

**CITY OF BREWTON, ALABAMA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2014**

**CITY OF BREWTON, ALABAMA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2014**

**CITY CLERK'S OFFICE**

**CITY OF BREWTON, ALABAMA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2014**

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SEPTEMBER 30, 2014**

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## **INTRODUCTORY SECTION**



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# City of Brewton

*Best 100 Small Towns in America*

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**April 27, 2015**

**MAYOR**  
Yancey E. Lovelace

**CITY CLERK**  
John F. P. Angel, CMC

**CITY COUNCIL**  
Pat Poole  
Frank Cotten  
Bill Littles  
Joe Nathan Watson  
Fred Barton

**CITY ATTORNEY**  
Edward T. Hines

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

The Comprehensive Annual Financial Report (CAFR) of the City of Brewton, Alabama (the "City") for the Fiscal Year ending September 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and the completeness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Readers are invited to read the Management Discussion and Analysis (MD&A) for more detailed information.

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

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

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

## **PAST OCCURRENCES**

Brewton, Alabama, the County Seat of Escambia County, Alabama has a population of 5,408 according to the 2010 census. The residents are nestled into an 11.2 square mile city that is bordered by Foshee Rd at Highway 31 to the south and Old Castleberry Rd at Highway 31 to the north. While being subject to national economic trends, Brewton is somewhat insulated in that the City typically does not mirror the extreme dips and peaks of the country. Conscientious and efficient leadership has produced steadiness and strength upon which Brewton has been built.

## PRESENT CONDITIONS

A snapshot of the current condition of our municipality reveals insight on how we are presently.

1. Some of the City's Enterprise Funds, namely, Natural Gas, Sanitation and Municipal Airport are stable.
2. The other Enterprise Funds, Sewer and Water, are rebounding from a recent plateau to rise in improvement. The increase is attributed mainly to recent rate hikes to bolster income.
3. Tax income shows a steady trend of growth.
4. Georgia Pacific, a leading employer and tax remitter for our area, has embarked on approximately \$450 million in expansion to construct a power plant and do a pulp recovery upgrade. Such projects are a solid investment that builds our today and bodes well for our economic outlook.
5. Business changes occurred with an increase to our favor. New businesses that opened included Easy Tax, ABC Store, Pic N Sav, The Groove, Acapulco Mexican, Talula Belles and Modest Closet. Businesses that closed were Goodwill Easter Seals, Southern Heirlooms, Chicago Hair Design, Piggly Wiggly, Weavers Glass and Motorcycle Accessory Warehouse. Two businesses changed their name or service; Jet Pep to Zapp, Inc and Orleans Po Boys to a catering service.

## FUTURE FORECAST

Cautious optimism is held nationally for the economy. Persistent positivity is harbored for life in the City of Brewton. Improved accounting software obtained in the business office will aid greatly the administration of city finances. The trends of tax income, business openings and industrial expansion help make residents feel good about the direction of our municipality. A new management analysis in the developing stages will hone the skills of the leadership to facilitate more accuracy in planning projects based on income. Annexation and redistricting studies are being conducted to determine the possibility of two significant areas of change for the City.

## MAJOR INITIATIVES

Numerous grants have been applied for and received to make needed and noticeable improvements to our City. Coupled with the grant awards is the increase in sales tax from the previous year that has enhanced significantly the City's ability to provide matching funds needed to implement the grants. Initiatives enabled by the grants are wildflower planting, outdoor lighting, sidewalks, a railroad crossing upgrade, a master plan for the airport, general paving, CDBG sewer in the Lovelace Ave and Conoley Ave area, park lighting in Jennings Park, a farmer's market, gas line repair and geocache and police activities. An aggressive effort to secure grants plus the City's sufficient resources to provide matching funds to grants has resulted in substantial progress to the quality of life for Brewton's residents.

## OTHER INFORMATION

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

**Awards.** The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brewton, Alabama for its CAFR for the Fiscal Year ending September 30, 2013. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

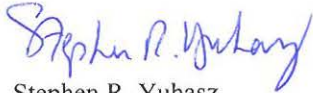
A Certificate of Achievement is valid for a period of one (1) year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

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

Sincerely,



Stephen R. Yuhasz  
City Clerk / Treasurer





Government Finance Officers Association

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

Presented to

**City of Brewton  
Alabama**

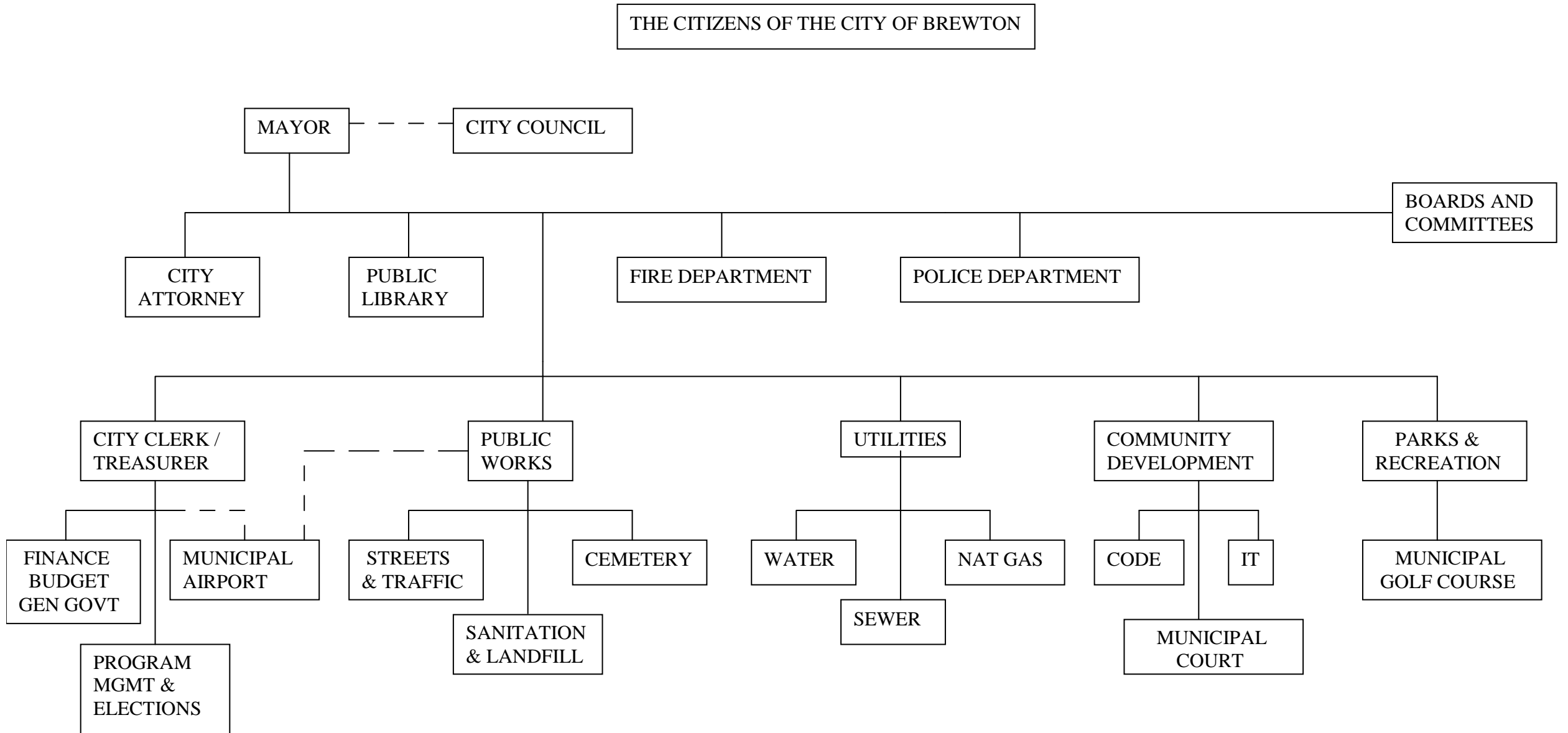
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

A handwritten signature in black ink, reading 'Jeffrey R. Egan'. The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

CITY OF BREWTON, ALABAMA  
*Organizational Chart*



**CITY OF BREWTON, ALABAMA****LIST OF PRINCIPAL OFFICIALS****SEPTEMBER 30, 2014**

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

## **FINANCIAL SECTION**

Xavier A. Hartmann, III, CPA  
Rucker T. Taylor, III, CPA  
J. Earl Blackmon, Jr., CPA  
B. Vance Kilgore, CPA  
Sally S. Wagner, CPA  
Dennis E. Sherriu, CPA



Certified Public Accountants & Consultants

**Hartmann, Blackmon & Kilgore, P.C.**

311 Sowell Street  
P.O. Box 1379  
Brewton, Alabama 36427  
**Phone:** 251.867.3801  
**Fax:** 251.867.3276

## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the general fund of City of Brewton, Alabama, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of Brewton, Alabama's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Brewton, Alabama, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11–17 and the Analysis of Funding Progress-Employee Retirement System on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Brewton, Alabama's basic financial statements. The combining and individual nonmajor fund financial statements and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2015 on our consideration of City of Brewton, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Brewton, Alabama's internal control over financial reporting and compliance.

*Hartmann, Blackman & Kilgore, P.C.*

Certified Public Accountants

April 27, 2015  
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, 2014. Readers are encouraged to consider the information presented in conjunction with the Letter of Transmittal at the front of this report and the City's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- Net position of the governmental activities increased by \$3,063,341.
- As of September 30, 2014, the governmental funds reported a combined ending fund balance of \$4,302,786 an increase of \$1,399,311 from the previous Fiscal Year.
- The General Fund reported a fund balance of \$3,772,779 with all of it available to support non-debt service obligations of the City, an increase of \$1,444,360 unlike last year's decrease of \$537,511.
- The City's debt associated with governmental activities decreased during FY 2014.

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

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

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

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

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

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

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

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

Other entities' activities are included in this report because of the relationship of these legally separate entities to the City. Financial information of the Brewton City Board of Education and Water Works Board of the City of Brewton are collectively referred to in the financial statements as those of the *discretely presented component units*.

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

### **Fund Financial Statements**

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

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

The General Fund and the 2008 General Obligation Warrant Debt Service Fund are the City's major governmental funds. The basic governmental fund financial statements can be found on pages 20-23 of this report.

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

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-51 of this report.

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

**Net position.** The City's *combined* net position increased \$2,715,337 between Fiscal Years 2013 and 2014, culminating at approximately \$11,849,361.

Net position of the City's governmental activities increased by 66.1% (\$7,696,162) of last year's \$4,632,821; however, a majority of those net assets are either restricted as to the purposes they can be used for or invested in capital assets.



**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>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014-2013</b>
Current and other assets	\$ 4,302	\$ 3,091	\$ 7,846	\$ 8,721	\$ 12,148	\$ 11,812	2.84%
Capital assets	21,049	20,941	10,355	9,493	31,404	30,434	3.19%
<b>Total assets</b>	<b>25,351</b>	<b>24,032</b>	<b>18,201</b>	<b>18,214</b>	<b>43,552</b>	<b>42,246</b>	<b>3.09%</b>
<b>Deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>351</b>	<b>387</b>	<b>351</b>	<b>387</b>	<b>100%</b>
Long-term debt outstanding	17,482	19,023	13,135	12,863	30,617	31,886	-3.98%
Other liabilities	173	376	1,264	1,237	1,437	1,613	-10.91%
<b>Total liabilities</b>	<b>17,655</b>	<b>19,399</b>	<b>14,399</b>	<b>14,100</b>	<b>32,054</b>	<b>33,499</b>	<b>-4.31%</b>
Net position							
Net investment in capital assets	20,331	20,228	6,495	5,630	26,826	25,858	3.74%
Restricted	122	172	-	-	122	172	-29.07%
Unrestricted	(12,757)	(15,767)	(2,342)	(1,129)	(15,099)	(16,896)	-10.64%
<b>Total net position</b>	<b>\$ 7,696</b>	<b>\$ 4,633</b>	<b>\$ 4,153</b>	<b>\$ 4,501</b>	<b>\$ 11,849</b>	<b>\$ 9,134</b>	<b>29.72%</b>

**Changes in net position.** The City's total revenues (excluding special items) increased 46.5% to \$35,656,000, mainly due to an increase in charges for services. Approximately 20% of the City's revenue was generated from sales and property taxes, with another 72% from fees charged for services.

The City's expenses cover a range of services, with 80% related to business-type activities and general government, an overall 15% increase from the last Fiscal Year.

**CITY OF BREWTON, ALABAMA**  
**SOURCES OF REVENUE**  
**FISCAL YEAR 2014**

<b>Source</b>	<b>%</b>
Charges for services	72%
Sales tax	18%
Other	6%
Other taxes	2%
Property taxes	2%
	<b>100%</b>

**CITY OF BREWTON, ALABAMA**  
**FUNCTIONAL EXPENSES**  
**FISCAL YEAR 2014**

<b>Type</b>	<b>%</b>
Business-type activities	71%
General government	9%
Public safety	8%
Public works	4%
Recreation	2%
Library	2%
Education	2%
Interest	2%
	<b>100%</b>

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014-2013</b>
<b>REVENUES</b>							
Program revenues							
Charges for services	\$ 1,827	\$ 1,784	\$ 23,839	\$ 14,841	\$ 25,666	\$ 16,625	54.4%
Donations and operating grants	324	122	-	124	324	246	31.7%
Capital grants	-	-	801	163	801	163	391.4%
General revenues							
Sales tax	6,494	5,539	-	-	6,494	5,539	17.2%
Property tax	643	666	-	-	643	666	-3.5%
Other taxes	600	711	-	-	600	711	-15.6%
Investment earnings	2	2	6	-	8	2	300.0%
Receipts from School Board	1,103	352	-	-	1,103	352	213.4%
Other	17	32	-	-	17	32	-46.9%
Total revenues	<u>11,010</u>	<u>9,208</u>	<u>24,646</u>	<u>15,128</u>	<u>35,656</u>	<u>24,336</u>	46.5%
<b>EXPENSES</b>							
General government	2,813	1,980	-	-	2,813	1,980	42.1%
Public safety	3,233	3,180	-	-	3,233	3,180	1.7%
Public works	1,230	1,189	-	-	1,230	1,189	3.4%
Library	361	284	-	-	361	284	27.1%
Recreation	571	527	-	-	571	527	8.3%
Education	650	3,452	-	-	650	3,452	-81.2%
Interest on long-term debt	791	1,002	-	-	791	1,002	-21.1%
Gas	-	-	21,166	12,758	21,166	12,758	65.9%
Sewer	-	-	1,233	788	1,233	788	56.5%
Sanitation	-	-	733	723	733	723	1.4%
Airport	-	-	152	144	152	144	5.6%
Brewton Development Authority	-	-	10	7	10	7	42.9%
Total expenses	<u>9,649</u>	<u>11,614</u>	<u>23,294</u>	<u>14,420</u>	<u>32,943</u>	<u>26,034</u>	26.5%
Excess (deficiency) before special items and transfers	1,361	(2,406)	1,352	708	2,713	(1,698)	-259.8%
Transfers	<u>1,701</u>	<u>5,723</u>	<u>(1,701)</u>	<u>(5,723)</u>	<u>-</u>	<u>-</u>	0.0%
Net change in net position	<u>\$ 3,062</u>	<u>\$ 3,317</u>	<u>\$ (349)</u>	<u>\$ (5,015)</u>	<u>\$ 2,713</u>	<u>\$ (1,698)</u>	-259.8%

### **Governmental Activities**

Revenues for the City's governmental activities increased 19.5%, while total expenses decreased. The increase in revenue is attributed to school board receipts, charges for services and a rise in sales tax income.

### **Business-type Activities**

Revenues for the City's business-type activities increased 62.9%, and expenses increased also. The increase in revenue was due to a change in charges for services as well as various grant programs.

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

### **Governmental Activities**

The City's governmental funds reported a combined fund balance of \$4,302,786, an increase of \$1,399,311 from last year. The major changes to fund balance include the following:

- General Fund: Cash and cash equivalents increased \$1,089,888. Total assets rose \$1,317,692. Total liabilities decreased \$184,501.

### **Business-type Activities**

The City's business-type funds reported a combined net position of \$4,153,199, which is \$348,000 less than last year. The major changes to net position include the following:

- Natural Gas Service: Charges for services increased by 65.9%, but expenses also increased 65.9%. A new bond was issued in the fiscal year 2013 in the amount of \$1,045,000—the 2013 General Obligation Gas Revenue Warrant).
- Sewer Fund: Charges for services increased by \$460,303 (82.3%), while expenses increased 56.3%. The 2013 General Obligation Sewer Revenue Warrant in the amount of \$11,240,000 was issued partially to refund the 2005 General Obligation Warrant and to assist with various projects in the Sewer Fund.
- Sanitation Fund: Revenues remained stable, while expenses also remained stable.
- Municipal Airport: Revenue and expenses remained stable. The Municipal Airport receives grant funds to support operations.
- Brewton Development Authority: Revenues remained stable, while expenses decreased 48%.

### **General Fund Budgetary Highlights**

The General Fund is able to support the Department budgets; revenue from business licenses, fines and forfeitures and sales tax continue to exceed expectations. The significant budgetary variances between the final amended budget and actual results include the following:

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

**CAPITAL ASSET AND DEBT ADMINISTRATION****Capital Assets**

The City's investment in capital assets for governmental and business-type activities, as of September 30, 2014, totals \$31,403,969 (net of accumulated depreciation), an increase of 18.1% 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. Total capital assets decreased 1.7% from the previous Fiscal Year. More detailed information is contained in the relevant disclosures in the notes to the financial statements. Additional information regarding the City's capital assets can be found in pages 40-43 of the notes.

**CITY OF BREWTON'S CAPITAL ASSETS**

(in thousands of dollars)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014-2013</b>
Land	\$ 3,411	\$ 3,395	\$ 488	\$ 458	\$ 3,899	\$ 3,853	1.2%
Buildings	8,358	8,198	2,254	2,239	10,612	10,437	1.7%
Improvements other than buildings	12,615	12,368	11,878	10,598	24,493	22,966	6.6%
Vehicles and equipment	6,286	5,869	3,713	3,626	9,999	9,495	5.3%
Less accumulated depreciation	(9,620)	(8,888)	(7,977)	(7,429)	(17,597)	(16,317)	7.8%
<b>Total</b>	<b>\$ 21,050</b>	<b>\$ 20,942</b>	<b>\$ 10,356</b>	<b>\$ 9,492</b>	<b>\$ 31,406</b>	<b>\$ 30,434</b>	<b>3.2%</b>

**Long-term Debt**

As previously mentioned, the City issued two new General Obligation Warrants during the prior fiscal year and refunded the 2005 General Obligation Warrant. In the current fiscal year, the City incurred several small debt obligations as well as issuing a State Revolving Fund debt obligation to assist with sewer projects and improvements. Additional information regarding the City's long-term debt can be found in pages 44-47 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>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014-2013</b>
General obligation warrants	\$ 16,957	\$ 18,457	\$ 12,655	\$ 12,285	\$ 29,612	\$ 30,742	-3.7%
Capital leases	460	546	373	489	833	1,035	-19.5%
<b>Total</b>	<b>\$ 17,417</b>	<b>\$ 19,003</b>	<b>\$ 13,028</b>	<b>\$ 12,774</b>	<b>\$ 30,445</b>	<b>\$ 31,777</b>	<b>-4.2%</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET****Fiscal Year 2014 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 2014 budget, which included the development of a Project Fund. The stability of the local economy and Brewton's own development initiatives have achieved barely adequate revenue, with the national economic outlook getting marginally better. Total revenue growth will have a conservative projection, mainly due to an expected revenue increase from the 1% sales tax change previously stated. Significant changes to the budget are not anticipated, except for Capital Projects, as few of the City's major businesses have closed their operations recently. See the Introductory Letter in the front of the audit for more detail and impact.

**REQUEST FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF BREWTON, ALABAMA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

	<b>Primary Government</b>			<b>Component</b>
	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>	<b>Units</b>
	<b>Activities</b>	<b>Activities</b>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,848,861	\$ 842,753	\$ 3,691,614	\$ 2,126,430
Temporary cash investments	932,440	1,274,366	2,206,806	12,941,374
Receivables, net	514,869	261,336	776,205	3,331,900
Receivable from component units	-	30,000	30,000	-
Loan proceeds receivable	-	630,027	630,027	-
Inventories	5,550	31,952	37,502	30,109
Restricted funds	-	4,775,784	4,775,784	1,072,741
Capital assets, net				
Land, improvements, and construction in progress	3,410,534	487,540	3,898,074	8,410,579
Other capital assets, net of depreciation	17,637,749	9,868,146	27,505,895	32,155,032
<b>TOTAL ASSETS</b>	<b>25,350,003</b>	<b>18,201,904</b>	<b>43,551,907</b>	<b>60,068,165</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Defeasance of debt	-	350,564	350,564	181,901
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	217,870	1,135,177	1,353,047	130,008
Unearned revenue	-	-	-	2,083
Payable to City of Brewton	-	-	-	30,000
Customer deposits	-	83,827	83,827	90,463
Internal balances	(45,000)	45,000	-	-
Long-term liabilities				
Accrued postclosure costs	-	269,915	269,915	-
Due within one year	1,899,096	368,928	2,268,024	468,368
Due in more than one year	15,581,875	12,496,422	28,078,297	13,853,822
<b>TOTAL LIABILITIES</b>	<b>17,653,841</b>	<b>14,399,269</b>	<b>32,053,110</b>	<b>14,574,744</b>
<b>NET POSITION</b>				
Net investment in capital assets	20,331,482	6,494,970	26,826,452	29,976,290
Restricted - street improvement and construction	122,114	-	122,114	-
Restricted - construction	-	-	-	4,569,284
Restricted - education	-	-	-	315,327
Unrestricted	(12,757,434)	(2,341,771)	(15,099,205)	10,814,421
<b>TOTAL NET POSITION</b>	<b>\$ 7,696,162</b>	<b>\$ 4,153,199</b>	<b>\$ 11,849,361</b>	<b>\$ 45,675,322</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, 2014**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
<b>Primary Government</b>								
Governmental activities:								
General	\$ 2,813,132	\$ 1,330,693	\$ 324,220	\$ -	\$ (1,158,219)		\$ (1,158,219)	
Police	2,215,587	380,831	-	-	(1,834,756)		(1,834,756)	
Fire	1,017,221	-	-	-	(1,017,221)		(1,017,221)	
Street	1,010,684	-	-	-	(1,010,684)		(1,010,684)	
Animal control	84,524	-	-	-	(84,524)		(84,524)	
Code enforcement	133,828	-	-	-	(133,828)		(133,828)	
Library	361,353	10,898	-	-	(350,455)		(350,455)	
Recreation	570,584	104,889	-	-	(465,695)		(465,695)	
Education (payment to Board of Education)	650,382	-	-	-	(650,382)		(650,382)	
Interest on long-term debt	790,923	-	-	-	(790,923)		(790,923)	
Total governmental activities	9,648,218	1,827,311	324,220	-	(7,496,687)		(7,496,687)	
Business-type activities:								
Gas	21,165,274	22,047,360	-	-	-	\$ 882,086	882,086	
Sewer	1,232,519	1,051,523	-	787,251	-	606,255	606,255	
Sanitation	733,466	628,254	-	-	-	(105,212)	(105,212)	
Airport	151,679	111,482	-	13,371	-	(26,826)	(26,826)	
Brewton Development Authority	9,772	-	-	-	-	(9,772)	(9,772)	
Total business-type activities	23,292,710	23,838,619	-	800,622	-	1,346,531	1,346,531	
Total primary government	\$ 32,940,928	\$ 25,665,930	\$ 324,220	\$ 800,622	(7,496,687)	1,346,531	(6,150,156)	
<b>Component Units</b>	\$ 14,491,176	\$ 1,681,566	\$ 7,965,109	\$ -				\$ (4,844,501)
General revenues:								
Taxes								
Property					643,140	-	643,140	1,640,572
Sales					6,494,323	-	6,494,323	712,800
Other					599,722	-	599,722	507,140
Payments from City					-	-	-	703,647
Receipts from Brewton City Board of Education					1,102,451		1,102,451	-
Investment earnings					2,129	6,441	8,570	109,099
Other					17,287	-	17,287	235,489
Transfers in/(out)					1,700,976	(1,700,976)	-	-
Total general revenues and transfers					10,560,028	(1,694,535)	8,865,493	3,908,747
Change in net position					3,063,341	(348,004)	2,715,337	(935,754)
Net position, beginning as restated					4,632,821	4,501,203	9,134,024	46,611,076
<b>Net position, ending</b>					<u>\$ 7,696,162</u>	<u>\$ 4,153,199</u>	<u>\$ 11,849,361</u>	<u>\$ 45,675,322</u>

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



**CITY OF BREWTON, ALABAMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

		2008 General Obligation Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	General			
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,726,747	\$ -	\$ 122,114	\$ 2,848,861
Temporary cash investments	524,547	-	407,893	932,440
Inventory	5,550	-	-	5,550
Due from other City funds	75,000	-	-	75,000
Taxes receivable	514,869	-	-	514,869
<b>Total Assets</b>	<b>\$ 3,846,713</b>	<b>\$ -</b>	<b>\$ 530,007</b>	<b>\$ 4,376,720</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 43,934	\$ -	\$ -	\$ 43,934
Due to other City funds	30,000	-	-	30,000
<b>Total liabilities</b>	<b>73,934</b>	<b>-</b>	<b>-</b>	<b>73,934</b>
<b>FUND BALANCES</b>				
Restricted for:				
Debt service	-	-	407,893	407,893
Street construction	-	-	46,662	46,662
Street improvements	-	-	75,452	75,452
Unassigned	3,772,779	-	-	3,772,779
<b>Total fund balances</b>	<b>3,772,779</b>	<b>-</b>	<b>530,007</b>	<b>4,302,786</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,846,713</b>	<b>\$ -</b>	<b>\$ 530,007</b>	<b>\$ 4,376,720</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, 2014**

<b>Fund Balances as reported on page 20</b>		\$ 4,302,786
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	\$ 3,410,534	
Other capital assets, net of \$9,620,501 accumulated depreciation	<u>17,637,749</u>	
Total capital assets		21,048,283
Some liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the fund financial statements		
		(173,936)
Long-term liabilities, including general obligation debt, capital lease obligations and notes payable are not due and payable in the current period and therefore are not reported in the fund financial statements.		
		<u>(17,480,971)</u>
<b>Net Position of Governmental Activities as reported on page 18</b>		<u><u>\$ 7,696,162</u></u>

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

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

		2008 General Obligation Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	General			
<b>REVENUES</b>				
Taxes	\$ 7,530,419	\$ -	\$ 106,882	\$ 7,637,301
Intergovernmental	99,884	-	-	99,884
Licenses and permits	1,199,499	-	-	1,199,499
Fines and forfeitures	380,831	-	-	380,831
Fees and charges	224,488	-	-	224,488
Revenue from City Property	22,493	-	-	22,493
Receipts from Brewton City Board of Education	1,102,451	-	-	1,102,451
Interest	2,104	-	25	2,129
Donations	324,220	-	-	324,220
Other	17,286	-	-	17,286
Total revenues	10,903,675	-	106,907	11,010,582
<b>EXPENDITURES</b>				
General	1,823,168	-	-	1,823,168
Public safety	3,059,140	-	-	3,059,140
Public works	1,168,664	-	14,557	1,183,221
Education	650,382	-	-	650,382
Other departments	1,392,913	-	-	1,392,913
Capital expenditures	697,129	-	142,675	839,804
Debt service:				
Principal	203,150	1,135,000	455,000	1,793,150
Interest	24,966	686,730	65,676	777,372
Total expenditures	9,019,512	1,821,730	677,908	11,519,150
Excess (deficiency) of revenues over expenditures	1,884,163	(1,821,730)	(571,001)	(508,568)
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in	2,969,542	1,821,730	525,952	5,317,224
Loan proceeds	166,250	-	-	166,250
Capital leases	40,653	-	-	40,653
Transfers out	(3,616,248)	-	-	(3,616,248)
Total other financing sources and (uses)	(439,803)	1,821,730	525,952	1,907,879
Net change in fund balances	1,444,360	-	(45,049)	1,399,311
Fund balances-beginning of year	2,328,419	-	575,056	2,903,475
<b>FUND BALANCES-END OF YEAR</b>	<u>\$ 3,772,779</u>	<u>\$ -</u>	<u>\$ 530,007</u>	<u>\$ 4,302,786</u>

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

**CITY OF BREWTON, ALABAMA**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Net change in fund balances--total governmental funds, page 22**

\$ 1,399,311

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	839,804
Depreciation expense for the year	(732,423)

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.

Capital leases incurred during the year	(40,653)
Loans incurred during the year	(166,250)
Principal payments on notes and warrants	1,666,570
Principal payments on capital lease obligations	126,580
Decrease in warrant discounts	(28,853)

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

(16,048)

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.

Decrease in accrued interest payable	15,303
--------------------------------------	--------

**Change in Net Position of Government Activities, page 19**\$ 3,063,341

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

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>			
Taxes	\$ 3,457,768	\$ 7,530,419	\$ 4,072,651
Licenses and permits	1,113,920	1,199,499	85,579
Fines and forfeitures	145,100	380,831	235,731
Fees and charges	311,100	224,488	(86,612)
Intergovernmental revenue	100,400	99,884	(516)
Revenue from City Property	12,800	22,493	9,693
Receipts from Brewton City Board of Education	-	1,102,451	1,102,451
Other revenue	1,000	343,610	342,610
	<u>5,142,088</u>	<u>10,903,675</u>	<u>5,761,587</u>
<b>Total Revenues</b>			
	<u>5,142,088</u>	<u>10,903,675</u>	<u>5,761,587</u>
<b>Expenditures</b>			
Current expenditures:			
General government	988,752	1,823,168	(834,416)
Public safety	2,748,909	3,059,140	(310,231)
Public works	1,042,540	1,168,664	(126,124)
Education	-	650,382	(650,382)
Other departments	1,248,802	1,392,913	(144,111)
Capital expenditures	259,032	697,129	(438,097)
Debt Service:			
Principal	107,517	203,150	(95,633)
Interest	20,479	24,966	(4,487)
	<u>6,416,031</u>	<u>9,019,512</u>	<u>(2,603,481)</u>
<b>Total Expenditures</b>			
	<u>6,416,031</u>	<u>9,019,512</u>	<u>(2,603,481)</u>
Excess Revenues Over (Under) Expenditures	<u>(1,273,943)</u>	<u>1,884,163</u>	<u>3,158,106</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,634,020	2,969,542	1,335,522
Transfers out	-	(3,616,248)	(3,616,248)
Loan proceeds	-	166,250	166,250
Capital lease proceeds	-	40,653	40,653
	<u>1,634,020</u>	<u>(439,803)</u>	<u>(2,073,823)</u>
<b>Total Other Financing Sources (Uses)</b>			
	<u>1,634,020</u>	<u>(439,803)</u>	<u>(2,073,823)</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	360,077	1,444,360	1,084,283
Fund Balance at Beginning of Year	<u>1,231,859</u>	<u>2,328,419</u>	<u>1,096,560</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,591,936</u>	<u>\$ 3,772,779</u>	<u>\$ 2,180,843</u>

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

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2014**

	<b>Major Funds</b>				<b>Nonmajor Fund</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>Assets</b>						
Current assets						
Cash	\$ 311,817	\$ 372,588	\$ 40,595	\$ 117,586	\$ 167	\$ 842,753
Temporary cash investments	1,274,366	-	-	-	-	1,274,366
Restricted cash	1,035,507	3,740,277	-	-	-	4,775,784
Accounts receivable	80,025	114,623	62,105	4,583	-	261,336
Due from other funds	31,850	-	-	-	-	31,850
Receivable from component units	30,000	-	-	-	-	30,000
Loan proceeds receivable	-	630,027	-	-	-	630,027
Inventories	30,452	1,500	-	-	-	31,952
Total current assets	2,794,017	4,859,015	102,700	122,169	167	7,878,068
Noncurrent assets						
Property, plant, and equipment						
Land, improvements and construction in progress	11,100	29,500	3,000	298,000	145,940	487,540
Utility systems	4,758,285	7,119,330	-	-	-	11,877,615
Buildings and improvements	168,022	-	-	1,888,128	197,500	2,253,650
Equipment	1,000,369	938,869	1,428,382	345,426	-	3,713,046
	5,937,776	8,087,699	1,431,382	2,531,554	343,440	18,331,851
Less accumulated depreciation	3,537,039	2,813,674	851,591	680,042	93,819	7,976,165
Net property, plant, and equipment	2,400,737	5,274,025	579,791	1,851,512	249,621	10,355,686
Total noncurrent assets	2,400,737	5,274,025	579,791	1,851,512	249,621	10,355,686
<b>Total Assets</b>	5,194,754	10,133,040	682,491	1,973,681	249,788	18,233,754
<b>Deferred outflows of Resources - defeasance of debt</b>	-	350,564	-	-	-	350,564

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

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF NET POSITION (continued)**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2014**

	Major Funds				Nonmajor Fund	Totals
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	
<b>Liabilities and Net Position</b>						
Current liabilities						
Accounts payable and accrued expenses	876,948	121,588	105,377	31,264	-	1,135,177
Due to other City funds	-	1,850	75,000	-	-	76,850
Long-term liabilities-current portion	85,581	180,623	102,724	-	-	368,928
Customer deposits	83,827	-	-	-	-	83,827
Total current liabilities	1,046,356	304,061	283,101	31,264	-	1,664,782
Noncurrent liabilities						
Long-term liabilities-less current portion	993,020	11,290,763	212,639	-	-	12,496,422
Accrued postclosure costs	-	-	269,915	-	-	269,915
Total noncurrent liabilities	993,020	11,290,763	482,554	-	-	12,766,337
Total liabilities	2,039,376	11,594,824	765,655	31,264	-	14,431,119
Net position						
Net investment in capital assets	2,357,643	1,771,766	264,428	1,851,512	249,621	6,494,970
Unrestricted	797,735	(2,882,986)	(347,592)	90,905	167	(2,341,771)
<b>Total Net Position</b>	<b>\$ 3,155,378</b>	<b>\$ (1,111,220)</b>	<b>\$ (83,164)</b>	<b>\$ 1,942,417</b>	<b>\$ 249,788</b>	<b>\$ 4,153,199</b>

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

**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Major Funds</b>				<b>Nonmajor Fund</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	\$ 22,022,701	\$ 1,031,939	\$ 628,254	\$ 111,482	\$ -	\$ 23,794,376
Other	24,659	19,584	-	-	-	44,243
Total operating revenues	22,047,360	1,051,523	628,254	111,482	-	23,838,619
<b>Operating Costs and Expenses</b>						
Cost of sales and services	19,725,640	-	424,699	-	-	20,150,339
Salaries and wages	488,029	116,303	75,251	16,500	-	696,083
Utilities	27,416	80,432	1,930	20,971	826	131,575
Maintenance and supplies	304,800	285,302	57,825	22,101	1,050	671,078
Employee benefits	94,772	21,878	18,158	-	-	134,808
Insurance	42,020	5,247	8,304	5,819	914	62,304
Professional fees	18,793	1,834	-	-	800	21,427
Office expense	21,947	3,262	39	-	-	25,248
Depreciation and amortization	153,728	197,864	104,679	86,288	4,938	547,497
Landfill postclosure expense	-	-	12,306	-	-	12,306
Other	165,081	22,505	10,267	-	1,244	199,097
Total operating costs and expenses	21,042,226	734,627	713,458	151,679	9,772	22,651,762
Operating Income (Loss)	1,005,134	316,896	(85,204)	(40,197)	(9,772)	1,186,857
<b>Non-Operating Revenue (Expense)</b>						
Interest earned	1,360	5,081	-	-	-	6,441
Intergovernmental revenue	-	787,251	-	-	-	787,251
Debt issue cost	-	(45,956)	-	-	-	(45,956)
Payments to Water Works Board	(86,307)	-	-	-	-	(86,307)
Interest expense	(36,741)	(451,936)	(20,008)	-	-	(508,685)
Total non-operating revenue (expenses)	(121,688)	294,440	(20,008)	-	-	152,744
Income before contributions and transfers	883,446	611,336	(105,212)	(40,197)	(9,772)	1,339,601
Capital contributions	-	-	-	13,371	-	13,371
Transfers in	3,693	1,180,876	134,700	-	-	1,319,269
Transfers out	(1,282,221)	(1,738,024)	-	-	-	(3,020,245)
Change in Net Position	(395,082)	54,188	29,488	(26,826)	(9,772)	(348,004)
Net Position at Beginning of Year	3,550,460	(1,165,408)	(112,652)	1,969,243	259,560	4,501,203
<b>Net Position at End of Year</b>	<b>\$ 3,155,378</b>	<b>\$ (1,111,220)</b>	<b>\$ (83,164)</b>	<b>\$ 1,942,417</b>	<b>\$ 249,788</b>	<b>\$ 4,153,199</b>

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



**CITY OF BREWTON, ALABAMA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Major Funds				Nonmajor Fund	
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	Totals
<b>Cash Flows from Operating Activities:</b>						
Receipts from customers	\$ 22,018,230	\$ 1,016,245	\$ 616,145	\$ 111,483	\$ -	\$ 23,762,103
Payments to suppliers	(20,313,857)	(415,671)	(515,814)	(49,704)	(4,910)	(21,299,956)
Payments to employees	(582,801)	(138,181)	(93,409)	(16,500)	-	(830,891)
Net Cash Provided (Used) by Operating Activities	1,121,572	462,393	6,922	45,279	(4,910)	1,631,256
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers in	3,693	1,180,876	134,700	-	-	1,319,269
Transfers out	(1,282,221)	(1,738,024)	-	-	-	(3,020,245)
Change in interfund receivable	(30,000)	86,523	-	-	-	56,523
Payments to Water Works Board	(86,307)	-	-	-	-	(86,307)
Proceeds from grant	-	787,251	-	13,371	-	800,622
Net Cash Provided (Used) by Noncapital Financing Activities	(1,394,835)	316,626	134,700	13,371	-	(930,138)
<b>Cash Flows from Capital and Related Financing Activities</b>						
Principal paid on capital debt	(38,485)	(93,573)	(97,294)	-	-	(229,352)
Interest paid on capital debt	(36,741)	(443,041)	(20,008)	-	-	(499,790)
Proceeds from capital debt	40,653	(145,027)	-	-	-	(104,374)
Debt issue cost	-	(45,956)	-	-	-	(45,956)
Purchase of capital assets	(122,219)	(1,263,272)	(10,000)	(14,216)	-	(1,409,707)
Net Cash Provided (Used) by Capital and Related Financing Activities	(156,792)	(1,990,869)	(127,302)	(14,216)	-	(2,289,179)
<b>Cash Flows from Investing Activities</b>						
Interest income	1,360	5,081	-	-	-	6,441
Net Increase (Decrease) in Cash	(428,695)	(1,206,769)	14,320	44,434	(4,910)	(1,581,620)
Cash at Beginning of Year	3,050,385	5,319,634	26,275	73,152	5,077	8,474,523
<b>Cash at End of Year</b>	<u>\$ 2,621,690</u>	<u>\$ 4,112,865</u>	<u>\$ 40,595</u>	<u>\$ 117,586</u>	<u>\$ 167</u>	<u>\$ 6,892,903</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>						
Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 1,005,134	\$ 316,896	\$ (85,204)	\$ (40,197)	\$ (9,772)	\$ 1,186,857
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation and amortization	153,728	197,864	104,679	86,288	4,938	547,497
Change in accounts receivable	(29,424)	(35,278)	(12,109)	1	-	(76,810)
Change in customer deposits	294	-	-	-	-	294
Change in accrued expenses	-	-	12,306	-	-	12,306
Change in accounts payable	(8,160)	(17,089)	(12,750)	(813)	(76)	(38,888)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 1,121,572</u>	<u>\$ 462,393</u>	<u>\$ 6,922</u>	<u>\$ 45,279</u>	<u>\$ (4,910)</u>	<u>\$ 1,631,256</u>
<b>Noncash investing, capital, and financing activities:</b>						
Borrowing under capital lease	\$ 40,653	\$ -	\$ -	\$ -	\$ -	\$ 40,653
Purchase of capital assets through capital lease	\$ 40,653	\$ -	\$ -	\$ -	\$ -	\$ 40,653

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

**CITY OF BREWTON, ALABAMA**  
**COMBINING STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**SEPTEMBER 30, 2014**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Component Units</b>
	<b>Brewton City Board of Education</b>	<b>Water Works Board of the City of Brewton</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,037,776	\$ 88,654	\$ 2,126,430
Temporary cash investments	12,327,772	613,602	12,941,374
Receivables, net	3,305,585	26,315	3,331,900
Inventories	9,306	20,803	30,109
Restricted funds	-	1,072,741	1,072,741
Capital assets, net			
Land, improvements and construction in progress	8,327,156	83,423	8,410,579
Other capital assets, net of depreciation	24,490,505	7,664,527	32,155,032
<b>TOTAL ASSETS</b>	<b>50,498,100</b>	<b>9,570,065</b>	<b>60,068,165</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Defeasance of debt	-	181,901	181,901
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	55,819	74,189	130,008
Payable to City of Brewton	-	30,000	30,000
Customer deposits	-	90,463	90,463
Unearned revenue	2,083	-	2,083
Long-term liabilities			
Due within one year	218,780	249,588	468,368
Due in more than one year	8,781,220	5,072,602	13,853,822
Total liabilities	9,057,902	5,516,842	14,574,744
<b>NET POSITION</b>			
Net investment in capital assets	26,854,400	3,121,890	29,976,290
Restricted for:			
Education	315,327	-	315,327
Construction	3,496,543	1,072,741	4,569,284
Unrestricted	10,773,928	40,493	10,814,421
<b>TOTAL NET POSITION</b>	<b>\$ 41,440,198</b>	<b>\$ 4,235,124</b>	<b>\$ 45,675,322</b>

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

**CITY OF BREWTON, ALABAMA  
COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
					Brewton City Board of Education	Water Works Board Board of the City of Brewton	
<b>Component Units</b>							
Brewton City Board of Education	\$ 13,085,981	\$ 351,890	\$ 7,965,109	\$ -	\$ (4,768,982)	\$ -	\$ (4,768,982)
Water Works Board of the City of Brewton	1,405,195	1,329,676	-	-	-	(75,519)	(75,519)
Total component units	<u>\$ 14,491,176</u>	<u>\$ 1,681,566</u>	<u>\$ 7,965,109</u>	<u>\$ -</u>	<u>(4,768,982)</u>	<u>(75,519)</u>	<u>(4,844,501)</u>
General revenues:							
Taxes							
Property					1,640,572	-	1,640,572
Sales					712,800	-	712,800
Other					507,140	-	507,140
Receipts from City					617,340	86,307	703,647
Investment earnings					108,525	574	109,099
Other					235,489	-	235,489
Total general revenues and transfers					<u>3,821,866</u>	<u>86,881</u>	<u>3,908,747</u>
Change in net position					(947,116)	11,362	(935,754)
Net position, beginning as previously stated					42,387,314	4,289,075	46,676,389
Prior period adjustment-adoption of GASB 65					-	(65,313)	(65,313)
Net position, beginning as restated					<u>42,387,314</u>	<u>4,223,762</u>	<u>46,611,076</u>
<b>Net position, ending</b>					<u>\$ 41,440,198</u>	<u>\$ 4,235,124</u>	<u>\$ 45,675,322</u>

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**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* serves all the citizens of the City and is governed by a board appointed by the City's elected council. The Authority operates the City's industrial park. The services provided by the Authority are almost entirely for the benefit of the City.

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

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

2. *The Water Works Board of the City of Brewton* provides water utility services to the citizens of the City and surrounding area. The Board must obtain the approval of the City Council prior to issuing bonded debt.

Complete financial statements of the individual component units can be obtained from their respective administrative offices as follows:

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

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

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

**Government-wide**

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

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

**Fund Level**

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

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

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

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

**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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

provide the bond holders assurance that the provisions of the indentures relating to sinking fund requirements for principal and interest are met and that the security for the debt is protected.

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

- The *Gas Service Fund* accounts for the City's gas distribution operations.
- The *Sewer Fund* accounts for the City's sewer operations.
- The *Sanitation Fund* accounts for the City's sanitation operations.
- The *Municipal Airport Fund* accounts for the activities related to the City's airport.

**Capital Assets**

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

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

In fund level reporting, capital assets are reported as expenditures by governmental funds, while they remain capital assets in proprietary funds. Depreciation is provided only in proprietary funds at the fund level.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated fair value on the date donated.

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

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

**Basis of Accounting**

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

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

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

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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

**Impact of Recently Issued Accounting Principles**

*Recently Issued and Adopted Accounting Principles*

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

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

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

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

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

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

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

*Recently Issued Accounting Principles*

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*. GASB Statement No. 68 requires a net pension liability to be recognized, to the extent unfunded, on the Statement of Net Position. Previously, no such liability was recognized. GASB Statement No. 68 is effective for periods beginning after June 15, 2014. The City estimates that upon implementation of GASB Statement No. 68, a liability will be shown on the Statement of Net Position as well as a reduction in unassigned net position equal to the unfunded accrued actuarial liability. At September 30, 2014, the Government-wide unfunded accrued actuarial liability is \$3,558,712 as shown in Note 11 to the financial statements.



**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**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 service (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 sick leave, which will be paid to employees upon separation from service. In governmental funds, the cost of vacation and sick 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.

**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, 2014, all amounts expended which exceeded budget appropriations were approved by the Council, and there were no supplemental appropriations made. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapse at year end.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

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

	<u>Excess Expenditures</u>		<u>Excess Expenditures</u>
<b><i>General Government:</i></b>		<b><i>Animal Control</i></b>	
Employee benefits	\$ 29,910	Salaries	\$ 17,059
Utilities	6,333	Employee benefits	1,554
Office Supplies	1,569	Uniforms	185
Travel	95	Insurance	596
Repairs and maintenance	890,281	Repairs and maintenance	14,041
Professional fees	65,338	Telephone	100
Fire hydrant rental	845	Utilities	1,556
Industrial development	36,836	Other	49,433
Capital expenditures	245,860	<b><i>Code Enforcement</i></b>	
Other	22,978	Employee benefits	5,748
<b><i>Public Safety:</i></b>		Repairs and maintenance	864
<b><i>Police Department</i></b>		<b><i>Other Departments:</i></b>	
Employee benefits	189,889	<b><i>Municipal Court</i></b>	
Travel	5,756	Salaries	4,604
Uniforms and equipment	372	Employee benefits	1,182
Insurance	1,757	Legal services	9,359
Investigation and education	26,821	Court supplies	13,704
Capital expenditures	102,371	Telephone	2,239
Office Supplies	2,276	Other	89,581
Other	60	State fees	32,745
<b><i>Fire Department</i></b>		<b><i>Library Department</i></b>	
Salaries	66,092	Employee benefits	19,210
Employee benefits	96,652	Insurance	2,749
Insurance	2,152	Utilities	8,673
Tools and supplies	9,666	Telephone	5,904
Telephone	3,471	Repairs and maintenance	26,484
<b><i>Public Works:</i></b>		Travel	1,151
<b><i>Street Department</i></b>		Books purchased	42,368
Employee benefits	106,737	Capital expenditures	7,619
Insurance	4,053	<b><i>Recreation Department</i></b>	
Fuel, oil, and tires	15,011	Employee benefits	18,636
Chemicals	796	<b><i>Cemetery Department</i></b>	
Capital expenditures	78,316	Employee benefits	13,317
Uniforms	3,869	Repairs and maintenance	9,837
Utilities	1,727	Capital expenditures	75,443
Telephone	543	<b><i>Beautification</i></b>	88,363
		<b><i>Payments to School Bd</i></b>	650,382
		<b><i>Debt Service</i></b>	100,120
		<b><i>Transfers Out</i></b>	3,616,248

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**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

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

- body must vote to grant authorization of assigned fund balances to specific purposes.
- Unassigned fund balance—All other fund balances that do not meet the definition of “nonspendable, restricted, committed, or assigned fund balances.”

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

**Subsequent Events**

The City of Brewton, Alabama has evaluated subsequent events through April 27, 2015, the date which the financial statements were available to be issued.

There were no material subsequent events which require disclosure at September 30, 2014.

**NOTE 2 DEPOSITS AND INVESTMENTS**

At September 30, 2014, the City had investments in U.S. Treasury money market mutual funds through its trustee agreement for debt sinking funds. The fair value was \$584,334. The average maturity of the portfolio was 50 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, 2014, the City’s mutual fund investments were rated AAAM by Standard & Poor’s.

**Custodial Credit Risk**

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

**NOTE 3 CONCENTRATION OF CREDIT RISK**

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

In the fiscal year 2014, the largest customer for the gas fund accounted for approximately 94% of revenue in the gas fund.

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 4      NET POSITION DEFICIT**

At September 30, 2014, there was a deficit in net position of the Sewer Fund of \$1,111,220 and the Sanitation Fund of \$83,164. The City transferred funds in the subsequent fiscal year from the general fund to replenish the funds.

**NOTE 5      GRANT PROCEEDS IN PROPRIETARY FUNDS**

The Proprietary Funds received proceeds from two grants during the fiscal year 2014. The grant received in the Municipal Airport Fund was used to fund construction of a fuel farm facility and is recorded as a capital contribution on the Statement of Revenues, Expenses and Changes in Fund Net Position. The grant received in the Sewer Fund was used for various improvement projects and is recorded as an intergovernmental revenue in the non-operating revenue section on the Statement of Revenues, Expenses and Changes in Fund Net Position.

**NOTE 6      CAPITAL ASSETS**

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

	Balance 10/01/13	Additions	Reclassifications/ Retirements	Balance 09/30/14
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 3,394,668	\$ 15,866	\$ -	\$ 3,410,534
<i>Capital assets being depreciated</i>				
Buildings	8,198,270	159,327	-	8,357,597
Improvements other than buildings	12,367,505	247,559	-	12,615,064
Vehicles and equipment	5,868,537	417,052	-	6,285,589
Total capital assets being depreciated	26,434,312	823,938	-	27,258,250
Less accumulated depreciation for:				
Buildings	2,046,259	167,576	-	2,213,835
Improvements other than buildings	2,363,763	248,754	-	2,612,517
Vehicles and equipment	4,478,056	316,093	-	4,794,149
Total accumulated depreciation	8,888,078	732,423	-	9,620,501
Total capital assets being depreciated	17,546,234	91,515	-	17,637,749
Capital assets, net	\$ 20,940,902	\$ 107,381	\$ -	\$ 21,048,283

Depreciation was charged to governmental activities as follows:

General	\$ 455,903
Police	107,010
Fire	66,658
Street	45,815
Recreation	49,822
Library	7,215
Total	\$ 732,423

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 6      CAPITAL ASSETS (CONTINUED)**

	Balance 10/01/13	Additions	Reclassifications/ Retirements	Balance 09/30/14
<b>Component Unit:</b>				
<b>Brewton City Board of Education</b>				
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,284,675	\$ -	\$ -	\$ 1,284,675
Construction in progress	1,477,793	5,564,688		7,042,481
Total capital assets not being depreciated	2,762,468	5,564,688	-	8,327,156
<i>Capital assets being depreciated</i>				
Buildings and improvements	30,666,898	-	-	30,666,898
Equipment	3,533,849	31,422	-	3,565,271
Total capital assets being depreciated	34,200,747	31,422	-	34,232,169
Less accumulated depreciation for:				
Buildings and improvements	5,819,300	593,860	-	6,413,160
Equipment	3,191,859	136,645	-	3,328,504
Total accumulated depreciation	9,011,159	730,505	-	9,741,664
Total capital assets being depreciated	25,189,588	(699,083)	-	24,490,505
Capital assets, net	\$ 27,952,056	\$ 4,865,605	\$ -	\$ 32,817,661
<b>Business-type Activities</b>				
<b>Gas Service Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 11,100	\$ -	\$ -	\$ 11,100
<i>Capital assets being depreciated</i>				
Buildings and improvements	168,022	-	-	168,022
Utility systems	4,705,831	52,454	-	4,758,285
Equipment	930,604	69,765	-	1,000,369
Total capital assets being depreciated	5,804,457	122,219	-	5,926,676
Less accumulated depreciation for:				
Buildings and improvements	143,137	2,639	-	145,776
Utility systems	2,537,027	93,672	-	2,630,699
Equipment	703,147	57,417	-	760,564
Total accumulated depreciation	3,383,311	153,728	-	3,537,039
Total capital assets being depreciated	2,421,146	(31,509)	-	2,389,637
Capital assets, net	\$ 2,432,246	\$ (31,509)	\$ -	\$ 2,400,737

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	Balance 10/01/13	Additions	Reclassifications/ Retirements	Balance 09/30/14
<b>Business-type Activities (continued)</b>				
<b>Sewer Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ -	\$ 29,500	\$ -	\$ 29,500
<i>Capital assets being depreciated</i>				
Utility systems	5,892,568	1,226,762	-	7,119,330
Equipment	931,859	7,010	-	938,869
Total capital assets being depreciated	6,824,427	1,233,772	-	8,058,199
Less accumulated depreciation for:				
Utility systems	1,917,469	126,928	-	2,044,397
Equipment	698,341	70,937	-	769,278
Total accumulated depreciation	2,615,810	197,865	-	2,813,675
Capital assets, net	\$ 4,208,617	\$ 1,065,407	\$ -	\$ 5,274,024
<b>Sanitation Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
<i>Capital assets being depreciated</i>				
Equipment	1,418,382	10,000	-	1,428,382
Total capital assets being depreciated	1,418,382	10,000	-	1,428,382
Less accumulated depreciation for:				
Equipment	746,912	104,679	-	851,591
Total accumulated depreciation	746,912	104,679	-	851,591
Total capital assets being depreciated	671,470	(94,679)	-	576,791
Capital assets, net	\$ 674,470	\$ (94,679)	\$ -	\$ 579,791
<b>Municipal Airport Fund</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 298,000	\$ -	\$ -	\$ 298,000
<i>Capital assets being depreciated</i>				
Buildings and improvements	1,873,912	14,216	-	1,888,128
Equipment	345,426	-	-	345,426
Total capital assets being depreciated	2,219,338	14,216	-	2,233,554
Less accumulated depreciation for:				
Buildings and improvements	430,199	56,870	-	487,069
Equipment	163,555	29,418	-	192,973
Total accumulated depreciation	593,754	86,288	-	680,042
Total capital assets being depreciated	1,625,584	(72,072)	-	1,553,512
Capital assets, net	\$ 1,923,584	\$ (72,072)	\$ -	\$ 1,851,512

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	Balance 10/01/13	Additions	Reclassifications/ Retirements	Balance 09/30/14
<b>Business-type Activities (continued)</b>				
<b>Brewton Development Authority</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 145,940	\$ -	\$ -	\$ 145,940
<i>Capital assets being depreciated</i>				
Buildings and improvements	197,500	-	-	197,500
Total capital assets being depreciated	197,500	-	-	197,500
Less accumulated depreciation for:				
Buildings and improvements	88,881	4,938	-	93,819
Total accumulated depreciation	88,881	4,938	-	93,819
Total capital assets being depreciated	108,619	(4,938)	-	103,681
Capital assets, net	\$ 254,559	\$ (4,938)	\$ -	\$ 249,621
<b>Component Unit:</b>				
<b>Water Works Board</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 63,450	\$ 19,973	\$ -	\$ 83,423
<i>Capital assets being depreciated</i>				
Water system	9,347,753	1,216,386	-	10,564,139
Machinery and equipment	973,925	104,097	-	1,078,022
Property under capital lease	150,887	-	-	150,887
Furniture and fixtures	67,609	-	-	67,609
Total capital assets being depreciated	10,540,174	1,320,483	-	11,860,657
Less accumulated depreciation for:				
Water system	2,916,676	219,857	-	3,136,533
Machinery and equipment	905,162	32,429	-	937,591
Property under capital lease	32,800	21,597	-	54,397
Furniture and fixtures	67,609	-	-	67,609
Total accumulated depreciation	3,922,247	273,883	-	4,196,130
Total capital assets being depreciated	6,617,927	1,046,600	-	7,664,527
Capital assets, net	\$ 6,681,377	\$ 1,066,573	\$ -	\$ 7,747,950



**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 7      LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
General Obligation Debt	\$ 18,457,315	\$ 166,250	\$ 1,666,570	\$ 16,956,995	\$ 1,720,313
Capital Lease Obligations	545,734	40,653	126,580	459,807	126,066
Compensated Absences	247,537	65,979	49,931	263,585	52,717
	<u>19,250,586</u>	<u>272,882</u>	<u>1,843,081</u>	<u>17,680,387</u>	<u>1,899,096</u>
Warrant Discount	<u>(228,270)</u>	<u>4,911</u>	<u>33,765</u>	<u>(199,416)</u>	<u>-</u>
Governmental Activities, long-term liabilities	<u>19,022,316</u>	<u>277,793</u>	<u>1,876,846</u>	<u>17,480,971</u>	<u>1,899,096</u>
<b>Business-type Activities</b>					
General Obligation Debt	12,285,000	485,000	115,000	12,655,000	230,000
Capital Lease Obligations	488,545	40,653	156,596	372,602	138,928
Accrued Postclosure Costs	257,609	12,306	-	269,915	12,306
	<u>13,031,154</u>	<u>537,959</u>	<u>271,596</u>	<u>13,297,517</u>	<u>381,234</u>
Warrant Discount	<u>(168,540)</u>	<u>-</u>	<u>6,288</u>	<u>(162,252)</u>	<u>-</u>
Business-type Activities, long-term liabilities	<u>12,862,614</u>	<u>537,959</u>	<u>277,884</u>	<u>13,135,265</u>	<u>381,234</u>
<b>Total Long-term Liabilities</b>	<u>\$ 31,884,930</u>	<u>\$ 815,752</u>	<u>\$ 2,154,730</u>	<u>\$ 30,616,236</u>	<u>\$ 2,280,330</u>

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

Bonds and warrants payable at September 30, 2014, were comprised of the following:

**General Obligation Bonds and Warrants:**

2013 General Obligation Sewer Revenue Warrant payable in annual installments of \$115,000 to \$655,000 through December 1, 2043, with interest at 4.750% to 5.00% payable June 1, and December 1. \$ 11,125,000

2013 General Obligation Gas Revenue Warrant payable in annual installments of \$55,000 to \$90,000 through December 1, 2028, with interest at 2.00% to 4.25% payable on June 1, and December 1. 1,045,000

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

2014 Clean Water State Revolving Fund General Obligation Warrants payable in annual installments of \$20,000 to \$30,000 through February 15, 2035, with interest at 1.70% to 2.45% payable on February 15 and August 15.	485,000
2008 General Obligation Warrants payable in annual installments of \$965,000 to \$1,815,000 through December 1, 2023, with interest at 4.00% to 4.60% payable on June 1, and December 1.	14,755,000
2009 General Obligation Warrants payable in annual installments of \$430,000 to \$510,000 through December 1, 2017, with interest at 2.00% to 4.00% payable on June 1 and December 1.	1,945,000
Note payable for purchase of street equipment dated September 15, 2011, due in 72 monthly installments of \$2,493, including interest at 2.59%	86,277
Note payable for purchase of police vehicle dated January 8, 2014, due in 48 monthly installments of \$831, including interest at 4.70%	29,939
Note payable for purchase of Christmas lights October 2, 2013, due in 60 monthly installments of \$2,288, including interest at 2.19%	107,236
Note payable for purchase of street vehicle dated March 1, 2012, due in 60 monthly installments of \$443, including interest at 2.38%	12,881
Note payable for purchase of fire vehicle dated March 1, 2012, due in 60 monthly installments of \$710, including interest at 2.38%	<u>20,662</u>
Total General Obligation Bonds and Warrants	<u>\$ 29,611,995</u>

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**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
2015	\$ 1,720,313	\$ 701,618	\$ 230,000	\$ 509,236
2016	1,782,349	638,445	300,000	512,313
2017	1,847,490	571,637	305,000	503,948
2018	1,884,462	499,702	310,000	495,433
2019	1,432,381	426,044	320,000	486,693
2020-2024	8,290,000	991,281	1,745,000	2,287,883
2025-2029	-	-	2,065,000	1,954,607
2030-2034	-	-	2,020,000	1,535,645
2035-2039	-	-	2,380,000	1,034,881
2040-2044	-	-	2,980,000	387,000
	<u>\$ 16,956,995</u>	<u>\$ 3,828,727</u>	<u>\$ 12,655,000</u>	<u>\$ 9,707,639</u>

Certain General Obligation Bonds and Warrants are not associated with the City's capital assets. The 2008 General Obligation Warrant provided funding for a City school board construction project. The 2009 General Obligation Warrant was used to fund non-capital projects. The unspent proceeds of the 2013 General Obligation Sewer and Gas Warrants have not been included in the calculation of Net Investment in Capital Assets.

**Capital Leases**

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

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

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 752,542	\$ 880,408
Less accumulated depreciation	119,315	217,471
Total	<u>\$ 633,227</u>	<u>\$ 662,937</u>

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**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, 2014, were as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2015	\$ 138,166	\$ 154,916
2016	77,814	235,031
2017	53,660	3,663
2018	47,365	-
2019	47,364	-
2020-2022	142,095	-
Total minimum lease payments	506,464	393,610
Less amount representing interest	(46,657)	(21,008)
Present value of minimum lease payments	\$ 459,807	\$ 372,602

**Line of Credit and Letter of Credit**

The City has an unused line of credit (\$1,700,150 limit) and an unused letter of credit (\$1,500,000 limit) from a bank. Both were established to fund gas purchases in the Gas Fund (Business-type Activity).

**NOTE 8      DEBT ISSUE COST**

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

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

**NOTE 9      DEBT DEFEASANCE**

In a prior year, debt of the City was defeased by placing the proceeds of the refunding issue in an irrevocable trust to provide for all future debt service payments of the defeased debt issue. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. At September 30, 2014, \$5,600,000 of defeased debt is outstanding.

**NOTE 10      LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

The City is required by federal and state laws to place a final cover on its inert landfill when it stops accepting trash and to perform certain maintenance and monitoring functions at the site for

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 10      LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)**

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 \$269,915 reported as accrued postclosure costs by the sanitation fund represents the cumulative amount of estimated costs through September 30, 2014. 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, 2014. Estimated total landfill capacity is 1,350,000 cubic yards of which 141,314 cubic yards or approximately 10 percent had been used at September 30, 2002. The landfill's estimated remaining life at September 30, 2014, was approximately 20 years.

**NOTE 11      EMPLOYEE RETIREMENT SYSTEM**

**Employees' Retirement System of Alabama (Primary Government)**

*Plan Description*

The City contributes to the Employees' Retirement System of Alabama, an agent multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent for the various state agencies and departments.

Substantially all employees are members of the Employees' Retirement System of Alabama. Membership is mandatory for covered or eligible employees. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method, retirees are allowed 2.0125 percent of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death is provided to plan members. The Employees' Retirement System was established as of October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, state police and, on an elective basis to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the *Code of*

*Alabama* 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6.

Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the City authority to accept or reject various Cost-of-Living-Adjustments (COLAs) granted to retirees.

The Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

*Funding Policy*

During its 2012 session, the Alabama Legislature passed and the Governor signed into law changes in the pension plan effective January 1, 2013. Employees hired prior to January 1, 2013 (Tier 1 employees) must contribute 5% of their salary to the Employees' Retirement System, except law enforcement personnel who contribute 6%. Employees hired on or after that

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 11      EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

date (Tier 2 employees) will contribute on gross earnings at a rate of 6% except law enforcement who must contribute 7%. The City is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. The contribution requirements of the City are established by the Employees' Retirement System based on annual actuarial valuations. The contribution rate for the year ended September 30, 2014, was 9.43% for Tier 1 employees and 6.31% for Tier 2 employees.

*Annual Pension Cost*

For the year ended September 30, 2014, the City of Brewton's annual pension contribution of \$95,298 was equal to the required and actual contributions. The required contribution was determined as part of the September 30, 2013, actuarial valuation using the "entry age normal" method. The actuarial assumptions included (1) 8% investment rate of return on present and future assets, and (2) projected salary increases ranging from 3.75% at age 20 to 7.25% at age 65. Both assumptions include an inflation component of 3.0%. The actuarial value of assets was determined using the five-year smoothed market method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of September 30, 2013, was 26 years.

<b>Three-year Trend Information</b>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2011	\$ 315,873	100%	\$ -
9/30/2012	289,877	100%	-
9/30/2013	326,989	100%	-

*Funded Status and Funding Progress*

The funded status of the plan as of October 01, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 12,080,030
Actuarial value of plan assets	8,521,318
Unfunded actuarial accrued liability (UAAL)	<u>\$ 3,558,712</u>
Funded ratio (actuarial value of plan assets/AAL)	70.5%
Covered payroll (active plan members)	\$ 3,988,752
UAAL as a percentage of covered payroll	89.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, which is required supplementary information, is presented immediately after the notes to the financial statements. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

**Teachers' Retirement System of Alabama (Component Unit – School Board)**

The Brewton City Board of Education (School Board) contributes to the Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement system for the various state-supported educational agencies and institutions. This plan is administered by the Retirement Systems of Alabama.

**CITY OF BREWTON, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 11      EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

Substantially all School Board employees are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees. Vesting requirements and benefit calculations are the same as described above for the Employees' Retirement System of Alabama.

The Teachers' Retirement System was established as of October 1, 1941, under the provisions of Act Number 419, Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of the Teachers' Retirement System is vested in the Board of Control (currently 14 members). Benefit provisions are established by the *Code of Alabama 1975*, Sections 16-25-1 through 16-25-113, as amended, and Sections 36-27B-1 through 36-27B-6, as amended.

The Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

*Funding Policy*

Tier 1 Employees must contribute 7.50% of their salary to the TRS. Tier 2 employees must contribute 6.00% of their salary to TRS. The School Board is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. For the year ended September 30, 2014, the School Board's contribution rates were 11.71% for Tier 1 employees and 11.08% for Tier 2 employees. The School Board's contributions to the Teachers' Retirement System for the years ended September 30, 2014, 2013, and 2012, were \$685,895, \$592,422, and \$586,711, respectively, equal to the required contributions for each year.

**NOTE 12      INTERFUND TRANSACTIONS**

Interfund receivables and payables at September 30, 2014 are:

	Interfund Payables			
	General	Sewer	Sanitation	Totals
<hr/>				
Interfund Receivables				
General	\$ -	\$ -	\$ 75,000	\$ 75,000
Gas Service	30,000	1,850	-	31,850
Totals	<u>\$ 30,000</u>	<u>\$ 1,850</u>	<u>\$ 75,000</u>	<u>\$ 106,850</u>

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

**CITY OF BREWTON, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 12 INTERFUND TRANSACTIONS (CONTINUED)**

At September 30, 2014, interfund transfers consisted of the following:

	Transfers Out			
	General	Gas Service	Sewer	Totals
Transfers In				
General	\$ -	\$ 1,235,211	\$ 1,734,331	\$ 2,969,542
Other Governmental	2,347,682	-	-	2,347,682
Gas Service	-	-	3,693	3,693
Sewer	1,173,866	7,010	-	1,180,876
Sanitation	94,700	40,000	-	134,700
Totals	<u>\$ 3,616,248</u>	<u>\$ 1,282,221</u>	<u>\$ 1,738,024</u>	<u>\$ 6,636,493</u>

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

**NOTE 13 NET POSITION RESTATEMENT**

The discretely presented component unit, Water Works Board of the City of Brewton, restated its beginning unrestricted net position due to implementing GASB 65. This decreased beginning unrestricted net position by \$65,313 to total \$4,223,762.

**NOTE 14 CHANGE IN BEGINNING FUND BALANCE FOR GOVERNMENTAL FUNDS**

During the fiscal year 2014, the City transitioned the former 2005 General Obligation Warrant Fund Capital Project Fund to be part of the General Fund due to the 2005 General Obligation Warrant being defeased in fiscal year 2013. The remaining fund balance was considered unassigned and was moved into the General Fund. This transition resulted in the following restatement of governmental fund balances as of the beginning of the fiscal year:

	General Fund	Other Governmental Funds
Fund balance, beginning of year,		
as previously stated	\$ 2,326,732	\$ 576,743
Increase (decrease) due to reclassification	<u>1,687</u>	<u>(1,687)</u>
Fund Balance, end of year,		
as restated	<u>\$ 2,328,419</u>	<u>\$ 575,056</u>



## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BREWTON, ALABAMA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**ANALYSIS OF FUNDING PROGRESS-EMPLOYEE RETIREMENT SYSTEM**  
**SEPTEMBER 30, 2014**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets*</b> <b>(a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)<sup>1</sup></b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b - a) / c</b>
9/30/2008	\$ 8,076,211	\$ 9,917,021	\$ 1,840,810	81.4%	\$ 3,310,414	55.6%
9/30/2009	8,139,324	10,603,567	2,464,243	76.8%	3,523,666	69.9%
9/30/2010 <sup>2</sup>	8,028,414	10,601,556	2,573,142	75.7%	3,447,487	74.6%
9/30/2011 <sup>4</sup>	7,920,838	11,235,884	3,315,046	70.5%	3,372,979	98.3%
9/30/2012 <sup>5</sup>	7,929,665	11,103,523	3,173,858	71.4%	3,430,278	92.5%
9/30/2013 <sup>6</sup>	8,521,318	12,040,434	3,519,116	70.8%	3,988,752	88.2%
9/30/2013 <sup>3,6</sup>	8,521,318	12,080,030	3,558,712	70.5%	3,988,752	89.2%

<sup>1</sup> Reflects liability for cost of living benefit increases granted on or after October 1, 1978.

<sup>2</sup> Reflects the impact of Act 2011-27, which closes the DROP program to new applicants after March 24, 2011.

<sup>3</sup> Reflects the impact of Act 2011-27 as well as Act 2011-676, which increases the member contributions rates by 2.25% beginning October 1, 2011 and by an additional 0.25% beginning October 1, 2012.

<sup>4</sup> Reflects changes in actuarial assumptions.

<sup>5</sup> Reflects changes to interest smoothing methodology.

<sup>6</sup> Reflects implementation of Board Funding Policy.

\* The actuarial value of assets was set equal to the market value of assets as of September 30, 2012.  
Market Value of Assets as of September 30, 2013: \$8,930,013

Unaudited

## **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, 2014**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
<b>Taxes</b>			
Ad valorem tax	\$ 364,200	\$ 643,140	\$ 278,940
Beer tax	70,000	49,322	(20,678)
Cigarette tax	21,000	14,514	(6,486)
Sales tax	2,874,818	6,494,323	3,619,505
City gasoline tax	118,750	138,490	19,740
Wine tax	9,000	10,000	1,000
Oil severance tax	-	180,630	180,630
Total Taxes	<u>3,457,768</u>	<u>7,530,419</u>	<u>4,072,651</u>
<b>Licenses and Permits</b>			
Business licenses	1,106,520	1,162,315	55,795
Building permits	3,600	37,184	33,584
Wiring inspection fees	800	-	(800)
Yard sale permits	2,500	-	(2,500)
Street permits	500	-	(500)
Total Licenses and Permits	<u>1,113,920</u>	<u>1,199,499</u>	<u>85,579</u>
<b>Fines and Forfeitures</b>			
Fines and court costs	<u>145,100</u>	<u>380,831</u>	<u>235,731</u>
<b>Fees and Charges</b>			
Recreation and golf revenues	207,100	104,889	(102,211)
Library fees	-	10,898	10,898
Miscellaneous fees	104,000	108,701	4,701
Total Fees and Charges	<u>311,100</u>	<u>224,488</u>	<u>(86,612)</u>
<b>Intergovernmental Revenues</b>			
Production privilege tax	21,000	28,250	7,250
Financial excise tax	28,000	-	(28,000)
State auto license	3,200	7,579	4,379
Motor vehicle license	14,500	16,420	1,920
Business privilege tax	22,000	33,100	11,100
ABC store revenue	11,700	14,535	2,835
Total Intergovernmental Revenues	<u>100,400</u>	<u>99,884</u>	<u>(516)</u>
<b>Revenue From City Property</b>			
Sale of City property	800	2,539	1,739
Rent	-	9,787	9,787
Community center	12,000	10,167	(1,833)
Total Revenue From City Property	<u>12,800</u>	<u>22,493</u>	<u>9,693</u>
<b>Receipts from Brewton City Board of Education</b>	<u>-</u>	<u>1,102,451</u>	<u>1,102,451</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, 2014**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other Revenue</b>			
Interest earned	\$ -	\$ 2,104	\$ 2,104
Donations	-	324,220	324,220
Other	1,000	17,286	16,286
Total Other Revenue	1,000	343,610	342,610
Total Revenues	5,142,088	10,903,675	5,761,587
<b>Other Financing Sources</b>			
Transfers in	1,634,020	2,969,542	1,335,522
Capital lease proceeds	-	40,653	40,653
Loan proceeds	-	166,250	166,250
Total Other Financing Sources	1,634,020	3,176,445	1,542,425
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 6,776,108</b>	<b>\$ 14,080,120</b>	<b>\$ 7,304,012</b>

(Continued)

**CITY OF BREWTON, ALABAMA**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures</b>			
<b>General Government</b>			
Salaries	\$ 481,219	\$ 391,151	\$ 90,068
Employee benefits	50,032	79,942	(29,910)
Utilities	27,000	33,333	(6,333)
Telephone	42,800	19,198	23,602
Office supplies	15,900	17,469	(1,569)
Dues and publications	5,100	3,039	2,061
Travel	15,000	15,095	(95)
Insurance	59,845	54,406	5,439
Repairs and maintenance	51,975	942,256	(890,281)
Professional fees	21,000	86,338	(65,338)
Street lighting	96,000	67,803	28,197
Fire hydrant rental	16,900	17,745	(845)
Industrial development expenditures	6,168	43,004	(36,836)
Appropriation	83,559	20,757	62,802
Capital expenditures	31,000	276,860	(245,860)
Animal Shelter	7,600	-	7,600
Other	8,654	31,632	(22,978)
Total General Government	<u>1,019,752</u>	<u>2,100,028</u>	<u>(1,080,276)</u>
<b>Public Safety</b>			
<b>Police Department</b>			
Salaries	1,488,391	1,466,951	21,440
Employee benefits	136,550	326,439	(189,889)
Travel	6,000	11,756	(5,756)
Telephone	15,000	12,841	2,159
Uniforms and equipment	11,500	11,872	(372)
Repairs and maintenance	61,100	58,081	3,019
Fuel, oil, and tires	90,000	81,404	8,596
Ammunition	3,000	2,545	455
Insurance	76,800	78,557	(1,757)
Jail expenditures	4,000	3,904	96
Laundry	6,500	6,070	430
Investigation and education	5,000	31,821	(26,821)
Capital expenditures	7,395	109,766	(102,371)
Office supplies	7,500	9,776	(2,276)
Other	6,500	6,560	(60)
Total Police Department	<u>1,925,236</u>	<u>2,218,343</u>	<u>(293,107)</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, 2014**

	<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	\$ 608,085	\$ 674,177	\$ (66,092)
Employee benefits	46,683	143,335	(96,652)
Insurance	36,750	38,902	(2,152)
Repairs and maintenance	75,150	26,415	48,735
Tools and supplies	2,500	12,166	(9,666)
Utilities	11,000	9,755	1,245
Telephone	7,500	10,971	(3,471)
Office supplies	5,000	2,866	2,134
Uniforms	3,000	1,972	1,028
Education and travel	15,500	13,315	2,185
Fuel, oil, and tires	18,000	15,862	2,138
Laundry	1,900	827	1,073
Capital expenditures	128,521	45,469	83,052
Total Fire Department	<u>959,589</u>	<u>996,032</u>	<u>(36,443)</u>
 Total Public Safety	 <u>2,884,825</u>	 <u>3,214,375</u>	 <u>(329,550)</u>
<b>Public Works</b>			
<b>Street Department</b>			
Salaries	607,131	565,269	41,862
Employee benefits	45,550	152,287	(106,737)
Insurance	43,215	47,268	(4,053)
Repairs and maintenance	109,800	87,890	21,910
Tools and supplies	14,000	10,080	3,920
Fuel, oil, and tires	37,000	52,011	(15,011)
Chemicals	5,000	5,796	(796)
Capital expenditures	50,216	128,532	(78,316)
Uniforms	10,000	13,869	(3,869)
Utilities	6,500	8,227	(1,727)
Telephone	3,800	4,343	(543)
Other	4,500	3,272	1,228
Total Street Department	<u>936,712</u>	<u>1,078,844</u>	<u>(142,132)</u>
<b>Animal Control</b>			
Salaries	-	17,059	(17,059)
Employee benefits	-	1,554	(1,554)
Uniforms	-	185	(185)
Insurance	-	596	(596)
Repairs and maintenance	-	14,041	(14,041)
Telephone	-	100	(100)
Utilities	-	1,556	(1,556)
Other	-	49,433	(49,433)
Total Animal Control	<u>-</u>	<u>84,524</u>	<u>(84,524)</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, 2014**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Code Enforcement</b>			
Salaries	\$ 121,695	\$ 101,588	\$ 20,107
Employee benefits	9,099	14,847	(5,748)
Travel	2,000	845	1,155
Office supplies	11,000	7,940	3,060
Insurance	3,800	1,943	1,857
Repairs and maintenance	1,950	2,814	(864)
Telephone	2,500	861	1,639
Fuel, oil, and tires	4,000	2,990	1,010
Capital expenditures	2,000	-	2,000
Total Code Enforcement	<u>158,044</u>	<u>133,828</u>	<u>24,216</u>
Total Public Works	<u>1,094,756</u>	<u>1,297,196</u>	<u>(202,440)</u>
<b>Other Departments</b>			
<b>Municipal Court</b>			
Salaries	75,169	79,773	(4,604)
Employee benefits	2,690	3,872	(1,182)
Legal services	20,000	29,359	(9,359)
Court supplies	3,000	16,704	(13,704)
Travel	2,500	1,695	805
Telephone	1,700	3,939	(2,239)
Other	2,701	92,282	(89,581)
State fees	-	32,745	(32,745)
Total Municipal Court	<u>107,760</u>	<u>260,369</u>	<u>(152,609)</u>
<b>Library Department</b>			
Salaries	247,578	171,572	76,006
Employee benefits	18,171	37,381	(19,210)
Insurance	9,000	11,749	(2,749)
Utilities	17,000	25,673	(8,673)
Telephone	7,500	13,404	(5,904)
Repairs and maintenance	12,000	38,484	(26,484)
Travel	5,000	6,151	(1,151)
Books purchased	-	42,368	(42,368)
Capital expenditures	12,000	19,619	(7,619)
Office supplies	18,500	7,356	11,144
Total Library Department	<u>346,749</u>	<u>373,757</u>	<u>(27,008)</u>
<b>Recreation Department</b>			
Salaries	251,929	235,274	16,655
Employee benefits	16,329	34,965	(18,636)
Utilities	42,674	33,556	9,118
Insurance	14,150	11,658	2,492
Recreation activities	123,550	71,589	51,961
Capital expenditures	20,900	12,000	8,900
Other	18,194	12,058	6,136
Repairs and maintenance	135,000	121,662	13,338
Total Recreation Department	<u>622,726</u>	<u>532,762</u>	<u>89,964</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, 2014**

	<b>Original and Final Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other Departments (Continued)</b>			
<b>Cemetery Department</b>			
Salaries	\$ 54,379	\$ 45,292	\$ 9,087
Employee benefits	5,188	18,505	(13,317)
Insurance	3,600	2,622	978
Utilities	500	359	141
Uniforms	2,100	950	1,150
Gas and oil	4,000	3,765	235
Repairs and maintenance	9,400	19,237	(9,837)
Tools and supplies	800	-	800
Capital expenditures	7,000	82,443	(75,443)
Total Cemetery Department	<u>86,967</u>	<u>173,173</u>	<u>(86,206)</u>
<b>Traffic Control</b>	62,500	38,991	23,509
<b>Beautification and Fine Arts</b>	62,000	150,363	(88,363)
<b>Payments to Brewton City Board of Education</b>	-	650,382	(650,382)
<b>Debt Service</b>			
Principal	107,517	203,150	(95,633)
Interest	<u>20,479</u>	<u>24,966</u>	<u>(4,487)</u>
Total Other Departments	<u>1,416,698</u>	<u>2,407,913</u>	<u>(991,215)</u>
Total Expenditures	6,416,031	9,019,512	(2,603,481)
<b>Other Financing Uses</b>			
Transfers out	<u>-</u>	<u>3,616,248</u>	<u>(3,616,248)</u>
<b>Total Expenditures and Other Financing Uses</b>	<u>\$ 6,416,031</u>	<u>\$ 12,635,760</u>	<u>\$ (6,219,729)</u>

**CITY OF BREWTON, ALABAMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	Debt Service Fund	Special Revenue Funds			
	2009 General Obligation Warrant Fund	Street Construction Fund	Street Improvement Fund	Total	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash	\$ -	\$ 46,662	\$ 75,452	\$ 122,114	\$ 122,114
Temporary cash investments	407,893	-	-	-	407,893
<b>Total Assets</b>	<u>\$ 407,893</u>	<u>\$ 46,662</u>	<u>\$ 75,452</u>	<u>\$ 122,114</u>	<u>\$ 530,007</u>
<b>Fund Balances</b>					
Fund Balances					
Restricted for:					
Debt service	\$ 407,893	\$ -	\$ -	\$ -	\$ 407,893
Street construction	-	46,662	-	46,662	46,662
Street improvements	-	-	75,452	75,452	75,452
<b>Total Fund Balances</b>	<u>\$ 407,893</u>	<u>\$ 46,662</u>	<u>\$ 75,452</u>	<u>\$ 122,114</u>	<u>\$ 530,007</u>

**CITY OF BREWTON, ALABAMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Debt Service Fund	Special Revenue Funds			
	2009 General Obligation Warrant Fund	Street Construction Fund	Street Improvement Fund	Total	Total Nonmajor Governmental Funds
<b>Revenues</b>					
State gasoline tax	\$ -	\$ 25,690	\$ 81,192	\$ 106,882	\$ 106,882
Interest earned	25	-	-	-	25
Total Revenues	25	25,690	81,192	106,882	106,907
<b>Expenditures</b>					
Public works program	-	4,900	9,657	14,557	14,557
Capital outlay	-	-	142,675	142,675	142,675
Debt Service:					
Principal	455,000	-	-	-	455,000
Interest	65,676	-	-	-	65,676
Total Expenditures	520,676	4,900	152,332	157,232	677,908
Excess Revenues Over (Under) Expenditures	(520,651)	20,790	(71,140)	(50,350)	(571,001)
<b>Other Financing Sources (Uses)</b>					
Transfers in/(out)	525,952	-	-	-	525,952
Total Other Financing Sources (Uses)	525,952	-	-	-	525,952
Net change in fund balances	5,301	20,790	(71,140)	(50,350)	(45,049)
Fund Balances at Beginning of Year	402,592	25,872	146,592	172,464	575,056
<b>Fund Balances at End of Year</b>	<u>\$ 407,893</u>	<u>\$ 46,662</u>	<u>\$ 75,452</u>	<u>\$ 122,114</u>	<u>\$ 530,007</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>	62-68
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>	69-75
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>	76-79
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>	80-81
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>	82-84

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)**

	<b>Fiscal Year</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Governmental activities										
Net investment in capital assets	\$ 9,415,721	\$ 7,122,181	\$ 6,991,356	\$ 8,019,134	\$ 8,010,933	\$ 13,033,711	\$ 13,606,403	\$ 12,711,696	\$ 20,227,853	\$ 20,331,482
Restricted	1,584,140	4,132,318	3,290,346	86,704	370,707	606,140	52,341	9,735	172,464	122,114
Unrestricted	<u>2,129,655</u>	<u>1,232,848</u>	<u>2,553,001</u>	<u>5,513,892</u>	<u>6,725,123</u>	<u>(4,029,370)</u>	<u>(12,261,448)</u>	<u>(11,406,881)</u>	<u>(15,767,496)</u>	<u>(12,757,434)</u>
Total governmental activities net position	<u>\$ 13,129,516</u>	<u>\$ 12,487,347</u>	<u>\$ 12,834,703</u>	<u>\$ 13,619,730</u>	<u>\$ 15,106,763</u>	<u>\$ 9,610,481</u>	<u>\$ 1,397,296</u>	<u>\$ 1,314,550</u>	<u>\$ 4,632,821</u>	<u>\$ 7,696,162</u>
Business-type activities										
Net investment in capital assets	\$ 7,322,422	\$ 8,182,620	\$ 8,613,994	\$ 9,525,239	\$ 8,357,169	\$ 9,178,771	\$ 9,319,561	\$ 9,185,275	\$ 5,629,785	\$ 6,494,970
Unrestricted	<u>925,677</u>	<u>600,870</u>	<u>630,458</u>	<u>354,840</u>	<u>263,689</u>	<u>184,749</u>	<u>352,115</u>	<u>330,146</u>	<u>(1,128,582)</u>	<u>(2,341,771)</u>
Total business-type activities net position	<u>\$ 8,248,099</u>	<u>\$ 8,783,490</u>	<u>\$ 9,244,452</u>	<u>\$ 9,880,079</u>	<u>\$ 8,620,858</u>	<u>\$ 9,363,520</u>	<u>\$ 9,671,676</u>	<u>\$ 9,515,421</u>	<u>\$ 4,501,203</u>	<u>\$ 4,153,199</u>
Primary government										
Net investment in capital assets	\$ 16,738,143	\$ 15,304,801	\$ 15,605,350	\$ 17,544,373	\$ 16,368,102	\$ 22,212,482	\$ 22,925,964	\$ 21,896,971	\$ 25,857,638	\$ 26,826,452
Restricted	1,584,140	4,132,318	3,290,346	86,704	370,707	606,140	52,341	9,735	172,464	122,114
Unrestricted	<u>3,055,332</u>	<u>1,833,718</u>	<u>3,183,459</u>	<u>5,868,732</u>	<u>6,988,812</u>	<u>(3,844,621)</u>	<u>(11,909,333)</u>	<u>(11,076,735)</u>	<u>(16,896,078)</u>	<u>(15,099,205)</u>
Total primary government net position	<u>\$ 21,377,615</u>	<u>\$ 21,270,837</u>	<u>\$ 22,079,155</u>	<u>\$ 23,499,809</u>	<u>\$ 23,727,621</u>	<u>\$ 18,974,001</u>	<u>\$ 11,068,972</u>	<u>\$ 10,829,971</u>	<u>\$ 9,134,024</u>	<u>\$ 11,849,361</u>

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General	\$ 1,610,948	\$ 1,470,859	\$ 1,644,920	\$ 1,508,830	\$ 1,646,833	\$ 1,759,220	\$ 1,953,615	\$ 1,680,297	\$ 1,979,955	\$ 2,813,132
Public safety										
Police	1,368,065	1,532,554	1,775,048	1,790,501	1,962,140	2,014,975	2,045,155	1,986,011	2,217,730	2,215,587
Fire	684,171	639,579	649,810	852,348	743,098	749,389	780,243	829,671	961,853	1,017,221
Public works										
Street	883,432	1,369,907	991,215	793,755	818,186	728,896	869,372	1,063,448	941,421	1,010,684
Animal control	62,844	-	-	-	-	-	-	133,358	122,649	84,524
Code Enforcement	182,769	184,576	166,971	148,519	147,222	127,317	115,030	112,770	124,893	133,828
Library	305,900	325,211	307,440	323,847	366,674	310,210	307,386	285,412	283,654	361,353
Recreation	258,902	267,654	309,476	306,382	564,458	578,783	617,398	582,219	527,334	570,584
Education (payment to Board of Education)	1,248,538	617,340	617,340	617,340	1,443,918	8,015,062	8,332,971	2,159,312	3,451,722	650,382
Interest on long-term debt	769,334	592,234	480,857	645,606	1,130,661	1,364,163	1,288,831	1,224,295	1,002,026	790,923
Total governmental activities expenses	7,374,903	6,999,914	6,943,077	6,987,128	8,823,190	15,648,015	16,310,001	10,056,793	11,613,237	9,648,218
Business-type activities:										
Gas	2,596,604	3,267,047	2,168,605	15,252,942	11,131,295	16,316,113	11,461,549	9,094,670	12,758,400	21,165,274
Sewer	474,342	557,248	643,214	556,162	604,102	632,723	1,716,138	1,484,925	788,828	1,232,519
Sanitation	734,728	732,691	532,132	679,673	678,469	680,333	690,290	676,903	723,314	733,466
Airport	83,853	113,008	98,507	106,182	100,971	127,520	128,070	134,819	143,592	151,679
Golf course	184,405	192,264	193,102	215,912	-	-	-	-	-	-
Brewton Development Authority	-	-	-	-	-	8,229	5,872	7,555	6,582	9,772
Total business-type activities expenses	4,073,932	4,862,258	3,635,560	16,810,871	12,514,837	17,764,918	14,001,919	11,398,872	14,420,716	23,292,710
Total primary government expenses	\$ 11,448,835	\$ 11,862,172	\$ 10,578,637	\$ 23,797,999	\$ 21,338,027	\$ 33,412,933	\$ 30,311,920	\$ 21,455,665	\$ 26,033,953	\$ 32,940,928
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines, and charges for services:										
General	\$ 894,290	\$ 935,258	\$ 1,037,908	\$ 1,101,857	\$ 1,149,219	\$ 1,215,878	\$ 1,387,381	\$ 1,275,574	\$ 1,309,799	\$ 1,330,693
Police	25,387	50,675	135,061	119,208	155,661	233,101	400,220	362,906	345,273	380,831
Animal control	6,425	-	-	-	-	-	-	8,891	5,300	-
Recreation	14,652	16,435	14,621	15,170	180,010	153,803	154,880	157,344	123,654	104,889
Library	-	-	-	-	-	-	-	-	-	10,898
Operating grants and contributions	260,450	117,302	232	40,500	608,855	52,684	820,376	152,668	122,206	324,220
Capital grants and contributions	316,788	464,589	829,576	243,368	554,244	889,881	243,701	-	-	-
Total governmental activities program revenues	1,517,992	1,584,259	2,017,398	1,520,103	2,647,989	2,545,347	3,006,558	1,957,383	1,906,232	2,151,531
Business-type activities:										
Fees, fines, and charges for services:										
Gas	2,568,616	2,986,310	2,378,842	16,451,592	11,022,248	16,811,215	11,926,347	9,452,491	13,520,888	22,047,360
Sewer	429,458	469,417	450,538	443,506	445,903	419,514	411,330	410,169	560,220	1,051,523
Sanitation	1,154,304	570,757	492,075	587,970	570,503	593,078	618,795	666,227	660,937	628,254
Airport	67,887	67,520	67,760	73,548	66,741	69,349	70,175	101,679	99,255	111,482
Brewton Development Authority	-	-	-	-	-	-	4	-	-	-
Golf course	143,943	156,885	150,612	169,770	-	-	-	-	-	-
Operating grants and contributions	-	123,620	203,487	123,664	-	-	65,000	15,000	123,749	-
Capital grants and contributions	85,507	-	-	18,300	431,177	660,041	183,009	115,975	163,216	800,622
Total business-type activities program revenues	4,449,715	4,374,509	3,743,314	17,868,350	12,536,572	18,553,197	13,274,660	10,761,541	15,128,265	24,639,241
Total primary government program revenues	\$ 5,967,707	\$ 5,958,768	\$ 5,760,712	\$ 19,388,453	\$ 15,184,561	\$ 21,098,544	\$ 16,281,218	\$ 12,718,924	\$ 17,034,497	\$ 26,790,772

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense)/revenue										
Governmental activities	\$ (5,856,911)	\$ (5,415,655)	\$ (4,925,679)	\$ (5,467,025)	\$ (6,175,201)	\$ (13,102,668)	\$ (13,303,443)	\$ (8,099,410)	\$ (9,707,005)	\$ (7,496,687)
Business-type activities	375,783	(487,749)	107,754	1,057,479	21,735	788,279	(727,259)	(637,331)	707,549	1,346,531
Total primary government net expense	<u>\$ (5,481,128)</u>	<u>\$ (5,903,404)</u>	<u>\$ (4,817,925)</u>	<u>\$ (4,409,546)</u>	<u>\$ (6,153,466)</u>	<u>\$ (12,314,389)</u>	<u>\$ (14,030,702)</u>	<u>\$ (8,736,741)</u>	<u>\$ (8,999,456)</u>	<u>\$ (6,150,156)</u>
<b>General Revenues and Other Changes in</b>										
Net Position										
Governmental activities:										
Taxes										
Property	\$ 247,915	\$ 250,094	\$ 570,600	\$ 601,302	\$ 601,636	\$ 617,203	\$ 662,968	\$ 658,190	\$ 666,400	\$ 643,140
Sales	4,561,405	4,413,913	3,917,235	4,382,751	4,294,686	4,361,406	4,298,720	4,497,656	5,539,409	6,494,323
Other	523,486	616,657	535,964	640,149	601,062	524,404	630,527	643,931	711,237	599,722
Receipts from Brewton City Board of Education	-	-	-	-	360,539	1,547,424	408,635	2,509,921	352,451	1,102,451
Investment earnings	114,562	281,392	400,748	176,932	193,928	229,998	41,143	1,964	1,648	2,129
Other	178,012	206,203	178,466	8,253	15,624	14,164	43,654	186,062	31,530	17,287
Special item, transfer of Golf Fund to										
Governmental Activities	-	-	-	-	1,371,940	-	-	-	-	-
Gain/(Loss) on sale of property	-	-	-	-	310,402	-	-	-	-	-
Transfers in/(out)	(258,061)	(994,773)	(329,978)	442,665	(87,583)	311,787	(995,389)	(481,060)	5,722,601	1,700,976
Total government activities	<u>5,367,319</u>	<u>4,773,486</u>	<u>5,273,035</u>	<u>6,252,052</u>	<u>7,662,234</u>	<u>7,606,386</u>	<u>5,090,258</u>	<u>8,016,664</u>	<u>13,025,276</u>	<u>10,560,028</u>
Business-type activities:										
Investment earnings	10,961	28,367	23,230	20,813	3,401	25	26	16	834	6,441
Special item, transfer of Golf Fund to										
Governmental Activities	-	-	-	-	(1,371,940)	-	-	-	-	-
Gain/(Loss) on sale of property	-	-	-	-	-	-	40,000	-	-	-
Transfers in/(out)	258,061	994,773	329,978	(442,665)	87,583	(311,787)	995,389	481,060	(5,722,601)	(1,700,976)
Total business-type activities	<u>269,022</u>	<u>1,023,140</u>	<u>353,208</u>	<u>(421,852)</u>	<u>(1,280,956)</u>	<u>(311,762)</u>	<u>1,035,415</u>	<u>481,076</u>	<u>(5,721,767)</u>	<u>(1,694,535)</u>
Total primary government	<u>\$ 5,636,341</u>	<u>\$ 5,796,626</u>	<u>\$ 5,626,243</u>	<u>\$ 5,830,200</u>	<u>\$ 6,381,278</u>	<u>\$ 7,294,624</u>	<u>\$ 6,125,673</u>	<u>\$ 8,497,740</u>	<u>\$ 7,303,509</u>	<u>\$ 8,865,493</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (489,592)	\$ (642,169)	\$ 347,356	\$ 785,027	\$ 1,487,033	\$ (5,496,282)	\$ (8,213,185)	\$ (82,746)	\$ 3,318,271	\$ 3,063,341
Business-type activities	644,805	535,391	460,962	635,627	(1,259,221)	476,517	308,156	(156,255)	(5,014,218)	(348,004)
Total primary government	<u>\$ 155,213</u>	<u>\$ (106,778)</u>	<u>\$ 808,318</u>	<u>\$ 1,420,654</u>	<u>\$ 227,812</u>	<u>\$ (5,019,765)</u>	<u>\$ (7,905,029)</u>	<u>\$ (239,001)</u>	<u>\$ (1,695,947)</u>	<u>\$ 2,715,337</u>

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>
2005	\$ 495,829	\$ 65,708	\$ 18,271	\$ 4,313,491	\$ 191,955	\$ 126,892	\$ 120,660	\$ 5,332,806
2006	500,188	74,237	21,815	4,163,819	194,176	158,049	168,380	5,280,664
2007	570,600	66,525	14,625	3,917,235	189,184	108,872	156,758	5,023,799
2008	601,302	61,441	16,683	4,382,751	203,372	124,827	233,826	5,624,202
2009	601,636	67,873	14,590	4,294,686	250,498	139,443	128,658	5,497,384
2010	617,203	65,346	13,307	4,361,406	249,419	92,733	103,618	5,503,032
2011	662,968	61,599	17,222	4,298,720	249,222	110,589	191,895	5,592,215
2012	658,190	73,801	14,619	4,497,656	234,319	92,527	228,665	5,799,777
2013	666,400	56,537	16,096	5,539,409	314,786	120,419	203,399	6,917,046
2014	643,140	59,322	14,514	6,494,323	245,372	99,884	180,630	7,737,185

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

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund										
Unassigned	<u>\$ 3,773,141</u>	<u>\$ 3,263,199</u>	<u>\$ 4,054,930</u>	<u>\$ 4,159,818</u>	<u>\$ 4,176,419</u>	<u>\$ 2,818,073</u>	<u>\$ 2,665,230</u>	<u>\$ 2,864,242</u>	<u>\$ 2,326,731</u>	<u>\$ 3,772,779</u>
All other governmental funds										
Restricted for:										
School construction	\$ -	\$ -	\$ -	\$ -	\$ 18,751,429	\$ 11,431,676	\$ 4,184,306	\$ 2,775,952	\$ -	\$ -
Debt service	1,560,085	1,842,093	1,029,230	1,368,930	2,509,460	3,141,612	2,309,981	477,188	402,592	407,893
Street construction	187,414	215,939	47,558	49,742	9,375	35,769	13,142	(16,265)	25,872	46,662
Street improvements	2,664	3,027	39,654	36,962	34,654	17,036	39,199	26,000	146,592	75,452
Assigned for:										
Sewer improvements	<u>4,751,596</u>	<u>3,913,352</u>	<u>3,203,134</u>	<u>3,071,333</u>	<u>2,326,773</u>	<u>2,112,540</u>	<u>884,089</u>	<u>30,189</u>	<u>1,687</u>	<u>-</u>
Total all other governmental funds	<u>\$ 6,501,759</u>	<u>\$ 5,974,411</u>	<u>\$ 4,319,576</u>	<u>\$ 4,526,967</u>	<u>\$ 23,631,691</u>	<u>\$ 16,738,633</u>	<u>\$ 7,430,717</u>	<u>\$ 3,293,064</u>	<u>\$ 576,743</u>	<u>\$ 530,007</u>

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>REVENUES</b>										
Taxes	\$ 5,205,914	\$ 5,122,615	\$ 4,914,927	\$ 5,499,375	\$ 5,357,941	\$ 5,410,299	\$ 5,490,633	\$ 5,707,250	\$ 6,796,627	\$ 7,637,301
Intergovernmental	663,202	739,940	938,680	368,195	693,687	982,614	630,564	214,526	228,434	99,884
Licenses and permits	829,160	844,958	937,230	994,996	1,040,084	1,091,915	1,243,344	1,124,053	1,183,726	1,199,499
Fines and forfeitures	25,387	50,675	135,061	119,208	155,661	233,101	400,220	362,906	345,273	380,831
Fees and charges	57,525	85,500	90,748	85,553	254,285	241,276	247,437	245,514	223,928	224,488
Revenue from City Property	28,682	21,235	24,551	36,478	584,860	36,471	51,480	72,242	31,099	22,493
Receipts from Brewton City Board of Education	-	-	-	-	360,539	1,547,424	408,635	2,509,921	352,451	1,102,451
Interest	114,562	281,392	400,748	176,932	193,928	229,998	41,143	1,964	1,648	2,129
Donations	40,928	91,973	50,000	40,500	608,855	52,684	535,096	30,669	14,191	324,220
Other	178,012	114,230	134,146	8,253	15,624	14,164	43,654	190,181	31,530	17,286
Total revenues	7,143,372	7,352,518	7,626,091	7,329,490	9,265,464	9,839,946	9,092,206	10,459,226	9,208,907	11,010,582
<b>EXPENDITURES</b>										
General government	1,137,782	904,349	973,785	809,546	857,749	923,930	1,120,115	837,073	947,270	1,823,168
Public safety	1,913,645	2,063,805	2,318,592	2,352,907	2,552,723	2,603,634	2,659,536	2,648,982	2,992,192	3,059,140
Public works	987,425	1,504,960	1,118,357	1,060,938	923,703	826,985	962,550	1,270,644	1,146,234	1,183,221
Education	1,248,538	617,340	617,340	617,340	1,443,918	8,015,062	8,332,971	2,159,312	3,451,722	650,382
Other departments	678,462	746,228	869,794	879,914	1,196,834	1,162,407	1,239,001	1,174,396	1,163,533	1,392,913
Capital expenditures	784,957	318,212	1,280,149	611,501	1,760,175	2,269,440	463,778	683,641	509,306	839,804
Debt service:										
Principal	599,330	645,781	639,289	665,916	3,557,347	1,353,094	1,729,940	4,262,434	7,320,703	1,793,150
Interest	563,944	594,360	583,268	559,547	968,610	1,318,390	1,275,033	1,251,358	1,062,497	777,372
Total expenditures	7,914,083	7,395,035	8,400,574	7,557,609	13,261,059	18,472,942	17,782,924	14,287,840	18,593,457	11,519,150
Excess (deficiency) of revenues over expenditures	(770,711)	(42,517)	(774,483)	(228,119)	(3,995,595)	(8,632,996)	(8,690,718)	(3,828,614)	(9,384,550)	(508,568)

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	1,591,021	1,733,937	1,667,402	2,614,804	9,020,651	4,614,323	3,417,816	3,923,698	8,475,720	5,317,224
Capital leases	62,889	-	241,357	97,733	52,685	69,805	-	305,886	408,117	40,653
Issuance of debt	5,600,000	-	-	-	23,744,728	-	225,349	65,147	-	166,250
Discount on bonds issued	-	-	-	-	(360,019)	-	-	-	-	-
Debt issue cost	-	-	-	-	(232,890)	-	-	-	-	-
Transfers out	<u>(1,849,082)</u>	<u>(2,728,710)</u>	<u>(1,997,380)</u>	<u>(2,172,139)</u>	<u>(9,108,234)</u>	<u>(4,302,536)</u>	<u>(4,413,205)</u>	<u>(4,404,758)</u>	<u>(2,753,119)</u>	<u>(3,616,248)</u>
Total other financing sources (uses)	<u>5,404,828</u>	<u>(994,773)</u>	<u>(88,621)</u>	<u>540,398</u>	<u>23,116,921</u>	<u>381,592</u>	<u>(770,040)</u>	<u>(110,027)</u>	<u>6,130,718</u>	<u>1,907,879</u>
Net change in fund balance	<u>\$ 4,634,117</u>	<u>\$ (1,037,290)</u>	<u>\$ (863,104)</u>	<u>\$ 312,279</u>	<u>\$ 19,121,326</u>	<u>\$ (8,251,404)</u>	<u>\$ (9,460,758)</u>	<u>\$ (3,938,641)</u>	<u>\$ (3,253,832)</u>	<u>\$ 1,399,311</u>
Debt service as a percentage of noncapital expenditures	16.3%	17.5%	17.2%	17.6%	39.4%	16.5%	17.4%	40.5%	46.4%	24.1%

**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
2005	\$ 495,829	\$ 65,708	\$ 18,271	\$ 4,313,491	\$ 191,955	\$ 126,892	\$ 120,660
2006	500,188	74,237	21,815	4,163,819	194,176	158,049	168,380
2007	570,600	66,525	14,625	3,914,235	189,184	108,872	156,758
2008	601,302	61,441	16,683	4,382,751	203,372	124,827	233,826
2009	601,636	67,873	14,590	4,294,686	250,498	139,443	128,658
2010	617,203	65,346	13,307	4,361,406	249,419	92,733	103,618
2011	662,968	61,599	17,222	4,298,720	249,222	110,589	191,895
2012	658,190	73,801	14,619	4,497,656	243,319	92,527	228,665
2013	666,400	56,537	16,096	5,539,409	314,786	120,419	203,399
2014	643,140	59,322	14,514	6,494,323	245,372	99,884	180,630

**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>
2005	\$ 13,494,680	\$ 13,724,840	\$ 26,537,420	\$ 7,001,480	\$ 46,755,460	15	\$ 701,331,900
2006	13,323,640	14,267,940	27,014,540	7,199,020	47,407,100	15	711,106,500
2007	16,492,980	12,507,320	33,939,320	8,454,060	54,485,560	15	817,283,400
2008	16,980,260	13,004,080	35,188,740	8,179,320	56,993,760	15	854,906,400
2009	17,991,200	13,901,020	35,777,120	9,262,680	58,406,660	15	876,099,900
2010	20,042,740	12,836,940	40,613,440	8,861,760	64,631,360	15	969,470,400
2011	21,320,560	13,669,100	39,721,500	8,459,080	66,252,080	15	993,781,200
2012	31,537,600	13,788,420	39,806,220	8,232,000	76,900,240	15	1,153,503,600
2013	31,661,540	13,152,940	39,602,680	8,636,620	75,780,540	15	1,136,708,100
2014	30,391,300	12,892,220	38,464,700	8,241,560	73,506,660	15	1,102,599,900

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	
2005	5.0	5.0	5.0	15.0	7.0	7.0	4.5	18.5	2.5	3.0	1.0	6.5	40.0
2006	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2007	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2008	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2009	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2010	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2011	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2012	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2013	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0
2014	5.0	5.0	5.0	15.0	7.0	17.0	4.5	28.5	2.5	3.0	1.0	6.5	50.0

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>2014</u>			<u>2005</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
T. R. Miller Mill Co., Inc.	\$ 5,777,660	1	23.3%	\$ 4,934,000	1	26.3%
Wal Mart Real Estate Trust	1,971,140	2	7.9%	-		-
Alabama Power Co	1,908,280	3	7.7%	1,453,240	4	7.7%
Grede	1,673,020	4	6.7%	-		-
Citation Corporation	1,011,480	5	4.1%	-		-
BellSouth Telecommunications	846,800	6	3.4%	1,495,960	3	8.0%
CSX Transportation	733,640	7	3.0%	-		-
Trustmark Bank	621,200	8	2.5%	553,980	7	3.0%
Wal Mart Stores	538,460	9	2.2%	-		-
Patel, Anand	417,280	10	1.7%	-		-
Alabama Ductile Casting Company, Inc.	-		-	2,779,040	2	14.8%
Hines Realty Company	-		-	619,320	5	3.3%
Market Square	-		-	595,340	6	3.2%
Brewton -Hall Apartments LTD	-		-	464,780	8	2.5%
Brewton Ironworks	-		-	425,540	9	2.3%
Brewton-Hall Apartments LTD. II	-		-	435,860	10	2.3%
Totals	<u>\$ 15,498,960</u>		<u>62.4%</u>	<u>\$ 13,757,060</u>		<u>73.4%</u>
Total City Property Tax	<u>\$ 24,841,780</u>			<u>\$ 18,755,340</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>
2005	\$ 716,092	\$ 644,904	90.1%	\$ 68,311	\$ 713,215	99.6%
2006	822,618	645,364	78.5%	100,204	745,568	90.6%
2007	834,559	721,745	86.5%	101,623	823,368	98.7%
2008	900,824	798,277	88.6%	82,672	880,949	97.8%
2009	886,981	806,648	90.9%	40,801	847,449	95.5%
2010	909,709	867,553	95.4%	22,743	890,276	97.9%
2011	922,829	895,662	97.1%	16,374	912,036	98.8%
2012	926,422	898,633	97.0%	12,336	910,969	98.3%
2013	950,543	909,098	95.6%	17,681	926,779	97.5%
2014	924,688	877,655	94.9%	17,283	894,938	96.8%



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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Construction	\$ 6,236	\$ 5,374	\$ 29,074	\$ 27,099	\$ 40,682	\$ 31,141	\$ 42,324	\$ 45,418	\$ 55,816	\$ 47,034
Manufacturing	477,365	514,821	463,048	638,182	542,109	640,990	673,748	688,189	695,614	890,861
Wholesale	81,825	77,798	179,334	273,333	214,563	241,206	226,362	239,179	297,674	328,196
Retail	2,499,281	2,194,511	2,417,495	2,594,564	2,809,197	2,662,072	2,694,557	2,827,119	3,489,682	4,085,651
Information	20,471	18,054	9,088	50,223	49,857	52,234	47,006	20,645	43,490	59,821
Finance and Insurance	1,308	242	33,590	22,408	46,130	41,173	42,969	47,905	53,798	47,724
Real Estate and Rental and Leasing	18,450	15,990	53,244	19,447	52,640	69,042	57,207	57,225	105,791	129,190
Professional, Scientific, and Technical Services	5,497	2,711	12,918	19,549	20,815	20,950	18,552	13,132	28,429	33,418
Administration and Support and Waste Management and Remediation Services	1,031	1,212	10,922	1,991	5,390	6,458	6,109	6,967	7,975	8,111
Accommodation and Food Services	234,010	204,931	374,011	414,795	446,062	410,252	473,445	443,920	527,799	574,436
Other Services (except Public Administration)	8,745	7,544	84,803	58,562	51,933	53,463	135,003	58,254	49,355	53,611
Other	880,974	1,090,307	264,733	65,220	91,361	104,419	104,419	114,225	144,060	184,203
	<u>\$ 4,235,193</u>	<u>\$ 4,133,495</u>	<u>\$ 3,932,260</u>	<u>\$ 4,185,373</u>	<u>\$ 4,370,739</u>	<u>\$ 4,333,400</u>	<u>\$ 4,521,701</u>	<u>\$ 4,562,178</u>	<u>\$ 5,499,483</u>	<u>\$ 6,442,256</u>
City direct sales tax rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	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>
2005	3.00%	1.00%	4.00%
2006	3.00%	1.00%	4.00%
2007	3.00%	1.00%	4.00%
2008	3.00%	1.00%	4.00%
2009	3.00%	1.00%	4.00%
2010	3.00%	1.00%	4.00%
2011	3.00%	1.00%	4.00%
2012	3.00%	1.00%	4.00%
2013	4.00%	1.00%	4.00%
2014	4.00%	1.00%	4.00%

Source: City Clerk's Office

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

<b>Tax Remitter</b>	<b>2014</b>			<b>2005</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	\$ 1,835,118	1	29.3%	\$ 857,613	1	21.0%
Georgia Pacific/Smurfit	374,551	2	6.0%	161,477	4	4.0%
Grede	319,933	3	5.1%	-	-	-
Food Giant Supermarket	262,671	4	4.2%	-	-	-
Alabama Power Co	152,388	5	2.4%	-	-	-
Jim Peach Motors	143,213	6	2.3%	-	-	-
Peach Chevrolet	119,706	7	1.9%	-	-	-
Marvins	111,682	8	1.8%	111,483	7	2.7%
McDonalds	108,370	9	1.7%	-	-	-
Dollar General	96,154	10	1.5%	-	-	-
Winn Dixie	-	-	-	202,966	2	5.0%
Citation Corporation	-	-	-	161,770	3	4.0%
ABBC, Inc.	-	-	-	147,844	5	3.6%
Food Fair/Brunos	-	-	-	122,390	6	3.0%
T R Miller Mill Co.	-	-	-	102,737	8	2.5%
Bondurant Lumber & Hardware, Inc.	-	-	-	101,919	9	2.5%
B.C. Moore and Sons	-	-	-	97,476	10	2.4%
	<u>\$ 3,523,786</u>		<u>56.2%</u>	<u>\$ 2,067,675</u>		<u>50.7%</u>

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

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General	Capital	General	Capital			
	Obligation Bonds	Leases	Obligation Bonds	Leases			
2005	\$ 13,744,603	\$ 200,626	\$ -	\$ 13,115	\$ 13,958,344	12.02%	\$ 2,585
2006	13,172,602	126,853	-	197,642	13,497,097	11.24%	2,512
2007	12,646,972	233,763	-	369,048	13,249,783	11.05%	2,488
2008	12,080,770	231,783	502,210	292,342	13,107,105	10.20%	2,482
2009	32,400,000	194,918	326,508	180,805	33,102,231	24.81%	6,271
2010	31,165,000	146,629	158,514	176,847	31,646,990	22.69%	6,040
2011	29,764,705	42,333	-	749,873	30,556,911	27.61%	5,650
2012	25,656,746	258,889	-	601,221	26,516,856	17.03%	4,807
2013	18,457,315	545,734	12,285,000	488,545	31,776,594	19.91%	5,943
2014	16,956,995	459,807	12,655,000	372,602	30,444,404	17.68%	5,601

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 81 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>
2005	\$ 13,744,603	\$ 1,560,085	\$ 12,184,518	1.70%	\$ 2,256
2006	13,172,602	1,842,093	11,330,509	1.60%	2,109
2007	12,646,972	2,055,493	10,591,479	1.30%	1,989
2008	12,080,770	2,416,660	9,664,110	1.13%	1,830
2009	32,400,000	2,543,912	29,856,088	3.41%	5,656
2010	31,165,000	3,141,612	28,023,388	2.89%	5,348
2011	29,764,705	2,309,981	27,454,724	2.76%	5,077
2012	25,656,746	477,188	25,179,558	2.18%	4,565
2013	18,457,315	402,592	18,054,723	1.59%	3,377
2014	16,956,995	407,893	16,549,102	1.50%	3,044

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 70 for property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics on page 81.

**CITY OF BREWTON, ALABAMA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2014**

<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	\$ 275,000	31.458%	\$ 86,510
Subtotal, overlapping debt			
City of Brewton direct debt			<u>17,416,802</u>
Total direct and overlapping debt			<u><u>\$ 17,503,312</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**

	<b>Fiscal Year</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Debt limit	\$ 11,345,424	\$ 10,897,112	\$ 10,897,112	\$ 11,398,752	\$ 11,681,332	\$ 12,926,272	\$ 13,250,416	\$ 15,380,048	\$ 15,156,108	\$ 14,701,332
Total net debt applicable to limit	<u>5,334,603</u>	<u>4,762,602</u>	<u>4,236,972</u>	<u>3,670,770</u>	<u>4,455,400</u>	<u>3,220,400</u>	<u>1,820,105</u>	<u>692,146</u>	<u>2,567,315</u>	<u>1,436,995</u>
Legal debt margin	<u>\$ 6,010,821</u>	<u>\$ 6,134,510</u>	<u>\$ 6,660,140</u>	<u>\$ 7,727,982</u>	<u>\$ 7,225,932</u>	<u>\$ 9,705,872</u>	<u>\$ 11,430,311</u>	<u>\$ 14,687,902</u>	<u>\$ 12,588,793</u>	<u>\$ 13,264,337</u>
Total net debt applicable to the limit as a percentage of debt limit	47.02%	43.71%	38.88%	32.20%	38.14%	24.91%	13.74%	4.50%	16.94%	9.77%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Total assessed value	\$ 73,506,660
Debt limit (20% of total assessed value)	14,701,332
Debt applicable to limit:	
General obligation bonds	29,611,995
Less items excluded from legal debt limit:	
General obligation debt exempted by State law:	
Proceeds used for the construction of schools	(15,890,000)
Proceeds used for the construction of sewer system	<u>(12,285,000)</u>
Total net debt applicable to limit	<u>1,436,995</u>
Legal debt margin	<u>\$ 13,264,337</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>
2005	5,400	\$ 116,094,600	\$ 21,499	1,372	5.0%
2006	5,373	120,134,907	22,359	1,320	4.4%
2007	5,326	119,914,890	22,515	1,307	4.7%
2008	5,281	128,634,598	24,358	1,295	6.8%
2009	5,279	133,437,283	25,277	1,198	13.9%
2010	5,240	139,446,880	26,612	1,176	11.1%
2011	5,408	110,685,536	20,467	1,220	10.5%
2012	5,516	155,700,132	28,227	1,180	9.3%
2013	5,347	159,565,174	29,842	1,108	8.2%
2014	5,436	172,234,224	31,684	1,129	8.3%

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>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Georgia Pacific (formerly Smurfit Stone)	450	1	17.0%	600	1	28.3%
Grede (formerly Citation)	350	2	13.2%	380	2	17.9%
D.W. McMillan Hospital	260	3	9.8%	-	-	-
T. R. Miller Mill Co., Inc.	190	4	7.2%	215	3	10.1%
Wal Mart Stores	128	5	4.8%	-	-	-
Brewton City Schools	127	6	4.8%	140	4	6.6%
City of Brewton	113	7	4.3%	-	-	-
Frit Car Inc.	77	8	2.9%	77	6	3.6%
Brewton Iron Works, Inc.	49	9	1.8%	49	7	2.3%
Natural Decorations, Inc.	30	10	1.1%	100	5	4.7%
International Plastics	-		-	43	8	2.0%
G&E Machine Works	-		-	17	9	0.8%
Goodwill Easter Seals				14	10	0.7%
Totals	<u>1,774</u>		<u>66.9%</u>	<u>1,635</u>		<u>77.1%</u>

Source: Escambia County Industrial Development Authority

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government <sup>1</sup>	10	10	10	10	10	10	10	10	10	10
Public Safety										
Police										
Officers	30	30	30	28	29	28	26	26	27	26
Dispatch	6	7	7	7	9	6	5	7	5	5
Fire										
Firefighters and officers	29	30	31	28	28	26	25	26	15	16
Highways and streets										
Public works	8	8	8	7	8	8	8	8	8	23
Sanitation	3	3	3	3	3	3	3	3	3	3
Culture and recreation	16	18	17	16	16	15	14	14	13	8
Sewer	4	4	4	4	4	4	4	4	4	3
Total	106	110	110	103	107	100	95	98	85	94

<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**

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Police</b>										
Physical arrests	335	350	535	402	491	420	267	532	501	427
Parking violations	8	2	-	-	-	-	-	-	-	-
Traffic violations	1,272	962	766	890	2,476	1,497	2,316	1,414	1,514	1,641
<b>Fire</b>										
Number of calls answered	513	654	758	905	895	995	1,139	1,054	1,041	1,235
Inspections	738	740	972	967	756	1,012	1,019	1,037	1,128	1,130
<b>Highways and streets</b>										
Street resurfacing (miles)	7	17	8	2	1	11	2	2	-	1
Potholes repaired	32	48	42	38	51	48	56	55	60	100
<b>Sanitation</b>										
Refuse collected (tons/week)	29.6	30.6	31.2	31.7	32.2	33.5	34.2	36.8	37.2	34.2
Recyclables collected (tons/week) <sup>1</sup>	2	1	-	-	-	-	-	-	-	1
<b>Culture and recreation</b>										
Golf course rounds	7,131	7,456	7,457	8,782	8,458	7,850	7,216	7,169	6,538	5,865
Pavilion parties	123	125	127	144	129	258	250	249	241	213
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	1,000	1,300	1,400	1,420	1,350	1,355	1,387	1,388	1,410	1,400

<sup>1</sup> Recycling ended in August 2006

Sources: Various government departments

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	25	25	25	28	27	28	27	27	27
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	88	88	88	88	88	88	88	89	89	89
Streetlights	830	835	840	844	850	860	875	888	902	904
Traffic signals	9	9	9	10	10	10	11	11	11	11
Culture and recreation										
Parks acreage	39	39	40	40	40	40	40	40	66	116
Parks	6	6	6	6	6	6	6	6	8	9
Swimming pools	3	3	3	3	3	3	2	2	1	1
Tennis courts	10	10	10	10	10	10	10	10	10	10
Community center	1	1	1	1	1	1	1	1	1	2
Sewer										
Sanitary sewers (miles)	42	42	44	58	58	58	60	60	62	63
Storm sewers (miles)	19	20	21	22	24	30	32	38	39	42
Maximum daily treatment capacity (thousands of gallons)	720	720	722	809	812	822	828	1,680	1,695	2,000

Sources: Various city departments

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

## **COMPLIANCE SECTION**

Xavier A. Hartmann, III, CPA  
Rucker T. Taylor, III, CPA  
J. Earl Blackmon, Jr., CPA  
B. Vance Kilgore, CPA  
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Certified Public Accountants & Consultants

**Hartmann, Blackmon & Kilgore, P.C.**

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**Phone:** 251.867.3801  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Brewton, Alabama as of and for the year ended September 30, 2014, 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 April 27, 2015.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency that we reported to those charged with governance in a separate letter dated April 27, 2015.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Hartmann, Blackmon & Kilgore, P.C.*

Certified Public Accountants

April 27, 2015  
Brewton, Alabama



Xavier A. Hartmann, III, CPA  
Rucker T. Taylor, III, CPA  
J. Earl Blackmon, Jr., CPA  
B. Vance Kilgore, CPA  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of City of Brewton, Alabama with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014. City of Brewton, Alabama's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management.

**Auditors' Responsibility**

Our responsibility is to express an opinion on City of Brewton, Alabama's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the compliance audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. A compliance audit includes examining, on a test basis, evidence about City of Brewton, Alabama's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination on City of Brewton, Alabama's compliance with those requirements.

**Opinion**

In our opinion, City of Brewton, Alabama complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.



**Internal Control Over Compliance**

The management of City of Brewton, Alabama is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered the City of Brewton, Alabama's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Brewton, Alabama's internal control over compliance.

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

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

**Restricted Use**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting 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 over financial reporting and compliance. Accordingly, this report is not suitable for any other purpose.

*Hartmann, Blackmon & Kilgore, P.C.*  
Certified Public Accountants

April 27, 2015  
Brewton, Alabama

**CITY OF BREWTON, ALABAMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<b><u>Department of Housing &amp; Urban Development</u></b>		
<b>Passed Through Alabama Department of Economic and Community Affairs</b>		
Community Development Block Grants (M)	14.228	\$ 397,774
<b>Total Department of Housing &amp; Urban Development</b>		<u>397,774</u>
<b><u>Department of Transportation</u></b>		
<b>Passed Through Alabama Department of Transportation</b>		
Airport Improvement Program	20.106	12,667
<b>Total Department of Transportation</b>		<u>12,667</u>
<b><u>Environmental Protection Agency</u></b>		
Congressionally Mandated Projects	66.202	204,477
Capitalization Grants for Clean Water State Revolving Funds	66.458	21,751
<b>Total Environmental Protection Agency</b>		<u>226,228</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 636,669</u>

(M) = Major Program

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Brewton, Alabama and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the preparation of the general purpose financial statements.

**CITY OF BREWTON, ALABAMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

**Financial Statements**

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

**Federal Awards**

Type of auditors' report issued on compliance of major programs:	<u>Unqualified</u>		
Internal control over major programs:			
Material weakness(es) identified?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>          </u> Yes</td> <td style="width: 50%; text-align: center;"><u>      X      </u> No</td> </tr> </table>	<u>          </u> Yes	<u>      X      </u> No
<u>          </u> Yes	<u>      X      </u> No		
Significant deficiency(ies) identified?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>          </u> Yes</td> <td style="width: 50%; text-align: center;"><u>      X      </u> None reported</td> </tr> </table>	<u>          </u> Yes	<u>      X      </u> None reported
<u>          </u> Yes	<u>      X      </u> None reported		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>          </u> Yes</td> <td style="width: 50%; text-align: center;"><u>      X      </u> No</td> </tr> </table>	<u>          </u> Yes	<u>      X      </u> No
<u>          </u> Yes	<u>      X      </u> No		

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>          </u> Yes</td> <td style="width: 50%; text-align: center;"><u>      X      </u> No</td> </tr> </table>	<u>          </u> Yes	<u>      X      </u> No
<u>          </u> Yes	<u>      X      </u> No		

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

No matters were reportable.

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

No matters were reportable.