

**CITY OF BROWNFIELD, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**LUBBOCK, TEXAS**

**CITY OF BROWNFIELD, TEXAS**

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**CITY OF BROWNFIELD, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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**CITY OF BROWNFIELD, TEXAS**  
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**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

To the City Council  
City of Brownfield, Texas

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brownfield, Texas (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Brownfield, Texas, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flow thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

GAAP requires that the management's discussion and analysis, schedule of changes in the plan's net pension liability and related ratios, schedule of employer contributions, and budgetary comparison information on pages 42 through 45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements are 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 6, 2023, on our consideration of the City'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 solely 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 the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

March 6, 2023

**CITY OF BROWNFIELD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

City Council Members and Citizens of the City of Brownfield, Texas,

This section of the City's annual financial report presents our discussion and analysis of the City of Brownfield's financial performance during the fiscal year that ended on September 30, 2022. Please read it in conjunction with the City's financial statements and independent auditor's report.

**FINANCIAL HIGHLIGHTS**

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$23,459,187 (net position) as compared to \$24,743,305 in the previous year.

During the years ended September 30, 2022 and 2021, the City's expenses were \$18,674,167 and \$17,276,731, respectively, compared to \$17,390,049 and \$17,514,299 generated in taxes and other revenues.

The balance of cash and investments at September 30, 2022 and 2021 were \$5,803,972 and \$6,975,860, respectively.

***Expenditures***

Total fund expenditures for the year ending September 30, 2022, compared with the year ending September 30, 2021, are as follows:

<u>Fund</u>	<b>Expenditures</b>		
	<u>2021-2022</u>	<u>2020-2021</u>	<u>Change</u>
General Fund	\$ 7,639,938	\$ 6,549,968	\$ 1,089,970
Proprietary Funds	11,434,014	9,887,339	1,546,675
Other Governmental Funds	99,639	203,398	(103,759)
Total	<u>\$ 19,173,591</u>	<u>\$ 16,640,705</u>	<u>\$ 2,532,886</u>



## Revenues

Total fund revenues for the year ending September 30, 2022, compared with the year ending September 30, 2021, are as follows:

<b>Revenues</b>			
<u>Fund</u>	<u>2021-2022</u>	<u>2020-2021</u>	<u>Change</u>
General Fund	\$ 3,797,963	\$ 4,524,660	\$ (726,697)
Proprietary Funds	12,883,175	12,794,268	88,907
Other Governmental Funds	591,265	190,419	400,846
Total	<u>\$ 17,272,403</u>	<u>\$ 17,509,347</u>	<u>\$ (236,944)</u>

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements.

### Reporting the City as a Whole

#### **Government-Wide Financial Statements**

The analysis of the City's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the City is better or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider non-financial factors as well, such as changes in the City's infrastructure, its property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City is reporting its governmental activities units as defined in the GASB Statement No. 34.

The government-wide financial statements include not only the City itself (known as the primary government), but also a component unit, Brownfield Industrial Development Corporation. Financial information for the component unit is reported separately from the financial information presented for the primary government. Complete financial statements for the component unit are available at the City's offices upon request.

## **Reporting the City's Funds**

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Laws and contracts require the City to establish some funds. The City's administration establishes many other funds to help it control and manage money for particular purposes. The City's two fund types – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the City's basic services are included in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following the fund financial statements.
- Proprietary funds – The City's business activities such as power and light, water sales and sewer services and sanitation are included in proprietary funds. These statements provide the same type of information found in the government-wide financial statements, but in more detail.

### **Government-Wide Analysis**

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental activities and business-type activities.

### **Changes in Net Position**

Net position of the City's governmental and business-type activities decreased from \$24,743,305 to \$23,459,187.

Below is the comparative government-wide condensed financial statement information from fiscal years 2021-2022:

**Table I**  
**City of Brownfield, Texas**  
**NET POSITION**

	September 30,	
	2022	2021
Current and Other Assets	\$ 12,144,266	\$ 10,605,401
Capital Assets	21,110,633	22,304,697
Total Assets	\$ 33,254,899	\$ 32,910,098
Deferred Outflows of Resources	\$ 306,384	\$ 286,724
Current Liabilities	\$ 1,496,358	\$ 2,570,760
Long-Term Liabilities	4,467,425	5,019,837
Total Liabilities	\$ 5,963,783	\$ 7,590,597
Deferred Inflows of Resources	\$ 4,138,313	\$ 862,920
Net Assets:		
Invested in Capital Assets	\$ 16,729,911	\$ 17,364,182
Nonspendable/Restricted	693,000	636,000
Unrestricted	6,036,276	6,743,123
Total Net Position	\$ 23,459,187	\$ 24,743,305

**Table II**  
**City of Brownfield, Texas**  
**CHANGES IN NET POSITION**

	September 30,	
	2022	2021
Revenues:		
Program Revenues:		
Charges for Services	\$ 13,901,922	\$ 13,718,550
Operating Grants and Contributions	428,147	528,034
General Revenues:		
Property Taxes	1,434,841	1,419,097
Other Taxes	1,359,437	1,300,995
Rent	52,777	32,205
Investment Earnings	36,892	1,723
Miscellaneous	176,033	513,695
Total Revenue	\$ 17,390,049	\$ 17,514,299
Expenses:		
Primary Government:		
Administration	\$ 1,247,298	\$ 2,317,748
Municipal Court	187,518	170,743
Police	2,046,194	1,752,299
Fire	788,880	680,639
Street	889,037	583,902
Code Inspection	84,354	77,706
Civil Defense	6,828	9,151
Public Services	338,181	261,200
Park and Recreation	1,398,300	1,102,026
Economic Development	86,128	186,153
Interest on Long Term Debt	88,893	94,890
Business-Type Activities:		
Power and Light	7,692,801	6,875,646
Water and Sewer	2,484,901	2,016,693
Sanitation	1,284,903	1,092,198
Detention Center	49,951	55,737
Total Expenses	\$ 18,674,167	\$ 17,276,731
Increase (Decrease) in Net Position	\$ (1,284,118)	\$ 237,568
Net Position at October 1	24,743,305	24,414,441
Prior Period Adjustment		91,296
Net Position at September 30	\$ 23,459,187	\$ 24,743,305

The City's total revenues decreased from \$17,514,299 in 2021 to \$17,390,049 in 2022, a decrease of \$124,250. Expenses are up due to the increased cost of power for the power and light fund.

## **Fund Balances**

The City's total Governmental Funds fund balance at September 30, 2021 and 2022, was \$1,428,965 and \$1,067,793, respectively. This fund balance is reported in the General Fund and other Non-Major Governmental Funds.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2022, the City had \$21,110,633 of capital assets, net of accumulated depreciation. Note 5 of the Notes to the Financial Statements discloses the capital asset activity of the City for the fiscal year ending September 30, 2021. Note 6 discloses the total amount invested in water facilities.

### **Debt**

At the end of 2022, the City had \$4,380,722 of total debt outstanding, of which \$565,315 of this is due within one year. Notes 6 through 7 of the Notes to the Financial Statements discloses the debt activity of the City for the fiscal year ending September 30, 2022.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

For the upcoming fiscal year ending September 30, 2023, the City's budget is fairly consistent with this year. It is anticipated that the current farming activities coupled with the increased oil field activity will continue to stimulate the local economy for at least the short term.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Brownfield City Manager, 201 W. Broadway, Brownfield, Texas 79316-4429.

CITY OF BROWNFIELD, TEXAS

Exhibit A-1

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022

	Primary Government			Component Unit (BID Corp)
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 3,019,806	\$ 1,570,963	\$ 4,590,769	\$ 1,309,446
Restricted Cash and Cash Equivalents		1,213,203	1,213,203	
Receivables (Net)	217,000	628,948	845,948	117,667
Internal Balances	(143,775)	143,775		
Inventory	25,509	201,826	227,335	
Inventory - Land				880,854
Net Pension Asset	3,559,952	1,707,059	5,267,011	120,436
Capital Assets (Net of Accumulated Depreciation)				
Land	627,913	543,163	1,171,076	
Construction Work in Progress				203,784
Depreciable Assets, Net of Depreciation	12,289,804	5,824,031	18,113,835	
Investment in Water Facilities, Net of Amortization		1,825,722	1,825,722	
Total Assets	<u>\$ 19,596,209</u>	<u>\$ 13,658,690</u>	<u>\$ 33,254,899</u>	<u>\$ 2,632,187</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred Outflow- Pension Plan	\$ 207,083	\$ 99,301	\$ 306,384	\$ 7,006
Total Deferred Outflows of Resources	<u>\$ 207,083</u>	<u>\$ 99,301</u>	<u>\$ 306,384</u>	<u>\$ 7,006</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 95,718	\$ 158,355	\$ 254,073	\$ 1,348
Accrued Compensated Absences	78,736	51,965	130,701	
Accrued Interest Payable	11,100		11,100	
Meter Deposits		1,083,112	1,083,112	
Other Current Liabilities		17,372	17,372	
Noncurrent Liabilities				
Due Within One Year	175,000	390,315	565,315	
Due In More Than One Year	2,380,000	1,435,407	3,815,407	
Closure/Post Closure Landfill Obligation		86,703	86,703	
Total Liabilities	<u>\$ 2,740,554</u>	<u>\$ 3,223,229</u>	<u>\$ 5,963,783</u>	<u>\$ 1,348</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred Inflow- Pension Plan	\$ 1,503,122	\$ 720,773	\$ 2,223,895	\$ 50,851
Unearned Revenue- Unspent Grant Funds	1,914,418		1,914,418	
Total Deferred Inflows of Resources	<u>\$ 3,417,540</u>	<u>\$ 720,773</u>	<u>\$ 4,138,313</u>	<u>\$ 50,851</u>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	\$ 10,362,717	\$ 6,367,194	\$ 16,729,911	\$ 203,784
Restricted for:				
Enabling Legislation	465,665		465,665	
Industrial Development				2,383,210
Unrestricted	<u>2,816,816</u>	<u>3,446,795</u>	<u>6,263,611</u>	
Total Net Position	<u>\$ 13,645,198</u>	<u>\$ 9,813,989</u>	<u>\$ 23,459,187</u>	<u>\$ 2,586,994</u>

See accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit BID Corp
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government			
				Governmental Activities	Business-Type Activities	Total	
<b>Net (Expense) Revenue:</b>							
<u>Primary Government:</u>							
Administration	\$ 1,247,298	\$ 84,874	\$ 408,946	\$ (753,478)	\$	\$ (753,478)	\$
Municipal Court	187,518	93,967		(93,551)		(93,551)	
Police	2,046,194	147,293	2,222	(1,896,679)		(1,896,679)	
Fire	788,880	250,000		(538,880)		(538,880)	
Street	889,037			(889,037)		(889,037)	
Code Inspection	84,354			(84,354)		(84,354)	
Civil Defense	6,828			(6,828)		(6,828)	
Public Services	338,181			(338,181)		(338,181)	
Park and Recreation	1,398,300	396,308		(1,001,992)		(1,001,992)	
Economic Development	86,128		16,979	(69,149)		(69,149)	
Interest on Long Term Debt	88,893			(88,893)		(88,893)	
Total Governmental Activities	\$ 7,161,611	\$ 972,442	\$ 428,147	\$ (5,761,022)	\$ 0	\$ (5,761,022)	\$ 0
<u>Business-Type Activities:</u>							
Power and Light	\$ 7,692,801	\$ 8,621,859	\$	\$	\$ 929,058	\$ 929,058	\$
Water and Sewer	2,484,901	2,719,996			235,095	235,095	
Sanitation	1,284,903	1,587,625			302,722	302,722	
Detention Center	49,951				(49,951)	(49,951)	
Total Business-Type Activities	\$ 11,512,556	\$ 12,929,480	\$ 0	\$ 0	\$ 1,416,924	\$ 1,416,924	\$ 0
Total Primary Government	\$ 18,674,167	\$ 13,901,922	\$ 428,147	\$ (5,761,022)	\$ 1,416,924	\$ (4,344,098)	\$ 0
<u>Component Unit:</u>							
BIDCORP	\$ 507,163	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (507,163)
<b>General Revenues (Expenses):</b>							
<u>Taxes:</u>							
Property Taxes, Levied for General Purposes		\$ 1,434,841		\$ 1,434,841		\$ 1,434,841	\$
Other Taxes		1,359,437		1,359,437		1,359,437	512,844
Investment Earnings		12,178		12,178	24,714	36,892	9,619
Rent		16,999		16,999	35,778	52,777	1,000
Miscellaneous		176,033		176,033	(2,989,177)	176,033	689
Transfers		2,989,177		2,989,177			
Total General Revenues, Special Items, and Transfers		\$ 5,988,665		\$ 5,988,665	\$ (2,928,685)	\$ 3,059,980	\$ 524,152
Change in Net Position		\$ 227,643		\$ 227,643	\$ (1,511,761)	\$ (1,284,118)	\$ 16,989
Net Position—Beginning		13,417,555		13,417,555	11,325,750	24,743,305	2,570,005
Net Position—Ending		\$ 13,645,198		\$ 13,645,198	\$ 9,813,989	\$ 23,459,187	\$ 2,586,994

See accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS

Exhibit A-3

BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

	<u>Major</u>	<u>Major</u>	<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Corona Virus</u>	<u>Other</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Grant Fund</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds (C-1)</u>	<u>Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 685,167	\$ 1,914,418	\$ 420,221	\$ 3,019,806
Receivables, Net of Allowance	171,556		45,444	217,000
Due from Other Funds	5,787			5,787
Inventory	<u>25,509</u>			<u>25,509</u>
<b>Total Assets</b>	<b><u>\$ 888,019</u></b>	<b><u>\$ 1,914,418</u></b>	<b><u>\$ 465,665</u></b>	<b><u>\$ 3,268,102</u></b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 95,718	\$	\$	\$ 95,718
Due to Other Funds	<u>149,562</u>			<u>149,562</u>
<b>Total Liabilities</b>	<b><u>\$ 245,280</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 245,280</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue - Property Taxes	\$ 40,611	\$	\$	\$ 40,611
Unearned Revenue - Unspent Grant Funds		<u>1,914,418</u>		<u>1,914,418</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 40,611</u></b>	<b><u>\$ 1,914,418</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 1,955,029</u></b>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventory	\$ 25,509	\$	\$	\$ 25,509
Restricted for:				
Enabling Legislation			465,665	465,665
Unassigned	<u>576,619</u>			<u>576,619</u>
<b>Total Fund Balances</b>	<b><u>\$ 602,128</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 465,665</u></b>	<b><u>\$ 1,067,793</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 888,019</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 465,665</u></b>	<b><u>\$ 3,268,102</u></b>

See accompanying notes to the financial statements.



CITY OF BROWNFIELD, TEXAS

Exhibit A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds Balance Sheet	\$ 1,067,793
Amounts reported for governmental activities in the Statement of Net Position ("SNA") are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Net of accumulated depreciation).	12,917,717
Payables for bond principal which are not due in the current period are not reported in the funds.	(2,555,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(11,100)
Net pension assets are not reported in the funds.	3,559,952
Deferred outflows and inflows of resources related to pensions are not reported in the funds.	(1,296,039)
Payables for compensated absences which are not reported in the funds.	(78,736)
Property Taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	<u>40,611</u>
Net Position of Governmental Activities	\$ <u><u>13,645,198</u></u>

CITY OF BROWNFIELD, TEXAS

Exhibit A-5

STATEMENT OF REVENUE,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Major General Fund	Major Corona Virus Grant Fund	Non-Major Other Governmental Funds (Exh C-2)	Total Governmental Funds
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 1,423,992	\$	\$	\$ 1,423,992
Other Taxes	1,195,918		163,519	1,359,437
Fines and Fees	308,444		13,140	321,584
Intergovernmental Revenues	16,979	408,946	2,222	428,147
Rents and Royalties	16,999			16,999
Charges for Services	650,858			650,858
Miscellaneous Revenues	175,307		701	176,008
Contributions and Donations	25			25
Investment Earnings	9,441		2,737	12,178
Total Revenues	<u>\$ 3,797,963</u>	<u>\$ 408,946</u>	<u>\$ 182,319</u>	<u>\$ 4,389,228</u>
<b>EXPENDITURES</b>				
Current:				
Administration	\$ 1,379,042	\$	\$	\$ 1,379,042
Municipal Court	215,642			215,642
Police	2,298,553		13,511	2,312,064
Fire	814,521			814,521
Street	1,157,953			1,157,953
Code Inspection	104,369			104,369
Civil Defense	3,087			3,087
Public Services	338,181			338,181
Park and Recreation	1,068,958			1,068,958
Economic Development			86,128	86,128
Debt Service:				
Principal	170,000			170,000
Interest	89,632			89,632
Total Expenditures	<u>\$ 7,639,938</u>	<u>\$ 0</u>	<u>\$ 99,639</u>	<u>\$ 7,739,577</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>\$ (3,841,975)</u>	<u>\$ 408,946</u>	<u>\$ 82,680</u>	<u>\$ (3,350,349)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In (Out)	\$ 3,398,123	\$ (408,946)	\$	\$ 2,989,177
Total Other Financing Sources (Uses)	<u>\$ 3,398,123</u>	<u>\$ (408,946)</u>	<u>\$ 0</u>	<u>\$ 2,989,177</u>
Net Change in Fund Balance	\$ (443,852)	\$ 0	\$ 82,680	\$ (361,172)
Fund Balance - Beginning	<u>1,045,980</u>	<u></u>	<u>382,985</u>	<u>1,428,965</u>
Fund Balance - Ending	<u>\$ 602,128</u>	<u>\$ 0</u>	<u>\$ 465,665</u>	<u>\$ 1,067,793</u>

See accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS

Exhibit A-6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$ (361,172)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Governmental funds report capital outlay as expenditures. However, the statement of activities reports these as assets that are depreciated over their useful lives.	685,131
Depreciation is recorded in the statement of activities as an expense but not in governmental funds.	(1,135,025)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	170,000
Change in accrued interest from beginning of the period to the end of period.	739
Deferred revenue is not recorded in the statements of net position thus the change is excluded in activities.	10,849
Change in Deferred Outflows and Inflows related to pensions is not reported in the funds.	(909,559)
Change related to pension asset is not recorded in the funds.	1,759,105
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>7,575</u>
Change in Net Position of Governmental Activities	<u>\$ 227,643</u>

See accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS

Exhibit A-7

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2022

	Power and Light Fund	Major Water and Sewer Fund	Sanitation Fund	Non-Major Detention Facility	Total Enterprise Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 1,140,649	\$ 202,130	\$ 228,184	\$	\$ 1,570,963
Receivables, Net of Allowance	431,545	139,589	57,814		628,948
Due from Other Funds	611,541		77,858		689,399
Inventory	117,432	84,394			201,826
Net Pension Asset	607,523	393,412	706,124		1,707,059
Restricted Cash	1,213,203				1,213,203
Capital Assets (Net of Accumulated Depreciation)					
Land	15,697	390,679	136,787		543,163
Depreciable Assets, Net of Depreciation	631,340	3,960,970	1,015,641	216,080	5,824,031
Investment in Water Facilities, Net of Amortization		1,825,722			1,825,722
Total Assets	\$ 4,768,930	\$ 6,996,896	\$ 2,222,408	\$ 216,080	\$ 14,204,314
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred Outflow- Pension Plan	\$ 35,340	\$ 22,885	\$ 41,076	\$	\$ 99,301
Total Deferred Outflows of Resources	\$ 35,340	\$ 22,885	\$ 41,076	\$ 0	\$ 99,301
<b>LIABILITIES:</b>					
Accounts Payable	\$ 117,474	\$ 15,185	\$ 25,696	\$	\$ 158,355
Accrued Compensated Absences	24,794	13,115	14,056		51,965
Due to Other Funds		539,837		5,787	545,624
Other Current Liabilities	17,372				17,372
Meter Deposits	1,083,112				1,083,112
Noncurrent Liabilities					
Due Within One Year		390,315			390,315
Due In More Than One Year		1,435,407			1,435,407
Closure/Post Closure Landfill Obligation			86,703		86,703
Total Liabilities	\$ 1,242,752	\$ 2,393,859	\$ 126,455	\$ 5,787	\$ 3,768,853
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred Inflow- Pension Plan	\$ 256,515	\$ 166,111	\$ 298,147	\$	\$ 720,773
Total Deferred Inflows of Resources	\$ 256,515	\$ 166,111	\$ 298,147	\$ 0	\$ 720,773
<b>NET POSITION:</b>					
Net Investment in Capital Assets	\$ 647,037	\$ 4,351,649	\$ 1,152,428	\$ 216,080	\$ 6,367,194
Unrestricted	2,657,966	108,162	686,454	(5,787)	3,446,795
Total Net Position	\$ 3,305,003	\$ 4,459,811	\$ 1,838,882	\$ 210,293	\$ 9,813,989

See accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS

Exhibit A-8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Power and Light Fund	Major Water and Sewer Fund	Sanitation Fund	Non-Major Detention Facility	Total Enterprise Funds
<b>OPERATING REVENUES</b>					
Water Sales	\$	\$ 1,869,261	\$	\$	\$ 1,869,261
Sewer Charges		839,426			839,426
Electric Sales	8,545,778				8,545,778
Sanitation Sales			1,549,785		1,549,785
Rents	35,778				35,778
Billings to Departments and Employees					
Other Services	30,213	9,622	3,312		43,147
Total Operating Revenues	\$ 8,611,769	\$ 2,718,309	\$ 1,553,097	\$ 0	\$ 12,883,175
<b>OPERATING EXPENSES</b>					
Personnel Services	\$ 536,632	\$ 395,446	\$ 681,178	\$	\$ 1,613,256
Supplies and Materials	558,669	247,346	114,923		920,938
Contractual Purchases	6,266,485	656,534			6,923,019
Maintenance	48,834	178,144	136,510		363,488
Depreciation	137,158	334,751	252,199	49,951	774,059
Amortization of Water Rights		389,793			389,793
Other Operating Expenses	145,023	204,345	100,093		449,461
Total Operating Expense	\$ 7,692,801	\$ 2,406,359	\$ 1,284,903	\$ 49,951	\$ 11,434,014
Operating Income	\$ 918,968	\$ 311,950	\$ 268,194	\$ (49,951)	\$ 1,449,161
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Investment Earnings	\$ 23,358	\$ 678	\$ 678	\$	\$ 24,714
Other Income	45,868	1,687	34,528		82,083
Interest Expense and Fees		(78,542)			(78,542)
Total Nonoperating Revenue	\$ 69,226	\$ (76,177)	\$ 35,206	\$ 0	\$ 28,255
Income Before Transfers	\$ 988,194	\$ 235,773	\$ 303,400	\$ (49,951)	\$ 1,477,416
<b>TRANSFERS</b>					
Transfers In (Out)	\$ (1,876,590)	\$ (678,434)	\$ (434,153)	\$	\$ (2,989,177)
Change in Net Position	\$ (888,396)	\$ (442,661)	\$ (130,753)	\$ (49,951)	\$ (1,511,761)
TOTAL NET POSITION - BEGINNING	4,193,399	4,902,472	1,969,635	260,244	11,325,750
TOTAL NET POSITION - ENDING	\$ 3,305,003	\$ 4,459,811	\$ 1,838,882	\$ 210,293	\$ 9,813,989

See accompanying notes to the financial statements.

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CITY OF BROWNFIELD, TEXAS

Exhibit A-9

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Major			Non-Major	Total
	Power and Light Fund	Water and Sewer Fund	Sanitation Fund	Detention Facility	Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts From Customers	\$ 8,447,294	\$ 2,686,107	\$ 1,546,053	\$	\$ 12,679,454
Payments to Suppliers	(6,876,171)	(1,291,249)	(326,565)	\$	(8,493,985)
Payments to Employees	(721,673)	(471,083)	(849,823)	\$	(2,042,579)
Other Receipts	111,859	11,309	37,840	\$	161,008
Net Cash Provided by (Used in) Operating Activities	<u>\$ 961,309</u>	<u>\$ 935,084</u>	<u>\$ 407,505</u>	<u>\$ 0</u>	<u>\$ 2,303,898</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Net Cash Transfers from (to) Other Funds	\$ (2,488,131)	\$ (138,597)	\$ (512,011)	\$	\$ (3,138,739)
Customer Deposits	47,394	\$	\$	\$	47,394
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>\$ (2,440,737)</u>	<u>\$ (138,597)</u>	<u>\$ (512,011)</u>	<u>\$ 0</u>	<u>\$ (3,091,345)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Additions of Property and Equipment	\$ (105,985)	\$ (341,339)	\$	\$	\$ (447,324)
Principal Payments on Long-Term Debt	\$	(389,793)	\$	\$	(389,793)
Interest Payments	\$	(50,900)	\$	\$	(50,900)
Net Cash Used in Capital and Related Financing Activities	<u>\$ (105,985)</u>	<u>\$ (782,032)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (888,017)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Earned on Investments	\$ 23,358	\$ 678	\$ 678	\$ 0	\$ 24,714
Net Cash Provided by Investing Activities	<u>\$ 23,358</u>	<u>\$ 678</u>	<u>\$ 678</u>	<u>\$ 0</u>	<u>\$ 24,714</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (1,562,055)</b>	<b>\$ 15,133</b>	<b>\$ (103,828)</b>	<b>\$ 0</b>	<b>\$ (1,650,750)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>3,915,907</u></b>	<b><u>186,997</u></b>	<b><u>332,012</u></b>	<b><u>0</u></b>	<b><u>4,434,916</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 2,353,852</u></b>	<b><u>\$ 202,130</u></b>	<b><u>\$ 228,184</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 2,784,166</u></b>
<b>Reconciliation of Operating Income to Net Cash Flows From Operating Activities</b>					
Operating Income	\$ 918,968	\$ 311,950	\$ 268,194	\$ (49,951)	\$ 1,449,161
Adjustments to Reconcile Income From Operations to					
Net Cash From Operating Activities:					
Depreciation Expense	\$ 137,158	\$ 334,751	\$ 252,199	\$ 49,951	\$ 774,059
Amortization Expense	\$	389,793	\$	\$	389,793
Other	45,868	1,687	34,528	\$	82,083
Change in Assets and Liabilities:					
Decrease (Increase) in Receivables	(98,484)	(22,580)	(3,732)	\$	(124,796)
Decrease (Increase) in Inventories	22,789	9,540	\$	\$	32,329
Decrease (Increase) in Net Pension Asset	(327,035)	(170,542)	(325,477)	\$	(823,054)
Decrease (Increase) in Deferred Outflows	(5,386)	916	(425)	\$	(4,895)
Increase (Decrease) in Accounts and Other Payables	116,808	(14,420)	17,580	\$	119,968
Increase (Decrease) in Accrued Compensated Absences	765	9,832	(945)	\$	9,652
Increase (Decrease) in Accrued Wages	(19,750)	(10,323)	(17,604)	\$	(47,677)
Increase (Decrease) Other Current Liabilities	3,243	\$	\$	\$	3,243
Increase (Decrease) in Closure/Post-closure Landfill Obligation	\$	\$	7,381	\$	7,381
Increase (Decrease) in Deferred Inflows	166,365	94,480	175,806	\$	436,651
	<u>\$ 42,341</u>	<u>\$ 623,134</u>	<u>\$ 139,311</u>	<u>\$ 49,951</u>	<u>\$ 854,737</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 961,309</u>	<u>\$ 935,084</u>	<u>\$ 407,505</u>	<u>\$ -</u>	<u>\$ 2,303,898</u>

See accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS

Exhibit A-10

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ <u>23,659</u>
Total Current Assets	\$ <u><u>23,659</u></u>
 NET POSITION:	
Restricted for:	
Individuals, Organizations, and Other Governments	\$ <u>23,659</u>
Total Net Position	\$ <u><u>23,659</u></u>

See accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS

Exhibit A-11

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
ADDITIONS:	
Receipts from Scholarship Donations	\$ <u>          0</u>
DEDUCTIONS:	
Scholarship Payments	\$ <u>      3,526</u>
	\$ <u>      3,526</u>
Change in Net Position	\$ (3,526)
Net Position- Beginning	<u>      27,185</u>
Net Position- Ending	<u><u>      23,659</u></u>

See accompanying notes to the financial statements.



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**CITY OF BROWNFIELD, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

PRIMARY GOVERNMENT

The City of Brownfield was incorporated in 1921. The City of Brownfield, Texas operates under a Council-Manager form of government and provides services, as authorized by its charter, which includes but are not limited to the following: streets, police and fire protection, public improvements, electrical power, water and sewer, sanitation and general administrative services.

The City of Brownfield, Texas' (the City) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

These financial statements present the City (the primary government). As defined by GASB No. 61, component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City.

COMPONENT UNIT

The Brownfield Industrial Development Corporation (BID CORP) was formed and incorporated in February 1990, as a component unit of the City. BID CORP's declared mission is to provide for the promotion and development of presently existing businesses and the aggressive pursuit of new businesses and industry for the City. The mission includes offering an environment conducive for industrial growth, and making the City known as a location that business and industry seeks.

Industrial development corporations are authorized by the provisions of Vernon's Texas Civil Statutes, Article 5190.6, Section 4A as amended.

BID CORP is managed by its own Board of Directors but is accountable to the Brownfield City Council which hold the oversight authority over BID CORP. BID CORP derives its major funding from an "additional one-half of one percent sales tax" that is collected within the City for that purpose.

Complete financial statements for BID CORP may be obtained from:

Brownfield Industrial Development Corporation  
201 W. Broadway  
Brownfield, Texas 79316

**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's general fund and other funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks, library and recreation, public works, and general administrative services are classified as governmental activities. The City's power and light, water and sewer, garbage services and detention center facility are classified as business-type activities.

In the government-wide Statement of Net Position, the governmental activities, business-type activities, and component unit (a) are presented by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public safety, streets and public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, streets and public works, etc.) 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or franchise taxes, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories.

Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

The following fund types are used by the City:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

Major Funds:

General Fund – This governmental fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Corona Virus Grant Fund – This governmental fund is used to account for all financial resources and payments related to the City's Corona Virus grant program.

Non-Major Funds:

Special Revenue Funds - The City uses special revenue funds to account for certain resources restricted to, or designated for, specific purposes by the City, state statute, other governments, or grantors that have to be reported in a separate fund.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Major Funds:

Power and Light Fund – This fund accounts for the revenues and expenses associated with providing electricity service to the citizens of the City.

Water and Sewer Fund – This fund accounts for the revenues and expenses associated with providing water and sewer service to the citizens of the City.

Sanitation Fund – This fund accounts for the revenues and expenses associated with providing sanitation service to the citizens of the City.

Non-Major Fund:

Detention Facility – This fund accounts for the rents received for leasing out the City's detention facility.

**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

A proprietary fund is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, to be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

3. Custodial Fund – Scholarship Fund:

Scholarship Fund – This fund accounts for cash held by the City for providing scholarships to school aged children.

Custodial Funds, which include funds held by City offices, also are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other government, and/or other funds. Formal budgetary accounting is not required for Custodial Funds.

Fund Balances:

The City follows GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Non-spendable fund balance—includes the portion of net resources that cannot be spent because of their form (i.e. inventory, long-term loans, or prepaids) or because they must remain in-tact such as the principal of an endowment.

Restricted fund balance—includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation. Examples include grant awards and bond proceeds.

Committed fund balance—includes the portion of net resources upon which the City Council has imposed limitations on use and those amounts can only be used for the specific purposes determined by a formal action of the City Council. Commitments may be changed or lifted only by the Council taking the same formal action that originally imposed the constraint. The formal action must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.

Assigned fund balance—includes the portion of net resources for which an intended use has been established by the City Council or the City Official authorized to do so by the City Council. Assignments of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund.

**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

Unassigned fund balance—includes the amounts in the general fund in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

**Fund Balance Policy**

**Committed Fund Balance**—The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council at the City's Council meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period (i.e. the Council may approve the calculation or formula for determining the amount to be committed).

**Assigned Fund Balance**—The City Council authorizes the City Manager as the City Official responsible for the assignment of fund balance to a specific purpose as approved by this fund balance policy.

**Order of Expenditure of Funds**

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund balance), the City will first spend the most restricted funds before moving down to the next most restrictive category with available funds.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business-type activities and discretely presented component units in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash flows takes place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

The primary government (the City) and component unit (BID CORP) have defined cash and cash equivalents to include cash in bank and money market accounts.

Restricted Cash and Cash Equivalents consist of the following:

<u>Purpose</u>	<u>Fund</u>	<u>Amount</u>
Utility Deposits	Power & Light	1,213,203

2. Investments:

Investments are stated at fair value (quoted market price or the best available estimate).

3. Property Taxes:

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past and receivable within the current period.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Governmental Activities/Business Type Activities:

Buildings	20-50 years
Power and Light System	10-30 years
Water and Sewer System	10-30 years
Machinery and Equipment	5-10 years
Improvements	10-20 years

5. Inventory:

Inventories are recorded in both governmental funds and proprietary funds and charged to expenditures/expenses as consumed.

The component unit (BID CORP) does have land holdings in the form of an industrial park. The inventories of unsold acreage is reflected in the financial statements as "Inventory – Land".

6. Compensated Absences:

Unused vacation is accumulated and an employee can carry over a maximum of two weeks of accumulated leave. Employees with one to nine years of service earn 2 weeks of vacation per year. Employees with over nine years of service earn 3 weeks of vacation per year. Unused vacation is paid out upon separation from the City unless employed for less than one year.

Employees who retire from city service are not paid for unused sick leave.

7. Interfund Activity:

Interfund activity is reported as advances, services provided reimbursements, or transfers. Advances are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

8. Encumbrances:

The City does not utilize an encumbrance accounting system. At year-end, the City reviews commitments to determine amounts encumbered. At September 30, 2022, there were no material commitments to be indicated by a reserve in the general fund balance.

9. Deferred Outflows/Inflows of Resources:

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Balance Sheet/Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance/net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

10. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

11. Pensions:

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS.

For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**2. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy.

That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) Investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy does not address the following risks:

- a. Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments in certificates of deposits may not be returned to it. The City's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state or local governments by pledging securities in excess of the highest cash balance of the government. The City is not exposed to custodial credit risk, for its deposits are all covered by depository insurance and pledged securities held by a third party in the City's name.
- b. Concentration of Credit Risk – The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At September 30, 2022, all of the City's investments are with various financial institutions which are covered by FDIC insurance and pledged securities, and as such the City has no risk.
- c. Credit Risk – The risk that an issuer of other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2022, the City was not significantly exposed to credit risk.

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

- d. Interest Rate Risk – Not applicable
- e. Foreign Currency Risk – Not applicable

The carrying amount of the City's cash and cash equivalents at September 30, 2022 was \$5,803,972 with a bank balance of \$6,209,900, approximates fair value and consisted of cash in bank and money market accounts.

Fair Value of Investments

The City categorizes fair value measurements of investment assets and liabilities within the fair value hierarchy established by generally accepted accounting principles as mandated by GASB Statement No. 72. These investments are valued through industry standard practices for the respective type of security at a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The hierarchy classifications are based on the transparency of inputs to the valuation techniques used and should not be perceived as the particular investment's risk. These classifications are summarized into three broad levels, arranged from highest to lowest:

Level 1 – Unadjusted inputs using quoted prices in active markets or exchanges for identical investments.

Level 2 – Other significant observable inputs including quoted prices of securities that are comparable in coupon, rating, maturity and industry. Inputs other than quoted prices that are observable take into account operational, market, financial and non-financial factors (interest rates, yield curves, credit risk, and default rates) or other market corroborated inputs that are observable at commonly quoted intervals for the full term of the investment.

Level 3 – Significant inputs that are not observable and cannot be corroborated by observable market data (assumptions, cash flows or earnings multiples). In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The assessment of the significance of particular inputs to their fair value measurements requires judgment and considers factors specific to each asset.

The City's money market account of \$3,638,900 is measured at cost and is considered Level 1 investments.

**3. PROPERTY TAX**

The City is permitted by the State of Texas Constitution to levy taxes up to \$.80 per \$100 of assessed valuation. Taxes are collected by the Terry County Appraisal District from the citizens of Brownfield and remitted to the City on a regular basis. On October 1, 2021, property taxes of \$1,405,648 were levied for the governmental funds. Individual tax levies from the tax roll on October 1, 2021, were delinquent if unpaid at January 31, 2022.

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

**4. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables and Allowance for Doubtful Accounts as of September 30, 2022:

	<u>Total Receivables</u>	<u>Estimated Uncollectible Accounts</u>	<u>Net Receivables</u>
Governmental Activities:			
Ad Valorem Taxes	\$ 103,812	\$ 52,577	\$ 51,235
Texas Comptroller - Sales Tax	85,334		85,334
Franchise Taxes	27,446		27,446
Hotel Occupancy Taxes	45,444		45,444
Other	7,541		7,541
	<u>\$ 269,577</u>	<u>\$ 52,577</u>	<u>\$ 217,000</u>
Business-Type Activities:			
Power and Light	\$ 513,926	\$ 82,381	\$ 431,545
Water and Sewer	147,278	7,689	139,589
Sanitation	61,271	3,457	57,814
	<u>\$ 722,475</u>	<u>\$ 93,527</u>	<u>\$ 628,948</u>
Primary Government	<u>\$ 992,052</u>	<u>\$ 146,104</u>	<u>\$ 845,948</u>

**5. CAPITAL ASSETS**

Governmental Activities:

	<u>Balance 10/1/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2022</u>
<b>ASSETS</b>				
Land	\$ 627,913	\$	\$	\$ 627,913
Buildings and Equipment	30,167,956	685,131	52,307	30,800,780
Infrastructure	746,439			746,439
	<u>\$ 31,542,308</u>	<u>\$ 685,131</u>	<u>\$ 52,307</u>	<u>\$ 32,175,132</u>
<b>ACCUMULATED DEPRECIATION</b>				
Buildings and Equipment	\$ 17,428,258	\$ 1,135,025	\$ 52,307	\$ 18,510,976
Infrastructure	746,439			746,439
	<u>\$ 18,174,697</u>	<u>\$ 1,135,025</u>	<u>\$ 52,307</u>	<u>\$ 19,257,415</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,367,611</u>	<u>\$ (449,894)</u>	<u>\$ 0</u>	<u>\$ 12,917,717</u>

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Depreciation was charged to governmental activities as follows:

Administration	\$	15,645
Police		205,685
Fire		112,515
Street		202,789
Civil Defense		3,741
Park and Recreation		594,650
	\$	<u>1,135,025</u>

Business-Type Activities:

	Balance 10/1/2021	Increases	Decreases	Balance 9/30/2022
<b>ASSETS</b>				
Land	\$ 543,163	\$	\$	\$ 543,163
Buildings and Equipment	12,781,400			12,781,400
Electric Infrastructure	1,640,182	105,985		1,746,167
Water Infrastructure	2,818,831	313,697		3,132,528
Sewer Infrastructure	4,935,257			4,935,257
	<u>\$ 22,718,833</u>	<u>\$ 419,682</u>	<u>\$ 0</u>	<u>\$ 23,138,515</u>
<b>ACCUMULATED DEPRECIATION</b>				
Buildings and Equipment	\$ 10,211,835	\$ 467,556	\$	\$ 10,679,391
Electric Infrastructure	1,174,683	81,098		1,255,781
Water Infrastructure	1,352,306	110,671		1,462,977
Sewer Infrastructure	3,258,438	114,734		3,373,172
	<u>\$ 15,997,262</u>	<u>\$ 774,059</u>	<u>\$ 0</u>	<u>\$ 16,771,321</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,721,571</u>	<u>\$ (354,377)</u>	<u>\$ 0</u>	<u>\$ 6,367,194</u>

**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**6. INVESTMENT IN WATER FACILITIES AND RELATED DEBT**

The City, along with several West Texas municipalities, entered into various contracts with the Canadian River Municipal Water Authority (CRMWA), to participate in the construction and maintenance of water gathering, holding, treatment, and transmission facilities. Under the agreements, CRMWA agreed to issue revenue bonds to finance construction and maintenance of the facilities and the City agreed to pay back their share of the total annual debt service requirements. Additionally, the City entered into a similar agreement with the City of Lubbock, Texas, for the acquisition and maintenance of a water treatment facility. The following schedules comprise the debt outstanding related to the CRMWA and City of Lubbock contracts as of September 30, 2022:

Water Facilities Debt	Balance 10/1/2021	Additions	Principal Payments	Balance 9/30/2022
Series 2012, Refunding, CUP	\$ 578,758	\$	\$ 578,758	\$
Series 2014, Refunding, CUP	361,791		60,921	300,870
Series 2017, Refunding, CUP	202,482		23,848	178,634
Series 2020, Refunding, CUP	921,461		80,945	840,516
Series 2021, Refunding, CUP		511,420	108,601	402,819
Water Treatment Plant 2014	151,023		48,140	102,883
	<u>\$ 2,215,515</u>	<u>\$ 511,420</u>	<u>\$ 901,213</u>	<u>\$ 1,825,722</u>

Water Facilities Debt	Maturity	Interest Rates
Revenue Refunding Bonds, Conjunctive Use Groundwater Supply Project, Series 2012	2025	2.6%
Revenue Refunding Bonds, Conjunctive Use Groundwater Supply Project, Series 2014	2027	2.0%-5.0%
Revenue Refunding Bonds, Conjunctive Use Groundwater Supply Project, Series 2017	2029	3.0%-5.0%
Revenue Refunding Bonds, Conjunctive Use Groundwater Supply Project, Series 2020	2031	4.0%-5.0%
Revenue Refunding Bonds, Conjunctive Use Groundwater Supply Project, Series 2021	2025	1.75%-5.00%

	CRMWA
Original Cost of Water Rights	\$ 6,060,659
Prior Year Accumulated Amortization	(3,845,144)
Current Year Amortization Expense	(389,793)
Investment in Water Facilities - September 30, 2022	<u>\$ 1,825,722</u>

**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

Debt service requirements on all long-term debt outstanding at September 30, 2022, are as follows:

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 390,315	\$ 50,945	\$ 441,260
2024	408,129	35,334	443,463
2025	263,671	22,758	286,429
2026	199,258	15,649	214,907
2027	163,259	9,573	172,832
2028-2031	401,090	4,966	406,056
Totals	<u>\$ 1,825,722</u>	<u>\$ 139,225</u>	<u>\$ 1,964,947</u>

During the fiscal year ended September 30, 2022, the City incurred interest expense of \$106,184 in its business-type activities.

**7. LONG-TERM DEBT**

In February 2019, the City issued Series 2019 Sports Complex Bonds for \$3,047,000 which are to be used in conjunction with a portion of the City's Hotel-Motel Tax Fund reserves, to completely renovate and rebuild the City's baseball complex. Principal payments are to be made every February 15 through 2034 and interest at 3.4% is paid twice a year on February 15 and August 15. The bond is to be paid from the general revenues of the City.

Debt service requirements of governmental fund long-term debt outstanding at September 30, 2022, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 175,000	\$ 83,895	\$ 258,895
2024	182,000	77,826	259,826
2025	188,000	71,536	259,536
2026	194,000	65,042	259,042
2027	201,000	58,327	259,327
2028-2032	1,114,000	182,410	1,296,410
2033	501,000	17,187	518,187
Totals	<u>\$ 2,555,000</u>	<u>\$ 556,223</u>	<u>\$ 3,111,223</u>

During the fiscal year ended September 30, 2022, the City paid interest expense of \$89,632 in its governmental activities.

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Changes in long-term obligations for the year ended September 30, 2022 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Sports Complex Bonds	\$ 2,725,000	\$	170,000	\$ 2,555,000	\$ 175,000
Total Governmental Activities	\$ 2,725,000	\$ 0	\$ 170,000	\$ 2,555,000	\$ 175,000

8. CLOSURE/POST CLOSURE LANDFILL OBLIGATION

State and federal laws and regulations require the City to place a final cover on its Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$86,703 reported as landfill closure and post-closure care liability at September 30, 2022, represents the cumulative amount reported to date based on the use of 14.86% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$496,810 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care. The City has not placed funds in a trust to cover these costs, but is in compliance with financial assurance procedures as required by the Texas Commission on Environmental Quality.

9. PENSION PLAN

The City participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS.

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

Currently the City has adopted the following provisions related to the pension plan:

	<u>December 31, 2021</u>
Employee Deposit Rate	5%
Matching Ratio (City to Employee)	2 to 1
Years Required for Vesting	10
Service Requirement Eligibility (Expressed as Age / Years of Service)	60/10,0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to Retirees)	50% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	54
Inactive Employees Entitled to but not Yet Receiving Benefits	33
Active Employees	<u>82</u>
Total Plan Employees	<u><u>169</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 5.00% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 4.04% and 3.49% in calendar years 2021 and 2022, respectively. The City’s contributions to TMRS for the year ended September 30, 2022, were \$424,481, and were in excess of required contributions by \$279,417.



**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Net Pension Asset**

The City's Net Pension Asset/(Liability) (NPL) was measured as of December 31, 2021, and the Total Pension Asset/(Liability) (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

Inflation	2.50% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

**CITY OF BROWNFIELD, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Matters	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%

**Discount Rate**

The discount rate used to measure the Total Pension Asset/(Liability) was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Asset/(Liability).

**Changes in Net Pension Asset (Liability)**

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset (Liability)</u>
Balance 12/31/20	\$ 18,909,358	\$ 21,594,210	\$ 2,684,852
Service Cost	414,808		(414,808)
Interest (on the Total Pension Liability)	1,256,524		(1,256,524)
Difference Between Expected and Actual Expenses	(841,589)		841,589
Contributions - Employee		198,283	198,283
Contributions - Employer		405,289	405,289
Net Investment Income		2,816,614	2,816,614
Benefit Payments	(1,065,173)	(1,065,173)	
Administrative Expense		(13,047)	(13,047)
Other	30,999	35,762	4,763
Balance 12/31/21	<u>\$ 18,704,927</u>	<u>\$ 23,971,938</u>	<u>\$ 5,267,011</u>

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

**Sensitivity of the Net Pension Asset/(Liability) to Changes in the Discount Rate**

The following presents the net pension asset/(liability) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease	Current Rate Assumption	1% Increase
\$ <u>2,869,087</u>	\$ <u>5,267,011</u>	\$ <u>7,244,666</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

**Pension Expense, Deferred Outflows, and Deferred Inflows Related to Pensions**

For the year ended September 30, 2022, the City recognized pension expense of \$(812,748) and calculated as shown below:

Total Service Cost	\$	414,808
Interest on the Total Pension Liability		1,256,524
Employee Contributions (Reduction of Expense)		(198,283)
Projected Earnings on Plan Investments (Reduction of Expense)		(1,460,001)
Administrative Expense		13,047
Other Changes in Fiduciary Net Position		(89)
Recognition of Current and Prior Year Outflow (Inflow) of Resources-Liabilities		(347,359)
Recognition of Current and Prior Year Outflow (Inflow) of Resources-Assets		<u>(491,395)</u>
Total Pension Expense	\$	<u>(812,748)</u>

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows/(Inflows) of Resources - Pension Plan	Plan Year	Amount	Remaining Amortization Period
Employer Contribution Deferrals	2021	\$ 306,384	1.000
Differences Between Projected and Actual Investment Earnings	2018	368,588	1.000
Differences Between Projected and Actual Investment Earnings	2019	(634,531)	2.000
Differences Between Projected and Actual Investment Earnings	2020	(104,016)	3.000
Differences Between Projected and Actual Investment Earnings	2021	(1,085,340)	4.000
Change in Assumptions	2019	(409)	2.580
Differences Between Expected and Actual Economic Experience	2018	(55,010)	0.750
Differences Between Expected and Actual Economic Experience	2019	(21,515)	1.480
Differences Between Expected and Actual Economic Experience	2020	(36,235)	2.580
Differences Between Expected and Actual Economic Experience	2021	(655,427)	3.400
Total Deferred Outflows/(Inflows) of Resources		\$ (1,917,511)	

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year	Amortization of Deferred Outflows
2022	\$ (218,485)
2023	(832,621)
2024	(498,248)
2025	(368,157)
	\$ (1,917,511)

10. INTERNAL BALANCES

Transfers between funds in 2022 are as follows:

Fund	Transfer In	Transfer Out	Purpose of Transfer
General	\$ 2,989,177	\$	Appropriations in Lieu of Property Taxes and ARPA grant funding
Corona Virus Grant			ARPA grant funding
Power and Light		1,876,590	Appropriations in Lieu of Property Taxes
Water and Sewer		678,434	Appropriations in Lieu of Property Taxes
Sanitation		434,153	Appropriations in Lieu of Property Taxes
	\$ 2,989,177	\$ 2,989,177	

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Balances due to and from other funds at September 30, 2022, consisted of the following:

Fund	Due To	Due From	Purpose
General	\$ 143,775	\$	Short-term loans
Power and Light		65,917	Short-term loans
Water and Sewer			Short-term loans
Sanitation		77,858	Short-term loans
Detention Facility			Short-term loans
	\$ 143,775	\$ 143,775	

**11. COMMITMENTS, CONTINGENCIES, AND LITIGATION**

The City has no litigation pending which would have a material impact on the financial statements.

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

The City was a victim of the February 13-17, 2021 North American winter storms unofficially referred to as Winter Storm Uri (“Uri”). The City incurred many costs as a result of Uri including, but not limited to, excess power, natural gas and water supply expenses above and beyond the typical amount incurred by the City in prior years during the month of February. The City incurred costs of \$2,637,596. This amount will be paid over the next three years. The City estimates that it will recoup most of these expenses over the course of the next three years, in part through a “Winter Storm Uri Fee” on utility bills.

During the year ended September 30, 2022 the City paid \$1,200,000 of additional power cost related to this storm. The remaining balance of \$600,000, will be paid over the next year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY/ (ASSET) AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
REQUIRED SUPPLEMENTARY INFORMATION**

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability
Service Cost	\$ 311,233	\$ 350,818	\$ 395,284	\$ 376,257	\$ 393,502	\$ 398,163	\$ 378,333	\$ 414,808
Interest	1,159,565	1,172,503	1,168,322	1,182,912	1,224,582	1,234,262	1,229,344	1,256,524
Benefit Payments	(752,891)	(806,524)	(1,186,119)	(800,682)	(872,256)	(1,031,421)	(1,310,683)	(1,065,173)
Changes in Assumptions		206,604				(1,213)	(66,321)	
Differences between Expected and Actual Experience	(526,062)	(197,395)	(344,543)	(113,999)	(525,160)	(63,791)		(841,589)
Other							(24,879)	30,999
<b>Net Change</b>	<b>\$ 191,845</b>	<b>\$ 726,006</b>	<b>\$ 32,944</b>	<b>\$ 644,488</b>	<b>\$ 220,668</b>	<b>\$ 536,000</b>	<b>\$ 205,794</b>	<b>\$ (204,431)</b>
Beginning Balance	16,786,046	16,977,891	17,703,897	17,736,841	18,381,329	18,601,997	19,137,997	18,909,358
Prior Period Adjustment							(434,433)	
Ending Balance	<u>\$ 16,977,891</u>	<u>\$ 17,703,897</u>	<u>\$ 17,736,841</u>	<u>\$ 18,381,329</u>	<u>\$ 18,601,997</u>	<u>\$ 19,137,997</u>	<u>\$ 18,909,358</u>	<u>\$ 18,704,927</u>
	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position
Employee Contributions	\$ 172,625	\$ 180,834	\$ 189,131	\$ 181,943	\$ 189,731	\$ 191,794	\$ 181,318	\$ 198,283
Employer Contributions	530,278	555,012	580,630	558,562	582,448	588,649	398,711	405,289
Net Investment Income	893,031	24,265	1,106,172	2,362,236	(579,077)	2,881,969	1,574,437	2,816,614
Benefit Payments	(752,891)	(806,524)	(1,186,119)	(800,683)	(872,256)	(1,031,421)	(1,310,683)	(1,065,173)
Administration Expenses	(9,324)	(14,779)	(12,504)	(12,253)	(11,201)	(16,298)	(10,699)	(13,047)
Other	(767)	(730)	(674)	(621)	(585)	(490)	(28,574)	35,762
<b>Net Change</b>	<b>\$ 832,952</b>	<b>\$ (61,922)</b>	<b>\$ 676,636</b>	<b>\$ 2,289,184</b>	<b>\$ (690,940)</b>	<b>\$ 2,614,203</b>	<b>\$ 804,510</b>	<b>\$ 2,377,728</b>
Beginning Balance	15,611,454	16,444,406	16,382,484	17,059,120	19,348,304	18,657,364	21,271,567	21,594,210
Prior Period Adjustment							(481,867)	
Ending Balance	<u>\$ 16,444,406</u>	<u>\$ 16,382,484</u>	<u>\$ 17,059,120</u>	<u>\$ 19,348,304</u>	<u>\$ 18,657,364</u>	<u>\$ 21,271,567</u>	<u>\$ 21,594,210</u>	<u>\$ 23,971,938</u>
<b>Net Pension Liability/ (Asset)</b>	<b>\$ 533,485</b>	<b>\$ 1,321,413</b>	<b>\$ 677,721</b>	<b>\$ (966,975)</b>	<b>\$ (55,367)</b>	<b>\$ (2,133,570)</b>	<b>\$ (2,684,852)</b>	<b>\$ (5,267,011)</b>
Fiduciary Net Position as a Percentage of Total Pension Liability/ (Asset)	96.86%	92.54%	96.18%	105.26%	100.30%	111.15%	114.20%	128.16%
Covered Payroll	\$ 3,454,075	\$ 3,616,680	\$ 3,782,619	\$ 3,638,852	\$ 3,794,620	\$ 3,835,868	\$ 3,688,263	\$ 3,960,163
Net Pension Liability/ (Asset) as a Percentage of Covered Payroll	15.45%	36.54%	17.92%	-26.57%	-1.46%	-55.62%	-72.79%	-133.00%

Note: Only eight years of GASB 68 data available as of 12/31/2021. The remaining two years of data will be built on a go forward basis.

Note: Prior to 12/31/20 year, this schedule included the City's component unit information. Prior period adjustment shown in 12/31/20 to adjust to City's portion only.

CITY OF BROWNFIELD, TEXAS

EXHIBIT B-2

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

REQUIRED SUPPLEMENTARY INFORMATION

	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022
Actuarially Determined Contribution	\$ 348,982	\$ 298,578	\$ 278,762	\$ 242,125	\$ 206,972	\$ 160,888	\$ 148,345	\$ 145,064
Actual Contributions	546,950	558,751	560,231	572,030	589,716	471,503	393,328	424,481
Contribution Deficiency (Excess)	<u>\$ (197,968)</u>	<u>\$ (260,173)</u>	<u>\$ (281,469)</u>	<u>\$ (329,905)</u>	<u>\$ (382,744)</u>	<u>\$ (310,615)</u>	<u>\$ (244,983)</u>	<u>\$ (279,417)</u>
Covered Payroll	\$ 3,563,192	\$ 3,640,074	\$ 3,649,712	\$ 3,726,585	\$ 3,841,797	\$ 3,758,251	\$ 3,848,617	\$ 4,153,436
Contributions as a Percentage of Covered Payroll	15.35%	15.35%	15.35%	15.35%	15.35%	12.55%	10.22%	10.22%

Note: Only eight years of GASB 68 data available as of 09/30/2022. The remaining two years of data will be built on a go forward basis.



CITY OF BROWNFIELD, TEXAS

Exhibit B-3

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(UNAUDITED - REQUIRED SUPPLEMENTARY INFORMATION)

	Original and Final Budget	Actual	Variance with Original Budget- Positive (Negative)
<b>REVENUES:</b>			
Ad Valorem Taxes	\$ 1,370,859	\$ 1,423,992	\$ 53,133
Other Taxes	1,210,000	1,195,918	(14,082)
Fines and Fees	193,145	308,444	115,299
Intergovernmental Revenues	5,750	16,979	11,229
Rents and Royalties	11,974	16,999	5,025
Charges for Services	658,476	650,858	(7,618)
Miscellaneous Revenues	108,254	175,307	67,053
Contributions and Donations	1,950	25	(1,925)
Investment Earnings	1,531	9,441	7,910
	<u>3,561,939</u>	<u>3,797,963</u>	<u>236,024</u>
<b>Total Revenue</b>	<b>\$ 3,561,939</b>	<b>\$ 3,797,963</b>	<b>\$ 236,024</b>
<b>EXPENDITURES</b>			
Current:			
Administration	\$ 1,316,830	\$ 1,379,042	\$ (62,212)
Municipal Court	180,506	215,642	(35,136)
Police	2,424,131	2,298,553	125,578
Fire	1,187,329	814,521	372,808
Street	1,035,112	1,157,953	(122,841)
Code Inspection	102,452	104,369	(1,917)
Civil Defense	26,006	3,087	22,919
Public Services	388,273	338,181	50,092
Park and Recreation	1,375,458	1,068,958	306,500
Debt Service:			
Principal	216,325	170,000	46,325
Interest	43,435	89,632	(46,197)
	<u>8,295,857</u>	<u>7,639,938</u>	<u>655,919</u>
<b>Total Expenditures</b>	<b>\$ 8,295,857</b>	<b>\$ 7,639,938</b>	<b>\$ 655,919</b>
Excess of Revenues Over (Under) Expenditures	<u>(4,733,918)</u>	<u>(3,841,975)</u>	<u>891,943</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In (Out)	\$ 4,706,959	\$ 3,398,123	\$ (1,308,836)
	<u>4,706,959</u>	<u>3,398,123</u>	<u>(1,308,836)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	<u>(26,959)</u>	<u>(443,852)</u>	<u>(416,893)</u>

No amendments to original budget.

See notes to required supplementary information.

**CITY OF BROWNFIELD, TEXAS  
TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31, and become effective in January, 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Changes in Assumptions: There were no changes in assumptions during the year.  
Benefits Changes: There were no benefit changes during the year.

**CITY OF BROWNFIELD, TEXAS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2022**

**BUDGETARY DATA**

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least 10 days public notice of the meeting must have been given.
- c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end. The legal level of control is at the function level. During the year, the budget was not amended. All budget appropriations lapse at year end.

The budget is presented on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

An annual budget was adopted for the general fund.

All expenditures in excess of appropriations can be covered by unassigned fund balance in the general fund.

**COMBINING NONMAJOR FUND FINANCIAL STATEMENTS**

CITY OF BROWNFIELD, TEXAS

Exhibit C-1

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

	LEOSE Fund	Police Seizure Fund	TIRZ Fund	Seized Drug Fund	Hotel Motel Fund	Total Nonmajor Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 6,508	\$ 12,019	\$ 43,096	\$ 46,491	\$ 312,107	\$ 420,221
Receivables, Net of Allowance					45,444	45,444
Total Assets	<u>\$ 6,508</u>	<u>\$ 12,019</u>	<u>\$ 43,096</u>	<u>\$ 46,491</u>	<u>\$ 357,551</u>	<u>\$ 465,665</u>
<b>FUND BALANCES</b>						
Restricted - Enabling Legislation	\$ 6,508	\$ 12,019	\$ 43,096	\$ 46,491	\$ 357,551	\$ 465,665
Total Fund Balances	<u>\$ 6,508</u>	<u>\$ 12,019</u>	<u>\$ 43,096</u>	<u>\$ 46,491</u>	<u>\$ 357,551</u>	<u>\$ 465,665</u>
Total Fund Balances	<u>\$ 6,508</u>	<u>\$ 12,019</u>	<u>\$ 43,096</u>	<u>\$ 46,491</u>	<u>\$ 357,551</u>	<u>\$ 465,665</u>

CITY OF BROWNFIELD, TEXAS

Exhibit C-2

COMBINING STATEMENT OF GOVERNMENTAL FUNDS REVENUE,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>LEOSE Funds</u>	<u>Police Seizure</u>	<u>TIRZ Fund</u>	<u>Seized Drug Fund</u>	<u>Hotel Motel Fund</u>	<u>Total Non-major Funds</u>
<b>REVENUES</b>						
Other Taxes	\$	\$	\$	\$	\$ 163,519	\$ 163,519
Fines and Fees		13,140				13,140
Intergovernmental Revenues	2,222					2,222
Miscellaneous Revenues				701		701
Investment Earnings			301	339	2,097	2,737
<b>Total Revenues</b>	<u>\$ 2,222</u>	<u>\$ 13,140</u>	<u>\$ 301</u>	<u>\$ 1,040</u>	<u>\$ 165,616</u>	<u>\$ 182,319</u>
<b>EXPENDITURES</b>						
Police	\$ 3,852	\$ 9,659	\$	\$	\$	\$ 13,511
Economic Development					86,128	86,128
<b>Total Expenditures</b>	<u>\$ 3,852</u>	<u>\$ 9,659</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 86,128</u>	<u>\$ 99,639</u>
Excess of Revenues Over (Under) Expenditures	\$ (1,630)	\$ 3,481	\$ 301	\$ 1,040	\$ 79,488	\$ 82,680
Fund Balance - Beginning	<u>8,138</u>	<u>8,538</u>	<u>42,795</u>	<u>45,451</u>	<u>278,063</u>	<u>382,985</u>
Fund Balance - Ending	<u><u>\$ 6,508</u></u>	<u><u>\$ 12,019</u></u>	<u><u>\$ 43,096</u></u>	<u><u>\$ 46,491</u></u>	<u><u>\$ 357,551</u></u>	<u><u>\$ 465,665</u></u>

**OVERALL INTERNAL CONTROL AND COMPLIANCE SECTION**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**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**

To the City Council  
City of Brownfield, Texas

We have audited, in accordance with the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brownfield, Texas (the City), as of and for the year ended September 30, 2022, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 6, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining assurance about whether the City'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 financial statements. 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bolinger, Segars, Gilbert & Moss L.L.P.*

Certified Public Accountants

Lubbock, Texas

March 6, 2023

**CITY OF BROWNFIELD, TEXAS**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

The audit disclosed no findings required to be reported.

**CITY OF BROWNFIELD, TEXAS**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**Finding/Recommendation**

2021-1 Grant funding was not recorded on the City's books and records.

**Current Status**

Implemented