

CITY OF BROWNFIELD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

CITY OF BROWNFIELD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2014

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CITY OF BROWNFIELD, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the City Council
City of Brownfield, Texas

Report on the Financial Statements

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 City of Brownfield, Texas (the City), as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison information on pages 4 through 8 and 36 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brownfield's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial 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 auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial 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 January 27, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the City's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 27, 2015

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, 2014. 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 \$24,155,475 (net position) as compared to \$24,517,537 in the previous year.

The City's total net position decreased by \$362,062 as a result of the expenditures for the self-insurance plan.

During the years ended September 30, 2014 and 2013, the City's expenses were \$16,689,367 and \$14,320,398, respectively, compared to \$16,327,305 and \$16,678,346 generated in taxes and other revenues.

The balance of cash and investments at September 30, 2014 and 2013 were \$6,864,965 and \$7,117,637, respectively. The majority of the cash balance decrease is due to spending on capital projects for the new public safety building.

Expenditures

Total fund expenditures for the year ending September 30, 2014, compared with the year ending September 30, 2013, are as follows:

<u>Fund</u>	<u>2013-2014</u>	<u>2012-2013</u>	<u>Change</u>
General Fund	\$ 6,426,291	\$ 7,908,706	\$ (1,482,415)
Proprietary Funds	9,481,870	8,817,181	664,689
Internal Service Fund	1,800,671	1,793,274	7,397
Other Governmental Funds	<u>291,644</u>	<u>396,404</u>	<u>(104,760)</u>
Total	<u>\$ 18,000,476</u>	<u>\$ 18,915,565</u>	<u>\$ (915,089)</u>

The General Fund expenditures decreased this year due to the construction project related to the new public safety building that was finished in 2014. A majority of the expenditures related to the project were incurred in 2012-2013. Other Governmental Funds expenses are down this year due to payments from grant funds for CDBG street expenditures in 2012-2013 that were not renewed in 2013-2014. Proprietary fund expenses are up mainly due to the increased cost of power in 2013-2014.

Revenues

The City's general fund revenues were down for the year ending September 30, 2014, when compared with the year ending September 30, 2013 due to decreased grant revenues related to street improvements. The decrease in revenues in the Other Governmental Funds is related to decreased grant revenue received for housing improvements and construction. Year-end revenue totals are as follows:

Revenues			
<u>Fund</u>	<u>2013-2014</u>	<u>2012-2013</u>	<u>Change</u>
General Fund	\$ 3,379,463	\$ 3,565,880	\$ (186,417)
Proprietary Funds	12,425,121	12,495,793	(70,672)
Internal Service Fund	1,240,496	1,578,655	(338,159)
Other Governmental Funds	<u>467,675</u>	<u>518,425</u>	<u>(50,750)</u>
Total	<u>\$ 17,512,755</u>	<u>\$ 18,158,753</u>	<u>\$ (645,998)</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 has 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 \$24,517,537 to \$24,155,475.

Below is the comparative government-wide condensed financial statement information from fiscal year 2013-2014:

Table I
City of Brownfield, Texas
NET POSITION

	September 30,	
	2014	2013
Current and Other Assets	\$ 7,987,681	\$ 8,166,240
Capital Assets	23,028,590	23,317,137
Total Assets	\$ 31,016,271	\$ 31,483,377
Current Liabilities	\$ 2,132,862	\$ 2,185,711
Long-Term Liabilities	4,727,934	4,780,129
Total Liabilities	\$ 6,860,796	\$ 6,965,840
Net Assets:		
Invested in Capital Assets		
Net of Related Debt	\$ 18,248,461	\$ 18,215,880
Nonspendable/Restricted	857,824	
Unrestricted	5,049,190	6,301,657
Total Net Position	\$ 24,155,475	\$ 24,517,537

Table II
City of Brownfield, Texas
CHANGES IN NET POSITION

	September 30,	
	2014	2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 12,771,582	\$ 13,083,609
Operating Grants and Contributions	836,158	514,370
General Revenues:		
Property Taxes	1,081,438	1,110,350
Other Taxes	1,417,828	1,665,555
Rent	34,994	44,756
Investment Earnings	135,958	149,346
Miscellaneous	49,347	110,360
Total Revenue	\$ 16,327,305	\$ 16,678,346
Expenses:		
Primary Government:		
Administration	\$ 1,677,344	\$ 1,201,964
Municipal Court	234,220	151,331
Police	1,792,636	1,405,903
Fire	719,985	686,087
Street	1,138,484	575,421
Code Inspection	87,448	113,713
Public Services	179,235	422,884
Park and Recreation	784,390	647,617
All Other	357,868	223,456
Business-Type Activities:		
Power and Light	5,666,784	5,331,416
Water and Sewer	2,508,467	2,167,571
Sanitation	1,330,073	1,212,876
Detention Center	212,433	180,159
Total Expenses	\$ 16,689,367	\$ 14,320,398
Increase (Decrease) in Net Position	\$ (362,062)	\$ 2,357,948
Net Position at October 1	24,517,537	22,159,589
Net Position at September 30	\$ 24,155,475	\$ 24,517,537

The City's total revenues decreased from \$16,678,346 in 2013 to \$16,327,305 in 2014, a decrease of \$351,041. This decrease is attributable to a decrease in grant revenue. Expenses are up due to the increased cost to provide self-insurance for city employees and the increased cost of power for the power and light fund.

Fund Balances

The City's total Governmental Funds fund balance at September 30, 2013 and 2014, was \$2,069,674 and \$1,585,170, respectively. This fund balance is reported in the General Fund and other Non-Major Governmental Funds.

Budgetary Highlights

No budget amendments were made during the year ended September 30, 2014.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the City had \$23,028,590 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, 2014. Note 6 discloses the total amount invested in water facilities.

Debt

At the end of 2014, the City had \$4,780,129 of total debt outstanding, of which \$331,027 of this is due within one year. Notes 6 through 8 of the Notes to the Financial Statements discloses the debt activity of the City for the fiscal year ending September 30, 2014.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the upcoming fiscal year ending September 30, 2015, 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.

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CITY OF BROWNFIELD, TEXAS

Exhibit A-1

STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			Component Unit (BID Corp)
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and Cash Equivalents	\$ 1,542,261	\$ 5,322,704	\$ 6,864,965	\$ 1,746,268
Receivables (Net)	233,635	702,697	936,332	43,421
Inventory	56,139	130,245	186,384	
Inventory - Land				855,727
Capital Assets (Net of Accumulated Depreciation)				
Land	545,084	543,163	1,088,247	
Depreciable Assets, Net of Depreciation	8,893,746	8,266,468	17,160,214	
Investment in Water Facilities, Net of Amortization		4,780,129	4,780,129	
Total Assets	\$ 11,270,865	\$ 19,745,406	\$ 31,016,271	\$ 2,645,416
LIABILITIES:				
Accounts Payable	\$ 330,089	\$ 614,732	\$ 944,821	\$ 2,830
Accrued Compensated Absences	79,487	38,724	118,211	2,015
Meter Deposits		738,803	738,803	
Noncurrent Liabilities				
Due Within One Year		331,027	331,027	
Due In More Than One Year		4,449,102	4,449,102	
Closure/Post Closure Landfill Obligation		278,832	278,832	
Total Liabilities	\$ 409,576	\$ 6,451,220	\$ 6,860,796	\$ 4,845
NET POSITION:				
Net Investment in Capital Assets	\$ 9,438,830	\$ 8,809,631	\$ 18,248,461	\$
Nonspendable:				
Inventory	56,139	130,245	186,384	855,727
Restricted for:				
Enabling Legislation	671,440		671,440	
Industrial Development				1,784,844
Unrestricted	694,880	4,354,310	5,049,190	
Total Net Position	\$ 10,861,289	\$ 13,294,186	\$ 24,155,475	\$ 2,640,571

See accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit BID Corp
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Net (Expense) Revenue:						
<u>Primary Government:</u>						
Administration	\$ 1,677,344	\$	\$ 1,974	\$ (1,675,370)	\$	\$ (1,675,370)
Municipal Court	234,220	171,203	20,974	(42,043)		(42,043)
Police	1,792,636			(1,792,636)		(1,792,636)
Fire	719,985		312,789	(407,196)		(407,196)
Street	1,138,484			(1,138,484)		(1,138,484)
Code Inspection	87,448	10,600		(76,848)		(76,848)
Emergency Management	34,031		14,208	(19,823)		(19,823)
Public Services	179,235	50,803		(128,432)		(128,432)
Park and Recreation	784,390	69,031	300,000	(415,359)		(415,359)
Drug Enforcement	87,835	69,670		(18,165)		(18,165)
Community Housing	156,214		156,213	(1)		(1)
Event Funding	79,788		30,000	(49,788)		(49,788)
Total Governmental Activities	\$ 6,971,610	\$ 371,307	\$ 836,158	\$ (5,764,145)	\$ 0	\$ (5,764,145)
<u>Business-Type Activities:</u>						
Power and Light	\$ 5,666,784	\$ 8,172,080	\$	\$	\$ 2,505,296	\$ 2,505,296
Water and Sewer	2,508,467	2,588,235			79,768	79,768
Sanitation	1,330,073	1,369,550			39,477	39,477
Detention Center	212,433	270,410			57,977	57,977
Total Business-Type Activities	\$ 9,717,757	\$ 12,400,275	\$ 0	\$ 0	\$ 2,682,518	\$ 2,682,518
Total Primary Government	\$ 16,689,367	\$ 12,771,582	\$ 836,158	\$ (5,764,145)	\$ 2,682,518	\$ (3,081,627)
<u>Component Unit:</u>						
BIDCORP	\$ 459,987	\$ 0	\$ 0	\$ 0	\$ 0	\$ (459,987)
General Revenues (Expenses):						
<u>Taxes:</u>						
Property Taxes, Levied for General Purposes				\$ 1,081,438	\$	\$ 1,081,438
Other Taxes				1,417,828		1,417,828
Investment Earnings				74,422	61,536	135,958
Rent				10,148	24,846	34,994
Miscellaneous				49,347		49,347
Transfers				2,686,293	(2,686,293)	
Total General Revenues, Special Items, and Transfers				\$ 5,319,476	\$ (2,599,911)	\$ 2,719,565
Change in Net Position				\$ (444,669)	\$ 82,607	\$ (362,062)
Net Position—Beginning				11,305,958	13,211,579	24,517,537
Net Position—Ending				\$ 10,861,289	\$ 13,294,186	\$ 24,155,475

See accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS

Exhibit A-3

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>Major</u>	<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Other</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds (C-1)</u>	<u>Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$ 868,978	\$ 610,111	\$ 1,479,089
Receivables, Net of Allowance	165,556	68,079	233,635
Inventory	56,139		56,139
Total Assets	<u>\$ 1,090,673</u>	<u>\$ 678,190</u>	<u>\$ 1,768,863</u>
LIABILITIES:			
Accounts Payable	\$ 75,612		\$ 75,612
Accrued Compensated Absences	79,487		79,487
Total Liabilities	<u>\$ 155,099</u>	<u>\$ 0</u>	<u>\$ 155,099</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	\$ 28,594	\$ 0	\$ 28,594
FUND BALANCES:			
Nonspendable:			
Inventory	\$ 56,139		\$ 56,139
Restricted for:			
Enabling Legislation		671,440	671,440
Committed:			
Parks and Recreation		6,750	6,750
Capital Projects	767,395		767,395
Unassigned	83,446		83,446
Total Fund Balances	<u>\$ 906,980</u>	<u>\$ 678,190</u>	<u>\$ 1,585,170</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,090,673</u>	<u>\$ 678,190</u>	<u>\$ 1,768,863</u>

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, 2014

Total Fund Balances - Governmental Funds Balance Sheet	\$ 1,585,170
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).	9,438,830
Internal Service Funds are reported in governmental activities but not in governmental funds.	(191,305)
Deferred Inflows are reported in governmental funds but not in governmental activities.	<u>28,594</u>
Net Position of Governmental Activities	<u>\$ 10,861,289</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, 2014

	<u>Major</u> <u>General</u> <u>Fund</u>	<u>Non-Major</u> <u>Other Governmental</u> <u>Funds (Exh C-2)</u>	<u>Total Governmental</u> <u>Funds</u>
REVENUES			
Ad Valorem Taxes	\$ 1,087,928	\$	\$ 1,087,928
Other Taxes	1,191,937	225,891	1,417,828
Fines and Fees	183,776	74,365	258,141
Intergovernmental Revenues	668,726	156,213	824,939
Rents and Royalties	10,148		10,148
Charges for Services	124,385		124,385
Miscellaneous Revenues	46,005	3,342	49,347
Investment Earnings	66,558	7,864	74,422
Total Revenues	<u>\$ 3,379,463</u>	<u>\$ 467,675</u>	<u>\$ 3,847,138</u>
EXPENDITURES			
Administration	\$ 1,129,609	\$	\$ 1,129,609
Municipal Court	198,706	33,357	232,063
Police	2,398,916	18,841	2,417,757
Fire	698,673		698,673
Street	888,438		888,438
Code Inspection	87,448		87,448
Emergency Management	29,927		29,927
Public Services	176,988		176,988
Park and Recreation	729,751	3,444	733,195
Drug Enforcement	87,835		87,835
Community Housing		156,214	156,214
Event Funding		79,788	79,788
Total Expenditures	<u>\$ 6,426,291</u>	<u>\$ 291,644</u>	<u>\$ 6,717,935</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ (3,046,828)	\$ 176,031	\$ (2,870,797)
OTHER FINANCING SOURCES			
Transfers In	<u>2,386,293</u>		<u>2,386,293</u>
Net Change in Fund Balance	\$ (660,535)	\$ 176,031	\$ (484,504)
Fund Balance - October 1 (Beginning)	<u>1,567,515</u>	<u>502,159</u>	<u>2,069,674</u>
Fund Balance - September 30 (Ending)	<u>\$ 906,980</u>	<u>\$ 678,190</u>	<u>\$ 1,585,170</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, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ (484,504)
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.	1,074,661
Depreciation is recorded in the statement of activities as an expense but not in governmental funds.	(770,087)
Deferred revenue is not recorded in the statements of net position thus the change is excluded in activities.	(6,490)
Net change in activities related to internal service funds is included in governmental activities.	<u>(258,249)</u>
Change in Net Position of Governmental Activities	\$ <u><u>(444,669)</u></u>

CITY OF BROWNFIELD, TEXAS

Exhibit A-7

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2014

	Power and Light Fund	Major Water and Sewer Fund	Sanitation Fund	Non-Major Detention Facility	Total Enterprise Funds	Internal Service Funds
ASSETS:						
Cash and Cash Equivalents	\$ 4,804,027	\$ 227,338	\$ 152,045	\$ 139,294	\$ 5,322,704	\$ 63,172
Receivables, Net of Allowance	473,864	148,786	58,072	21,975	702,697	
Inventory	75,511	54,734			130,245	
Capital Assets (Net of Accumulated Depreciation)						
Land	15,697	390,679	136,787		543,163	
Depreciable Assets, Net of Depreciation	1,168,724	3,726,612	1,951,468	1,419,664	8,266,468	
Investment in Water Facilities, Net of Amortization		4,780,129			4,780,129	
Total Assets	\$ 6,537,823	\$ 9,328,278	\$ 2,298,372	\$ 1,580,933	\$ 19,745,406	\$ 63,172
LIABILITIES:						
Accounts Payable	\$ 488,924	\$ 119,005	\$ 6,803		\$ 614,732	\$ 254,477
Accrued Compensated Absences	18,819	7,379	12,526		38,724	
Meter Deposits	738,803				738,803	
Noncurrent Liabilities						
Due Within One Year		331,027			331,027	
Due In More Than One Year		4,449,102			4,449,102	
Closure/Post Closure Landfill Obligation			278,832		278,832	
Total Liabilities	\$ 1,246,546	\$ 4,906,513	\$ 298,161	\$ 0	\$ 6,451,220	\$ 254,477
NET POSITION:						
Net Investment in Capital Assets	\$ 1,184,421	\$ 4,117,291	\$ 2,088,255	\$ 1,419,664	\$ 8,809,631	\$
Nonspendable - Inventory	75,511	54,734			130,245	
Unrestricted	4,031,345	249,740	(88,044)	161,269	4,354,310	(191,305)
Total Net Position	\$ 5,291,277	\$ 4,421,765	\$ 2,000,211	\$ 1,580,933	\$ 13,294,186	\$ (191,305)

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, 2014

	Power and Light Fund	Major Water and Sewer Fund	Sanitation Fund	Non-Major Detention Facility	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
Water Sales	\$	\$ 1,878,116	\$	\$	\$ 1,878,116	\$
Sewer Charges		699,534			699,534	
Electric Sales	8,165,925				8,165,925	
Sanitation Sales			1,354,179		1,354,179	
Rents	24,846			270,410	295,256	1,240,496
Billings to Departments and Employees						
Miscellaneous Revenue	6,155	10,585	15,371		32,111	
Total Operating Revenues	\$ 8,196,926	\$ 2,588,235	\$ 1,369,550	\$ 270,410	\$ 12,425,121	\$ 1,240,496
OPERATING EXPENSES						
Personnel Services	\$ 522,245	\$ 499,199	\$ 781,054	\$	\$ 1,802,498	\$
Supplies and Materials	207,550	238,439	158,315		604,304	
Contractual Purchases	4,640,446	613,859			5,254,305	1,800,671
Maintenance	43,434	17,095	73,550	10,610	144,689	
Depreciation	156,351	338,949	280,243	201,823	977,366	
Amortization of Water Rights		321,128			321,128	
Amortization of Landfill Closure Cost	96,758	243,911	19,342		360,011	
Other Operating Expenses	5,666,784	2,272,580	1,330,073	212,433	9,481,870	1,800,671
Total Operating Expense	\$ 2,530,142	\$ 315,655	\$ 39,477	\$ 57,977	\$ 2,943,251	\$ (560,175)
Operating Income						
NONOPERATING REVENUE (EXPENSE)						
Investment Earnings	\$ 58,160	\$ 1,688	\$ 1,688	\$	\$ 61,536	\$ 1,926
Interest Expense and Fees	(58,160)	(235,887)			(235,887)	
Total Nonoperating Revenue	\$	\$ (234,199)	\$ 1,688	\$ 0	\$ (174,351)	\$ 1,926
Income Before Transfers	\$ 2,588,302	\$ 81,456	\$ 41,165	\$ 57,977	\$ 2,768,900	\$ (558,249)
TRANSFERS						
Transfers In (Out)	(2,410,474)	(275,819)			(2,686,293)	300,000
Change in Net Position	\$ 177,828	\$ (194,363)	\$ 41,165	\$ 57,977	\$ 82,607	\$ (258,249)
TOTAL NET POSITION - BEGINNING	5,113,449	4,616,128	1,959,046	1,522,956	13,211,579	66,944
TOTAL NET POSITION - ENDING	\$ 5,291,277	\$ 4,421,765	\$ 2,000,211	\$ 1,580,933	\$ 13,294,186	\$ (191,305)

See accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

Exhibit A-9

	Power and Light Fund	Major Water and Sewer Fund	Sanitation Fund	Non-Major Detention Facility	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts From Customers	\$ 8,165,309	\$ 2,561,130	\$ 1,350,022	\$ 270,410	\$ 12,346,871	\$
Payments to Suppliers	(4,959,715)	(1,091,597)	(249,316)	(13,414)	(6,314,042)	(1,546,194)
Payments to Employees	(528,582)	(501,076)	(779,479)		(1,809,137)	
Other Receipts	31,001	10,585	15,371		56,957	1,240,496
Net Cash Provided by (Used in) Operating Activities	\$ 2,708,013	\$ 979,042	\$ 336,598	\$ 256,996	\$ 4,280,649	\$ (305,698)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Net Transfers	\$ (2,410,474)	\$ (275,819)	\$	\$	\$ (2,686,293)	\$ 300,000
Customer Deposits	60,601				60,601	
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ (2,349,873)	\$ (275,819)	\$ 0	\$ 0	\$ (2,625,692)	\$ 300,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Additions of Property and Equipment	\$ (96,520)	\$ (215,111)	\$ (276,040)	\$ (117,702)	\$ (705,373)	\$
Principal Payments on Long-Term Debt		(321,128)			(321,128)	
Interest Payments		(235,887)			(235,887)	
Net Cash Used in Capital and Related Financing Activities	\$ (96,520)	\$ (772,126)	\$ (276,040)	\$ (117,702)	\$ (1,262,388)	\$ 0
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Earned on Investments	\$ 58,160	\$ 1,688	\$ 1,687	\$	\$ 61,535	\$ 1,926
Net Cash Provided by Investing Activities	\$ 58,160	\$ 1,688	\$ 1,687	\$ 0	\$ 61,535	\$ 1,926
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 319,780	\$ (67,215)	\$ 62,245	\$ 139,294	\$ 454,104	\$ (3,772)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,484,247	294,553	89,800	0	4,868,600	66,944
CASH AND CASH EQUIVALENTS - END OF YEAR	4,804,027	227,338	152,045	139,294	5,322,704	63,172
Reconciliation of Operating Income to Net Cash Flows From Operating Activities						
Operating Income	\$ 2,530,142	\$ 315,655	\$ 39,477	\$ 57,977	\$ 2,943,251	\$ (560,175)
Adjustments to Reconcile Income From Operations to Net Cash From Operating Activities:						
Depreciation Expense	\$ 156,351	\$ 338,949	\$ 280,243	\$ 201,823	\$ 977,366	\$
Amortization Expense		321,128	17,569		338,697	
Change in Assets and Liabilities:						
Receivables	(616)	(16,520)	(4,157)		(21,293)	
Inventories	819	(16,029)			(15,210)	
Accounts and Other Payables	27,654	37,736	1,891	(2,804)	64,477	254,477
Accrued Compensated Absences	(6,337)	(1,877)	1,575		(6,639)	
Net Cash Provided by (Used in) Operating Activities	\$ 2,708,013	\$ 979,042	\$ 336,598	\$ 256,996	\$ 4,280,649	\$ (305,698)

See accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS

Exhibit A-10

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

	<u>Scholarship Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 25,374
Total Current Assets	<u>\$ 25,374</u>
LIABILITIES	
Current Liabilities	
Due to Others	\$ 25,374
Total Current Liabilities	<u>\$ 25,374</u>

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 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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. 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.

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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.

Non-Major Funds:

Capital Projects Fund – This governmental fund is established to account for funds received and expended for capital projects.

Municipal Court Security Fund – This fund focuses on expenditures intended to enhance security in the Municipal Court area.

Hamilton Park Fund – This fund commits expenditures to costs related to operating and improving Hamilton Park.

Seized Drug Fund – Resources for this fund are obtained as the result of drug related asset seizures and used to enhance police activities.

Hotel/Motel Fund – This fund was established with an additional tax applied to hotel and motel daily rentals and is used to directly promote tourism and the convention and hotel industry.

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.

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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.

Internal Service Fund – This fund is used to account for services provided by and activity to other departments, funds or component units of the City on a cost-reimbursement basis. Specifically this fund is used to account for the City's self managed health insurance plan.

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. Fiduciary Fund – Scholarship Fund:

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

Fiduciary 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. These include Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Formal budgetary accounting is not required for Fiduciary Funds.

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Position.

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

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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.

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.

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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.

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

2. Investments:

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

3. 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:

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

4. Revenues:

Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

5. Expenditures:

Expenditures are recognized when the related fund liability is incurred.

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, 2014, there were no material commitments to be indicated by a reserve in the general fund balance.

9. 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".

10. Accounts Receivable (Net of Allowance for Uncollectible Accounts):

Estimated uncollectible receivables are charged to current operations under the allowance method of accounting.

2. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) 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

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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, 2014, 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, 2014, the City was not significantly exposed to credit risk.
- 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, 2014 was \$6,864,965 with a bank balance of \$8,297,561, approximates fair value and consisted of cash in bank and money market accounts.

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, 2013, property taxes of \$1,062,568 were levied for the governmental funds. Individual tax levies from the tax roll on October 1, 2013, were delinquent if unpaid at January 31, 2014.

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables and Allowance for Doubtful Accounts as of September 30, 2014:

	<u>Total Receivables</u>	<u>Estimated Uncollectible Accounts</u>	<u>Net Receivables</u>
Governmental Activities:			
Ad Valorem Taxes	\$ 107,068	\$ 78,474	\$ 28,594
Texas Comptroller - Sales Tax	86,841		86,841
Franchise Taxes	41,000		41,000
Hotel Occupancy Taxes	68,079		68,079
Other	9,121		9,121
	<u>\$ 312,109</u>	<u>\$ 78,474</u>	<u>\$ 233,635</u>
Business-Type Activities:			
Power and Light	\$ 510,666	\$ 36,802	\$ 473,864
Water and Sewer	160,468	11,682	148,786
Sanitation	63,036	4,964	58,072
Detention Facility	21,975		21,975
	<u>\$ 756,145</u>	<u>\$ 53,448</u>	<u>\$ 702,697</u>
Primary Government	<u>\$ 1,068,254</u>	<u>\$ 131,922</u>	<u>\$ 936,332</u>

Accounts Payable as of September 30, 2014:

	<u>Total Payables</u>
Governmental Activities:	
General	\$ 66,872
Insurance Claims - Internal Service	254,477
Insurance Withholdings	4,917
Other	3,823
	<u>\$ 330,089</u>
Business-Type Activities:	
General	\$ 201,360
Powerbill	392,726
Insurance Withholdings	86
Other	20,560
	<u>\$ 614,732</u>
Primary Government	<u>\$ 944,821</u>

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Governmental Activities:

	Balance 10/1/2013	Increases	Decreases	Balance 9/30/2014
ASSETS				
Land	\$ 545,084	\$	\$	\$ 545,084
Construction Work in Progress	2,787,040	(2,787,040)		
Buildings and Equipment	17,987,862	3,861,701		21,849,563
Infrastructure	746,439			746,439
	<u>\$ 22,066,425</u>	<u>\$ 1,074,661</u>	<u>\$ 0</u>	<u>\$ 23,141,086</u>
ACCUMULATED DEPRECIATION				
Buildings and Equipment	\$ 12,782,881	\$ 620,799	\$	\$ 13,403,680
Infrastructure	149,288	149,288		298,576
	<u>\$ 12,932,169</u>	<u>\$ 770,087</u>	<u>\$ 0</u>	<u>\$ 13,702,256</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,134,256</u>	<u>\$ 304,574</u>	<u>\$ 0</u>	<u>\$ 9,438,830</u>

Business-Type Activities:

	Balance 10/1/2013	Increases	Decreases	Balance 9/30/2014
ASSETS				
Land	\$ 543,162	\$	\$	\$ 543,162
Construction Work in Progress	422,500	(422,500)		0
Buildings and Equipment	14,291,818	816,241		15,108,059
Electric Infrastructure	8,832,852	96,521		8,929,373
Water Infrastructure	4,386,337	215,111		4,601,448
Sewer Infrastructure	4,772,710			4,772,710
	<u>\$ 33,249,379</u>	<u>\$ 705,373</u>	<u>\$ 0</u>	<u>\$ 33,954,752</u>
ACCUMULATED DEPRECIATION				
Buildings and Equipment	\$ 9,570,790	\$ 678,012	\$	\$ 10,248,802
Electric Infrastructure	7,994,705	92,108		8,086,813
Water Infrastructure	3,507,992	68,754		3,576,746
Sewer Infrastructure	3,094,268	138,492		3,232,760
	<u>\$ 24,167,755</u>	<u>\$ 977,366</u>	<u>\$ 0</u>	<u>\$ 25,145,121</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,081,624</u>	<u>\$ (271,993)</u>	<u>\$ 0</u>	<u>\$ 8,809,631</u>

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

6. INVESTMENT IN WATER FACILITIES

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. The City essentially agreed to pay back their share of the total annual debt service requirements. Below is a schedule of debt outstanding related to the CRMWA contracts:

Debt	Purpose	Balance 10/1/2013	Principal Payments	Balance 9/30/2014	Interest Paid
Series 1999:					
Refunded 2005	CUA	\$ 588,491	\$ 100,128	\$ 488,363	\$ 28,485
Refunded 2010	CUA	120,850	19,325	101,525	3,988
Refunded 2010	BUREC	459,373	72,273	387,100	14,921
Series 2005					
Refunded 2013	Water Purchase	969,584		969,584	47,695
Series 2006	Water Purchase	847,983	45,873	802,110	42,399
Series 2009	Construction	402,673	17,914	384,759	17,212
Series 2011	Water Purchase	1,712,303	65,615	1,646,688	81,187
		<u>\$ 5,101,257</u>	<u>\$ 321,128</u>	<u>\$ 4,780,129</u>	<u>\$ 235,887</u>

	CRMWA
Original Cost of Water Rights	\$ 5,863,570
Prior Year Accumulated Amortization	(762,313)
Current Year Amortization Expense	(321,128)
Investment in Water Facilities - September 30, 2014	<u>\$ 4,780,129</u>

7. LONG-TERM DEBT AMORTIZATION

Debt service requirements on all long-term debt outstanding at September 30, 2014, are as follows:

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2015	\$ 331,027	\$ 221,501	\$ 552,528
2016	342,274	206,959	549,233
2017	356,857	192,170	549,027
2018	445,996	177,250	623,246
2019	314,509	158,638	473,147
2020-2024	1,767,801	557,342	2,325,143
2025-2029	1,036,253	170,723	1,206,976
2030-2031	185,412	10,424	195,836
Totals	<u>\$ 4,780,129</u>	<u>\$ 1,695,007</u>	<u>\$ 6,475,136</u>

During the fiscal year ended September 30, 2014, the City incurred interest expense of \$235,887 in its business-type activities.

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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 \$278,832 reported as landfill closure and post-closure care liability at September 30, 2014, represents the cumulative amount reported to date based on the use of 10.15% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$2,747,336 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 2014. 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. SELF-INSURANCE

Changes in the claims liability amounts for the self-insurance Internal Service Fund were as follows:

	Internal Service Fund
Health Insurance Claims	
Liability at 09/30/2013	\$
Current Year Claims and Changes in Estimates	1,240,496
Claim Payments	<u>(986,236)</u>
Liability at 09/30/2014	<u>\$ 254,260</u>

As of September 30, 2014 the City was on a self-insured health insurance plan. The City's health insurance plan is administered by a third-party administrator, Employee Benefits Administrators (EBA). EBA reviews and processes all health insurance claims. The City has acquired stop-loss coverage, which limits the City's possible liability exposure to \$50,000 per claim. The City informally budgets for current claims based on actuarial and historical data. The City incurred \$1,800,671 in health insurance expense and administrative and other charges for the year ended September 30, 2014. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$254,260 at September 30, 2014.

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

10. PENSION PLAN

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multi-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and Required Supplementary Information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained the TMRS' website at www.TMRS.com.

The Plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. The Plan provisions for the City were as follows:

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee Deposit Rate	5.00%	5.00%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	10	10
Service Requirement Eligibility (Expressed as Age / Years of Service)	60/10,0/20	60/10,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to Retirees)	50% of CPI	50% of CPI

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and net pension obligation/(asset) are as follows:

Annual Pension Cost	
Annual Required Contribution (ARC)	\$ 528,327
Interest on NPO	
Adjustment to the ARC	
Annual Pension Cost	<u>\$ 528,327</u>
Contributions Made	<u>(528,327)</u>
Increase (decrease) in Net Pension Obligation	\$ 0
Net Pension Obligation/(Asset), Beginning of Year	<u>0</u>
Net Pension Obligation/(Asset), End of Year	<u><u>0</u></u>

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single	25.9 years; closed period	24.9 years; closed period	17.0 years; closed period
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Amortization Period for New	30 Years	30 Years	30 Years
Actuarial Assumptions:			
Investment Rate of Return	7.00%	7.00%	7.00%
Projected Salary Increases	Varies by age and Service	Varies by age and Service	Varies by age and Service
Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	1.50%	1.50%	1.50%

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Trend Information for the Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2011	\$ 482,362	100%	0
September 30, 2012	506,707	100%	0
September 30, 2013	528,327	100%	0

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Funded Status

Actuarial Valuation Date	12/31/13
Actuarial Value of Assets	\$ 14,688,850
Actuarial Accrued Liability (AAL)	\$ 16,786,046
Percentage Funded	87.5%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,097,196
Annual Covered Payroll	\$ 3,342,752
UAAL as a Percentage of Covered Payroll	62.7%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

11. INTERNAL BALANCES

Transfers between funds in 2014 are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose of Transfer</u>
General	\$ 2,386,293	\$	Appropriations in Lieu of Property Taxes
Power and Light		(2,410,474)	Appropriations in Lieu of Property Taxes
Water and Sewer		(275,819)	Appropriations in Lieu of Property Taxes
Internal Service	300,000		Excess Health Insurance Premiums
	<u>\$ 2,686,293</u>	<u>\$ (2,686,293)</u>	

12. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

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

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

Canadian River Municipal Water Authority issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2014 in the amount of 42,165,000 with interest rates ranging from 2% - 5%. The proceeds were used to advance refund \$32,670,000 of outstanding Contract Revenue Bonds, Series 2006 which had interest rates ranging from 4.25 % - 5.25% and to current refund \$12,605,000 of outstanding Contract Revenue Refunding Bonds, Series 2005 which had interest rates ranging from 3% - 5%. The net proceeds of \$48,491,932 (including a \$6,326,932 premium less \$529,819 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. Canadian River Municipal Water Authority has refunded these bond issues to reduce its total debt service payments over the next 12 years by \$5,157,098 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of 4,468,378. The City is a member of Canadian River Municipal Water Authority and is responsible for approximately 2.47% of the total debt service related to this bond issuance.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BROWNFIELD, TEXAS

TEXAS MUNICIPAL RETIREMENT SYSTEM TREND DATA
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
FOR THE EMPLOYEES OF THE CITY

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

Schedule of Funding Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2011	\$ 12,931,322	\$ 14,634,875	\$ 1,703,553	88.36%	\$ 3,065,634	55.57%
12/31/2012	13,748,946	14,949,743	1,200,797	91.97%	3,176,327	37.80%
12/31/2013	14,688,850	16,786,046	2,097,196	87.51%	3,342,752	62.74%

CITY OF BROWNFIELD, TEXAS

Exhibit B-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

(UNAUDITED - REQUIRED SUPPLEMENTARY INFORMATION)

	Original and Final Budget	Actual	Variance with Original Budget- Positive (Negative)
REVENUES:			
Ad Valorem Taxes	\$ 1,025,438	\$ 1,087,928	\$ 62,490
Other Taxes	1,097,648	1,191,937	94,289
Fines and Fees	154,031	183,776	29,745
Intergovernmental Revenues	635,544	668,726	33,182
Rents and Royalties	19,122	10,148	(8,974)
Charges for Services	129,179	124,385	(4,794)
Miscellaneous Revenues	40,872	46,005	5,133
Investment Earnings	79,236	66,558	(12,678)
	<u>\$ 3,181,070</u>	<u>\$ 3,379,463</u>	<u>\$ 198,393</u>
EXPENDITURES			
Administration	\$ 1,190,030	\$ 1,129,609	\$ 60,421
Municipal Court	170,675	198,706	(28,031)
Police	2,665,944	2,398,916	267,028
Fire	675,579	698,673	(23,094)
Street	911,317	888,438	22,879
Code Inspection	94,548	87,448	7,100
Emergency Management	32,415	29,927	2,488
Public Services	178,914	176,988	1,926
Park and Recreation	624,351	729,751	(105,400)
Drug Enforcement	112,072	87,835	24,237
	<u>\$ 6,655,845</u>	<u>\$ 6,426,291</u>	<u>\$ 229,554</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (3,474,775)</u>	<u>\$ (3,046,828)</u>	<u>\$ 427,947</u>
OTHER FINANCING SOURCES			
Transfers In (Out)	\$ 3,474,775	\$ 2,386,293	\$ (1,088,482)
	<u>\$ 3,474,775</u>	<u>\$ 2,386,293</u>	<u>\$ (1,088,482)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	<u>\$ 0</u>	<u>\$ (660,535)</u>	<u>\$ (660,535)</u>

No amendments to original budget.

See notes to required supplementary information.

CITY OF BROWNFIELD, TEXAS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014**

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.

COMBINING NONMAJOR FUND FINANCIAL STATEMENTS

CITY OF BROWNFIELD, TEXAS

Exhibit C-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Capital Projects	Municipal Court Security Fund	Hamilton Park Fund	Seized Drug Fund	Hotel Motel Fund	Total Nonmajor Funds
ASSETS						
Cash and Cash Equivalents	\$ 91	\$ 38,037	\$ 6,750	\$ 66,221	\$ 499,012	\$ 610,111
Receivables, Net of Allowance					68,079	68,079
Total Assets	<u>\$ 91</u>	<u>\$ 38,037</u>	<u>\$ 6,750</u>	<u>\$ 66,221</u>	<u>\$ 567,091</u>	<u>\$ 678,190</u>
FUND BALANCES						
Restricted - Enabling Legislation	\$ 91	\$ 38,037		\$ 66,221	\$ 567,091	\$ 671,440
Committed - Parks and Recreation			6,750			6,750
Total Fund Balances	<u>\$ 91</u>	<u>\$ 38,037</u>	<u>\$ 6,750</u>	<u>\$ 66,221</u>	<u>\$ 567,091</u>	<u>\$ 678,190</u>
Total Fund Balances	<u>\$ 91</u>	<u>\$ 38,037</u>	<u>\$ 6,750</u>	<u>\$ 66,221</u>	<u>\$ 567,091</u>	<u>\$ 678,190</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, 2014

	Capital Projects	Municipal Court Security Fund	Hamilton Park Fund	Seized Drug Fund	Hotel Motel Fund	Total Non-major Funds
REVENUES						
Other Taxes	\$	\$	\$	\$	\$ 225,891	\$ 225,891
Fines and Fees		9,245		65,120		74,365
Intergovernmental Revenues	156,213					156,213
Miscellaneous Revenues			3,342			3,342
Investment Earnings	87		154	442	7,181	7,864
Total Revenues	\$ 156,300	\$ 9,245	\$ 3,496	\$ 65,562	\$ 233,072	\$ 467,675
EXPENDITURES						
Municipal Court	\$	\$ 33,357	\$	\$	\$	\$ 33,357
Police				18,841		18,841
Parks and Recreation			3,444			3,444
Community Housing	156,214					156,214
Event Funding					79,788	79,788
Total Expenditures	\$ 156,214	\$ 33,357	\$ 3,444	\$ 18,841	\$ 79,788	\$ 291,644
Excess of Revenues Over (Under) Expenditures	\$ 86	\$ (24,112)	\$ 52	\$ 46,721	\$ 153,284	\$ 176,031
Fund Balance - October 1 (Beginning)	5	62,149	6,698	19,500	413,807	502,159
Fund Balance - September 30 (Ending)	<u>\$ 91</u>	<u>\$ 38,037</u>	<u>\$ 6,750</u>	<u>\$ 66,221</u>	<u>\$ 567,091</u>	<u>\$ 678,190</u>

OVERALL INTERNAL CONTROL AND COMPLIANCE SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2014, which collectively comprise City of Brownfield, Texas' basic financial statements and have issued our report thereon dated January 27, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Certified Public Accountants

Lubbock, Texas

January 27, 2015

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

January 27, 2015

City Council
City of Brownfield, Texas

We have audited the financial statements of City of Brownfield, Texas (the City) for the year ended September 30, 2014, and have issued our report thereon dated January 27, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 1, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the City of Brownfield, Texas. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. Our audit of the financial statements does not relieve you or management of your responsibilities.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the City's financial statements and report does not extend beyond the financial information identified in the report, in addition we do not have an obligation to perform any procedures to corroborate other information contained in these documents.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and meetings about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in the notes to the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were management's estimate of the allowance for uncollectible accounts and landfill liability. Management's estimate for the allowance for uncollectible accounts is based on an evaluation of past due accounts. The landfill estimate is based on a previously calculated engineering estimate of the cost of closure and post closure care for the facility adjusted for inflation since the original estimate was made times the percentage of the landfill filled to date. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The misstatements detected as a result of audit procedures were corrected by management and are attached to this letter.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 27, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of City Council and management of the City of Brownfield, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Client: **09358 - City of Brownfield**
Engagement: **09358 - 2014 City of Brownfield**
Period Ending: **9/30/2014**
Trial Balance: **017 - Trial Balance**
Workpaper: **017 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		3000's		
AJE to roll forward fund balances and net position.				
04-25081	LANDFILL CLOSURE LIABILITY		109,896.00	
13-13001.01	TRANSFER FROM CLAIMS		1,079.67	
13-50101.2	TRANSFER FROM P & L FUND		100,000.00	
18-30010	FUND BALANCE		257,630.00	
04-30010	FUND BALANCE			109,896.00
13-30010	FUND BALANCE			101,079.67
18-622.60507.1	DRAWDOWN-ORCA			257,630.00
Total			468,605.67	468,605.67
Adjusting Journal Entries JE # 2				
AJE to balance interfund activity and clear balance sheet activity.				
02-615-60701-8	TRANSFER TO INSURANCE FUND		250,000.00	
03-618-60207	SUPPLIES		35,000.00	
12-624.61703	APPRO - W & S		35,000.00	
13-13002.2	TRANS FROM P & L FUND		300,000.00	
02-23013.1	TRANS TO INSURANCE FD			250,000.00
03-617-60701.7	TRANSFER TO INSURANCE FUND(NEW)			35,000.00
12-23003.01	TRANS TO W & S FD			35,000.00
13-50101.3	TRANSFER FROM W & S			300,000.00
Total			620,000.00	620,000.00

Client: **09358 - City of Brownfield**
 Engagement: **09358 - 2014 City of Brownfield**
 Period Ending: **9/30/2014**
 Trial Balance: **017 - Trial Balance**
 Workpaper: **017 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 3				
AJE to book adjustment to allowance for doubtful accounts for current year calculations.				
02-615-60519	BAD DEBT ACCOUNT		13,129.19	
03-617-60519	BAD DEBT ACCOUNT		5,001.04	
04-619-60519	BAD DEBT ACCOUNT		2,008.19	
02-12043.1	ALLOWANCE FOR DOUBTFUL ACCTS			13,129.19
03-12043.1	ALLOWANCE FOR DOUBTFUL ACCTS			5,001.04
04-12043.1	ALLOWANCE FOR DOUBTFUL ACCTS			2,008.19
Total			20,138.42	20,138.42
Adjusting Journal Entries JE # 4				
AJE to book sales taxes receivable adjustment for 2014.				
01-12046.2	A/R SALES TAX		18,379.77	
01-50104	SALES TAX			18,379.77
Total			18,379.77	18,379.77
Adjusting Journal Entries JE # 5				
AJE to adjust Hotel Occupancy Taxes receivable for 2014.				
20-12046.3	A/R HOTEL-MOTEL TAX		9,268.02	
20-50113	HOTEL-MOTEL TAX REVENUE			9,268.02
Total			9,268.02	9,268.02
Adjusting Journal Entries JE # 6				
AJE to adjust property taxes receivable to the 09/30/2014 property tax receivable reports.				
01-12025	ALLOW FOR UNCOLLECTABLE TAXES		8,318.24	
01-23030	DEFERRED REVENUES - TAXES		6,490.52	
01-12021	A/R TAXES			10,499.48
01-12022	DEL. AD VALOREM TAXES			2,214.74
01-50025	ADJ. TO TAX ROLL			2,094.54
Total			14,808.76	14,808.76

Client: **09358 - City of Brownfield**
 Engagement: **09358 - 2014 City of Brownfield**
 Period Ending: **9/30/2014**
 Trial Balance: **017 - Trial Balance**
 Workpaper: **017 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 7				
AJE to adjust long term debt due to CRMWA and Amortization of related water rights.				
03-22001	CRMWA BONDS PAYABLE		321,128.37	
03-617-60521	AMORTIZATION EXPENSE		321,128.37	
03-17002	ACCUM AMORTIZATION-WATER RIGH			321,128.37
03-617-60518	CRMWA OBLIGATION			321,128.37
Total			642,256.74	642,256.74
Adjusting Journal Entries JE # 8				
AJE to book landfill liability adjustment.				
04-619-60352	LANDFILL CLOSURE EXPENSE		17,568.52	
04-25081	LANDFILL CLOSURE LIABILITY			17,568.52
Total			17,568.52	17,568.52

Client: **09358 - City of Brownfield**
Engagement: **09358 - 2014 City of Brownfield**
Period Ending: **9/30/2014**
Trial Balance: **017 - Trial Balance**
Workpaper: **017 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 9				
AJE to book accrued vacation adjustment for 2014.				
01-20013	ACCRUED VAC/SICK LEAVE		88.70	
01-20013	ACCRUED VAC/SICK LEAVE		218.80	
01-20013	ACCRUED VAC/SICK LEAVE		300.23	
01-20013	ACCRUED VAC/SICK LEAVE		317.67	
01-20013	ACCRUED VAC/SICK LEAVE		3,070.40	
01-602-60104	VAC/SICK LEAVE		3,002.12	
01-603-60104	VAC/SICK LEAVE		1,791.47	
01-606-60104	VAC/SICK LEAVE		959.73	
01-608-60104	VAC/SICK LEAVE		3,663.36	
01-614-60103	LABOR		633.57	
01-615-60103	LABOR		1,696.60	
02-616-60104	ACCRUED VAC/SICK LEAVE		7,652.02	
03-20013	ACCRUED VAC/SICK LEAVE		762.52	
03-20013	ACCRUED VAC/SICK LEAVE		1,114.81	
04-20013	ACCRUED VAC/SICK LEAVE		129.50	
04-619-60103	LABOR		1,704.44	
01-20013	ACCRUED VAC/SICK LEAVE			633.57
01-20013	ACCRUED VAC/SICK LEAVE			959.73
01-20013	ACCRUED VAC/SICK LEAVE			1,696.60
01-20013	ACCRUED VAC/SICK LEAVE			1,791.47
01-20013	ACCRUED VAC/SICK LEAVE			3,002.12
01-20013	ACCRUED VAC/SICK LEAVE			3,663.36
01-604-60104	VAC/SICK LEAVE			88.70
01-607-60104	VAC/SICK LEAVE			218.80
01-609-60104	VAC/SICK LEAVE			3,070.40
01-610-60104	VAC/SICK LEAVE			300.23
01-611-60104	VAC/SICK LEAVE			317.67
02-20013	ACCRUED VAC/SICK LEAVE			7,652.02
03-617-60103	LABOR			1,114.81
03-618-60103	LABOR			762.52
04-20013	ACCRUED VAC/SICK LEAVE			1,704.44
04-619-60103	LABOR			129.50
Total			27,105.94	27,105.94

Client: **09358 - City of Brownfield**
Engagement: **09358 - 2014 City of Brownfield**
Period Ending: **9/30/2014**
Trial Balance: **017 - Trial Balance**
Workpaper: **017 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 10				
AJE to adjust inventory for amounts expended during the year.				
01-14011	INVENTORY IN PROGRESS		268,391.49	
02-14011	INVENTORY IN PROGRESS		28,332.24	
02-616-60207	SUPPLIES		1,071.94	
03-14011	INVENTORY IN PROGRESS		46,388.18	
01-14010	INVENTORIES			215,871.02
01-607-60207	SUPPLIES			10,504.09
01-608-60207	SUPPLIES			19,957.78
01-610-60207	SUPPLIES			8,403.28
01-611-60207	SUPPLIES			1,575.61
01-612-60207	SUPPLIES			2,100.82
01-614-60207	SUPPLIES			9,978.89
02-14010	INVENTORIES			29,404.18
03-14010	INVENTORIES			30,359.69
03-617-60207	SUPPLIES			16,028.49
Total			344,183.85	344,183.85

Adjusting Journal Entries JE # 11				
AJE to adjust police seizure fund cash for unbooked activity in 2014.				
22-10011	CASH IN BANK - RESERVE		54,155.68	
22-622-60104	POLICE SEIZURE PURCHASE - SUPPLIES		25,233.73	
22-50102	SEIZURE FUND COLLECTIONS			78,947.11
22-50103	INTEREST REVENUE			442.30
Total			79,389.41	79,389.41

Client: **09358 - City of Brownfield**
Engagement: **09358 - 2014 City of Brownfield**
Period Ending: **9/30/2014**
Trial Balance: **017 - Trial Balance**
Workpaper: **017 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 12				
AJE to reverse out prior year accounts payable and book current year accounts payable.				
01-20005	ACCOUNTS PAYABLE		250,227.47	
01-604-60101	ATTORNEY -- RETAINER		4,016.66	
01-604-60302	OFFICE EQUIPMNT		130.00	
01-606-60553	CONSOLIDATED COURT COST		8,152.53	
01-606-60656	TIME PAYMENT		935.24	
01-606-60657	FAILURE TO APPEAR PROGRAM		440.37	
01-606-60659	STF		3,759.98	
01-606-60662	Judicial Support Fee (JS) Stat		1,206.04	
01-606-60664	Jury Reimbursement Fee (JRF)		807.99	
01-606-60665	IDF		398.61	
01-606-60668	CIVIL JUSTICE FEE STATE		10.66	
01-606-60670	TRUENCY TAX PREVENTION (STATE		422.72	
01-607-60207	SUPPLIES		192.00	
01-607-60404	AUTOMOTIVE		88.14	
01-607-60528	School Resource Officer		1,975.00	
01-608-60207	SUPPLIES		27,408.94	
01-608-60404	AUTOMOTIVE		23.79	
01-610-60207	SUPPLIES		229.00	
01-610-60209	CHEMICALS		1,382.32	
01-610-60308	STREET		6,048.24	
01-610-60402	MACHINERY		531.64	
01-610-60404	MOTOR VEHICLES		2,190.98	
01-610-60405	GARAGE EXPENSE		1,702.25	
01-610-64700	CAPITAL OUTLAY		420.67	
01-611-60207	SUPPLIES		1,669.99	
01-611-60404	AUTOMOTIVE		162.56	
01-612-60207	SUPPLIES		1,640.00	
01-614-60207	SUPPLIES		38.44	
01-614-60404	MOTOR VEHICLES		887.04	
02-20005	ACCOUNTS PAYABLE		457,677.41	
02-615-60512	PURCHASED POWER		392,726.20	
02-615-60608	SALES TAX PAYABLE TO STATE		34,131.11	
02-616-60207	SUPPLIES		41,421.50	
03-20005	ACCOUNTS PAYABLE		81,267.99	
03-617-60207	SUPPLIES		7,428.30	
03-617-60402	MACHINERY		87.50	
03-617-60516	CRMWA EXPENSES		40,480.95	
03-617-60517	CRMWA LUBBOCK TREATMENT		7,804.05	
03-617-60518	CRMWA OBLIGATION		46,435.78	
03-617-64700	CAPITAL OUTLAY		5,943.50	
03-618-60207	SUPPLIES		4,881.42	
03-618-64700	CAPITAL OUTLAY		5,943.50	
04-20005	ACCOUNTS PAYABLE		4,911.54	
04-619-60204	CAR GAS & OIL		4,250.68	

Client: **09358 - City of Brownfield**
 Engagement: **09358 - 2014 City of Brownfield**
 Period Ending: **9/30/2014**
 Trial Balance: **017 - Trial Balance**
 Workpaper: **017 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
04-619-60207	SUPPLIES		2.27	
04-619-60351	COLLECTION TRUCKS		2,550.00	
01-20005	ACCOUNTS PAYABLE			66,871.80
01-607-64700	CAPITAL OUTLAY			215,027.15
01-608-64700	CAPITAL OUTLAY			25,642.36
01-610-60308	STREET			6,272.00
01-614-60207	SUPPLIES			3,285.96
02-20005	ACCOUNTS PAYABLE			468,278.81
02-615-60512	PURCHASED POWER			417,005.84
02-615-60608	SALES TAX PAYABLE TO STATE			33,687.72
02-616-60207	SUPPLIES			6,983.85
03-20005	ACCOUNTS PAYABLE			119,005.00
03-617-60207	SUPPLIES			30,196.24
03-617-60518	CRMWA OBLIGATION			46,382.75
03-618-60207	SUPPLIES			4,689.00
04-20005	ACCOUNTS PAYABLE			6,802.95
04-619-60204	CAR GAS & OIL			4,911.54
Total			1,455,042.97	1,455,042.97

Adjusting Journal Entries JE # 13

AJE to adjust police seizure account to correct ending balance.

22-50102	SEIZURE FUND COLLECTIONS		17,033.42	
22-10011	CASH IN BANK - RESERVE			17,033.42
Total			17,033.42	17,033.42

Adjusting Journal Entries JE # 14

AJE to book insurance claims payable for 2014.

13-614-60107	CLAIMS - INSURANCE EXPENSE		254,259.90	
13-29999	Insurance Claims Payable			254,259.90
Total			254,259.90	254,259.90

Client: **09358 - City of Brownfield**
Engagement: **09358 - 2014 City of Brownfield**
Period Ending: **9/30/2014**
Trial Balance: **017 - Trial Balance**
Workpaper: **017 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 15				
AJE to capitalize fixed assets.				
02-16020	GENERATING EQUIPMENT		96,520.81	
03-16130	WATER TRANSMISSION		89,048.56	
03-16130	WATER TRANSMISSION		126,062.94	
04-16090	GENERAL FIXED ASSETS		276,040.00	
21-16010	STRUCTURES - CRTC		117,700.98	
21-16010	STRUCTURES - CRTC		422,501.15	
02-616-60207	SUPPLIES			21,926.81
02-616-64700	CAPITAL OUTLAY			74,594.00
03-617-60207	SUPPLIES			16,000.00
03-617-60507	ENGINEERING SERVICES			5,866.65
03-617-64700	CAPITAL OUTLAY			17,000.00
03-617-64700	CAPITAL OUTLAY			50,181.91
03-617-64700	CAPITAL OUTLAY			126,062.94
04-619-64700	CAPITAL OUTLAY			276,040.00
21-16009	CWIP			422,501.15
21-625-60301	BUILDING			117,700.98
Total			1,127,874.44	1,127,874.44

Adjusting Journal Entries JE # 16
AJE to book depreciation related to capital assets for 2014.

02-16091	ACCUM DEPREC GEN FIXED ASSETS		27,864.84	
02-616-60520	DEPRECIATION		156,351.24	
03-617-60520	DEPRECIATION		159,277.79	
03-618-60520	DEPRECIATION-SEWER		179,671.89	
04-619-60520	DEPRECIATION		280,242.80	
21-625-60708	DEPRECIATION - ISF		201,822.58	
02-16021	ACCUM DEPREC GENERATING EQUIP			27,864.84
02-16021	ACCUM DEPREC GENERATING EQUIP			64,243.20
02-16091	ACCUM DEPREC GEN FIXED ASSETS			92,108.04
03-16131	ACCUM DEPREC WATER TRANS EQUI			68,754.12
03-16241	ACCRUED DEPRECIATION - SEWER			138,492.57
03-16291	ACCUM DEPREC GEN FIXED ASSETS			131,702.99
04-16011	ACCUMULATED DEPREC GARB CONT			30,686.36
04-16091	ACCUM DEPREC GEN FIXED ASSETS			249,556.44
21-16011	ACCUM DEPREC STRUCTURES ISF			201,822.58
Total			1,005,231.14	1,005,231.14