

CITY OF BROWNFIELD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2015

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



CITY OF BROWNFIELD, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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Independent Auditor's Report

To the City Council
City of Brownfield, Texas

Report on the Financial Statements

I 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, 2015, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 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, I 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 to the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, 2015, 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 9 and 37 through 46 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. I have applied certain limited procedures of 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My 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 my 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*, I have also issued my report dated February 4, 2016 on my consideration of the City's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion or 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.

William E. Holloway

William E. Holloway
Certified Public Accountant

Brownfield, Texas
February 4, 2016



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, 2015. 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 \$24,071,615 (net position) as compared to \$24,155,475 in the previous year. During the years ended September 30, 2015 and 2014, the City's expenses were \$16,466,274 and \$16,689,367 respectively compared to \$16,361,388 and \$16,327,305 generated in taxes and other revenues.

The balance of cash and investments at September 30, 2015 and 2014 were \$6,351,154 and \$6,864,965 respectively. The majority of the cash balance decrease is due to spending on capital projects for the new water and sewer extension.

Expenditures

Total fund expenditures for the year ending September 30, 2015 and September 30, 2014 are as follows:

<u>Fund</u>	<i>Expenditures</i>		
	<u>2014 – 2015</u>	<u>2013 – 2014</u>	<u>Change</u>
General Fund	\$ 6,174,835	\$ 6,426,291	\$ (251,456)
Proprietary Funds	9,799,276	9,481,870	317,406
Internal Service Fund	430,711	1,800,871	(1,369,980)
Other Governmental Funds	<u>117,585</u>	<u>291,844</u>	<u>(174,059)</u>
Total	<u>\$ 16,522,407</u>	<u>\$ 18,000,476</u>	<u>\$ (1,478,089)</u>

The General Fund decreased primarily due to lower expenditures related to the police department. Proprietary Fund expenditures are up because of supplies and payroll related costs. The Internal Service Fund decreased due to the dissolution of the self-funded insurance plan. 2015 expenditures under Other Governmental Funds decreased primarily due to completion of the community housing project.



Revenues

The City's Internal Service Fund revenues were down for the year ending September 30, 2015 when compared with the year ending September 30, 2014 due to the dissolution of the self-funded insurance plan. The decrease in revenues in Other Governmental Funds is related to decreased grant revenue received for housing improvements and construction. Year-end revenue totals are as follows:

<u>Fund</u>	<u>Revenues</u>		
	<u>2014 – 2015</u>	<u>2013 – 2014</u>	<u>Change</u>
General Fund	\$ 3,353,545	\$ 3,379,463	\$ (25,918)
Proprietary Funds	12,450,541	12,425,121	25,420
Internal Service Fund	580,449	1,240,496	(660,047)
Other Governmental Funds	<u>226,007</u>	<u>467,675</u>	<u>(241,688)</u>
Total	<u>\$ 16,610,542</u>	<u>\$ 17,512,755</u>	<u>\$ (902,213)</u>

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



Reporting the City as a Whole

Government-Wide Financial Statements

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

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

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

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

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



Reporting the City's Funds

Fund Financial Statements

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

- Governmental funds – Most of the City's basic services are included in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules, following the fund financials 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. The 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 \$24,155,475 to \$ 24,071,615. The City's total revenues increased from \$16,327,305 in 2014 to \$16,361,388 in 2015, an increase of \$34,083. Expenses are down due to the decreased cost related to grants and the internal service fund.

Fund Balances

The City's total Governmental Funds fund balance at September 30, 2014 and 2015 was 1,585,170 and 1,946,221 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, 2015.



Below is the government-wide condensed financial statement information from fiscal year 2014-2015:

Table I
City of Brownfield, Texas
NET POSITION

	<u>September 30, 2015</u>
Current and Other Assets	\$ 8,620,198
Capital Assets	22,765,985
Total Assets	<u>\$ 31,386,183</u>
Current Liabilities	\$ 2,205,651
Long-Term Liabilities	5,108,917
Total Liabilities	<u>\$ 7,314,568</u>
Net Assets:	
Invested in Capital Assets	\$ 18,455,030
Net of Related Debt	1,964,737
Nonspendable/Restricted	3,651,848
Unrestricted	<u>\$ 24,071,615</u>
Total Net Position	<u><u>\$ 24,071,615</u></u>

Table II
City of Brownfield, Texas
CHANGES IN NET POSITION

	<u>September 30, 2015</u>
Revenues:	
Program Revenues:	
Charges for Services	\$ 12,886,159
Operating Grants and Contributions	647,702
General Revenues:	
Property Taxes	1,147,352
Other Taxes	1,426,189
Investment Earnings	136,279
Miscellaneous	117,707
Total Revenue	<u>\$ 16,361,388</u>
Expenses:	
Primary Government:	
Administration	\$ 1,218,678
Municipal Court	205,216
Police	2,032,178
Fire	724,589
Street	1,248,123
Code Inspection	122,577
Public Services	171,870
Park and Recreation	749,561
All Other	194,206
Business-Type Activities:	
Power and Light	5,708,389
Water and Sewer	2,400,549
Sanitation	1,488,514
Detention Center	201,824
Total Expenses	<u>\$ 16,466,274</u>
Increase (Decrease) in Net Position	\$ (104,886)
Net Position at October 1	<u>24,176,501</u>
Net Position at September 30	<u><u>\$ 24,071,615</u></u>



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the City had \$22,765,985 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, 2015. Note 6 discloses the total amount invested in water facilities.

Debt

At the end of 2015, the City had \$4,310,955 of total debt outstanding, of which \$291,082 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, 2015.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the upcoming fiscal year ending September 30, 2016, 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, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Brownfield City Manager, 201 W. Broadway, Brownfield, Texas 79316-4429.



CITY OF BROWNFIELD, TEXAS
GOVERNMENT WIDE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government Fund Types			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 2,140,790	\$ 5,360,285	\$ 7,501,075	\$ 1,991,058
Receivables (net)	244,230	695,928	940,158	37,749
Prepaid Interest		18,524	18,524	
Inventory	30,508	129,933	160,441	
Inventory - Land				940,597
Capital Assets, Net of Accumulated Depreciation				
Land	605,084	543,163	1,148,247	
Depreciable Assets, Net of Depreciation	8,453,946	8,852,837	17,306,783	
Investment in Water Facilities, Net of Amortization		4,310,955	4,310,955	
Total Assets	<u>\$ 11,474,558</u>	<u>\$ 19,911,625</u>	<u>\$ 31,386,183</u>	<u>\$ 2,969,404</u>
LIABILITIES				
Bank Overdraft	\$	\$ 1,149,921	\$ 1,149,921	\$
Accounts payable and accrued expenses	174,213	590,435	764,648	121,758
Deposits		792,643	792,643	
Noncurrent Liabilities				
Due within One Year		291,082	291,082	
Due in More Than One Year		4,019,873	4,019,873	
Closure/Post Closure Landfill Obligation		296,401	296,401	
Total Liabilities	<u>\$ 174,213</u>	<u>\$ 7,140,355</u>	<u>\$ 7,314,568</u>	<u>\$ 121,758</u>
NET ASSETS				
Invested In Capital Assets, Net of Related Debt	\$ 9,059,030	\$ 9,396,000	\$ 18,455,030	\$
Restricted For:				
Nonspendable	30,508	129,933	160,441	
Restricted	715,252	1,089,044	1,804,296	
Economic Development		0	0	2,847,646
Unassigned	1,495,555	2,156,293	3,651,848	
Total Net Assets	<u>\$ 11,300,345</u>	<u>\$ 12,771,270</u>	<u>\$ 24,071,615</u>	<u>\$ 2,847,646</u>

See the accompanying notes to the financial statements.



CITY OF BROWNFIELD, TEXAS
GOVERNMENT WIDE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities								
Financial administration	\$ 335,708	\$	\$	\$	\$ (335,708)	\$	\$ (335,708)	\$
Judicial and Legal	205,216	166,966			(38,250)		(38,250)	
Central Administration	882,970				(882,970)		(882,970)	
Street and highways	1,248,123				(1,248,123)		(1,248,123)	
Public safety - police	2,032,178				(2,032,178)		(2,032,178)	
Public safety - fire	724,589		333,141		(391,448)		(391,448)	
Public safety - inspection and civil defense	122,577		14,561		(108,016)		(108,016)	
Public services	171,870	84,397			(87,473)		(87,473)	
Parks and Recreation	749,561	89,955	300,000		(359,606)		(659,606)	
All Other	194,206	94,300			(99,906)		(99,906)	
Total governmental activities	\$ 6,666,998	\$ 435,618	\$ 647,702	\$	\$ (5,583,678)	\$	\$ (5,583,678)	\$
Business-type activities:								
Power & light	\$ 5,708,389	\$ 8,399,080	\$	\$	\$	\$ 2,690,691	\$ 2,690,691	\$
Water & sewer	2,400,549	2,392,862				(7,687)	(7,687)	
Sanitation	1,488,514	1,417,939				(70,575)	(70,575)	
Intermediate Sanction Facility	201,824	240,660				38,836	38,836	
Total business-type activities	\$ 9,799,276	\$ 12,450,541	\$	\$	\$	\$ 2,651,265	\$ 2,651,265	\$
Total Primary Government	\$ 16,466,274	\$ 12,886,159	\$ 647,702	\$	\$ (5,583,678)	\$ 2,651,265	\$ (2,932,413)	\$
Component Unit:								
Brownfield Industrial Development Corporation	\$ 331,282	\$	\$	\$	\$	\$	\$	\$ (331,282)
General Revenues:								
Property Taxes, levied for general purposes					\$ 1,147,352	\$	\$ 1,147,352	\$
Sales, franchise and other taxes					1,426,189		1,426,189	501,498
Investment Earnings					75,136	61,143	136,279	36,852
Miscellaneous					117,707		117,707	7
Transfers(net)					3,235,324	(3,235,324)		
Total general revenues, special items, and transfers					\$ 6,001,708	\$ (3,174,181)	\$ 2,827,527	\$ 207,075
Change in Net Position					\$ 418,030	\$ (522,916)	\$ (104,886)	\$ 207,075
Net Position - Beginning					10,882,315	13,294,186	24,176,501	2,640,571
Net Position - Ending					11,300,345	12,771,270	24,071,615	2,847,646

See the accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>Major</u>	<u>Non-major</u>		<u>Total</u>
	<u>General</u>	<u>Infrastructure</u>	<u>All Other</u>	<u>Government</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets:				
Cash & Cash Equivalents	\$ 368,657	\$ 882,352	\$ 679,563	\$ 1,930,572
Receivables, Net of Allowance	191,209		53,021	244,230
Inventory	<u>30,508</u>			<u>30,508</u>
Total Assets	<u>\$ 590,374</u>	<u>\$ 882,352</u>	<u>\$ 732,584</u>	<u>\$ 2,205,310</u>
LIABILITIES				
Accounts Payable	\$ 65,682		\$ 219	\$ 65,901
Accrued Expenditures	<u>108,312</u>			<u>108,312</u>
Total Liabilities	<u>\$ 173,994</u>		<u>\$ 219</u>	<u>\$ 174,213</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	<u>\$ 84,876</u>			<u>\$ 84,876</u>
FUND BALANCES:				
Nonspendable				
Inventory	\$ 30,508			\$ 30,508
Restricted for:				
Enabling Legislation			715,252	715,252
Committed:				
Parks & Recreation			17,113	17,113
Capital Projects		882,352		882,352
Unassigned	<u>300,996</u>			<u>300,996</u>
Total Fund Balances	<u>\$ 331,504</u>	<u>\$ 882,352</u>	<u>\$ 732,365</u>	<u>\$ 1,946,221</u>
Total liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 590,374</u>	<u>\$ 882,352</u>	<u>\$ 732,584</u>	<u>\$ 2,205,310</u>

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



CITY OF BROWNFIELD, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015

Total Fund Balances - Government Funds	\$	1,946,221
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
1. Capital Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. (Net of accumulated depreciation)		9,059,030
2. Internal Service Funds are reported in governmental activities but not in governmental funds.		210,218
3. Deferred inflows are reported in governmental activities but not in governmental funds.		84,876

Net Assets of Governmental Activities	\$	11,300,345

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



CITY OF BROWNFIELD, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General	Infrastructure Fund	Capital Projects Fund	All Other Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 1,062,476	\$	\$	\$	\$ 1,062,476
Other Taxes	1,235,742			190,447	1,426,189
Fees and Fines	491,363			8,744	500,107
Intergovernmental	314,561				314,561
Investment earnings	1,674	63,773		9,689	75,136
Miscellaneous	247,729	3,796		17,127	268,652
Total Revenues	<u>\$ 3,353,545</u>	<u>\$ 67,569</u>	<u>\$</u>	<u>\$ 226,007</u>	<u>\$ 3,647,121</u>
Expenditures					
Financial Administration	\$ 329,050	\$	\$	\$	\$ 329,050
Judicial and Legal	192,297			10,762	203,059
Central Administration	864,022				864,022
Street and Highways	1,037,093				1,037,093
Public Safety - Police	1,930,247				1,930,247
Public Safety - Fire	674,311				674,311
Protective Inspection & Civil Defense	118,473				118,473
Public Services	171,870				171,870
Parks and Recreation	763,395			6,695	770,090
All Other	94,077			100,128	194,205
Total Expenditures	<u>\$ 6,174,835</u>	<u>\$</u>	<u>\$</u>	<u>\$ 117,585</u>	<u>\$ 6,292,420</u>
Excess(deficiency) of revenues over expenditures	<u>\$ (2,821,290)</u>	<u>\$ 67,569</u>	<u>\$</u>	<u>\$ 108,422</u>	<u>\$ (2,645,299)</u>
Other Financing Sources(Uses)					
Transfers In	\$ 2,937,936	\$ 1,238,251	\$	\$	\$ 4,176,187
Transfers Out		(1,190,863)			(1,190,863)
Total Other Financing Sources(Uses)	<u>\$ 2,937,936</u>	<u>\$ 47,388</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,985,324</u>
Net Changes in Fund Balances(Unrestrictd)	<u>\$ 116,646</u>	<u>\$ 114,957</u>	<u>\$</u>	<u>\$ 108,422</u>	<u>\$ 340,025</u>
Fund Balances Beginning	214,858	767,395		623,943	1,606,196
Fund Balances Ending	<u>\$ 331,504</u>	<u>\$ 882,352</u>	<u>\$</u>	<u>\$ 732,365</u>	<u>\$ 1,946,221</u>

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



CITY OF BROWNFIELD, TEXAS
 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, 2015

Net Change in Fund Balances - Total Government Funds	\$	340,025
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
1. Depreciation is recorded in the statement of activities as an expense but not in governmental funds.		(779,442)
2. Governmental funds report capital outlay as expenditures. However, the statement of activities reports these as assets that are depreciated over their useful lives.		404,866
3. Net change in activities related to internal service funds is included in governmental activities.		401,523
4. Deferred revenue is not recorded in the statements of net position, thus the change is excluded in activities.		<u>51,058</u>
Change in Net Assets of Governmental Activities	\$	<u><u>418,030</u></u>

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



CITY OF BROWNFIELD, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Power and Light Funds	Water and Sewer Funds	Sanitation Fund	ISF Fund	Total Enterprise Funds	Internal Service Funds
ASSETS						
Cash in Bank	\$ 1,535,135	\$ 70,785	\$ 126,272	\$ 382,664	\$ 2,114,856	\$ 210,218
Cash in Savings	3,067,458	88,915	89,056		3,245,429	
Receivables						
Accounts and Rents	476,466	139,872	60,325	19,265	695,928	
Prepaid Interest		18,524			18,524	
Inventories	73,271	56,662			129,933	
Capital Assets (Net of Accumulated Depreciation)						
Land	15,697	390,679	136,787		543,163	
Depreciable Assets, Net of Depreciation	1,162,315	4,715,528	1,757,154	1,217,840	8,852,837	
Investment in Water Facilities, Net of Amortization		4,310,955			4,310,955	
Total Assets	\$ 6,330,342	\$ 9,791,920	\$ 2,169,594	\$ 1,619,769	\$ 19,911,625	\$ 210,218
LIABILITIES AND NET ASSETS						
Liabilities						
Bank Overdraft		1,149,921			1,149,921	
Accounts Payable	\$ 429,868	\$ 96,756	\$ 9,331	\$	\$ 535,955	\$
Accrued Expenses	19,516	14,027	20,937		54,480	
Deposits	792,643				792,643	
Noncurrent Liabilities						
Due within One Year		291,082			291,082	
Due In More Than One Year		4,019,873			4,019,873	
Closure/Post Closure Landfill Obligation			296,401		296,401	
Total Liabilities	\$ 1,242,027	\$ 5,571,659	\$ 326,669	\$	\$ 7,140,355	\$
Net Assets						
Invested in Capital Assets						
Net of Related Debt	\$ 1,178,012	\$ 5,106,207	\$ 1,893,941	\$ 1,217,840	\$ 9,396,000	\$
Nonspendable	73,271	56,662			129,933	210,218
Restricted	792,643		296,401		1,089,044	
Unassigned	3,044,389	(942,608)	(347,417)	401,929	2,156,293	
Total Net Assets	\$ 5,088,315	\$ 4,220,261	\$ 1,842,925	\$ 1,619,769	\$ 12,771,270	\$ 210,218
Total Liabilities and Net Assets	\$ 6,330,342	\$ 9,791,920	\$ 2,169,594	\$ 1,619,769	\$ 19,911,625	\$ 210,218

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

CITY OF BROWNFIELD, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITIONS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Major			Non-Major	Total Enterprise Funds	Internal Service Fund
	Power & Light Funds	Water & Sewer Funds	Sanitation Fund	Detention Facility		
OPERATING REVENUES						
Charges for Services	\$ 8,022,258	\$ 2,370,581	\$ 1,406,804	\$	\$ 11,799,643	\$ 449,694
Penalties	45,491	2,180	1,545		49,216	
License and Permits	3,182	12,495			15,677	
Rents	24,846	1,000		240,660	266,506	
Sales Tax Collected	302,822				302,822	
Miscellaneous and Other Revenues	481	6,606	9,590		16,677	130,755
Total Revenues	\$ 8,399,080	\$ 2,392,862	\$ 1,417,939	\$ 240,660	\$ 12,450,541	\$ 580,449
OPERATING EXPENSES						
Personnel Services	\$ 552,074	\$ 537,962	\$ 894,550	\$	\$ 1,984,586	\$
Supplies & Materials	310,257	384,298	162,007		856,562	
Contractual Purchases	4,311,763	797,927			5,109,690	
Maintenance	30,021	10,198	102,686		142,905	
Other Operating Costs	348,726	16,500	23,719		388,945	430,711
Amortization of Water Rights		320,831			320,831	
Depreciation	155,548	332,833	287,983	201,824	978,188	
Landfill Closure Cost Amortization			17,569		17,569	
Total Operation Expenses	\$ 5,708,389	\$ 2,400,549	\$ 1,488,514	\$ 201,824	\$ 9,799,276	\$ 430,711
Total Operation Income(Loss)	\$ 2,690,691	\$ (7,687)	\$ (70,575)	\$ 38,836	\$ 2,651,265	\$ 149,738
NONOPERATING REVENUES (EXPENSE)						
Interest Income	\$ 57,661	\$ 1,808	\$ 1,674	\$	\$ 61,143	\$ 1,785
Total Nonoperating Revenues (Expenses)	\$ 57,661	\$ 1,808	\$ 1,674	\$	\$ 61,143	\$ 1,785
Income Before Operating Transfers	\$ 2,748,352	\$ (5,879)	\$ (68,901)	\$ 38,836	\$ 2,712,408	\$ 151,523
OPERATING TRANSFERS						
Operating Transfers In		50,000			50,000	250,000
Operating Transfers Out	(2,951,314)	(245,625)	(88,385)		(3,285,324)	
Change in Net Position	\$ (202,962)	\$ (201,504)	\$ (157,286)	\$ 38,836	\$ (522,916)	\$ 401,523
TOTAL NET ASSETS - BEGINNING	5,291,277	4,421,765	2,000,211	1,580,933	13,294,186	(191,305)
TOTAL NET ASSETS - ENDING	\$ 5,088,315	\$ 4,220,261	\$ 1,842,925	\$ 1,619,769	\$ 12,771,270	\$ 210,218

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



CITY OF BROWNFIELD, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Major			Non-Major	Total Enterprise Funds	Internal Service Fund
	Power & Light Funds	Water & Sewer Funds	Sanitation Fund	Detention Facility		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 8,068,329	\$ 2,395,170	\$ 1,406,096	\$ 243,370	\$ 12,112,965	\$ 449,694
Payments to Suppliers	(4,684,161)	(1,546,301)	(244,196)		(6,474,658)	
Payments to Employees	(552,074)	(531,314)	(894,550)		(1,977,938)	
Other payments	(372,725)	(26,154)	(33,277)		(432,156)	(685,188)
Other receipts	328,149	6,606	9,590		344,345	130,755
Net Cash Provided by Operating Activities	<u>\$ 2,787,518</u>	<u>\$ 298,007</u>	<u>\$ 243,663</u>	<u>\$ 243,370</u>	<u>\$ 3,572,558</u>	<u>\$ (104,739)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Customer Deposits	\$ 53,840				\$ 53,840	
Transfers from and (to) other funds-net	(2,951,314)	(195,625)	(88,385)		(3,235,324)	250,000
Net Cash provided by financing activities	<u>(2,897,474)</u>	<u>(195,625)</u>	<u>(88,385)</u>		<u>(3,181,484)</u>	<u>250,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	\$ (149,140)	\$ (1,321,749)	\$ (93,669)		\$ (1,564,558)	
Net Cash used by Capital and Related Financing Activities	<u>\$ (149,140)</u>	<u>\$ (1,321,749)</u>	<u>\$ (93,669)</u>		<u>\$ (1,564,558)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	\$ 57,661	\$ 1,808	\$ 1,674		\$ 61,143	\$ 1,785
Net Cash provided by Investing Activities	<u>\$ 57,661</u>	<u>\$ 1,808</u>	<u>\$ 1,674</u>		<u>\$ 61,143</u>	<u>\$ 1,785</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ (201,435)</u>	<u>\$ (1,217,559)</u>	<u>\$ 63,283</u>	<u>\$ 243,370</u>	<u>\$ (1,112,341)</u>	<u>\$ 147,046</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>\$ 4,804,027</u>	<u>\$ 227,338</u>	<u>\$ 152,045</u>	<u>\$ 139,294</u>	<u>\$ 5,322,704</u>	<u>\$ 63,172</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,602,592</u>	<u>\$ (990,221)</u>	<u>\$ 215,328</u>	<u>\$ 382,664</u>	<u>\$ 4,210,363</u>	<u>\$ 210,218</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 2,690,691	\$ (7,687)	\$ (70,575)	\$ 38,836	\$ 2,651,265	\$ 149,738
Adjustments to reconcile operations to net cash provided by operating activities						
Depreciation	155,548	332,833	287,983	201,824	978,188	
Landfill Closure Expense			17,569		17,569	
Accrued Payroll/Vacation & Sick Leave	697	6,648	8,411		15,756	
Change in assets and liabilities:						
Receivables, net	(2,602)	8,914	(2,253)	2,710	6,769	
Prepaid Interest		(18,524)			(18,524)	
Inventories	2,240	(1,928)			312	
Accounts and other payables	(59,056)	(22,249)	2,528		(78,777)	(254,477)
Net cash provided by operating activities	<u>\$ 2,787,518</u>	<u>\$ 298,007</u>	<u>\$ 243,663</u>	<u>\$ 243,370</u>	<u>\$ 3,572,558</u>	<u>\$ (104,739)</u>

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

**CITY OF BROWNFIELD, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015**

	<u>Scholarship Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ <u>27,999</u>
Total Current Assets	\$ <u><u>27,999</u></u>
 LIABILITIES	
Current Liabilities	\$ <u>27,999</u>
Due to Others	\$ <u><u>27,999</u></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 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 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.



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

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

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, 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.



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

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.

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.



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

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.

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

Non-Major Fund:

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



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

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 was used to account for the City's self-managed health insurance plan. Although it is not presently utilized, the fund still has a fund balance.

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 repairs) or because they must remain in-tact such as the principal of an endowment.



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

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 purpose stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislations. 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 purpose 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 classification. 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).



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

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

Order of Expenditure of Funds

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

D. BASIS OF ACCOUNTING

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

1. Accrual:

Both governmental and business-type activities and discretely presented component units in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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.



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

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:

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



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

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.

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, 2015, 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



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

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 requirement of the Act and with local policies.

Policies Governing Deposits and Investments

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



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

Policies Governing Deposits and Investments (continued)

- 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, 2015, 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, 2015, 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, 2015 was \$7,501,075 with a bank balance of \$8,978,250, 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, 2014, property taxes of \$1,136,541 were levied for the governmental funds. Individual tax levies from the tax roll on October 1, 2014, were delinquent if unpaid at January 31, 2015.



CITY OF BROWNFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables and Allowance for Doubtful Accounts as of September 30, 2015:

	Total Receivables	Estimated Uncollectible Accounts	Net Receivables
Governmental Activities:			
Ad Valorem Taxes	\$ 97,012	\$ 12,135	\$ 84,877
Texas Comptroller - Sales Tax	75,498		75,498
Franchise Taxes	26,297		26,297
Hotel Occupancy Taxes	53,021		53,021
	<u>\$ 251,828</u>	<u>\$ 12,135</u>	<u>\$ 239,693</u>
Business-Type Activities:			
Power and Light	\$ 502,464	\$ 25,998	\$ 476,466
Water and Sewer	147,171	7,359	139,812
Sanitation	63,501	3,175	60,326
Detention Facility	19,265		19,265
	<u>\$ 732,401</u>	<u>\$ 36,532</u>	<u>\$ 695,869</u>
Primary Government	<u>\$ 984,229</u>	<u>\$ 48,667</u>	<u>\$ 935,562</u>

Accounts Payable as of September 30, 2015:

	Total Payables
Governmental Activities:	
General	\$ 58,640
Insurance Withholdings	7,042
	<u>\$ 65,682</u>
Business-Type Activities:	
General	\$ 137,854
Electric Utility Bill	398,015
	<u>535,869</u>
Primary Government	<u>\$ 601,551</u>



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Government Activities:

	Balance 10/01/2014	Increases	Decreases	Balance 9/30/2015
ASSETS				
Land	\$ 605,084	\$	\$	\$ 605,084
Buildings and Improvements	4,330,483			4,330,483
Equipment	15,593,993	339,850	(521,391)	15,412,452
Infrastructure	2,611,525	59,793	(165,585)	2,505,733
	<u>\$ 23,141,085</u>	<u>\$ 399,643</u>	<u>\$ (686,976)</u>	<u>\$ 22,853,752</u>
ACCUMULATED DEPRECIATION				
Buildings and Improvements	\$ 342,504	\$ 151,584	\$ 0	\$ 494,088
Equipment	12,056,782	363,259	(521,391)	11,749,651
Infrastructure	1,302,970	264,599	(165,585)	1,550,983
	<u>\$ 13,702,256</u>	<u>\$ 779,442</u>	<u>\$ (686,976)</u>	<u>\$ 13,794,722</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,438,829</u>	<u>\$ (379,799)</u>	<u>\$</u>	<u>\$ 9,059,030</u>

Business-Type Activities:

	Balance 10/01/2014	Increases	Decreases	Balance 9/30/2015
ASSETS				
Land	\$ 543,163	\$	\$	\$ 543,163
Buildings	4,044,409			4,044,409
Equipment	11,063,645	231,852	(4,554,685)	6,740,812
Electric Infrastructure	8,929,373	87,339	(7,595,544)	1,421,168
Water Infrastructure	4,601,448	625,571	(2,816,244)	2,410,775
Sewer Infrastructure	4,772,710	619,796	(948,277)	4,444,229
	<u>\$ 33,954,748</u>	<u>\$ 1,564,558</u>	<u>\$ (15,914,750)</u>	<u>\$ 19,604,556</u>
ACCUMULATED DEPRECIATION				
Buildings	\$ 3,253,911	\$ 147,069	\$	\$ 3,400,980
Equipment	6,994,890	532,431	(4,554,685)	2,972,636
Electric Infrastructure	8,086,813	92,867	(7,595,544)	584,136
Water Infrastructure	3,576,746	67,326	(2,816,244)	827,828
Sewer Infrastructure	3,232,760	138,493	(948,277)	2,422,976
	<u>\$ 25,145,120</u>	<u>\$ 978,186</u>	<u>\$ (15,914,750)</u>	<u>\$ 10,208,556</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,809,628</u>	<u>\$ 586,372</u>	<u>\$</u>	<u>\$ 9,396,000</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 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 10/1/2014	Principal Payments	Balance 9/30/2015	Interest Paid
Series 1999:					
Refunded 2005	CUA	488,363	488,363	-0-	18,942
Refunded 2010	CUA	101,525	17,601	83,924	3,060
Refunded 2010	BUREC	387,100	81,174	305,926	11,349
Series 2005					
Refunded 2013	Water Purchase	969,584	16,414	953,170	43,719
Series 2006	Water Purchase	802,110	785,721	16,389	18,007
Series 2009	Construction	384,759	20,221	364,538	15,134
Series 2011	Water Purchase	1,646,688	74,749	1,571,939	71,229
Series 2014	Refund 2005/2006	-0-	(1,015,069)	1,015,069	18,620
		<u>\$ 4,780,129</u>	<u>\$ 469,174</u>	<u>\$ 4,310,955</u>	<u>\$ 200,060</u>

	CRMWA
Original Cost of Water Rights	\$ 5,863,570
Prior Year Accumulated Amortization	(1,083,441)
Current Year Amortization Expense	<u>(469,174)</u>
Investment in Water Facilities – September 30, 2015	<u>\$ 4,310,955</u>

7. LONG-TERM DEBT AMORTIZATION

Debt service requirements on all long-term debt:

	Business-Type Activities		
	Principal	Interest	Total
Year Ending September 30,			
2016	\$ 291,082	\$ 199,229	\$ 490,311
2017	331,295	187,310	518,605
2018	411,613	173,279	584,892
2019	285,697	155,888	441,585
2020	354,807	139,452	494,259
2021-2025	1,686,531	457,867	2,144,398
2026-2030	949,930	115,506	1,065,436
Totals	<u>\$ 4,310,955</u>	<u>\$ 1,428,531</u>	<u>\$ 5,739,486</u>



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 \$ 296,401 reported as landfill closure and post-closure care liability at September 30, 2015, represents the cumulative amount reported to date based on the use of 10.79% 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 2015. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

9. PENSION PLAN

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](http://www.TMRS.com).



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

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 2014</u>	<u>Plan Year 2015</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 Annuity Increase (to Retirees)	100% Repeating, Transfers 50% of CPI	100% Repeating, Transfers 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.

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.



CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

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

Annual Pension Cost

Annual Required Contribution (ARC)	\$	546,950
Interest on NPO		
Adjustment to the ARC		
Annual Pension Cost	\$	546,950
Contributions Made	\$	<u>(546,950)</u>
Increase (decrease) in Net Pension Obligation	\$	0
Net Pension Obligation/(Asset), Beginning of Year	\$	0
Net Pension Obligation/(Asset), End of Year	\$	<u>0</u>

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

Valuation Date	12/21/2012	12/31/2013	12/31/2014
Actuarial Cost Method	Projected Unit Credit	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single	24.9 years; closed period	17.0 years; closed period	16.0 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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2012	\$ 506,707	100%	0
September 30, 2013	528,327	100%	0
September 30, 2014	546,950	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 calculation 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, 2014, the most recent actuarial valuation date, is as follows:

Funded Status		
Actuarial Valuation Date		12/31/2014
Actuarial Value of Assets	\$	15,735,822
Actuarial Accrued Liability (AAL)	\$	16,977,891
Percentage Funded		92.7%
Unfunded Actuarial Accrued Liability (UAAL)	\$	1,242,069
Annual Covered Payroll	\$	3,454,075
UAAL as a Percentage of Covered Payroll		36%

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

10. INTERNAL BALANCES

Transfers between funds in 2015 are as follows:

Fund	Transfer In	Transfer Out	Purpose of Transfer
General	\$ 2,937,936	\$	Appropriations in Lieu of Property Taxes
Power and Light		(2,951,314)	Appropriations in Lieu of Property Taxes
Water and Sewer		(195,625)	Appropriations in Lieu of Property Taxes
Garbage		(88,385)	Appropriations in Lieu of Property Taxes
Infrastructure	47,388		Appropriations in Lieu of Property Taxes
Internal Service	300,000		Excess Health Insurance Premiums
	<u>\$ 3,235,324</u>	<u>\$ (3,235,324)</u>	

11. 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 February 4, 2016, the date which the financial statements were available to be issued.



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)

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 of Percentage of Covered Payroll [(b-a)(c)]
12/31/2012	13,748,046	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%
12/31/2014	15,735,822	16,877,891	1,242,069	92.70%	3,454,075	36.00%



CITY OF BROWNFIELD, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 2,200,391	\$ 2,253,218	\$ 52,827
Intergovernmental Revenues	333,141	333,141	
Other Service Revenue	453,323	457,564	4,241
Miscellaneous and other Revenue	224,113	309,622	85,509
Total Revenues	<u>\$ 3,210,968</u>	<u>\$ 3,353,545</u>	<u>\$ 142,577</u>
Expenditures			
Financial Administration	\$ 308,485	\$ 329,050	\$ (20,565)
Judicial and Legal	172,901	192,297	(19,396)
Central Administration	870,541	864,022	6,519
Street and Highways	1,073,321	1,037,093	36,228
Public Safety - Police	1,900,528	1,930,247	(29,719)
Public Safety - Fire	766,282	674,311	91,971
Public Safety - Inspection & Emergency Management	132,918	118,473	14,445
Public Services	140,914	171,870	(30,956)
Parks and Recreation	654,943	763,395	(108,452)
All Other	94,323	94,077	246
Total Expenditures	<u>\$ 6,115,156</u>	<u>\$ 6,174,835</u>	<u>\$ (59,679)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,904,188)	\$ (2,821,290)	\$ 82,898
Other Sources (Uses)			
Operating Transfers In (Out) Net	2,904,137	2,937,936	33,799
Total Other Sources (uses)	<u>\$ 2,904,137</u>	<u>\$ 2,937,936</u>	<u>\$ 33,799</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (51)</u>	<u>\$ 116,646</u>	<u>\$ 116,697</u>
Net Assets, October 1, 2014	<u>214,858</u>	<u>214,858</u>	
Net Assets, September 30, 2015	<u>\$ 214,807</u>	<u>\$ 331,504</u>	<u>\$ 116,697</u>



CITY OF BROWNFIELD, TEXAS
STATEMENT OF REVENUES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

GENERAL FUND

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Taxes			
Property Taxes	\$ 1,078,776	\$ 1,017,476	\$ (61,300)
General Sales Tax	908,318	1,002,996	94,678
Franchise Tax	210,026	231,164	21,138
Mixed Drink Tax	2,875	1,224	(1,651)
Other Taxes			
Tax Certificates	396	358	(38)
Total Taxes	<u>\$ 2,200,391</u>	<u>\$ 2,253,218</u>	<u>\$ 52,827</u>
Intergovernmental			
County	\$ 333,141	\$ 333,141	\$
Total Intergovernmental	<u>\$ 333,141</u>	<u>\$ 333,141</u>	<u>\$</u>
Other Sales & Services			
Licenses & Permits	\$ 10,093	\$ 14,824	\$ 4,731
City/County Parks	300,000	300,000	
Swimming Pool Revenue	72,581	73,167	586
Rents Of City Property	20,416	18,617	(1,799)
Service Charges	50,233	50,956	723
Total Other Sales and Services	<u>\$ 453,323</u>	<u>\$ 457,564</u>	<u>\$ 4,241</u>
Other Miscellaneous			
Fines	\$ 61,989	\$ 73,500	\$ 11,511
Miscellaneous	76,246	151,470	75,224
State and Other Fees	85,878	84,652	(1,226)
Total Other Miscellaneous	<u>\$ 224,113</u>	<u>\$ 309,622</u>	<u>\$ 85,509</u>
Total Revenues	<u>\$ 3,210,968</u>	<u>\$ 3,353,545</u>	<u>\$ 142,577</u>



CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

GENERAL FUND

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES			
Financial Administration			
Salaries & Wages	\$ 212,122	\$ 214,440	\$ (2,318)
Retirement	20,967	22,111	(1,144)
Payroll Tax	16,227	17,470	(1,243)
Employee Insurance	36,000	48,256	(12,256)
Office Supplies	2,000	1,860	140
Dues	2,703	3,082	(379)
Business Travel	3,916	5,466	(1,550)
Miscellaneous	150	1,965	(1,815)
Car Allowance	14,400	14,400	
Total Financial Administration	<u>\$ 308,485</u>	<u>\$ 329,050</u>	<u>\$ (20,565)</u>
Judicial and Legal			
Municipal Court			
Salaries & Wages	\$ 69,840	\$ 70,654	\$ (814)
Retirement	10,720	10,723	(3)
Payroll Tax	5,343	5,394	(51)
Employee Insurance	24,000	32,177	(8,177)
Office Supplies	1,600	1,678	(78)
Business Travel	600	552	48
Jury Duty	300	138	162
State and Other Costs	61,098	70,981	(9,883)
Total Municipal Court	<u>\$ 172,901</u>	<u>\$ 192,297</u>	<u>\$ (18,796)</u>
Total Judicial and Legal	<u>\$ 172,901</u>	<u>\$ 192,297</u>	<u>\$ (19,396)</u>
Central Administration			
City Council			
Salaries & Wages	\$ 5,478	\$ 5,859	\$ (381)
Payroll Taxes	419	449	(30)
Election Administrator	10,000	9,000	1,000
Election Supplies	5,000		5,000
Business Travel	9,200	9,681	(481)
Special Services	2,550	2,610	(60)
Incidentals	1,600	1,937	(337)
Total City Council	<u>\$ 34,247</u>	<u>\$ 29,536</u>	<u>\$ 4,711</u>



CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

GENERAL FUND

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
City Secretary			
Salaries & Wages	\$ 173,685	\$ 165,264	\$ 8,421
Retirement	26,661	21,850	4,811
Payroll Taxes	13,287	12,406	881
Employee Insurance	72,000	96,247	(24,247)
Unemployment	5,000	886	4,114
Office Supplies	11,432	13,149	(1,717)
Advertising & Legal	4,200	2,156	2,044
Business Travel	2,708	4,860	(2,152)
Dues	275	120	155
Miscellaneous	200		200
Bad Debt Expense	2,867	2,011	856
Tax Suits	500		500
Tax Appraisal Board	23,161	23,162	(1)
Audit	26,000	26,000	
Total City Secretary	<u>\$ 361,976</u>	<u>\$ 368,111</u>	<u>\$ (6,135)</u>
Non-Departmental			
Salaries & Wages	\$ 124,757	\$ 122,194	\$ 2,563
Retirement	9,065	9,033	32
Payroll Taxes	4,519	4,518	1
Employee Insurance	24,000	32,152	(8,152)
Office Supplies-Printing & Postage	29,183	28,401	782
Janitor and Miscellaneous Supplies	2,500	2,218	282
Miscellaneous	2,290	1,805	485
Building and Office Equipment			
Maintenance	96,700	66,574	30,126
Telephone	9,750	8,033	1,717
Insurance	112,023	132,592	(20,569)
Special Services	215	200	15
Utilities	55,248	54,657	591
Dues	4,068	3,998	70
Total Non-Departmental Before Capital Outlay & Transfers	<u>\$ 474,318</u>	<u>\$ 466,375</u>	<u>\$ 7,943</u>
Capital Outlay			
Total Non-Departmental	<u>\$ 474,318</u>	<u>\$ 466,375</u>	<u>\$ 7,943</u>
Total Central Administration	<u>\$ 870,541</u>	<u>\$ 864,022</u>	<u>\$ 6,519</u>



CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

GENERAL FUND

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Streets & Highways			
Salaries & Wages	\$ 267,109	\$ 259,197	\$ 7,912
Retirement	41,001	39,377	1,624
Payroll Taxes	20,434	19,693	741
Employee Insurance	96,000	99,899	(3,899)
Vehicle Supplies	50,000	97,533	(47,533)
Supplies & Chemicals	26,500	45,642	(19,142)
Uniforms	3,400	1,697	1,703
Miscellaneous	2,300	1,046	1,254
Street Maintenance	300,000	285,686	14,314
Vehicle & Machinery Maintenance	60,000	88,127	(28,127)
Garage Expense	12,000	15,442	(3,442)
Engineering Services	12,000		12,000
Street Light Utilities	38,000	24,381	13,619
Total Street & Highways Before Capital Outlay	\$ 928,744	\$ 977,720	\$ (48,976)
Capital Outlay	144,577	59,373	85,204
Total Streets & Highways	\$ 1,073,321	\$ 1,037,093	\$ 36,228
Public Safety - Police			
Salaries & Wages	\$ 994,613	\$ 965,568	\$ 29,045
Retirement	152,673	148,335	4,338
Payroll Taxes	76,088	75,006	1,082
Employee Insurance	300,000	378,430	(78,430)
Office Supplies	11,000	8,181	2,819
Vehicle Supplies	55,300	51,401	3,899
Supplies	26,000	27,537	(1,537)
Uniforms	9,281	4,800	4,481
Schools and Cont. Education	6,000	3,165	2,835
Building Maintenance	4,000	6,434	(2,434)
Equipment Maintenance	11,250	11,517	(267)
Vehicle Maintenance	33,000	33,985	(985)
Telephone	17,567	15,908	1,659
Insurance	13,801	13,801	
Business Travel	4,000	2,873	1,127
Grant Match	2,000		2,000
Law Enforcement Center	40,000	40,000	
Dues	2,000	1,666	334
Miscellaneous	13,235	6,654	6,581
Total Public Safety - Police Before Capital Outlay	\$ 1,771,808	\$ 1,795,261	\$ (23,453)
Capital Outlay	128,720	134,986	(6,266)
Total Public Safety - Police	\$ 1,900,528	\$ 1,930,247	\$ (29,719)



CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

GENERAL FUND

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Public Safety - Fire	\$ 356,038	\$ 367,017	\$ (10,979)
Salaries & Wages	54,652	55,802	(1,150)
Retirement	27,237	28,063	(826)
Payroll Taxes	96,000	124,557	(28,557)
Employee Insurance	8,104	6,787	1,317
Vehicle Supplies	73,000	42,249	30,751
Supplies	7,500	10,078	(2,578)
Uniforms	4,600	748	3,852
Training	14,200	13,801	399
Maintenance	7,851	7,851	
Insurance	12,000	12,363	(363)
Volunteer Firemen	3,000	4,157	(1,157)
Firemens Pension	2,100	838	1,262
Fire Marshal			
Total Public Safety - Fire Before	\$ 666,282	\$ 674,311	\$ (8,029)
Capital Outlay	100,000		100,000
Capital Outlay	\$ 766,282	\$ 674,311	\$ 91,971
Total Public Safety - Fire			

Public Safety - Inspection & Civil

Defense			
Inspection			
Salaries & Wages	\$ 58,005	\$ 58,669	\$ (664)
Retirement	8,904	8,505	399
Payroll Tax	4,437	4,445	(8)
Employee Insurance	12,000	16,138	(4,138)
Vehicle Maintenance	2,950	1,800	1,150
Miscellaneous Supplies	3,500	1,922	1,578
Training	3,000	705	2,295
Business Travel	3,000		3,000
Dues	3,800	3,592	208
Miscellaneous	200	149	51
Total Public Safety - Inspection & Civil	\$ 99,796	\$ 95,925	\$ 3,871



CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

GENERAL FUND

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Emergency Management			
Salaries & Wages	\$ 10,750	\$ 10,874	\$ (124)
Retirement	1,650	1,650	
Payroll Tax	822	832	(10)
Printing Office	4,500	1,153	3,347
Supplies	6,000	4,788	1,212
Radio Maintenance	4,000	1,153	2,847
Business Travel	4,000	1,040	2,960
Miscellaneous	1,400	1,058	342
Total Emergency Management Before Capital Outlay	<u>\$ 33,122</u>	<u>\$ 22,548</u>	<u>\$ 10,574</u>
Capital Outlay			
Total Emergency Management	<u>\$ 33,122</u>	<u>\$ 22,548</u>	<u>\$ 10,574</u>
Total Public Safety - Inspection and Emergency Management	<u>\$ 132,918</u>	<u>\$ 118,473</u>	<u>\$ 14,445</u>
Parks & Recreation			
Salaries & Wages	\$ 223,594	\$ 228,301	\$ (4,707)
Retirement	25,534	23,290	2,244
Payroll Taxes	17,105	17,437	(332)
Employee Insurance	48,000	85,027	(37,027)
Vehicle & Machinery Maintenance	8,250	8,558	(308)
Recreation Board Expense	1,000	1,186	(186)
Supplies	25,600	66,867	(41,267)
Building & Machinery Maint.	18,500	13,925	4,575
Miscellaneous	5,360	6,066	(706)
Pool Maintenance & Supplies	35,000	33,641	1,359
Utilities	72,000	68,590	3,410
Total Parks & Recreation Before Capital Outlay	<u>\$ 479,943</u>	<u>\$ 552,888</u>	<u>\$ (72,945)</u>
Capital Outlay	175,000	210,507	(35,507)
Total Parks & Recreation	<u>\$ 654,943</u>	<u>\$ 763,395</u>	<u>\$ (108,452)</u>



CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

GENERAL FUND

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Drug Enforcement			
Salaries & Wages	\$ 49,700	\$ 53,599	\$ (3,899)
Retirement	7,629	8,445	(816)
Payroll Tax	3,802	4,256	(454)
Employee Insurance	12,000	11,438	562
Vehicle Maintenance	3,642	4,423	(781)
Miscellaneous	2,250	3,757	(1,507)
Supplies	3,000	2,360	640
Training	2,500	60	2,440
Business Travel	1,500	739	761
Dues	300		300
Operations	8,000	5,000	3,000
Total Public Safety - Inspection & Civil	<u>\$ 94,323</u>	<u>\$ 94,077</u>	<u>\$ 246</u>
Public Services			
Brownfield Senior Citizens	\$ 15,000	\$ 15,000	\$
Ambulance Contingency	65,000	96,449	(31,449)
Library	13,250	13,582	(332)
Cemetery Care	1,000	1,000	
Boys & Girls Club	12,000	12,000	
Health Unit	30,164	30,164	
Texas State Guard	600	600	
Community Service Volunteers	3,900	3,075	825
Total Public Services	<u>\$ 140,914</u>	<u>\$ 171,870</u>	<u>\$ (30,956)</u>
Total Expenditures	<u>\$ 6,115,156</u>	<u>\$ 6,174,835</u>	<u>\$ (59,679)</u>



CITY OF BROWNFIELD, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2015

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 FINANCIAL STATEMENTS



CITY OF BROWNFIELD, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	Municipal Court Security Fund	Hamilton Park Fund	Seized Drug Fund	Hotel Motel Fund	Total Non-Major Governmental Funds
Assets					
Cash in Bank(Restricted)	\$ 36,019	\$ 17,332	\$ 12,404	\$ 613,808	\$ 679,563
Accounts Receivable				53,021	53,021
Total Assets	<u>\$ 36,019</u>	<u>\$ 17,332</u>	<u>\$ 12,404</u>	<u>\$ 666,829</u>	<u>\$ 732,584</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$	\$ 219	\$	\$	\$ 219
Total Liabilities	<u>\$</u>	<u>\$ 219</u>	<u>\$</u>	<u>\$</u>	<u>\$ 219</u>
Restricted Fund Balances	\$ 36,019	\$ 17,113	\$ 12,404	\$ 666,829	\$ 732,365
Prior Period Adjustment	\$	\$	\$	\$	\$
Total Restricted Fund Balance	<u>\$ 36,019</u>	<u>\$ 17,113</u>	<u>\$ 12,404</u>	<u>\$ 666,829</u>	<u>\$ 732,365</u>
Total Liabilities and Fund Balances	<u>\$ 36,019</u>	<u>\$ 17,332</u>	<u>\$ 12,404</u>	<u>\$ 666,829</u>	<u>\$ 732,584</u>



CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Municipal Court Security Fund	Hamilton Park Fund	Seized Drug Fund	Hotel Motel Fund	Total Non-Major Governmental Funds
Revenues					
Charges for service	\$ 8,744	\$ 16,788	\$ 339	\$	\$ 25,871
Hotel/Motel Tax Collections				190,447	190,447
Investment earnings		270		9,419	9,689
Total Revenues	<u>\$ 8,744</u>	<u>\$ 17,058</u>	<u>\$ 339</u>	<u>\$ 199,866</u>	<u>\$ 226,007</u>
Expenditures					
Supplies & Maintenance	\$ 10,762	\$ 6,695	\$	\$	\$ 17,457
Event Funding				100,128	100,128
Total Expenditures	<u>\$ 10,762</u>	<u>\$ 6,695</u>	<u>\$</u>	<u>\$ 100,128</u>	<u>\$ 117,585</u>
Excess deficiency of revenues over expenditures	<u>\$ (2,018)</u>	<u>\$ 10,363</u>	<u>\$ 339</u>	<u>\$ 99,737</u>	<u>\$ 108,422</u>
Net Changes in Fund Balances	\$ (2,018)	\$ 10,363	\$ 339	\$ 99,737	\$ 108,422
Restricted Fund Balances Beginning	38,037	6,750	12,065	567,091	623,943
Restricted Fund Balances Ending	<u>\$ 36,019</u>	<u>\$ 17,113</u>	<u>\$ 12,404</u>	<u>\$ 666,828</u>	<u>\$ 732,365</u>



CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF NET ASSETS
 POWER & LIGHT FUNDS
 SEPTEMBER 30, 2015

	Power and Light Funds	Light Meter Fund	Combined Totals 2015
ASSETS			
Cash in Bank	\$ 616,351	\$ 918,784	\$ 1,535,135
Cash in Savings	3,067,458		3,067,458
Receivables			476,466
Accounts and Rents	476,466		73,271
Inventories	73,271		
Property and Equipment			15,697
Land	15,697		2,120,123
Buildings and Equipment	2,120,123		(957,808)
Accumulated Depreciation	(957,808)		
Total Assets	<u>\$ 5,411,558</u>	<u>\$ 918,784</u>	<u>\$ 6,330,342</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Current			
Accounts Payable	\$ 429,868	\$	\$ 429,868
Accrued Expenses	19,516		19,516
Deposits	4,097	788,546	792,643
Total Liabilities	<u>\$ 453,481</u>	<u>\$ 788,546</u>	<u>\$ 1,242,027</u>
Net Assets			
Invested in Capital Assets			1,178,012
Net of Related Debt	\$ 1,178,012	\$	\$ 1,178,012
Unrestricted	3,706,794		3,706,794
Restricted	73,271	130,238	203,509
Total Net Assets	<u>\$ 4,958,077</u>	<u>\$ 130,238</u>	<u>\$ 5,088,315</u>
Total Liabilities and Net Assets	<u>\$ 5,411,558</u>	<u>\$ 918,784</u>	<u>\$ 6,330,342</u>



CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 POWER AND LIGHT FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Power & Light Fund	Light Meter Fund	Combined Totals 2015
Revenues			
Charges for Services	\$ 8,022,258	\$	\$ 8,022,258
Penalties	45,491		45,491
License and Permits	3,182		3,182
Rents	24,846		24,846
Sales Tax Collected	302,822		302,822
Miscellaneous and Other Revenues	481		481
Total Revenues	<u>\$ 8,399,080</u>	<u>\$</u>	<u>\$ 8,399,080</u>
Operating Expenses			
Personnel Services	\$ 552,074	\$	\$ 552,074
Supplies and Maintenance	316,279		316,279
Contractual Purchases	4,311,763		4,311,763
Other Charges	14,600		14,600
Bad Debt Expense	23,999		23,999
Sales Tax Paid to State	334,126		334,126
Depreciation and Amortization	155,548		155,548
Total Operation Expenses	<u>\$ 5,708,389</u>	<u>\$</u>	<u>\$ 5,708,389</u>
Total Operation Income(Loss)	<u>\$ 2,690,691</u>	<u>\$</u>	<u>\$ 2,690,691</u>
Nonoperating Revenues(Expenses)			
Interest Income	57,661		57,661
Income(Loss) Before Operating Transfers	<u>\$ 2,748,352</u>	<u>\$</u>	<u>\$ 2,748,352</u>
Operating Transfers			
Operating Transfers In			
Operating Transfers Out	<u>(2,951,314)</u>		<u>(2,951,314)</u>
Net Income (Loss)	<u>\$ (202,962)</u>	<u>\$</u>	<u>\$ (202,962)</u>
Net Assets, October 1, 2014	<u>5,161,039</u>	<u>130,238</u>	<u>5,291,277</u>
Net Assets, September 30, 2015	<u>\$ 4,958,077</u>	<u>\$ 130,238</u>	<u>\$ 5,088,315</u>



CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 POWER & LIGHT FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Power & Light Fund	Light Meter Fund	Combined Totals 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 8,068,329	\$	\$ 8,068,329
Payments to Suppliers	(4,684,161)		(4,684,161)
Payments to Employees	(552,074)		(552,074)
Other payments	(372,725)		(372,725)
Other receipts	328,149		328,149
Net Cash Provided by operating activities	<u>\$ 2,787,518</u>	<u>\$</u>	<u>\$ 2,787,518</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Interest Income	\$ 57,661	\$	\$ 57,661
Customer Deposits	4,097	49,743	53,840
Transfers from and (to) other funds-net	(2,951,314)		(2,951,314)
Net Cash provided by financing activities	<u>\$ (2,889,556)</u>	<u>\$ 49,743</u>	<u>\$ (2,839,813)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (149,140)	\$	\$ (149,140)
Net Cash used by capital and related financing activities	<u>\$ (149,140)</u>	<u>\$</u>	<u>\$ (149,140)</u>
Net increase(decrease) in cash and cash equivalents	\$ (251,178)	49,743	\$ (201,435)
Balances - beginning of the year	3,934,986	869,041	4,804,027
Balances - end of the year	<u>\$ 3,683,808</u>	<u>\$ 918,784</u>	<u>\$ 4,602,592</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES			
Operating income(loss)	\$ 2,690,691	\$	\$ 2,690,691
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	155,548		155,548
Accrued Payroll/Vacation & Sick Leave	697		697
Change in assets and liabilities:			
Receivables, net	(2,602)		(2,602)
Inventories	2,240		2,240
Accounts and other payables	(59,056)		(59,056)
Net cash provided by operating activities	<u>\$ 2,787,518</u>	<u>\$</u>	<u>\$ 2,787,518</u>



CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF NET ASSETS
 WATER & SEWER FUNDS
 SEPTEMBER 30, 2015

	Water & Sewer Funds	Water Meter Funds	Water & Sewer Pro-Rata Fund	Combined Totals 2015
ASSETS				
Cash in Bank	\$	\$ 60,801	\$ 9,984	\$ 70,785
Cash in Savings	88,915			88,915
Prepaid Interest	18,524			18,524
Receivables				
Accounts and Rents	139,872			139,872
Inventories	56,662			56,662
Property and Equipment				
Land	390,679			390,679
Buildings and Equipment	8,694,105			8,694,105
Accumulated Depreciation	(3,978,577)			(3,978,577)
Total Assets	\$ 5,410,180	\$ 60,801	\$ 9,984	\$ 5,480,965
LIABILITIES AND NET ASSETS				
Liabilities				
Current				
Bank Overdraft	1,149,921			1,149,921
Accounts Payable	\$ 96,756	\$	\$	\$ 96,756
Accrued Expenses	14,027			14,027
Deposits				0
Total Liabilities	\$ 1,260,704	\$	\$	\$ 1,260,704
Net Assets				
Invested in Capital Assets				
Net of Related Debt	\$ 5,106,207	\$	\$	\$ 5,106,207
Unrestricted	(1,013,393)		9,984	(1,003,409)
Restricted	56,662	60,801		117,463
Total Net Assets	\$ 4,149,476	\$ 60,801	\$ 9,984	\$ 4,220,261
Total Liabilities and Net Assets	\$ 5,410,180	\$ 60,801	\$ 9,984	\$ 5,480,965



CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 WATER AND SEWER FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Water & Sewer Fund	Water Meter Fund	Water & Sewer Pro-Rata Fund	Combined Totals 2015
Revenues				
Charges for Services	\$ 2,370,581	\$	\$	\$ 2,370,581
Penalties	2,180			2,180
License and Permits	12,495			12,495
Rents	1,000			1,000
Miscellaneous and Other Revenues	6,606			6,606
Total Revenues	<u>\$ 2,392,862</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,392,862</u>
Operating Expenses				
Personnel Services	\$ 537,962	\$	\$	\$ 537,962
Supplies and Maintenance	384,842			384,842
Contractual Purchases	1,118,758			1,118,758
Other Charges	16,500			16,500
Bad Debt Expense	9,654			9,654
Depreciation and Amortization	332,833			332,833
Total Operation Expenses	<u>\$ 2,400,549</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,400,549</u>
Total Operation Income(Loss)	<u>\$ (7,687)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (7,687)</u>
Nonoperating Revenues (Expenses)				
Interest Income	\$ 1,808	\$	\$	\$ 1,808
Income (Loss) Before Operating Transfers	<u>\$ (5,879)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (5,879)</u>
Operating Transfers				
Operating Transfers In	\$ 50,000	\$	\$	\$ 50,000
Operating Transfers Out	<u>(245,625)</u>	<u>\$</u>	<u>\$</u>	<u>(245,625)</u>
Net Income (Loss)	<u>\$ (201,504)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (201,504)</u>
Net Assets, October 1, 2014	<u>4,350,980</u>	<u>60,801</u>	<u>9,984</u>	<u>4,421,765</u>
Net Assets, September 30, 2015	<u>\$ 4,149,476</u>	<u>\$ 60,801</u>	<u>\$ 9,984</u>	<u>\$ 4,220,261</u>



CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 WATER & SEWER FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Water & Sewer Fund	Water Meter Fund	Water & Sewer Pro-Rata Fund	Combined Totals 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 2,395,170	\$	\$	\$ 2,395,170
Payments to Suppliers	(1,546,301)			(1,546,301)
Payments to Employees	(531,314)			(531,314)
Other payments	(26,154)			(26,154)
Other receipts	6,606			6,606
Net Cash Provided by operating activities	<u>\$ 298,007</u>	<u>\$</u>	<u>\$</u>	<u>\$ 298,007</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Interest Income	\$ 1,808	\$	\$	\$ 1,808
Customer Deposits				
Transfers from and (to) other funds-net	(195,625)			(195,625)
Net Cash provided by financing activities	<u>\$ (193,817)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (193,817)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	\$ (1,321,749)	\$	\$	\$ (1,321,749)
Net Cash used by capital and related financing activities	<u>\$ (1,321,749)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (1,321,749)</u>
Net increase(decrease) in cash and cash equivalents	\$ (1,217,559)	\$	\$	\$ (1,217,559)
Balances - beginning of the year	156,553	60,801	9,984	227,338
Balances - end of the year	<u>\$ (1,061,006)</u>	<u>\$ 60,801</u>	<u>\$ 9,984</u>	<u>\$ (990,221)</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES				
Operating income(loss)	\$ (7,687)	\$	\$	\$ (7,687)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	332,833			332,833
Accrued Payroll/Vacation & Sick Leave	6,648			6,648
Change in assets and liabilities:				
Receivables, net	8,914			8,914
Prepaid Interest	(18,524)			(18,524)
Inventories	(1,928)			(1,928)
Accounts and other payables	(22,249)			(22,249)
Net cash provided by operating activities	<u>\$ 298,007</u>	<u>\$</u>	<u>\$</u>	<u>\$ 298,007</u>



OVERALL INTERNAL CONTROL AND COMPLIANCE SECTION



EDDY HOLLOWAY, CPA

Accounting, Payroll & Tax Services

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

I 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, 2015, which collectively comprise City of Brownfield, Texas' basic financial statements and have issued my report thereon dated February 4, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. The results of my 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 my testing on 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.

William E. Holloway
William E. Holloway
Certified Public Accountant

Brownfield, Texas
February 4, 2016

