

**BROWNFIELD INDUSTRIAL DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF BROWNFIELD, TEXAS)**

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
LUBBOCK, TEXAS

**BROWNFIELD INDUSTRIAL DEVELOPMENT CORPORATION
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BROWNFIELD INDUSTRIAL DEVELOPMENT CORPORATION

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Brownfield, Texas
And To the Board of Directors of
Brownfield Industrial Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activity and governmental fund of Brownfield Industrial Development Corporation (BID Corp), as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise BID Corp's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity and governmental fund of BID Corp, as of September 30, 2013, and the respective changes in financial position 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 on page 10 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 omitted the management's discussion and analysis and the historical pension information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report January 15, 2014, on our consideration of BID Corp's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of BID Corp's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 15, 2014

BROWNFIELD INDUSTRIAL DEVELOPMENT CORPORATION

**A COMPONENT UNIT OF THE CITY OF BROWNFIELD, TEXAS
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash in Banks	\$ 1,853,683	\$	\$ 1,853,683
Receivables	34,231		34,231
Land Inventory	<u>685,944</u>		<u>685,944</u>
Total Assets	<u>\$ 2,573,858</u>	<u>\$ 0</u>	<u>\$ 2,573,858</u>
LIABILITIES			
Accrued Employee Leave	\$ 1,884	\$	\$ 1,884
Total Liabilities	<u>\$ 1,884</u>	<u>\$ 0</u>	<u>\$ 1,884</u>
FUND BALANCE			
Nonspendable Fund Balance	\$ 685,944	\$ (685,944)	\$
Restricted for Industrial Development	1,886,030	(1,886,030)	
Total Fund Balance	<u>\$ 2,571,974</u>	<u>\$ (2,571,974)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balance	<u>\$ 2,573,858</u>		
Net Position:		\$ 2,571,974	\$ 2,571,974
Restricted		<u>\$ 2,571,974</u>	<u>\$ 2,571,974</u>
Total Net Position			

See accompanying notes to the financial statements.

BROWNFIELD INDUSTRIAL DEVELOPMENT CORPORATION

**A COMPONENT UNIT OF THE CITY OF BROWNFIELD, TEXAS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

REVENUES	General Fund	Adjustments	Statement of Activities
Sales Taxes	\$ 453,508	\$	\$ 453,508
Interest	38,626		38,626
Total Revenues	\$ 492,134	\$ 0	\$ 492,134
EXPENDITURES/EXPENSES			
Salary	\$ 72,692	\$	\$ 72,692
Salary Related Expense	30,618		30,618
Car Allowance	6,000		6,000
Travel Expense	6,952		6,952
Building Expense	28,500		28,500
Economic Incentives	105,139		105,139
Contracted and Other Expenses	3,900		3,900
Office Expense, Dues, and Fees Expense	4,979		4,979
Miscellaneous Expense	717		717
Special Services	9,311		9,311
Advertising	20,057		20,057
Total Expenditures	\$ 288,865	\$ 0	\$ 288,865
Excess of Revenues over Expenditures/Expenses	\$ 203,269	\$ (203,269)	\$
Change in Net Position		203,269	203,269
Fund Balance/Net Position			
Beginning of the Year	2,368,705	0	2,368,705
End of the Year	\$ 2,571,974	\$ 0	\$ 2,571,974

See accompanying notes to the financial statements.

BROWNFIELD INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

The Brownfield Industrial Development Corporation (BID Corp) was formed and incorporated in February, 1990, as a component unit of the City of Brownfield. The 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 of Brownfield. The mission includes offering an environment conducive for industrial growth, and making Brownfield known as a location that business and industry seeks.

The BID Corp is a non-profit BID Corp governed by the Texas Development BID Corp Act of 1979. Economic development BID Corps are authorized by the provisions of Vernon's Texas Civil Statutes, Article 5190.6, Section 4A as amended.

The BID Corp is managed by a five member Board of Directors appointed by the Brownfield City Council which holds the oversight authority over the BID Corp. The BID Corp derives its major funding from an "additional one-half of one percent sales tax" that is collected within the City of Brownfield for this purpose.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As a component unit of the City of Brownfield, the BID Corp's financial reporting policies conform to the accounting principles generally accepted in the United States of America applicable to its primary government (Brownfield).

Basis of Accounting and Presentation

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the government-wide entity as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The BID Corp currently does not have business-type activities.

These government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statement of Activities demonstrates the degree to which the direct expenses of a given description are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific description. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given description or segment. The BID Corp does not have program revenues.

BROWNFIELD INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

The Corporation reports all direct expenses in the Statement of Activities. Direct expenses are those that are clearly identifiable with a description. Indirect expenses of other types are not allocated but are reported separately in the Statement of Activities. Depreciation expense is reported separately in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements

The BID Corp follows GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable fund balance – Amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – Amounts constrained to specific purposes by the BID Corp itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the BID Corp takes the same highest level action to remove or change the constraint.

Assigned fund balance – Amounts the BID Corp intends to use for a specific purpose. Intent can be expressed by an official or body to which the BID Corp delegates authority.

Unassigned fund balance – Amounts that are available for any purpose.

For the fiscal year ended September 30, 2013, the BID Corps' fund balance included nonspendable inventory and restricted fund balance, restricted for industrial development.

Financial statements are provided for the governmental fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the BID Corp considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from local sources consist primarily of sales taxes. Miscellaneous revenues are recorded 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 generally are recorded when a liability is incurred, as under accrual accounting.

BROWNFIELD INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

The BID Corp reports the following governmental fund:

General Fund

This fund is established to account for financial resources used for the BID Corp's operations. This is a budgeted fund and restricted fund balances are considered resources available for current operations.

Budgets and Budgetary Accounting

The BID Corp generally follows the budgetary procedures of the City of Brownfield. The operating budget is prepared on the cash basis and because of the operating characteristics of the entity such basis is not materially different than the modified accrual basis upon which the BID Corp reports. In the budget process expenditures are appropriated with the means of financing them. Unused appropriations lapse at the end of the fiscal year (September 30th) and can't be carried over to the following year.

Encumbrances

Encumbrance accounting is not utilized by the BID Corp because of its small size and its relatively simple operations.

Inventories

The BID Corp does have significant land holdings in the form of developed and undeveloped land in the City of Brownfield. The inventory of unsold land is reflected in the financial statements as "Land Inventory".

3. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

As of September 30, 2013, there were no claims or assessments nor any litigation pending against the BID Corp.

Management has evaluated subsequent events through the date of the audit report. No events have occurred up to that date that would require adjustment to, or disclosure in, the financial statements.

4. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (the Act) (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the BID Corp to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the BID Corp to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market

BROWNFIELD INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the BID Corp to have independent auditors perform test procedures related to investment practices as provided by the Act. The BID Corp currently does not hold any investments.

Policies Governing Deposits and Investments

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

- a. **Custodial Credit Risk – Deposits and Investments:** In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments in certificates of deposits may not be returned to it. The BID Corp's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state or local governments by pledging securities in excess of the highest cash balance of the government. The BID Corp is not exposed to custodial credit risk, for its deposits are all covered by depository insurance and pledged securities held by a third party in the BID Corp's name.
- b. **Concentration of Credit Risk –** The investment policy of the BID Corp contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At September 30, 2013, the BID Corp's cash balances are with Lone Star State Bank which are covered by FDIC insurance and pledged securities, and as such the BID Corp has no risk.
- c. **Credit Risk –** The risk that an issuer of other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2013 the BID Corp was not significantly exposed to credit risk.
- d. **Interest Rate Risk –** Not applicable
- e. **Foreign Currency Risk –** Not applicable

BROWNFIELD INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

The carrying amount of the BID Corp's cash at September 30, 2013, approximates fair value and consisted of the following shown below:

	<u>Primary Government</u>
Cash in Bank	\$ <u>1,853,683</u>
Total Cash in Bank	\$ <u><u>1,853,683</u></u>

5. RECEIVABLES

	<u>Total Receivables</u>	<u>Estimated Uncollectible Accounts</u>	<u>Net Receivables</u>
Sales Tax (Due From City)	\$ <u>34,231</u>	\$ <u> </u>	\$ <u>34,231</u>
	\$ <u><u>34,231</u></u>	\$ <u><u>0</u></u>	\$ <u><u>34,231</u></u>

6. RETIREMENT PLAN

The BID Corp's employees are considered employees of the City of Brownfield and participate in the defined benefit plan administered by Texas Mutual Retirement System (TMRS). The BID Corp contributed \$12,079 to the pension plan on behalf of its employees for the year ended September 30, 2013. For more information about the plan, see the City of Brownfield's annual audit report.

REQUIRED SUPPLEMENTARY INFORMATION

BROWNFIELD INDUSTRIAL DEVELOPMENT CORPORATION

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	(Unaudited) Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Sales Taxes	\$ 439,571	\$ 453,508	\$ 13,937
Rents of City Property	105,000		(105,000)
Interest	<u>38,175</u>	<u>38,626</u>	<u>451</u>
Total Revenues	<u>\$ 582,746</u>	<u>\$ 492,134</u>	<u>\$ (90,612)</u>
EXPENDITURES			
Salary	\$ 72,692	\$ 72,692	\$ 0
Salary Related Expense	28,719	30,618	(1,899)
Car Allowance	7,200	6,000	1,200
Travel Expense	7,000	6,952	48
Building Expense	28,500	28,500	0
Economic Incentives	395,334	105,139	290,195
Contracted and Other Expenses	4,000	3,900	100
Office Expense, Dues, and Fees Expense	8,301	4,979	3,322
Miscellaneous Expense	1,000	717	283
Special Services	10,000	9,311	689
Advertising	<u>20,000</u>	<u>20,057</u>	<u>(57)</u>
Total Expenditures	<u>\$ 582,746</u>	<u>\$ 288,865</u>	<u>\$ 293,881</u>
Excess of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 203,269</u>	<u>\$ 203,269</u>

FUND BALANCE

Beginning of Year - October 1, 2012	<u>2,368,705</u>
End of Year - September 30, 2013	<u>\$ 2,571,974</u>

No amendments to budget.

OVERALL INTERNAL CONTROL AND COMPLIANCE SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council
City of Brownfield, Texas
And To the Board of Directors of
Brownfield Industrial Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental fund of Brownfield Industrial Development Corporation (BID Corp) as of and for the year ended September 30, 2013, and related notes to the financial statements, which collectively comprise the BID Corp's basic financial statements and have issued our report thereon dated January 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Brownfield Industrial Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BID Corp's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of BID Corp's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brownfield Industrial Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Certified Public Accountants

Lubbock, Texas

January 15, 2014

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

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

January 15, 2014

To the City Council
City of Brownfield, Texas
And To the Board of Directors of
Brownfield Industrial Development Corporation

We have audited the financial statements of Brownfield Industrial Development Corporation (BID Corp) for the year ended September 30, 2013, and have issued our report thereon dated January 15, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 9, 2013, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Brownfield Industrial Development Corporation. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. Our audit of the financial statements does not relieve you or management of your responsibilities.

Other Information in Documents Containing Audited Financial Statements

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

Planned Scope and Timing of the Audit

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

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Brownfield Industrial Development Corporation are described in the notes to the financial statements. GASB Statements No. 63 and 65 relating to Net Position were adopted for the year ended June 30, 2013. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the financial statements.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Attached to this letter are all adjustments corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 15, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

This information is intended solely for the use of the Board of Directors and management of Brownfield Industrial Development Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants