	7,920,000	17,397,173
<b>Deferred Inflows of Resources</b>						
Difference between expected and actual experience	28,378	9,268	4,093	-	-	41,739
<b>Total Deferred Inflows of Resources</b>	28,378	9,268	4,093	-	-	41,739
Net position						
Net investment in capital assets	3,018,208	7,020,394	(12,089)	2,849,830	137,413	13,013,756
Unrestricted	1,602,406	(4,126,045)	(90,203)	148,880	1,735,727	(729,235)
<b>Total Net Position</b>	<u>\$ 4,620,614</u>	<u>\$ 2,894,349</u>	<u>\$ (102,292)</u>	<u>\$ 2,998,710</u>	<u>\$ 1,873,140</u>	<u>\$ 12,284,521</u>

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

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>Major Funds</b>					
	<b>Gas Service</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Municipal Airport</b>	<b>Brewton Development Authority</b>	<b>Totals</b>
<b>Operating Revenues</b>						
Charges for services	\$ 18,713,911	\$ 1,122,129	\$ 743,376	\$ 105,819	\$ -	\$ 20,685,235
Other	110,538	1,396	-	-	50,000	161,934
Total operating revenues	<u>18,824,449</u>	<u>1,123,525</u>	<u>743,376</u>	<u>105,819</u>	<u>50,000</u>	<u>20,847,169</u>
<b>Operating Costs and Expenses</b>						
Cost of sales and services	16,564,555	-	352,227	-	-	16,916,782
Salaries and wages	676,004	264,067	90,052	18,000	-	1,048,123
Utilities	26,465	91,966	3,231	21,552	557	143,771
Maintenance and supplies	296,643	600,098	54,600	5,970	-	957,311
Employee benefits	206,586	88,702	25,904	-	-	321,192
Insurance	55,037	16,797	8,840	21,217	-	101,891
Professional fees	10,273	1,414	-	-	-	11,687
Office expense	23,776	6,308	4,995	523	-	35,602
Depreciation and amortization	161,298	277,611	138,084	122,343	-	699,336
Landfill postclosure expense	-	-	12,306	-	-	12,306
Other	345,230	161,626	1,246	2,009	662,219	1,172,330
Total operating costs and expenses	<u>18,365,867</u>	<u>1,508,589</u>	<u>691,485</u>	<u>191,614</u>	<u>662,776</u>	<u>21,420,331</u>
Operating Income (Loss)	<u>458,582</u>	<u>(385,064)</u>	<u>51,891</u>	<u>(85,795)</u>	<u>(612,776)</u>	<u>(573,162)</u>
<b>Non-Operating Revenue (Expense)</b>						
Interest earned	1,910	78,506	-	-	9,694	90,110
Receipt from Water Works Board	115	-	-	-	-	115
Payments to Water Works Board	(115)	-	-	-	-	(115)
Payments to City	-	-	-	-	(3,488,232)	(3,488,232)
Receipt from City	-	-	-	-	5,836,300	5,836,300
Interest expense	(111,072)	(695,286)	(10,333)	-	(15,771)	(832,462)
Total non-operating revenue (expenses)	<u>(109,162)</u>	<u>(616,780)</u>	<u>(10,333)</u>	<u>-</u>	<u>2,341,991</u>	<u>1,605,716</u>
Income before contributions and transfers	349,420	(1,001,844)	41,558	(85,795)	1,729,215	1,032,554
Capital contributions	-	-	-	47,414	-	47,414
Transfers in	3,915,361	5,480,357	1,333	8,000	-	9,405,051
Transfers out	<u>(2,538,678)</u>	<u>(78,678)</u>	<u>(79,000)</u>	<u>-</u>	<u>-</u>	<u>(2,696,356)</u>
Change in Net Position	1,726,103	4,399,835	(36,109)	(30,381)	1,729,215	7,788,663
Net Position at Beginning of Year	<u>2,894,511</u>	<u>(1,505,486)</u>	<u>(66,183)</u>	<u>3,029,091</u>	<u>143,925</u>	<u>4,495,858</u>
<b>Net Position at End of Year</b>	<u>\$ 4,620,614</u>	<u>\$ 2,894,349</u>	<u>\$ (102,292)</u>	<u>\$ 2,998,710</u>	<u>\$ 1,873,140</u>	<u>\$ 12,284,521</u>

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, 2020**

	<b>Major Funds</b>					
	<b>Gas Service</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Municipal Airport</b>	<b>Brewton Development Authority</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>						
Receipts from customers	\$ 18,808,896	\$ 1,228,149	\$ 722,181	\$ 105,819	\$ (5,578,800)	\$ 15,286,245
Payments to suppliers	(15,056,466)	(667,467)	(405,066)	(11,929)	(662,776)	(16,803,704)
Payments to employees	(831,453)	(317,132)	(116,304)	(18,000)	-	(1,282,889)
Net Cash Provided (Used) by Operating Activities	<u>2,920,977</u>	<u>243,550</u>	<u>200,811</u>	<u>75,890</u>	<u>(6,241,576)</u>	<u>(2,800,348)</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers in	3,915,361	5,480,357	1,333	8,000	-	9,405,051
Transfers out	(2,538,678)	(78,678)	(79,000)	-	-	(2,696,356)
Payments to City	-	-	-	-	(3,488,232)	(3,488,232)
Receipts from City	-	-	-	-	5,836,300	5,836,300
Receipts from Water Works Board	115	-	-	-	-	115
Payments to Water Works Board	(115)	-	-	-	-	(115)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,376,683</u>	<u>5,401,679</u>	<u>(77,667)</u>	<u>8,000</u>	<u>2,348,068</u>	<u>9,056,763</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Repayment of debt	(3,907,730)	(5,093,326)	(63,042)	-	-	(9,064,098)
Interest paid on debt	(111,072)	(769,231)	(10,333)	-	(15,771)	(906,407)
Capital contributions from grant	-	-	-	47,414	-	47,414
Proceeds from line of credit	504,978	-	-	-	-	504,978
Proceeds from debt	-	-	-	-	7,920,000	7,920,000
Purchase of capital assets	(115,075)	(80,267)	-	(112,065)	-	(307,407)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,628,899)</u>	<u>(5,942,824)</u>	<u>(73,375)</u>	<u>(64,651)</u>	<u>7,904,229</u>	<u>(1,805,520)</u>
<b>Cash Flows from Investing Activities</b>						
Interest income	1,910	78,506	-	-	9,694	90,110
Net Increase (Decrease) in Cash	670,671	(219,089)	49,769	19,239	4,020,415	4,541,005
Cash at Beginning of Year	<u>1,562,985</u>	<u>915,794</u>	<u>293,322</u>	<u>164,746</u>	<u>6,512</u>	<u>2,943,359</u>
<b>Cash at End of Year</b>	<u>\$ 2,233,656</u>	<u>\$ 696,705</u>	<u>\$ 343,091</u>	<u>\$ 183,985</u>	<u>\$ 4,026,927</u>	<u>\$ 7,484,364</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>						
Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 458,582	\$ (385,064)	\$ 51,891	\$ (85,795)	\$ (612,776)	\$ (573,162)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation and amortization	161,298	277,611	138,084	122,343	-	699,336
Change in deferred gain (loss) on debt defeasance	5,890	163,287	-	-	-	169,177
Change in pension expense as related to GASB 68	51,138	35,636	(347)	-	-	86,427
Change in accounts receivable	(15,443)	104,624	(21,195)	-	-	67,986
Change in notes receivable	-	-	-	-	(5,628,800)	(5,628,800)
Change in inventories	2,073,179	28,161	-	-	-	2,101,340
Change in customer deposits	(110)	-	-	-	-	(110)
Change in accrued expenses	-	-	12,306	-	-	12,306
Change in accounts payable	186,443	19,295	20,072	39,342	-	265,152
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 2,920,977</u>	<u>\$ 243,550</u>	<u>\$ 200,811</u>	<u>\$ 75,890</u>	<u>\$ (6,241,576)</u>	<u>\$ (2,800,348)</u>

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**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. The Brewton Development Authority has a blended component unit included in its financial statements as well. The BDA Real Estate Holdings, Inc. is a nonprofit corporation wholly owned by the Brewton Development Authority. It was created to own real estate and obtain debt funding for the benefit of the Brewton Development Authority and, ultimately, the City of Brewton.

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

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

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

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

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

**Government-wide**

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

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

**Fund Level**

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

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

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

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

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

**Capital Assets**

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

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

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

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

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

**Basis of Accounting**

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

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

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

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

**Impact of Recently Issued Accounting Principles**

*Recently Issued Accounting Principles*

GASB Statement No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of GASB Statement No. 87 are effective for fiscal year 2022. The City is currently evaluating the impact it may have on its financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB Statement No. 89 are effective for the fiscal year 2022. The City is currently evaluating the impact that this statement may have on its financial statements.

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

GASB Statement 92, *Omnibus 2020*, was issued as guidance addressing various accounting and financial reporting issues identified during the implementation and application of GASB Statement No. 87, *Leases*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, GASB Statement No. 84, *Fiduciary Activities*, and the measurement of liabilities and assets, if any, related to asset retirement obligations in a government acquisition. The various requirements of GASB Statement No. 92 are effective as early as the fiscal year 2021. The City is currently evaluating the impact that this statement may have on its consolidated financial statements.

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



**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

**Cash and Investments**

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Ad Valorem Taxes**

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

**Inventories**

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

**Insurance**

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

**Compensated Absences**

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

**Pensions**

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

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

**Budgets and Budgetary Accounting**

An annual operation budget for the General Fund is adopted by City Council action at the beginning of each fiscal year. Budgetary control is exercised at the object level. The City Clerk has no authority to amend the budget at any level during the year. When expenditures approach an appropriated limit, the City Council has to approve the excess expenditures. This is done in lieu of formally amending the budget. During the fiscal year ended September 30, 2020, all amounts expended which exceeded budget appropriations were approved by the Council, and there were no supplemental appropriations made. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapse at year end.

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

	<u>Excess Expenditures</u>		<u>Excess Expenditures</u>
<b>General Government:</b>		<i>Code Enforcement</i>	
Utilities	\$ 86,117	Employee benefits	\$ 3,880
Telephone	4,362	Salaries	2,927
Office supplies	5,162	Repairs and maintenance	63
Dues and publications	6,427	Fuel, oil, and tires	314
Insurance	4,541	<b>Other Departments:</b>	
Industrial development expenditures	7,519	<i>Municipal Court</i>	
<b>Public Safety:</b>		Employee benefits	3,333
<i>Police Department</i>		Other	111,434
Employee benefits	4,500	State fees	13,256
Travel	13,619	<i>Library Department</i>	
Ammunition	12,647	Employee benefits	1,174
Investigation and education	9,680	Insurance	4,280
Capital expenditures	6,130	Repairs and maintenance	54,595
Other	10,728	Capital expenditures	430,709
<i>Fire Department</i>		<i>Recreation Department</i>	
Salaries	122,413	Salaries	2,454
Employee benefits	22,814	Employee benefits	4,787
Miscellaneous	285	Recreation activities	19,023
Capital expenditures	15,228	Capital expenditures	74,914
<b>Public Works:</b>		<i>Cemetery Department</i>	
<i>Street Department</i>		Salaries	15,007
Salaries	34,813	Employee benefits	409
Employee benefits	12,689	<i>Beautification and Fine Arts</i>	
Repairs and maintenance	553,956	Capital expenditures	7,100
Capital expenditures	104,214	Other	(16,648)
Telephone	919	<i>Payments to School Bd</i>	2,321,182
<i>Animal Control</i>		<i>Payments to Water Bd</i>	559,096
Salaries	37,861	<i>Interest</i>	123,205
Employee benefits	13,655	<i>Transfers Out</i>	4,897,573
Telephone	708		



**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

**Net Position and Equity Classifications**

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

- Nonspendable fund balance—Consists of amounts that are not in a spendable form or are required to be maintained intact.
  - Restricted fund balance—Consists of fund balances with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) the City’s own laws through its enabling legislation and other provisions of its laws and regulations.
  - Committed fund balance—Consists of fund balances that are useable only for specific purposes by formal action of the government’s highest level of decision making authority. The City’s highest level of decision making lies with the Mayor of the City and the City Council. In order to establish, modify or rescind a fund balance commitment, the Mayor and City Council must pass a law by formal action committing the funds.
- Assigned fund balance—Consists of fund balances that are intended to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (1) the governing body itself, or (2) a subordinate high-level body or official which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Mayor and the City Council have the power to assign fund balance amounts to specific purposes. The governing body must vote to grant authorization of assigned fund balances to specific purposes.

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

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

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

**Subsequent Events**

The City of Brewton, Alabama has evaluated subsequent events through May 26, 2021, the date which the financial statements were available to be issued.

On November 5, 2020, the City issued Series 2020-A General Obligation Warrants of \$6,190,000. The proceeds were used to pay off a note payable in the amount of \$6,000,000.

On October 28, 2020, the City paid off the \$4,480,000 line of credit discussed in Note 7.

There were no other material subsequent events which require disclosure at September 30, 2020.

**NOTE 2      DEPOSITS AND INVESTMENTS**

At September 30, 2020, the City had investments in U.S. Treasury money market mutual funds through its trustee agreement for debt sinking funds. The fair value was \$2,424,787. The average maturity of the portfolio was 37 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, 2020, the City’s mutual fund investments were rated AAA by Standard & Poor’s.

**Custodial Credit Risk**

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

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 3      CONCENTRATION OF CREDIT RISK**

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

In the fiscal year September 30, 2020, the largest customer for the gas fund accounted for approximately 94% of revenue in the gas fund.

**NOTE 4      NET POSITION DEFICIT**

At September 30, 2020, there was a deficit in net position of the Sanitation Fund of \$102,292. The City transferred funds in a subsequent fiscal year from the general fund to replenish the funds.

**NOTE 5      GRANT PROCEEDS IN PROPRIETARY FUNDS**

The Proprietary Funds received proceeds from a grant during the fiscal year September 30, 2020. The grant received in the Municipal Airport Fund was used to fund construction of runway improvements and is recorded as a capital contribution on the Statement of Revenues, Expenses and Changes in Fund Net Position.

**NOTE 6      CAPITAL ASSETS**

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

	Balance 09/30/19	Additions	Reclassifications/ Retirements	Balance 09/30/20
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 4,892,229	\$ 19,386	\$ 85,000	\$ 4,826,615
Construction in progress	232,872	1,031,539	130,296	1,134,115
Total capital assets not being depreciated	5,125,101	1,050,925	215,296	5,960,730
<i>Capital assets being depreciated</i>				
Buildings	12,123,241	209,222	1,141,101	11,191,362
Improvements other than buildings	17,063,681	691,264	-	17,754,945
Vehicles and equipment	8,671,641	310,591	-	8,982,232
Total capital assets being depreciated	37,858,563	1,211,077	1,141,101	37,928,539
Less accumulated depreciation for:				
Buildings	3,108,074	283,726	46,044	3,345,756
Improvements other than buildings	4,203,242	471,605	-	4,674,847
Vehicles and equipment	6,295,142	575,731	-	6,870,873
Total accumulated depreciation	13,606,458	1,331,062	46,044	14,891,476
Total capital assets being depreciated	24,252,105	(119,985)	1,095,057	23,037,063
Capital assets, net	\$ 29,377,206	\$ 930,940	\$ 1,310,353	\$ 28,997,793
Depreciation was charged to governmental activities as follows:				
General	\$ 893,881			
Police	156,024			
Fire	106,793			
Street	97,100			
Recreation	37,765			
Library	39,499			
Total	\$ 1,331,062			

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	Balance 09/30/19	Additions	Reclassifications/ Retirements	Balance 09/30/20
<b>Business-type Activities</b>				
<b>Gas Service Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 11,100	\$ -	\$ -	\$ 11,100
Total capital assets not being depreciated	11,100	-	-	11,100
<i>Capital assets being depreciated</i>				
Buildings and improvements	168,022	109,500	-	277,522
Utility systems	4,968,112	-	-	4,968,112
Equipment	2,792,407	-	-	2,792,407
Total capital assets being depreciated	7,928,541	109,500	-	8,038,041
Less accumulated depreciation for:				
Buildings and improvements	158,971	4,646	-	163,617
Utility systems	3,043,794	96,551	-	3,140,345
Equipment	1,020,750	54,525	-	1,075,275
Total accumulated depreciation	4,223,515	155,722	-	4,379,237
Total capital assets being depreciated	3,705,026	(46,222)	-	3,658,804
Capital assets, net	\$ 3,716,126	\$ (46,222)	\$ -	\$ 3,669,904
<b>Sewer Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 29,500	\$ 5,941	\$ -	\$ 35,441
Construction in progress	-	56,285	-	56,285
Total capital assets not being depreciated	29,500	62,226	-	91,726
<i>Capital assets being depreciated</i>				
Utility systems	10,906,659	-	-	10,906,659
Equipment	1,164,512	18,000	-	1,182,512
Total capital assets being depreciated	12,071,171	18,000	-	12,089,171
Less accumulated depreciation for:				
Utility systems	2,997,340	218,023	-	3,215,363
Equipment	989,260	59,587	-	1,048,847
Total accumulated depreciation	3,986,600	277,610	-	4,264,210
Capital assets, net	\$ 8,114,071	\$ (197,384)	\$ -	\$ 7,916,687

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	Balance 09/30/19	Additions	Reclassifications/ Retirements	Balance 09/30/20
<b>Business-type Activities (continued)</b>				
<b>Sanitation Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
<i>Capital assets being depreciated</i>				
Equipment	1,675,544	-	-	1,675,544
Total capital assets being depreciated	1,675,544	-	-	1,675,544
Less accumulated depreciation for:				
Equipment	1,341,975	138,084	-	1,480,059
Total accumulated depreciation	1,341,975	138,084	-	1,480,059
Total capital assets being depreciated	333,569	(138,084)	-	195,485
Capital assets, net	\$ 336,569	\$ (138,084)	\$ -	\$ 198,485
<b>Municipal Airport Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 298,000	\$ -	\$ -	\$ 298,000
Construction in progress	-	44,392	-	44,392
Total capital assets not being depreciated	298,000	44,392	-	342,392
<i>Capital assets being depreciated</i>				
Buildings and improvements	3,378,519	67,673	-	3,446,192
Equipment	356,170	-	-	356,170
Total capital assets being depreciated	3,734,689	67,673	-	3,802,362
Less accumulated depreciation for:				
Buildings and improvements	871,576	100,829	-	972,405
Equipment	301,005	21,514	-	322,519
Total accumulated depreciation	1,172,581	122,343	-	1,294,924
Total capital assets being depreciated	2,562,108	(54,670)	-	2,507,438
Capital assets, net	\$ 2,860,108	\$ (10,278)	\$ -	\$ 2,849,830
<b>Brewton Development Authority</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 137,413	\$ -	\$ -	\$ 137,413
Capital assets, net	\$ 137,413	\$ -	\$ -	\$ 137,413

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 6      CAPITAL ASSETS (CONTINUED)**

<b>Component Unit:</b>	Balance 09/30/19	Additions	Reclassifications/ Retirements	Balance 09/30/20
<b>Water Works Board</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 85,206	\$ -	\$ -	\$ 85,206
Construction in progress	37,000	618,318	37,000	618,318
Total capital assets not being depreciated	122,206	618,318	37,000	703,524
<i>Capital assets being depreciated</i>				
Water system	13,157,913	109,500	-	13,267,413
Machinery and equipment	1,616,529	29,903	-	1,646,432
Property under capital lease	25,062	-	-	25,062
Furniture and fixtures	67,609	-	-	67,609
Total capital assets being depreciated	14,867,113	139,403	-	15,006,516
Less accumulated depreciation for:				
Water system	4,420,115	302,899	-	4,723,014
Machinery and equipment	1,316,892	51,415	-	1,368,307
Property under capital lease	2,089	3,580	-	5,669
Furniture and fixtures	67,609	-	-	67,609
Total accumulated depreciation	5,806,705	357,894	-	6,164,599
Total capital assets being depreciated	9,060,408	(218,491)	-	8,841,917
Capital assets, net	\$ 9,182,614	\$ 399,827	\$ 37,000	\$ 9,545,441

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 7      LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
General Obligation Debt	\$ 5,305,378	\$ 8,470,000	\$ 365,378	\$ 13,410,000	\$ 792,572
Notes Payable	-	6,063,969	-	6,063,969	297,572
Capital Lease Obligations	293,992	-	81,634	212,358	79,896
Compensated Absences	313,353	406,558	284,789	435,122	87,024
	<u>5,912,723</u>	<u>14,940,527</u>	<u>731,801</u>	<u>20,121,449</u>	<u>1,257,064</u>
Warrant Premium	<u>170,100</u>	<u>112,135</u>	<u>18,711</u>	<u>263,524</u>	<u>-</u>
Net Pension Liability	<u>2,955,015</u>	<u>444,861</u>	<u>-</u>	<u>3,399,876</u>	<u>-</u>
Governmental Activities, long-term liabilities	<u>9,037,838</u>	<u>15,497,523</u>	<u>750,512</u>	<u>23,784,849</u>	<u>1,257,064</u>
<b>Business-type Activities</b>					
General Obligation Debt	12,107,303	-	5,237,303	6,870,000	390,000
Notes Payable	-	7,920,000	-	7,920,000	-
Capital Lease Obligations	301,225	-	56,015	245,210	59,052
Accrued Postclosure Costs	331,445	12,306	-	343,751	12,306
	<u>12,739,973</u>	<u>7,932,306</u>	<u>5,293,318</u>	<u>15,378,961</u>	<u>461,358</u>
Warrant Premium	<u>77,793</u>	<u>-</u>	<u>3,968</u>	<u>73,825</u>	<u>-</u>
Warrant Discount	<u>(73,716)</u>	<u>-</u>	<u>67,996</u>	<u>(5,722)</u>	<u>-</u>
Net Pension Liability	<u>534,437</u>	<u>190,250</u>	<u>-</u>	<u>724,687</u>	<u>-</u>
Business-type Activities, long-term liabilities	<u>13,278,487</u>	<u>8,122,556</u>	<u>5,365,282</u>	<u>16,171,751</u>	<u>461,358</u>
Total Long-term Liabilities	<u>\$ 22,316,325</u>	<u>\$ 23,620,079</u>	<u>\$ 6,115,794</u>	<u>\$ 39,956,600</u>	<u>\$ 1,718,422</u>

General Obligation Debt and Notes Payable at September 30, 2020, were comprised of the following:

2019 General Obligation Warrants payable in annual installments of \$30,000 to \$320,000 through December 1, 2045, with interest at 2.00% to 3.55% payable June 1, and December 1.

\$ 8,470,000

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

2017 General Obligation Sewer Revenue Warrant payable in annual installments of \$30,000 to \$310,000 through December 1, 2043, with interest at 2.00% to 3.40% payable June 1, and December 1.	5,215,000
2017 General Obligation Gas Revenue Warrant payable in annual installments of \$5,000 to \$95,000 through December 1, 2028, with interest at 2.00% to 2.30% payable June 1, and December 1.	670,000
2016 General Obligation Warrants payable in annual installments of \$365,000 to \$520,000 through December 1, 2030, with interest at 2.00% to 3.13% payable June 1, and December 1.	4,940,000
2013 General Obligation Sewer Revenue Warrant payable in annual installments of \$140,000 to \$250,000 through December 1, 2022, with interest at 4.750% to 5.00% payable June 1, and December 1.	530,000
2013 General Obligation Gas Revenue Warrant payable in annual installments of \$60,000 to \$65,000 through December 1, 2020, with interest at 2.00% to 4.25% payable on June 1, and December 1.	70,000
2014 Clean Water State Revolving Fund General Obligation Warrants payable in annual installments of \$20,000 to \$30,000 through February 15, 2035, with interest at 1.70% to 2.45% payable on February 15 and August 15.	385,000
Note payable dated July 28, 2020, due in monthly installments of \$36,359, including interest at 4.00%, maturing July 1, 2040.	6,000,000
Note payable dated July 29, 2020, with interest only payments at 1.16% due in quarterly installments until July 2027, then due in quarterly installments of \$69,766, including interest at 1.16%, maturing December 31, 2050.	5,628,000
Note payable dated July 29, 2020, with interest only payments at 1.16% due in quarterly installments until July 2027, then due in quarterly installments of \$69,766, including interest at 1.16%, maturing December 31, 2050.	2,291,200
Note payable for purchase of truck dated September 3, 2020, due in 60 monthly installments of \$1,159, including interest at 3.25%, maturing September 30, 2025.	63,969
Total General Obligation Debt and Notes Payable	<u>\$ 34,263,969</u>



**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 792,572	\$ 749,852	\$ 390,000	\$ 289,074
2022	728,984	628,789	400,000	278,365
2023	758,013	604,588	410,000	266,939
2024	932,407	577,842	270,000	257,477
2025	952,104	548,699	280,000	250,165
2026-2030	5,191,479	2,252,528	2,420,669	670,415
2031-2035	4,114,046	1,401,582	2,851,646	479,048
2036-2040	3,909,364	698,772	2,982,125	291,054
2041-2045	2,095,000	153,570	2,973,278	78,000
2046-2050	-	-	1,812,282	52,841
	<u>\$ 19,473,969</u>	<u>\$ 7,616,222</u>	<u>\$ 14,790,000</u>	<u>\$ 2,913,378</u>

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

**Capital Leases**

The City has entered into lease agreements as lessee for financing the acquisition of fire vehicles and various street equipment. Additionally, the City has financed the acquisition of certain items of equipment for the sanitation fund. The leases qualify as capital leases for accounting purposes since there are bargain purchase elements at the end of the initial lease terms and the present values of the minimum lease payments are greater than 90 percent of the asset purchase prices. Each asset has, therefore, been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets and the enterprise funds, respectively.

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

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 672,108	\$ 449,465
Less accumulated depreciation	452,737	309,832
Total	<u>\$ 219,371</u>	<u>\$ 139,633</u>

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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, 2020, were as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2021	\$ 88,354	\$ 70,622
2022	88,353	177,424
2023	40,989	11,436
2024	10,164	3,473
Total minimum lease payments	227,860	262,955
Less amount representing interest	(15,502)	(17,745)
Present value of minimum lease payments	<u>\$ 212,358</u>	<u>\$ 245,210</u>

**Line of Credit and Letter of Credit**

The City has a line of credit with a \$1,700,000 limit. As of September 30, 2020, the balance was \$395,478 (including accrued interest). The interest rate is 4.75% with a maturity date of September 30, 2021. It was established to fund gas purchases in the Gas Fund (Business-type Activity).

In addition, the City has a line of credit with a \$4,500,000 limit. As of September 30, 2020, the balance was \$4,480,000 (including accrued interest). The interest rate is 2.50% with a maturity date of October 30, 2021. It was established to fund the provalus project in the General Fund. It was paid off subsequent to year end. See Note 1 for more information.

**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, 2020, \$5,035,000 of defeased debt is outstanding and \$5,035,000 was called December 1, 2020.

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 9      DEBT DEFEASANCE (CONTINUED)**

On December 3, 2019, the City of Brewton issued 2019-A General Obligation Warrants and 2019-B General Obligation Warrants in the amount of \$3,370,000 and \$5,100,000, respectively. The proceeds were used to advance refund a portion of the 2013-A Warrant. The defeased portion of the outstanding 2013-A warrant had a balance of \$4,992,003. The net proceeds from the issuance of the warrant in the amount of \$4,992,003 was deposited into an irrevocable trust with an escrow agent to provide debt service payments on the 2013-A General Obligation Warrant until it is called. The advance refunding met the requirements of an in-substance debt defeasance and the defeased portion of the 2013-A warrant was removed from the City's financial statements.

As a result of the advance refunding, the City achieved an economic gain of approximately \$589,210 from the present value of the change in cash flow requirements and additional funds on hand.

**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 \$343,445 reported as accrued postclosure costs by the sanitation fund represents the cumulative amount of estimated costs through September 30, 2020. 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, 2020. Estimated total landfill capacity is 1,350,000 cubic yards of which 1,178,597 cubic yards or approximately 87 percent had been used at September 30, 2016. The landfill's estimated remaining life at September 30, 2020, was approximately 3 years.

**NOTE 11      PENSION PLAN**

Plan Description

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

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

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 11 PENSION PLAN (CONTINUED)**

- a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
- b. Two vested active state employees.
- c. Two vested active employees of an employer participating in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.

*Benefits Provided*

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

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

As of September 30, 2020, membership consisted of:

	<u>Number</u>
Retired members or their beneficiaries currently receiving benefits	52
Vested inactive members	4
Non-vested inactive members	17
Active members	120
Post-DROP retired members still in active service	<u>0</u>
Total	<u><u>193</u></u>

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 11      PENSION PLAN (CONTINUED)**

*Contributions*

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2020, the City's active employee contribution rate was 8.34% percent of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 9.33% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2020, was 9.70% for Tier 1 employees, and 6.57% for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2017, 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 \$484,258 and \$526,730 for the City and Water Works Board, respectively, for the year ended September 30, 2020.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 11 PENSION PLAN (CONTINUED)**

*Net Pension Liability*

The City's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018 rolled forward to September 30, 2019 using standard roll-forward techniques as shown in the following table:

	Expected		Actual	
	City of Brewton	Water Board	City of Brewton	Water Board
(a) Total Pension Liability as of September 30, 2018	\$ 15,427,642	\$ 1,264,980	\$ 15,678,816	\$ 1,285,575
(b) Discount rate	7.70%	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2018 to September 30, 2019	426,224	34,948	426,224	34,948
(d) Transfers Among Employers				
(e) Actual Benefit Payments & Refunds for October 1, 2018 to September 30, 2019	<u>(948,420)</u>	<u>(77,765)</u>	<u>948,420</u>	<u>77,765</u>
(f) Total Pension Liability as of September 30, 2019 [(a) x (1+(b)) + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 16,056,860</u>	<u>\$ 1,316,573</u>	<u>\$ 16,344,462</u>	<u>\$ 1,340,154</u>
(g) Difference between Expected and Actual			<u>\$ 287,602</u>	<u>\$ 23,581</u>
(h) Less Liability Transferred for Immediate Recognition			<u>17,087</u>	<u>1,401</u>
(i) Experience (Gain)/Loss = (g) - (h)			<u>\$ 270,515</u>	<u>\$ 22,180</u>

*Actuarial Assumptions* - The total pension liability in the September 30, 2019, actuarial valuation was determined as part of actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included (a) 7.70% investment rate of return (net of pension plan investment expense), (b) projected salary increases ranging from 3.25% to 5.00% per year, and an inflation component of 2.75%. Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the September 30, 2017, valuation are based on the results of an investigation of the economic and demographic experience for the RSA based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 11      PENSION PLAN (CONTINUED)**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.0%	4.4%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
Inter'ntl Developed Mkt Stks	12.0%	9.5%
Inter'ntl Emerging Mkt Stks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash	3.0%	1.5%

\*Includes assumed rate of inflation of 2.5%

*Discount Rate* - The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the RSA Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 11      PENSION PLAN (CONTINUED)**

**Changes in Net Pension Liability**

	Total Pension Liability		Plan Fiduciary Net Position		Net Pension Liability	
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board
Balances at September 30, 2018	\$ 15,427,642	\$ 1,264,980	\$ 11,895,730	\$ 975,383	\$ 3,531,912	\$ 289,597
Changes for the year:						
Service cost	426,225	34,948	-	-	426,225	34,948
Interest	1,151,414	94,410	-	-	1,151,414	94,410
Differences between expected and actual experience	270,514	22,181	-	-	270,514	22,181
Contributions - employer	-	-	662,810	54,347	(662,810)	(54,347)
Contributions - employee	-	-	287,140	23,544	(287,140)	(23,544)
Net investment income	-	-	305,552	25,054	(305,552)	(25,054)
Benefit payments, including refunds of employee contributions	(948,420)	(77,765)	(948,420)	(77,765)	-	-
Transfers among employers	17,087	1,401	17,087	1,401	-	-
Net Changes	916,820	75,175	324,169	26,581	592,651	48,594
Balances at September 30, 2019	<u>\$ 16,344,462</u>	<u>\$ 1,340,155</u>	<u>\$ 12,219,899</u>	<u>\$ 1,001,964</u>	<u>\$ 4,124,563</u>	<u>\$ 338,191</u>

*Sensitivity of the net pension liability to changes in the discount rate* - The following table presents the City and Water Board's net pension liability calculated using the discount rate of 7.70%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage-point higher (8.70%) than the current rate:

	1% Decrease (6.70%)		Current Discount Rate (7.70%)		1% Increase (8.70%)	
	City of Brewton	Water Board	City of Brewton	Water Board	City of Brewton	Water Board
Net pension liability	\$ 6,113,899	\$ 501,306	\$ 4,124,563	\$ 338,191	\$ 2,454,592	\$ 201,263



**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 11      PENSION PLAN (CONTINUED)**

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

For the year ended September 30, 2020, the City recognized pension expense of \$525,276 and \$643,187 for the City and Water Board, respectively. At September 30, 2020, the City and Water Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	City of Brewton	Water Board	City of Brewton	Water Board
Differences between expected and actual experience	\$ 570,566	\$ 46,783	\$ 237,559	\$ 19,478
Changes of assumptions	265,991	21,810	-	-
Net difference between projected and actual earnings on plan investments	158,204	12,972	-	-
Employer contributions subsequent to measurement date*	445,906	38,352	-	-
Total	<u>\$ 1,440,667</u>	<u>\$ 119,917</u>	<u>\$ 237,559</u>	<u>\$ 19,478</u>

\$484,258 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

<u>Year Ending</u> <u>September 30,</u>	<u>City of Brewton</u>	<u>Water Board</u>	<u>Total</u>
2021	\$ 184,275	\$ 19,926	\$ 204,201
2022	180,746	15,376	196,122
2023	204,756	17,419	222,175
2024	136,226	11,589	147,815
2025	16,955	1,442	18,397
Thereafter	<u>28,182</u>	<u>2,397</u>	<u>30,579</u>
	<u>\$ 751,140</u>	<u>\$ 68,149</u>	<u>\$ 819,289</u>

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 12 INTERFUND TRANSACTIONS**

Interfund receivables and payables at September 30, 2020 are:

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

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

At September 30, 2020, interfund transfers consisted of the following:

	Transfers Out						
	General	2016 GOW DSF	2019 GOW DSF	Gas Service	Sewer	Sanitation	Totals
Transfers In							
General	\$ -	\$ 8,920	\$ 951,994	\$ 2,485,678	\$ 75,010	\$ -	\$ 3,521,602
Other Governmental	34,745	-	-	-	-	-	34,745
2016 GOW DSF	467,774	-	-	-	-	-	467,774
2019 GOW DSF	-	-	-	50,000	-	75,000	125,000
Gas Service	3,911,693	-	-	-	3,668	-	3,915,361
Sewer	478,028	-	4,999,329	3,000	-	-	5,480,357
Airport	4,000	-	-	-	-	4,000	8,000
Sanitation	1,333	-	-	-	-	-	1,333
Totals	<u>\$ 4,897,573</u>	<u>\$ 8,920</u>	<u>\$ 5,951,323</u>	<u>\$ 2,538,678</u>	<u>\$ 78,678</u>	<u>\$ 79,000</u>	<u>\$ 13,554,172</u>

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

The 2016 GOW and 2019 GOW proceeds were used during the year to fund various City projects and operations in various funds.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 13 FAIR VALUE DISCLOSURE**

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

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

Investment's fair value measurements are as follows:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level:				
U.S. Treasuries	\$ 2,424,787	\$ -	\$ -	\$ 2,424,787
Total	<u>\$ 2,424,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,424,787</u>

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

**NOTE 14 NOTES RECEIVABLE**

Notes receivable consisted of the following at September 30, 2020:

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

**NOTE 15 NEW MARKET TAX CREDITS**

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 15      NEW MARKET TAX CREDITS (CONTINUED)**

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

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

**NOTE 16      UNCERTAINTIES WITH REGARD TO COVID-19**

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2019			2018		
	City of Brewton	Water Board	Total	City of Brewton	Water Board	Total
<b>Total pension liability</b>						
Service cost	\$ 426,224	\$ 34,948	\$ 461,172	\$ 376,423	\$ 42,020	\$ 418,443
Interest	1,151,414	94,410	1,245,824	1,120,146	104,363	1,224,509
Differences between expected and actual experience	270,514	22,181	292,695	(337,359)	(31,432)	(368,791)
Changes of assumptions	-	-	-	82,891	7,723	90,614
Benefit payments, including refunds	(948,420)	(77,765)	(1,026,185)	(886,724)	(82,615)	(969,339)
Transfers among employers	17,087	1,401	18,488	11,347	1,057	12,404
<b>Net change in total pension liability</b>	916,819	75,175	991,994	366,724	41,116	407,840
<b>Total pension liability- beginning</b>	<u>15,263,578</u>	<u>1,429,044</u>	<u>16,692,622</u>	<u>14,896,854</u>	<u>1,387,928</u>	<u>16,284,782</u>
<b>Total pension liability- ending (a)</b>	<u>\$ 16,180,397</u>	<u>\$ 1,504,219</u>	<u>\$17,684,616</u>	<u>\$ 15,263,578</u>	<u>\$ 1,429,044</u>	<u>\$16,692,622</u>
<b>Plan fiduciary net position</b>						
Contributions- employer	\$ 662,810	\$ 54,347	\$ 717,157	\$ 609,376	\$ 56,775	\$ 666,151
Contributions- member	287,140	23,544	310,684	267,948	24,965	292,913
Net investment income	305,726	24,880	330,606	996,377	92,832	1,089,209
Benefit payments, including refunds of employee	(948,420)	(77,765)	(1,026,185)	(886,724)	(82,615)	(969,339)
Transfers among employers	17,087	1,401	18,488	11,347	1,057	12,404
<b>Net change in plan fiduciary net position</b>	324,343	26,407	350,750	998,324	93,014	1,091,338
<b>Plan net position- beginning</b>	<u>11,774,126</u>	<u>1,096,987</u>	<u>12,871,113</u>	<u>10,775,802</u>	<u>1,003,973</u>	<u>11,779,775</u>
<b>Plan net position- ending (b)</b>	<u>\$ 12,098,469</u>	<u>\$ 1,123,394</u>	<u>\$13,221,863</u>	<u>\$ 11,774,126</u>	<u>\$ 1,096,987</u>	<u>\$12,871,113</u>
<b>Net pension liability (asset)- ending (a) - (b)</b>	\$ 4,081,928	\$ 380,825	\$ 4,462,753	\$ 3,489,452	\$ 332,057	\$ 3,821,509
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	69.09%	5.67%	74.76%	66.17%	6.17%	72.34%
<b>Covered payroll *</b>	\$ 5,056,132	\$ 414,575	\$ 5,470,707	\$ 4,733,460	\$ 441,012	\$ 5,174,472
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	80.73%	91.86%	81.58%	73.72%	75.29%	73.85%

\* Employer's covered payroll during the measurement period is the total covered payroll. For FY2020 the measurement period is October 1, 2018-September 30, 2019. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll for FY2017.

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

(CONTINUED)

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

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

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

	2020			2019			2018		
	<u>City of Brewton</u>	<u>Water Board</u>	<u>Total</u>	<u>City of Brewton</u>	<u>Water Board</u>	<u>Total</u>	<u>City of Brewton</u>	<u>Water Board</u>	<u>Total</u>
Actuarially determined contribution*	\$ 449,567	\$ 34,691	\$ 484,258	\$ 492,043	\$ 34,691	\$ 526,734	\$ 432,919	\$ 34,691	\$ 467,610
Contributions in relation to the actuarially determind contribution*	<u>449,567</u>	<u>34,691</u>	<u>484,258</u>	<u>492,043</u>	<u>34,691</u>	<u>526,734</u>	<u>432,919</u>	<u>34,691</u>	<u>467,610</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll**	\$ 5,365,420	\$ 439,934	\$ 5,805,354	\$ 5,056,132	\$ 414,575	\$ 5,470,707	\$ 4,782,346	\$ 392,126	\$ 5,174,472
Contributions as a percentage of covered- employee payroll	8.38%	7.89%	8.34%	9.73%	8.37%	9.63%	9.05%	8.85%	9.04%

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

\*\* Employer's covered-payroll for FY2020 is the total covered payroll for the 12 month period of the underlying financial statement.

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year 2020 were based on the September 30, 2017 actuarial valuation.

Methods and assumption used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	25.2 years
Asset valuation method	Five year smoothed market
Inflation	2.750%
Salary increases	3.25- 5.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

**(CONTINUED)**



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

2017			2016			2015		
<u>City of Brewton</u>	<u>Water Board</u>	<u>Total</u>	<u>City of Brewton</u>	<u>Water Board</u>	<u>Total</u>	<u>City of Brewton</u>	<u>Water Board</u>	<u>Total</u>
\$ 387,299	\$ 33,009	\$ 420,308	\$ 369,632	\$ 34,117	\$ 403,749	\$ 369,107	\$ 34,642	\$ 403,749
<u>387,299</u>	<u>33,009</u>	<u>420,308</u>	<u>369,632</u>	<u>34,117</u>	<u>403,749</u>	<u>369,107</u>	<u>34,642</u>	<u>403,749</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,439,056	\$ 363,978	\$ 4,803,034	\$ 4,317,821	\$ 398,532	\$ 4,716,353	\$ 4,049,645	\$ 380,069	\$ 4,429,714
8.72%	9.07%	8.75%	8.56%	8.56%	8.56%	9.11%	9.11%	9.11%

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
<b>Taxes</b>			
Ad valorem tax	\$ 700,000	\$ 1,145,122	\$ 445,122
Beer tax	50,000	55,624	5,624
Cigarette tax	11,000	7,594	(3,406)
Sales tax	5,841,500	7,092,302	1,250,802
City gasoline tax	160,000	209,907	49,907
Wine tax	3,000	3,870	870
Oil severance tax	-	40,427	40,427
Total Taxes	<u>6,765,500</u>	<u>8,554,846</u>	<u>1,789,346</u>
<b>Licenses and Permits</b>			
Business licenses	1,100,000	1,050,586	(49,414)
Building permits	18,500	23,972	5,472
Total Licenses and Permits	<u>1,118,500</u>	<u>1,074,558</u>	<u>(43,942)</u>
<b>Fines and Forfeitures</b>			
Fines and court costs	<u>50,900</u>	<u>176,675</u>	<u>125,775</u>
<b>Fees and Charges</b>			
Recreation and golf revenues	9,420	12,301	2,881
Library fees	-	832	832
Miscellaneous fees	104,600	98,322	(6,278)
Total Fees and Charges	<u>114,020</u>	<u>111,455</u>	<u>(2,565)</u>
<b>Intergovernmental Revenues</b>			
Grant proceeds	-	680,315	680,315
Production privilege tax	15,000	11,859	(3,141)
Financial excise tax	20,000	60,381	40,381
Motor vehicle license	17,100	17,459	359
Business privilege tax	24,000	25,285	1,285
State capital improvement revenue	-	54,496	54,496
Total Intergovernmental Revenues	<u>76,100</u>	<u>850,518</u>	<u>774,418</u>
<b>Revenue From City Property</b>			
Sale of City property	1,000	10,080	9,080
Rent	-	14,571	14,571
Community center	16,000	10,480	(5,520)
Total Revenue From City Property	<u>17,000</u>	<u>35,131</u>	<u>18,131</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, 2020**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Receipts from Water Works Board</b>	\$ -	\$ 108,511	\$ 108,511
<b>Receipts from Brewton Development Authority</b>	-	3,488,232	3,488,232
<b>Other Revenue</b>			
Interest earned	-	1,793	1,793
Donations	5,000	959,654	954,654
Other	30,500	524,572	494,072
Total Other Revenue	35,500	1,486,019	1,450,519
Total Revenues	8,177,520	15,885,945	7,708,425
<b>Other Financing Sources</b>			
Transfers in	1,712,197	3,521,602	1,809,405
Loan proceeds	-	6,063,969	6,063,969
Total Other Financing Sources	1,712,197	9,585,571	7,873,374
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 9,889,717</b>	<b>\$ 25,471,516</b>	<b>\$ 15,581,799</b>

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures</b>			
<b>General Government</b>			
Salaries	\$ 589,900	\$ 552,270	\$ 37,630
Employee benefits	83,700	73,060	10,640
Utilities	76,000	162,117	(86,117)
Lease	69,000	51,734	17,266
Telephone	34,600	38,962	(4,362)
Office supplies	22,000	27,162	(5,162)
Dues and publications	2,850	9,277	(6,427)
Travel	33,500	9,423	24,077
Insurance	110,000	114,541	(4,541)
Repairs and maintenance	6,413,150	783,116	5,630,034
Professional fees	592,500	124,373	468,127
Street lighting	60,000	26,303	33,697
Fire hydrant rental	20,000	16,380	3,620
Industrial development expenditures	25,000	32,519	(7,519)
Appropriation	11,000	10,757	243
Capital expenditures	3,765,000	1,493,410	2,271,590
Other	1,915,450	446,686	1,468,764
Total General Government	<u>13,823,650</u>	<u>3,972,090</u>	<u>9,851,560</u>
<b>Public Safety</b>			
<b>Police Department</b>			
Salaries	1,736,000	1,709,307	26,693
Employee benefits	358,000	362,500	(4,500)
Travel	26,000	39,619	(13,619)
Telephone	25,000	24,613	387
Uniforms and equipment	45,000	25,312	19,688
Repairs and maintenance	102,700	85,180	17,520
Fuel, oil, and tires	75,000	45,048	29,952
Ammunition	4,000	16,647	(12,647)
Insurance	151,271	103,271	48,000
Jail expenditures	1,000	-	1,000
Laundry	500	-	500
Investigation and education	31,000	40,680	(9,680)
Capital expenditures	-	6,130	(6,130)
Office supplies	8,000	6,796	1,204
Other	14,000	24,728	(10,728)
Total Police Department	<u>2,577,471</u>	<u>2,489,831</u>	<u>87,640</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, 2020**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Public Safety (Continued)</b>			
<b>Fire Department</b>			
Salaries	\$ 860,000	\$ 982,413	\$ (122,413)
Employee benefits	190,000	212,814	(22,814)
Insurance	46,250	42,280	3,970
Repairs and maintenance	62,000	36,892	25,108
Tools and supplies	43,000	16,665	26,335
Utilities	11,500	10,981	519
Telephone	17,000	13,192	3,808
Office supplies	7,500	3,731	3,769
Uniforms	6,000	1,920	4,080
Education and travel	17,500	14,678	2,822
Fuel, oil, and tires	13,500	13,113	387
Miscellaneous	200	485	(285)
Capital expenditures	-	15,228	(15,228)
Total Fire Department	<u>1,274,450</u>	<u>1,364,392</u>	<u>(89,942)</u>
Total Public Safety	<u>3,851,921</u>	<u>3,854,223</u>	<u>(2,302)</u>
<b>Public Works</b>			
<b>Street Department</b>			
Salaries	911,656	946,469	(34,813)
Employee benefits	200,053	212,742	(12,689)
Insurance	86,800	68,391	18,409
Repairs and maintenance	411,138	965,094	(553,956)
Tools and supplies	21,000	18,744	2,256
Fuel, oil, and tires	67,000	39,559	27,441
Chemicals	5,000	2,750	2,250
Capital expenditures	-	104,214	(104,214)
Uniforms	21,060	15,573	5,487
Utilities	16,000	14,694	1,306
Telephone	10,000	10,919	(919)
Other	3,750	3,691	59
Total Street Department	<u>1,753,457</u>	<u>2,402,840</u>	<u>(649,383)</u>
<b>Animal Control</b>			
Salaries	72,200	110,061	(37,861)
Employee benefits	18,500	32,155	(13,655)
Uniforms	900	886	14
Insurance	6,600	4,766	1,834
Repairs and maintenance	11,700	7,719	3,981
Tools and supplies	4,500	3,534	966
Telephone	900	1,608	(708)
Utilities	6,800	6,033	767
Other	775	-	775
Total Animal Control	<u>122,875</u>	<u>166,762</u>	<u>(43,887)</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, 2020**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Code Enforcement</b>			
Salaries	\$ 85,200	\$ 88,127	\$ (2,927)
Employee benefits	18,500	22,380	(3,880)
Travel	1,000	240	760
Office supplies	3,550	2,301	1,249
Insurance	3,850	2,999	851
Repairs and maintenance	6,550	6,613	(63)
Telephone	5,000	3,428	1,572
Fuel, oil, and tires	1,000	1,314	(314)
Total Code Enforcement	<u>124,650</u>	<u>127,402</u>	<u>(2,752)</u>
Total Public Works	<u>2,000,982</u>	<u>2,697,004</u>	<u>(696,022)</u>
<b>Other Departments</b>			
<b>Municipal Court</b>			
Salaries	170,669	134,420	36,249
Employee benefits	17,411	20,744	(3,333)
Legal services	11,500	11,286	214
Court supplies	2,000	76	1,924
Telephone	8,400	1,036	7,364
Other	8,200	119,634	(111,434)
State fees	25,000	38,256	(13,256)
Total Municipal Court	<u>243,180</u>	<u>325,452</u>	<u>(82,272)</u>
<b>Library Department</b>			
Salaries	312,198	296,778	15,420
Employee benefits	57,204	58,378	(1,174)
Insurance	31,000	35,280	(4,280)
Utilities	31,000	29,360	1,640
Telephone	12,500	7,318	5,182
Repairs and maintenance	10,000	64,595	(54,595)
Travel	3,000	-	3,000
Books purchased	36,000	20,442	15,558
Capital expenditures	-	430,709	(430,709)
Office supplies	30,000	21,657	8,343
Total Library Department	<u>522,902</u>	<u>964,517</u>	<u>(441,615)</u>
<b>Recreation Department</b>			
Salaries	247,000	249,454	(2,454)
Employee benefits	55,000	59,787	(4,787)
Utilities	50,500	49,719	781
Insurance	38,000	32,328	5,672
Recreation activities	185,000	204,023	(19,023)
Capital expenditures	-	74,914	(74,914)
Other	19,150	2,392	16,758
Repairs and maintenance	204,000	94,797	109,203
Total Recreation Department	<u>798,650</u>	<u>767,414</u>	<u>31,236</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, 2020**

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
<b>Other Departments (Continued)</b>			
<b>Cemetery Department</b>			
Salaries	\$ 54,102	\$ 69,109	\$ (15,007)
Employee benefits	16,500	16,909	(409)
Insurance	10,750	5,829	4,921
Utilities	3,300	2,192	1,108
Uniforms	1,800	850	950
Gas and oil	4,600	2,618	1,982
Repairs and maintenance	23,600	5,523	18,077
Total Cemetery Department	<u>114,652</u>	<u>103,031</u>	<u>11,622</u>
<b>Traffic Control</b>			
Repairs and maintenance	59,800	48,335	11,465
Total Traffic Control	<u>59,800</u>	<u>48,335</u>	<u>11,465</u>
<b>Beautification and Fine Arts</b>			
Repairs and maintenance	326,000	111,356	214,644
Capital expenditures	-	7,100	(7,100)
Other	2,000	18,648	(16,648)
Total Beautification and Fine Arts	<u>328,000</u>	<u>137,104</u>	<u>190,896</u>
Total Other Departments	<u>2,067,184</u>	<u>2,345,853</u>	<u>(278,668)</u>
<b>Payments to Brewton City Board of Education</b>	-	2,321,182	(2,321,182)
<b>Payments to Water Works Board</b>	-	559,096	(559,096)
<b>Payments to Brewton Development Authority</b>	-	5,836,300	(5,836,300)
<b>Debt Service</b>			
Principal	555,000	97,012	457,988
Interest	150	123,355	(123,205)
Total Debt Service	<u>555,150</u>	<u>220,367</u>	<u>334,783</u>
Total Expenditures	22,298,887	21,806,115	492,772
<b>Other Financing Uses</b>			
Transfers out	-	4,897,573	(4,897,573)
<b>Total Expenditures and Other Financing Uses</b>	<u>\$ 22,298,887</u>	<u>\$ 26,703,688</u>	<u>\$ (4,404,801)</u>



**CITY OF BREWTON, ALABAMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

		<u>Special Revenue Funds</u>		
		<u>Street Construction Fund</u>	<u>Street Improvement Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash		\$ 89,946	\$ 3,911	\$ 93,857
<b>Total Assets</b>		<u>\$ 89,946</u>	<u>\$ 3,911</u>	<u>\$ 93,857</u>
<b>Liabilities</b>				
Accounts Payable		\$ 2,261	\$ -	\$ 2,261
<b>Total Liabilities</b>		<u>2,261</u>	<u>-</u>	<u>2,261</u>
<b>Fund Balances</b>				
Fund Balances				
Restricted for:				
Street construction		\$ 87,685	\$ -	\$ 87,685
Street improvements		<u>-</u>	<u>3,911</u>	<u>3,911</u>
<b>Total Fund Balances</b>		<u>87,685</u>	<u>3,911</u>	<u>91,596</u>
<b>Total Liabilities &amp; Fund Balances</b>		<u>\$ 89,946</u>	<u>\$ 3,911</u>	<u>\$ 93,857</u>

**CITY OF BREWTON, ALABAMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Special Revenue Funds</u>		
	<u>Street Construction Fund</u>	<u>Street Improvement Fund</u>	<u>Total</u>
<b>Revenues</b>			
State gasoline tax	\$ 26,574	\$ 33,788	\$ 60,362
Total Revenues	<u>26,574</u>	<u>33,788</u>	<u>60,362</u>
<b>Expenditures</b>			
Public works program	<u>54,361</u>	<u>76,081</u>	<u>130,442</u>
Total Expenditures	<u>54,361</u>	<u>76,081</u>	<u>130,442</u>
Excess Revenues Over (Under) Expenditures	<u>(27,787)</u>	<u>(42,293)</u>	<u>(70,080)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in/(out)	<u>-</u>	<u>34,745</u>	<u>34,745</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>34,745</u>	<u>34,745</u>
Net change in fund balances	(27,787)	(7,548)	(35,335)
Fund Balances at Beginning of Year	<u>115,472</u>	<u>11,459</u>	<u>126,931</u>
<b>Fund Balances at End of Year</b>	<u><u>\$ 87,685</u></u>	<u><u>\$ 3,911</u></u>	<u><u>\$ 91,596</u></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.

<b>Contents</b>	<b>Page</b>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	69-75
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>	76-82
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>	83-86
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>	87-88
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>	89-91

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										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities											
Net investment in capital assets	\$ 13,033,711	\$ 13,606,403	\$ 12,711,696	\$ 20,227,853	\$ 20,331,482	\$ 20,148,056	\$ 19,918,415	\$ 20,649,636	\$ 21,350,100	\$ 23,957,466	\$ 9,388,768
Restricted	606,140	52,341	9,735	172,464	122,114	462,520	508,011	4,050,575	2,447,959	515,910	2,805,220
Unrestricted	(4,029,370)	(12,261,448)	(11,406,881)	(15,767,496)	(12,757,434)	(14,310,472)	459,654	(4,287,401)	(2,869,585)	(1,363,162)	(2,469,986)
Total governmental activities net position	<u>\$ 9,610,481</u>	<u>\$ 1,397,296</u>	<u>\$ 1,314,550</u>	<u>\$ 4,632,821</u>	<u>\$ 7,696,162</u>	<u>\$ 6,300,104</u>	<u>\$ 20,886,080</u>	<u>\$ 20,412,810</u>	<u>\$ 20,928,474</u>	<u>\$ 23,110,214</u>	<u>\$ 9,724,002</u>
Business-type activities											
Net investment in capital assets	\$ 9,178,771	\$ 9,319,561	\$ 9,185,275	\$ 5,629,785	\$ 6,494,970	\$ 4,860,102	\$ 5,610,626	\$ 6,330,145	\$ 6,187,690	\$ 8,440,253	\$ 13,013,756
Unrestricted	184,749	352,115	330,146	(1,128,582)	(2,341,771)	(2,831,542)	(2,186,095)	(1,265,815)	(2,966,259)	(3,944,395)	(729,235)
Total business-type activities net position	<u>\$ 9,363,520</u>	<u>\$ 9,671,676</u>	<u>\$ 9,515,421</u>	<u>\$ 4,501,203</u>	<u>\$ 4,153,199</u>	<u>\$ 2,028,560</u>	<u>\$ 3,424,531</u>	<u>\$ 5,064,330</u>	<u>\$ 3,221,431</u>	<u>\$ 4,495,858</u>	<u>\$ 12,284,521</u>
Primary government											
Net investment in capital assets	\$ 22,212,482	\$ 22,925,964	\$ 21,896,971	\$ 25,857,638	\$ 26,826,452	\$ 25,008,158	\$ 25,529,041	\$ 26,979,781	\$ 27,537,790	\$ 32,397,719	\$ 22,402,524
Restricted	606,140	52,341	9,735	172,464	122,114	462,520	508,011	4,050,575	2,447,959	515,910	2,805,220
Unrestricted	(3,844,621)	(11,909,333)	(11,076,735)	(16,896,078)	(15,099,205)	(17,142,014)	(1,726,441)	(5,553,216)	(5,835,844)	(5,307,557)	(3,199,221)
Total primary government net position	<u>\$ 18,974,001</u>	<u>\$ 11,068,972</u>	<u>\$ 10,829,971</u>	<u>\$ 9,134,024</u>	<u>\$ 11,849,361</u>	<u>\$ 8,328,664</u>	<u>\$ 24,310,611</u>	<u>\$ 25,477,140</u>	<u>\$ 24,149,905</u>	<u>\$ 27,606,072</u>	<u>\$ 22,008,523</u>

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

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

Expenses	Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:											
General	\$ 1,759,220	\$ 1,953,615	\$ 1,680,297	\$ 1,979,955	\$ 2,813,132	\$ 3,481,011	\$ 2,596,948	\$ 3,189,213	\$ 4,017,243	\$ 4,132,088	\$ 4,679,860
Public safety											
Police	2,014,975	2,045,155	1,986,011	2,217,730	2,215,587	2,459,560	2,313,076	2,274,256	2,467,478	2,526,212	2,483,701
Fire	749,389	780,243	829,671	961,853	1,017,221	1,030,101	1,039,194	1,026,734	1,111,793	1,231,108	1,349,166
Public works											
Street	728,896	869,372	1,063,448	941,421	1,010,684	1,689,858	1,287,294	1,303,971	1,547,367	1,527,494	2,298,625
Animal control	-	-	133,358	122,649	84,524	18,397	102,213	108,458	119,372	126,401	166,762
Code Enforcement	127,317	115,030	112,770	124,893	133,828	136,173	103,719	107,738	124,110	127,063	127,402
Library	310,210	307,386	285,412	283,654	361,353	446,609	462,395	462,468	467,573	526,591	533,808
Recreation	578,783	617,398	582,219	527,334	570,584	667,369	616,457	663,088	612,620	667,105	692,500
Education (payment to Board of Education)	8,015,062	8,332,971	2,159,312	3,451,722	650,382	683,140	63,300	3,244,382	4,046,038	2,134,846	2,967,682
Water system (payment to Water Works Board)	-	-	-	-	-	20,190	7,278	139,517	14,407	12,964	559,096
Brewton Development Authority (payment to Brewton Development Authority)	-	-	-	-	-	-	-	-	-	-	5,836,300
Interest on long-term debt	1,364,163	1,288,831	1,224,295	1,002,026	790,923	734,666	560,242	193,890	177,728	165,936	217,582
Total governmental activities expenses	15,648,015	16,310,001	10,056,793	11,613,237	9,648,218	11,367,074	9,152,116	12,713,715	14,705,729	13,177,808	21,912,484
Business-type activities:											
Gas	16,316,113	11,461,549	9,094,670	12,758,400	21,165,274	18,410,851	14,931,968	28,211,313	24,975,101	22,789,402	18,476,939
Sewer	632,723	1,716,138	1,484,925	788,828	1,232,519	1,466,061	1,601,481	1,396,339	1,738,175	1,612,343	2,203,875
Sanitation	680,333	690,290	676,903	723,314	733,466	727,943	714,941	663,237	691,469	664,298	701,818
Airport	127,520	128,070	134,819	143,592	151,679	157,176	186,730	155,919	191,860	186,244	191,614
Brewton Development Authority	8,229	5,872	7,555	6,582	9,772	8,579	7,468	79,773	2,234	651	678,547
Total business-type activities expenses	17,764,918	14,001,919	11,398,872	14,420,716	23,292,710	20,770,610	17,442,588	30,506,581	27,598,839	25,252,938	22,252,793
Total primary government expenses	\$ 33,412,933	\$ 30,311,920	\$ 21,455,665	\$ 26,033,953	\$ 32,940,928	\$ 32,137,684	\$ 26,594,704	\$ 43,220,296	\$ 42,304,568	\$ 38,430,746	\$ 44,165,277
<b>Program Revenues</b>											
Governmental activities:											
Fees, fines, and charges for services:											
General	\$ 1,215,878	\$ 1,387,381	\$ 1,275,574	\$ 1,309,799	\$ 1,330,693	\$ 1,488,185	\$ 1,430,128	\$ 1,486,468	\$ 1,322,415	\$ 1,274,836	\$ 1,208,012
Police	233,101	400,220	362,906	345,273	380,831	274,112	315,923	273,656	169,895	280,664	176,675
Animal control	-	-	8,891	5,300	-	-	-	-	-	-	-
Recreation	153,803	154,880	157,344	123,654	104,889	5,293	110,096	38,863	8,144	20,204	12,301
Library	-	-	-	-	10,898	103,131	3,000	3,162	8,236	2,008	832
Operating grants and contributions	52,684	820,376	152,668	122,206	324,220	112,701	106,957	1,014,196	955,508	1,359,280	1,628,394
Capital grants and contributions	889,881	243,701	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	2,545,347	3,006,558	1,957,383	1,906,232	2,151,531	1,983,422	1,966,104	2,816,345	2,464,198	2,936,992	3,026,214
Business-type activities:											
Fees, fines, and charges for services:											
Gas	16,811,215	11,926,347	9,452,491	13,520,888	22,047,360	19,110,792	16,507,635	30,187,899	25,935,876	26,984,249	18,824,449
Sewer	419,514	411,330	410,169	560,220	1,051,523	1,013,633	1,130,429	1,098,140	1,126,555	1,145,872	1,123,525
Sanitation	593,078	618,795	666,227	660,937	628,254	610,103	691,881	772,074	662,601	678,366	743,376
Airport	69,349	70,175	101,679	99,255	111,482	114,096	120,900	158,743	96,124	125,903	105,819
Brewton Development Authority	-	4	-	-	-	264	12,577	-	-	-	50,000
Operating grants and contributions	-	65,000	15,000	123,749	-	-	-	-	-	-	-
Capital grants and contributions	660,041	183,009	115,975	163,216	800,622	100,910	555,175	801,512	40,543	961,492	47,414
Total business-type activities program revenues	18,553,197	13,274,660	10,761,541	15,128,265	24,639,241	20,949,798	19,018,597	33,018,368	27,861,699	29,895,882	20,894,583
Total primary government program revenues	\$ 21,098,544	\$ 16,281,218	\$ 12,718,924	\$ 17,034,497	\$ 26,790,772	\$ 22,933,220	\$ 20,984,701	\$ 35,834,713	\$ 30,325,897	\$ 32,832,874	\$ 23,920,797

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

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

	Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (expense)/revenue											
Governmental activities	\$ (13,102,668)	\$ (13,303,443)	\$ (8,099,410)	\$ (9,707,005)	\$ (7,496,687)	\$ (9,423,652)	\$ (7,186,012)	\$ (9,897,370)	\$ (12,241,531)	\$ (10,240,816)	\$ (18,886,270)
Business-type activities	788,279	(727,259)	(637,331)	707,549	1,346,531	179,188	1,576,009	2,511,787	262,860	4,642,944	(1,358,210)
Total primary government net expense	\$ (12,314,389)	\$ (14,030,702)	\$ (8,736,741)	\$ (8,999,456)	\$ (6,150,156)	\$ (9,244,464)	\$ (5,610,003)	\$ (7,385,583)	\$ (11,978,671)	\$ (5,597,872)	\$ (20,244,480)
General Revenues and Other Changes in Net Position											
Governmental activities:											
Taxes											
Property	\$ 617,203	\$ 662,968	\$ 658,190	\$ 666,400	\$ 643,140	\$ 639,287	\$ 690,590	\$ 1,005,502	\$ 1,330,428	\$ 1,102,953	\$ 1,145,122
Sales	4,361,406	4,298,720	4,497,656	5,539,409	6,494,323	6,974,151	6,937,181	7,336,029	8,492,133	6,895,303	7,092,302
Other	524,404	630,527	643,931	711,237	599,722	582,733	504,744	447,829	572,587	583,218	559,563
Receipts from Brewton City Board of Education	1,547,424	408,635	2,509,921	352,451	1,102,451	600,000	14,102,637	-	-	-	-
Receipts from Water Works Board	-	-	-	-	-	9,974	9,974	9,144	-	1,086	108,511
Receipts from Brewton Development Authority	-	-	-	-	-	-	-	-	-	-	3,488,232
Investment earnings	229,998	41,143	1,964	1,648	2,129	2,107	2,115	26,838	48,042	22,952	32,219
Bond issuance costs	-	-	-	-	-	-	-	(193,286)	-	-	(208,212)
Other	14,164	43,654	186,062	31,530	17,287	87,288	(1,175,272)	73,661	226,096	278,157	524,572
Gain/(Loss) on sale of property	-	-	-	-	-	-	-	-	(41,253)	21,047	(533,556)
Transfers in/(out)	311,787	(995,389)	(481,060)	5,722,601	1,700,976	1,873,949	400,388	718,383	2,129,162	3,517,840	(6,708,695)
Total government activities	7,606,386	5,090,258	8,016,664	13,025,276	10,560,028	10,769,489	21,472,357	9,424,100	12,757,195	12,422,556	5,500,058
Business-type activities:											
Investment earnings	25	26	16	834	6,441	2,130	2,325	4,144	12,199	10,418	90,110
Payments from City	-	-	-	-	-	-	-	-	-	-	5,836,300
Receipts from Water Works Board	-	-	-	-	-	1,485	218,025	-	11,204	99,970	-
Receipts from (payments to) Brewton Development Authority	-	-	-	-	-	-	-	-	-	-	(3,488,232)
Gain/(Loss) on sale of property	-	40,000	-	-	-	7,500	-	(34,453)	-	38,935	-
Bond issuance costs	-	-	-	-	-	-	-	(123,296)	-	-	-
Transfers in/(out)	(311,787)	995,389	481,060	(5,722,601)	(1,700,976)	(1,873,949)	(400,388)	(718,383)	(2,129,162)	(3,517,840)	6,708,695
Total business-type activities	(311,762)	1,035,415	481,076	(5,721,767)	(1,694,535)	(1,862,834)	(180,038)	(871,988)	(2,105,759)	(3,368,517)	9,146,873
Total primary government	\$ 7,294,624	\$ 6,125,673	\$ 8,497,740	\$ 7,303,509	\$ 8,865,493	\$ 8,906,655	\$ 21,292,319	\$ 8,552,112	\$ 10,651,436	\$ 9,054,039	\$ 14,646,931
Change in Net Position											
Governmental activities	\$ (5,496,282)	\$ (8,213,185)	\$ (82,746)	\$ 3,318,271	\$ 3,063,341	\$ 1,345,837	\$ 14,286,345	\$ (473,270)	\$ 515,664	\$ 2,181,740	\$ (13,386,212)
Business-type activities	476,517	308,156	(156,255)	(5,014,218)	(348,004)	(1,683,646)	1,395,971	1,639,799	(1,842,899)	1,274,427	7,788,663
Total primary government	\$ (5,019,765)	\$ (7,905,029)	\$ (239,001)	\$ (1,695,947)	\$ 2,715,337	\$ (337,809)	\$ 15,682,316	\$ 1,166,529	\$ (1,327,235)	\$ 3,456,167	\$ (5,597,549)

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

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

<b>Fiscal Year</b>	<b>Ad Valorem Tax</b>	<b>Beer and Wine Tax</b>	<b>Cigarette Tax</b>	<b>Sales Tax</b>	<b>Gasoline Tax</b>	<b>Production Privilege Tax</b>	<b>Oil Severance Tax</b>	<b>Total</b>
2010	\$ 617,203	\$ 65,346	\$ 13,307	\$ 4,361,406	\$ 249,419	\$ 92,733	\$ 103,618	\$ 5,503,032
2011	662,968	61,599	17,222	4,298,720	249,222	110,589	191,895	5,592,215
2012	658,190	73,801	14,619	4,497,656	234,319	92,527	228,665	5,799,777
2013	666,400	56,537	16,096	5,539,409	314,786	120,419	203,399	6,917,046
2014	643,140	59,322	14,514	6,494,323	245,372	99,884	180,630	7,737,185
2015	639,287	61,317	14,723	6,974,151	264,284	126,614	115,795	8,196,171
2016	690,590	62,090	15,921	6,937,181	152,542	103,416	58,683	8,020,423
2017	1,005,502	62,368	11,332	7,336,029	149,134	99,559	62,451	8,726,375
2018	1,330,428	57,434	13,217	8,492,133	197,937	83,018	61,348	10,235,515
2019	1,102,953	52,337	8,480	6,895,303	200,235	131,261	60,130	8,450,699
2020	1,145,122	59,494	7,594	7,092,302	209,907	115,707	40,427	8,670,553



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

	Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund											
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 585	\$ 38,877	\$ 38,877	\$ 38,877
Unassigned	2,818,073	2,665,230	2,864,242	2,326,731	3,772,779	3,688,902	4,116,121	3,063,473	2,765,646	1,713,122	480,950
Total general fund	<u>\$ 2,818,073</u>	<u>\$ 2,665,230</u>	<u>\$ 2,864,242</u>	<u>\$ 2,326,731</u>	<u>\$ 3,772,779</u>	<u>\$ 3,688,902</u>	<u>\$ 4,116,121</u>	<u>\$ 3,064,058</u>	<u>\$ 2,804,523</u>	<u>\$ 1,751,999</u>	<u>\$ 519,827</u>
All other governmental funds											
Restricted for:											
School construction	\$ 11,431,676	\$ 4,184,306	\$ 2,775,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	3,141,612	2,309,981	477,188	402,592	407,893	412,377	424,319	3,979,673	2,345,931	388,979	2,713,624
Street construction	35,769	13,142	(16,265)	25,872	46,662	43,099	67,350	70,170	94,302	115,472	87,685
Street improvements	17,036	39,199	26,000	146,592	75,452	7,044	16,342	732	7,726	11,459	3,911
Assigned for:											
Sewer improvements	<u>2,112,540</u>	<u>884,089</u>	<u>30,189</u>	<u>1,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 16,738,633</u>	<u>\$ 7,430,717</u>	<u>\$ 3,293,064</u>	<u>\$ 576,743</u>	<u>\$ 530,007</u>	<u>\$ 462,520</u>	<u>\$ 508,011</u>	<u>\$ 4,050,575</u>	<u>\$ 2,447,959</u>	<u>\$ 515,910</u>	<u>\$ 2,805,220</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										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>REVENUES</b>											
Taxes	\$ 5,410,299	\$ 5,490,633	\$ 5,707,250	\$ 6,796,627	\$ 7,637,301	\$ 8,069,557	\$ 8,029,099	\$ 8,689,801	\$ 10,215,588	\$ 8,383,613	\$ 8,615,208
Intergovernmental	982,614	630,564	214,526	228,434	99,884	174,942	133,581	637,238	194,154	738,363	850,518
Licenses and permits	1,091,915	1,243,344	1,124,053	1,183,726	1,199,499	1,230,778	1,189,820	1,276,208	1,148,488	1,107,067	1,074,558
Fines and forfeitures	233,101	400,220	362,906	345,273	380,831	274,112	315,923	273,656	169,895	280,664	176,675
Fees and charges	241,276	247,437	245,514	223,928	224,488	282,665	295,510	160,009	137,235	143,389	111,455
Revenue from City Property	36,471	51,480	72,242	31,099	22,493	43,166	57,894	92,277	53,072	67,639	35,131
Receipts from Brewton City Board of Education	1,547,424	408,635	2,509,921	352,451	1,102,451	600,000	14,102,637	-	-	-	-
Receipts from Water Works Board	-	-	-	-	-	9,974	9,974	9,144	-	1,086	108,511
Receipts from Brewton Development Authority	-	-	-	-	-	-	-	-	-	-	3,488,232
Interest	229,998	41,143	1,964	1,648	2,129	2,107	1,587	12,769	32,696	7,604	13,507
Donations	52,684	535,096	30,669	14,191	324,220	64,373	76,792	476,516	940,913	172,279	959,654
Other	14,164	43,654	190,181	31,530	17,286	106,279	57,159	73,663	225,951	278,158	524,572
Total revenues	<u>9,839,946</u>	<u>9,092,206</u>	<u>10,459,226</u>	<u>9,208,907</u>	<u>11,010,582</u>	<u>10,857,953</u>	<u>24,269,976</u>	<u>11,701,281</u>	<u>13,117,992</u>	<u>11,179,862</u>	<u>15,958,021</u>
<b>EXPENDITURES</b>											
General government	923,930	1,120,115	837,073	947,270	1,823,168	2,611,395	1,567,912	1,567,263	2,319,461	2,407,404	2,478,680
Public safety	2,603,634	2,659,536	2,648,982	2,992,192	3,059,140	3,288,003	3,110,300	3,300,992	3,579,271	3,757,319	3,832,865
Public works	826,985	962,550	1,270,644	1,146,234	1,183,221	1,775,954	1,489,625	1,573,143	1,850,313	1,835,842	2,723,232
Payments to Brewton City Board of Education	8,015,062	8,332,971	2,159,312	3,451,722	650,382	683,140	63,300	3,244,382	4,046,038	2,134,846	2,321,182
Payments to Water Works Board	-	-	-	-	-	20,190	7,278	139,517	14,407	12,964	559,096
Payments to Brewton Development Authority	-	-	-	-	-	-	-	-	-	-	5,836,300
Other departments	1,162,407	1,239,001	1,174,396	1,163,533	1,392,913	1,514,237	1,519,923	1,645,355	1,607,797	1,853,489	1,833,130
Capital expenditures	2,269,440	463,778	683,641	509,306	839,804	864,965	356,809	3,095,850	2,992,917	5,203,823	2,131,705
Debt service:											
Principal	1,353,094	1,729,940	4,262,434	7,320,703	1,793,150	1,869,622	14,312,339	999,156	515,425	486,055	447,012
Interest	1,318,390	1,275,033	1,251,358	1,062,497	777,372	719,315	700,715	145,020	183,676	169,532	466,878
Total expenditures	<u>18,472,942</u>	<u>17,782,924</u>	<u>14,287,840</u>	<u>18,593,457</u>	<u>11,519,150</u>	<u>13,346,821</u>	<u>23,128,201</u>	<u>15,710,678</u>	<u>17,109,305</u>	<u>17,861,274</u>	<u>22,630,080</u>
Excess (deficiency) of revenues over expenditures	(8,632,996)	(8,690,718)	(3,828,614)	(9,384,550)	(508,568)	(2,488,868)	1,141,775	(4,009,397)	(3,991,313)	(6,681,412)	(6,672,059)

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

	Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	4,614,323	3,417,816	3,923,698	8,475,720	5,317,224	6,438,325	6,436,789	5,023,483	4,199,057	7,335,045	4,149,121
Issuance of debt	69,805	225,349	371,033	408,117	206,903	463,555	-	5,759,936	-	179,000	14,533,969
Payments to escrow	-	-	-	-	-	-	(1,069,453)	-	-	-	-
Premium (discount) on bonds issued	-	-	-	-	-	-	-	214,865	-	-	112,135
Debt issue cost	-	-	-	-	-	-	-	(193,286)	-	-	(208,212)
Transfers out	<u>(4,302,536)</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>	<u>(6,036,401)</u>	<u>(4,305,100)</u>	<u>(2,067,895)</u>	<u>(3,817,206)</u>	<u>(10,857,816)</u>
Total other financing sources (uses)	<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>	<u>(669,065)</u>	<u>6,499,898</u>	<u>2,131,162</u>	<u>3,696,839</u>	<u>7,729,197</u>
Net change in fund balance	<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>	<u>\$ 472,710</u>	<u>\$ 2,490,501</u>	<u>\$ (1,860,151)</u>	<u>\$ (2,984,573)</u>	<u>\$ 1,057,138</u>
Debt service as a percentage of noncapital expenditures	16.5%	17.4%	40.5%	46.4%	24.1%	20.7%	65.9%	9.1%	5.0%	5.2%	4.5%

**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
2010	\$ 617,203	\$ 65,346	\$ 13,307	\$ 4,361,406	\$ 249,419	\$ 92,733	\$ 103,618
2011	662,968	61,599	17,222	4,298,720	249,222	110,589	191,895
2012	658,190	73,801	14,619	4,497,656	243,319	92,527	228,665
2013	666,400	56,537	16,096	5,539,409	314,786	120,419	203,399
2014	643,140	59,322	14,514	6,494,323	245,372	99,884	180,630
2015	639,287	61,317	14,723	6,974,515	264,284	126,614	115,795
2016	690,590	62,090	15,921	6,937,181	152,542	103,416	58,683
2017	1,005,502	62,368	11,332	7,336,029	149,134	99,559	62,451
2018	1,330,428	57,434	13,217	8,492,133	197,937	83,018	61,348
2019	1,102,953	52,337	8,480	6,895,303	200,235	131,261	60,130
2020	1,145,122	59,494	7,594	7,092,302	209,907	115,707	40,427

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

<b>Fiscal Year Ended September 30</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>
2010	\$ 20,042,740	\$ 12,836,940	\$ 40,613,440	\$ 8,861,760	\$ 64,631,360	15	\$ 969,470,400
2011	21,320,560	13,669,100	39,721,500	8,459,080	66,252,080	15	993,781,200
2012	31,537,600	13,788,420	39,806,220	8,232,000	76,900,240	15	1,153,503,600
2013	31,661,540	13,152,940	39,602,680	8,636,620	75,780,540	15	1,136,708,100
2014	30,391,300	12,892,220	38,464,700	8,241,560	73,506,660	15	1,102,599,900
2015	30,116,400	12,954,000	38,792,720	8,251,580	73,611,540	15	1,104,173,100
2016	30,435,620	14,183,100	40,683,040	8,085,780	77,215,980	15	1,158,239,700
2017	30,125,920	13,522,380	40,510,060	8,055,120	76,103,240	15	1,141,548,600
2018	32,669,160	15,267,500	47,222,660	9,245,100	85,914,220	15	1,288,713,300
2019	32,197,720	17,827,900	45,977,200	9,065,040	86,937,780	15	1,304,066,700
2020	31,919,660	22,339,900	46,226,180	9,344,680	91,141,060	15	1,367,115,900

Source: Escambia County Tax Assessor

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

Fiscal Year	City of Brewton				Overlapping Rates								Total Direct & Overlapping Rates
					County				State				
	General	School	Bond Tax	Total City	General	School	Health Care Authority	Total County	General	School	Soldier	Total State	
	Millage	Millage	Millage	Millage	Millage	Millage2	Millage	Millage	Millage	Millage	Millage	Millage	
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
2016	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2017	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2018	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2019	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2020	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0

Source: Escambia County Commission and Escambia County Tax Collector

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

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

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

<u>Taxpayer</u>	<u>2020</u>			<u>2010</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
T. R. Miller Mill Co., Inc.	\$ 9,731,860	1	11.2%	\$ 266,399	7	2.3%
Grede/ Citation/ Alabama Ductile Casting Co.	5,682,100	2	6.5%	-		-
Walmart	3,059,740	3	3.5%	3,144,955	1	27.0%
Alabama Power Co.	2,424,060	4	2.8%	-		-
Brewton- Hall Apartments, LTD, I & II	1,568,880	5	1.8%	-		-
CSX Transportation, Inc.	858,120	6	1.0%	-		-
Trustmark/Banktrust of Brewton	597,740	7	0.7%	-		-
The Brewton S/C, LLC	587,500	8	0.7%	-		-
Gordy Timber & Development	530,180	9	0.6%	-		-
DOE Properties	519,620	10	0.6%	-		-
Georgia Pacific Brewton	-		-	3,105,776	2	26.6%
Jackson Pic 'N' Save	-		-	494,204	3	4.2%
Peach Cheverolet	-		-	465,590	4	4.0%
Citation Corporation	-		-	367,323	5	3.1%
Piggly Wiggly	-		-	300,885	6	2.6%
Marvin's Inc.	-		-	260,903	8	2.2%
Jim Peach Motor's, Inc.	-		-	248,950	9	2.1%
McDonald's	-		-	207,647	10	1.8%
Totals	<u>\$ 25,559,800</u>		<u>29.4%</u>	<u>\$ 8,862,632</u>		<u>75.9%</u>
Total City Property Taxable Assessed Value	<u>\$ 86,937,780</u>			<u>\$ 11,676,722</u>		

Source: Escambia County Tax Assessor

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

<b>Fiscal Year Ended September 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collected in subsequent years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2010	\$ 909,709	\$ 867,553	95.4%	\$ 22,743	\$ 890,276	97.9%
2011	922,829	895,662	97.1%	16,374	912,036	98.8%
2012	926,422	898,633	97.0%	12,336	910,969	98.3%
2013	950,543	909,098	95.6%	17,681	926,779	97.5%
2014	924,688	877,655	94.9%	17,283	894,938	96.8%
2015	925,137	877,893	94.9%	15,919	893,812	96.6%
2016	980,224	858,493	87.6%	16,031	874,524	89.2%
2017	966,731	907,636	93.9%	48,337	955,973	98.9%
2018	1,090,611	905,262	83.0%	24,393	929,655	85.2%
2019	1,107,733	1,004,800	90.7%	26,170	1,030,970	93.1%
2020	1,180,959	1,043,933	88.4%	28,733	1,072,666	90.8%

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

	Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Construction	\$ 31,141	\$ 42,324	\$ 45,418	\$ 55,816	\$ 47,034	\$ 98,626	\$ 65,406	\$ 66,613	\$ 34,065	\$ 32,583	\$ 31,406
Manufacturing	640,990	673,748	688,189	695,614	890,861	952,501	1,035,450	1,479,178	1,380,470	856,954	714,662
Wholesale	241,206	226,362	239,179	297,674	328,196	395,150	401,485	331,583	360,806	335,627	337,913
Retail	2,662,072	2,694,557	2,827,119	3,489,682	4,085,651	4,125,793	4,201,317	4,068,372	4,140,413	4,263,035	4,660,808
Information	52,234	47,006	20,645	43,490	59,821	77,361	96,119	99,599	71,471	57,971	57,030
Finance and Insurance	41,173	42,969	47,905	53,798	47,724	50,690	52,038	51,119	57,189	60,906	69,945
Real Estate and Rental and Leasing	69,042	57,207	57,225	105,791	129,190	147,317	128,792	143,286	102,158	101,607	92,392
Professional, Scientific, and Technical Services	20,950	18,552	13,132	28,429	33,418	36,702	83,307	114,791	126,484	181,717	269,857
Administration and Support and Waste Management and Remediation Services	6,458	6,109	6,967	7,975	8,111	10,294	14,228	14,894	14,279	19,670	17,817
Accommodation and Food Services	410,252	473,445	443,920	527,799	574,436	578,769	678,191	618,078	655,406	670,246	667,014
Other Services (except Public Administration)	53,463	135,003	58,254	49,355	53,611	48,847	52,165	47,841	42,545	58,979	58,234
Other	104,419	104,419	114,225	144,060	184,203	407,786	295,526	200,713	223,455	214,885	279,172
	<u>\$ 4,333,400</u>	<u>\$ 4,521,701</u>	<u>\$ 4,562,178</u>	<u>\$ 5,499,483</u>	<u>\$ 6,442,256</u>	<u>\$ 6,929,836</u>	<u>\$ 7,104,024</u>	<u>\$ 7,236,067</u>	<u>\$ 7,208,741</u>	<u>\$ 6,854,180</u>	<u>\$ 7,256,250</u>
City direct sales tax rate	3.00%	3.00%	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Source: AlaTax Revenue Discovery Systems



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

<b>FISCAL YEAR</b>	<b>CITY DIRECT RATE</b>	<b>ESCAMBIA COUNTY</b>	<b>STATE OF ALABAMA</b>
2010	3.00%	1.00%	4.00%
2011	3.00%	1.00%	4.00%
2012	3.00%	1.00%	4.00%
2013	4.00%	1.00%	4.00%
2014	4.00%	1.00%	4.00%
2015	4.00%	1.00%	4.00%
2016	4.00%	1.00%	4.00%
2017	4.00%	2.00%	4.00%
2018	4.00%	2.00%	4.00%
2019	4.00%	2.00%	4.00%
2020	4.00%	2.00%	4.00%

Source: City Clerk's Office

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

<b>Tax Remitter</b>	<b>2020</b>			<b>2010</b>		
	<b>Tax Liability</b>	<b>Rank</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Rank</b>	<b>Percentage of Total</b>
Wal-Mart Stores East	\$ 2,421,478	1	58.1%	\$ 3,144,955	1	35.5%
Simplified Sellers Use Tax	259,861	2	6.2%	-		-
Food Giant Supermarket/Pic-N-Save	257,952	3	6.2%	-		-
T.R. Miller Mill Co.	224,716	4	5.4%	266,399	7	3.0%
Grede II LLC	207,762	5	5.0%	-		-
Georgia Pacific Brewton	205,719	6	4.9%	3,105,776	2	35.0%
Central Network Retail Group LLC	157,496	7	3.8%	-		-
Dolgen Corp, LLC	141,146	8	3.4%	-		-
Bondurant Lumber & Hardware Inc.	140,811	9	3.4%	-		-
Peach Automotive	135,178	10	3.2%	465,590	4	5.3%
Jim Peach Motors	132,964	11	3.2%	248,950	9	2.8%
Dorso Restaurants Inc.	131,243	12	3.1%	-		-
Tractor Supply	121,228	13	2.9%	-		-
Jackson Pic 'N' Save	-		-	494,204	3	5.6%
Citation Corporation	-		-	367,323	5	4.1%
Piggly Wiggly	-		-	300,885	6	3.4%
Marvin's Inc.	-		-	260,903	8	2.9%
McDonald's	-		-	207,647	10	2.4%
	<u>\$ 4,537,554</u>		<u>100.0%</u>	<u>\$ 8,862,632</u>		<u>100.0%</u>

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

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Notes Payable	Capital Leases			
2010	\$ 30,850,168	\$ -	\$ 146,629	\$ 158,514	\$ -	\$ 176,847	\$ 31,332,158	22.47%	\$ 5,979
2011	29,478,727	-	42,333	-	-	749,873	30,270,933	27.35%	5,597
2012	25,399,622	-	258,889	-	-	601,221	26,259,732	16.87%	4,761
2013	18,229,045	-	545,734	12,116,460	-	488,545	31,379,784	19.67%	5,869
2014	16,757,579	-	459,807	12,492,748	-	372,602	30,082,736	17.47%	5,534
2015	15,371,694	-	431,153	12,437,722	-	233,674	28,474,243	17.32%	5,326
2016	1,321,840	-	339,230	12,145,281	-	386,878	14,193,229	8.72%	2,644
2017	6,353,211	-	269,435	12,966,652	-	343,436	19,932,734	11.76%	3,667
2018	5,890,867	-	201,006	12,543,302	-	301,474	18,936,649	11.27%	3,587
2019	5,475,478	-	293,992	12,111,380	-	301,225	18,182,075	10.82%	3,444
2020	13,673,524	6,063,969	212,358	6,938,103	7,920,000	245,210	35,053,164	20.85%	6,640

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

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

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
2010	\$ 31,165,000	\$ 3,141,612	\$ 28,023,388	2.89%	5,348
2011	29,764,705	2,309,981	27,454,724	2.76%	5,077
2012	25,656,746	477,188	25,179,558	2.18%	4,565
2013	18,457,315	402,592	18,054,723	1.59%	3,377
2014	16,956,995	407,893	16,549,102	1.50%	3,044
2015	15,542,256	412,377	15,129,879	1.37%	2,798
2016	14,220,416	424,319	13,796,097	1.19%	2,544
2017	18,498,492	3,979,673	14,518,819	1.27%	2,671
2018	18,434,169	2,345,931	16,088,238	1.25%	3,048
2019	17,586,858	388,979	17,197,879	1.33%	3,258
2020	20,611,627	2,713,624	17,898,003	1.37%	3,390

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

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

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

**CITY OF BREWTON, ALABAMA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF SEPTEMBER 30, 2020**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt: Escambia County	\$ 1,491,323	31.458%	\$ 469,140
Subtotal, overlapping debt			
City of Brewton direct debt			<u>19,949,851</u>
Total direct and overlapping debt			<u><u>\$ 20,418,991</u></u>

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

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

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

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

	Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 12,926,272	\$ 13,250,416	\$ 15,380,048	\$ 15,156,108	\$ 14,701,332	\$ 14,722,308	\$ 15,443,196	\$ 15,220,648	\$ 17,182,844	\$ 17,387,556	\$ 18,228,212
Total net debt applicable to limit	3,220,400	1,820,105	692,146	2,567,315	1,436,995	520,942	1,891,796	8,072,714	7,202,228	6,370,125	7,847,221
Legal debt margin	<u>\$ 9,705,872</u>	<u>\$ 11,430,311</u>	<u>\$ 14,687,902</u>	<u>\$ 12,588,793</u>	<u>\$ 13,264,337</u>	<u>\$ 14,201,366</u>	<u>\$ 13,551,400</u>	<u>\$ 7,147,934</u>	<u>\$ 9,980,616</u>	<u>\$ 11,017,431</u>	<u>\$ 10,380,991</u>
Total net debt applicable to the limit as a percentage of debt limit	24.91%	13.74%	4.50%	16.94%	9.77%	3.54%	12.25%	53.04%	41.92%	36.64%	43.05%

**Legal Debt Margin Calculation for Fiscal Year 2020**

Total assessed value	\$ 91,141,060
Debt limit (20% of total assessed value)	18,228,212
Debt applicable to limit:	
General obligation bonds	20,280,000
Less items excluded from legal debt limit:	
General obligation debt exempted by State law:	
Proceeds used for the construction of sewer and gas system	<u>(12,432,779)</u>
Total net debt applicable to limit	<u>7,847,221</u>
Legal debt margin	<u>\$ 10,380,991</u>

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2010	5,240	\$ 139,446,880	\$ 26,612	1,176	11.1%
2011	5,408	110,685,536	20,467	1,220	10.5%
2012	5,516	155,700,132	28,227	1,180	9.3%
2013	5,347	159,565,174	29,842	1,108	8.2%
2014	5,436	172,234,224	31,684	1,129	8.3%
2015	5,408	166,323,040	30,755	1,146	7.0%
2016	5,424	164,575,008	30,342	1,102	7.0%
2017	5,435	169,430,690	31,174	1,116	5.0%
2018	5,279	168,093,918	31,842	1,115	4.6%
2019	5,263	128,496,145	24,415	1,116	3.1%
2020	5,210	129,656,060	24,886	1,127	6.0%

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>2020</u>			<u>2010</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)	405	1	16.6%	450	1	20.2%
AAMP/Grede/MPG	360	2	14.7%	350	2	15.7%
D.W. McMillan Hospital	311	3	12.7%	160	7	7.2%
Walmart Stores East	265	4	10.8%	235	3	10.6%
Escambia County Commission	220	5	9.0%	220	4	9.9%
T R Miller Mill Co	205	6	8.4%	209	5	9.4%
Westgate Village	138	7	5.6%	175	6	7.9%
City of Brewton	139	8	5.7%	139	8	6.3%
Brewton City Schools	137	9	5.6%	132	9	5.9%
Provalus	130	10	5.3%	-	-	-
Frit Car	80	11	3.3%	97	10	4.4%
Natural Decorations, Inc.	28	12	1.1%	28	11	1.3%
Trustmark/BankTrust of Brewton	28	12	1.1%	28	11	1.3%
Totals	<u>2,446</u>		<u>100%</u>	<u>2,223</u>		<u>100%</u>

Source: Coastal Gateway Economic Development Alliance



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

Function	Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government <sup>1</sup>	10	10	10	10	10	17	20	20	20	20	21
Public Safety											
Police											
Officers	28	26	26	27	26	25	25	24	24	28	21
Dispatch	6	5	7	5	5	4	4	4	4	4	4
Admin Assistants	-	-	-	-	-	2	2	2	2	3	2
Animal Control	-	-	-	-	-	1	2	2	2	2	2
Fire											
Firefighters and officers	26	25	26	15	16	15	15	15	15	15	16
Highways and streets											
Public works	8	8	8	8	23	22	23	23	23	28	23
Sanitation	3	3	3	3	3	2	2	2	2	2	2
Culture and recreation	4	4	4	4	3	5	5	5	5	6	6
Sewer	15	14	14	13	8	19	19	20	22	25	26
Library	-	-	-	-	-	6	6	6	6	6	6
Total	100	95	98	85	94	118	123	123	125	139	129

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

Source: City Clerk's Office

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

Function	Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police											
Physical arrests	420	267	532	501	427	327	309	269	109	193	112
Parking violations	-	-	-	-	-	-	-	-	-	-	-
Traffic violations	1,497	2,316	1,414	1,514	1,641	1,552	912	444	177	772	544
Fire											
Number of calls answered	995	1,139	1,054	1,041	1,235	1,206	1,303	1,120	1,146	1,256	1,504
Inspections	1,012	1,019	1,037	1,128	1,130	1,133	1,140	1,143	1,155	1,159	1,161
Highways and streets											
Street resurfacing (miles)	11	2	2	-	1	8	3	8	3	3	2
Potholes repaired	48	56	55	60	100	98	104	82	50	65	55
Sanitation											
Refuse collected (tons/week)	33.5	34.2	36.8	37.2	34.2	53.0	48.2	46.0	46.0	46.0	46.0
Recyclables collected (tons/week) 1	-	-	-	-	1	1	1	1	1	30	30
Culture and recreation											
Golf course rounds	7,850	7,216	7,169	6,538	5,865	5,765	5,649	1,889	-	-	-
Pavilion parties	258	250	249	241	213	179	165	105	110	16	31
Wastewater											
Average daily sewage treatment (thousands of gallons)	1,355	1,387	1,388	1,410	1,400	1,400	1,200	1,200	1,200	1,200	1,200

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

Sources: Various government departments

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

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

Sources: Various city departments

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

## **COMPLIANCE SECTION**



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Brewton, Alabama, as of and for the year ended September 30, 2020, 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 May 26, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Brewton, Alabama's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Brewton, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Brewton, Alabama's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency and described it in the following paragraph.

**Segregation of Duties**

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Brewton, Alabama's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Avizo Group, Inc.*

Certified Public Accountants

May 26, 2021  
Brewton, Alabama