CITY OF BROWNFIELD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2018

CITY OF BROWNFIELD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2018

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CITY OF BROWNFIELD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2018

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FINANCIAL SECTION

William E. Holloway, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and 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 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, 2018, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brownfield, Texas, as of September 30, 2018, 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.

(806) 636-3566
Fax (806) 636-3569

604 West Broadway, Brownfield, TX 79316
Email: eddy@eddyhollowaycpa.com

American Institute of Certified Public Accountants • AICPA Division for CPA Firms • Private Companies Practice Section
Texas Society Certified Public Accountants

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedules of changes in net pension liability and related ratios, and the schedules of employer contributions on pages 51-54 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.

Management has elected to omit the Management's Discussion and Analysis for the year ended September 30, 2018, which is required to be presented to supplement the basic financial statements by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting. My opinions on the basic financial statements are not affected by this omitted information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brownfield, Texas' basic financial statements. The combining schedules of non-major governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of non-major governmental funds 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 schedules of non-major governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully submitted,

William E. Holloway, CPA

Brownfield, Texas
February 21, 2019

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BASIC FINANCIAL STATEMENTS

CITY OF BROWNFIELD, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	Brownfield Industrial Development Corp.	Total Reporting Entity
Assets					
Cash & Cash Equivalents	$ 494,519	$ 3,591,680	$ 4,086,199	$ 1,356,131	$ 5,442,330
Cash Restricted for Court Technology	54,492	-	54,492	-	54,492
Cash Restricted for Deposits	-	935,029	935,029	-	935,029
Cash Restricted for Park Upkeep & Improvements	11,264	-	11,264	-	11,264
Cash Restricted for Police & Court Costs	9,189	-	9,189	-	9,189
Cash Restricted for Tourism	768,807	-	768,807	-	768,807
Receivables, Net	206,420	717,604	924,024	42,631	966,655
Restricted Receivables, Net	66,734	-	66,734	-	66,734
Inventory	83,664	128,292	211,956	-	211,956
Inventory - Land	-	-	-	880,854	880,854
Note Receivable - Texas Custom Wine Works	-	-	-	125,000	125,000
Note Receivable - TIRZ	-	-	-	161,667	161,667
Restricted - Net Pension Asset	653,310	289,808	943,118	23,857	966,975
Capital Assets					
Land	627,913	543,161	1,171,074	-	1,171,074
Construction in Progress	1,979,264	-	1,979,264	-	1,979,264
Depreciable Assets, Net of Depreciation	6,944,174	7,951,918	14,896,092	-	14,896,092
Investment in Water Facilities, Net of Amortization	-	3,367,482	3,367,482	-	3,367,482
Total Assets	$ 11,899,750	$ 17,524,974	$ 29,424,724	$ 2,590,140	$ 32,014,864
Deferred Outflows of Resources					
Deferred Outflows - Pension Items	$ 380,493	$ 168,424	$ 548,917	$ 13,865	$ 562,782
Deferred Outflows - Pension Contributions	278,159	121,828	399,987	10,029	410,016
Deferred Charges - Bond Defeasement	-	2,915	2,915	-	2,915
Total Deferred Outflows of Resources	$ 658,652	$ 293,167	$ 951,819	$ 23,894	$ 975,713
Liabilities					
Current Liabilities					
Accounts Payable	$ 253,346	$ 477,150	$ 730,496	$ 1,746	$ 732,242
Accrued Expenses	136,970	58,525	195,495	1,888	197,383
Non-current Liabilities					
Customer Deposits	-	935,029	935,029	-	935,029
Net Pension Liability	7,503	-	7,503	-	7,503
Due Within One Year - Bonds	-	302,316	302,316	-	302,316
Due in More Than One Year - Bonds	-	2,854,018	2,854,018	-	2,854,018
Due in More Than One Year - Landfill Closure Liability		349,108	349,108	-	349,108
Premium on Bond Issuance, Net of Amortization		363,899	363,899	-	363,899
Total Liabilities	$ 397,819	$ 5,340,045	$ 5,737,864	$ 3,634	$ 5,741,498
Deferred Inflows of Resources					
Deferred Inflows - Pension Items	$ 937,795	$ 416,004	$ 1,353,799	$ 34,246	$ 1,388,045
Net Position					
Net Investment in Capital Assets	$ 9,551,351	$ 8,342,328	$ 17,893,679	$ -	$ 17,893,679
Restricted For:					
Court Technology	54,492	-	54,492	-	54,492
Park Upkeep & Improvements	11,045	-	11,045	-	11,045
Pension	653,310	289,808	943,118	-	943,118
Police & Court Costs	9,189	-	9,189	-	9,189
Tourism	835,541	-	835,541	-	835,541
Economic Development	-	-	-	2,576,154	2,576,154
Unrestricted	107,860	3,429,956	3,537,816	-	3,537,816
Total Net Position	$ 11,222,788	$ 12,062,092	$ 23,284,880	$ 2,576,154	$ 25,861,034

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

CITY OF BROWNFIELD, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Financial Administration	$ 307,916	$ -	$ -	$ -
Judicial & Legal	139,976	108,905	-	-
Central Administration	1,184,276	-	-	-
Streets & Highways	894,380	-	-	-
Public Safety - Police	1,896,080	-	65,738	-
Public Safety - Fire	781,049	-	250,000	-
Emergency Management	98,274	-	-	-
Public Services	245,918	-	-	-
Parks & Recreation	804,602	-	300,000	-
Public Safety - Inspection & Civil Defense	62,615	-	-	-
City Tourism & Promotion	107,765	3,578	-	-
Total Governmental Activities	$ 6,522,851	$ 112,483	$ 615,738	$ -
Business-type Activities:				
Power & Light	$ 5,696,395	$ 8,442,658	$ -	$ -
Water & Sewer	2,340,358	2,792,888	-	126,092
Sanitation	1,455,476	1,483,966	-	-
Intermediate Sanction Facility	197,755	-	-	-
Total Business-type Activities	$ 9,689,984	$ 12,719,512	$ -	$ 126,092
Total Primary Government	$ 16,212,835	$ 12,831,995	$ 615,738	$ 126,092
Component Unit:				
Brownfield Industrial Development Corporation	$ 546,465	$ -	$ -	$ -

General Revenues:	
Property Taxes, Levied for General Purposes	
Sales, Franchise and Other Taxes	
Investment Earnings	
Miscellaneous	
Transfers (Net)	
Total General Revenues and Transfers	
Change in Net Position	
Net Position - Beginning	
Prior Period Adjustment	
Net Position - Ending	

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

Net (Expense) Revenue and Changes in Net Position

Primary Government				
Governmental Activities	Business-type Activities	Total	Brownfield Industrial Development Corp.	Total Reporting Entity
$ (307,916)	$ -	$ (307,916)	$ -	$ (307,916)
(31,071)	-	(31,071)	-	(31,071)
(1,184,276)	-	(1,184,276)	-	(1,184,276)
(894,380)	-	(894,380)	-	(894,380)
(1,830,342)	-	(1,830,342)	-	(1,830,342)
(531,049)	-	(531,049)	-	(531,049)
(98,274)	-	(98,274)	-	(98,274)
(245,918)	-	(245,918)	-	(245,918)
(504,602)	-	(504,602)	-	(504,602)
(62,615)	-	(62,615)	-	(62,615)
(104,187)	-	(104,187)	-	(104,187)
$ (5,794,630)	$ -	$ (5,794,630)	$ -	$ (5,794,630)
$ -	$ 2,746,263	$ 2,746,263	$ -	$ 2,746,263
-	578,622	578,622	-	578,622
-	28,490	28,490	-	28,490
-	(197,755)	(197,755)	-	(197,755)
$ -	$ 3,155,620	$ 3,155,620	$ -	$ 3,155,620
$ (5,794,630)	$ 3,155,620	$ (2,639,010)	$ -	$ (2,639,010)
$ -	$ -	$ -	$ (546,465)	$ (546,465)
$ 1,288,720	$ -	$ 1,288,720	$ -	$ 1,288,720
1,375,358	-	1,375,358	507,660	1,883,018
60,630	63,028	123,658	24,912	148,570
638,034	40,387	678,421	13	678,434
2,908,544	(2,908,544)	-	-	-
$ 6,271,286	$ (2,805,129)	$ 3,466,157	$ 532,585	$ 3,998,742
$ 476,656	$ 350,491	$ 827,147	$ (13,880)	$ 813,267
10,619,851	11,929,927	22,549,778	2,589,311	25,139,089
126,281	(218,326)	(92,045)	723	(91,322)
$ 11,222,788	$ 12,062,092	$ 23,284,880	$ 2,576,154	$ 25,861,034

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

CITY OF BROWNFIELD, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Other Governmental Funds	Total Government Funds
Assets			
Cash & Cash Equivalents	$ 169,313	$ 124,436	$ 293,749
Cash Restricted for Court Technology	-	54,492	54,492
Cash Restricted for Park Upkeep & Improvements	-	11,264	11,264
Cash Restricted for Police & Court Costs	-	9,189	9,189
Cash Restricted for Tourism	-	768,807	768,807
Receivables, Net of Allowance			
Ad Valorem Taxes	90,926	-	90,926
Other Taxes	110,033	66,734	176,767
Other Receivables	5,461	-	5,461
Inventory	83,664	-	83,664
Total Assets	$ 459,397	$ 1,034,922	$ 1,494,319
Liabilities			
Accounts Payable	$ 253,127	$ 219	$ 253,346
Accrued Expenditures	136,970	-	136,970
Total Liabilities	$ 390,097	$ 219	$ 390,316
Deferred Inflows of Resources:			
Unavailable Revenue - Property Taxes	$ 81,909	$ -	$ 81,909
Total Deferred Inflows of Resources	$ 81,909	$ -	$ 81,909
Fund Balance			
Non-spendable Inventory	$ 83,664	$ -	$ 83,664
Restricted for:			
Court Technology	-	54,492	54,492
Park Upkeep & Improvements	-	11,045	11,045
Police & Court Costs	-	9,189	9,189
Tourism	-	835,541	835,541
Assigned for Capital Projects	-	124,436	124,436
Unassigned	(96,273)	-	(96,273)
Total Fund Balance	$ (12,609)	$ 1,034,703	$ 1,022,094
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 459,397	$ 1,034,922	$ 1,494,319

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, 2018

Total Fund Balances - Government Funds Balance Sheet	$ 1,022,094
Amounts reported for governmental activites in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in governmental funds.	9,551,351
Internal service funds are reported in governmental activities but not in governmental funds.	200,770
Deferred property tax revenue is recognized in funds, but not in the Statement of Net Position.	81,909
Included in the items related to non-current assets is the recognition of the City's proportionate share of the net pension asset for TMRS required by GASB 68 in the amount of $653,310, also the share of the net pension liability for TESRS in the amount of $7,503, deferred resource outflows related to pension items in the amounts of $379,676 for TMRS and $817 for TESRS, deferred resource outflows related to pension contributions in the amounts of $274,634 for TMRS and $3,525 for TESRS, and a deferred resource inflow in the amount of $937,795 for TMRS. This resulted in an increase in net position of $366,664.	366,664
Net Position of Govenmental Activities - Statement of Net Position	$ 11,222,788

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, 2018

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes (Including Penalty & Interest)	$ 1,278,104	$ -	$ 1,278,104
Other Taxes	1,196,367	178,609	1,374,976
Fines & Fees	108,905	3,578	112,483
Intergovernmental	615,738	-	615,738
Investment Earnings	1,729	56,961	58,690
Miscellaneous Revenues	358,149	262,804	620,953
Total Revenues	$ 3,558,992	$ 501,952	$ 4,060,944
Expenditures			
Financial Administration	$ 340,786	$ -	$ 340,786
Judicial & Legal	148,510	2,522	151,032
Central Administration	1,206,757	-	1,206,757
Streets & Highways	826,500	-	826,500
Public Safety - Police	1,894,171	-	1,894,171
Public Safety - Fire	2,532,452	-	2,532,452
Emergency Management	101,749	-	101,749
Public Services	245,918	-	245,918
Parks & Recreation	715,410	2,346	717,756
Public Safety - Inspection & Civil Defense	68,072	-	68,072
City Tourism & Promotion	-	107,765	107,765
Total Expenditures	$ 8,080,325	$ 112,633	$ 8,192,958
Excess (Deficit) of Revenues Over (Under) Expenditures	$ (4,521,333)	$ 389,319	$ (4,132,014)
Other Financing Sources(Uses)			
Transfers In	$ 4,004,254	$ 579,058	$ 4,583,312
Transfers Out	-	(1,674,768)	(1,674,768)
Total Other Financing Sources(Uses)	$ 4,004,254	$ (1,095,710)	$ 2,908,544
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (517,079)	$ (706,391)	$ (1,223,470)
Fund Balance - Beginning of Year	504,470	1,741,094	2,245,564
Fund Balance - End of Year	$ (12,609)	$ 1,034,703	$ 1,022,094

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

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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, 2018

Net Change in Fund Balances - Total Government Funds	$ (1,223,470)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital outlays during the current period.	1,901,171
The depreciation of capital assets is not reported in the funds. This is the amount of current depreciation on these assets.	(582,894)
Change in net position related to internal service funds is included in governmental activities.	13,085
Certain property tax revenues are unavailable in the funds. These revenues have not been collected and therefore do not provide current financial resources. This is the amount that these revenues have changed during the current period.	16,934
Changes in the proportionate share of net pension liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transacations is to increase net position.	351,830
Change in Net Position of Governmental Activities	$ 476,656

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

CITY OF BROWNFIELD, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds			
	Power & Light Fund	Water & Sewer Fund	Sanitation Fund	Non-major Enterprise Fund
Assets				
Current Assets				
Cash & Cash Equivalents	$ 3,330,209	$ 164,684	$ 96,787	$ -
Accounts Receivable, Net	507,681	150,575	59,348	-
Inventories	87,510	40,782	-	-
Restricted Assets				
Cash Restricted for Deposits	935,029	-	-	-
Net Pension Asset	82,284	75,520	132,004	-
Non-current Assets				
Property, Plant, & Equipment				
Land	15,696	390,678	136,787	-
Depreciable Assets, Net of Depreciation	805,511	4,215,844	2,312,460	618,103
Investment in Water Facilities, Net of Amortization	-	3,367,482	-	-
Total Assets	$ 5,763,920	$ 8,405,565	$ 2,737,386	$ 618,103
Deferred Outflows of Resources				
Deferred Outflows - Pension Items	$ 47,820	$ 43,889	$ 76,715	$ -
Deferred Outflows - Pension Contributions	34,590	31,747	55,491	-
Deferred Charges - Bond Defeasement	-	2,915	-	-
Total Deferred Outflows of Resources	$ 82,410	$ 78,551	$ 132,206	$ -
Total Assets & Deferred Outflows of Resources	$ 5,846,330	$ 8,484,116	$ 2,869,592	$ 618,103
Liabilities				
Current Liabilities				
Accounts Payable	$ 415,680	$ 48,529	$ 12,941	$ -
Accrued Expenses	20,191	9,416	28,918	-
Non-current Liabilities				
Customer Deposits	935,029	-	-	-
Due Within One Year - Bonds	-	302,316	-	-
Due in More Than One Year - Bonds	-	2,854,018	-	-
Due in More Than One Year - Landfill Closure Liability	-	-	349,108	-
Premium on Bond Issuance, Net of Amortization	-	363,899	-	-
Total Liabilities	$ 1,370,900	$ 3,578,178	$ 390,967	$ -
Deferred Inflows of Resources				
Deferred Inflows - Pension Items	$ 118,114	$ 108,405	$ 189,485	$ -
Total Liabilities & Deferred Inflows of Resources	$ 1,489,014	$ 3,686,583	$ 580,452	$ -
Net Position				
Net Investment in Capital Assets	$ 821,207	$ 4,453,771	$ 2,449,247	$ 618,103
Restricted for Pension	82,284	75,520	132,004	-
Unrestricted	3,453,825	268,242	(292,111)	-
Total Net Position	$ 4,357,316	$ 4,797,533	$ 2,289,140	$ 618,103

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

Total Enterprise Funds	Governmental Activities Internal Service Fund
$ 3,591,680	$ 200,770
717,604	-
128,292	-
935,029	-
289,808	-
543,161	-
7,951,918	-
3,367,482	-
$ 17,524,974	$ 200,770
$ 168,424	$ -
121,828	-
2,915	-
$ 293,167	$ -
$ 17,818,141	$ 200,770
$ 477,150	$ -
58,525	-
935,029	-
302,316	-
2,854,018	-
349,108	-
363,899	-
$ 5,340,045	$ -
$ 416,004	$ -
$ 5,756,049	$ -
$ 8,342,328	$ -
289,808	-
3,429,956	200,770
$ 12,062,092	$ 200,770

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, 2018

	Business-Type Activities - Enterprise Funds			
	Power & Light Fund	Water & Sewer Fund	Sanitation Fund	Non-major Enterprise Fund
Operating Revenues				
Charges for Services	$ 8,426,660	$ 2,779,069	$ 1,481,781	$ -
Penalties	13,256	4,506	2,185	-
Licenses & Permits	2,742	9,313	-	-
Rents	24,846	-	-	-
Miscellaneous & Other Revenues	1,050	3,200	11,291	-
Total Operating Revenues	$ 8,468,554	$ 2,796,088	$ 1,495,257	$ -
Operating Expenses				
Personnel Services	$ 518,044	$ 470,255	$ 870,895	$ -
Supplies & Materials	167,538	267,854	87,835	-
Contractual Purchases	4,679,046	534,631	-	-
Maintenance	10,054	8,268	114,839	-
Other Operating Costs	161,675	267,632	75,303	-
Amortization of Water Rights	-	346,194	-	-
Depreciation	160,038	328,674	289,035	197,755
Landfill Closure Cost Amortization	-	-	17,569	-
Total Operating Expenses	$ 5,696,395	$ 2,223,508	$ 1,455,476	$ 197,755
Operating Income (Loss)	$ 2,772,159	$ 572,580	$ 39,781	$ (197,755)
Non-operating Revenues (Expenses)				
Interest Income	$ 59,570	$ 1,729	$ 1,729	$ -
Interest Expense	-	(116,850)	-	-
Total Non-operating Revenues (Expenses)	$ 59,570	$ (115,121)	$ 1,729	$ -
Net Income (Loss) Before Contributions & Transfers	$ 2,831,729	$ 457,459	$ 41,510	$ (197,755)
Contributions & Transfers				
Transfers In	-	-	541,558	-
Non-cash Contribution Related to Debt Refunding	-	126,092	-	-
Transfers Out	(2,728,612)	(721,490)	-	-
Change in Net Position	$ 103,117	$ (137,939)	$ 583,068	$ (197,755)
Total Net Position - Beginning	4,236,766	5,200,524	1,676,779	815,858
Prior Period Adjustment	17,433	(265,052)	29,293	-
Total Net Position - Ending	$ 4,357,316	$ 4,797,533	$ 2,289,140	$ 618,103

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

Total Enterprise Funds	Governmental Activities Internal Service Fund
$ 12,687,510	$ 11,145
19,947	-
12,055	-
24,846	-
15,541	-
$ 12,759,899	$ 11,145
$ 1,859,194	$ -
523,227	-
5,213,677	-
133,161	-
504,610	-
346,194	-
975,502	-
17,569	-
$ 9,573,134	$ -
$ 3,186,765	$ 11,145
$ 63,028	$ 1,940
(116,850)	-
$ (53,822)	$ 1,940
$ 3,132,943	$ 13,085
541,558	-
126,092	-
(3,450,102)	-
$ 350,491	$ 13,085
11,929,927	187,685
(218,326)	-
$ 12,062,092	$ 200,770

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, 2018

	Buisness-Type Activities - Enterprise Funds			
	Power & Light Funds	Water & Sewer Funds	Sanitation Fund	Non-major Enterprise Fund
Cash Flows from Operating Activities				
Receipts from Customers	$ 8,320,930	$ 2,769,894	$ 1,479,669	$ -
Payments to Suppliers	(4,893,388)	(817,457)	(198,216)	-
Payments to Employees	(562,550)	(516,925)	(942,963)	-
Other Payments	(161,674)	(267,632)	(75,303)	-
Other Receipts	25,896	3,200	11,291	-
Net Cash Provided (Used) by Operating Activities	$ 2,729,214	$ 1,171,080	$ 274,478	$ -
Cash Flows from Non-capital Financing Activities				
Change in Customer Deposits	$ 86,030	$ -	$ -	$ -
Transfers from (to) Other Funds - Net	(2,728,612)	(721,490)	541,558	-
Net Cash Provided (Used) by Financing Activities	$ (2,642,582)	$ (721,490)	$ 541,558	$ -
Cash Flows from Capital & Related Financing Activities				
Purchase of Capital Assets	$ (17,837)	$ (139,594)	$ (892,553)	$ -
Payment on CRMWA Note Contracts Including Interest	-	(500,352)	-	-
Net Cash Provided (Used) by Capital & Related Financing Activities	$ (17,837)	$ (639,946)	$ (892,553)	$ -
Cash Flows from Investing Activities				
Interest Income	$ 59,570	$ 1,729	$ 1,729	$ -
Net Cash Provided (Used) by Investing Activities	$ 59,570	$ 1,729	$ 1,729	$ -
Net Increase (Decrease) in Cash & Cash Equivalents	$ 128,365	$ (188,627)	$ (74,788)	$ -
Cash & Cash Equivalents - Beginning of Year	4,136,873	353,311	171,574	-
Cash & Cash Equivalents - End of Year	$ 4,265,238	$ 164,684	$ 96,787	$ -
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ 2,772,160	$ 572,580	$ 39,781	$ (197,755)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	160,038	328,674	289,035	197,755
Amortization	-	346,194	-	-
Landfill Closure Expense	-	-	17,569	-
(Increase) Decrease in Receivables	(121,729)	(22,994)	(4,296)	-
(Increase) Decrease in Inventories	(1,979)	(2,205)	-	-
(Increase) Decrease in Net Pension Asset	(139,953)	(128,450)	(224,521)	-
(Increase) Decrease in Deferred Outflows	25,270	23,193	40,539	-
Increase (Decrease) in Payables	(34,770)	(4,500)	4,458	-
Increase (Decrease) in Accrued Liabilities	(241)	(6,042)	(1,055)	-
Increase (Decrease) in Deferred Inflows	70,418	64,630	112,969	-
Net Cash Provided (Used) by Operating Activities	$ 2,729,214	$ 1,171,080	$ 274,478	$ -
Reconciliation of Cash & Cash Equivalents				
Unrestricted Cash	$ 3,330,209	$ 164,684	$ 96,787	$ -
Restricted Cash	935,029	-	-	-
Total Cash & Cash Equivalents	$ 4,265,238	$ 164,684	$ 96,787	$ -

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

Total Enterprise Funds	Governmental Activities Internal Service Fund
$ 12,570,493	$ -
(5,909,061)	-
(2,022,438)	-
(504,609)	-
40,387	11,145
$ 4,174,772	$ 11,145
$ 86,030	$ -
(2,908,544)	-
$ (2,822,514)	$ -
$ (1,049,984)	$ -
	-
$ (1,049,984)	$ -
$ 63,028	$ 1,940
$ 63,028	$ 1,940
$ (135,050)	$ 13,085
4,661,758	187,685
$ 4,526,709	$ 200,770
$ 3,186,765	$ 11,145
975,502	-
346,194	-
17,569	-
(149,019)	-
(4,184)	-
(492,924)	-
89,002	-
(34,812)	-
(7,338)	-
248,017	-
$ 4,174,772	$ 11,145
3,591,680	$ 200,770
935,029	-
$ 4,526,709	$ 200,770

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

CITY OF BROWNFIELD, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018

Scholarship Fund

Assets	
Cash in Bank	$ 32,424
Total Assets	$ 32,424
Liabilities	
Due to Current & Future Scholarship Recipients	$ 32,424
Total Liabilities	$ 32,424

The accompanying notes are an integral part of financial statements.

Note A: Summary of Significant Accounting Policies

The accompanying financial statements of the City of Brownfield, Texas (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles for state and local governments. The more significant accounting policies established in GAAP and used by the City are discussed below.

1. The Reporting Entity

Primary Government

The City was incorporated under the provisions of the State of Texas in 1921. The City has a council-manager form of government and provides services as authorized by its charter, which includes but are not limited to the following: judicial and legal, street, police, fire department, emergency management, public, parks and recreation, inspection, tourism, electric power and light, water, sewer, sanitation, and general administrative services.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the City Council (Council). The Council is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the GASB in its Statement No. 61, *The Financial Reporting Entity: Omnibus.*

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity are provided under GASB Statements Nos. 61, 39, and 14. The City has determined that it has one component unit that is discretely presented on the government-wide financial statements.

Component Unit

Brownfield Industrial Development Corporation (BID Corp) – The Council approved the articles of incorporation and bylaws of BID Corp, a legally separate entity from the City, in February 1990. An additional one-half of one percent sales tax increase was approved by the City's voters for economic and industrial development for BID Corp. 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 within the constraints of Texas statutes regarding economic development corporations. The mission includes working to create an environment conducive for industrial growth through qualified incentive plans and grants, as well as promoting the City as a desired location for business and industry to move to and develop.

Note A: Summary of Significant Accounting Policies (Continued)

1. The Reporting Entity (Continued)

Component Unit (Continued)

BID Corp operates under House Bill 2928 and Section 4A of the Development Corporation Act, as approved by the Texas Legislature. BID Corp records and reports its financial transactions under the accrual basis of accounting. BID Corp is discretely presented because its Board of Directors is appointed by the Council and the City can impose its will on BID Corp.

BID Corp issues a separate set of financial statements which may be obtained by contacting:

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation – Government-Wide Financial 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 the primary activities (functions) as either governmental or business-type. The City's general administrative, judicial and legal, street, police, fire department, emergency management, public, parks and recreation, inspection, and tourism services are classified as governmental activities. The City's power and light, water and sewer, and sanitation services 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 and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and deferred outflows of resources as well as all long-term debt and deferred inflows of resources. The City's net position is reported in three parts – net investment in capital assets, restricted net positon, 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 (street, sanitation, etc.), as well as the general revenues (property and other taxes, investment income, etc.) that support them. The gross cost (expenses, including depreciation) is reduced by program revenues, operating grants, and capital grants, all of which must be directly related to a specific function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs are normally covered by general revenues which are considered any revenues not classified as program revenues. The City does not allocate indirect costs.

Note A: Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

a. Basis of Presentation – Government-Wide Financial Statements (Continued)

Eliminations have been made on both statements to minimize the double-counting of internal activities.

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.

b. Basis of Presentation – 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The emphasis of fund financial statements is on major governmental/business-type/fiduciary funds, with each major fund displayed in a separate column on their set of fund-type financial statements (governmental/proprietary/fiduciary). All remaining governmental/business-type/fiduciary funds are aggregated by their fund type and reported as non-major funds in their separate fund-type financials.

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 current financial position and changes in current 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 Fund:

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

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Note A: Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

   b. Basis of Presentation – Fund Financial Statements (Continued)

      1. Governmental Funds (Continued):

         Non-major Funds:

         Special Revenue Funds – The City currently has five special revenue funds, none of which qualify as major.

         Municipal Court Technology Fund – This fund accounts for revenues statutorily required to be used for security and technology maintenance and improvements for the Municipal Court.

         Hamilton Park Fund – This fund accounts for donations and the related interest on the donations that are required by donor restrictions to be spent on the maintenance, operations, and enhancement of Hamilton Park.

         Seized Drug Fund – This fund accounts for assets seized through drug-related crimes which are required to be used to support both City police efforts and the Terry County Attorney unless a judge rules the assets must be returned to the person(s) they were seized from.

         Infrastructure Fund – This fund accounts for monies received via property insurance claims or property damage restitution that are used to help fund capital purchases by the various funds of the City. Unlike a capital projects fund which accounts for the purchase and construction of capital assets, this fund generally transfers the money to the fund making the capital outlay.

         Hotel-Motel Tax Fund – This fund is used to account for the receipt of the hotel-motel tax which is charged on daily hotel/motel rentals for stays of less than 30 days and the restricted usage of those funds for the statutorily allowed purposes of promoting tourism and the convention and hotel industries within the City.

      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. Enterprise funds deal with external consumers while internal service funds deal with other funds. The following is a description of the proprietary funds of the City.

Note A: Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

   b. Basis of Presentation – Fund Financial Statements (Continued)

      2. Proprietary Funds (Continued):

Major Enterprise Funds:

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

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

Sanitation Fund – This fund accounts for the revenues and expenses associated with providing sanitation and landfill services to the residents of the City.

Non-major Enterprise Fund:

Detention Facility Fund – This fund accounts for the rents received for leasing out the City's detention facility. During 2018 the facility was not rented out, but the costs of the facility are also accounted for in this fund.

Non-major Internal Service Fund:

Self-Insurance Fund – This fund was used to account for the City's self-managed health insurance plan, which the City ended a few years ago. However, there are still some claims being processed and a few unresolved items relating to that plan, and there is still cash and equity in the fund.

Internal service funds are used to account for services provided for or to other departments or funds of the City on a cost-reimbursement basis. Enterprise funds are 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. They can also be used when the government body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Note A: Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

b. Basis of Presentation – Fund Financial Statements (Continued)

2. Proprietary Funds (Continued):

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the enterprise fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses directly relate to the primary activity of the enterprise fund. Non-operating expenses are any expenses that do not qualify as operating expenses such as interest expense on long-term debt.

3. Agency (Fiduciary) Funds:

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. Formal budgetary accounting is not required for agency funds.

Scholarship Fund – This fund is currently the only agency fund of the City. The monies in the fund are held by the City to provide scholarships to school-aged children.

c. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. If any amounts are received before all eligibility requirements have been met, these amounts are treated as deferred revenues by the recipient and considered deferred inflows of resources.

WGH

Note A: Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

   c. Measurement Focus, Basis of Accounting (Continued)

   Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions and debt issuance costs are reported as expenditures in governmental funds. Proceeds from general long-term debt (net of any discount/premium) and acquisitions under capital leases are reported as other financing sources.

   Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However from that date forward, proprietary funds will have the option of either (1) choosing not to apply future FASB standards (including amendments of earlier pronouncements) or (2) continuing to follow new FASB pronouncements unless they conflict with or contradict GASB guidance. The City has chosen to apply future FASB standards.

3. Financial Statement Amounts

   a. Cash and Cash Equivalents

   For purposes of the statement of cash flows, the City considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

   As of September 30, 2018, the City has no investments other than interest-bearing savings and money market accounts. These investments are not subject to the fair value standards under GASB Statement No. 72, *Fair Value Measurement and Application*, because they are not measured at fair value but instead at cost or amortized cost.

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Note A: Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected within 60 days after the close of the fiscal year. The amount of taxes levied for the City on October 1, 2017 was $1,265,278.

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

c. Inventories

Inventories of certain parts and supplies are recorded in both the governmental and business-type activities and are charged to expenditures/expenses as consumed.

BID Corp has land holdings in the form of an industrial park. This land is being held by BID Corp as inventory and it is reflected as such on the financial statements.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The City has elected not to retroactively report its infrastructure assets. Infrastructure assets acquired after the implementation of GASB 34 will be capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used, except for land which is always capitalized regardless of cost.

Capital assets are depreciated using the straight-line method over these estimated useful lives:

Infrastructure	10-30
Buildings	20-50
Building Improvements	10-20
Machinery, Equipment, and Vehicles	5-10

Note A: Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

e. Disaggregation of Accounts Receivable and Allowance for Uncollectible Accounts

Estimated uncollectible receivables are charged to current operations under the allowance method of accounting. The allowance for uncollectible balances at September 30, 2018, for the various accounts included in the financial statements is as follows:

	Total Receivables	Estimated Uncollectible Accounts	Net Receivable
Governmental Activities:			
Ad Valorem Taxes	$ 103,061	$ 12,135	$ 90,926
Sales Taxes	85,261	-	85,261
Franchise Taxes	24,772	-	24,772
Due from Appraisal District	5,461	-	5,461
Subtotal	$ 218,555	$ 12,135	$ 206,420
Hotel-Motel Tax (Restricted)	66,734	-	66,734
Total Governmental Activities	$ 285,289	$ 12,135	$ 273,154
Business-Type Activities:			
Power and Light	$ 524,657	$ 16,976	$ 507,681
Water and Sewer	159,630	9,055	150,575
Sanitation	64,348	5,000	59,348
Total Business-Type Activities	$ 748,635	$ 31,031	$ 717,604

BID Corp's only receivables are sales taxes and they will be fully collected.

f. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statements of net position for both the government-wide statements and the proprietary fund statements will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. The governmental funds balance sheet will sometimes report a separate section for the deferred inflows of resources. The separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has several items which qualify for reporting in these categories and they are described below.

Note A: Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

f. Deferred Outflows/Inflows of Resources (Continued)

Governmental Funds: The City currently has only one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting as a deferred inflow of resources. This item, unavailable revenue from property taxes, is reported only in the governmental fund balance sheet and it is deferred and recognized as an inflow of resources in the period when the amounts become available. The amount of unearned revenue reported as of September 30, 2018 is $81,909.

Government-wide and Proprietary Funds: The City is a member of the Canadian River Municipal Water Authority (CRMWA – See Note E) and has agreed to pay its share of the bonds CRMWA has issued. During the year, CRMWA performed an advance refunding and defeased one of the outstanding bond issues. This created deferred charges to be recognized in the following year. The City has recognized its share of the deferred charges in its Water and Sewer Fund and recorded a deferred outflow of resources in the amount of $2,915 as of September 30, 2018. In addition, the City, under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, reports contributions to the Texas Municipal Retirement System (TMRS) and Texas Emergency Services Retirement System (TESRS) after the measurement date as deferred outflows of resources as well as certain pension items provided by TMRS and TESRS as deferred outflows of resources and deferred inflows of resources. As of September 30, 2018, the City reported $278,159; $121,828; and $10,029 of contributions after the measurement date for governmental activities, business-type activities, and BID Corp, respectively, for a total of $410,016. The City also reported $380,493; $168,424; and $13,865 as deferred outflows of resources from pension items for governmental activities, business-type activities, and BID Corp, respectively, for a total of $562,782. The City also reported $937,795; $416,004; and $34,246 as deferred inflows of resources from pension items for governmental activities, business-type activities, and BID Corp, respectively, for a total of $1,388,045.

g. Net Position

In the government-wide financial statements and the proprietary fund financial statements, equity is classified as net position. Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The City reports three categories of net position, as follows:

- Net investment in capital assets: consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Note A: Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

g. Net Position (Continued)

- Restricted net position: net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the City's bonds, or by law through enabling legislation.

- Unrestricted net position: consists of all other net position that does not meet the definition of the above two components and is available for general use by the City.

h. Governmental Fund Balances

In the governmental funds financial statements, equity is classified as fund balance. Fund balance is further classified as follows.

- Non-spendable fund balance: includes fund balance amounts that cannot be spent either because it is not in spendable form (*e.g.* inventories) or because of legal or contractual requirements (*e.g.* endowments).

- Restricted fund balance: includes fund balance amounts which are constrained for specific purposes which are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed fund balance: includes fund balance amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council (highest level of decision-making authority). These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution or ordinance) that was employed when the funds were initially committed. Currently, the City does not have any committed fund balances.

- Assigned fund balance: includes fund balance amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be stipulated by the City Council. With the exception of the General Fund, this is the residual fund balance of the classification for all governmental funds with positive fund balances.

- Unassigned fund balance: includes the residual fund balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, assigned, or determined to be non-spendable. Negative residual fund balances in other governmental funds are also classified as unassigned.

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Note A: Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

h. Governmental Fund Balances (Continued)

In regard to both net position and fund balance, when the City incurs an expense or expenditure for which both restricted and unrestricted resources may be used, it is the City's general policy to use restricted resources first, then unrestricted resources. If multiple categories of fund balances (restricted, committed, assigned, etc.) apply, the most restricted funds will be used before less restricted funds. However, the City reserves the right to use unrestricted net position or a lower-restricted fund balance category depending on the intended use of or legal requirements for the resources. Management typically makes this decision on a transactional basis when this type of expense/expenditure occurs.

i. Inter-fund Activity

Inter-fund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as inter-fund 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 or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide Statement of Activities. Similarly, inter-fund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide Statement of Net Position.

j. Use of Estimates

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

k. Compensated Absences

The City provides its employees both paid vacation and sick time. Employees with one to nine years of service earn two weeks of vacation time a year, and employees with more than nine years of service earn three weeks. Unused vacation is accumulated and an employee can carry over up to two weeks of vacation time from the previous year. Upon separation from service, any unpaid vacation is paid to the employee unless the employee has less than a year of service. The City books a liability for accrued unpaid vacation.

WSH

Note A: Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

k. Compensated Absences (Continued)

Employees accrue 10 hours of sick time at the end of each month, which can be used immediately upon accrual. Sick time accrues up to 480 hours and unused sick time carries over until separation from service. However, any accumulated hours are not paid out upon separation from service. No liability is recorded for unpaid sick time.

l. Pensions

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Positions of TMRS and TESRS and additions to/deductions from TMRS's and TESRS's Fiduciary Net Positions have been determined on the same basis as they are reported by TMRS and TESRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee or would have been reported for the volunteer firefighter, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note B: Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provisions, if any, must be reported with actions taken to address such violations.

- For the year ended September 30, 2018, the City over-expended the General Fund in four functional areas and in total (See Exhibit F-1). The City will be more diligent in monitoring its actual expenditures compared to the City's adopted budget in future years.

2. Deficit Fund Balance or Fund Net Position of Individual Funds

- As of September 30, 2018, the City reported a deficit fund balance in its General Fund of $12,609. This arose primarily because the City incurred more of the cost of the new fire station than budgeted due to faster construction which also means less cost will be incurred next year. The City will be more diligent in monitoring its actual expenditures and will transfer additional amounts from the Power and Light Fund, which has a large positive net position, in future years if necessary.

W&H

Note C: Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash Deposits

At September 30, 2018, the carrying amount of the City's deposits (cash, money market accounts, and interest bearing savings accounts included in temporary investments) was $5,897,404 and the bank balance was $6,083,213. The City's cash deposits at September 30 and during the year then ended were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

At September 30, 2018, BID Corp's cash deposit balance was $1,356,131 and bank balance was $1,392,316. The cash at September 30, 2018 and during 2018 were entirely covered by FDIC insurance or under the umbrella of the City's pledged collateral.

Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written. And it 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.

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include with certain restrictions, (1) obligations of the U.S. Treasury, 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 City had no investments at September 30, 2018 other than money market and savings accounts included in cash above.

Note C: Deposits and Investments (Continued)

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

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Note D: Capital Assets

Capital asset activity for governmental activities for the period ended September 30, 2018, was as follows:

Governmental Activities:	Balance 10-01-17	Additions	Deletions	Balance 9-30-18
Land	$ 627,913	$ -	$ -	$ 627,913
Construction in Progress – Fire Dept.	337,636	1,641,628	-	1,979,264
Infrastructure	2,505,733	-	-	2,505,733
Buildings & Improvements	4,387,630	82,825	-	4,470,455
Equipment	15,671,533	176,718	-	15,848,251
Total Capital Assets	$ 23,530,445	$ 1,901,171	$ -	$ 25,431,616
Less: Accumulated Depreciation				
Infrastructure	$ 2,096,998	$ 103,988	$ -	$ 2,200,986
Buildings & Improvements	1,011,873	260,794	-	1,272,667
Furniture and Equipment	12,188,499	218,113	-	12,406,612
Total Accumulated Depreciation	$ 15,297,370	$ 582,895	-	$ 15,880,265
Net Capital Assets	$ 8,233,075	$ 1,318,276	$ -	$ 9,551,351

Depreciation was charged to functions of the Governmental Activities as follows:

Central Administration	$ 9,333
Public Safety - Police	213,173
Public Safety - Fire	54,952
Streets & Highways	103,988
Emergency Management/	4,104
Parks and Recreation	197,345
Total Depreciation Expense	$ 582,895

W&H

Note D: Capital Assets (Continued)

Capital asset activity for business-type activities for the period ended September 30, 2018, was as follows:

Business-Type Activities:	Balance 10-01-17	Additions	Deletions/ Transfers	Balance 9-30-18
Land	$ 543,163	$ -	$ -	$ 543,163
Construction in Progress – Landfill	48,873	-	(48,873)	-
Buildings & Improvements	4,044,409	-	-	4,044,409
Equipment	7,303,210	900,555	48,873	8,252,638
Electric Infrastructure	1,502,672	9,835	-	1,512,507
Water Infrastructure	2,440,094	-	-	2,440,094
Sewer Infrastructure	4,785,451	139,594	-	4,925,045
Assets Being Amortized:				
Water Rights	5,863,570	-	-	5,863,570
Total Capital Assets	$ 26,531,442	$ 1,049,984	$ -	$ 27,581,426
Less Accumulated Depreciation:				
Buildings & Improvements	$ 3,695,119	$ 147,069	$ -	$ 3,842,188
Equipment	3,995,496	488,886	-	4,484,382
Electric Infrastructure	790,792	105,026	-	895,818
Water Infrastructure	1,003,028	86,747	-	1,089,775
Sewer Infrastructure	2,762,840	147,774	-	2,910,614
Accumulated Amortization				
Water Rights	2,149,894	346,194	-	2,496,088
Total Accumulated Depreciation/Amortization	$ 14,397,169	$ 1,321,696	$ -	$ 15,718,865
Assets and Water Rights, Net of Depreciation/Amortization	$ 12,134,273	$ (271,712)	$ -	$ 11,862,561

Depreciation and amortization was charged to Business-Type Activities as follows:

Depreciation – Power & Light	$ 160,038
Depreciation – Water & Sewer	328,674
Depreciation – Sanitation	289,035
Depreciation – Intermediate Sanction Facility	197,755
Total Depreciation Expense	$ 975,502
Amortization – Water & Sewer	$ 346,194
Total Depreciation and Amortization Expense	$ 1,321,696

Note E: Long-Term Debt

1. Business-Type Activities

CRMWA Investment in Water Facilities: The City, along with several West Texas municipalities, entered into various contracts with the Canadian River Municipal Water Authority (CRMWA), to participate in the construction and maintenance of water gathering, holding, treatment, and transmission facilities. Under the agreements, CRMWA agreed to issue revenue bonds to finance construction and maintenance of the facilities and the City agreed to pay back their share of the total annual debt service requirements.

CRMWA is a water district that was created in 1953 by the Texas Legislature to construct a dam, water reservoir, and aqueduct system for the purpose of supplying water to surrounding cities. Its geographic area includes the surface water in the Texas Panhandle known as Lake Meredith, a series of underground wells, and the aqueduct system, which supplies 11 cities.

The 11 cities that are members of the aqueduct system have the right to elect the 19 members of the CRMWA governing board. The City's contractual share of the available water is approximately 2.37%. Each member may sell part or all of its rights under the contract to other members of the aqueduct system. Each member city is assessed its proportionate share of operating costs, which are accounted for by the City as operating costs.

Transactions between CRMWA and the City consisted of payments to CRMWA for the City's share of costs of operations, water pumping and chemical costs, and debt service as follows for the year ended September 30, 2018:

Costs of Operations	$ 440,549
Water Pumping and Chemical Costs	94,082
Debt Service	500,352
Total	$ 1,034,983

Although member cities have the right to elect the members of the CRMWA board, the City does not report this contract as a joint venture due to the following factors: (1) CRMWA was created by the State of Texas and is a subdivision thereof, as opposed to having been created by the members of CRMWA; (2) the City has no vested rights to the assets of CRMWA, nor responsibility for its liabilities, other than the City's proportionate share of the contractual construction obligations.

During 2018 CRMWA performed an advance refunding to defease their 2009 Contract Revenue Bonds. Some of the proceeds from the refunding and from prior refundings were used to pay off the BUREC bond and the remaining amounts will be held to pay off future obligations. The refunding created a new bond issue, the 2017 Refunding of the 2009 Contract Revenue Bonds. This bond also carried a premium, of which the City's share is $28,950, and deferred charges, of which the City's share is $14,371.

Note E: Long-Term Debt (Continued)

1. Business-Type Activities (Continued)

The remaining unamortized premium on the 2009 bonds (City's share is $4,065) has been netted against the deferred charges, and those net deferred charges will be amortized over 16 months. The portion amortized this year is considered an addition to interest expense. The remaining unamortized net deferred charges (City's share is $2,915) are reported as deferred outflows of resources on the Statement of Net Position and will be recognized as interest expense next year.

Changes in long-term obligations for the year ended September 30, 2018 are as follows and details of each bond follow below the changes:

CRMWA Contracted Debt	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Series 1999-2010 Refunding	$ 54,998	$ -	$ 15,201	$ 39,797	$ 28,221
Series 1999 BUREC 2010 Ref	149,305	-	149,305	-	-
Series 2011	1,423,109	-	79,472	1,343,637	83,251
Series 2005-2012 Refunding	901,314	-	27,529	873,785	28,752
Series 2005-2014 Refunding	201,201	-	83,603	117,598	87,845
Series 2006-2014 Refunding	578,001	-	50,188	527,813	52,679
Series 2009-2017 Refunding	324,809	252,001	323,106	253,704	21,568
Premium on Bond Issuance	393,295	28,950	58,346	363,899	-
Total	$ 4,026,032	$ 280,951	$ 786,750	$ 3,520,233	$ 302,316

CRMWA Contracted Debt – Descriptions	Interest Rate	Maturity	Amount Outstanding 9-30-18	Interest Expense 9-30-18
Contract Revenue Bonds, Series 1999, Partial Ref 2010	3.0% to 3.5%	2-15-20	$ 39,797	$ 1,967
Contract Revenue Bonds, Series 1999 BUREC Ref of 2010	3.0% to 5.0%	10-1-18	-	(685)
Contract Revenue Bonds, Series 2011	3.0% to 5.0%	2-15-31	1,343,637	67,563
Contract Revenue Bonds, Series 2012, Refunded 2005	4.50%	2-15-25	873,785	45,064
Contract Revenue Bonds, Series 2014, Refunded 2005	2.0% to 5.0%	2-15-20	117,598	10,377
Contract Revenue Bonds, Series 2014, Refunded 2006	2.0% to 5.0%	2-15-27	527,813	29,102
Contract Revenue Bonds, Series 2009, Refunded 2017	3.0% to 5.0%	2-15-29	253,704	8,400
Total			$ 3,156,334	$ 161,788

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Note E: Long-Term Debt (Continued)

1. Business-Type Activities (Continued)

Debt Service requirements of all long-term debt outstanding at September 30, 2018, are as follows:

	Principal	Interest	Total
Year Ending September 30,			
2019	$ 302,316	$ 150,892	$ 453,208
2020	315,880	137,209	453,089
2021	327,962	122,243	450,205
2022	344,032	106,234	450,266
2023	361,157	89,305	450,462
2024-2028	1,193,624	210,781	1,404,405
2029-2033	311,363	23,620	334,983
Totals	$ 3,156,334	$ 840,284	$ 3,996,618

Note F: Landfill Obligation

The City currently operates one active landfill site. State and federal laws and regulations require the City to place a final cover on its operating 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 Statement of Net Position date. The $349,108 reported as landfill closure and post-closure care liability as of September 30, 2018 represents the cumulative amount reported to date based on the use of 11.47% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of $2,694,629 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post closure-care in 2018. Based on current demographic information and engineering estimates of landfill consumption, the City expects to close the landfill in approximately 2065. Actual costs 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 costs. 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.

Note G: TMRS-Pension Plan

Plan Description

The City of Brownfield participates as one of 883 plans in the non-traditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8 Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publically available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com*.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit and plan 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.

Plan provisions for the City were as follows:

	Plan Year 2017	Plan Year 2018
Employee Deposit Rate	5.0%	5.0%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	10	10
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/10, 0/25	60/10, 0/25
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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	44
Inactive Employees Entitled to but Not Yet Receiving Benefits	31
Active Employees	90
Total	165

Note G: TMRS-Pension Plan (Continued)

Contributions

The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under 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 for the City of Brownfield were 7.62% and 6.04% in calendar years 2017 and 2018, respectively. However, the City elected to use a contribution rate of 15.35% for both years. The City's contributions to TMRS for the year ended September 30, 2018 were $572,030, and exceeded the required contributions.

Net Pension Liability/Asset

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions

The TPL in the December 31, 2017 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%. Based on the size of the city, rates are multiplied by an additional factor of 100%. 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 male 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 members 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.

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Note G: TMRS-Pension Plan (Continued)

Net Pension Liability/Asset (Continued)

Actuarial assumptions (Continued)

Actuarial assumptions used in the December 31, 2017, valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Assumptions are reviewed annually and as a result there were no assumption changes during the year.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). 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%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

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Note G: TMRS-Pension Plan (Continued)

Net Pension Liability/Asset (Continued)

Discount Rate

The discount rate used to measure the TPL 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 TPL.

Change in Net Pension Liability/(Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balance at 12/31/16	$ 17,736,841	$ 17,059,120	$ 677,721
Changes for the year:			
Service Cost	376,257	-	376,257
Interest (on the Total Pension Liability)	1,182,912	-	1,182,912
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(113,999)	-	(113,999)
Changes of Assumptions	-	-	-
Contributions – Employer	-	558,562	(558,562)
Contributions – Employee	-	181,943	(181,943)
Net Investment Income	-	2,362,236	(2,362,236)
Benefit Payments, Including Refunds of Employee Contributions	(800,682)	(800,682)	-
Administrative Expense	-	(12,253)	12,253
Other Changes	-	(621)	621
Net Changes	$ 644,488	$ 2,289,184	$ (1,644,696)
Balance at 12/31/17	$ 18,381,329	$ 19,348,304	$ (966,975)

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

The following presents the net position liability/(asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability/(asset) 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:

Note G: TMRS-Pension Plan (Continued)

Net Pension Liability/Asset (Continued)

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability/(Asset)	$ 1,379,095	$ (966,975)	$ (2,908,876)

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*.

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

For the year ended September 30, 2018, the City recognized pension expense of $51,837.

At September 30, 2018, 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	$ -	$ 419,238
Changes in Actuarial Assumptions	71,274	-
Differences Between Projected and Actual Investment Earnings	490,691	968,808
Contributions Subsequent to the Measurement Date	406,490	-
Total	$ 968,455	$ 1,388,046

$406,490 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Note G: TMRS-Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Fiscal Year Ended September 30	Net Deferred Outflows (Inflows) of Resources
2019	$ (128,603)
2020	(110,728)
2021	(326,602)
2022	(260,148)
2023	-
Thereafter	-
Total	$ (826,081)

Note H: TESRS-Pension Plan for Volunteer Firefighters

The City provides volunteer firefighters with pension coverage through the Texas Emergency Services Retirement System (TESRS).

Plan Description

TESRS administers a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. TESRS is governed by a nine member board of trustees, with at least five of the trustees being active members of the pension system. TESRS issues a stand-alone financial report that is available to the public at *www.tesrs.org*. TESRS operates on a fiscal year ending August 31 with the fiscal year ending August 31, 2017 being the latest available financial data. At August 31, 2017, there were 235 contributing fire and/or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department. On August 31, 2017, the pension system membership consisted of:

	TESRS	City of Brownfield
Retirees and Beneficiaries Currently Receiving Benefits	3,104	3
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,208	-
Active Participants (Vested and Non-vested)	4,046	8
Total	9,358	11

Note H: TESRS-Pension Plan for Volunteer Firefighters (Continued)

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with fifteen years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of fifteen years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

Contributions are made by the City for their volunteer firefighters, the City's only emergency services personnel who are eligible for TESRS. No contributions are required from the individuals who are members of TESRS, nor are they allowed. The City is required to make contributions for each month a member performs emergency services (this minimum contribution is $36 per member and the City may make a higher monthly contribution for its volunteers). This is referred to as a Part One contribution, which is the legacy portion of the TESRS contribution that directly impacts future retiree annuities.

The State of Texas is required to contribute an amount necessary to make TESRS "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State of Texas are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years (even-numbered) based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the Board of Trustees to be 2% of the Part One contributions beginning September 1, 2017.

Note H: TESRS-Pension Plan for Volunteer Firefighters (Continued)

Funding Policy (Continued)

Additional contributions may be made by governing bodies within two years of joining TESRS, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in TESRS.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions are made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into TESRS. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to the benefit payments paid by TESRS.

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2017, total contributions of $5,012,131 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The State of Texas appropriated $1,583,825 for the fiscal year ending August 31, 2017. The City contributed $3,525 to TESRS during its fiscal year ending September 30, 2018.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed below.

The most recently completed biennial actuarial valuation as of August 31, 2016 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the State of Texas. The expected contributions from the State of Texas are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately $725,000 each year to pay for part of the TESRS's administrative expenses.

Net Pension Liability

The System's net pension liability (NPL) was measured as of August 31, 2017, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2016 and rolled forward to August 31, 2017.

Note H: TESRS-Pension Plan for Volunteer Firefighters (Continued)

Net Pension Liability (Continued)

	TESRS	City of Brownfield
Total Pension Liability	$ 129,121,466	$ 40,365
Plan Fiduciary Net Position	105,119,788	32,862
Net Pension Liability	$ 24,001,678	$ 7,503
Fiduciary Net Position as a Percentage of the Total Pension Liability	81.41%	81.41%

Actuarial Assumptions

The TPL in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.75% net of pension plan investment expense, including inflation

TESRS used the entry age actuarial cost method for the August 31, 2016 actuarial valuation. The amortization method was the level dollar, open method and the amortization period was 30 years. The asset valuation method used was market value smoothed by a 5-year deferred recognition method with an 80%/120% corridor on market value. There were no cost of living adjustments.

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net a pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.22% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Note H: TESRS-Pension Plan for Volunteer Firefighters (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large Cap Domestic	32%	5.72%
Small Cap Domestic	10	5.96
Developed International	21	6.21
Emerging Markets	6	7.18
Master Limited Partnership	5	7.61
Fixed Income		
Domestic	21	1.61
International	5	1.81
Cash	0	0.00
Total	100%	
Weighted Average		4.97%

Discount Rate

The discount rate used to measure the TPL was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2016 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's Fiduciary Net Position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the NPL of TESRS and of the City, calculated using the discount rate of 7.75%, as well as what TESRS's NPL and the City's NPL would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
TESRS's Net Pension Liability	$ 44,821,241	$ 24,001,678	$ 10,867,631
City's Net Pension Liability	$ 14,012	$ 7,503	$ 3,397

Note H: TESRS-Pension Plan for Volunteer Firefighters (Continued)

Net Pension Liability (Continued)

At August 31, 2017, the City reported a liability of $7,503 for its proportionate share of TESRS's NPL. The amount recognized by the City as its proportionate share of the NPL, the related State support, and the total portion of the NPL that was associated with the City were as follows:

City's Proportionate Share of the Collective NPL	$	7,503
State's Proportionate Share that is Associated with the City*		3,653
Total	$	11,156

**Calculated using the City's proportionate share of contributions (excluding State contributions from the ratio) multiplied by the State's share of the collective NPL.*

The TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2016. GASB Statement No. 68 requires the NPL to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward (nor did they provide the necessary information for the participants to roll forward) the NPL to be measured as of a date no earlier than the end of the City's prior fiscal year.

While the City acknowledges that the measurement date does not fall within this twelve-month period, the City elected to honor the conservatism principle and report the NPL measured as of August 31, 2017. The City used the assumption that any differences in the NPL measured as of August 31, 2017 versus September 30, 2017 would be immaterial. The City's proportionate share of the NPL was based on the City's contributions to TESRS relative to the contributions of all employers to TESRS for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the City's proportionate percentage of the collective NPL was 0.031%, which was greater than its proportionate percentage of 0.022% measured as of August 31, 2016.

There were no changes of assumptions or other inputs that affected measurement of the TPL during the measurement period.

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at *www.tesrs.org*. The separately issued actuarial valuations that may be of interest are also available at the same link.

WEH

Note H: TESRS-Pension Plan for Volunteer Firefighters (Continued)

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

For the year ended September 30, 2018, the City recognized pension expense of $1,574.

At September 30, 2018, the City reported its proportionate share of TESRS's 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	$ 8	$ -
Changes in Actuarial Assumptions	109	-
Differences Between Projected and Actual Investment Earnings	700	-
Contributions Subsequent to the Measurement Date	3,525	-
Total	$ 4,342	$ -

$3,525 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Net Deferred Outflows (Inflows) of Resources
2019	$ 353
2020	647
2021	(31)
2022	(152)
2023	-
Thereafter	-
Total	$ 817

Note I: Inter-fund Transfers

Transfers between funds during 2018 were as follows:

	From Power & Light Fund	From Water & Sewer Fund	From Infrastructure Fund	Total
To General Fund	$ 2,121,054	$ 693,990	$ 1,189,210	$ 4,004,254
To Sanitation Fund	28,500	27,500	485,558	541,558
To Infrastructure Fund	579,058	-	-	579,058
Total	$ 2,728,612	$ 721,490	$ 1,674,768	$ 5,124,870

Note J: Commitments and Contingencies

Contingencies:

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

Litigation and Claims:

The City is subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management and the Council that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the City. As of September 30, 2018, the City has no pending litigation.

Note K: Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City obtains general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State of Texas as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for the aforementioned insurance coverage.

The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City also carries commercial insurance for other risks of loss such as employee health. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Note L: Subsequent Events

Management has evaluated subsequent events through February 21, 2019, which is the date the financial statements are available for issuance. On February 5, 2019, the City issued Series 2019 Sports Complex Bonds for proceeds of $3,000,000 which are to be used, in conjunction with a portion of the City's Hotel-Motel Tax Fund reserves, to completely renovate and rebuild the City's baseball complex.

Note M: Prior Period Adjustments

During the audit three items were discovered that resulted in adjustments to the prior period's net position of certain funds.

First, in the Water & Sewer Fund, the bond premium booked did not agree with the City's proportionate share of the bond premium reported by CRMWA. Adjusting the bond premium to the City's proportionate share of CRMWA's bond premium resulted in a decrease to fund net position of $282,754.

Second, in the governmental activities, regarding the TESRS pension fund for the volunteer firefighters, the net pension liability, deferred outflows related to pension contributions, and deferred outflows related to pension items did not match the items as provided by TESRS or the actual contributions to be deferred. Adjusting these items to the correct amounts resulted in a decrease to governmental activities net position of $3,537.

Finally, in the governmental activities; in the business-type activities, specifically in the Power & Light Fund, the Water Fund, and the Sanitation Fund; and in BID Corp, regarding the TMRS pension fund for employees, the net pension liability, deferred outflows related to pension contributions, deferred outflows related to pension items, and deferred inflows related to pension items did not match the items as provided by TMRS or the actual contributions to be deferred. Adjusting these items to the correct amounts resulted in an increase to the governmental activities net position of $129,818; an increase to the business-type activities net position of $64,428, consisting of an increase of $17,433 to the Power & Light Fund net position, an increase of $17,702 to the Water & Sewer Fund net position, and an increase of $29,293 to the Sanitation Fund net position; and an increase to Bid Corp's net position of $723.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BROWNFIELD, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property Taxes (Including Penalty & I	$ 1,268,140	$ 1,268,140	$ 1,278,104	$ 9,964
Other Taxes	1,122,562	1,122,562	1,196,367	73,805
Fines & Fees	93,744	93,744	108,905	15,161
Intergovernmental	550,000	550,000	615,738	65,738
Investment Earnings	1,128	1,128	1,729	601
Miscellaneous Revenues	310,466	310,466	358,149	47,683
Total Revenues	$ 3,346,040	$ 3,346,040	$ 3,558,992	$ 212,952
Expenditures				
Financial Administration	$ 308,851	$ 308,851	$ 340,786	$ (31,935)
Judicial & Legal	213,671	213,671	148,510	65,161
Central Administration	985,349	985,349	1,206,757	(221,408)
Streets & Highways	953,741	953,741	826,500	127,241
Public Safety - Police	1,952,345	1,952,345	1,894,171	58,174
Public Safety - Fire	2,001,136	2,001,136	2,532,452	(531,316)
Emergency Management	112,612	112,612	101,749	10,863
Public Services	248,814	248,814	245,918	2,896
Parks & Recreation	712,683	712,683	715,410	(2,727)
Public Safety - Inspection & Civil Del	109,905	109,905	68,072	41,833
Total Expenditures	$ 7,599,107	$ 7,599,107	$ 8,080,325	$ (481,218)
Excess (Deficit) of Revenues Over (Under) Expenditures	$ (4,253,067)	$ (4,253,067)	$ (4,521,333)	$ (268,266)
Other Financing Sources(Uses)				
Transfers In	$ 4,253,067	$ 4,253,067	$ 4,004,254	$ (248,813)
Transfers Out	-	-	-	-
Total Other Financing Sources(Uses)	$ 4,253,067	$ 4,253,067	$ 4,004,254	$ (248,813)
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other	$ -	$ -	$ (517,079)	$ (517,079)
Fund Balance - Beginning of Year	504,470	504,470	504,470	-
Fund Balance - End of Year	$ 504,470	$ 504,470	$ (12,609)	$ (517,079)

CITY OF BROWNFIELD, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/ASSET
AND RELATED RATIOS - TMRS*
(unaudited)

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total Pension Liability				
Service Cost	$ 311,233	$ 350,818	$ 395,284	$ 376,257
Interest (on the Total Pension Liability)	1,159,565	1,172,503	1,168,322	1,182,912
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	(526,062)	(197,395)	(344,543)	(113,999)
Change of Assumptions	-	206,604	-	-
Benefit Payments, Including Refunds of Employee Contributions	(752,891)	(806,524)	(1,186,119)	(800,682)
Net Change in Total Pension Liaiblity	$ 191,845	$ 726,006	$ 32,944	$ 644,488
Total Pension Liability - Beginning	16,786,046	16,977,891	17,703,897	17,736,841
Total Pension Liability - Ending (a)	$ 16,977,891	$ 17,703,897	$ 17,736,841	$ 18,381,329
Plan Fiduciary Net Position				
Contributions - Employer	$ 530,278	$ 555,012	$ 580,630	$ 558,562
Contributions - Employee	172,625	180,834	189,131	181,943
Net Investment Income	893,031	24,265	1,106,172	2,362,236
Benefit Payments, Including Refunds of Employee Contributions	(752,891)	(806,524)	(1,186,119)	(800,682)
Administrative Expense	(9,324)	(14,780)	(12,504)	(12,253)
Other	(767)	(730)	(674)	(621)
Net Change in Plan Fiduciary Net Position	$ 832,952	$ (61,922)	$ 676,636	$ 2,289,184
Plan Fiduciary Net Position - Beginning	15,611,454	16,444,406	16,382,484	17,059,120
Plan Fiduciary Net Position - Ending (b)	$ 16,444,406	$ 16,382,484	$ 17,059,120	$ 19,348,304
Net Pension Liability (Asset) - Ending (a)-(b)	$ 533,485	$ 1,321,413	$ 677,721	$ (966,975)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.86%	92.54%	96.18%	105.26%
Covered Employee Payroll	$ 3,454,075	$ 3,616,680	$ 3,782,619	$ 3,638,852
Net Pension Liability (Asset) as a Percentage of Covered Payroll	15.45%	36.54%	17.92%	-26.57%

*Only four years of information is currently available. The City will build this schedule over the next six-year period.

CITY OF BROWNFIELD, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - TESRS*
(unaudited)

	August 31, 2014	August 31, 2015	August 31, 2016	August 31, 2017
City's Proportion of the Net Pension Liability	0.105%	0.030%	0.022%	0.031%
City's Proportionate Share of the Net Pension Liability	$ 19,067	$ 7,934	$ 6,409	$ 7,503
State's Proportionate Share of the Net Pension Liability	9,732	4,209	3,386	3,653
Total	$ 28,799	$ 12,143	$ 9,795	$ 11,156
Number of Active Members**	11	3	2	3
City's Net Pension Liability Per Active Member	$ 1,733	$ 2,645	$ 3,205	$ 2,501
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.46%	76.89%	76.34%	81.41%

*Only four years of information is currently available. The City will build this schedule over the next six-year period.

**There is no compensation for active members. Number of active members is used instead.

CITY OF BROWNFIELD, TEXAS
SCHEDULE OF CONTRIBUTIONS - TMRS*
(unaudited)

	FYE 9/30/2015	FYE 9/30/2016	FYE 9/30/2017	FYE 9/30/2018
Actuarially Determined Contribution	$ 291,609	$ 279,558	$ 278,108	$ 225,086
Contributions in Relation to the Actuarially Determined Contribution	546,950	558,751	560,231	572,030
Contribution Deficiency (Excess)	$ (255,341)	$ (279,193)	$ (282,123)	$ (346,944)
Covered Employee Payroll	$ 3,563,192	$ 3,640,074	$ 3,649,712	$ 3,726,585
Contribution as a Percentage of Covered Employee Payroll	15.35%	15.35%	15.35%	15.35%

SCHEDULE OF CONTRIBUTIONS - TESRS*
(unaudited)

	FYE 9/30/2015	FYE 9/30/2016	FYE 9/30/2017	FYE 9/30/2018
Actuarially Determined Contribution	$ 1,404	$ 1,008	$ 1,512	$ 3,525
Contributions in Relation to the Actuarially Determined Contribution	1,404	1,008	1,512	3,525
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Number of Active Members**	3	2	3	8
Contributions per Active Member	$ 468	$ 504	$ 504	$ 441

*Only four years of information is currently available. The City will build this schedule over the next six-year period.

**There is no compensation for active members. Number of active members is used instead.

W&H

Note A: Budget and Budgetary Accounting

The City Council adopts an annual budget for the general, infrastructure, hotel-motel tax, power and light, water and sewer, sanitation, and detention facility funds. The General Fund budget is legally adopted. The annual budgets for all funds are prepared on the cash basis. There were no material differences between modified accrual and cash amounts in the General Fund, so no reconciliation is necessary.

The following procedures are followed in establishing the budgetary data reflected in the required supplementary information:

1. Prior to the beginning of the fiscal year, the City prepares a budget for the succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given.

3. Prior to the start of the fiscal year, the budget is legally enacted through a passage of resolution by the City Council.

4. Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. The legal level of control is the function level.

5. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council, and are not made after fiscal year end.

6. During the year, the City Council made no amendments to the budget.

7. All budget appropriations lapse at year end.

Note B: Net Pension Liability – Texas Municipal Retirement System

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	25 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 changes in assumptions or benefits during the year.

W&H

Note C: Net Pension Liability – Texas Emergency Services Retirement System

Defined Benefit Pension Plan

Changes in Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in Assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BROWNFIELD, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Municipal Court Technology Fund	Hamilton Park Fund	Seized Drug Fund	Infrastructure Fund	Hotel-Motel Tax Fund	Total Non-Major Governmetal Funds
Assets						
Cash and Cash Equivalents	$ -	$ -	$ -	$ 124,436	$ -	$ 124,436
Cash Restricted for Court Technology	54,492	-	-	-	-	54,492
Cash Restricted for Park Upkeep & Improvements	-	11,264	-	-	-	11,264
Cash Restricted for Police & Court Costs	-	-	9,189	-	-	9,189
Cash Restricted for Tourism	-	-	-	-	768,807	768,807
Accounts Receivable	-	-	-	-	66,734	66,734
Total Assets	$ 54,492	$ 11,264	$ 9,189	$ 124,436	$ 835,541	$ 1,034,922
Liabilities & Fund Balance						
Liabilities						
Accounts Payable	$ -	$ 219	$ -	$ -	$ -	$ 219
Total Liabilities	$ -	$ 219	$ -	$ -	$ -	$ 219
Fund Balance						
Restricted for:						
Court Technology	$ 54,492	$ -	$ -	$ -	$ -	$ 54,492
Park Upkeep & Improvements	-	11,045	-	-	-	11,045
Police & Court Costs	-	-	9,189	-	-	9,189
Tourism	-	-	-	-	835,541	835,541
Assigned	-	-	-	124,436	-	124,436
Total Fund Balance	$ 54,492	$ 11,045	$ 9,189	$ 124,436	$ 835,541	$ 1,034,703
Total Liabilities & Fund Balance	$ 54,492	$ 11,264	$ 9,189	$ 124,436	$ 835,541	$ 1,034,922

WSH

CITY OF BROWNFIELD, TEXAS
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Municipal Court Technology Fund	Hamilton Park Fund	Seized Drug Fund	Infrastructure Fund	Hotel-Motel Tax Fund	Total Non-Major Governmetal Funds
Revenues						
Charges for Services	$ 3,578	$ -	$ -	$ -	$ -	$ 3,578
Hotel/Motel Tax Collections	-	-	-	-	178,609	178,609
Misellaneous Revenue	-	-	-	262,804	-	262,804
Investment Earnings	-	251	-	44,546	12,164	56,961
Total Revenues	$ 3,578	$ 251	$ -	$ 307,350	$ 190,773	$ 501,952
Expenditures						
Judicial & Legal	$ 2,522	$ -	$ -	$ -	$ -	$ 2,522
Parks & Recreation	-	2,346	-	-	-	2,346
City Tourism & Promotion	-	-	-	-	107,765	107,765
Total Expenditures	$ 2,522	$ 2,346	$ -	$ -	$ 107,765	$ 112,633
Excess (Deficit) of Revenues Over (Under) Expenditures	$ 1,056	$ (2,095)	$ -	$ 307,350	$ 83,008	$ 389,319
Other Financing Sources (Uses)						
Transfers In	-	-	-	579,058	-	579,058
Transfers Out	-	-	-	(1,674,768)	-	(1,674,768)
Total Other Financing Sources (Uses)	$ -	$ -	$ -	$ (1,095,710)	$ -	$ (1,095,710)
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ 1,056	$ (2,095)	$ -	$ (788,360)	$ 83,008	$ (706,391)
Fund Balance - Beginning of Year	53,436	13,140	9,189	912,796	752,533	1,741,094
Fund Balance - End of Year	$ 54,492	$ 11,045	$ 9,189	$ 124,436	$ 835,541	$ 1,034,703