

CITY OF BROWNFIELD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2016

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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CITY OF BROWNFIELD, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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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, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brownfield, Texas as of and for the year ended September 30, 2016, 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. 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 error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 of 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, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brownfield, Texas, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows 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, budgetary comparison information, and pension related information on pages 3–8 and 40–50 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 to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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 Brownfield, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

William E. Holloway, CPA

Brownfield, Texas

February 16, 2017

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, 2016. Please read it in conjunction with the City's financial statements and independent auditor's report.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$23,408,207 (net position) as compared to \$23,911,174 in the previous year. During the years ended September 30, 2016 and 2015, the City's expenses were \$17,052,864 and \$16,466,274 respectively compared to \$16,394,716 and \$16,361,388 generated in taxes and other revenues.

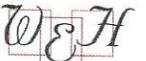
The balance of cash and investments at September 30, 2016 and 2015 were \$7,279,980 and \$7,501,075 respectively. The majority of the cash balance decrease is due to spending on capital projects for the new water and sewer extension.

Expenditures

Total fund expenditures for the year ending September 30, 2016 and September 30, 2015 are as follows:

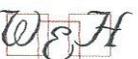
Fund	<i>Expenditures</i>		
	2015 – 2016	2014 – 2015	Change
General Fund	\$ 5,845,605	\$ 6,174,835	\$ (329,230)
Proprietary Funds	10,459,145	9,799,276	659,869
Internal Service Fund	366,396	430,711	(64,315)
Other Governmental Funds	130,045	117,585	12,460
Total	\$ 16,801,191	\$ 16,522,407	\$ 278,784

The General Fund decreased primarily due to lower expenditures related to the police department. Proprietary Fund expenditures are up due to completion of water & sewer extensions. The Internal Service Fund decreased due to the dissolution of the self-funded insurance plan. 2016 expenditures under Other Governmental Funds increased primarily through increased funding of community events.



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 \$23,911,174 to \$ 23,408,207. The City's total revenues increased from \$16,361,388 in 2015 to \$16,394,716 in 2016, an increase of \$33,328. Expenses are up due to the increased completion costs in the Water & Sewer Fund and additional CRWMA expense.

Fund Balances

The City's total Governmental Funds fund balance at September 30, 2015 and 2016 was 1,703,364 and 1,161,793 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, 2016

Below is the government-wide condensed financial statement information from fiscal year 2015-2016:

TABLE I
CITY OF BROWNFIELD, TEXAS
NET POSITION

	SEPTEMBER 30, 2015	SEPTEMBER 30, 2016
Current and Other Assets	\$ 8,620,198	\$ 8,338,845
Capital Assets	22,765,985	21,276,128
Deferred Outflows		1,558,146
Total Assets	<u>31,386,183</u>	<u>31,173,119</u>
Current Liabilities	2,998,294	1,978,148
Long-Term Liabilities	4,316,274	5,350,760
Deferred Inflows		436,004
Total Liabilities & Deferred Inflows	<u>7,314,568</u>	<u>7,764,912</u>
Net Assets:		
Invested in Capital Assets		
Net of Related Debt	18,455,030	17,188,329
Nonspendable/Restricted	1,804,296	1,911,030
Unrestricted	3,651,848	4,674,347
Prior Period Adjustment	0	(365,499)
Total Net Position	<u>\$ 23,911,174</u>	<u>\$ 23,408,207</u>

TABLE II
CITY OF BROWNFIELD, TEXAS
CHANGES IN NET POSITION

	SEPTEMBER 30, 2015	SEPTEMBER 30, 2016
Revenues:		
Program Revenues:		
Charges for Services	\$ 12,886,159	\$ 13,260,543
Operating Grants and Contributions	647,702	562,187
General Revenues:		
Property Taxes	1,147,352	1,217,734
Other Taxes	1,426,189	1,250,455
Investment Earnings	136,279	23,674
Miscellaneous	117,707	80,123
Total Revenue	<u>16,361,388</u>	<u>16,394,716</u>
Expenses:		
Primary Government:		
Administration	1,218,678	1,126,856
Municipal Court	205,216	226,536
Police	2,032,178	1,975,539
Fire	724,589	715,819
Street	1,248,123	1,220,034
Code Inspection	122,577	122,165
Public Services	171,870	195,804
Park and Recreation	749,561	805,412
All Other	194,206	205,554
Business-Type Activities:		
Power and Light	5,708,389	5,864,356
Water and Sewer	2,400,549	2,954,175
Sanitation	1,488,514	1,435,532
Detention Center	201,824	205,082
Total Expenses	<u>16,466,274</u>	<u>17,052,864</u>
Increase (Decrease) in Net Position	(104,886)	(658,148)
Net Position at October 1	24,176,501	24,066,355
Net Position at September 30	<u>\$ 24,071,615</u>	<u>\$ 23,408,207</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the City had \$21,276,128 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 2016, the City had \$4,087,799 of total debt outstanding, of which \$340,879 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, 2016.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the upcoming fiscal year ending September 30, 2017, 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.

BASIC FINANCIAL STATEMENTS

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CITY OF BROWNFIELD, TEXAS
GOVERNMENT WIDE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash and Cash Equivalents	\$ 1,358,612	\$ 5,921,368	\$ 7,279,980	\$ 2,026,750
Receivables (net)	243,757	669,738	913,495	40,313
Prepaid Interest				
Inventory	34,369	111,001	145,370	
Inventory - Land				826,295
Capital Assets (Net of Depreciation)				
Land	605,084	543,163	1,148,247	
Depreciable Assets, Net of Depreciation	7,729,404	8,310,678	16,040,082	
Investment in Water Facilities, Net of Amortization		4,087,799	4,087,799	
Total Assets	<u>\$ 9,971,226</u>	<u>\$ 19,643,747</u>	<u>\$ 29,614,973</u>	<u>\$ 2,893,358</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	\$ 1,035,314	\$ 522,832	\$ 1,558,146	\$ 38,104
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 11,006,540</u>	<u>\$ 20,166,579</u>	<u>\$ 31,173,119</u>	<u>\$ 2,931,462</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 204,786	\$ 604,361	\$ 809,147	\$ 363,882
Deposits		828,122	828,122	
Due within One Year		340,879	340,879	
Noncurrent Liabilities				
Bond Premium		110,540	110,540	
Due in More Than One Year		3,636,380	3,636,380	
Pension Liability	857,057	432,813	1,289,870	31,543
Closure/Post Closure Landfill Obligation		313,970	313,970	
Total Liabilities	<u>\$ 1,061,843</u>	<u>\$ 6,267,065</u>	<u>\$ 7,328,908</u>	<u>\$ 395,425</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	\$ 289,704	\$ 146,300	\$ 436,004	\$ 10,662
NET POSITION				
Net Investment in Capital Assets	\$ 8,334,488	\$ 8,853,841	\$ 17,188,329	\$
Restricted For:				
Restricted	768,938	1,142,092	1,911,030	
Economic Development				2,534,313
Unrestricted	794,424	3,879,923	4,674,347	
Prior Period Adjustment	(242,857)	(122,642)	(365,499)	(8,938)
TOTAL NET POSITION	<u>\$ 9,654,993</u>	<u>\$ 13,753,214</u>	<u>\$ 23,408,207</u>	<u>\$ 2,525,375</u>

See the accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS
 GOVERNMENT WIDE
 STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
Financial administration	\$ 275,933	\$ 0	\$ 0	\$ 0	(275,933)	\$	(275,933)
Judicial and Legal	226,536	167,179	0	0	(59,357)		(59,357)
Central Administration	850,923	0	0	0	(850,923)		(850,923)
Street and highways	1,220,034	0	0	0	(1,220,034)		(1,220,034)
Public safety - police	1,975,539	0	0	0	(1,975,539)		(1,975,539)
Public safety - fire	715,819	0	250,000	0	(465,819)		(465,819)
Public safety - inspection and civil defense	122,165	0	12,187	0	(109,978)		(109,978)
Public services	195,804	90,106	0	0	(105,698)		(105,698)
Parks and Recreation	805,412	93,698	300,000	0	(411,714)		(411,714)
All Other	205,554	14,955	0	0	(190,599)		(190,599)
Total governmental activities	\$ 6,593,719	\$ 365,938	\$ 562,187	\$ 0	\$ (5,665,594)	\$	\$ (5,665,594)
Business-type activities:							
Power & light	\$ 5,864,356	\$ 8,619,788	\$ 0	\$ 0	\$ 0	\$ 2,755,432	\$ 2,755,432
Water & sewer	2,954,175	2,604,096	0	0	0	(350,079)	(350,079)
Sanitation	1,435,532	1,428,514	0	0	0	(7,018)	(7,018)
Intermediate Sanction Facility	205,082	242,207	0	0	0	37,125	37,125
Total business-type activities	\$ 10,459,145	\$ 12,894,605	\$ 0	\$ 0	\$ 0	\$ 2,435,460	\$ 2,435,460
Total Primary Government	\$ 17,052,864	\$ 13,260,543	\$ 562,187	\$ 0	\$ (5,665,594)	\$	\$ (3,230,134)
Component Unit:							
Brownfield Industrial Development Corporation	\$ 912,103	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (912,103)
General Revenues:							
Property Taxes, levied for general purposes					\$ 1,217,734	\$ 0	\$ 1,217,734
Sales, franchise and other taxes					1,250,455	0	1,250,455
Investment Earnings					21,976	1,698	23,674
Miscellaneous					80,123	0	80,123
Transfers (net)					1,692,811	(1,692,811)	0
Total general revenues, special items, and transfers					\$ 4,263,099	\$ (1,691,113)	\$ 2,571,986
Change in Net Position					\$ (1,402,495)	\$ 744,347	\$ (658,148)
Net Position - Beginning					11,300,345	13,131,509	24,431,854
Prior Period Adjustment					(242,857)	(122,642)	(365,499)
Net Position - Ending					\$ 9,654,993	\$ 13,753,214	\$ 23,408,207

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See the accompanying notes to the financial statements.

CITY OF BROWNFIELD, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>Major</u>	<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>All Other</u>	<u>Government</u>
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets:			
Cash & Cash Equivalents	\$ 297,811	\$ 854,555	\$ 1,152,366
Receivables, Net of Allowance	200,574	43,184	243,758
Inventory	34,369		34,369
Total Assets	<u>532,754</u>	<u>897,739</u>	<u>1,430,493</u>
Liabilities			
Accounts Payable	79,554	219	79,773
Accrued Expenditures	125,013		125,013
Total Liabilities	<u>204,567</u>	<u>219</u>	<u>204,786</u>
Deferred Inflows of Resources:			
Unavailable Revenue - Property Taxes	63,914		63,914
Total Deferred Inflows	<u>63,914</u>	<u></u>	<u>63,914</u>
FUND BALANCES:			
Nonspendable			
Inventory	34,369		34,369
Restricted for:			
Enabling Legislation		755,891	755,891
Committed:			
Parks & Recreation		13,048	13,048
Unassigned	<u>229,904</u>	<u>128,581</u>	<u>358,485</u>
Total Fund Balances	<u>264,273</u>	<u>897,520</u>	<u>1,161,793</u>
Total liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 532,754</u>	<u>\$ 897,739</u>	<u>\$ 1,430,493</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, 2016

Total Fund Balances - Government Funds	\$ 1,161,793
<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)	8,334,488
2. Internal Service Funds are reported in governmental activities but not in governmental funds.	206,246
3. Deferred inflows are reported in governmental activities but not in governmental funds.	63,914
4 Pension Liability, Deferred Outflows & Inflows reported in governmental activities, but not in governmental funds.	(111,448)
Net Position of Governmental Activities	<hr style="width: 100%;"/> <u>\$ 9,654,993</u>

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, 2016

	<u>General</u>	<u>All Other Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property Taxes	\$ 1,217,734		1,217,734
Other Taxes	1,134,370	145,034	1,279,404
Fees and Fines	427,248	18,357	445,605
Intergovernmental	312,187		312,187
Investment earnings	849	21,127	21,976
Miscellaneous	193,176	28,331	221,507
Total Revenues	<u>3,285,564</u>	<u>212,849</u>	<u>3,498,413</u>
Expenditures			
Current:			
Financial Administration	286,787		286,787
Judicial and Legal	170,936		170,936
Central Administration	901,413		901,413
Street and Highways	951,189		951,189
Public Safety - Police	1,813,725		1,813,725
Public Safety - Fire	690,016		690,016
Emergency Management	121,686		121,686
Public Services	195,804		195,804
Parks and Recreation	594,332		594,332
Public Safety - Inspection and Civil	85,736		85,736
Hamilton Park Fund		4,158	4,158
Seized Drug Fund		3,471	3,471
Hotel-Motel Fund		122,416	122,416
Total Expenditures before Capital Outlay	<u>5,811,624</u>	<u>130,045</u>	<u>5,941,669</u>
Capital Outlay	33,981		33,981
Total Expenditures and Capital Outlay	<u>5,845,605</u>	<u>130,045</u>	<u>33,981</u>
Excess(deficiency) of revenues over expenditures	<u>(2,560,041)</u>	<u>82,804</u>	<u>3,464,432</u>
Other Financing Sources(Uses)			
Transfers In	2,492,811		2,492,811
Transfers Out		(800,000)	(800,000)
Total Other Financing Sources(Uses)	<u>2,492,811</u>	<u>(800,000)</u>	<u>1,692,811</u>
Net Changes in Fund Balances(Unrestricted)	<u>(67,230)</u>	<u>(717,196)</u>	<u>(784,426)</u>
Fund Balances Beginning	331,503	1,614,716	1,946,219
Fund Balances Ending	<u>\$ 264,273</u>	<u>\$ 897,520</u>	<u>\$ 1,161,793</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, 2016

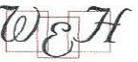
Net Change in Fund Balances - Total Government Funds	\$ (784,426)
Amounts reported for governmental activities in the statement of activities are different because:	
1. Depreciation is recorded in the statement of activities as an expense but not in governmental funds.	(758,522)
2. Governmental funds report capital outlay as expenditures. However, the statement of activities reports these as assets that are depreciated over their useful lives.	33,981
3. Net change in activities related to internal service funds is included in governmental activities.	(3,974)
4. Deferred revenue is not recorded in the statements of net position, thus the change is excluded in activities.	(20,962)
5. Pension expense reported in the statement of net position is less than pension contributions reported in governmental funds.	<u>131,408</u>
Change in Net Position of Governmental Activities	\$ <u>(1,402,495)</u>

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

CITY OF BROWNFIELD, TEXAS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2016

	Power and Light Funds	Water and Sewer Funds	Sanitation Fund	Detention Facility Fund	Total Enterprise Funds	Internal Service Funds
ASSETS						
Cash in Bank	\$ 1,799,877	\$ 178,280	\$ 258,765	\$ 408,052	\$ 2,644,974	\$ 206,245
Cash in Savings	3,096,723	89,765	89,906		3,276,394	
Receivables						
Accounts and Rents				19,625	669,738	
Inventories	449,710	142,628	57,775		111,001	
68,994		42,007				
Capital Assets (Net of Accumulated Depreciation)						
Land	15,697	390,679	136,787		543,163	
Depreciable Assets, Net of Depreciation	1,089,338	4,664,010	1,541,313	1,016,017	8,310,678	
Investment in Water Facilities, Net of Amortization	4,087,799				4,087,799	
Total Assets	<u>6,520,339</u>	<u>9,595,168</u>	<u>2,084,546</u>	<u>1,443,694</u>	<u>19,643,747</u>	<u>206,245</u>
	140,461	144,731	237,640		522,832	
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - Pension						
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>6,660,800</u>	<u>9,739,899</u>	<u>2,322,186</u>	<u>1,443,694</u>	<u>20,166,579</u>	<u>206,245</u>
LIABILITIES AND NET POSITION						
Liabilities						
Accounts Payable	444,763	80,362	17,622		542,747	
Accrued Expenses	21,931	14,107	25,576		61,614	
Deposits	828,122				828,122	
Bond due within One Year		340,879			340,879	
Noncurrent Liabilities						
Bond Premium		110,540			110,540	
Bonds due In More Than One Year		3,636,380			3,636,380	
Closure/Post Closure Landfill Obligation						
Pension Liability			313,970		313,970	
Total Liabilities	<u>116,277</u>	<u>119,812</u>	<u>196,724</u>		<u>432,813</u>	
	<u>1,411,093</u>	<u>4,302,080</u>	<u>553,892</u>	<u>0</u>	<u>6,267,065</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pension						
Net position	\$ 39,304	\$ 40,499	\$ 66,497	\$ 0	\$ 146,300	\$ 0
Net Invested in Capital Assets						
Net of Related Debt	\$ 1,105,034	\$ 5,054,689	\$ 1,678,100	\$ 1,016,017	\$ 8,853,840	\$ 206,245
Restricted	4,224	102,808	313,970	0	421,002	
Unrestricted	4,134,093	273,773	(234,529)	427,677	4,601,014	
Prior Period Adjustment	(32,948)	(33,950)	(55,744)	0	(122,642)	
Total Net Position	<u>5,210,403</u>	<u>5,397,320</u>	<u>1,701,797</u>	<u>1,443,694</u>	<u>13,753,214</u>	<u>206,245</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, NET POSITION	<u>\$ 6,660,800</u>	<u>\$ 9,739,899</u>	<u>\$ 2,322,186</u>	<u>\$ 1,443,694</u>	<u>\$ 20,166,579</u>	<u>\$ 206,245</u>

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



CITY OF BROWNFIELD, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Major		Non-Major		
	Power & Light Funds	Water & Sewer Funds	Sanitation Fund	Detention Facility Fund	Total Enterprise Funds
OPERATING REVENUES					
Charges for Services	\$ 8,196,769	\$ 2,582,911	\$ 1,418,538	\$	\$ 12,198,218
Penalties	11,115	4,531	2,078		17,724
License and Permits	6,414	13,971			20,385
Rents	24,846			242,207	267,053
Sales Tax Collected	347,234				347,234
Miscellaneous and Other Revenues	33,410	2,683	7,898		43,991
Total Revenues	<u>8,619,788</u>	<u>2,604,096</u>	<u>1,428,514</u>	<u>242,207</u>	<u>12,894,605</u>
OPERATING EXPENSES					
Personnel Services	536,860	517,926	884,075		1,938,861
Supplies & Materials	209,934	249,152	70,732	3,260	533,078
Contractual Purchases	4,495,106	802,131			5,297,237
Maintenance		83,090	122,385		205,475
Other Operating Costs	460,129	7,821	79,966		547,916
Amortization of Water Rights		360,239			360,239
Depreciation	162,327	383,497	260,805	201,822	1,008,451
Landfill Closure Cost Amortization		17,569			17,569
Total Operation Expenses	<u>5,864,356</u>	<u>2,403,856</u>	<u>1,435,532</u>	<u>205,082</u>	<u>9,908,826</u>
Total Operation Income(Loss)	<u>2,755,432</u>	<u>200,240</u>	<u>(7,018)</u>	<u>37,125</u>	<u>2,985,779</u>
NONOPERATING REVENUES (EXPENSE)					
Interest Income	0	849	0	0	849
Interest Expense	0	(190,080)	0	0	(190,080)
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>11,009</u>	<u>849</u>	<u>0</u>	<u>11,858</u>
Income Before Operating Transfers	<u>2,755,432</u>	<u>11,009</u>	<u>849</u>	<u>0</u>	<u>11,858</u>
OPERATING TRANSFERS					
Operating Transfers In		1,350,000			1,350,000
Operating Transfers Out	(2,600,396)	(150,000)	(79,215)	(213,200)	(3,042,811)
Change in Net Position	<u>(2,600,396)</u>	<u>1,211,009</u>	<u>(79,215)</u>	<u>(213,200)</u>	<u>(1,692,811)</u>
TOTAL NET POSITION - BEGINNING	<u>5,088,315</u>	<u>4,220,261</u>	<u>1,842,925</u>	<u>1,619,769</u>	<u>12,771,270</u>
Prior Period Adjustment	(32,948)	(33,950)	(55,744)	0	(122,642)
TOTAL NET POSITION - ENDING	<u>\$ 2,454,971</u>	<u>\$ 5,397,320</u>	<u>\$ 1,707,966</u>	<u>\$ 1,406,569</u>	<u>\$ 10,965,817</u>
					<u>\$ 210,218</u>

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, 2016

	Major			Non-Major		Internal Service Fund
	Power & Light Funds	Water & Sewer Funds	Sanitation Fund	Detention Facility	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 8,234,640	\$ 2,594,126	\$ 1,423,166	\$ 241,847	\$ 12,493,779	\$ 356,292
Payments to Suppliers	(4,767,557)	(1,672,054)	(257,469)	(3,259)	(6,700,339)	
Payments to Employees	(552,273)	(513,736)	(884,075)		(1,950,084)	
Other payments	(378,312)	(26,154)	(32,848)		(437,314)	(966,396)
Other receipts	382,638	7,213	7,898		397,749	5,253
Net Cash Provided (Used) by Operating Activities	\$ 2,919,136	\$ 389,395	\$ 256,672	\$ 233,588	\$ 3,803,791	\$ (4,851)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Customer Deposits	\$ 35,352	\$	\$	\$	\$ 35,352	\$
Pension Liabilities	(2,600,396)	1,200,000	(79,215)	(213,200)	(1,692,811)	
Transfers from and (to) other funds-net	(2,565,044)	1,200,000	(79,215)	(213,200)	(1,657,459)	0
Net Cash provided (Used) by financing activities	\$ (89,350)	\$ (331,978)	\$ (44,963)	\$	\$ (466,291)	\$
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	\$ (89,350)	\$ (331,978)	\$ (44,963)	\$	\$ (466,291)	\$
Net Cash Provided(used) by Capital and Related Financing Activities	\$ (89,350)	\$ (331,978)	\$ (44,963)	\$ 0	\$ (466,291)	\$ 0
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	\$ 29,266	\$ 849	\$ 849	\$	\$ 30,964	\$ 878
Net Cash provided by Investing Activities	\$ 29,266	\$ 849	\$ 849	\$ 0	\$ 30,964	\$ 878
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 294,008	\$ 1,258,266	\$ 133,343	\$ 25,388	\$ 1,711,005	\$ (3,973)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	\$ 4,602,592	\$ (990,221)	\$ 215,328	\$ 382,664	\$ 4,210,363	\$ 210,218
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,896,600	\$ 268,045	\$ 348,671	\$ 408,052	\$ 5,921,368	\$ 206,245
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES						
Operating income(loss)	\$ 2,726,166	\$ 10,160	\$ (7,018)	\$ 37,125	\$ 2,766,433	\$ (4,851)
Adjustments to reconcile operations to net cash provided by operating activities						
Depreciation	162,327	383,497	260,804	201,823	1,008,451	
Landfill Closure Expense		80	17,569		17,569	
Accrued Payroll/Vacation & Sick Leave	2,415		4,639		7,134	
Change in assets and liabilities:						
Receivables, net	26,756	(2,756)	2,550	(360)	26,190	
Prepaid Interest		18,524			18,524	
Inventories	4,277	14,655			18,932	
Accounts and other payables	15,023	(16,394)	8,291		6,920	
Pension - Deferred Outflows	(17,828)	(18,371)	(30,163)		(66,362)	
Net cash provided (Used) by operating activities	\$ 2,919,136	\$ 389,395	\$ 256,672	\$ 233,588	\$ 3,803,791	\$ (4,851)

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

CITY OF BROWNFIELD, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016
SCHOLARSHIP FUND

Assets	
Cash in Bank	\$ 28,674
Total Assets	\$ <u>28,674</u>
Liabilities	
Current	
Scholarships Payable	\$ 25,223
Total Liabilities	\$ <u>25,223</u>
Net Position	
Restricted	\$ 3,451
Total Net Position	\$ <u>3,451</u>

The accompanying notes are an integral part of financial statements.

CITY OF BROWNFIELD, TEXAS
 STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

SCHOLARSHIP FUND

Additions:		
Contributions:	\$	<u>0</u>
Total contributions	\$	<u>0</u>
Investment earnings:		
Interest	\$	0
Total investment earnings	\$	<u>0</u>
Total additions	\$	<u>0</u>
(Under) Expenditures		
Deductions		
Scholarships	\$	<u>2,000</u>
Total deductions	\$	<u>2,000</u>
Change in net assets	\$	(2,000)
Net Position, Beginning of Year		<u>5,451</u>
Net Position, End of Year	\$	<u><u>3,451</u></u>

The accompanying notes are an integral part of financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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, 2016, 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, 2016, 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, 2016, 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, 2016 was \$6,688,758 with a bank balance of \$9,527,916, 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, 2015, property taxes of \$1,272,531 were levied for the governmental funds. Individual tax levies from the tax roll on October 1, 2015, were delinquent if unpaid at January 31, 2016.

CITY OF BROWNFIELD

NOTES TO THE FINANCIAL STATEMENTS

4. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables and Allowance for Doubtful Accounts as of September 30, 2016:

	<u>Total Receivables</u>	<u>Estimated Uncollectible Accounts</u>	<u>Net Receivables</u>
Government Activities:			
Ad Valorem Taxes	\$ 93,880	\$ 12,135	\$ 81,745
Texas Comptroller - Sales Tax	80,625		80,625
Franchise Taxes	32,392		32,392
Hotel Occupancy Taxes	43,189		43,189
	<u>250,086</u>	<u>12,135</u>	<u>237,951</u>
Business-Type Activities			
Power and Light	519,838	54,159	465,679
Water and Sewer	157,104	14,536	142,568
Sanitation	63,966	6,191	57,775
Detention Facility	19,625		19,625
	<u>760,533</u>	<u>74,886</u>	<u>685,647</u>
Primary Government	<u>1,010,619</u>	<u>\$ 87,021</u>	<u>\$ 923,598</u>

Accounts Payable as of September 30, 2016

	<u>Total Payables</u>
Government Activities:	
General	70,726
Payroll Liabilities	8,278
	<u>79,004</u>
Business-Type Activities:	
General	157,297
Purchased Power	385,363
	<u>542,660</u>
Primary Government	<u>\$ 621,664</u>

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Government Activities:

	Balance 10/01/2015	Increases	Decreases	Balance 9/30/2016
ASSETS				
Land	\$ 605,084	\$	\$	\$ 605,084
Buildings and Improvements	4,330,483			4,330,483
Equipment	15,412,452	33,981		15,446,433
Infrastructure	2,505,733			2,505,733
	<u>22,853,752</u>	<u>33,981</u>		<u>22,887,733</u>
ACCUMULATED DEPRECIATION				
Buildings and Improvements	494,088	261,265		755,353
Equipment	11,749,651	224,309		11,973,960
Infrastructure	1,550,983	272,949		1,823,932
	<u>13,794,722</u>	<u>758,523</u>		<u>14,553,245</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>9,059,030</u>	<u>(724,542)</u>		<u>8,334,488</u>

Business-Type Activities:

	Balance 10/01/2015	Increases	Decreases	Balance 9/30/2016
ASSETS				
Land	543,163			543,163
Buildings	4,044,409			4,044,409
Equipment	6,740,812	68,501		6,740,812
Electric Infrastructure	1,421,168	81,504		1,502,672
Water Infrastructure	2,410,775	29,319		2,440,094
Sewer Infrastructure	4,444,229	286,967		4,731,196
	<u>19,604,556</u>	<u>466,291</u>		<u>20,070,847</u>
ACCUMULATED DEPRECIATION				
Buildings	3,400,980	147,068		3,548,048
Equipment	2,972,636	505,748		3,478,384
Electric Infrastructure	584,136	100,726		684,862
Water Infrastructure	827,828	87,508		915,336
Sewer Infrastructure	2,422,976	167,400		2,590,376
	<u>10,208,556</u>	<u>1,008,450</u>		<u>11,217,006</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,396,000</u>	<u>\$ (542,159)</u>	<u>\$ 0</u>	<u>\$ 8,853,841</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 9/30/2015	Principal Payments	Balance 9/30/2016	Interest Paid
Refunded 2010	CUA	83,904	14,236	69,668	2,841
Refunded 2010 Series 2005	BUREC	305,926	77,386	228,540	9,957
Refunded 2013	Water Purchase	953,170	25,433	927,737	46,873
Series 2006	Water Purchase	16,389	16,389	0	752
Series 2009	Construction	364,538	19,479	345,058	15,745
Series 2011	Water Purchase	1,571,939	72,609	1,499,330	74,169
Series 2014	Refund 2005/2006	1,015,069	108,143	906,926	39,743
		<u>\$ 4,310,935</u>	<u>\$ 333,675</u>	<u>\$ 3,977,259</u>	<u>\$ 190,080</u>
				<u>CRMWA</u>	
	Original Cost of Water Rights			\$ 5,863,570	
	Prior Year Accumulated Amortization			(1,552,615)	
	Current Year Amortization Expense			<u>(333,696)</u>	
	Investment in Water Facilities – September 30, 2016			<u>\$ 3,977,259</u>	

7. LONG-TERM DEBT AMORTIZATION

Debt service requirements on all long-term debt:

	Business-Type Activities		
	Principal	Interest	Total
Year Ending September 30,			
2017	\$ 340,878	\$ 187,316	\$ 528,194
2018	421,372	174,312	595,684
2019	296,174	155,889	452,063
2020	313,964	141,943	455,907
2021	326,226	126,258	452,484
2022-2026	1,577,052	378,276	1,955,328
2027-2033	701,593	109,807	811,400
Totals	<u>\$ 3,977,259</u>	<u>\$ 1,273,801</u>	<u>\$ 5,251,060</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 \$313,970 reported as landfill closure and post-closure care liability at September 30, 2016, 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 2016. 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. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City of Brownfield participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8. Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. All eligible employees of the City are required to participate in TMRS. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www/tmrs.com.

B. Benefits Provided

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

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

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 2015</u>	<u>Plan Year 2016</u>
Employee Deposit Rate	5.00%	5.00%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	10	10
Service Requirement Eligibility (Expressed as Age/Years of Service)	60/10,0/20	60/10,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to Retirees)	50% of CPI	50% of CPI

Employees covered by benefit terms.

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit items:

Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	29
Active Employees	87
	<u>157</u>

C. Contributions

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

Employees for the City of Brownfield were required to contribute 5% of their annual gross earnings during the fiscal year. The actuarially determined contribution rates were 9.67% for calendar year 2015 and 7.68% for calendar year 2016. The contribution rates for the City of Brownfield were 15.35% and 15.35% in calendar years 2015 and 2016, respectively. The city's contributions to TMRS for the year ended September 30, 2016, were \$560,133, and exceeded the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

E. Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75 net of pension plan investment expense, including Inflation.

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger member who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

F. Discount Rate

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

Sensitivity of the net pension liability to changes in the discount rate.

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$3,595,325	\$1,321,413	\$(563,663)

NOTES TO FINANCIAL STATEMENTS

CITY OF BROWNFIELD, TEXAS

Changes in the Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2014	\$ 16,977,891	\$ 16,444,406	\$ 533,485
Changes for the year:			
Service costs	350,818		350,818
Interest	1,172,503		1,172,503
Change of benefit terms			
Difference between expected and actual experience	(197,395)		(197,395)
Changes of assumptions	206,604		206,604
Contributions – employer		555,012	(555,012)
Contributions – employee		180,834	(180,834)
Net Investment Income		24,265	(24,265)
Benefit payments, including refunds of employee contributions	(806,524)	(806,524)	
Administrative expense		(14,780)	14,780
Other Changes		(729)	729
Net Changes	\$ 726,006	\$ (61,922)	\$ 787,928
Balance at 12/31/2015	\$ 17,703,897	\$ 16,382,484	\$ 1,321,413

Pension Plan Fiduciary Net Position

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

Prior Period Adjustment

The City of Brownfield is now required under Governmental Accounting Standards Board Statement No. 68 to include retirement information with the Texas Municipal Retirement System as part of the current financial reports. Previously this was disclosed in the footnotes to the financial statements.

The result of this change created a prior period adjustment decreasing the City's fund balance by \$374,438. The following decreases in fund balance are represented as follows: General Fund (\$242,847), Proprietary Funds (\$122,643) and the component unit (\$8,938).

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

A.	Total Pension Liability		
	1. Service Cost	\$	350,818
	2. Interest (on the Total Pension Liability)		1,172,503
	3. Changes of benefit terms		0
	4. Difference between expected and actual experience		(197,395)
	5. Changes of assumptions		206,604
	6. Benefit payments, including refunds of employee contributions		(806,524)
	7. Net change in total pension liability	\$	726,006
	8. Total pension liability – beginning		16,977,891
	9. Total pension liability – ending	\$	<u>17,703,897</u>
B.	Plan Fiduciary Net Position		
	1. Contributions – employer	\$	555,012
	2. Contributions – employee		180,834
	3. Net Investment Income		24,265
	4. Benefit payments, including refunds of employee contributions		(806,524)
	5. Administrative Expense		(14,780)
	6. Other		(730)
	7. Net change in plan fiduciary net position	\$	(61,922)
	8. Plan fiduciary net position – beginning		16,444,406
	9. Plan fiduciary net position – ending	\$	<u>16,382,484</u>
C.	Net Pension Liability [A.9 – B.9]	\$	<u>1,321,413</u>
D.	Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]		92.54%
E.	Covered-Employee Payroll	\$	3,616,680
F.	Net pension liability as a percentage of covered employee payroll [C / E]		36.54%

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

PENSION EXPENSE

1.	Total Service Cost	\$	350,818
2.	Interest on the Total Pension Liability		1,172,503
3.	Current Period Benefit Changes		-0-
4.	Employee Contributions (Reduction of Expense)		(180,834)
5.	Projected Earnings on Plan Investments (Reduction of Expense)		(1,151,108)
6.	Administrative Expense		14,780
7.	Other changes in Fiduciary Net Position		730
8.	Recognition of Current Year Outflow(Inflow) of Resources – Liabilities		2,011
9.	Recognition of Current Year Outflow(Inflow) of Resources - Assets		225,369
10.	Amortization of Prior Year Outflows(Inflows) of Resources – Liabilities		(116,846)
11.	Amortization of Prior Year Outflows(Inflows) of Resources – Assets		39,954
12.	Total Pension Expense	\$	357,377

At September 30, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience		\$ 446,666
Changes in actuarial assumptions	\$ 161,494	
Difference between projected and actual investment earnings	\$ 1,021,337	
Contributions subsequent to the measurement date.	\$ 413,420	
Total	\$ 1,596,251	\$ 446,666

\$413,420 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended Dec 31:		
2016	\$	150,488
2017	\$	150,488
2018	\$	208,657
2019	\$	226,532
2020	\$	0
Total	\$	736,165

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS

10. INTERNAL BALANCES

Transfers between funds in 2016 are as follows:

Fund	Transfer In	Transfer Out	Purpose of Transfer
General	\$ 2,492,811	\$	Appropriations in Lieu of Property Taxes
Power and Light		(2,600,396)	Appropriations in Lieu of Property Taxes
Water and Sewer	1,350,000	(150,000)	Appropriations in Lieu of Property Taxes
Garbage		(79,215)	Appropriations in Lieu of Property Taxes
Infrastructure		(800,000)	Appropriations in Lieu of Property Taxes
Detention Facility		(213,200)	Interfund Transfer
	<u>\$ 3,842,811</u>	<u>\$ (3,842,811)</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 16, 2017, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2016

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 2,439,284	\$ 2,323,155	\$ (116,129)
Intergovernmental Revenues	250,000	250,000	0
Other Service Revenue	450,359	455,087	4,728
Miscellaneous and other Revenue	226,541	257,322	30,781
Total Revenues	<u>3,366,184</u>	<u>3,285,564</u>	<u>(80,620)</u>
Expenditures			
Financial Administration	330,352	286,787	43,565
Judicial and Legal	202,670	170,936	31,734
Central Administration	935,645	901,413	34,232
Street and Highways	879,464	962,211	(82,747)
Public Safety - Police	1,863,863	1,813,725	50,138
Public Safety - Fire	685,625	690,016	(4,391)
Public Safety - Inspection & Emergency Management	136,441	121,686	14,755
Public Services	175,078	195,804	(20,726)
Parks and Recreation	726,587	617,291	109,296
All Other	108,615	85,736	22,879
Total Expenditures	<u>6,044,340</u>	<u>5,845,605</u>	<u>198,735</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,678,156)	(2,560,041)	118,115
Other Sources (Uses)			
Operating Transfers In (Out) Net	2,904,137	2,492,811	(411,326)
Total Other Sources (uses)	<u>2,904,137</u>	<u>2,492,811</u>	<u>(411,326)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>225,981</u>	<u>(67,230)</u>	<u>(293,211)</u>
Net Assets, October 1, 2015	<u>88,647</u>	<u>88,647</u>	<u>0</u>
Net Assets, September 30, 2016	<u>\$ 314,628</u>	<u>\$ 21,417</u>	<u>\$ (293,211)</u>

CITY OF BROWNFIELD, TEXAS
STATEMENT OF REVENUES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

GENERAL FUND

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Taxes			
Property Taxes	\$ 1,230,418	\$ 1,217,426	\$ (12,992)
General Sales Tax	978,412	918,073	(60,339)
Franchise Tax	227,961	186,818	(41,143)
Mixed Drink Tax	2,137	530	(1,607)
Other Taxes			
Tax Certificates	356	308	(48)
Total Taxes	<u>2,439,284</u>	<u>2,323,155</u>	<u>(116,129)</u>
Intergovernmental			
County	250,000	250,000	0
Total Intergovernmental	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Other Sales & Services			
Licenses & Permits	10,523	9,598	(925)
City/County Parks	300,000	300,000	0
Swimming Pool Revenue	70,395	77,864	7,469
Rents Of City Property	18,619	15,833	(2,786)
Service Charges	50,822	51,792	970
Total Other Sales and Services	<u>450,359</u>	<u>455,087</u>	<u>4,728</u>
Other Miscellaneous			
Fines	62,964	74,730	11,766
Miscellaneous	77,563	102,162	24,599
State and Other Fees	86,014	80,430	(5,584)
Total Other Miscellaneous	<u>226,541</u>	<u>257,322</u>	<u>30,781</u>
Total Revenues	<u>\$ 3,366,184</u>	<u>\$ 3,285,564</u>	<u>\$ (80,620)</u>

CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

GENERAL FUND

EXPENDITURES	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Financial Administration			
Salaries & Wages	\$ 218,433	194,005	\$ 24,428
Retirement	21,594	22,786	(1,192)
Payroll Tax	16,710	15,767	943
Employee Insurance	50,400	36,330	14,070
Office Supplies	1,960	2,057	(97)
Dues	2,812	1,090	1,722
Business Travel	3,892	3,286	606
Miscellaneous	151	66	85
Car Allowance	14,400	11,400	3,000
Total Financial Administration	\$ 330,352	\$ 286,787	\$ 43,565
Judicial and Legal			
Municipal Court			
Salaries & Wages	\$ 71,945	\$ 72,534	\$ (589)
Retirement	11,043	11,044	(1)
Payroll Tax	5,504	5,539	(35)
Employee Insurance	33,600	16,716	16,884
Office Supplies	1,600	1,704	(104)
Business Travel	1,000	50	950
Jury Duty	300	114	186
State and Other Costs	77,678	63,235	14,443
Total Municipal Court	\$ 202,670	\$ 170,936	\$ 31,734
Total Judicial and Legal	\$ 202,670	\$ 170,936	\$ 31,734
Central Administration			
City Council			
Salaries & Wages	\$ 5,478	\$ 5,864	\$ (386)
Payroll Taxes	419	449	(30)
Election Administrator	10,000	9,000	1,000
Election Supplies	4,750	2,108	2,642
Business Travel	9,200	1,451	7,749
Special Services	2,550	2,400	150
Incidentals	1,600	1,073	527
Total City Council	\$ 33,997	\$ 22,345	\$ 11,652

CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

GENERAL FUND

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
City Secretary			
Salaries & Wages	\$ 172,262	\$ 170,415	\$ 1,847
Retirement	26,442	26,079	363
Payroll Taxes	13,178	12,894	284
Employee Insurance	100,800	97,412	3,388
Unemployment	5,000	931	4,069
Office Supplies	11,732	6,747	4,985
Advertising & Legal	3,886	1,070	2,816
Business Travel	3,749	1,838	1,911
Dues	225	170	55
Miscellaneous	200	35	165
Bad Debt Expense	2,541	196	2,345
Tax Suits	250	0	250
Tax Appraisal Board	26,918	36,748	(9,830)
Audit	26,550	26,600	(50)
Total City Secretary	\$ 393,733	\$ 381,135	\$ 12,598
Non-Departmental			
Salaries & Wages	\$ 125,090	\$ 139,496	\$ (14,406)
Retirement	9,347	9,060	287
Payroll Taxes	4,658	4,465	193
Employee Insurance	33,600	21,838	11,762
Office Supplies-Printing & Postage	28,984	28,934	50
Janitor and Miscellaneous Supplies	2,500	1,725	775
Miscellaneous	1,778	1,936	(158)
Building and Office Equipment			
Maintenance	95,930	99,013	(3,083)
Telephone	9,750	7,869	1,881
Insurance	133,184	120,758	12,426
Special Services	4,500	1,570	2,930
Utilities	53,946	56,676	(2,730)
Dues	4,648	4,593	55
Total Non-Departmental Before Capital Outlay & Transfers	\$ 507,915	\$ 497,933	\$ 9,982
Capital Outlay			0
Total Non-Departmental	\$ 507,915	\$ 497,933	\$ 9,982
Total Central Administration	\$ 935,645	\$ 901,413	\$ 34,232

CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

GENERAL FUND

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Streets & Highways			
Salaries & Wages	\$ 272,349	\$ 276,630	\$ (4,281)
Retirement	41,805	41,816	(11)
Payroll Taxes	20,835	20,815	20
Employee Insurance	134,400	119,847	14,553
Vehicle Supplies	49,500	30,162	19,338
Supplies & Chemicals	29,007	54,793	(25,786)
Uniforms	1,485	1,600	(115)
Miscellaneous	2,283	734	1,549
Street Maintenance	75,000	336,398	(261,398)
Vehicle & Machinery Maintenance	60,000	46,628	13,372
Garage Expense	12,000	10,750	1,250
Engineering Services	11,880	3,391	8,489
Street Light Utilities	37,620	7,625	29,995
Total Street & Highways Before			
Capital Outlay	\$ 748,164	\$ 951,189	\$ (203,025)
Capital Outlay	131,300	11,022	120,278
Total Streets & Highways	\$ 879,464	\$ 962,211	\$ (82,747)
Public Safety - Police			
Salaries & Wages	\$ 990,978	\$ 989,574	\$ 1,404
Retirement	152,115	150,637	1,478
Payroll Taxes	75,810	75,541	269
Employee Insurance	420,000	388,428	31,572
Office Supplies	9,900	6,339	3,561
Vehicle Fuel	52,322	38,128	14,194
Supplies	25,095	31,406	(6,311)
Uniforms	8,702	9,945	(1,243)
Schools and Cont. Education	3,960	3,652	308
Building Maintenance	3,960	4,890	(930)
Equipment Maintenance	14,850	11,787	3,063
Vehicle Maintenance	27,720	24,899	2,821
Telephone	16,917	17,956	(1,039)
Insurance	14,452	14,452	0
Business Travel	4,000	4,233	(233)
Grant Match	0	0	0
Detention Expense	40,000	40,000	0
Dues	1,800	240	1,560
Miscellaneous	1,282	1,618	(336)
Total Public Safety - Police Before			
Capital Outlay	\$ 1,863,863	\$ 1,813,725	\$ 50,138
Capital Outlay	0	0	0
Total Public Safety - Police	\$ 1,863,863	\$ 1,813,725	\$ 50,138

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CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

GENERAL FUND

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Public Safety - Fire			
Salaries & Wages	\$ 364,065	\$ 371,129	\$ (7,064)
Retirement	55,884	57,532	(1,648)
Payroll Taxes	27,851	28,913	(1,062)
Employee Insurance	134,400	138,536	(4,136)
Vehicle Supplies	8,266	4,613	3,653
Supplies	47,520	39,014	8,506
Uniforms	4,950	6,029	(1,079)
Training	4,569	144	4,425
Maintenance	12,256	18,067	(5,811)
Insurance	7,957	7,957	0
Volunteer Firemen	12,000	12,000	0
Firemens Pension	3,828	4,040	(212)
Fire Marshal	2,079	2,042	37
Total Public Safety - Fire Before			
Capital Outlay	\$ 685,625	\$ 690,016	\$ (4,391)
Capital Outlay	0	0	0
Total Public Safety - Fire	\$ 685,625	\$ 690,016	\$ (4,391)
Public Safety - Inspection & Civil			
Defense			
Inspection			
Salaries & Wages	\$ 59,760	\$ 53,991	\$ 5,769
Retirement	9,173	8,167	1,006
Payroll Tax	4,572	4,202	370
Employee Insurance	16,800	21,043	(4,243)
Vehicle Maintenance	2,426	826	1,600
Miscellaneous Supplies	3,463	5,000	(1,537)
Training	2,970	1,196	1,774
Business Travel	2,970	0	2,970
Dues	644	520	124
Miscellaneous	699	351	348
Total Public Safety - Inspection & Civil	\$ 103,477	\$ 95,296	\$ 8,181

CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

GENERAL FUND

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Emergency Management			
Salaries & Wages	\$ 10,750	\$ 8,934	\$ 1,816
Retirement	1,650	1,390	260
Payroll Tax	822	683	139
Printing Office	4,455	3,500	955
Supplies	5,940	6,604	(664)
Radio Maintenance	4,000	3,134	866
Business Travel	3,960	1,563	2,397
Miscellaneous	1,387	582	805
Total Emergency Management Before Capital Outlay	\$ 32,964	\$ 26,390	\$ 6,574
Capital Outlay	0		0
Total Emergency Management	\$ 32,964	\$ 26,390	\$ 6,574
Total Public Safety - Inspection and Emergency Management	\$ 136,441	\$ 121,686	\$ 14,755
Parks & Recreation			
Salaries & Wages	\$ 227,982	\$ 266,967	\$ (38,985)
Retirement	26,207	24,946	1,261
Payroll Taxes	17,441	20,286	(2,845)
Employee Insurance	67,200	84,936	(17,736)
Vehicle & Machinery Maintenance	8,167	6,666	1,501
Recreation Board Expense	950	80	870
Supplies	27,500	58,333	(30,833)
Building & Machinery Maint.	25,740	9,448	16,292
Miscellaneous	6,900	4,970	1,930
Pool Maintenance & Supplies	32,500	40,176	(7,676)
Utilities	72,000	77,524	(5,524)
Total Parks & Recreation Before Capital Outlay	\$ 512,587	\$ 594,332	\$ (81,745)
Capital Outlay	214,000	22,959	191,041
Total Parks & Recreation	\$ 726,587	\$ 617,291	\$ 109,296

CITY OF BROWNFIELD, TEXAS
STATEMENT OF EXPENDITURES
COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

GENERAL FUND

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Drug Enforcement			
Salaries & Wages	\$ 57,688	\$ 46,822	\$ 10,866
Retirement	8,855	8,847	8
Payroll Tax	4,413	4,444	(31)
Employee Insurance	16,800	10,601	6,199
Vehicle Maintenance	3,642	3,523	119
Miscellaneous	2,250	1,324	926
Supplies	2,970	4,557	(1,587)
Training	2,375	110	2,265
Business Travel	1,485	2,388	(903)
Dues	297	120	177
Operations	7,840	3,000	4,840
Total Public Safety - Inspection & Civil	<u>\$ 108,615</u>	<u>\$ 85,736</u>	<u>\$ 22,879</u>
Public Services			
Brownfield Senior Citizens	\$ 15,000	\$ 15,000	\$ 0
Ambulance Contingency	99,164	120,766	(21,602)
Library	13,250	13,649	(399)
Cemetery Care	1,000	1,000	0
Boys & Girls Club	12,000	12,000	0
Health Unit	30,164	30,164	0
Texas State Guard	600	600	0
Community Service Volunteers	3,900	2,625	1,275
Total Public Services	<u>\$ 175,078</u>	<u>\$ 195,804</u>	<u>\$ (20,726)</u>
Total Expenditures	<u>\$ 6,044,340</u>	<u>\$ 5,845,605</u>	<u>\$ 198,735</u>

CITY OF BROWNFIELD, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2016

	Municipal Court Security Fund	Hamilton Park Fund	Seized Drug Fund	Infra- structure Fund	Hotel Motel Fund	Total Non-Major Governmental Funds
Assets						
Cash in Bank(Restricted)	\$ 47,889	\$ 13,267	\$ 15,420	128,581	\$ 649,398	\$ 854,555
Accounts Receivable					43,184	43,184
Total Assets	<u>47,889</u>	<u>13,267</u>	<u>15,420</u>	<u>128,581</u>	<u>692,582</u>	<u>897,739</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable		219				219
Total Liabilities	<u>0</u>	<u>219</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>219</u>
Restricted Fund Balances						
Unrestricted	47,889	13,048	15,420	128,581	692,582	768,939
Total Restricted Fund Balance	<u>47,889</u>	<u>13,048</u>	<u>15,420</u>	<u>128,581</u>	<u>692,582</u>	<u>897,520</u>
Total Liabilities and Fund Balances	<u>\$ 47,889</u>	<u>\$ 13,267</u>	<u>\$ 15,420</u>	<u>\$ 128,581</u>	<u>\$ 692,582</u>	<u>\$ 897,739</u>

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CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Municipal Court Security Fund	Hamilton Park Fund	Seized Drug Fund	Infra- Structure Fund	Hotel Motel Fund	Total Non-Major Governmental Funds
Revenues						
Charges for service	\$ 11,870	\$	\$ 6,487	\$ 17,898	\$	\$ 36,255
Hotel/Motel Tax Collections					145,034	145,034
Miscellaneous Revenue				28,331		28,331
Investment earnings		94			3,135	3,229
Total Revenues	11,870	94	6,487	46,229	148,169	212,849
Expenditures						
Supplies & Maintenance		4,158	3,471			7,629
Event Funding					122,416	122,416
Total Expenditures	0	4,158	3,471	0	122,416	130,045
Excess deficiency) of revenues over expenditures	11,870	(4,064)	3,016	46,229	25,752	82,804
Other Financing Sources(Uses)						
Transfers to Other Funds				(800,000)		(800,000)
Total Other Financing Sources(Uses)						
Net Changes in Fund Balances	11,870	(4,064)	3,016	(753,771)	25,752	(717,196)
Restricted Fund Balances Beginning	36,019	17,112	12,404	882,352	666,830	1,614,716
Restricted Fund Balances Ending	\$ 47,889	\$ 13,048	\$ 15,420	\$ 128,581	\$ 692,582	\$ 897,520

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CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF NET POSITION
 POWER & LIGHT FUNDS
 SEPTEMBER 30, 2016

	Power and Light Funds	Light Meter Fund	Combined Totals 2016
ASSETS			
Cash in Bank	\$ 845,741	\$ 954,136	\$ 1,799,877
Cash in Savings	3,096,723	0	3,096,723
Receivables			
Accounts and Rents	449,711	0	449,711
Inventories	68,994	0	68,994
Property and Equipment			
Land	15,697	0	15,697
Buildings and Equipment	2,209,473	0	2,209,473
Accumulated Depreciation	<u>(1,120,136)</u>	<u>0</u>	<u>(1,120,136)</u>
Total Assets	<u>5,566,203</u>	<u>954,136</u>	<u>6,520,339</u>
DEFERRED OUTFLOWS			
Deferred Outflows - Pension	<u>140,461</u>	<u>0</u>	<u>140,461</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u><u>5,706,664</u></u>	<u><u>954,136</u></u>	<u><u>6,660,800</u></u>
LIABILITIES AND NET ASSETS			
Liabilities			
Current			
Accounts Payable	444,763	0	444,763
Accrued Expenses	21,931	0	21,931
Deposits	4,224	823,898	828,122
Long-term Liabilities			
Pension Liability	<u>116,277</u>	<u>0</u>	<u>116,277</u>
Total Liabilities	<u>587,195</u>	<u>823,898</u>	<u>1,411,093</u>
DEFERRED INFLOWS			
Deferred Inflows - Pension	<u>39,304</u>	<u>0</u>	<u>39,304</u>
Net Position			
Invested in Capital Assets			
Net of Related Debt	1,105,034	0	1,105,034
Unrestricted	4,003,855	130,238	4,134,093
Restricted	4,224	0	4,224
Prior Period Adjustment	<u>(32,948)</u>	<u>0</u>	<u>(32,948)</u>
Total Net Position	<u>5,080,165</u>	<u>130,238</u>	<u>5,210,403</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, NET POSTION	<u><u>\$ 5,667,360</u></u>	<u><u>\$ 954,136</u></u>	<u><u>\$ 6,660,800</u></u>

CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 POWER AND LIGHT FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Power & Light Fund	Light Meter Fund	Combined Totals 2016
Revenues			
Charges for Services	\$ 8,196,769	\$	\$ 8,196,769
Penalties	11,115		11,115
License and Permits	6,414		6,414
Rents	24,846		24,846
Sales Tax Collected	347,234		347,234
Miscellaneous and Other Revenues	33,410		33,410
Total Revenues	<u>8,619,788</u>	<u>0</u>	<u>8,619,788</u>
Operating Expenses			
Personnel Services	536,860		536,860
Supplies and Maintenance	209,934		209,934
Contractual Purchases	4,495,106		4,495,106
Other Charges	81,817		81,817
Bad Debt Expense	31,407		31,407
Sales Tax Paid to State	346,905		346,905
Depreciation	162,327		162,327
Total Operation Expenses	<u>5,864,356</u>	<u>0</u>	<u>5,864,356</u>
Total Operation Income(Loss)	<u>2,755,432</u>	<u>0</u>	<u>2,755,432</u>
Nonoperating Revenues(Expenses)			
Interest Income	0	0	0
Income(Loss) Before Operating Transfers	<u>2,755,432</u>	<u>0</u>	<u>2,755,432</u>
Operating Transfers			
Operating Transfers In	0	0	0
Operating Transfers Out	<u>(2,600,396)</u>	<u></u>	<u>(2,600,396)</u>
Net Income (Loss)	155,036	0	155,036
Net Position, October 1, 2015	<u>4,925,129</u>	<u>130,238</u>	<u>5,055,367</u>
Net Position, September 30, 2016	<u>\$ 5,080,165</u>	<u>\$ 130,238</u>	<u>\$ 5,210,403</u>

CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 POWER & LIGHT FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Power & Light Fund	Light Meter Fund	Combined Totals 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 8,234,640	\$ 0	\$ 8,234,640
Payments to Suppliers	(4,767,557)	0	(4,767,557)
Payments to Employees	(552,273)	0	(552,273)
Other payments	(378,312)	0	(378,312)
Other receipts	382,638	0	382,638
Net Cash Provided by operating activities	<u>2,919,136</u>	<u>0</u>	<u>2,919,136</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Interest Income	29,266	0	29,266
Customer Deposits	0	35,352	35,352
Transfers from and (to) other funds-net	(2,600,396)	0	(2,600,396)
Net Cash provided by financing activities	<u>(2,571,130)</u>	<u>35,352</u>	<u>(2,535,778)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(89,350)	0	(89,350)
Net Cash used by capital and related financing activities	<u>(89,350)</u>	<u>0</u>	<u>(89,350)</u>
Net increase(decrease) in cash and cash equivalents	258,656	35,352	294,008
Balances - beginning of the year	3,683,808	918,784	4,602,592
Balances - end of the year	<u>3,942,464</u>	<u>954,136</u>	<u>4,896,600</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES			
Operating income(loss)	2,726,166	0	2,726,166
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	162,327	0	162,327
Accrued Payroll/Vacation & Sick Leave	2,415	0	2,415
Change in assets and liabilities:			
Receivables, net	26,756	0	26,756
Inventories	4,277	0	4,277
Accounts and other payables	15,023	0	15,023
Pension - Deferred Outflows	(17,828)	0	(17,828)
Net cash provided by operating activities	<u>\$ 2,919,136</u>	<u>\$ 0</u>	<u>\$ 2,919,136</u>

CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF NET POSITION
 WATER & SEWER FUNDS
 SEPTEMBER 30, 2016

	Water & Sewer Funds	Water Meter Funds	Water & Sewer Pro-Rata Fund	Combined Totals 2016
ASSETS				
Cash in Bank	\$ 107,495	\$ 60,801	\$ 9,984	\$ 178,280
Cash in Savings	89,765			89,765
Receivables				
Accounts and Rents	142,628			142,628
Inventories	42,007			42,007
Property and Equipment				
Land	390,679			390,679
Buildings and Equipment	9,026,084			9,026,084
Accumulated Depreciation	(4,362,074)			(4,362,074)
Investment in Water Facility	4,087,799			4,087,799
Total Investment in Water Facility	<u>9,524,383</u>	<u>60,801</u>	<u>9,984</u>	<u>9,595,168</u>
DEFERRED OUTFLOWS				
Deferred Outflows - Pension	<u>144,731</u>			<u>144,731</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u><u>9,669,114</u></u>	<u><u>60,801</u></u>	<u><u>9,984</u></u>	<u><u>9,739,899</u></u>
LIABILITIES AND NET POSITION				
Liabilities				
Current				
Accounts Payable	80,362			80,362
Accrued Expenses	14,107			14,107
Due within One Year	340,879			340,879
Non Current Liabilities				
Due in More Than One Year	3,636,380			3,636,380
Bond Premium	110,540			110,540
Pension Liability	<u>119,812</u>			<u>119,812</u>
Total Liabilities	<u>4,302,080</u>			<u>4,302,080</u>
DEFERRED INFLOWS				
Deferred Inflows - Pension	<u>40,499</u>	<u>0</u>	<u>0</u>	<u>40,499</u>
Net Position				
Net Invested in Capital Assets	5,054,689			5,054,689
Unrestricted	263,789		9,984	273,773
Restricted	42,007	60,801		102,808
Prior Period Adjustment	<u>(33,950)</u>			<u>(33,950)</u>
Total Net position	<u>5,326,535</u>	<u>60,801</u>	<u>9,984</u>	<u>5,397,320</u>
Total Liabilities and Net Position	<u><u>\$ 9,669,114</u></u>	<u><u>\$ 60,801</u></u>	<u><u>\$ 9,984</u></u>	<u><u>\$ 9,739,899</u></u>

CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 WATER AND SEWER FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Water & Sewer Fund	Water Meter Fund	Water & Sewer Pro-Rata Fund	Combined Totals 2016
Revenues				
Charges for Services	\$ 2,582,911	\$	\$	\$ 2,582,911
Penalties	4,531			4,531
License and Permits	13,971			13,971
Registration Fees	1,075			1,075
Miscellaneous and Other Revenues	1,608			1,608
Total Revenues	<u>2,604,096</u>	<u>0</u>	<u>0</u>	<u>2,604,096</u>
Operating Expenses				
Personnel Services	517,926			517,926
Supplies and Maintenance	249,152			249,152
Contractual Purchases	802,131			802,131
Other Charges	83,090			83,090
Bad Debt Expense	7,821			7,821
Amortization of Water Rights	360,239			360,239
Depreciation	383,497			383,497
Total Operation Expenses	<u>2,403,856</u>	<u>0</u>	<u>0</u>	<u>2,403,856</u>
Total Operation Income(Loss)	<u>200,240</u>	<u>0</u>	<u>0</u>	<u>200,240</u>
Nonoperating Revenues (Expenses)				
Interest Income	849			849
Interest Expense	(190,080)			(190,080)
Income (Loss) Before Operating Transfers	<u>11,009</u>	<u>0</u>	<u>0</u>	<u>11,009</u>
Operating Transfers				
Operating Transfers In	1,350,000			1,350,000
Operating Transfers Out	(150,000)			(150,000)
Net Income (Loss)	<u>1,211,009</u>	<u>0</u>	<u>0</u>	<u>1,211,009</u>
Net Position, October 1, 2015	4,115,526	60,801	9,984	4,186,311
Net Position, September 30, 2016	<u>\$ 5,326,535</u>	<u>\$ 60,801</u>	<u>\$ 9,984</u>	<u>\$ 5,397,320</u>

CITY OF BROWNFIELD, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 WATER & SEWER FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Water & Sewer Fund	Water Meter Fund	Water & Sewer Pro-Rata Fund	Combined Totals 2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 2,594,126	\$	\$	\$ 2,594,126
Payments to Suppliers	(1,672,054)			(1,672,054)
Payments to Employees	(513,736)			(513,736)
Other payments	(26,154)			(26,154)
Other receipts	7,213			7,213
Net Cash Provided by operating activities	<u>389,395</u>	<u>0</u>	<u>0</u>	<u>389,395</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Interest Income	849			849
Customer Deposits	0			0
Transfers from and (to) other funds-net	1,200,000			1,200,000
Net Cash provided by financing activities	<u>1,200,849</u>	<u>0</u>	<u>0</u>	<u>1,200,849</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(331,978)			(331,978)
Net Cash used by capital and related financing activities	<u>(331,978)</u>	<u>0</u>	<u>0</u>	<u>(331,978)</u>
Net increase(decrease) in cash and cash equivalents	1,258,266		0	1,258,266
Balances - beginning of the year	(1,061,006)	60,801	9,984	(990,221)
Balances - end of the year	<u>197,260</u>	<u>60,801</u>	<u>9,984</u>	<u>268,045</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES				
Operating income(loss)	10,160			10,160
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	383,497			383,497
Accrued Payroll/Vacation & Sick Leave	80			80
Change in assets and liabilities:				
Receivables, net	(2,756)			(2,756)
Prepaid Interest	18,524			18,524
Inventories	14,655			14,655
Accounts and other payables	(16,394)			(16,394)
Pension - Deferred Outflows	(18,371)			(18,371)
Net cash provided by operating activities	<u>\$ 389,395</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 389,395</u>

CITY OF BROWNFIELD, TEXAS
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS (WILL ULTIMATELY BE DISPLAYED)

	2016	2015	2014
Actuarially Determined Contribution	\$ 279,558	\$ 291,609	\$ 337,190
Contributions in relation to the actuarially determined contribution	\$ 558,751	\$ 546,950	\$ 528,327
Contribution deficiency (excess)	\$ 279,193	\$ 255,341	191,137
Covered employee payroll	\$ 3,640,074	\$ 3,563,192	\$ 3,441,868
Contributions as a percentage of covered employee payroll	15.35%	15.35%	15.35%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other information:

Notes There were no benefit changes during the year.

Elected Rate The City of Brownfield has elected to pay a rate of 15.35%. The actuarially determined rate for 2014 is 10.16%, 2015 is 9.67% and 2016 is 7.68%.

CITY OF BROWNFIELD, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 CALENDAR YEAR DECEMBER 31, 2015

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 RETIREMENT COMPUTATION PERIOD
 LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED)

	2015	2014
A. Total pension liability		
1. Service Cost	\$ 350,818	\$ 311,233
2. Interest (on the Total Pension Liability)	1,172,503	1,159,565
3. Changes of benefit terms	0	0
4. Difference between expected and actual experience	(197,395)	(526,062)
5. Changes of assumptions	206,604	0
6. Benefit payments, including refunds of employee contributions	(806,524)	(752,891)
7. Net change in total pension liability	\$ 726,006	\$ 191,845
8. Total pension liability - beginning	16,977,891	16,786,046
9. Total pension liability - ending	\$ 17,703,897	\$ 16,977,891
B. Plan fiduciary net position		
1. Contributions - employer	\$ 555,012	\$ 530,278
2. Contributions -employee	180,834	172,625
3. Net investment income	24,265	893,031
4. Benefit payments, including refunds of employee contributions	(806,524)	(752,891)
5. Administrative Expense	(14,780)	(9,324)
6. Other	(729)	(767)
7. Net change in plan fiduciary net position	\$ (61,922)	\$ 832,952
8. Plan fiduciary net position- beginning	16,444,406	15,611,454
9. Plan fiduciary net position - ending *	\$ 16,382,484	\$ 16,444,406
C. Net pension liability [A.9 - B.9]	\$ 1,321,413	\$ 533,485
D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	92.54%	96.86%
E. Covered-employee payroll	\$ 3,616,680	3,454,075
F. Net pension liability as a percentage of covered employee payroll [C / E]	36.54%	15.45%