

CITY OF BROWNFIELD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2019

CITY OF BROWNFIELD, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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**CITY OF BROWNFIELD, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Brownfield, Texas

Report on the Financial Statements

We 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedules of changes in net pension liability and related ratios, and the schedules of employer contributions on pages 48-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has elected to omit the management's discussion and analysis for the year ended September 30, 2019, 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. Our opinions on the basic financial statements are not affected by this omitted information.

Other Information

Our 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 nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Respectfully submitted,

Eddy Holloway, CPA, Inc.

Brownfield, Texas
April 9, 2020

FINANCIAL SECTION

CITY OF BROWNFIELD, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

EXHIBIT A-1 (Cont'd)

	Primary Government		Total	Component Unit
	Governmental Activities	Business - Type Activities		BID Corp
ASSETS				
Cash & Cash Equivalents	\$ 902,287	\$ 3,852,835	\$ 4,755,122	\$ 1,499,002
Taxes Receivable, Net	74,347	-	74,347	-
Sales Taxes Receivable	98,809	-	98,809	49,405
Franchise Taxes Receivable	22,930	-	22,930	-
Hotel/Motel Taxes Receivable	66,734	-	66,734	-
Accounts Receivable, Net	4,472	739,862	744,334	-
Inventories	20,070	192,182	212,252	-
Inventory - Land	-	-	-	880,854
Cash Restricted for Baseball Complex	693,525	-	693,525	-
Cash Restricted for Court Technology & Security	57,240	-	57,240	-
Cash Restricted for Park Upkeep & Improvements	8,015	-	8,015	-
Cash Restricted for Police Activities	34,849	-	34,849	-
Cash Restricted for Tourism	185,082	-	185,082	-
Cash Restricted for Utility Deposits	-	985,818	985,818	-
Notes Receivable	-	-	-	193,333
Capital Assets:				
Land Purchase & Improvements	627,913	543,163	1,171,076	-
Capital Assets, Net	6,586,797	6,986,064	13,572,861	-
Investment in Water Rights, Net of Amortization	-	3,007,323	3,007,323	-
Construction in Progress	5,296,598	197,270	5,493,868	-
Restricted Asset: Net Pension Asset	36,587	17,551	54,138	1,228
Total Assets	<u>14,716,255</u>	<u>16,522,068</u>	<u>31,238,323</u>	<u>2,623,822</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pension Plans	1,440,788	689,001	2,129,789	48,210
Total Deferred Outflows of Resources	<u>1,440,788</u>	<u>689,001</u>	<u>2,129,789</u>	<u>48,210</u>

CITY OF BROWNFIELD, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

EXHIBIT A-1

	Primary Government		Component Unit	
	Governmental Activities	Business - Type Activities	Total	BID Corp
LIABILITIES				
Accounts Payable	75,906	547,137	623,043	4,445
Accrued Wages & Salaries Payable	74,928	35,276	110,204	1,322
Accrued Compensated Absences Payable	116,134	45,964	162,098	-
Accrued Interest Payable	12,950	-	12,950	-
Customer Utility Deposits	-	985,818	985,818	-
Bonds Payable - Current	158,000	-	158,000	-
Other Current Liabilities	1,020	25,348	26,368	-
Nonecurrent Liabilities:				
Bonds Payable - Current	-	324,871	324,871	-
Bonds Payable - Noncurrent	2,889,000	2,538,139	5,427,139	-
Premium on Bond Issuance, Net of Amortization	-	313,104	313,104	-
Landfill Closure & Postclosure Liability	-	366,677	366,677	-
Net Pension Liability	16,021	-	16,021	-
Total Liabilities	<u>3,343,959</u>	<u>5,182,334</u>	<u>8,526,293</u>	<u>5,767</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pension Plans	897,614	430,165	1,327,779	30,099
Total Deferred Inflows of Resources	<u>897,614</u>	<u>430,165</u>	<u>1,327,779</u>	<u>30,099</u>
NET POSITION				
Net Investment in Capital Assets	9,464,308	7,557,706	17,022,014	-
Restricted for:				
Restricted for Court Security & Technology	57,240	-	57,240	-
Restricted for Park Upkeep & Improvements	8,015	-	8,015	-
Restricted for Pension	36,587	17,551	54,138	-
Restricted for Ballpark Complex	693,525	-	693,525	-
Restricted for Police Activities	34,989	-	34,989	-
Restricted for Tourism	251,817	-	251,817	-
Restricted for Economic Development	-	-	-	2,636,166
Unrestricted	1,368,989	4,023,313	5,392,302	-
Total Net Position	<u>\$ 11,915,470</u>	<u>\$ 11,598,570</u>	<u>\$ 23,514,040</u>	<u>\$ 2,636,166</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BROWNFIELD, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
Legislative	\$ 24,552	\$ -	\$ -	\$ -
Judicial	163,088	137,405	-	-
General Administration	882,508	137,762	-	-
Financial	395,183	-	-	-
Police	2,204,646	13,114	15,434	-
Fire Protection	860,684	-	250,000	8,000
Emergency Management & Services	127,581	-	-	-
Protective Inspections	102,378	-	-	-
Highways & Streets	966,399	-	825	5,513
Public Services	59,933	-	-	-
Parks & Recreation	850,874	98,996	310,000	-
Tourism	88,612	-	-	-
Bond Issuance Costs	47,000	-	-	-
Total Governmental Activities	6,773,438	387,277	576,259	13,513
BUSINESS-TYPE ACTIVITIES:				
Power & Light Fund	5,622,149	8,232,233	-	-
Water & Sewer Fund	2,263,886	2,609,767	-	-
Sanitation Fund	1,633,704	1,627,523	-	-
CRTC/ISF Facilities Fund	197,020	-	-	-
Total Business-Type Activities	9,716,759	12,469,523	-	-
TOTAL PRIMARY GOVERNMENT	\$ 16,490,197	\$ 12,856,800	\$ 576,259	\$ 13,513
Component Unit:				
Economic Development	\$ 531,199	\$ -	\$ -	\$ -
TOTAL COMPONENT UNIT	\$ 531,199	\$ -	\$ -	\$ -

General Revenues:

Taxes:

- Property Taxes, Levied for General Purposes
- General Sales and Use Taxes
- Hotel/Motel Tax
- Franchise Tax
- Other Taxes
- Penalty & Interest on Taxes

- Miscellaneous Revenue
- Investment Earnings
- Sale of Real & Personal Property

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position:			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	BID Corp
\$ (24,552)	\$ -	\$ (24,552)	\$ -
(25,683)	-	(25,683)	-
(744,746)	-	(744,746)	-
(395,183)	-	(395,183)	-
(2,176,098)	-	(2,176,098)	-
(602,684)	-	(602,684)	-
(127,581)	-	(127,581)	-
(102,378)	-	(102,378)	-
(960,061)	-	(960,061)	-
(59,933)	-	(59,933)	-
(441,878)	-	(441,878)	-
(88,612)	-	(88,612)	-
(47,000)	-	(47,000)	-
<u>(5,796,389)</u>	-	<u>(5,796,389)</u>	-
-	2,610,084	2,610,084	-
-	345,881	345,881	-
-	(6,181)	(6,181)	-
-	(197,020)	(197,020)	-
-	<u>2,752,764</u>	<u>2,752,764</u>	-
<u>(5,796,389)</u>	<u>2,752,764</u>	<u>(3,043,625)</u>	-
-	-	-	(531,199)
-	-	-	<u>(531,199)</u>
1,256,580	-	1,256,580	-
1,109,581	-	1,109,581	554,790
216,433	-	216,433	-
161,523	-	161,523	-
3,590	-	3,590	-
24,477	-	24,477	-
231,306	-	231,306	23
113,927	90,615	204,542	36,398
3,550	-	3,550	-
<u>3,306,901</u>	<u>(3,306,901)</u>	-	-
<u>6,427,868</u>	<u>(3,216,286)</u>	<u>3,211,582</u>	<u>591,211</u>
631,479	(463,522)	167,957	60,012
<u>11,283,991</u>	<u>12,062,092</u>	<u>23,346,083</u>	<u>2,576,154</u>
<u>\$ 11,915,470</u>	<u>\$ 11,598,570</u>	<u>\$ 23,514,040</u>	<u>\$ 2,636,166</u>

CITY OF BROWNFIELD, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Other Funds	Total Governmental Funds
ASSETS			
Cash & Cash Equivalents	\$ 505,330	\$ 396,957	\$ 902,287
Taxes Receivable	75,864	-	75,864
Allowance for Uncollectible Taxes (Credit)	(1,517)	-	(1,517)
Sales Taxes Receivable	98,809	-	98,809
Franchise Taxes Receivable	22,930	-	22,930
Hotel/Motel Taxes Receivable	-	66,734	66,734
Accounts Receivable, Net	4,472	-	4,472
Inventories	20,070	-	20,070
Cash Restricted for Ballpark Complex	693,525	-	693,525
Cash Restricted for Court Technology & Security	-	57,240	57,240
Cash Restricted for Park Upkeep & Improvements	-	8,015	8,015
Cash Restricted for Police Activities	-	34,849	34,849
Cash Restricted for Tourism	-	185,082	185,082
Total Assets	\$ 1,419,483	\$ 748,877	\$ 2,168,360
LIABILITIES			
Accounts Payable	\$ 75,906	\$ -	\$ 75,906
Accrued Wages & Salaries Payable	74,928	-	74,928
Accrued Compensated Absences Payable	116,134	-	116,134
Accrued Interest Payable	12,950	-	12,950
Other Current Liabilities	1,020	-	1,020
Total Liabilities	280,938	-	280,938
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	65,347	-	65,347
Total Deferred Inflows of Resources	65,347	-	65,347
FUND BALANCES			
Inventories	20,070	-	20,070
Restricted for Court Technology & Security	-	57,240	57,240
Restricted for Park Upkeep & Improvements	-	8,015	8,015
Restricted for Police Activities	-	34,849	34,849
Restricted for Tourism	-	251,816	251,816
Restricted for Ballpark Complex	693,525	-	693,525
Assigned for Capital Expenditures for Equipment	-	187,291	187,291
Other Assigned Fund Balance	-	209,666	209,666
Unassigned Fund Balance	359,603	-	359,603
Total Fund Balances	1,073,198	748,877	1,822,075
Total Liabilities, Deferred Inflows & Fund Balances	\$ 1,419,483	\$ 748,877	\$ 2,168,360

The notes to the financial statements are an integral part of this statement.

CITY OF BROWNFIELD, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2019

Total Fund Balances - Governmental Funds	\$	1,822,075
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, GASB 68 requires the net pension asset/liability and associated deferred outflows and inflows of resources to be reported for government-wide purposes, but as they are long-term amounts, they are not reported in the governmental funds. The net effect of including the beginning balances for capital assets of \$25,431,615 (net of depreciation of \$15,880,264); the beginning net pension asset for TMRS of \$653,310; the beginning net pension liability for TESRS of \$7,503; the beginning deferred outflows of resources related to pensions of \$658,652; and the beginning deferred inflows of resources related to pensions of \$937,795 is to increase net position.		9,918,015
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. In addition, the proceeds from bonds issued are considered other financing sources in the fund financial statements, but they should be shown as increases in long-term debt on the government-wide financial statements. The net effect of including the current capital outlays of \$3,502,743 and bond proceeds of \$3,047,000 is to increase net position.		455,743
This is the fifth year of the implementation of GASB 68 for the TMRS & TESRS pension plans. GASB 68 requires that the City report their net pension asset/liability and the associated deferred outflows and inflows of resources in the government-wide financial statements. The changes in these items for the year included a decrease in the TMRS net pension asset of \$616,723; an increase in the TESRS net pension liability of \$8,518; an increase in deferred outflows of resources related to pensions of \$782,136; and a decrease in deferred inflows of resources related to pensions of \$40,181. The net effect of these changes is to increase to net position.		197,076
The current year's depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(542,786)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and reclassifying fund balances to net assets. The net effect of these reclassifications and recognitions is to increase net position.		65,347
Net Position of Governmental Activities	\$	11,915,470

The notes to the financial statements are an integral part of this statement.

CITY OF BROWNFIELD, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-3

	General Fund	Other Funds	Total Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	\$ 1,273,142	\$ -	\$ 1,273,142
General Sales & Use Taxes	1,109,581	-	1,109,581
Hotel/Motel Tax	-	216,433	216,433
Franchise Tax	161,523	-	161,523
Other Taxes	3,590	-	3,590
Penalty & Interest on Taxes	24,477	-	24,477
Licenses & Permits	17,895	-	17,895
Intergovernmental Revenue & Grants	563,512	2,792	566,304
Charges for Services	142,211	5,666	147,877
Fines	129,766	4,508	134,274
Forfeits	-	1,967	1,967
Investment Earnings	37,323	76,604	113,927
Rents & Royalties	40,529	-	40,529
Contributions & Donations from Private Sources	4,125	-	4,125
Other Revenue	291,698	3,686	295,384
Total Revenues	<u>3,799,372</u>	<u>311,656</u>	<u>4,111,028</u>
EXPENDITURES:			
Current:			
General Government:			
Legislative	24,552	-	24,552
Judicial	167,717	1,760	169,477
General Administration	900,435	-	900,435
Financial	409,391	-	409,391
Public Safety:			
Police	2,181,660	41,630	2,223,290
Fire Protection	1,007,229	-	1,007,229
Emergency Management & Services	123,477	-	123,477
Protective Inspections	133,266	-	133,266
Public Works:			
Highways & Streets	960,383	-	960,383
Public Services	59,933	-	59,933
Culture & Recreation	3,780,130	-	3,780,130
Parks	-	3,296	3,296
Tourism	-	88,612	88,612
Total Expenditures	<u>9,748,173</u>	<u>135,298</u>	<u>9,883,471</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,948,801)</u>	<u>176,358</u>	<u>(5,772,443)</u>
OTHER FINANCING SOURCES (USES):			
Issuance of Bonds	3,047,000	-	3,047,000
Sale of Real & Personal Property	3,550	-	3,550
Transfers In	4,031,058	435,591	4,466,649
Transfers Out	-	(1,159,748)	(1,159,748)
Bond Issuance Costs	(47,000)	-	(47,000)
Total Other Financing Sources (Uses)	<u>7,034,608</u>	<u>(724,157)</u>	<u>6,310,451</u>
Net Change in Fund Balances	1,085,807	(547,799)	538,008
Fund Balance - October 1 (Beginning)	(12,609)	1,296,676	1,284,067
Fund Balance - September 30 (Ending)	<u>\$ 1,073,198</u>	<u>\$ 748,877</u>	<u>\$ 1,822,075</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BROWNFIELD, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

Total Net Change in Fund Balances - Governmental Funds	\$	538,008
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. In addition, the proceeds from bonds are considered other financing resources in the fund financial statements, but they should be shown as increases in long-term debt on the government-wide financial statements. The net effect of removing the current year's capital outlays of \$3,502,743 and bond proceeds of \$3,047,000 is to increase the change in net position.		455,743
The City is required to report pension expense in the government-wide financial statements as defined by GASB 68 which is not the amount of employer contributions as reported in the governmental fund financial statements. This basically entails removing the employer contributions from expense and instead recording the current effects related to the net pension asset/liability and the associated deferred outflows and inflows of resources. The net effect of these items is to increase the change in net position.		197,076
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(542,786)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(16,562)
Change in Net Position of Governmental Activities	\$	631,479

The notes to the financial statements are an integral part of this statement.

CITY OF BROWNFIELD, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-Type Activities	
	Power & Light Fund	Water & Sewer Fund
ASSETS		
Current Assets:		
Cash & Cash Equivalents	\$ 3,461,998	\$ 224,136
Accounts Receivable, Net	526,980	152,634
Inventories	151,354	40,828
Total Current Assets	4,140,332	417,598
Noncurrent Assets:		
Cash Restricted for Utility Deposits	985,818	-
Capital Assets:		
Land Purchase & Improvements	15,697	390,679
Capital Assets, Net of Depreciation	671,003	3,951,965
Investment in Water Rights, Net of Amortization	-	3,007,323
Construction in Progress	-	197,270
Restricted Asset: Net Pension Asset	5,064	4,334
Total Noncurrent Assets	1,677,582	7,551,571
Total Assets	5,817,914	7,969,169
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension Plan	198,793	170,146
Total Deferred Outflows of Resources	198,793	170,146
LIABILITIES		
Current Liabilities:		
Accounts Payable	520,182	21,594
Accrued Wages & Salaries Payable	9,852	8,870
Accrued Compensated Absences Payable	16,376	6,572
Customer Utility Deposits	985,818	-
Bonds Payable - Current	-	324,871
Other Current Liabilities	25,348	-
Total Current Liabilities	1,557,576	361,907
Noncurrent Liabilities:		
Bonds Payable - Noncurrent	-	2,538,139
Premium on Bond Issuance, Net of Amortization	-	313,104
Landfill Closure & Postclosure Liability	-	-
Total Noncurrent Liabilities	-	2,851,243
Total Liabilities	1,557,576	3,213,150
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pension Plan	124,113	106,227
Total Deferred Inflows of Resources	124,113	106,227
NET POSITION		
Net Investment in Capital Assets	686,700	4,371,123
Restricted for Pension	5,064	4,334
Unrestricted	3,643,254	144,381
Total Net Position	\$ 4,335,018	\$ 4,819,938

The notes to the financial statements are an integral part of this statement.

Enterprise Funds		
Sanitation Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
\$ 166,701	\$ -	\$ 3,852,835
60,248	-	739,862
-	-	192,182
<u>226,949</u>	<u>-</u>	<u>4,784,879</u>
-	-	985,818
136,787	-	543,163
1,942,013	421,083	6,986,064
-	-	3,007,323
-	-	197,270
8,153	-	17,551
<u>2,086,953</u>	<u>421,083</u>	<u>11,737,189</u>
<u>2,313,902</u>	<u>421,083</u>	<u>16,522,068</u>
320,062	-	689,001
<u>320,062</u>	<u>-</u>	<u>689,001</u>
5,361	-	547,137
16,554	-	35,276
23,016	-	45,964
-	-	985,818
-	-	324,871
-	-	25,348
<u>44,931</u>	<u>-</u>	<u>1,964,414</u>
-	-	2,538,139
-	-	313,104
366,677	-	366,677
<u>366,677</u>	<u>-</u>	<u>3,217,920</u>
<u>411,608</u>	<u>-</u>	<u>5,182,334</u>
199,825	-	430,165
<u>199,825</u>	<u>-</u>	<u>430,165</u>
2,078,800	421,083	7,557,706
8,153	-	17,551
(64,422)	-	4,023,313
<u>\$ 2,022,531</u>	<u>\$ 421,083</u>	<u>\$ 11,598,570</u>

CITY OF BROWNFIELD, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities	
	Power & Light Fund	Water & Sewer Fund
OPERATING REVENUES:		
Licenses & Permits	\$ 3,299	\$ 9,269
Charges for Services	8,155,094	2,593,969
Fines	20,635	3,303
Rents and Royalties	25,668	-
Other Revenue	27,537	3,226
Total Operating Revenues	8,232,233	2,609,767
OPERATING EXPENSES:		
Personnel Services - Salaries & Wages	358,074	305,863
Personnel Services - Employee Benefits	223,164	182,630
Purchased Professional & Technical Services	13,176	651,385
Purchased Property Services	92,927	188,502
Other Operating Costs	57,972	17,502
Supplies	4,718,815	162,761
Depreciation & Amortization	158,021	654,050
Total Operating Expenses	5,622,149	2,162,693
Operating Income (Loss)	2,610,084	447,074
NONOPERATING REVENUES (EXPENSES):		
Investment Earnings	85,643	2,486
Interest Expense - Nonoperating	-	(101,193)
Total Nonoperating Revenue (Expenses)	85,643	(98,707)
Income (Loss) Before Transfers	2,695,727	348,367
Transfers Out	(2,718,025)	(325,962)
Change in Net Position	(22,298)	22,405
Total Net Position - October 1 (Beginning)	4,357,316	4,797,533
 Total Net Position - September 30 (Ending)	 \$ 4,335,018	 \$ 4,819,938

The notes to the financial statements are an integral part of this statement.

Enterprise Funds		
Sanitation Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
\$ -	\$ -	\$ 12,568
1,618,329	-	12,367,392
2,489	-	26,427
-	-	25,668
6,705	-	37,468
<u>1,627,523</u>	<u>-</u>	<u>12,469,523</u>
574,868	-	1,238,805
350,219	-	756,013
48,987	-	713,548
85,983	-	367,412
7,440	-	82,914
176,104	-	5,057,680
390,103	197,020	1,399,194
<u>1,633,704</u>	<u>197,020</u>	<u>9,615,566</u>
<u>(6,181)</u>	<u>(197,020)</u>	<u>2,853,957</u>
2,486	-	90,615
-	-	(101,193)
<u>2,486</u>	<u>-</u>	<u>(10,578)</u>
(3,695)	(197,020)	2,843,379
(262,914)	-	(3,306,901)
(266,609)	(197,020)	(463,522)
<u>2,289,140</u>	<u>618,103</u>	<u>12,062,092</u>
<u>\$ 2,022,531</u>	<u>\$ 421,083</u>	<u>\$ 11,598,570</u>

CITY OF BROWNFIELD, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities	
	Power & Light Fund	Water & Sewer Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Customers	\$ 8,210,744	\$ 2,604,482
Cash Received from Other Sources	27,537	3,226
Cash Payments to Employees	(608,365)	(507,969)
Cash Payments to Suppliers	(1,678,157)	(189,712)
Cash Payments for Other Operating Expenses	(164,075)	(857,389)
Net Cash Provided by Operating Activities	2,787,684	1,052,608
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Increase (Decrease) in Customer Deposits	50,789	-
Transfers from (to) Other Funds - Net	(2,718,025)	(325,962)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(2,667,236)	(325,962)
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Capital Assets	(23,513)	(227,383)
Payments on CRMWA Notes Including Interest	-	(442,397)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(23,513)	(669,680)
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	85,643	2,486
Net Increase in Cash & Cash Equivalents	182,578	59,452
Cash & Cash Equivalents at Beginning of the Year	4,265,238	164,684
Cash & Cash Equivalents at the End of the Year	\$ 4,447,816	\$ 224,136

The notes to the financial statements are an integral part of this statement.

Enterprise Funds		
Sanitation Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
\$ 1,619,918	\$ -	\$ 12,435,144
6,705	-	37,468
(968,100)	-	(2,084,434)
(183,684)	-	(5,051,583)
(142,410)	-	(1,163,874)
332,429	-	4,172,721
-	-	50,789
(262,914)	-	(3,306,901)
(262,914)	-	(3,256,112)
(2,087)	-	(252,883)
"	-	(442,397)
(2,087)	-	(695,280)
2,486	-	90,615
69,914	-	311,944
96,787	-	4,526,709
\$ 166,701	\$ -	\$ 4,838,653

CITY OF BROWNFIELD, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities	
	Power & Light Fund	Water & Sewer Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided By Operating Activities:</u>		
Operating Income (Loss)	\$ 2,610,084	\$ 447,074
<u>Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:</u>		
Depreciation & Amortization	158,021	654,050
<u>Effect of Increases and Decreases in Current Assets and Liabilities:</u>		
Decrease (Increase) in Receivables	(19,300)	(2,059)
Decrease (Increase) in Inventories	(63,844)	(46)
Decrease (Increase) in Deferred Pension Outflows	(116,383)	(94,510)
Increase (Decrease) in Accounts Payable	104,502	(26,935)
Increase (Decrease) in Payroll Deductions	6,037	6,026
Increase (Decrease) in Other Current Liabilities	25,348	-
Increase (Decrease) in Deferred Pension Inflows	5,999	(2,178)
Change in Net Pension Asset/Liability	77,220	71,186
Net Cash Provided by Operating Activities	<u>\$ 2,787,684</u>	<u>\$ 1,052,608</u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>		
Cash & Cash Equivalents - Statement of Net Assets	\$ 3,461,998	\$ 224,136
Restricted Cash - Statement of Net Assets	985,818	-
Total Cash and Cash Equivalents	<u>\$ 4,447,816</u>	<u>\$ 224,136</u>

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds		
Sanitation Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
\$ (6,181)	\$ (197,020)	\$ 2,853,957
390,103	197,020	1,399,194
(900)	-	(22,259)
-	-	(63,890)
(187,856)	-	(398,749)
(7,580)	-	69,987
10,652	-	22,715
-	-	25,348
10,340	-	14,161
123,851	-	272,257
<u>\$ 332,429</u>	<u>\$ -</u>	<u>\$ 4,172,721</u>
\$ 166,701	\$ -	\$ 3,852,835
-	-	985,818
<u>\$ 166,701</u>	<u>\$ -</u>	<u>\$ 4,838,653</u>

CITY OF BROWNFIELD, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019

	Agency Funds
ASSETS	
Cash & Cash Equivalents	\$ 102,720
Total Assets	<u>\$ 102,720</u>
LIABILITIES	
Due to Others	\$ 102,720
Total Liabilities	<u>\$ 102,720</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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: legislative, judicial, financial, highways and streets, police, fire protection, emergency management and services, public services, parks and recreation, protective inspections, 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.

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.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note A: Summary of Significant Accounting Policies (Continued)

1. The Reporting Entity (Continued)

Component Unit (Continued)

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 legislative, judicial, general administrative, financial, police, fire protection, emergency management and services, protective inspections, highways and streets, public services, parks and recreation, 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 position, and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (police, 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.

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.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note A: Summary of Significant Accounting Policies (Continued)

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

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. Currently the County maintains its General Fund and several special revenue funds. The City reports the General Fund as a major fund. The General Fund is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The City uses special revenue funds to account for certain resources restricted to, or designated for, specific purposes by the City, state statute, other governments, or grantors and that have to be reported in a separate fund. Some federal and state financial assistance is accounted for in special revenue funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The City has seven funds designated as special revenue funds, none of which qualify as major.

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 City currently has four proprietary funds, three of which are considered major. The three major funds are the Power & Light Fund, the Water & Sewer Fund, and the Sanitation fund. Each of these funds accounts for the revenues and expenses associated with providing their respective utility services to residents of the City, while the Sanitation Fund also covers landfill services as well.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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):

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, are 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.

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 of results of operations. Formal budgetary accounting is not required for agency funds. The City maintained three agency funds during the current fiscal year.

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.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019, 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.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2018 was \$1,257,871.

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

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, 2019, for the various accounts included in the financial statements is as follows:

CITY OF BROWNFIELD, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

Note A: Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

e. Disaggregation of Accounts Receivable and Allowance for Uncollectible Accounts (Continued)

	Total Receivables	Estimated Uncollectible Accounts	Net Receivable
Governmental Activities:			
Ad Valorem Taxes	\$ 75,864	\$ 1,517	\$ 74,347
Sales Taxes	98,809	-	98,809
Franchise Taxes	22,930	-	22,930
Penalties, Fines, Service Charges	4,472	-	4,472
Subtotal	\$ 202,075	\$ 1,517	\$ 200,558
Hotel-Motel Tax (Restricted)	66,734	-	66,734
Total Governmental Activities	\$ 268,809	\$ 1,517	\$ 267,292
Business-Type Activities:			
Power and Light	\$ 543,956	\$ 16,976	\$ 526,980
Water and Sewer	161,689	9,055	152,634
Sanitation	65,248	5,000	60,248
Total Business-Type Activities	\$ 770,893	\$ 31,031	\$ 739,862

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.

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, 2019 is \$65,347.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note A: Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

f. Deferred Outflows/Inflows of Resources (Continued)

Government-wide and Proprietary Funds: 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, 2019, the City reported \$277,964; \$131,191; and \$9,179 of contributions after the measurement date for governmental activities, business-type activities, and BID Corp, respectively, for a total of \$418,334. The City also reported \$1,162,824; \$557,811; and \$39,030 as deferred outflows of resources from pension items for governmental activities, business-type activities, and BID Corp, respectively, for a total of \$1,759,665. The City also reported \$897,614; \$430,165; and \$30,099 as deferred inflows of resources from pension items for governmental activities, business-type activities, and BID Corp, respectively, for a total of \$1,357,878. Each of the three major proprietary funds was allocated a portion of the deferred outflows and inflows of resources.

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.
- 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).

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note A: Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

h. Governmental Fund Balances (Continued)

- 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.

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.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note A: Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

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.

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, 2019, the City over-expended the General Fund in two functional areas (See Exhibit F-1). The City will be more diligent in monitoring its actual expenditures compared to the City's adopted/amended budget in future years.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note B: Compliance and Accountability (Continued)

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

- As of September 30, 2019, the City did not have any funds with a deficit fund balance or deficit fund net position.

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, 2019, the carrying amount of the City's deposits (cash, money market accounts, and interest-bearing savings accounts included in temporary investments) was \$6,816,836 and the bank balance was \$6,927,781. 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, 2019, BID Corp's cash deposit balance was \$1,499,002 and bank balance was \$1,545,350. The cash at September 30, 2019 and during 2019 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 (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 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, 2019 other than money market and savings accounts included in cash above.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

CITY OF BROWNFIELD, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

Note D: Capital Assets

Capital asset activity for governmental activities for the period ended September 30, 2019, was as follows:

<u>Governmental Activities:</u>	Balance 10-01-18	Additions	Deletions	Balance 9-30-19
Land	\$ 627,913	\$ -	\$ -	\$ 627,913
Construction in Progress -- Fire Dept.	1,979,264	170,262	-	2,149,526
Construction in Progress -- Downtown	-	49,606	-	49,606
Construction in Progress -- Ballparks	-	3,097,466	-	3,097,466
Infrastructure	2,505,733	-	-	2,505,733
Buildings & Improvements	8,284,372	9,645	-	8,294,017
Furniture & Equipment	12,034,334	175,764	(44,170)	12,165,928
Total Capital Assets	<u>\$ 25,431,616</u>	<u>\$ 3,502,743</u>	<u>\$ (44,170)</u>	<u>\$ 28,890,189</u>
<u>Less: Accumulated Depreciation</u>				
Infrastructure	\$ 2,154,658	\$ 28,397	\$ -	\$ 2,183,055
Buildings & Improvements	2,415,420	288,404	-	2,703,824
Furniture & Equipment	11,310,187	225,985	(44,170)	11,492,002
Total Accumulated Depreciation	<u>\$ 15,880,265</u>	<u>\$ 542,786</u>	<u>\$ (44,170)</u>	<u>\$ 16,378,881</u>
Net Capital Assets	<u>\$ 9,551,351</u>	<u>\$ 2,959,957</u>	<u>\$ -</u>	<u>\$ 12,511,308</u>

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

General Administration	\$ 8,418
Police	207,916
Fire Protection	54,149
Emergency Management & Services	4,104
Protective Inspections	1,389
Highways & Streets	77,394
Parks and Recreation	189,416
Total Depreciation Expense	<u>\$ 542,786</u>

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note D: Capital Assets (Continued)

Capital asset activity for business-type activities for the period ended September 30, 2019, was as follows:

<u>Business-Type Activities:</u>	Balance 10-01-18	Additions	Deletions/ Transfers	Balance 9-30-19
Land	\$ 543,163	\$ -	\$ -	\$ 543,163
Construction in Progress – BPS #4	-	197,270	-	197,270
Buildings & Improvements	4,044,409	-	-	4,044,409
Equipment	8,252,638	55,614	-	8,308,252
Electric Infrastructure	1,512,507	-	-	1,512,507
Water Infrastructure	2,440,094	-	-	2,440,094
Sewer Infrastructure	4,925,045	-	-	4,925,045
Assets Being Amortized:				
Water Rights	5,863,570	-	-	5,863,570
Total Capital Assets	\$ 27,581,426	\$ 252,884	\$ -	\$ 27,834,310
<u>Less Accumulated Depreciation:</u>				
Buildings & Improvements	\$ 3,842,188	\$ 147,070	\$ -	\$ 3,989,258
Equipment	4,484,382	573,447	-	5,057,829
Electric Infrastructure	895,818	104,502	-	1,000,320
Water Infrastructure	1,089,775	79,002	-	1,168,777
Sewer Infrastructure	2,910,614	117,445	-	3,028,059
Accumulated Amortization				
Water Rights	2,496,088	360,159	-	2,856,247
Total Accumulated Depreciation/Amortization	\$ 15,718,865	\$ 1,381,625	\$ -	\$ 17,100,490
Assets and Water Rights, Net of Depreciation/Amortization	\$ 11,862,561	\$ (1,128,741)	\$ -	\$ 10,733,820

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

Depreciation -- Power & Light	\$ 158,021
Depreciation -- Water & Sewer	293,892
Depreciation -- Sanitation	372,534
Depreciation -- CRTC/ISF Facilities	197,020
Total Depreciation Expense	\$ 1,021,467
Amortization -- Water & Sewer	\$ 360,158
Total Depreciation and Amortization Expense	\$ 1,381,625

CITY OF BROWNFIELD, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

Note E: Long-Term Debt

1. Governmental Activities

On February 5, 2019, the City issued Series 2019 Sports Complex Bonds for proceeds of \$3,047,000 (including the bond issuance costs of \$47,000) which are to be used, in conjunction with a portion of the City's Hotel-Motel Tax Fund reserves, to completely renovate and rebuild the City's baseball complex. Principal payments are to be made every February 15 starting in 2020 (with a payment of \$158,000) and going through 2034 and interest at 3.4% is paid twice a year on February 15 and August 15. The first interest payment of \$54,677 was paid August 15, 2019. The City also accrued interest of \$12,950 toward the next interest payment. The bond is to be paid from the general revenues of the City.

Debt service requirements of governmental fund long-term debt outstanding at September 30, 2019, are as follows:

Year Ending September 30,	Principal	Interest	Total
2020	\$ 158,000	\$ 100,912	\$ 258,912
2021	164,000	95,438	259,438
2022	170,000	89,760	259,760
2023	175,000	83,895	258,895
2024	182,000	77,826	259,826
2025-2029	1,006,000	290,462	1,296,462
2030-2034	1,192,000	104,040	1,296,040
Totals	<u>\$ 3,047,000</u>	<u>\$ 842,333</u>	<u>\$ 3,889,333</u>

2. 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, 2019:

CITY OF BROWNFIELD, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

Note E: Long-Term Debt (Continued)

2. Business-Type Activities (Continued)

Costs of Operations	\$ 446,178
Water Pumping and Chemical Costs	194,340
Debt Service	442,397
Total	\$ 1,082,915

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.

Changes in long-term obligations for the year ended September 30, 2019 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	\$ 39,797	\$ -	\$ 19,230	\$ 20,567	\$ 20,567
Series 2011	1,343,637	-	83,251	1,260,386	86,836
Series 2005-2012 Refunding	873,785	-	28,751	845,034	110,292
Series 2005-2014 Refunding	117,598	-	87,845	29,753	29,753
Series 2006-2014 Refunding	527,813	-	52,679	475,134	55,279
Series 2009-2017 Refunding	253,704	-	21,568	232,136	22,144
Premium on Bond Issuance	363,899	-	50,795	313,104	-
Total	\$ 3,520,233	\$ -	\$ 344,119	\$ 3,176,114	\$ 324,871

CRMWA Contracted Debt – Descriptions	Interest Rate	Maturity	Amount Outstanding 9-30-19	Interest Expense 9-30-19
Contract Revenue Bonds, Series 1999, Partial Ref 2010	3.0% to 3.5%	2-15-20	\$ 20,567	\$ (146)
Contract Revenue Bonds, Series 2011	3.0% to 5.0%	2-15-31	1,260,386	63,525
Contract Revenue Bonds, Series 2012, Refunded 2005	4.50%	2-15-25	845,034	43,688
Contract Revenue Bonds, Series 2014, Refunded 2005	2.0% to 5.0%	2-15-20	29,753	5,880
Contract Revenue Bonds, Series 2014, Refunded 2006	2.0% to 5.0%	2-15-27	475,134	26,391
Contract Revenue Bonds, Series 2009, Refunded 2017	3.0% to 5.0%	2-15-29	232,136	10,015
Total			\$ 2,863,010	\$ 149,353

Debt service requirements of long-term CRMWA debt outstanding at September 30, 2019, are as follows:

Year Ending September 30,	Principal	Interest	Total
2020	\$ 324,871	\$ 136,805	\$ 461,676
2021	327,962	122,243	450,205
2022	344,032	106,234	450,266
2023	361,157	89,305	450,462
2024	379,570	71,308	450,878
2025-2029	951,328	153,740	1,105,068
2030-2034	174,090	9,354	183,444
Totals	\$ 2,863,010	\$ 688,989	\$ 3,551,999

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 \$366,677 reported as landfill closure and post-closure care liability as of September 30, 2019 represents the cumulative amount reported to date based on the use of 12.05% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$2,677,060 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post closure-care in 2019. 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 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8 Texas Government Code (the TMRS Act) as an agent multiple-employer retirement and disability pension 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.

CITY OF BROWNFIELD, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

Note G: TMRS-Pension Plan (Continued)

Benefits Provided (Continued)

Plan provisions for the City were as follows:

	<u>Plan Year 2018</u>	<u>Plan Year 2019</u>
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, 0/20	60/10, 0/20
Updated Service Credit	100% Repeating Transfers	100% Repeating Transfers
Annuity Increase (to Retirees)	50% of CPI Repeating	50% of CPI Repeating
Supplemental Death Benefit Plan – Active Employees/Retirees	No/No	No/No

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	45
Inactive Employees Entitled to but Not Yet Receiving Benefits	35
Active Employees	<u>91</u>
Total	<u>171</u>

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 6.04% and 5.11% in calendar years 2018 and 2019, 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, 2019 were \$589,716 and exceeded the required contributions.

Net Pension Liability/Asset

The City's Net Pension Liability/Asset (NPL) was measured as of December 31, 2018, 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, 2018 actuarial valuation was calculated 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

CITY OF BROWNFIELD, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

Note G: TMRS-Pension Plan (Continued)

Net Pension Liability/Asset (Continued)

Actuarial assumptions (Continued)

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.

Actuarial assumptions used in the December 31, 2018 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
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%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.15%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	<u>100.0%</u>	

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 the funding policy adopted by the TMRS Board will remain in effect for all future years. Based on that assumption, the pension plan's Fiduciary Net Position and future contributions were projected to be sufficient to finance the future benefit payments of current plan members for all projection years. 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	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balance at 12/31/17	\$ 18,381,329	\$ 19,348,304	\$ (966,975)
Changes for the year:			
Service Cost	393,502	-	393,502
Interest (on the Total Pension Liability)	1,224,582	-	1,224,582
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(525,160)	-	(525,160)
Changes of Assumptions	-	-	-
Contributions – Employer	-	582,448	(582,448)
Contributions – Employee	-	189,731	(189,731)
Net Investment Income	-	(579,077)	579,077
Benefit Payments, Including Refunds of Employee Contributions	(872,256)	(872,256)	-
Administrative Expense	-	(11,201)	11,201
Other Changes	-	(585)	585
Net Changes	\$ 220,668	\$ (690,940)	\$ 911,608
Balance at 12/31/18	\$ 18,601,997	\$ 18,657,364	\$ (55,367)

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:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability/(Asset)	\$ 2,322,878	\$ (55,367)	\$ (2,023,019)

CITY OF BROWNFIELD, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

Note G: TMRS-Pension Plan (Continued)

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.tmrstx.com.

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

For the year ended September 30, 2019, the City recognized pension expense of \$265,320.

At September 30, 2019, 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	\$ -	\$ 630,358
Changes in Actuarial Assumptions	26,164	-
Differences Between Projected and Actual Investment Earnings	1,733,437	726,588
Contributions Subsequent to the Measurement Date	413,838	-
Total	<u>\$ 2,173,439</u>	<u>\$ 1,356,946</u>

\$413,838 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, 2020. 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
2020	\$ 149,067
2021	(66,807)
2022	(353)
2023	320,748
2024	-
Thereafter	-
Total	<u>\$ 402,655</u>

CITY OF BROWNFIELD, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

Note II: 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, 2018 being the latest available financial data. At August 31, 2018, there were 238 fire and/or emergency services member departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department. On August 31, 2018, the pension system membership consisted of:

	TESRS	City of Brownfield
Retirees and Beneficiaries Currently Receiving Benefits	3,533	5
Terminated Members Entitled to Benefits but Not Yet Receiving Them	1,927	-
Active Participants (Vested and Non-vested)	3,927	7
Total	9,387	12

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.

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Funding Policy (Continued)

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 in 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. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

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 has a different contribution arrangement which is being phased out over time. In this arrangement, contributions 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, 2018, total contributions of \$4,098,835 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The State of Texas appropriated \$1,329,224 for the fiscal year ending August 31, 2018. The City contributed \$3,171 to TESRS during its fiscal year ending September 30, 2019.

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, 2018 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.

CITY OF BROWNFIELD, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

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

Net Pension Liability

The System's net pension liability (NPL) was measured as of August 31, 2018, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018.

	TESRS	City of Brownfield
Total Pension Liability	\$ 137,514,345	\$ 101,761
Plan Fiduciary Net Position	115,863,894	85,739
Net Pension Liability	\$ 21,650,451	\$ 16,021
Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	84.26%

Actuarial Assumptions

The TPL in the August 31, 2018 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, 2018 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 of 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 5.01%) 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 0.26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note II: 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%	5.81%
Small Cap Domestic	15	5.92
Developed International	15	6.21
Emerging Markets	5	7.18
Master Limited Partnership	5	7.61
Real Estate	5	4.46
Fixed Income	23	1.61
Cash	0	0.00
Total	<u>100%</u>	
Weighted Average		5.01%

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, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAI) 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	\$ 43,023,103	\$ 21,650,451	\$ 7,233,195
City's Net Pension Liability	\$ 31,837	\$ 16,021	\$ 5,353

CITY OF BROWNFIELD, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

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

Net Pension Liability (Continued)

At August 31, 2018, the City reported a liability of \$16,021 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	\$	16,021
State's Proportionate Share that is Associated with the City*		6,121
Total	\$	22,142

**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, 2018. 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, 2018. The City used the assumption that any differences in the NPL measured as of August 31, 2018 versus September 30, 2018 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, 2017 through August 31, 2018.

At August 31, 2018 the City's proportionate percentage of the collective NPL was 0.074%, which was greater than its proportionate percentage of 0.031% measured as of August 31, 2017.

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 Annual Financial Report that includes financial statements, notes, and required supplementary information. TESRS makes this report publicly available at www.tesrs.org. The separately issued actuarial valuations that may be of interest are also available at the same link.

CITY OF BROWNFIELD, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

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, 2019, the City recognized pension expense of \$5,079.

At September 30, 2019, 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	\$ 4	\$ 46
Changes in Actuarial Assumptions	60	-
Differences Between Projected and Actual Investment Earnings	-	886
Contributions Subsequent to the Measurement Date	4,496	-
Total	<u>\$ 4,560</u>	<u>\$ 932</u>

\$4,496 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, 2020. 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
2020	\$ 1,032
2021	(575)
2022	(845)
2023	(480)
2024	-
Thereafter	-
Total	<u>\$ (868)</u>

Note I: Inter-fund Transfers

Transfers between funds during 2019 were as follows:

	From Hotel/Motel Tax Fund	From Power & Light Fund	From Water & Sewer Fund	From Sanitation Fund	From Infrastructure Fund	Total
To General Fund	\$ 724,836	\$ 2,609,297	\$ 116,513	\$ 145,500	\$ 434,912	\$ 4,031,058
To Infrastructure Fund	-	108,728	209,449	117,414	-	435,591
Total	<u>\$ 724,836</u>	<u>\$ 2,718,025</u>	<u>\$ 325,962</u>	<u>\$ 262,914</u>	<u>\$ 434,912</u>	<u>\$ 4,466,649</u>

CITY OF BROWNFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019, 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 April 9, 2020, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BROWNFIELD, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 1,250,723	\$ 1,250,723	\$ 1,273,142	\$ 22,419
General Sales & Use Taxes	970,146	970,146	1,109,581	139,435
Franchise Tax	178,576	178,576	161,523	(17,053)
Other Taxes	1,976	1,976	3,590	1,614
Penalty & Interest on Taxes	16,292	16,292	24,477	8,185
Licenses & Permits	16,970	16,970	17,895	925
Intergovernmental Revenue & Grants	550,000	550,000	563,512	13,512
Charges for Services	135,707	135,707	142,211	6,504
Fines	114,609	114,609	129,766	15,157
Investment Earnings	1,010	1,010	37,323	36,313
Rents & Royalties	47,682	47,682	40,529	(7,153)
Contributions & Donations from Private Sources	1,950	1,950	4,125	2,175
Other Revenue	251,635	251,635	291,698	40,063
Total Revenues	3,537,276	3,537,276	3,799,372	262,096
EXPENDITURES:				
Current:				
Legislative	33,371	33,371	24,552	8,819
Judicial	199,832	199,832	167,717	32,115
General Administration	895,997	895,997	900,435	(4,438)
Financial	434,159	434,159	409,391	24,768
Police	2,217,139	2,217,139	2,181,660	35,479
Fire Protection	1,059,293	1,059,293	1,007,229	52,064
Emergency Management & Services	138,552	138,552	123,477	15,075
Protective Inspections	125,939	125,939	133,266	(7,327)
Highways & Streets	975,658	988,658	960,383	28,275
Public Services	88,814	88,814	59,933	28,881
Culture & Recreation	674,744	3,784,744	3,780,130	-4,614
Total Expenditures	6,843,498	9,966,498	9,748,173	218,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,306,222)	(6,429,222)	(5,948,801)	480,421
OTHER FINANCING SOURCES (USES):				
Issuance of Bonds	-	2,460,000	3,047,000	587,000
Sale of Real & Personal Property	-	-	3,550	3,550
Transfers In	3,306,222	3,956,222	4,031,058	74,836
Bond Issuance Costs	-	-	(47,000)	(47,000)
Total Other Financing Sources (Uses)	3,306,222	6,416,222	7,034,608	618,386
Net Change in Fund Balances	-	(13,000)	1,085,807	1,098,807
Fund Balance - October 1 (Beginning)	(12,609)	(12,609)	(12,609)	-
Fund Balance - September 30 (Ending)	\$ (12,609)	\$ (25,609)	\$ 1,073,198	\$ 1,098,807

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	December 31, 2018
Total Pension Liability					
Service Cost	\$ 311,233	\$ 350,818	\$ 395,284	\$ 376,257	\$ 393,502
Interest on the Total Pension Liability	1,159,565	1,172,503	1,168,322	1,182,912	1,224,582
Changes of Benefit Terms	-	-	-	-	-
Difference Between Expected and Actual Experience	(526,062)	(197,395)	(344,543)	(113,999)	(525,160)
Change of Assumptions	-	206,604	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(752,891)	(806,524)	(1,186,119)	(800,682)	(872,256)
Net Change in Total Pension Liability	\$ 191,845	\$ 726,006	\$ 32,944	\$ 644,488	\$ 220,668
Total Pension Liability - Beginning	16,786,046	16,977,891	17,703,897	17,736,841	18,381,329
Total Pension Liability - Ending (a)	\$ 16,977,891	\$ 17,703,897	\$ 17,736,841	\$ 18,381,329	\$ 18,601,997
Plan Fiduciary Net Position					
Contributions - Employer	\$ 530,278	\$ 555,012	\$ 580,630	\$ 558,562	\$ 582,448
Contributions - Employee	172,625	180,834	189,131	181,943	189,731
Net Investment Income	893,031	24,265	1,106,172	2,362,236	(579,077)
Benefit Payments, Including Refunds of Employee Contributions	(752,891)	(806,524)	(1,186,119)	(800,682)	(872,256)
Administrative Expense	(9,324)	(14,780)	(12,504)	(12,253)	(11,301)
Other	(767)	(730)	(674)	(621)	(585)
Net Change in Plan Fiduciary Net Position	\$ 832,952	\$ 161,922	\$ 676,636	\$ 2,289,184	\$ 690,940
Plan Fiduciary Net Position - Beginning	15,611,454	16,444,406	16,382,484	17,059,120	19,348,304
Plan Fiduciary Net Position - Ending (b)	\$ 16,444,406	\$ 16,382,484	\$ 17,059,120	\$ 19,348,304	\$ 18,657,364
Net Pension Liability (Asset) - Ending (a)-(b)	\$ 533,485	\$ 1,321,413	\$ 677,721	\$ (966,975)	\$ (55,367)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.86%	92.54%	96.18%	105.26%	100.30%
Covered Employee Payroll	\$ 3,454,075	\$ 3,616,680	\$ 3,782,619	\$ 3,638,852	\$ 3,794,620
Net Pension Liability (Asset) as a Percentage of Covered Payroll	15.45%	36.54%	17.92%	-26.57%	-1.46%

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

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

	August 31, 2014	August 31, 2015	August 31, 2016	August 31, 2017	August 31, 2018
City's Proportion of the Net Pension Liability	0.105%	0.030%	0.022%	0.031%	0.074%
City's Proportionate Share of the Net Pension Liability	\$ 19,067	\$ 7,934	\$ 6,409	\$ 7,503	\$ 16,021
State's Proportionate Share of the Net Pension Liability	9,732	4,209	3,386	3,653	6,121
Total	<u>\$ 28,799</u>	<u>\$ 12,143</u>	<u>\$ 9,795</u>	<u>\$ 11,156</u>	<u>\$ 22,142</u>
Number of Active Members**	11	3	2	3	8
City's Net Pension Liability Per Active Member	\$ 1,733	\$ 2,645	\$ 3,205	\$ 2,501	\$ 2,003
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.46%	76.89%	76.34%	81.41%	84.26%

*Only five years of information is currently available. The City will build this schedule over the next five-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	FYE 9/30/2019
Actuarially Determined Contribution	\$ 348,982	\$ 298,578	\$ 278,762	\$ 242,125	\$ 206,972
Contributions in Relation to the Actuarially Determined Contribution	546,950	558,751	560,231	572,030	589,716
Contribution Deficiency (Excess)	<u>\$ (197,968)</u>	<u>\$ (260,173)</u>	<u>\$ (281,469)</u>	<u>\$ (329,905)</u>	<u>\$ (382,744)</u>
Covered Employee Payroll	\$ 3,563,192	\$ 3,640,074	\$ 3,649,712	\$ 3,726,585	\$ 3,841,797
Contribution as a Percentage of Covered Employee Payroll	15.35%	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	FYE 9/30/2019
Actuarially Determined Contribution	\$ 1,404	\$ 1,008	\$ 1,512	\$ 3,525	\$ 3,171
Contributions in Relation to the Actuarially Determined Contribution	1,404	1,008	1,512	3,525	3,171
Contribution Deficiency (Excess)	<u>\$ -</u>				
Number of Active Members**	3	2	3	8	7
Contributions per Active Member	\$ 468	\$ 504	\$ 504	\$ 441	\$ 453

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

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

CITY OF BROWNFIELD, TEXAS
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2019

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 eight 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.

CITY OF BROWNFIELD, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019

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
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	LEOSE Allocation Fund	Infrastruct. Improvement Fund	Muni. Court Technology & Security Fund	Hamilton Park Fund
ASSETS				
Cash & Cash Equivalents	\$ -	\$ 187,291	\$ -	\$ -
Hotel/Motel Taxes Receivable	-	-	-	-
Restricted Assets:				
Cash Restricted for Court Technology & Security	-	-	57,240	-
Cash Restricted for Park Upkeep & Improvements	-	-	-	8,015
Cash Restricted for Police Activities	5,605	-	-	-
Cash Restricted for Tourism	-	-	-	-
Total Assets	<u>\$ 5,605</u>	<u>\$ 187,291</u>	<u>\$ 57,240</u>	<u>\$ 8,015</u>
FUND BALANCES				
Restricted for Court Technology & Security	-	-	57,240	-
Restricted for Park Upkeep & Improvements	-	-	-	8,015
Restricted for Police Activities	5,605	-	-	-
Restricted for Tourism	-	-	-	-
Assigned for Capital Expenditures for Equipment	-	187,291	-	-
Other Assigned Fund Balance	-	-	-	-
Total Fund Balances	<u>5,605</u>	<u>187,291</u>	<u>57,240</u>	<u>8,015</u>
Total Liabilities and Fund Balances	<u>\$ 5,605</u>	<u>\$ 187,291</u>	<u>\$ 57,240</u>	<u>\$ 8,015</u>

Hotel/Motel Tax Fund	Police Dept. Local Drug Fund	Insurance Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 209,666	\$ 396,957
66,734	-	-	66,734
-	-	-	57,240
-	-	-	8,015
-	29,244	-	34,849
185,082	-	-	185,082
<u>\$ 251,816</u>	<u>\$ 29,244</u>	<u>\$ 209,666</u>	<u>\$ 748,877</u>
-	-	-	57,240
-	-	-	8,015
-	29,244	-	34,849
251,816	-	-	251,816
-	-	-	187,291
-	-	209,666	209,666
<u>251,816</u>	<u>29,244</u>	<u>209,666</u>	<u>748,877</u>
<u>\$ 251,816</u>	<u>\$ 29,244</u>	<u>\$ 209,666</u>	<u>\$ 748,877</u>

CITY OF BROWNFIELD, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	LEOSE Allocation Fund	Infrastruct. Improvement Fund	Muni. Court Technology & Security Fund	Hamilton Park Fund
REVENUES:				
Taxes:				
Hotel/Motel Tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue & Grants	2,792	-	-	-
Charges for Services	-	-	-	-
Fines	-	-	4,508	-
Forfeits	-	-	-	-
Investment Earnings	-	58,490	-	266
Other Revenue	-	3,686	-	-
Total Revenues	<u>2,792</u>	<u>62,176</u>	<u>4,508</u>	<u>266</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	1,760	-
Public Safety:				
Police	-	-	-	-
Culture and Recreation:				
Parks	-	-	-	3,296
Tourism	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,760</u>	<u>3,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,792</u>	<u>62,176</u>	<u>2,748</u>	<u>(3,030)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	435,591	-	-
Transfers Out	-	(434,912)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>679</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	2,792	62,855	2,748	(3,030)
Fund Balance - October 1 (Beginning)	<u>2,813</u>	<u>124,436</u>	<u>54,492</u>	<u>11,045</u>
Fund Balance - September 30 (Ending)	<u>\$ 5,605</u>	<u>\$ 187,291</u>	<u>\$ 57,240</u>	<u>\$ 8,015</u>

Hotel/Motel Tax Fund	Police Dept. Local Drug Fund	Insurance Fund	Total Nonmajor Governmental Funds
\$ 216,433	\$ -	\$ -	\$ 216,433
-	-	-	2,792
-	-	5,666	5,666
-	-	-	4,508
-	1,967	-	1,967
13,290	1,328	3,230	76,604
-	-	-	3,686
<u>229,723</u>	<u>3,295</u>	<u>8,896</u>	<u>311,656</u>
-	-	-	1,760
-	41,630	-	41,630
-	-	-	3,296
88,612	-	-	88,612
88,612	41,630	-	135,298
<u>141,111</u>	<u>(38,335)</u>	<u>8,896</u>	<u>176,358</u>
-	-	-	435,591
<u>(724,836)</u>	-	-	<u>(1,159,748)</u>
<u>(724,836)</u>	-	-	<u>(724,157)</u>
(583,725)	(38,335)	8,896	(547,799)
<u>835,541</u>	<u>67,579</u>	<u>200,770</u>	<u>1,296,676</u>
<u>\$ 251,816</u>	<u>\$ 29,244</u>	<u>\$ 209,666</u>	<u>\$ 748,877</u>