

CITY OF BREWTON, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013

CITY OF BREWTON, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013

CITY CLERK'S OFFICE

**CITY OF BREWTON, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2013**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	3
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Principal Officials	8
FINANCIAL SECTION	
Independent Auditors' Report	9
Management's Discussion and Analysis	11
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Balance Sheet - Governmental Funds	20
Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund	
Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual-General Fund	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28
Combining Statement of Net Position - Discretely Presented Component Units	29
Combining Statement of Activities - Discretely Presented Component Units	30
Notes to the Financial Statements	31
REQUIRED SUPPLEMENTARY INFORMATION	
Analysis of Funding Progress - Employee Retirement System	51
OTHER SUPPLEMENTARY INFORMATION	
Combining and Individual Fund Financial Statements:	
Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund	52
Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund	53
Combining Balance Sheet - Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances - Nonmajor Governmental Funds	58

**CITY OF BREWTON, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2013**

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION	59
Net Position by Component	60
Changes in Net Position	61
Governmental Activities Tax Revenues by Source	63
Fund Balances of Governmental Funds	64
Changes in Fund Balances of Governmental Funds	65
Assessed Value and Estimated Actual Value of Taxable Property	67
Property Tax Rates	68
Principal Property Taxpayers	69
Property Tax Levies and Collections	70
Taxable Sales by Category	71
Direct and Overlapping Sales Tax Rates	72
Principal Sales Tax Remitters	73
Ratios of Outstanding Debt by Type	74
Ratios of General Bonded Debt Outstanding	75
Direct and Overlapping Governmental Activities Debt	76
Legal Debt Margin Information	77
Demographic and Economic Statistics	78
Principal Employers	79
Full-time Equivalent City Government Employees by Function	80
Operating Indicators by Function	81
Capital Asset Statistics by Function	82
COMPLIANCE SECTION	
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	83

INTRODUCTORY SECTION



City of Brewton

Best 100 Small Towns in America

March 28, 2014

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, 2013, 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.

ECONOMIC CONDITION AND OUTLOOK

The City, which was incorporated on February 13, 1885, is the County Seat of Escambia County. The final approximation of the 2010 Census for Brewton's population is 5,408.

Brewton is surrounded by major natural resources including vast timberlands, ample water, oil and gas reserves. There is also an adequate labor force to meet the demands of an expanding industrial environment. An Annexation Committee is researching the possibilities of expanding the City limits to permit future growth. A project to examine the City's Districts is also planned.

The economy of Brewton has remained relatively stable with a full array of business licenses issued. Palenque Mexican Restaurant, JT's Restaurant, Bank Shot Sports Bar & Grill, Imunique, Milligan's, Mac Package, the M & M Package Store and Good Ole Days Antiques all closed during this reporting period, with Belle Foods reopening as Piggly Wiggly. The Wal-Mart Super Center was in its fifth full year of operation, with Verizon Wireless, Donut Delite and D. W. McMillan Home Medical Equipment as new business additions.

MAJOR INITIATIVES

For The Year

In preparing the Fiscal Year 2013-2014 budget, the City identified several major operating initiatives needed to help the economic development of the area and better meet the needs of the citizens.

A \$10,000 grant was received from ADECA to assist in the refurbishment of street lighting in the City's downtown historic district under Project Number ISTR12 TX 05. A total of fifty nine (59) globe assemblies were replaced downtown at a cost of \$51,330.

A \$2,000 grant was received from International Paper Foundation, Environmental Education Grants, for wildflower gardens in and around the downtown area.

A \$20,000 Outdoor Lighting Grant was received for the Alabama Department of Public Health, which was used to improve lighting throughout Jennings Park (formerly Burnt Corn Creek Park or Burnt Corn Park).

A new Airport Master Plan and airport rotating beacon will be achieved with an FAA grant of \$73,570, including a City match of \$8,174 under FAA AIP 3-01-0080-011-2013.

A TE (Transportation Enhancement) Grant application has been submitted to the State to upgrade the entire Boardwalk located in the Historic District downtown.

A TAP (Transportation Alternatives Program) Grant application has been submitted to the State for the emplacement of sidewalks on Tiger Drive and Sowell Street.

Impact of Financial Policies for the Year

Few new major Capital Improvement projects involving General Fund matching funds were planned in order to conserve resources. The City sales tax was raised to four cents (a one cent increase), as well as a sewer rate increase to support the payment of a bond issue. The full effect of these increases began January 1, 2013 and have been producing increased revenue as predicted.

The Sewer Bond mentioned (Issue 2013A) has partially unrestricted funds to support projects and paving, as well as sewer improvements, taking those priorities off of the Reserve Fund. This issue will be repaid using Sewer O & M and Sewer Disposal Plant Funds. A Gas Bond (Issue 2013B) is restricted to replace the aging main natural gas line servicing the City and will be repaid using Gas O & M funds.

For The Future

An FAA Grant application has not been submitted as of this writing due to the fact that the previously mentioned FAA Airport Improvements Program Grant has not yet begun.

A Sewer CDBG Competitive Grant, which will involve the use of funds now known as EPA V, was approved for the Alco area of the City. CDBG funds total \$450,000, with EPA funds for matching at \$291,000 and a City match of \$60,455. The total is \$801,455 with construction in progress and due to finish by the Spring of 2014.

City streets are being inspected for possible funding under the Alabama Transportation and Rehabilitation Program (ATRIP) applied for in 2013. This is an ALDOT administered Federal aid project.

All Departments are actively pursuing any and all avenues to grant funds available respective to each Department.

ENTERPRISE FUNDS BUDGETARY HIGHLIGHTS

The City's Enterprise Funds, which are Natural Gas, Sewer, Water, Sanitation and Municipal Airport, show revenue which is adequate to meet disbursements. Although revenue for operations of the Enterprise Funds was stable this year, the City is poised for a slight decrease in these revenue streams.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is able to support the Department budgets, with the aid of decreased spending by Department Heads and the increase in sales tax. More detailed information is contained in the Management Discussion & Analysis.

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, 2012. 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". The fact that Brewton, Alabama is the only City in Alabama Congressional District 1 that has closed out in the black every Fiscal Year since FY 2007 is worthy of note. The Fiscal Year begins October 1 and ends September 30 of the subsequent year.

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,



John F. P. Angel, CMC
City Clerk / Treasurer



Government Finance Officers Association

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

Presented to

**City of Brewton
Alabama**

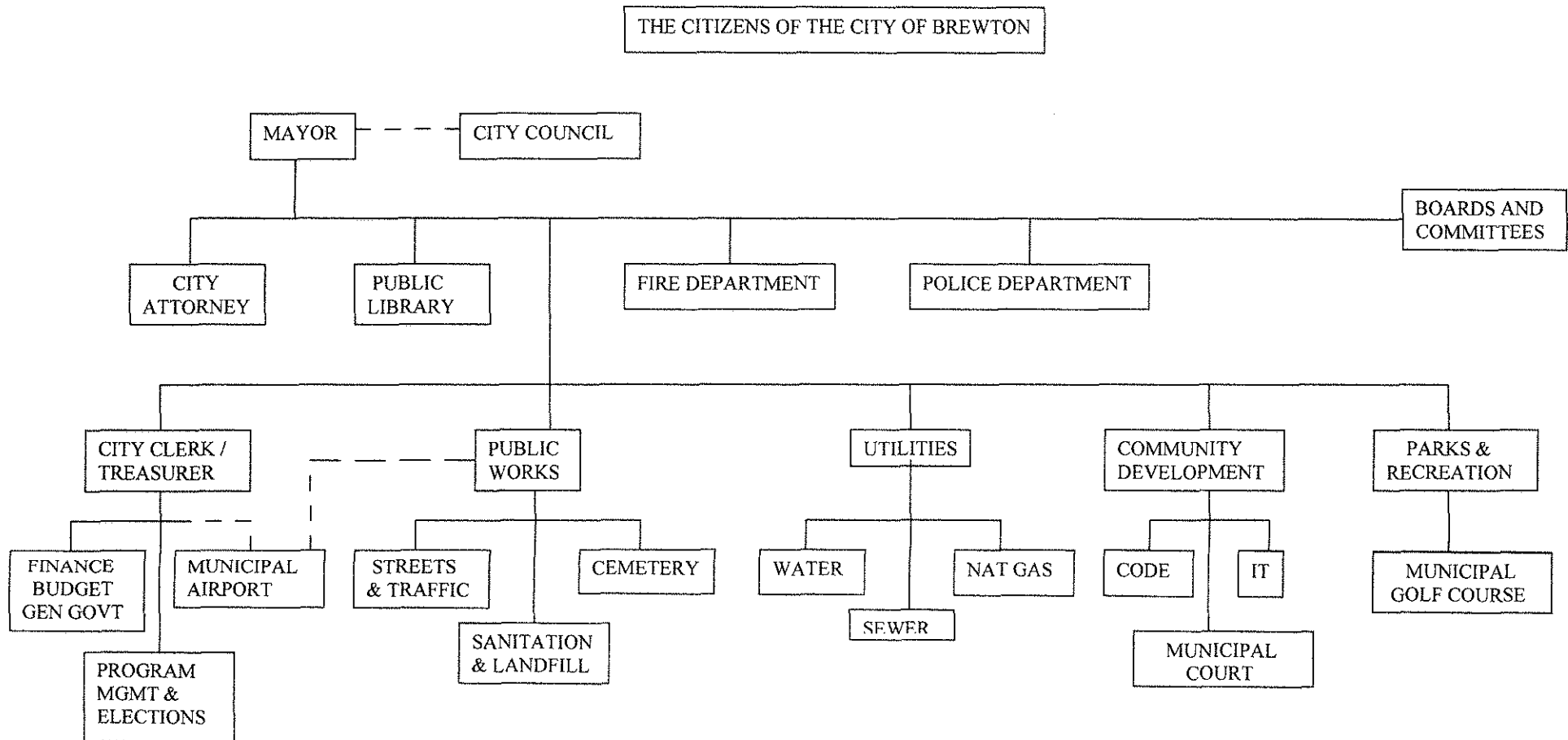
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

A handwritten signature in black ink, reading 'Jeffrey R. Egan'. The signature is fluid and cursive.

Executive Director/CEO

CITY OF BREWTON, ALABAMA
Organizational Chart



CITY OF BREWTON, ALABAMA**LIST OF PRINCIPAL OFFICIALS****SEPTEMBER 30, 2013**

<i>TITLE</i>	<i>NAME</i>	<i>TERM OF OFFICE</i>
<i>Mayor</i>	Yank Lovelace	Expires November 2016
<i>City Council</i>		
District 1	Pat Poole	Expires November 2016
District 2	Frank Cotten	Expires November 2016
District 3	Bill Littles	Expires November 2016
District 4	Joe Watson	Expires November 2016
District 5	Fred Barton	Expires November 2016
<i>City Clerk</i>	John F. P. Angel	
<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. Sherrin, 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, 2013, 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, 2013, 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.

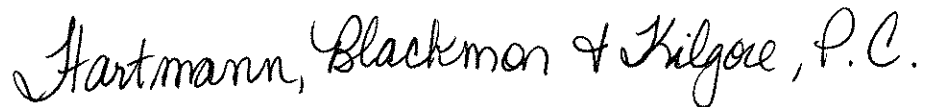
Other Information

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 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 March 28, 2014 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.



Certified Public Accountants

March 28, 2014
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, 2013. 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 \$3,318,271.
- As of September 30, 2013, the governmental funds reported a combined ending fund balance of \$2,903,474 a decrease of \$3,253,832 from the previous Fiscal Year, due to payouts of a School Bond Issue.
- The General Fund reported a fund balance of \$2,236,731 with all of it available to support non-debt service obligations of the City, a decrease of \$537,511 from last year.
- The City's debt associated with governmental activities decreased during FY 2013.

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, the 2008 General Obligation Warrant Capital Projects Fund, and the 2005 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 31-50 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's *combined* net position decreased \$1,695,947 between Fiscal Years 2012 and 2013, culminating at approximately \$9,134,024.

Net position of the City's governmental activities increased by 252.4% (\$4,632,821) of last year's \$1,314,550; 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)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2013	2012	2013	2012	2013	2012	2013-2012
Current and other assets	\$ 3,091	\$ 6,423	\$ 8,721	\$ 1,780	\$ 11,812	\$ 8,203	44.00%
Capital assets	20,941	21,160	9,493	9,786	30,434	30,946	-1.65%
Total assets	24,032	27,583	18,214	11,566	42,246	39,149	7.91%
Deferred outflows of resources	-	-	387	-	387	-	100.00%
Long-term debt outstanding	19,023	25,887	12,863	847	31,886	26,734	19.27%
Other liabilities	376	382	1,237	1,204	1,613	1,586	1.70%
Total liabilities	19,399	26,269	14,100	2,051	33,499	28,320	18.29%
Net position							
Net investment in capital assets	20,228	12,712	5,630	9,185	25,858	21,897	18.09%
Restricted	172	9	-	-	172	9	1811.11%
Unrestricted	(15,767)	(11,407)	(1,129)	330	(16,896)	(11,077)	52.53%
Total net position	\$ 4,633	\$ 1,314	\$ 4,501	\$ 9,515	\$ 9,134	\$ 10,829	-15.65%

Changes in net position. The City's total revenues (excluding special items) increased 14.7% to \$24,336,000, mainly due to an increase in charges for services. Approximately 26% of the City's revenue was generated from sales and property taxes, with another 69% from fees charged for services.

The City's expenses cover a range of services, with 64% related to business-type activities and general government, an overall 4.9% increase from the last Fiscal Year.

CITY OF BREWTON, ALABAMA
SOURCES OF REVENUE
FISCAL YEAR 2013

Source	%
Charges for services	69%
Sales tax	23%
Other	2%
Other taxes	3%
Property taxes	3%
	<u>100%</u>

CITY OF BREWTON, ALABAMA
FUNCTIONAL EXPENSES
FISCAL YEAR 2013

Type	%
Business-type activities	56%
General government	8%
Public safety	13%
Public works	5%
Recreation	2%
Library	1%
Education	11%
Interest	4%
	<u>100%</u>

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

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2013	2012	2013	2012	2013	2012	Change
							2013-2012
REVENUES							
Program revenues							
Charges for services	\$ 1,784	\$ 1,805	\$ 14,841	\$ 10,631	\$ 16,625	\$ 12,436	33.7%
Donations and operating grants	122	153	124	15	246	168	46.4%
Capital grants	-	-	163	116	163	116	40.5%
General revenues							
Sales tax	5,539	4,498	-	-	5,539	4,498	23.1%
Property tax	666	658	-	-	666	658	1.2%
Other taxes	711	644	-	-	711	644	10.4%
Investment earnings	2	2	-	-	2	2	0.0%
Receipts from School Board	352	2,510	-	-	352	2,510	-86.0%
Other	32	185	-	-	32	185	-82.7%
Total revenues	9,208	10,455	15,128	10,762	24,336	21,217	14.7%
EXPENSES							
General government	1,980	1,681	-	-	1,980	1,681	17.8%
Public safety	3,180	2,816	-	-	3,180	2,816	12.9%
Public works	1,189	1,309	-	-	1,189	1,309	-9.2%
Library	284	285	-	-	284	285	-0.4%
Recreation	527	582	-	-	527	582	-9.5%
Education	3,452	2,159	-	-	3,452	2,159	59.9%
Interest on long-term debt	1,002	1,224	-	-	1,002	1,224	-18.1%
Gas	-	-	12,758	9,095	12,758	9,095	40.3%
Sewer	-	-	788	1,485	788	1,485	-46.9%
Sanitation	-	-	723	677	723	677	6.8%
Airport	-	-	144	134	144	134	7.5%
Brewton Development Authority	-	-	7	8	7	8	-12.5%
Total expenses	11,614	10,056	14,420	11,399	26,034	21,455	21.3%
Excess (deficiency) before special items and transfers	(2,406)	399	708	(637)	(1,698)	(238)	613.4%
Transfers	5,723	(481)	(5,723)	481	-	-	0.0%
Net change in net position	\$ 3,317	\$ (82)	\$ (5,015)	\$ (156)	\$ (1,698)	\$ (238)	613.4%

Governmental Activities

Revenues for the City's governmental activities decreased 11.9%, while total expenses increased. The decrease is attributed to the fact that school funds were no longer needed to support the the 2001 General Obligation Warrant, as it was paid off in June 2012. Based on a 1% increase in sales tax collections, which began January 1, 2013, revenues are budgeted to increase next year, with stable expenses.

Business-type Activities

Revenues for the City's business-type activities increased 40.6%, and expenses increased slightly. The increase in revenue was due to a change in charges for services.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental Activities

The City's governmental funds reported a combined fund balance of \$2,903,474, a decrease of \$3,253,832 from last year. The major changes to fund balance include the following:

- General Fund: Temporary cash investments increased \$1,316.
- 2008 General Obligation Warrant (School) Capital Projects Fund: These funds were used to construct a new Middle School, which began operation in August 2011.
- 2005 General Obligation Warrant Debt Service Fund: This warrant was refunded using a new bond issue (2013 General Obligation Sewer Revenue Warrant).

Business-type Activities

The City's business-type funds reported combined net position of \$4,501,203, which is \$5,014,218 (52.7%) less than last year. The major changes to net position include the following:

- Natural Gas Service: Charges for services increased by 40.3%, but expenses also increased 40.3%. A new bond was issued in the current fiscal year in the amount of \$1,045,000—the 2013 General Obligation Gas Revenue Warrant).
- Sewer Fund: Charges for services increased by \$150,051 (36.6%), while expenses decreased 46.8%. 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 increased 6.6%.
- Municipal Airport: Revenue and expenses remained stable. The Municipal Airport had not received a confirmation of its new FAA AIP Grant at this writing.
- Brewton Development Authority: Revenues remained stable, while expenses decreased 12.9%.

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, 2013, totals \$25,857,638 (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)

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2013	2012	2013	2012	2013	2012	Change
							2013-2012
Land	\$ 3,395	\$ 3,395	\$ 458	\$ 458	\$ 3,853	\$ 3,853	0.0%
Buildings	8,198	8,147	2,239	2,056	10,437	10,203	2.3%
Improvements other than buildings	12,368	12,353	10,598	10,598	22,966	22,951	0.1%
Vehicles and equipment	5,869	5,424	3,626	3,568	9,495	8,992	5.6%
Less accumulated depreciation	(8,888)	(8,159)	(7,429)	(6,894)	(16,317)	(15,053)	8.4%
Total	\$ 20,942	\$ 21,160	\$ 9,492	\$ 9,786	\$ 30,434	\$ 30,946	-1.7%

Long-term Debt

As previously mentioned, the City issued two new General Obligation Warrants during the current fiscal year and refunded the 2005 General Obligation Warrant. Additional information regarding the City's long-term debt can be found in pages 44-46 of this report.

CITY OF BREWTON'S OUTSTANDING DEBT

(in thousands of dollars)

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2013	2012	2013	2012	2013	2012	Change
							2013-2012
General obligation warrants	\$ 18,457	\$ 25,657	\$ 12,285	\$ -	\$ 30,742	\$ 25,657	19.8%
Capital leases	546	259	489	601	1,035	860	20.3%
Total	\$ 19,003	\$ 25,916	\$ 12,774	\$ 601	\$ 31,777	\$ 26,517	19.8%

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 jangel@cityofbrewton.org.

BASIC FINANCIAL STATEMENTS

CITY OF BREWTON, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
ASSETS				
Cash and cash equivalents	\$ 1,815,495	\$ 976,567	\$ 2,792,062	\$ 3,159,362
Temporary cash investments	840,883	1,274,646	2,115,529	12,846,751
Receivables, net	429,481	184,526	614,007	8,899,820
Receivable from component units	-	30,000	30,000	-
Inventories	5,550	31,952	37,502	29,264
Unearned charges	-	-	-	65,313
Restricted funds	-	6,223,310	6,223,310	2,188,948
Capital assets, net				
Land, improvements, and construction in progress	3,394,668	458,040	3,852,708	2,825,918
Other capital assets, net of depreciation	17,546,234	9,035,436	26,581,670	31,807,515
TOTAL ASSETS	24,032,311	18,214,477	42,246,788	61,822,891
DEFERRED OUTFLOWS OF RESOURCES				
Defeasance of debt	-	386,520	386,520	194,894
LIABILITIES				
Accounts payable and accrued expenses	365,651	1,165,170	1,530,821	603,557
Unearned revenue	-	-	-	41,034
Payable to City of Brewton	-	-	-	30,000
Customer deposits	-	83,533	83,533	90,337
Internal balances	11,523	(11,523)	-	-
Long-term liabilities				
Accrued postclosure costs	-	257,609	257,609	-
Due within one year	1,804,705	261,874	2,066,579	227,639
Due in more than one year	17,217,611	12,343,131	29,560,742	14,348,829
TOTAL LIABILITIES	19,399,490	14,099,794	33,499,284	15,341,396
NET POSITION				
Net investment in capital assets	20,227,853	5,629,785	25,857,638	30,562,421
Restricted - street improvement and construction	172,464	-	172,464	357,074
Restricted - construction	-	-	-	5,760,822
Unrestricted	(15,767,496)	(1,128,582)	(16,896,078)	9,996,072
TOTAL NET POSITION	\$ 4,632,821	\$ 4,501,203	\$ 9,134,024	\$ 46,676,389

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

CITY OF BREWTON, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities:								
General	\$ 1,979,955	\$ 1,309,799	\$ 122,206	\$ -	\$ (547,950)		\$ (547,950)	
Public safety								
Police	2,217,730	345,273	-	-	(1,872,457)		(1,872,457)	
Fire	961,853	-	-	-	(961,853)		(961,853)	
Public works								
Street	941,421	-	-	-	(941,421)		(941,421)	
Animal control	122,649	5,300	-	-	(117,349)		(117,349)	
Code enforcement	124,893	-	-	-	(124,893)		(124,893)	
Library	283,654	-	-	-	(283,654)		(283,654)	
Recreation	527,334	123,654	-	-	(403,680)		(403,680)	
Education (payment to Board of Education)	3,451,722	-	-	-	(3,451,722)		(3,451,722)	
Interest on long-term debt	1,002,026	-	-	-	(1,002,026)		(1,002,026)	
Total governmental activities	11,613,237	1,784,026	122,206	-	(9,707,005)		(9,707,005)	
Business-type activities:								
Gas	12,758,400	13,520,888	-	-	-	\$ 762,488	762,488	
Sewer	788,828	560,220	123,749	-	-	(104,859)	(104,859)	
Sanitation	723,314	660,937	-	-	-	(62,377)	(62,377)	
Airport	143,592	99,255	-	163,216	-	118,879	118,879	
Brewton Development Authority	6,582	-	-	-	-	(6,582)	(6,582)	
Total business-type activities	14,420,716	14,841,300	123,749	163,216	-	707,549	707,549	
Total primary government	\$ 26,033,953	\$ 16,625,326	\$ 245,955	\$ 163,216	(9,707,005)	707,549	(8,999,456)	
Component Units								
All	\$ 13,337,178	\$ 1,714,431	\$ 7,663,715	\$ -				\$ (3,959,032)
Total component units	\$ 13,337,178	\$ 1,714,431	\$ 7,663,715	\$ -				(3,959,032)
General revenues:								
Taxes								
Property					666,400	-	666,400	1,725,277
Sales					5,539,409	-	5,539,409	629,003
Other					711,237	-	711,237	673,232
Payments from City					-	-	-	3,388,722
Receipts from Brewton City Board of Education					352,451		352,451	-
Investment earnings					1,648	834	2,482	96,092
Gain on disposition of capital assets					-	-	-	750
Other					31,530	-	31,530	255,073
Transfers in/(out)					5,722,601	(5,722,601)	-	-
Total general revenues and transfers					13,025,276	(5,721,767)	7,303,509	6,768,149
Change in net position					3,318,271	(5,014,218)	(1,695,947)	2,809,117
Net position, beginning					1,314,550	9,515,421	10,829,971	43,867,272
Net position, ending					\$ 4,632,821	\$ 4,501,203	\$ 9,134,024	\$ 46,676,389

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

CITY OF BREWTON, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General	2008 General Obligation Warrant Capital Projects Fund	2005 General Obligation Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,636,859	\$ -	\$ -	\$ 178,636	\$ 1,815,495
Temporary cash investments	438,276	-	-	402,607	840,883
Inventory	5,550	-	-	-	5,550
Due from other City funds	75,000	-	-	-	75,000
Taxes receivable	429,481	-	-	-	429,481
Total Assets	\$ 2,585,166	\$ -	\$ -	\$ 581,243	\$ 3,166,409
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 171,912	\$ -	\$ -	\$ 4,500	\$ 176,412
Due to other City funds	86,523	-	-	-	86,523
Total liabilities	258,435	-	-	4,500	262,935
FUND BALANCES					
Restricted for:					
Debt service	-	-	-	402,592	402,592
Street construction	-	-	-	25,872	25,872
Street improvements	-	-	-	146,592	146,592
Assigned for:					
Sewer improvements	-	-	-	1,687	1,687
Unassigned	2,326,731	-	-	-	2,326,731
Total fund balances	2,326,731	-	-	576,743	2,903,474
Total Liabilities and Fund Balances	\$ 2,585,166	\$ -	\$ -	\$ 581,243	\$ 3,166,409

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, 2013

Fund Balances as reported on page 20		\$ 2,903,474
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	\$ 3,394,668	
Other capital assets, net of \$8,888,078 accumulated depreciation	17,546,234	
Total capital assets		20,940,902
Some liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the fund financial statements		
		(189,239)
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>(19,022,316)</u>
Net Position of Governmental Activities as reported on page 18		<u>\$ 4,632,821</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, 2013

		2008 General Obligation Warrant Capital Projects Fund	2005 General Obligation Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	General				
REVENUES					
Taxes	\$ 6,614,499	\$ -	\$ -	\$ 182,128	\$ 6,796,627
Intergovernmental	228,434	-	-	-	228,434
Licenses and permits	1,183,726	-	-	-	1,183,726
Fines and forfeitures	345,273	-	-	-	345,273
Fees and charges	223,928	-	-	-	223,928
Revenue from City Property	31,099	-	-	-	31,099
Receipts from Brewton City Board of Education	352,451	-	-	-	352,451
Interest	1,571	53	-	24	1,648
Donations	14,191	-	-	-	14,191
Other	12,137	-	-	19,393	31,530
Total revenues	9,007,309	53	-	201,545	9,208,907
EXPENDITURES					
General	942,647	4,623	-	-	947,270
Public safety	2,992,192	-	-	-	2,992,192
Public works	1,121,178	-	-	25,056	1,146,234
Education	680,340	2,771,382	-	-	3,451,722
Other departments	1,163,533	-	-	-	1,163,533
Capital expenditures	495,570	-	-	13,736	509,306
Debt service:					
Principal	180,703	-	5,600,000	1,540,000	7,320,703
Interest	28,131	-	229,535	804,831	1,062,497
Total expenditures	7,604,294	2,776,005	5,829,535	2,383,623	18,593,457
Excess (deficiency) of revenues over expenditures	1,403,015	(2,775,952)	(5,829,535)	(2,182,078)	(9,384,550)
OTHER FINANCING SOURCES AND (USES)					
Transfers in	375,974	-	5,753,024	2,346,722	8,475,720
Capital leases	408,117	-	-	-	408,117
Transfers out	(2,724,617)	-	-	(28,502)	(2,753,119)
Total other financing sources and (uses)	(1,940,526)	-	5,753,024	2,318,220	6,130,718
Net change in fund balances	(537,511)	(2,775,952)	(76,511)	136,142	(3,253,832)
Fund balances-beginning of year	2,864,242	2,775,952	76,511	440,601	6,157,306
FUND BALANCES-END OF YEAR	<u>\$ 2,326,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 576,743</u>	<u>\$ 2,903,474</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, 2013

Net change in fund balances--total governmental funds, page 22	\$ (3,253,832)
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:	
Amortization of bond costs and discounts is not recorded in fund level statements	(162,438)
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	509,306
Depreciation expense for the year	(728,452)
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	(408,117)
Principal payments on notes and warrants	7,199,431
Principal payments on capital lease obligations	121,272
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	(19,370)
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	60,471
Change in Net Position of Government Activities, page 19	\$ 3,318,271

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, 2013

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Revenue			
Taxes	\$ 3,202,486	\$ 6,614,499	\$ 3,412,013
Licenses and permits	1,113,920	1,183,726	69,806
Fines and forfeitures	145,100	345,273	200,173
Fees and charges	311,540	223,928	(87,612)
Intergovernmental revenue	113,900	228,434	114,534
Revenue from City Property	12,800	31,099	18,299
Receipts from Brewton City Board of Education	-	352,451	352,451
Other revenue	1,000	27,899	26,899
	<u>4,900,746</u>	<u>9,007,309</u>	<u>4,106,563</u>
Expenditures			
Current expenditures:			
General government	759,850	942,647	(182,797)
Public safety	2,889,537	2,992,192	(102,655)
Public works	1,243,502	1,121,178	122,324
Education	-	680,340	(680,340)
Other departments	1,238,086	1,163,533	74,553
Capital expenditures	147,885	495,570	(347,685)
Debt Service:			
Principal	107,517	180,703	(73,186)
Interest	20,479	28,131	(7,652)
	<u>6,406,856</u>	<u>7,604,294</u>	<u>(1,197,438)</u>
Excess Revenues Over (Under) Expenditures	<u>(1,506,110)</u>	<u>1,403,015</u>	<u>2,909,125</u>
Other Financing Sources (Uses)			
Transfers in	1,506,110	375,974	(1,130,136)
Transfers out	-	(2,724,617)	(2,724,617)
Capital lease proceeds	-	408,117	408,117
	<u>1,506,110</u>	<u>(1,940,526)</u>	<u>(3,446,636)</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	(537,511)	(537,511)
Fund Balance at Beginning of Year	<u>1,231,859</u>	<u>2,864,242</u>	<u>1,632,383</u>
Fund Balance at End of Year	<u><u>\$ 1,231,859</u></u>	<u><u>\$ 2,326,731</u></u>	<u><u>\$ 1,094,872</u></u>

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

CITY OF BREWTON, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Major Funds				Nonmajor Fund	
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	Totals
Assets						
Current assets						
Cash	\$ 765,050	\$ 107,013	\$ 26,275	\$ 73,152	\$ 5,077	\$ 976,567
Temporary cash investments	1,274,646	-	-	-	-	1,274,646
Restricted cash	1,010,689	5,212,621				6,223,310
Accounts receivable	50,601	79,345	49,996	4,584	-	184,526
Due from other funds	1,850	86,523	-	-	-	88,373
Receivable from component units	30,000	-	-	-	-	30,000
Inventories	30,452	1,500	-	-	-	31,952
Total current assets	3,163,288	5,487,002	76,271	77,736	5,077	8,809,374
Noncurrent assets						
Property, plant, and equipment						
Land, improvements and construction in progress	11,100	-	3,000	298,000	145,940	458,040
Utility systems	4,705,831	5,892,568	-	-	-	10,598,399
Buildings and improvements	168,022	-	-	1,873,912	197,500	2,239,434
Equipment	930,604	931,859	1,418,382	345,426	-	3,626,271
	5,815,557	6,824,427	1,421,382	2,517,338	343,440	16,922,144
Less accumulated depreciation	3,383,311	2,615,810	746,912	593,754	88,881	7,428,668
Net property, plant, and equipment	2,432,246	4,208,617	674,470	1,923,584	254,559	9,493,476
Total noncurrent assets	2,432,246	4,208,617	674,470	1,923,584	254,559	9,493,476
Total Assets	5,595,534	9,695,619	750,741	2,001,320	259,636	18,302,850
Deferred outflows of Resources - defeasance of debt	-	386,520	-	-	-	386,520

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

CITY OF BREWTON, ALABAMA
STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Major Funds				Nonmajor Fund	
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	Totals
Liabilities and Net Position						
Current liabilities						
Accounts payable and accrued expenses	885,108	129,782	118,127	32,077	76	1,165,170
Due to other City funds	-	1,850	75,000	-	-	76,850
Long-term liabilities-current portion	30,049	134,531	97,294	-	-	261,874
Customer deposits	83,533	-	-	-	-	83,533
Total current liabilities	998,690	266,163	290,421	32,077	76	1,587,427
Noncurrent liabilities						
Long-term liabilities-less current portion	1,046,384	10,981,384	315,363	-	-	12,343,131
Accrued postclosure costs	-	-	257,609	-	-	257,609
Total noncurrent liabilities	1,046,384	10,981,384	572,972	-	-	12,600,740
Total liabilities	2,045,074	11,247,547	863,393	32,077	76	14,188,167
Net position						
Net investment in capital assets	2,366,502	823,327	261,813	1,923,584	254,559	5,629,785
Unrestricted	1,183,958	(1,988,735)	(374,465)	45,659	5,001	(1,128,582)
Total Net Position	\$ 3,550,460	\$ (1,165,408)	\$ (112,652)	\$ 1,969,243	\$ 259,560	\$ 4,501,203

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, 2013

	Major Funds				Nonmajor Fund	
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	Totals
Operating Revenues						
Charges for services	\$ 13,495,160	\$ 560,220	\$ 660,937	\$ 99,255	\$ -	\$ 14,815,572
Other	25,728	-	-	-	-	25,728
Total operating revenues	13,520,888	560,220	660,937	99,255	-	14,841,300
Operating Costs and Expenses						
Cost of sales and services	11,549,609	-	405,159	-	-	11,954,768
Salaries and wages	447,525	123,782	78,366	18,000	-	667,673
Utilities	29,664	76,081	7,423	25,752	898	139,818
Maintenance and supplies	210,771	160,712	65,742	15,512	-	452,737
Employee benefits	86,855	21,283	17,810	-	-	125,948
Insurance	46,035	7,796	3,555	4,216	746	62,348
Professional fees	36,408	367	-	346	-	37,121
Office expense	26,779	147	-	172	-	27,098
Depreciation and amortization	154,727	188,582	106,770	79,594	4,938	534,611
Landfill postclosure expense	-	-	12,306	-	-	12,306
Other	135,601	989	1,032	-	-	137,622
Total operating costs and expenses	12,723,974	579,739	698,163	143,592	6,582	14,152,050
Operating Income (Loss)	796,914	(19,519)	(37,226)	(44,337)	(6,582)	689,250
Non-Operating Revenue (Expense)						
Interest earned	165	669	-	-	-	834
Intergovernmental revenue	-	123,749	-	-	-	123,749
Debt issue cost	(25,699)	(128,174)	-	-	-	(153,873)
Interest expense	(8,727)	(80,915)	(25,151)	-	-	(114,793)
Total non-operating revenue (expenses)	(34,261)	(84,671)	(25,151)	-	-	(144,083)
Income before contributions and transfers	762,653	(104,190)	(62,377)	(44,337)	(6,582)	545,167
Capital contributions	-	-	-	163,216	-	163,216
Transfers in	1,758	180,117	35,000	-	-	216,875
Transfers out	(285,974)	(5,653,502)	-	-	-	(5,939,476)
Change in Net Position	478,437	(5,577,575)	(27,377)	118,879	(6,582)	(5,014,218)
Net Position at Beginning of Year	3,072,023	4,412,167	(85,275)	1,850,364	266,142	9,515,421
Net Position at End of Year	\$ 3,550,460	\$ (1,165,408)	\$ (112,652)	\$ 1,969,243	\$ 259,560	\$ 4,501,203

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, 2013

	Major Funds				Nonmajor Fund	
	Gas Service	Sewer Fund	Sanitation Fund	Municipal Airport	Brewton Development Authority	Totals
Cash Flows from Operating Activities:						
Receipts from customers	\$ 13,544,581	\$ 534,262	\$ 654,272	\$ 99,254	\$ -	\$ 14,832,369
Payments to suppliers	(12,036,404)	(236,442)	(482,678)	(42,427)	(1,644)	(12,799,595)
Payments to employees	(534,380)	(145,065)	(96,176)	(18,000)	-	(793,621)
Net Cash Provided (Used) by Operating Activities	973,797	152,755	75,418	38,827	(1,644)	1,239,153
Cash Flows from Noncapital Financing Activities						
Transfers in/(out)	(286,066)	(5,558,058)	35,000	-	-	(5,809,124)
Proceeds from grant	-	123,749	-	163,216	-	286,965
Net Cash Provided (Used) by Noncapital Financing Activities	(286,066)	(5,434,309)	35,000	163,216	-	(5,522,159)
Cash Flows from Capital and Related Financing Activities						
Principal paid on capital debt	(30,537)	(409,574)	(92,151)	-	-	(532,262)
Interest paid on capital debt	(8,727)	28,459	(25,151)	-	-	(5,419)
Proceeds from capital debt	1,058,764	11,090,762				12,149,526
Debt issue cost	(25,699)	(128,174)	-	-	-	(153,873)
Purchase of capital assets	(52,118)	(2,776)	-	(186,697)	-	(241,591)
Net Cash Provided (Used) by Capital and Related Financing Activities	941,683	10,578,697	(117,302)	(186,697)	-	11,216,381
Cash Flows from Investing Activities						
Interest income	165	669	-	-	-	834
Net Increase (Decrease) in Cash	1,629,579	5,297,812	(6,884)	15,346	(1,644)	6,934,209
Cash at Beginning of Year	1,420,806	21,822	33,159	57,806	6,721	1,540,314
Cash at End of Year	<u>\$ 3,050,385</u>	<u>\$ 5,319,634</u>	<u>\$ 26,275</u>	<u>\$ 73,152</u>	<u>\$ 5,077</u>	<u>\$ 8,474,523</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 796,914	\$ (19,519)	\$ (37,226)	\$ (44,337)	\$ (6,582)	\$ 689,250
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation and amortization	154,727	188,582	106,770	79,594	4,938	534,611
Change in accounts receivable	25,227	(25,958)	(6,665)	-	-	(7,396)
Change in customer deposits	(1,534)	-	-	-	-	(1,534)
Change in accrued expenses	-	-	12,306	-	-	12,306
Change in accounts payable	(1,537)	9,650	233	3,570	-	11,916
Net Cash Provided (Used) by Operating Activities	<u>\$ 973,797</u>	<u>\$ 152,755</u>	<u>\$ 75,418</u>	<u>\$ 38,827</u>	<u>\$ (1,644)</u>	<u>\$ 1,239,153</u>
Noncash investing, capital, and financing activities:						
Borrowing under capital lease	\$ 33,065	\$ -	\$ -	\$ -	\$ -	\$ 33,065
Purchase of capital assets through capital lease	\$ 33,065	\$ -	\$ -	\$ -	\$ -	\$ 33,065

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, 2013

	Governmental Activities	Business-type Activities	Total Component Units
	Brewton City Board of Education	Water Works Board of the City of Brewton	
ASSETS			
Cash and cash equivalents	\$ 2,870,661	\$ 288,701	\$ 3,159,362
Temporary cash investments	12,232,558	614,193	12,846,751
Receivables, net	8,875,494	24,326	8,899,820
Inventories	8,461	20,803	29,264
Unearned charges	-	65,313	65,313
Restricted funds	-	2,188,948	2,188,948
Capital assets, net			
Land, improvements and construction in progress	2,762,468	63,450	2,825,918
Other capital assets, net of depreciation	25,189,588	6,617,927	31,807,515
TOTAL ASSETS	51,939,230	9,883,661	61,822,891
DEFERRED OUTFLOWS OF RESOURCES			
Defeasance of debt	-	194,894	194,894
LIABILITIES			
Accounts payable and accrued expenses	439,133	164,424	603,557
Payable to City of Brewton	-	30,000	30,000
Customer deposits	-	90,337	90,337
Unearned revenue	41,034	-	41,034
Long-term liabilities			
Due within one year	7,175	220,464	227,639
Due in more than one year	9,064,574	5,284,255	14,348,829
Total liabilities	9,551,916	5,789,480	15,341,396
NET POSITION			
Net investment in capital assets	27,542,020	3,020,401	30,562,421
Restricted for:			
Education	357,074	-	357,074
Construction	3,571,874	2,188,948	5,760,822
Unrestricted	10,916,346	(920,274)	9,996,072
TOTAL NET POSITION	\$ 42,387,314	\$ 4,289,075	\$ 46,676,389

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, 2013

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 Brewton City Board of Education	Business-type Activities Water Works Board Board of the City of Brewton	Total
Component Units							
Brewton City Board of Education	\$ 11,938,445	\$ 383,271	\$ 7,663,715	\$ -	\$ (3,891,459)	\$ -	\$ (3,891,459)
Water Works Board of the City of Brewton	1,398,733	1,331,160	-	-	-	(67,573)	(67,573)
Total component units	<u>\$ 13,337,178</u>	<u>\$ 1,714,431</u>	<u>\$ 7,663,715</u>	<u>\$ -</u>	<u>(3,891,459)</u>	<u>(67,573)</u>	<u>(3,959,032)</u>
General revenues:							
Taxes							
Property					1,725,277	-	1,725,277
Sales					629,003	-	629,003
Other					673,232	-	673,232
Payments from City					3,388,722	-	3,388,722
Investment earnings					95,243	849	96,092
Gain on disposition of capital assets					750	-	750
Other					255,073	-	255,073
Total general revenues and transfers					<u>6,767,300</u>	<u>849</u>	<u>6,768,149</u>
Change in net position					2,875,841	(66,724)	2,809,117
Net position, beginning					39,511,473	4,355,799	43,867,272
Net position, ending					<u>\$ 42,387,314</u>	<u>\$ 4,289,075</u>	<u>\$ 46,676,389</u>

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

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013**

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, 2013**

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 Capital Projects Fund* is a capital projects fund that accounts for the projects funded by the 2008 General Obligation Warrants.
- The *2005 General Obligation Warrant Debt Service Fund* is a debt service fund that accounts for the debt service requirements of the 2005 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, 2013**

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, 2013**

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.

In March 2012, the GASB issued 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 definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*. This statement is effective for periods beginning after December 15, 2012, although the City elected to early implement Statement No. 65 in fiscal year 2013.

Recently Issued Accounting Principles

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans—An Amendment of GASB Statement No. 25*. Effective for fiscal year 2014, GASB Statement No. 67 will require Pension Plans to present information differently than they have previously. Upon implementation, the City's note disclosures will be presented in accordance with the updated presentation required of Pension Plans. GASB Statement No. 67 is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the City's 2014 financial statements.

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, 2013, the Government-wide unfunded accrued actuarial liability is \$3,209,470 as shown in Note 11 to the financial statements.

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013, all amounts expended which exceeded budget appropriations were approved by the Council, and there were no supplemental appropriations made. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapse at year end. The following individual overexpenditures were all approved by the City Council:

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	<u>Excess Expenditures</u>		<u>Excess Expenditures</u>
<i>General Government:</i>		<i>Animal Control</i>	
Utilities	\$ 7,989	Employee benefits	\$ 499
Telephone	3,234	Tools and supplies	348
Dues and publications	2,975	Uniforms	595
Repairs and maintenance	142,570	Other	7,344
Professional fees	30,123	<i>Code Enforcement</i>	
Street lighting	7,110	Repairs and maintenance	1,051
Industrial development	53,196	Capital expenditures	14,881
Other	11,473	<i>Other Departments:</i>	
<i>Public Safety:</i>		<i>Municipal Court</i>	
<i>Police Department</i>		Legal services	9,443
Salaries	2,524	Court supplies	4,861
Travel	793	Other	96,481
Telephone	2,036	State fees	3,107
Uniforms and equipment	40,471	<i>Library Department</i>	
Fuel, oil and tires	12,971	Utilities	9,172
Investigation and education	3,655	Telephone	918
Other	37,598	Repairs and maintenance	6,189
<i>Fire Department</i>		<i>Cemetery Department</i>	
Salaries	25,772	Salaries	2,941
Employee benefits	1,619	Gas and oil	398
Repairs and maintenance	1,239	Repairs and maintenance	94
Tools and supplies	27,528	Capital expenditures	54,847
Telephone	1,516	<i>Traffic Control</i>	9,220
Uniforms	2,966	<i>Beautification and Fine Ar.</i>	37,298
Fuel, oil and tires	430	<i>Payments to School Board</i>	680,340
Capital expenditures	360,508	<i>Debt Service</i>	80,838
<i>Public Works:</i>		<i>Transfers Out</i>	2,724,617
<i>Street Department</i>			
Fuel, oil and tires	22,404		
Uniforms	4,484		
Utilities	2,333		
Telephone	1,742		

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

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt of deferred inflows of resources attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of the related debt. Rather, that portion of the debt or deferred inflows of resources is included in the same net position as the unspent proceeds.

- Restricted net position—Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted net position—The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Financial Statements

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

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

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

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The City of Brewton, Alabama has evaluated subsequent events through March 28, 2014, the date which the financial statements were available to be issued.

There were no other material subsequent events which require disclosure at September 30, 2013.

NOTE 2 DEPOSITS AND INVESTMENTS

At September 30, 2013, the City had investments in U.S. Treasury money market mutual funds through its trustee agreement for debt sinking funds. The fair value was \$8,101,986. The average maturity of the portfolio was 59 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, 2013, 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 2013, the largest customer for the gas fund accounted for approximately 88% of revenue in the gas fund.

NOTE 4 NET ASSETS DEFICIT

At September 30, 2013, there was a deficit in net assets of the Sewer Fund of \$1,165,408 and the Sanitation Fund of \$112,652. 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 2013. 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

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 5 GRANT PROCEEDS IN PROPRIETARY FUNDS (CONTINUED)

and Changes in Fund Net Position. The grant received in the Sewer Fund was used for repairs from flood damages 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 10/01/12	Additions	Reclassifications/ Retirements	Balance 09/30/13
Governmental Activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 3,394,668	\$ -	\$ -	\$ 3,394,668
<i>Capital assets being depreciated</i>				
Buildings	8,146,923	51,347	-	8,198,270
Improvements other than buildings	12,353,769	13,736	-	12,367,505
Vehicles and equipment	5,424,314	444,223	-	5,868,537
Total capital assets being depreciated	25,925,006	509,306	-	26,434,312
Less accumulated depreciation for:				
Buildings	1,880,732	165,527	-	2,046,259
Improvements other than buildings	2,116,226	247,537	-	2,363,763
Vehicles and equipment	4,162,668	315,388	-	4,478,056
Total accumulated depreciation	8,159,626	728,452	-	8,888,078
Total capital assets being depreciated	17,765,380	(219,146)	-	17,546,234
Capital assets, net	\$ 21,160,048	\$ (219,146)	\$ -	\$ 20,940,902

Depreciation was charged to governmental activities as follows:

General	\$ 444,376
Police	121,432
Fire	65,959
Street	42,729
Recreation	48,682
Library	5,274
Total	\$ 728,452

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Balance 10/01/12	Additions	Reclassifications/ Retirements	Balance 09/30/13
Component Unit:				
Brewton City Board of Education				
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 1,284,675	\$ -	\$ -	\$ 1,284,675
Construction in progress	32,508	1,445,285		1,477,793
Total capital assets not being depreciated	1,317,183	1,445,285	-	2,762,468
<i>Capital assets being depreciated</i>				
Buildings and improvements	30,609,465	57,433	-	30,666,898
Equipment	3,484,226	72,982	23,359	3,533,849
Total capital assets being depreciated	34,093,691	130,415	23,359	34,200,747
Less accumulated depreciation for:				
Buildings and improvements	5,206,518	612,782	-	5,819,300
Equipment	3,082,476	132,742	23,359	3,191,859
Total accumulated depreciation	8,288,994	745,524	23,359	9,011,159
Total capital assets being depreciated	25,804,697	(615,109)	-	25,189,588
Capital assets, net	\$ 27,121,880	\$ 830,176	\$ -	\$ 27,952,056
Business-type Activities				
Gas Service Fund				
<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	-	-	4,705,831
Equipment	878,486	52,118	-	930,604
Total capital assets being depreciated	5,752,339	52,118	-	5,804,457
Less accumulated depreciation for:				
Buildings and improvements	140,499	2,638	-	143,137
Utility systems	2,443,772	93,255	-	2,537,027
Equipment	644,313	58,834	-	703,147
Total accumulated depreciation	3,228,584	154,727	-	3,383,311
Total capital assets being depreciated	2,523,755	(102,609)	-	2,421,146
Capital assets, net	\$ 2,534,855	\$ (102,609)	\$ -	\$ 2,432,246

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Balance 10/01/12	Additions	Reclassifications/ Retirements	Balance 09/30/13
Business-type Activities (continued)				
Sewer Fund				
<i>Capital assets being depreciated</i>				
Utility systems	\$ 5,892,568	\$ -	\$ -	\$ 5,892,568
Equipment	929,083	2,776	-	931,859
Total capital assets being depreciated	6,821,651	2,776	-	6,824,427
Less accumulated depreciation for:				
Utility systems	1,799,590	117,879	-	1,917,469
Equipment	627,638	70,703	-	698,341
Total accumulated depreciation	2,427,228	188,582	-	2,615,810
Capital assets, net	\$ 4,394,423	\$ (185,806)	\$ -	\$ 4,208,617
Sanitation Fund				
<i>Capital assets not being depreciated</i>				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
<i>Capital assets being depreciated</i>				
Equipment	1,418,382	-	-	1,418,382
Total capital assets being depreciated	1,418,382	-	-	1,418,382
Less accumulated depreciation for:				
Equipment	640,142	106,770	-	746,912
Total accumulated depreciation	640,142	106,770	-	746,912
Total capital assets being depreciated	778,240	(106,770)	-	671,470
Capital assets, net	\$ 781,240	\$ (106,770)	\$ -	\$ 674,470
Municipal Airport Fund				
<i>Capital assets not being depreciated</i>				
Land	\$ 298,000	\$ -	\$ -	\$ 298,000
<i>Capital assets being depreciated</i>				
Buildings and improvements	1,690,303	183,609	-	1,873,912
Equipment	342,338	3,088	-	345,426
Total capital assets being depreciated	2,032,641	186,697	-	2,219,338
Less accumulated depreciation for:				
Buildings and improvements	379,817	50,382	-	430,199
Equipment	134,343	29,212	-	163,555
Total accumulated depreciation	514,160	79,594	-	593,754
Total capital assets being depreciated	1,518,481	107,103	-	1,625,584
Capital assets, net	\$ 1,816,481	\$ 107,103	\$ -	\$ 1,923,584

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Balance 10/01/12	Additions	Reclassifications/ Retirements	Balance 09/30/13
Business-type Activities (continued)				
Brewton Development Authority				
<i>Capital assets not being depreciated</i>				
Land	\$ 145,940	\$ -	\$ -	\$ 145,940
<i>Capital assets being depreciated</i>				
Buildings and improvements	197,500	-	-	197,500
Total capital assets being depreciated	197,500	-	-	197,500
Less accumulated depreciation for:				
Buildings and improvements	83,943	4,938	-	88,881
Total accumulated depreciation	83,943	4,938	-	88,881
Total capital assets being depreciated	113,557	(4,938)	-	108,619
Capital assets, net	\$ 259,497	\$ (4,938)	\$ -	\$ 254,559
Component Unit:				
Water Works Board				
<i>Capital assets not being depreciated</i>				
Land	\$ 63,450	\$ -	\$ -	\$ 63,450
<i>Capital assets being depreciated</i>				
Water system	8,764,669	583,084	-	9,347,753
Machinery and equipment	978,780	9,587	14,442	973,925
Property under capital lease	77,647	73,240	-	150,887
Furniture and fixtures	67,609	-	-	67,609
Total capital assets being depreciated	9,888,705	665,911	14,442	10,540,174
Less accumulated depreciation for:				
Water system	2,702,798	213,878	-	2,916,676
Machinery and equipment	888,888	29,513	13,239	905,162
Property under capital lease	16,712	16,087	-	32,799
Furniture and fixtures	67,610	-	-	67,610
Total accumulated depreciation	3,676,008	259,478	13,239	3,922,247
Total capital assets being depreciated	6,212,697	406,433	1,203	6,617,927
Capital assets, net	\$ 6,276,147	\$ 406,433	\$ 1,203	\$ 6,681,377

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt	\$ 25,656,746	\$ -	\$ 7,199,431	\$ 18,457,315	\$ 1,637,495
Capital Lease Obligations	258,889	408,117	121,272	545,734	117,703
Compensated Absences	228,167	252,962	233,592	247,537	49,507
	<u>26,143,802</u>	<u>661,079</u>	<u>7,554,295</u>	<u>19,250,586</u>	<u>1,804,705</u>
Warrant Discount	<u>(257,124)</u>	<u>4,911</u>	<u>33,765</u>	<u>(228,270)</u>	<u>-</u>
Governmental Activities, long-term liabilities	<u>25,886,678</u>	<u>665,990</u>	<u>7,588,060</u>	<u>19,022,316</u>	<u>1,804,705</u>
Business-type Activities					
General Obligation Debt	-	12,285,000	-	12,285,000	115,000
Capital Lease Obligations	601,221	33,065	145,741	488,545	146,874
Accrued Postclosure Costs	245,303	12,306	-	257,609	-
	<u>846,524</u>	<u>12,330,371</u>	<u>145,741</u>	<u>13,031,154</u>	<u>261,874</u>
Warrant Discount	<u>-</u>	<u>169,373</u>	<u>833</u>	<u>(168,540)</u>	<u>-</u>
Business-type Activities, long-term liabilities	<u>846,524</u>	<u>12,499,744</u>	<u>146,574</u>	<u>12,862,614</u>	<u>261,874</u>
Total Long-term Liabilities	<u>\$ 26,733,202</u>	<u>\$ 13,165,734</u>	<u>\$ 7,734,634</u>	<u>\$ 31,884,930</u>	<u>\$ 2,066,579</u>

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

Bonds and warrants payable at September 30, 2013, 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.

\$ 11,240,000

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, 2013

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

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. 15,890,000

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. 2,400,000

Note payable for purchase of street equipment dated September 15, 2011, due in 72 monthly installments of \$2,493, including interest at 2.59% 113,580

Note payable for purchase of police cars dated February 1, 2011, due in 36 monthly installments of \$1,478, including interest at 3.95% 7,324

Note payable for purchase of street vehicle dated March 1, 2012, due in 60 monthly installments of \$443, including interest at 2.38% 17,822

Note payable for purchase of fire vehicle dated March 1, 2012, due in 60 monthly installments of \$710, including interest at 2.38% 28,589

Total General Obligation Bonds and Warrants \$ 30,742,315

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
2014	\$ 1,637,495	\$ 776,058	\$ 115,000	\$ 469,786
2015	1,686,196	698,303	230,000	507,751
2016	1,747,248	636,112	280,000	500,676
2017	1,811,376	570,317	285,000	492,801
2018	1,855,000	499,310	290,000	484,776
2019-2023	7,905,000	1,375,576	1,590,000	2,293,429
2024-2028	1,815,000	41,745	1,865,000	2,000,512
2029-2033	-	-	1,890,000	1,606,270
2034-2038	-	-	2,245,000	1,143,389
2039-2043	-	-	2,840,000	531,856
2044	-	-	655,000	16,375
	<u>\$ 18,457,315</u>	<u>\$ 4,597,421</u>	<u>\$ 12,285,000</u>	<u>\$ 10,047,621</u>

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

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 a backhoe loader. 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	\$ 711,889	\$ 839,754
Less accumulated depreciation	115,928	214,083
Total	<u>\$ 595,961</u>	<u>\$ 625,671</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2013, were as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2014	\$ 134,547	\$ 169,076
2015	123,510	140,260
2016	63,157	221,221
2018	49,996	-
2018	47,365	-
2019-2022	<u>189,459</u>	<u>-</u>
Total minimum lease payments	608,034	530,557
Less amount representing interest	<u>(62,300)</u>	<u>(42,012)</u>
Present value of minimum lease payments	<u>\$ 545,734</u>	<u>\$ 488,545</u>

Line of Credit and Letter of Credit

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

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, are 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

The City issued revenue warrant bonds dated July 1, 2013 in the amount of \$11,240,000. A portion of the proceeds (\$5,826,768) was used to defease the remaining portion of the general obligation bonds series 2005. The defeased portion of the outstanding warrants had a balance of \$5,600,000. Proceeds from the 2013 warrants of \$5,826,768 were placed with an escrow agent in an irrevocable trust to provide for payment when they are called on July 1, 2024. The refunding meets the criteria for an advance refunding and the debt was removed from the books of the City on July 1, 2013.

As a result of the advanced refunding, the City's total debt service requirements increased by \$226,768, which resulted in an economic loss of \$395,512. The decrease in the cash flow requirement is attributable to a decrease in the interest rates on the new revenue bonds compared to the old bonds.

NOTE 10 LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The City is required by federal and state laws to place a final cover on its inert landfill when it stops accepting trash and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting trash, the City reports a portion of these estimated future costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$257,609 reported as accrued postclosure costs by the sanitation fund represents the cumulative amount of estimated costs through September 30, 2013. 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, 2013. 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, 2013, 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

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 11 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

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 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, 2012, was 9.82% for Tier 1 employees and 7.52% for Tier 2 employees.

Annual Pension Cost

For the year ended September 30, 2013, the City of Brewton's annual pension contribution of \$320,196 was equal to the required and actual contributions. The required contribution was determined as part of the September 30, 2012, 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, 2012, was 26 years.

Fiscal Year	Three-year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2010	\$ 298,024	100%	\$0
09/30/2011	315,873	100%	0
09/30/2012	289,877	100%	0

**CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 11 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Funded Status and Funding Progress

The funded status of the plan as of October 01, 2012, was as follows:

Actuarial accrued liability (AAL)	\$ 11,139,135
Actuarial value of plan assets	7,929,665
Unfunded actuarial accrued liability (UAAL)	<u>\$ 3,209,470</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>71.2%</u>
Covered payroll (active plan members)	\$ 3,430,278
UAAL as a percentage of covered payroll	93.6%

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.

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

CITY OF BREWTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 11 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

sufficient assets will be available to pay benefits when due. For the year ended September 30, 2013, the School Board's contribution rates were 10.08% for Tier 1 employees and 9.44% for Tier 2 employees. The School Board's contributions to the Teachers' Retirement System for the years ended September 30, 2013, 2012, and 2011, were \$592,422, \$586,711, and \$736,123, respectively, equal to the required contributions for each year.

NOTE 12 INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2013 are:

		Interfund Payables		
		General	Sewer	Sanitation
				Totals
Interfund Receivables				
General	\$	-	\$	-
Gas Service		-	1,850	-
Sewer		86,523	-	-
Totals	\$	86,523	\$	1,850
				75,000
				\$ 163,373

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

At September 30, 2013, interfund transfers consisted of the following:

		Transfers Out			
		General	Other Governmental	Gas Service	Sewer
					Totals
Transfers In					
General	\$	-	\$	-	\$ 375,974
2005 General Obligation Warrant Debt Service		191,279	-	-	5,753,024
Other Governmental		2,346,722	-	-	2,346,722
Gas Service		-	-	-	1,758
Sewer		151,615	28,502	-	180,117
Sanitation		35,000	-	-	35,000
Totals	\$	2,724,616	\$	28,502	\$ 8,692,595
				285,974	5,653,503

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BREWTON, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS-EMPLOYEE RETIREMENT SYSTEM
SEPTEMBER 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) Entry Age (b)¹	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
9/30/2007	\$ 7,953,614	\$ 9,523,566	\$ 1,569,952	83.5%	\$ 3,194,503	49.1%
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 ²	8,028,414	10,601,556	2,573,142	75.7%	3,447,487	74.6%
9/30/2011 ⁴	7,920,838	11,235,884	3,315,046	70.5%	3,372,979	98.3%
9/30/2012 ⁵	7,929,665	11,103,523	3,173,858	71.4%	3,430,278	92.5%
9/30/2012 ^{3,5}	7,929,665	11,139,135	3,209,470	71.2%	3,430,278	93.6%

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

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

³ 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.

⁴ Reflects changes in actuarial assumptions.

⁵ Reflects changes to interest smoothing methodology.

* The actuarial value of assets was set equal to the market value of assets as of September 30, 2012.

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, 2013

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes			
Ad valorem tax	\$ 300,000	\$ 666,400	\$ 366,400
Beer tax	70,000	42,877	(27,123)
Cigarette tax	21,000	16,096	(4,904)
Sales tax	2,693,736	5,539,409	2,845,673
City gasoline tax	108,750	132,658	23,908
Wine tax	9,000	13,660	4,660
Oil severance tax	-	203,399	203,399
Total Taxes	<u>3,202,486</u>	<u>6,614,499</u>	<u>3,412,013</u>
Licenses and Permits			
Business licenses	1,106,520	1,170,731	64,211
Building permits	3,600	12,995	9,395
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>1,183,726</u>	<u>69,806</u>
Fines and Forfeitures			
Fines and court costs	<u>145,100</u>	<u>345,273</u>	<u>200,173</u>
Fees and Charges			
Recreation and golf revenues	206,900	123,654	(83,246)
Animal shelter fees	2,640	5,300	2,660
Miscellaneous fees	102,000	94,974	(7,026)
Total Fees and Charges	<u>311,540</u>	<u>223,928</u>	<u>(87,612)</u>
Intergovernmental Revenues			
Federal grants	-	108,015	108,015
Production privilege tax	21,000	33,939	12,939
Financial excise tax	41,500	29,020	(12,480)
State auto license	3,200	5,342	2,142
Motor vehicle license	14,500	15,588	1,088
Business privilege tax	22,000	23,997	1,997
ABC store revenue	11,700	12,533	833
Total Intergovernmental Revenues	<u>113,900</u>	<u>228,434</u>	<u>114,534</u>
Revenue From City Property			
Sale of City property	800	6,374	5,574
Rent	-	14,155	14,155
Community center	12,000	10,570	(1,430)
Total Revenue From City Property	<u>12,800</u>	<u>31,099</u>	<u>18,299</u>
Receipts from Brewton City Board of Education	<u>-</u>	<u>352,451</u>	<u>352,451</u>
Other Revenue			
Interest earned	-	1,571	1,571
Donations	-	14,191	14,191
Other	1,000	12,137	11,137
Total Other Revenue	<u>1,000</u>	<u>27,899</u>	<u>26,899</u>
Total Revenues	<u>4,900,746</u>	<u>9,007,309</u>	<u>4,106,563</u>
Other Financing Sources			
Transfers in	1,506,110	375,974	(1,130,136)
Capital lease proceeds	-	408,117	408,117
Total Other Financing Sources	<u>1,506,110</u>	<u>784,091</u>	<u>(722,019)</u>
Total Revenues and Other Financing Sources	<u>\$ 6,406,856</u>	<u>\$ 9,791,400</u>	<u>\$ 3,384,544</u>

(Continued)

CITY OF BREWTON, ALABAMA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government			
Salaries	\$ 358,957	\$ 324,568	\$ 34,389
Employee benefits	87,136	66,160	20,976
Utilities	26,500	34,489	(7,989)
Telephone	11,000	14,234	(3,234)
Office supplies	15,900	13,767	2,133
Municipal election	9,500	-	9,500
Dues and publications	5,100	8,075	(2,975)
Travel	11,000	10,004	996
Insurance	52,870	52,512	358
Repairs and maintenance	42,975	185,545	(142,570)
Professional fees	19,500	49,623	(30,123)
Street lighting	66,000	73,110	(7,110)
Fire hydrant rental	16,900	16,380	520
Industrial development expenditures	9,600	62,796	(53,196)
Appropriation	17,758	10,757	7,001
Capital expenditures	38,000	3,010	34,990
Other	9,154	20,627	(11,473)
Total General Government	<u>797,850</u>	<u>945,657</u>	<u>(147,807)</u>
Public Safety			
Police Department			
Salaries	1,445,040	1,447,564	(2,524)
Employee benefits	329,596	307,268	22,328
Travel	7,000	7,793	(793)
Telephone	15,000	17,036	(2,036)
Uniforms and equipment	11,500	51,971	(40,471)
Repairs and maintenance	51,800	31,637	20,163
Fuel, oil, and tires	85,290	98,261	(12,971)
Ammunition	3,000	856	2,144
Insurance	71,050	69,609	1,441
Jail expenditures	4,000	-	4,000
Laundry	6,500	5,892	608
Investigation and education	4,000	7,655	(3,655)
Capital expenditures	17,748	-	17,748
Office supplies	7,500	6,658	842
Other	6,500	44,098	(37,598)
Total Police Department	<u>2,065,524</u>	<u>2,096,298</u>	<u>(30,774)</u>

(Continued)

CITY OF BREWTON, ALABAMA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Public Safety (Continued)			
Fire Department			
Salaries	\$ 595,600	\$ 621,372	\$ (25,772)
Employee benefits	126,406	128,025	(1,619)
Insurance	34,105	33,143	962
Repairs and maintenance	23,750	24,989	(1,239)
Tools and supplies	2,000	29,528	(27,528)
Utilities	11,000	10,002	998
Telephone	7,000	8,516	(1,516)
Office supplies	4,000	3,037	963
Uniforms	3,000	5,966	(2,966)
Education and travel	15,500	12,446	3,054
Fuel, oil, and tires	17,500	17,930	(430)
Laundry	1,900	940	960
Capital expenditures	46,021	406,529	(360,508)
Total Fire Department	<u>887,782</u>	<u>1,302,423</u>	<u>(414,641)</u>
 Total Public Safety	 <u>2,953,306</u>	 <u>3,398,721</u>	 <u>(445,415)</u>
Public Works			
Street Department			
Salaries	566,461	532,866	33,595
Employee benefits	147,117	135,523	11,594
Insurance	40,690	39,975	715
Repairs and maintenance	87,300	66,132	21,168
Tools and supplies	14,000	7,969	6,031
Fuel, oil, and tires	37,000	59,404	(22,404)
Chemicals	5,000	1,928	3,072
Capital expenditures	14,216	-	14,216
Uniforms	10,000	14,484	(4,484)
Utilities	6,500	8,833	(2,333)
Telephone	3,800	5,542	(1,742)
Other	4,500	980	3,520
Total Street Department	<u>936,584</u>	<u>873,636</u>	<u>62,948</u>
Animal Control			
Salaries	41,559	39,663	1,896
Employee benefits	8,450	8,949	(499)
Tools and supplies	631	979	(348)
Uniforms	545	1,140	(595)
Insurance	979	349	630
Repairs and maintenance	7,400	1,094	6,306
Telephone	1,200	770	430
Utilities	7,000	3,498	3,502
Fuel, oil, and tires	1,095	626	469
Other	58,237	65,581	(7,344)
Total Animal Control	<u>127,096</u>	<u>122,649</u>	<u>4,447</u>

(Continued)

CITY OF BREWTON, ALABAMA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Code Enforcement			
Salaries	\$ 140,338	\$ 98,112	\$ 42,226
Employee benefits	28,750	16,225	12,525
Travel	2,000	187	1,813
Office supplies	11,000	2,184	8,816
Insurance	3,500	2,217	1,283
Repairs and maintenance	1,950	3,001	(1,051)
Telephone	2,500	1,506	994
Fuel, oil, and tires	4,000	1,461	2,539
Capital expenditures	2,000	16,881	(14,881)
Total Code Enforcement	<u>196,038</u>	<u>141,774</u>	<u>54,264</u>
 Total Public Works	 <u>1,259,718</u>	 <u>1,138,059</u>	 <u>121,659</u>
Other Departments			
Municipal Court			
Salaries	75,169	70,709	4,460
Employee benefits	7,800	1,708	6,092
Legal services	20,000	29,443	(9,443)
Court supplies	3,000	7,861	(4,861)
Travel	2,500	-	2,500
Telephone	1,700	1,193	507
Other	2,701	99,182	(96,481)
State fees	-	3,107	(3,107)
Total Municipal Court	<u>112,870</u>	<u>213,203</u>	<u>(100,333)</u>
Library Department			
Salaries	238,162	171,509	66,653
Employee benefits	52,995	39,834	13,161
Insurance	8,400	7,063	1,337
Utilities	16,100	25,272	(9,172)
Telephone	7,500	8,418	(918)
Repairs and maintenance	10,500	16,689	(6,189)
Travel	5,000	317	4,683
Capital expenditures	12,000	-	12,000
Office supplies	18,500	9,278	9,222
Total Library Department	<u>369,157</u>	<u>278,380</u>	<u>90,777</u>
Recreation Department			
Salaries	251,929	224,330	27,599
Employee benefits	45,229	31,536	13,693
Utilities	42,674	31,482	11,192
Insurance	13,650	12,359	1,291
Recreation activities	113,550	68,245	45,305
Capital expenditures	10,900	7,303	3,597
Other	16,141	13,312	2,829
Repairs and maintenance	136,100	97,388	38,712
Total Recreation Department	<u>630,173</u>	<u>485,955</u>	<u>144,218</u>

(Continued)

CITY OF BREWTON, ALABAMA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Amended Budget	Actual	Variance Positive (Negative)
Other Departments (Continued)			
Cemetery Department			
Salaries	\$ 54,379	\$ 57,320	\$ (2,941)
Employee benefits	18,707	15,899	2,808
Insurance	3,200	2,397	803
Utilities	500	472	28
Uniforms	2,100	1,100	1,000
Gas and oil	4,000	4,398	(398)
Repairs and maintenance	4,600	4,694	(94)
Tools and supplies	800	-	800
Capital expenditures	7,000	61,847	(54,847)
Total Cemetery Department	<u>95,286</u>	<u>148,127</u>	<u>(52,841)</u>
Traffic Control	43,500	52,720	(9,220)
Beautification and Fine Arts	17,000	54,298	(37,298)
Payments to Brewton City Board of Education	-	680,340	(680,340)
Debt Service			
Principal	107,517	180,703	(73,186)
Interest	20,479	28,131	(7,652)
Total Other Departments	<u>1,395,982</u>	<u>2,121,857</u>	<u>(725,875)</u>
Total Expenditures	6,406,856	7,604,294	(1,197,438)
Other Financing Uses			
Transfers out	<u>-</u>	<u>2,724,617</u>	<u>(2,724,617)</u>
Total Expenditures and Other Financing Uses	<u>\$ 6,406,856</u>	<u>\$ 10,328,911</u>	<u>\$ (3,922,055)</u>

**CITY OF BREWTON, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	Debt Service Funds			Capital Projects Fund	Special Revenue Funds			Total Nonmajor Governmental Funds
	2008 General Obligation Warrant Fund	2009 General Obligation Warrant Fund	Total	2005 General Obligation Warrant Fund	Street Construction Fund	Street Improvement Fund	Total	
Assets								
Cash	\$ -	\$ -	\$ -	\$ 1,672	\$ 25,872	\$ 151,092	\$ 176,964	\$ 178,636
Temporary cash investments	-	402,592	402,592	15	-	-	-	402,607
Total Assets	<u>\$ -</u>	<u>\$ 402,592</u>	<u>\$ 402,592</u>	<u>\$ 1,687</u>	<u>\$ 25,872</u>	<u>\$ 151,092</u>	<u>\$ 176,964</u>	<u>\$ 581,243</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ 4,500	\$ 4,500
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>
Fund Balances								
Restricted for:								
Debt service	-	402,592	402,592	-	-	-	-	402,592
Street construction	-	-	-	-	25,872	-	25,872	25,872
Street improvements	-	-	-	-	-	146,592	146,592	146,592
Assigned for:								
Sewer improvements	-	-	-	1,687	-	-	-	1,687
Total fund balances	<u>-</u>	<u>402,592</u>	<u>402,592</u>	<u>1,687</u>	<u>25,872</u>	<u>146,592</u>	<u>172,464</u>	<u>576,743</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 402,592</u>	<u>\$ 402,592</u>	<u>\$ 1,687</u>	<u>\$ 25,872</u>	<u>\$ 151,092</u>	<u>\$ 176,964</u>	<u>\$ 581,243</u>

CITY OF BREWTON, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Debt Service Funds			Capital Projects Fund	Special Revenue Funds			Total Nonmajor Governmental Funds
	2008 General Obligation Warrant Fund	2009 General Obligation Warrant Fund	Total	2005 General Obligation Warrant Fund	Street Construction Fund	Street Improvement Fund	Total	
Revenues								
State gasoline tax	\$ -	\$ -	\$ -	\$ -	\$ 25,515	\$ 156,613	\$ 182,128	\$ 182,128
Intergovernmental revenue	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	19,393	-	19,393	19,393
Interest earned	-	24	24	-	-	-	-	24
Total Revenues	-	24	24	-	44,908	156,613	201,521	201,545
Expenditures								
Public works program	-	-	-	-	2,771	22,285	25,056	25,056
Capital outlay	-	-	-	-	-	13,736	13,736	13,736
Debt Service:								
Principal	1,090,000	450,000	1,540,000	-	-	-	-	1,540,000
Interest	731,230	73,601	804,831	-	-	-	-	804,831
Total Expenditures	1,821,230	523,601	2,344,831	-	2,771	36,021	38,792	2,383,623
Excess Revenues Over (Under) Expenditures	(1,821,230)	(523,577)	(2,344,807)	-	42,137	120,592	162,729	(2,182,078)
Other Financing Sources (Uses)								
Transfers in/(out)	1,821,230	525,492	2,346,722	(28,502)	-	-	-	2,318,220
Total Other Financing Sources (Uses)	1,821,230	525,492	2,346,722	(28,502)	-	-	-	2,318,220
Net change in fund balances	-	1,915	1,915	(28,502)	42,137	120,592	162,729	136,142
Fund Balances at Beginning of Year	-	400,677	400,677	30,189	(16,265)	26,000	9,735	440,601
Fund Balances at End of Year	\$ -	\$ 402,592	\$ 402,592	\$ 1,687	\$ 25,872	\$ 146,592	\$ 172,464	\$ 576,743

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Brewton, Alabama's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	60-66
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>	67-73
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>	74-77
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>	78-79
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>	80-82

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 8,781,627	\$ 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
Restricted	2,056,259	1,584,140	4,132,318	3,290,346	86,704	370,707	606,140	52,341	9,735	172,464
Unrestricted	2,775,734	2,129,655	1,232,848	2,553,001	5,513,892	6,725,123	(4,029,370)	(12,261,448)	(11,406,881)	(15,767,496)
Total governmental activities net position	<u>\$ 13,613,620</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 6,832,761	\$ 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
Unrestricted	770,533	925,677	600,870	630,458	354,840	263,689	184,749	352,115	330,146	(1,128,582)
Total business-type activities net position	<u>\$ 7,603,294</u>	<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>
Primary government										
Net investment in capital assets	\$ 15,614,388	\$ 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
Restricted	2,056,259	1,584,140	4,132,318	3,290,346	86,704	370,707	606,140	52,341	9,735	172,464
Unrestricted	3,546,267	3,055,332	1,833,718	3,183,459	5,868,732	6,988,812	(3,844,621)	(11,909,333)	(11,076,735)	(16,896,078)
Total primary government net position	<u>\$ 21,216,914</u>	<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>

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

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

Expenses	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General	\$ 1,293,559	\$ 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
Public safety										
Police	1,255,393	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
Fire	655,533	684,171	639,579	649,810	852,348	743,098	749,389	780,243	829,671	961,853
Public works										
Street	638,551	883,432	1,369,907	991,215	793,755	818,186	728,896	869,372	1,063,448	941,421
Animal control	79,183	62,844	-	-	-	-	-	-	133,358	122,649
Code Enforcement	165,164	182,769	184,576	166,971	148,519	147,222	127,317	115,030	112,770	124,893
Library	274,008	305,900	325,211	307,440	323,847	366,674	310,210	307,386	285,412	283,654
Recreation	287,105	258,902	267,654	309,476	306,382	564,458	578,783	617,398	582,219	527,334
Education (payment to Board of Education)	617,340	1,248,538	617,340	617,340	617,340	1,443,918	8,015,062	8,332,971	2,159,312	3,451,722
Interest on long-term debt	429,951	769,334	592,234	480,857	645,606	1,130,661	1,364,163	1,288,831	1,224,295	1,002,026
Total governmental activities expenses	<u>5,695,787</u>	<u>7,374,903</u>	<u>6,999,914</u>	<u>6,943,077</u>	<u>6,987,128</u>	<u>8,823,190</u>	<u>15,648,015</u>	<u>16,310,001</u>	<u>10,056,793</u>	<u>11,613,237</u>
Business-type activities:										
Gas	2,235,924	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
Sewer	358,389	474,342	557,248	643,214	556,162	604,102	632,723	1,716,138	1,484,925	788,828
Sanitation	476,385	734,728	732,691	532,132	679,673	678,469	680,333	690,290	676,903	723,314
Airport	371,046	83,853	113,008	98,507	106,182	100,971	127,520	128,070	134,819	143,592
Golf course	142,650	184,405	192,264	193,102	215,912	-	-	-	-	-
Brewton Development Authority	-	-	-	-	-	-	8,229	5,872	7,555	6,582
Total business-type activities expenses	<u>3,584,394</u>	<u>4,073,932</u>	<u>4,862,258</u>	<u>3,635,560</u>	<u>16,810,871</u>	<u>12,514,837</u>	<u>17,764,918</u>	<u>14,001,919</u>	<u>11,398,872</u>	<u>14,420,716</u>
Total primary government expenses	<u>\$ 9,280,181</u>	<u>\$ 11,448,835</u>	<u>\$ 11,862,172</u>	<u>\$ 10,578,637</u>	<u>\$ 23,797,999</u>	<u>\$ 21,338,027</u>	<u>\$ 33,412,933</u>	<u>\$ 30,311,920</u>	<u>\$ 21,455,665</u>	<u>\$ 26,033,953</u>
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
General	\$ 856,132	\$ 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
Police	36,547	25,387	50,675	135,061	119,208	155,661	233,101	400,220	362,906	345,273
Animal control	24,745	6,425	-	-	-	-	-	-	8,891	5,300
Recreation	17,338	14,652	16,435	14,621	15,170	180,010	153,803	154,880	157,344	123,654
Operating grants and contributions	-	260,450	117,302	232	40,500	608,855	52,684	820,376	152,668	122,206
Capital grants and contributions	281,500	316,788	464,589	829,576	243,368	554,244	889,881	243,701	-	-
Total governmental activities program revenues	<u>1,216,262</u>	<u>1,517,992</u>	<u>1,584,259</u>	<u>2,017,398</u>	<u>1,520,103</u>	<u>2,647,989</u>	<u>2,545,347</u>	<u>3,006,558</u>	<u>1,957,383</u>	<u>1,906,232</u>
Business-type activities:										
Fees, fines, and charges for services:										
Gas	2,333,052	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
Sewer	368,148	429,458	469,417	450,538	443,506	445,903	419,514	411,330	410,169	560,220
Sanitation	490,708	1,154,304	570,757	492,075	587,970	570,503	593,078	618,795	666,227	660,937
Airport	63,050	67,887	67,520	67,760	73,548	66,741	69,349	70,175	101,679	99,255
Brewton Development Authority	-	-	-	-	-	-	-	4	-	-
Golf course	168,766	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	224,332	85,507	-	-	18,300	431,177	660,041	183,009	115,975	163,216
Total business-type activities program revenues	<u>3,648,056</u>	<u>4,449,715</u>	<u>4,374,509</u>	<u>3,743,314</u>	<u>17,868,350</u>	<u>12,536,572</u>	<u>18,553,197</u>	<u>13,274,660</u>	<u>10,761,541</u>	<u>15,128,265</u>
Total primary government program revenues	<u>\$ 4,864,318</u>	<u>\$ 5,967,707</u>	<u>\$ 5,958,768</u>	<u>\$ 5,760,712</u>	<u>\$ 19,388,453</u>	<u>\$ 15,184,561</u>	<u>\$ 21,098,544</u>	<u>\$ 16,281,218</u>	<u>\$ 12,718,924</u>	<u>\$ 17,034,497</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense)/revenue										
Governmental activities	\$ (4,479,525)	\$ (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)
Business-type activities	63,662	375,783	(487,749)	107,754	1,057,479	21,735	788,279	(727,259)	(637,331)	707,549
Total primary government net expense	<u>\$ (4,415,863)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property	\$ 505,715	\$ 247,915	\$ 250,094	\$ 570,600	\$ 601,302	\$ 601,636	\$ 617,203	\$ 662,968	\$ 658,190	\$ 666,400
Sales	3,569,716	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
Other	786,203	523,486	616,657	535,964	640,149	601,062	524,404	630,527	643,931	711,237
Receipts from Brewton City Board of Education	-	-	-	-	-	360,539	1,547,424	408,635	2,509,921	352,451
Investment earnings	30,257	114,562	281,392	400,748	176,932	193,928	229,998	41,143	1,964	1,648
Other	101,860	178,012	206,203	178,466	8,253	15,624	14,164	43,654	186,062	31,530
Special item, transfer of Golf Fund to										
Governmental Activities	-	-	-	-	-	1,371,940	-	-	-	-
Gain/(Loss) on sale of property	(51,607)	-	-	-	-	310,402	-	-	-	-
Transfers in/(out)	-	(258,061)	(994,773)	(329,978)	442,665	(87,583)	311,787	(995,389)	(481,060)	5,722,601
Total government activities	<u>4,942,144</u>	<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>
Business-type activities:										
Investment earnings	11,160	10,961	28,367	23,230	20,813	3,401	25	26	16	834
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)
Total business-type activities	<u>11,160</u>	<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>
Total primary government	<u>\$ 4,953,304</u>	<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>
Change in Net Position										
Governmental activities	\$ 462,619	\$ (489,592)	\$ (642,169)	\$ 347,356	\$ 785,027	\$ 1,487,033	\$ (5,496,282)	\$ (8,213,185)	\$ (82,746)	\$ 3,318,271
Business-type activities	74,822	644,805	535,391	460,962	635,627	(1,259,221)	476,517	308,156	(156,255)	(5,014,218)
Total primary government	<u>\$ 537,441</u>	<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>

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

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

Fiscal Year	Ad Valorem Tax	Beer and Wine Tax	Cigarette Tax	Sales Tax	Gasoline Tax	Production Privilege Tax	Oil Severance Tax	Total
2004	\$ 505,715	\$ 71,469	\$ 17,184	\$ 3,569,716	\$ 187,857	\$ 117,239	\$ 103,918	\$ 4,573,098
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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Unassigned	\$ 3,906,417	\$ 3,773,141	\$ 3,263,199	\$ 4,054,930	\$ 4,159,818	\$ 4,176,419	\$ 2,818,073	\$ 2,665,230	\$ 2,864,242	\$ 2,326,731
All other governmental funds										
Restricted for:										
School construction		\$ -	\$ -	\$ -	\$ -	\$ 18,751,429	\$ 11,431,676	\$ 4,184,306	\$ 2,775,952	\$ -
Debt service	1,550,383	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
Street construction	156,724	187,414	215,939	47,558	49,742	9,375	35,769	13,142	(16,265)	25,872
Street improvements	27,259	2,664	3,027	39,654	36,962	34,654	17,036	39,199	26,000	146,592
Assigned for:										
Sewer improvements	-	4,751,596	3,913,352	3,203,134	3,071,333	2,326,773	2,112,540	884,089	30,189	1,687
Total all other governmental funds	\$ 1,734,366	\$ 6,501,759	\$ 5,974,411	\$ 4,319,576	\$ 4,526,967	\$ 23,631,691	\$ 16,738,633	\$ 7,430,717	\$ 3,293,064	\$ 576,743

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 accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	\$ 4,455,859	\$ 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
Intergovernmental	405,775	663,202	739,940	938,680	368,195	693,687	982,614	630,564	214,526	228,434
Licenses and permits	801,932	829,160	844,958	937,230	994,996	1,040,084	1,091,915	1,243,344	1,124,053	1,183,726
Fines and forfeitures	36,547	25,387	50,675	135,061	119,208	155,661	233,101	400,220	362,906	345,273
Fees and charges	78,945	57,525	85,500	90,748	85,553	254,285	241,276	247,437	245,514	223,928
Revenue from City Property	141,726	28,682	21,235	24,551	36,478	584,860	36,471	51,480	72,242	31,099
Receipts from Brewton City Board of Education	-	-	-	-	-	360,539	1,547,424	408,635	2,509,921	352,451
Interest	30,257	114,562	281,392	400,748	176,932	193,928	229,998	41,143	1,964	1,648
Donations	281,500	40,928	91,973	50,000	40,500	608,855	52,684	535,096	30,669	14,191
Other	101,860	178,012	114,230	134,146	8,253	15,624	14,164	43,654	190,181	31,530
Total revenues	6,334,401	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
EXPENDITURES										
General government	834,014	1,137,782	904,349	973,785	809,546	857,749	923,930	1,120,115	837,073	947,270
Public safety	1,746,033	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
Public works	697,121	987,425	1,504,960	1,118,357	1,060,938	923,703	826,985	962,550	1,270,644	1,146,234
Education	617,340	1,248,538	617,340	617,340	617,340	1,443,918	8,015,062	8,332,971	2,159,312	3,451,722
Other departments	676,536	678,462	746,228	869,794	879,914	1,196,834	1,162,407	1,239,001	1,174,396	1,163,533
Capital expenditures	811,591	784,957	318,212	1,280,149	611,501	1,760,175	2,269,440	463,778	683,641	509,306
Debt service:										
Principal	579,817	599,330	645,781	639,289	665,916	3,557,347	1,353,094	1,729,940	4,262,434	7,320,703
Interest	429,951	563,944	594,360	583,268	559,547	968,610	1,318,390	1,275,033	1,251,358	1,062,497
Total expenditures	6,392,403	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
Excess (deficiency) of revenues over expenditures	(58,002)	(770,711)	(42,517)	(774,483)	(228,119)	(3,995,595)	(8,632,996)	(8,690,718)	(3,828,614)	(9,384,550)

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
OTHER FINANCING SOURCES (USES)										
Transfers in	1,377,496	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
Capital leases	106,660	62,889	-	241,357	97,733	52,685	69,805	-	305,886	408,117
Issuance of debt	53,000	5,600,000	-	-	-	23,744,728	-	225,349	65,147	-
Discount on bonds issued	-	-	-	-	-	(360,019)	-	-	-	-
Debt issue cost	-	-	-	-	-	(232,890)	-	-	-	-
Transfers out	(1,377,496)	(1,849,082)	(2,728,710)	(1,997,380)	(2,172,139)	(9,108,234)	(4,302,536)	(4,413,205)	(4,404,758)	(2,753,119)
Total other financing sources (uses)	159,660	5,404,828	(994,773)	(88,621)	540,398	23,116,921	381,592	(770,040)	(110,027)	6,130,718
Net change in fund balance	<u>\$ 101,658</u>	<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>
Debt service as a percentage of noncapital expenditures	18.1%	16.3%	17.5%	17.2%	17.6%	39.4%	16.5%	17.4%	40.5%	46.4%

CITY OF BREWTON
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
2004	\$ 505,715	\$ 71,469	\$ 17,184	\$ 3,569,716	\$ 187,857	\$ 117,239	\$ 103,918
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

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

Fiscal Year Ended September 30	Residential Property	Commercial Property	Industrial Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2004	\$ 13,324,600	\$ 10,455,660	\$ 29,652,700	\$ 6,760,760	\$ 46,672,200	15	\$ 700,083,000
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

Source: Escambia County Tax Assessor

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

Fiscal Year	City of Brewton				Overlapping Rates								Total Direct & Overlapping Rates
					County				State				
	General Millage	School Millage	Bond Tax Millage	Total City Millage	General Millage	School Millage ²	Health Care Authority Millage	Total County Millage	General Millage	School Millage	Soldier Millage	Total State Millage	
2004	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
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

Source: Escambia County Commission and Escambia County Tax Collector

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

²The 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**

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
T. R. Miller Mill Co., Inc.	\$ 6,146,400	1	23.4%	\$ 4,623,020	2	22.8%
Alabama Power Company	1,878,520	2	7.7%	1,455,640	4	7.2%
Wal-Mart Real Estate	1,534,620	3	5.8%	-		-
Grede II, LLC	1,445,280	4	5.5%	-		-
International Plastic & Equipment Corp	1,082,900	5	4.1%	-		-
Citation Corporation	1,006,480	6	3.8%	-		-
BellSouth Communications	884,100	7	3.4%	1,520,600	3	7.5%
BankTrust of Brewton	716,840	8	2.7%	-		-
CSX Transportation	702,640	9	2.7%	-		-
Wal-Mart Real Estate II	666,400	10	2.5%	-		-
Alabama Ductile Casting Company, Inc.	-		-	7,209,600	1	35.5%
Market Square II, LLC	-		-	1,317,760	5 & 7	6.5%
Hines Realty Company	-		-	632,500	6	3.1%
Brewton -Hall Apartments LTD	-		-	462,060	8	2.3%
Brewton -Hall Apartments LTD II	-		-	435,860	9	2.1%
Principal Life Insurance Company	-		-	228,280	10	1.1%
Totals	<u>\$ 16,064,180</u>		<u>61.6%</u>	<u>\$ 17,885,320</u>		<u>88.1%</u>
Total City Property Tax	<u>\$ 26,210,080</u>			<u>\$ 20,308,340</u>		

Source: Escambia County Tax Assessor

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

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in subsequent years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 705,564	\$ 666,353	94.4%	\$ 30,005	\$ 696,358	98.7%
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%

Source: Escambia County Tax Assessor and Escambia County Tax Collector.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Construction	\$ 5,302	\$ 6,236	\$ 5,374	\$ 29,074	\$ 27,099	\$ 40,682	\$ 31,141	\$ 42,324	\$ 45,418	\$ 55,816
Manufacturing	403,114	477,365	514,821	463,048	638,182	542,109	640,990	673,748	688,189	695,614
Wholesale	77,194	81,825	77,798	179,334	273,333	214,563	241,206	226,362	239,179	297,674
Retail	2,240,118	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
Information	46,574	20,471	18,054	9,088	50,223	49,857	52,234	47,006	20,645	43,490
Finance and Insurance	2,267	1,308	242	33,590	22,408	46,130	41,173	42,969	47,905	53,798
Real Estate and Rental and Leasing	14,968	18,450	15,990	53,244	19,447	52,640	69,042	57,207	57,225	105,791
Professional, Scientific, and Technical Services	6,009	5,497	2,711	12,918	19,549	20,815	20,950	18,552	13,132	28,429
Administration and Support and Waste Management and Remediation Services	383	1,031	1,212	10,922	1,991	5,390	6,458	6,109	6,967	7,975
Accommodation and Food Services	216,446	234,010	204,931	374,011	414,795	446,062	410,252	473,445	443,920	527,799
Other Services (except Public Administration)	9,100	8,745	7,544	84,803	58,562	51,933	53,463	135,003	58,254	49,355
Other	748,577	880,974	1,090,307	264,733	65,220	91,361	104,419	104,419	114,225	144,060
	<u>\$ 3,770,052</u>	<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>
City direct sales tax rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	4.00%

Source: AlaTax Revenue Discovery Systems

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

FISCAL YEAR	CITY DIRECT RATE	ESCAMBIA COUNTY	STATE OF ALABAMA
2004	3.00%	1.00%	4.00%
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%

Sources: City Clerk's Office

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

Tax Remitter	2013			2004		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Wal-Mart Stores East	\$ 1,598,342	1	29.4%	\$ 732,906	1	21.0%
Georgia Pacific Brewton	294,073	2	5.4%	-		-
Grede II, LLC	270,577	3	5.0%	-		-
Food Giant Supermarkets	164,867	4	3.0%	-		-
Jim Peach Motors	127,904	5	2.4%	-		-
Belle Foods, LLC	116,715	6	2.1%	-		-
Marvin's, Inc.	99,550	7	1.8%	-		-
Dorso Restaurants	97,369	8	1.8%	-		-
T. R. Miller Mill, Inc.	87,777	9	1.6%	84,231	7	2.4%
Dolgencorp, LLC	84,069	10	1.5%	54,988	9	1.6%
Winn Dixie Montgomery	-		-	207,541	2	5.9%
Smurfit Stone Container Corp	-		-	164,603	3	4.7%
ABBC, Inc.	-		-	144,526	4	4.1%
Bruno's Supermarkets	-		-	122,666	5	3.5%
Citation Corporation	-		-	99,785	6	2.8%
Bondurant Lumber & Hardware, Inc.	-		-	59,006	8	1.7%
B.C. Moore and Sons	-		-	46,935	10	1.3%
	<u>\$ 2,941,243</u>		<u>54.0%</u>	<u>\$ 1,717,187</u>		<u>49.0%</u>

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

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General	Capital	General	Capital			
	Obligation Bonds	Leases	Obligation Bonds	Leases			
2004	\$ 8,610,728	\$ 272,940	\$ 595,500	\$ 20,810	\$ 9,499,978	8.34%	\$ 1,724
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

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

¹See the Schedule of Demographic and Economic Statistics on page 78 for personal income and population data.

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2004	\$ 8,610,728	\$ 1,550,383	\$ 7,060,345	1.00%	\$ 1,282
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

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

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 67 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 78.

CITY OF BREWTON, ALABAMA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt: Escambia County	\$ 520,000	31.458%	\$ 163,582
Subtotal, overlapping debt			
City of Brewton direct debt			<u>19,003,049</u>
Total direct and overlapping debt			<u><u>\$ 19,166,631</u></u>

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

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

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 11,042,804	\$ 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
Total net debt applicable to limit	<u>200,728</u>	<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>
Legal debt margin	<u>\$ 10,842,076</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	1.82%	47.02%	43.71%	38.88%	32.20%	38.14%	24.91%	13.74%	4.50%	16.94%

Legal Debt Margin Calculation for Fiscal Year 2013

Total assessed value	\$ 75,780,540
Debt limit (20% of total assessed value)	15,156,108
Debt applicable to limit:	
General obligation bonds	30,742,315
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>2,567,315</u>
Legal debt margin	<u>\$ 12,588,793</u>

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2004	5,509	\$ 113,882,048	\$ 20,672	1,377	7.0%
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%

Data Sources:

State Department of Labor

Brewton City Board of Education

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Georgia Pacific Brewton, LLC	450	1	17.0%	-		-
Grede II, LLC	350	2	13.2%	-		-
D.W. McMillan Hospital	239	3	9.0%	262	3	12.4%
T. R. Miller Mill Co., Inc.	190	4	7.2%	215	4	10.1%
Wal-Mart Stores East	128	5	4.8%	138	6	6.5%
City of Brewton, Alabama	88	6	3.3%			-
Frit Car & Equipment Co.	77	7	2.9%	77	8	3.6%
Brewton Iron Works	49	8	1.8%	49	9	2.3%
Silgan IPEC	43	9	1.6%	43	10	2.0%
Natural Decorations, Inc.	35	10	1.3%	100	7	4.7%
Smurfit Stone Corporation	-		-	600	1	28.3%
Citation Corporation	-		-	380	2	17.9%
Brewton City Schools				140	5	6.6%
Totals	<u>1,649</u>		<u>62.2%</u>	<u>2,004</u>		<u>94.5%</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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government ¹	10	10	10	10	10	10	10	10	10	10
Public Safety										
Police										
Officers	28	30	30	30	28	29	28	26	26	27
Dispatch	6	6	7	7	7	9	6	5	7	5
Fire										
Firefighters and officers	29	29	30	31	28	28	26	25	26	15
Highways and streets										
Public works	8	8	8	8	7	8	8	8	8	8
Sanitation	3	3	3	3	3	3	3	3	3	3
Culture and recreation	16	16	18	17	16	16	15	14	14	13
Sewer	4	4	4	4	4	4	4	4	4	4
Total	104	106	110	110	103	107	100	95	98	85

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

Source: City Clerk's Office

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Physical arrests	284	335	350	535	402	491	420	267	532	501
Parking violations	10	8	2	-	-	-	-	-	-	-
Traffic violations	729	1,272	962	766	890	2,476	1,497	2,316	1,414	1,514
Fire										
Number of calls answered	481	513	654	758	905	895	995	1,139	1,054	1,041
Inspections	736	738	740	972	967	756	1,012	1,019	1,037	1,128
Highways and streets										
Street resurfacing (miles)	5.0	6.8	17.2	7.6	1.8	0.8	11.2	1.6	1.9	-
Potholes repaired	72	32	48	42	38	51	48	56	55	60
Sanitation										
Refuse collected (tons/week)	29.8	29.6	30.6	31.2	31.7	32.2	33.5	34.2	36.8	37.2
Recyclables collected (tons/week) ¹	1.9	1.6	1.1	-	-	-	-	-	-	-
Culture and recreation										
Golf course rounds	7,383	7,131	7,456	7,457	8,782	8,458	7,850	7,216	7,169	6,538
Pavilion parties	120	123	125	127	144	129	258	250	249	241
Wastewater										
Average daily sewage treatment (thousands of gallons)	990	1,000	1,300	1,400	1,420	1,350	1,355	1,387	1,388	1,410

¹Recycling ended in August 2006

Sources: Various government departments

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	19	22	25	25	25	28	27	28	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	88	89	89
Streetlights	789	830	835	840	844	850	860	875	888	902
Traffic signals	9	9	9	9	10	10	10	11	11	11
Culture and recreation										
Parks acreage	38	39	39	40	40	40	40	40	40	66
Parks	5	6	6	6	6	6	6	6	6	8
Swimming pools	3	3	3	3	3	3	3	2	2	1
Tennis courts	10	10	10	10	10	10	10	10	10	10
Community center	1	1	1	1	1	1	1	1	1	1
Sewer										
Sanitary sewers (miles)	42	42	42	44	58	58	58	60	60	62
Storm sewers (miles)	18	19	20	21	22	24	30	32	38	39
Maximum daily treatment capacity (thousands of gallons)	720	720	720	722	809	812	822	828	1,680	1695

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
Sally S. Wagner, CPA
Dennis E. Sherrin, 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

**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, 2013, and the related notes to the financial statements, which collectively comprise City of Brewton, Alabama's basic financial statements, and have issued our report thereon dated March 28, 2014.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency that we reported to those charged with governance in a separate letter dated March 28, 2014.

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

March 28, 2014
Brewton, Alabama