

## Independent Auditor's Report

The Honorable Mayor  
and Members of the City Council  
City of Brookings, South Dakota

### 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 Brookings, South Dakota (the City) as of and for the year ended December 31, 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 did not audit the financial statements of the Brookings Health System Fund and the Brookings Municipal Utilities Telephone, Electric and Wastewater Funds, which are major enterprise funds, and the Brookings Municipal Utilities Water Fund, which represent 88%, 84% and 94%, respectively, of the total assets and deferred outflows of resources, net position and revenues of the business-type activities. We also did not audit the financial statements of the Brookings Health System Foundation, the discretely presented component unit of the City. The financial statements of the Brookings Health System Fund, Brookings Municipal Utilities Telephone, Electric, Water and Wastewater Funds, and Brookings Health System Foundation were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the above mentioned enterprise funds and the discretely presented component unit, are based solely on the reports of the other auditors. 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 opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, 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 Brookings, South Dakota as of December 31, 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.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in 2019, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other postemployment benefit information as listed in the table of contents 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 and the other auditors 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, consisting of combining financial statements, budgetary comparison schedules, and the introductory and statistical sections as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and budgetary comparison schedules 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 financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated June 29, 2020, on our consideration of the City'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 solely 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 the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.

**BKD, LLP**

Lincoln, Nebraska  
June 29, 2020

## Management's Discussion and Analysis

This discussion and analysis presents an overview of the financial activities and financial position for the City of Brookings (the "City") for the year ended December 31, 2019. The information presented in this section should be considered in conjunction with that presented in the basic financial statements and notes to the financial statements.

### Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$389,439,685 (net position) for the calendar year reported.
- The City's total ending net position of \$389,439,685 reflects an increase of \$23,527,771 during the calendar year.
- Total net position is comprised of the following:
  1. Net investment in capital assets, of \$224,384,801 includes property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
  2. Net position of \$8,916,903 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  3. Unrestricted net position of \$156,137,981 represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental activities reported total ending net position of \$110,760,263 this year reflecting an increase of \$7,725,638 during the calendar year. Unrestricted net position of \$22,975,842 at December 31, 2019 represents 20.7% of total net position.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$9,799,639 or 61.3% of total General Fund expenditures.
- The City's business-type activities reported increased net position of \$15,802,133 or 5.7% compared to the previous year, ending the current year at \$278,679,422. This increase in business-type activities is somewhat similar to what a private business might report as net profit.
- The City's total outstanding long-term liabilities increased by \$10,483, ending the current fiscal year at \$108,174,032.

### Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City's basic financial statements, which consists of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

The report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to give users a broad overview of the City's finances, in a manner similar to that of a private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, excluding fiduciary funds, with the difference reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The Statement of Activities shows how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event that caused the change occurs, regardless of the timing of the related cash flows. There are revenues and expenses reported in this statement for some items that will only result in cash flows in future fiscal years; examples include uncollected taxes and vacation days that are earned, but not used.

Both of the government-wide financial statements distinguish between functions that are mainly supported by taxes and intergovernmental revenues (governmental activities) from the functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health & welfare, culture & recreation, conservation & development, and debt service. The business-type activities of the City include the enterprise activities of electric, water, sewer, telephone, hospital, liquor, solid waste, airport, golf course, and the research & technology facility.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain financial control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintained 26 individual governmental funds for 2019. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other 25 governmental funds are combined into a single aggregated presentation. Fund data for each individual nonmajor governmental fund is provided in the form of combining statements following the required supplementary information.

The City adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided as required supplementary information for the major governmental fund (General Fund) to demonstrate compliance with this budget.

**Proprietary funds.** The City maintains two different types of proprietary funds. The first type is enterprise funds, which are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Information is presented separately in the proprietary fund financial statements for the electric, wastewater, health system, and telephone funds, all of which are considered to be major funds. Data from the remaining enterprise funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is included in the combining and individual fund section of this report.

Internal service funds are the other type of proprietary funds. Internal service funds are used to accumulate and allocate costs internally among the City's various functions for self-insurance. Because the self-insurance fund predominately benefits the business-type functions, it has been included with the business-type activities portion of the presentation of the government-wide statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This section includes a budgetary comparison schedule and related notes for the General Fund, select pension information, and the schedule of changes in the City's total other postemployment benefit liability and related ratios.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor enterprise funds are presented immediately following the required supplementary information.

## Government-Wide Financial Analysis

**Net position.** Net position over time serves as a useful indicator of a government's financial position. At the close of 2019, assets and deferred outflows exceeded liabilities and deferred inflows by \$389,439,686. This reflects an increase in the City's combined net position of 6.4% between fiscal year 2018 and 2019.

Condensed Statements of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Current and Other Assets	\$35,190,664	\$36,103,014	\$143,493,635	\$160,152,254	\$178,684,299	\$196,255,268
Capital Assets	97,031,160	103,946,313	213,824,612	212,088,759	310,855,772	316,035,072
Total Assets	132,221,824	140,049,327	357,318,247	372,241,013	489,540,071	512,290,340
Deferred Outflows of Resources	3,057,980	2,287,302	11,073,653	7,511,348	14,131,633	9,798,650
Total Assets and Deferred Outflows of Resources	135,279,804	142,336,629	368,391,900	379,752,361	503,671,704	522,088,990
Other Liabilities	5,242,634	4,948,826	19,943,685	21,442,864	25,186,319	26,391,690
Long-Term Liabilities	26,235,080	25,691,773	81,928,469	75,539,869	108,163,549	101,231,642
Total Liabilities	31,477,714	30,640,598	101,872,154	96,982,733	133,349,868	127,623,331
Deferred Inflows of Resources	767,465	935,768	3,642,457	4,090,207	4,409,922	5,025,974
Total Liabilities and Deferred Inflows of Resources	32,245,179	31,576,366	105,514,611	101,072,940	137,759,790	132,649,306
Net Investment in Capital Assets	79,953,311	84,969,255	138,103,929	139,415,546	218,057,240	224,384,801
Restricted	3,572,368	2,815,166	14,150,261	6,101,737	17,722,629	8,916,903
Unrestricted	19,508,946	22,975,842	110,623,099	133,162,139	130,132,045	156,137,981
Total Net Position	103,034,625	110,760,263	262,877,289	278,679,422	365,911,914	389,439,685
Beg. Net Position	97,484,343	103,034,625	252,041,030	262,877,289	349,525,373	365,911,914
Change in Net Position	\$5,550,282	\$7,725,638	\$10,836,260	\$15,802,133	\$16,386,541	\$23,527,771
Percentage Change	5.7%	7.5%	4.3%	6.0%	4.7%	6.4%

The Statement of Net Position reports all financial and capital resources. The statement presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources in order of relative liquidity. The liabilities with maturities greater than one year are reported in two components: the amount due within one year and the amount due in more than one year. The long-term liabilities of the City, consisting primarily of compensated absences payable, sales tax revenue bonds payable, loans payable, and capital leases have been reported in this manner on the Statement of Net Position. The difference between the City's assets and deferred outflow of resources, and the liabilities and deferred inflow of resources is equal to its net position.

By far the largest portion (57.6%) of the City's net position is represented by \$224.4 million in investment in capital assets (e.g., land, buildings, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position makes up 2.3% of the total net position. These assets are subject to external restriction on how they may be used.

The remaining unrestricted balance of \$156.1 million (40.1%) may be used to meet the government's ongoing obligations to citizens and creditors. Certain balances within the unrestricted net position have internally imposed designations or limitations which may further limit the purpose for which such net position may be used.

**Changes in net position.** The increase in net position for 2019 was \$23,527,771. The Governmental Activities Net Position increased \$7,725,638 and the Business-Type Activities Net Position increased \$ 15,802,133. The Governmental Activities net position increased in 2019 due higher sales tax revenue, reduction in personnel expense due to vacancies, controlled spending and lower capital expenses than anticipated. The Business-Type Activities increased their net position due to stronger revenue intake in the Health and Telephone Funds while improving their overall cost base.

Condensed Statements of Activities						
	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$3,160,300	\$3,006,673	\$148,118,758	\$157,489,074	\$151,279,058	\$160,495,747
Operating Grants	1,196,236	3,354,131	-	-	1,196,236	3,354,131
Capital Grants	1,367,148	531,056	1,511,754	1,597,975	2,878,902	2,129,031
General Revenues						
Taxes	20,759,086	22,234,360	-	-	20,759,086	22,234,360
State Shared Revenues	176,729	194,899	-	-	176,729	194,899
Investment Earnings	428,667	596,688	856,049	6,270,357	1,284,716	6,867,045
Miscellaneous	1,616,531	1,734,715	5,525,027	1,111,347	7,141,558	2,846,062
<b>Total Revenues</b>	<b>28,704,697</b>	<b>31,652,521</b>	<b>156,011,588</b>	<b>166,468,753</b>	<b>184,716,285</b>	<b>198,121,274</b>
<b>Expenses</b>						
General Government	2,647,096	3,100,824	-	-	2,647,096	3,100,824
Public Safety	3,751,634	1,045,554	-	-	3,751,634	1,045,554
Public Works	7,826,805	8,781,586	-	-	7,826,805	8,781,586
Health and Welfare	112,288	361,670	-	-	112,288	361,670
Culture and Recreation	7,878,881	7,989,691	-	-	7,878,881	7,989,691
Conservation and Development	3,126,428	5,075,005	-	-	3,126,428	5,075,005
Interest charges	691,513	638,664	-	-	691,513	638,664
Electric Fund	-	-	25,453,375	24,763,773	25,453,375	24,763,773
Health System Fund	-	-	69,543,971	73,126,615	69,543,971	73,126,615
Telephone Fund	-	-	30,588,645	31,994,685	30,588,645	31,994,685
Liquor Fund	-	-	3,781,087	3,996,363	3,781,087	3,996,363
Water Fund	-	-	3,313,377	3,548,165	3,313,377	3,548,165
Wastewater Fund	-	-	5,057,364	5,358,562	5,057,364	5,358,562
Airport Fund	-	-	1,196,653	1,266,013	1,196,653	1,266,013
Golf Fund	-	-	617,329	720,382	617,329	720,382
Solid Waste Fund	-	-	2,543,324	2,729,960	2,543,324	2,729,960
Research and Technology Fund	-	-	199,973	95,993	199,973	95,993
<b>Total Expenses</b>	<b>26,034,645</b>	<b>26,992,993</b>	<b>142,295,098</b>	<b>147,600,511</b>	<b>168,329,743</b>	<b>174,593,503</b>
Excess						
Before Transfers	2,670,052	4,659,529	13,716,490	18,868,242	16,386,542	23,527,771
Transfers	2,880,230	3,066,109	(2,880,230)	(3,066,109)	-	-
<b>Change in Net Position</b>	<b>5,550,282</b>	<b>7,725,638</b>	<b>10,836,260</b>	<b>15,802,133</b>	<b>16,386,541</b>	<b>23,527,771</b>
Beginning Net Position	97,484,343	103,034,625	252,041,030	262,877,289	349,525,373	365,911,914
<b>Ending Net Position</b>	<b>\$ 103,034,625</b>	<b>\$ 110,760,263</b>	<b>\$ 262,877,290</b>	<b>\$ 278,678,422</b>	<b>\$ 365,911,914</b>	<b>\$ 389,439,685</b>

**Governmental activities.** Revenues for the City's governmental activities were \$31,652,521. Taxes accounted for 70.2% of the overall revenues generated in 2019 compared to 72.3% in 2018. Capital grants decreased by \$836,092 due to lower construction activity, on the flip side, operating grants received increased by \$2,157,895. Charges for services decreased by 4.6% from the previous year driven by volume. Other revenue sources reflected a combination of increases and decreases with a minimal net effect.

The most significant source of revenue to the City is based on taxable retail sales in the community (sales & use tax). The City experienced an increase of \$1,006,142 or 6.9% in sales tax revenue compared to the prior year. The City's Ends policy takes a conservative approach to budgeting and provides that the City average the last five years' tax revenues and budget a 2.5% increase above that average. The net increase in sales & use tax revenue was reflected as follows: 5.6% or \$385,270 increase in 1<sup>st</sup> penny sales and use tax, 6.7% or \$460,630 increase in 2<sup>nd</sup> penny sales and use tax and a 17.5% or \$160,242 increase in the 3<sup>rd</sup> penny Bed and Booze tax (this includes a \$60,840 settlement from the previous year).

Governmental Activities expenses increased by 3.6% or \$958,348 from 2019. The increase was due in large part to the back filling of Public and Safety personnel that were vacant for a large part of 2018 as well as the carpet replacement at the Library and grant funded initiatives. The other categories had a combination of overall increases and decreases.

**Business-type activities.** Overall revenues of the City's Business-Type Activities increased 6.7% in 2019 which is higher than the 4.8% achieved in 2018. Charges for services increased \$9.4 million, or 6.3% while miscellaneous income decreased by \$4.4 million driven by the one-time settlement gain in the Telephone Fund of approximately \$4.9 million reported in 2018.

Operating expenses increased by approximately \$5.3 million or 3.7% in 2019 compared to a 9.9% increase in 2018. The increase is mostly driven by the health system fund of \$3.6 million or 4.9% and the Telephone Fund of \$1.4 million or 4.4%. These increases were largely offset by the increases in revenue for these funds of 9.2% or \$6.1M and 9.9% or \$2.8M respectively.

## Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required by statute while others are established internally to assist management in accounting for certain activities.

### Governmental Funds

The accounting focus of the City's governmental funds is to provide information on near-term inflows, outflows and balance of spendable resources. Such information is useful in assessing the City's financing activities and abilities. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**General Fund.** The General Fund is the primary operating fund of the City. The fund balance increased by \$1,383,112 or 8.3% from 2019. This increase is mainly due to higher sales tax revenue and lower payroll expense due to vacancies.

In 2019, 1<sup>st</sup> penny sales tax increased by \$385,269 and property tax by \$137,355 for a combined total of 5.2%. Miscellaneous revenue increased by \$196,487 driven by insurance proceeds while other revenue sources didn't change materially. Overall, revenues as a whole increased by 5.6% or \$740,555.

General Fund expenditures increased by \$528,204 or 3.4%. The change is mainly driven by increases in public works and public safety expenses. The increase in expense net impact was partially offset by an increase in transfers in from other enterprise funds of \$179,032 or 5.2%.

### Proprietary (business-type) Funds

**Electric Fund.** The Electric Fund net position increased by \$4,176,197 in 2019 compared to an increase of \$3,107,957 in 2018. Operating revenues increased by \$371,000 and operating expenses decreased by \$673,000. In 2019 user charges were increased by an overall 2.5% but were offset by a 2.7% decrease in kilowatt-hour sales. Operating expenses decreased by 2.7% in 2019 primarily due to the purchase of fewer kilowatt-hours of purchased power. The rates charged in 2019 by suppliers of power remained at the same level as the prior year with the reduction in cost resulting from fewer kilowatt-hours purchased. The cost of purchased power however, remains a considerable amount of all operating expenses (75%) for 2019. This decrease in power cost was offset by an increase of \$128,000 in personal services mostly due to the funding status of the pension asset. The deployment of new infrastructure resulted in an increase in depreciation expense of \$169,000. Operating transfers totaling \$2,155,000 were made from the Electric Fund to the General Fund in 2019.

**Telephone Fund.** The Telephone Fund net position increased by \$2,126,110 in 2019 compared to an increase of \$5,485,862 in 2018. In 2018 the fund reported a one-time non-operating income of \$4.9 million per an agreed upon estimated obligation relating to a contractual arrangement. Operating revenues increased by \$2.8 million due to increased usage of the telecommunications facilities, regulatory adjustments, and increased contract sales. Operating expenses increased by \$1.5 million over the prior year due to increased cost of goods sold relating to contracts and higher reported personal services, a



result of the funding status of the pension asset. Operating transfers totaling \$200,000 were made from the Telephone Fund to the General Fund in 2019.

**Wastewater Fund.** The Wastewater Fund net position increased by \$1,108,030 in 2019 compared to an increase of \$1,360,167 in 2018. Capital contributions of \$516,357 in 2019 and \$559,014 in 2018 were responsible for 46.6% and 41.1% of the increase in net position, respectively. Operating revenues in 2019 remained at the same level reported the prior year. A 2.0% overall increase to user charges was made to units billed to customers in 2019, however, units billed were down 3.2% from the prior year. Operating expenses increased \$324,000 in 2019 due to \$121,000 in personal services and pensions, \$93,000 in maintenance of mains and manholes, and \$110,000 in depreciation expense.

**Health System Fund.** The Health System Fund’s total revenues of \$77,017,620 exceeded total expenses of \$71,826,974 for an increase in net position of \$5,190,646 for 2019. Ending net position of \$74,544,876 is 7.5% over 2018’s net position of \$69,354,230. Gross revenues increased nearly \$15.5 million from 2018 to 2019, primarily due to expanded specialty programs in Brookings. Nearly \$9 million of this growth is related to Orthopedics and ENT related services encompassing many hospital departments, i.e. Surgery, Cat Scan, MRI, Brookings Medical Specialty Clinic, etc. Despite the large increase in revenue, supplies increased only \$1.7 million from 2018 to 2019, which is mostly attributable to the increase in surgical cases.

### General fund budgetary highlights

Over the course of the year, the City Council revised the City budget five times. Supplemental appropriations and contingency transfers were approved for unanticipated, yet necessary, expenses to provide for items necessary for the health and welfare of its citizens.

The final General Fund expenditure budget reflects an increase to the original budget by \$28,316 or about 0.2%. The bulk of the budget amendments impacted non major funds.

Actual General Fund expenditures were \$1,391,068 less than the adjusted budget. This surplus was mainly driven by lower personnel expenses in the Parks and Police Departments due to vacancies as well as change in scope of project work at the Larson Ice Arena. Overall, the departments held their spending in line with the budget for 2019.

Actual General Fund revenues were \$523,456 more than the adjusted budget due to higher economic activity in the City and higher return on investments as well as due to following the conservative Governance and Ends Policy relating to budgeted revenues.

### Capital Asset Administration

Capital Assets	Governmental Activities		Total Dollar Change 18-19	Total Percentage Change 18-19
	2018	2019		
Land	\$ 10,511,419	\$ 10,560,019	\$ 48,602	0.5%
Construction in Progress	2,011,542	4,671,876	2,660,334	132.3%
Buildings and Other Improvements	33,392,525	36,335,406	2,942,881	8.8%
Machinery and Equipment	8,804,287	8,841,354	37,067	0.4%
Infrastructure	42,311,387	43,537,658	1,226,271	2.9%
<b>Total Capital Assets (Net of Depreciation)</b>	<b>\$ 97,031,160</b>	<b>\$ 103,946,313</b>	<b>\$ 6,915,155</b>	<b>7.1%</b>

Major activity within the Governmental Activities in 2019 included the following:

- 1) Main Building additions – Larson Ice Arena facility upgrade, expansion of parking lot at City Hall building and the Library carpet replacement
- 2) Main Equipment purchased - Streets Sweeper, Parks bobcat skidsteer, chip truck and upgrading of wireless infrastructure at the Swiftel Center
- 3) Key Infrastructure added – Pioneer Park playground equipment upgrade, 22<sup>nd</sup> Avenue between Minnesota Drive and Eastbrook Drive concrete pavement upgrade, storm drainage improvements, street asphalt repairs and Bike Trail Overlays

Capital Assets (Net of Depreciation)	Business-type Activities		Total Dollar Change 18-19	Total Percentage Change 18-19
	2018	2019		
	Land	\$ 6,767,188		
Construction in Progress	4,304,869	5,388,248	1,083,379	25.2%
Buildings and Other Improvements	187,575,165	186,279,415	(1,295,750)	-0.7%
Machinery and Equipment	15,177,390	13,655,802	(1,521,588)	-10.0%
<b>Total Capital Assets (Net)</b>	<b>\$ 213,824,612</b>	<b>\$ 212,088,759</b>	<b>\$ (1,735,853)</b>	<b>-0.8%</b>

Major activity in the Business-Type Activities in 2019 included the following:

- The Electric Fund: used approximately \$2.6 million of funds for the acquisition and construction of assets such as work on the Western Avenue Substation, upgrade of the metering system to AMI and the street light system to LED and the purchase of a boring machine, mini excavator and fork lifts.
- The Telephone Fund used approximately \$1.6 million for the acquisition and construction of capital and including the continuing deployment of fiber facility, a variety of electronics and infrastructure improvements, and an increase in wireless capacities.
- The Water Fund used approximately \$4.4 million in 2019 for the acquisition and construction of assets such as the replacement of the 4<sup>th</sup> Street water tower and the start of construction of the new tower and real estate purchases of \$1.45 million of two separate parcels of land for north wellhead protection.
- The Wastewater fund used approximately \$526,000 in 2019 in the rehabilitation of mains in the collection system.
- The Brookings Health System purchases of capital assets were approximately \$3.5 million in 2019. Purchases consisted of \$1.3 million for Medical Office Plaza 2<sup>nd</sup> floor build out, \$375k in the Orthopedic and ENT surgical equipment, \$200k to complete the \$1 million total build costs for the Ambulance garage that was completed early 2019, and other various hospital equipment.
- The Solid Waste fund had equipment purchases of \$263,705 including a Peterbilt heavy duty truck.
- The Airport capital asset additions totaled \$239,465. This includes \$123,354 in sanitary sewer improvements.

See note 8 for additional information regarding capital assets.

## Long-Term Liabilities

At December 31<sup>st</sup>, the City had the following long-term liabilities:

	Governmental Activities		Business-type Activities		Dollar Change 18-19	Percentage Change 18-19
	2018	2019	2018	2019		
	Revenue Bonds	\$ 17,103,799	\$ 18,740,963	\$ 5,536,946		
Loans	5,600,000	5,900,000	27,824,448	27,131,004	(393,444)	(0)
Capital Leases	229,525	203,125	41,479,390	39,599,277	(1,906,513)	(0)
OPEB	2,396,274	2,628,672	3,366,525	4,108,996	974,869	0
Amount Due Under Joint Agreements	-	-	1,555,350	1,555,350	-	-
Landfill Closure/Postclosure Compensated Absences	-	-	644,309	664,043	19,734	0
	905,482	979,496	1,521,501	1,463,570	16,083	0
<b>Total Long-Term Liabilities</b>	<b>\$ 26,235,080</b>	<b>\$ 28,452,256</b>	<b>\$ 81,928,469</b>	<b>\$ 79,721,776</b>	<b>\$ 10,483</b>	<b>0.0%</b>

The City has outstanding Sales Tax Revenue Bonds in the amount of \$15,706,018 at the end of 2019. The bonds are secured by revenue generated from the 2<sup>nd</sup> Penny Sales & Use Tax Fund. 23% of the current balance for these bonds were issued to refund outstanding Sales Tax Revenue Bonds Series 2001, 2003 and 2005, and the City's portion of the construction of the City/County Administration building; these bonds are scheduled to be retired in 2022. 77% of the current balance was issued to fund critical infrastructure projects such as sanitary, sewer and drinking water systems upgrades as well as the Larson Ice arena and Bob Shelden Park; the last of these bonds are scheduled to be retired in 2033.

In addition, the City has the following outstanding commitments:

- State Revolving Fund Bond in the amount of \$448,832. This bond is secured by TIF-1 property tax increment revenues and also by revenue generated by the 2<sup>nd</sup> Penny Sales & Use Tax Fund. The City is the developer and therefore is responsible for any bond repayment in excess of the property tax revenue generated by the Tax Increment District. This bond was issued to construct infrastructure at the Innovation Campus which is designed to attract new innovative companies who can take advantage of the talent at South Dakota State University.
- State Revolving Fund Bonds in the amounts of \$266,087, \$247,421, \$164,332, \$1,520,544, and \$387,729. These bonds are secured by Storm Drainage fees assessed to property owners. These bonds were issued to construct storm drainage projects in the Southland addition, Pheasant's Nest addition, Nelson addition, Camelot addition and Division Ave.
- Zero-interest outstanding loans in the amount of \$5,700,000 and \$200,000. These loans are to be repaid from the 75% Sales and Use Tax and scheduled for completion in 2027 and 2021 respectively.
- Capital acquisition lease for purchase of a scoreboard display to be paid using the Swiftel Center funds in the amount of \$203,125.
- Electric revenue bond with outstanding principal of \$754,536. This bond was used for construction and modifications of the electric utility system to include the purchase and installation of substation components that enhance the ability to serve the needs of the South Dakota State University campus and users of the electric utility generally. The interest rates for the bonds are not to exceed 5.95% with final maturity due June 1, 2028.
- Electric revenue bond with outstanding principal of \$4,445,000. This bond was issued for construction of a 115KV transmission line, reconstruction of three substations and the installation of four 115/12.5KV transformers and related improvements. The interest rates for the bonds are 0.65% to 3.9% with final maturity due December 1, 2031.
- State Revolving Fund (SRF) Loan in the amount of \$27,131,004. The loan is secured by revenues of the wastewater fund. This loan was issued to construct improvements to the wastewater treatment facilities and collection system. The interest rate on the loan is 3.25% with final maturity October 15, 2044.
- Capital acquisition leases for purchase of utility plant to be paid using the telephone, water, wastewater, and electric funds in the amount of \$3,675,000.
- Certificates of Participation for the construction of the skilled nursing facility in the amount of \$8,575,787.
- Certificates of Participation for the construction of the new medical office building and renovation of existing hospital in the amount of \$5,984,940 and \$21,363,550 respectively.
- Lastly, the City is liable for the accrued compensated absences of \$979,496 within the Governmental Funds and \$1,463,570 within the Enterprise Funds payable to all full-time employees who have been employed for more than 6 months.

See note 9 for additional information regarding long-term liabilities.

## Economic Outlook and Next Year's Budget

2019 Sales & Use Tax revenues were up 6.1% from the 2018 revenue; this increase was more favorable than the 3.9% in the previous year. Due to strong economic performance and conservative budgeting practices, as required under the City's Ends Policy, the tax revenue surpassed 2019's budgeted revenue. The 2020 tax revenue was budgeted with an estimated 3.2% growth from the 2019 budget.

The overall budget increased by 3.8% when compared to 2018 due to a large-scale capital project in the solid waste enterprise fund, the complete budget for 2020 is \$55.3 million. The 2020 General Fund budget is structurally balanced in that incoming revenues are equal to outgoing expenditures. The aggregate impact of the General Fund budgeting activity resulted in an overall budget of \$23,674,065, which is a net decrease from the previous year's budget of \$456,052, or 1.9%.

The Special Revenue Funds' budget was streamlined with the following significant changes:

- 3<sup>rd</sup> Penny Sales Tax revenue increased minimally based on historic data.
- Pillow Tax projection increased with addition of hotel facilities.
- All outside agency economic development and marketing efforts funded 3<sup>rd</sup> Penny Sales Tax and Pillow Tax (except Research Park at SDSU).
- Majority of outside agency economic development and marketing operations decreased by 2.5%.
- Various programs were cut or drastically minimized to offset impact to outside agencies operations.
- Transfer from Liquor Store was required to meet funding needs.

Given the structural changes, total fund budget year over year comparisons are not a true representation of actual budget increases/decreases.

Property Tax levy increases are estimated based on growth and the Consumer Price Index (CPI). The property tax levy for 2019 (payable in 2020) increased by 4.3%. In the last year, the taxable valuation for the City of Brookings has increased by \$49.4 million

For 2020 the City budgeted a 2.75% overall salary increase plus movement through steps for employees. At the time the budget was completed, due to our claims experience, health insurance premiums were budgeted to remain relatively the same as that of 2019. Vision premiums remained virtually the same as 2019 as did dental coverage.

Form a personnel perspective, the City is budgeted to have 146 employees in 2020. This includes the addition of two new positions: a Geographic Information System (GIS) Technician and Fire and Life Safety Technician. Through the addition of these positions, the City will strategically utilize data and take a proactive approach to decision-making which fosters continuous organizational improvement.

The table on the right shows the comparison of the 2020 budget with the 2019 budget for all governmental funds. The increase in personnel services reflects the cost of living adjustment (COLA) increase and as well as the full-time workforce additions mentioned above. The increase in operating expense reflects additional operating expenses, necessary maintenance and upkeep of aging facilities. The increase in subsidies was driven by sales tax revenue projections. Capital expense main reduction is the scope of the Surface Transportation Program (STP) for street work as the main 22<sup>nd</sup> Av Phase 1 reconstruction project was finalized in 2019. Transfers were increased mostly driven by a higher transfer from the 2<sup>nd</sup> Penny Tax fund towards the Swifter Center.

ALL GOVERNMENTAL FUNDS			
	2019 BUDGET	2020 BUDGET	% CHANGE
Personnel & Benefits	\$ 12,826,087	\$ 13,321,252	3.9%
Operating Expense	6,445,277	7,241,029	12.3%
Subsidies / Appropriations	1,438,700	1,573,268	9.4%
Capital Expense	10,554,831	6,728,586	-36.3%
Debt Service	3,482,897	3,648,058	4.7%
Transfers	1,991,428	2,475,114	24.3%

As with the governmental funds, increase in personnel services for enterprise funds reflects the cost of living adjustment (COLA) increase and regular step increases. Operating expenses increased slightly due to additional repairs and maintenance. Capital expenses increased due to the planned construction of a new landfill cell funded by landfill revenue as well as the reconstruction of the asphalt apron project at the airport funded in majority by Federal Grants.

ENTERPRISE FUNDS			
(Liquor-Airport-SWC- SWD-Golf - R&T Center)	2019 BUDGET	2020 BUDGET	% CHANGE
Personnel & Benefits	\$1,861,482	\$1,754,872	-5.7%
Operating Expense	4,854,696	4,947,372	1.9%
Capital	1,168,050	5,366,600	359.4%
Transfers	1,409,309	1,312,014	-6.9%

Preparing for the unexpected given the current economic uncertainties associated with the COVID-19 pandemic, City Leadership developed a ten step action plan that would keep critical services running even with the following estimated revenue shortfalls:

- 30% reduction in sales tax
- 10% reduction in property tax
- 30% reduction in other income

As a result of these efforts, the City's 2020 approved budget will be managed to achieve the following cost reductions:

- \$825K in the General Fund operational expense. As a reminder, this is on top of last year's cut of over \$1+ million to pass a structurally balanced budget
- \$1.4M in non critical Infrastructure Projects
- \$1.17M in Swiftel Center's operational expenses

City Leadership will monitor revenues monthly and adjust action plan accordingly.

#### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the monies it receives. If you have questions about this report or need additional information, contact the City of Brookings Finance Office, 520 3<sup>rd</sup> Street Suite 230, Brookings, SD 57006.

Statement of Net Position  
December 31, 2019



	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Health System Foundation
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,985,492	\$ 32,762,045	\$ 53,747,537	\$ 38,214
Investments	3,901,412	88,637,174	92,538,586	600,000
Receivables, net	1,449,275	21,279,339	22,728,614	960,694
Due from other governments	1,813,120	60,035	1,873,156	-
Internal balances	1,848,520	(1,848,520)	-	-
Land held for resale	2,586,598	-	2,586,598	-
Inventories	66,578	5,861,165	5,927,742	-
Deposits	438,509	-	438,509	-
Prepaid expenses	38,192	1,395,264	1,433,456	-
Prepaid bond insurance	26,722	-	26,722	-
Restricted cash and cash equivalents	2,785,700	7,856,690	10,642,390	-
Restricted investments - CDs	23,455	3,000,000	3,023,455	-
Restricted Investments	100,000	-	100,000	-
Other assets	-	994,625	994,625	-
Net pension asset	39,441	154,438	193,879	-
Capital assets:				
Capital assets not being depreciated	15,231,895	12,153,542	27,385,438	-
Capital assets being depreciated, net	88,714,418	199,935,217	288,649,634	-
Total capital assets	<u>103,946,313</u>	<u>212,088,759</u>	<u>316,035,072</u>	<u>-</u>
Total assets	<u>140,049,327</u>	<u>372,241,013</u>	<u>512,290,340</u>	<u>1,598,908</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB related deferred outflows	258,654	369,471	628,125	-
Pension related deferred outflows	1,787,896	7,080,875	8,868,771	-
Excess consideration provided for acquisition	-	61,002	61,002	-
Loss on debt refunding	240,752	-	240,752	-
Total deferred outflows of resources	<u>2,287,302</u>	<u>7,511,348</u>	<u>9,798,650</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>142,336,629</u>	<u>379,752,361</u>	<u>522,088,990</u>	<u>1,598,908</u>
<b>LIABILITIES</b>				
Accounts payable	1,041,497	14,347,862	15,389,359	3,790
Accrued expenses	350,346	2,171,781	2,522,128	4,184
Accrued interest	46,134	532,211	578,345	-
Other current liabilities	-	11,866	11,866	-
Due to other governments	22,000	-	22,000	-
Customer deposits	-	197,236	197,236	-
Unearned revenue	728,365	-	728,365	-
Noncurrent liabilities:				
Portion due or payable within one year:				
Bonds payable	2,233,273	351,532	2,584,805	-
Loans payable	200,000	716,257	916,257	-
Capital leases	27,211	1,943,843	1,971,054	-
Compensated absences	300,000	1,170,276	1,470,276	-
Portion due or payable after one year:				
Bonds payable	16,507,690	4,848,004	21,355,694	-
Loans payable	5,700,000	26,414,747	32,114,747	-
Capital leases	175,914	37,655,434	37,831,348	-
OPEB liability	2,628,672	4,108,996	6,737,668	-
Amount due under joint operating agreement	-	1,555,350	1,555,350	-
Accrued landfill closure and postclosure costs	-	664,043	664,043	-
Compensated absences	679,496	293,295	972,791	-
Total liabilities	<u>30,640,598</u>	<u>96,982,733</u>	<u>127,623,331</u>	<u>7,974</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows	834,851	3,370,906	4,205,757	-
OPEB related deferred inflows	100,917	141,147	242,063	-
Proceeds from sales of future revenues	-	578,154	578,154	-
Total deferred inflows of resources	<u>935,768</u>	<u>4,090,207</u>	<u>5,025,974</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>31,576,366</u>	<u>101,072,939</u>	<u>132,649,305</u>	<u>7,974</u>
<b>NET POSITION</b>				
Net investment in capital assets	84,969,255	139,415,546	224,384,801	-
Restricted for:				
Debt service and covenants	1,576,937	1,407,135	2,984,072	-
Insurance deposit	438,509	-	438,509	-
Other purposes (by donations)	43,074	-	43,074	1,246,097
SDRS pension purposes	39,441	154,438	193,879	-
Enabling legislation	717,205	-	717,205	-
Landfill closure and post closure	-	4,540,164	4,540,164	-
Unrestricted	<u>22,975,842</u>	<u>133,162,139</u>	<u>156,137,981</u>	<u>344,837</u>
Total net position	<u>\$ 110,760,263</u>	<u>\$ 278,679,422</u>	<u>\$ 389,439,685</u>	<u>\$ 1,590,934</u>

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

Statement of Activities  
December 31, 2019



Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for	Operating	Capital	Primary Government			Component Unit
		Services	Grants and	Grants and	Governmental	Business-Type	Total	Health System
		Contributions	Contributions	Activities	Activities		Foundation	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 3,100,824	\$ 207,378	\$ 2,496,864	\$ -	\$ (396,582)	\$ -	\$ (396,582)	\$ -
Public safety	1,045,554	92,323	20,208	6,199	(926,823)	-	(926,823)	-
Public works	8,781,586	216,335	837,059	509,081	(7,219,110)	-	(7,219,110)	-
Health and welfare	361,670	8,385	-	-	(353,285)	-	(353,285)	-
Culture and recreation	7,989,691	2,482,252	-	15,775	(5,491,664)	-	(5,491,664)	-
Conservation and development	5,075,005	-	-	-	(5,075,005)	-	(5,075,005)	-
Interest and fiscal charges	638,664	-	-	-	(638,664)	-	(638,664)	-
Total governmental activities	<u>26,992,993</u>	<u>3,006,673</u>	<u>3,354,131</u>	<u>531,056</u>	<u>(20,101,133)</u>	<u>-</u>	<u>(20,101,133)</u>	<u>-</u>
Business-type activities:								
Electric	24,763,773	30,725,604	-	-	-	5,961,831	5,961,831	-
Health System	73,126,615	73,432,103	135,639	250,000	-	691,127	691,127	-
Telephone	31,994,685	33,711,084	-	-	-	1,716,399	1,716,399	-
Liquor	3,996,363	4,101,303	-	-	-	104,939	104,939	-
Water	3,548,165	5,335,695	-	760,741	-	2,548,271	2,548,271	-
Wastewater	5,358,562	5,658,116	-	516,357	-	815,911	815,911	-
Airport	1,266,013	42,681	-	70,877	-	(1,152,455)	(1,152,455)	-
Golf	720,382	457,412	-	-	-	(262,969)	(262,969)	-
Solid Waste	2,729,960	3,891,541	-	-	-	1,161,581	1,161,581	-
Research and Technology	95,993	133,536	-	-	-	37,543	37,543	-
Total business-type activities	<u>147,600,511</u>	<u>157,489,074</u>	<u>135,639</u>	<u>1,597,975</u>	<u>-</u>	<u>11,622,178</u>	<u>11,622,178</u>	<u>-</u>
Total primary government	<u>\$ 174,593,503</u>	<u>\$ 160,495,747</u>	<u>\$ 3,489,770</u>	<u>\$ 2,129,031</u>	<u>(20,101,133)</u>	<u>11,622,178</u>	<u>(8,478,955)</u>	<u>-</u>
Component unit:								
Health System Foundation	<u>\$ 489,628</u>	<u>\$ 87,824</u>	<u>\$ 196,587</u>	<u>\$ -</u>				<u>(205,217)</u>
General revenues:								
Taxes:								
Property taxes					5,075,216	-	5,075,216	-
Sales taxes					15,693,162	-	15,693,162	-
Other taxes					1,465,982	-	1,465,982	-
State shared revenues					194,899	-	194,899	-
Unrestricted investment earnings					596,688	6,270,357	6,867,045	-
Gain on disposition of capital assets					43,185	6,519	49,704	-
Miscellaneous					1,691,530	969,188	2,660,718	-
Transfers					<u>3,066,109</u>	<u>(3,066,109)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>27,826,771</u>	<u>4,179,955</u>	<u>32,006,726</u>	<u>-</u>
Change in net position					7,725,638	15,802,133	23,527,771	(205,217)
Net position - beginning					<u>103,034,625</u>	<u>262,877,289</u>	<u>365,911,914</u>	<u>1,796,151</u>
Net position - ending					<u>\$ 110,760,263</u>	<u>\$ 278,679,422</u>	<u>\$ 389,439,685</u>	<u>\$ 1,590,934</u>

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

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,604,761	\$ 9,380,731	\$ 20,985,492
Investments	2,095,826	1,805,587	3,901,412
Restricted cash and cash equivalents	22,455	2,763,245	2,785,700
Restricted investments	-	100,000	100,000
Restricted investments-CDs	23,455	-	23,455
Receivables, (net of allowances for uncollectibles, if any):			
Property taxes	2,791	-	2,791
Accounts	463,523	169,376	632,899
Storm drainage fees	-	3,025	3,025
Special assessments	-	805,761	805,761
Interest	2,605	2,194	4,800
Due from other funds	177,946	190,964	368,909
Due from other governments	932,852	880,268	1,813,120
Land held for resale	2,586,598	-	2,586,598
Inventories:			
Supplies	34,568	-	34,568
Stores	-	32,009	32,009
Deposits	438,509	-	438,509
Advance to other funds	645,227	-	645,227
Prepaid items	11,169	27,023	38,192
Total assets	<u>\$ 19,042,284</u>	<u>\$ 16,160,184</u>	<u>\$ 35,202,468</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 407,667	\$ 360,108	\$ 767,775
Retainage payable	-	273,721	273,721
Due to other funds	124,304	207,582	331,886
Due to other governments	3,098	18,903	22,000
Accrued wages payable	280,582	69,765	350,346
Advance from other funds	64,999	1,394,810	1,459,809
Unearned revenue	-	728,365	728,365
Total liabilities	<u>880,649</u>	<u>3,053,254</u>	<u>3,933,903</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	14,895	808,786	823,681
Total deferred inflows of resources	<u>14,895</u>	<u>808,786</u>	<u>823,681</u>
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable	2,729,473	59,033	2,788,506
Restricted	43,074	2,294,142	2,337,216
Committed	3,918,640	9,897,600	13,816,240
Assigned	1,655,915	1,138,714	2,794,629
Unassigned	9,799,639	(1,091,346)	8,708,293
Total fund balances (deficit)	<u>18,146,741</u>	<u>12,298,143</u>	<u>30,444,884</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 19,042,284</u>	<u>\$ 16,160,183</u>	<u>\$ 35,202,468</u>

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



Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position  
December 31, 2019



Total fund balances for governmental funds	\$ 30,444,884
Total net position reported for governmental activities in the statement of net position is different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	39,441
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:	
Land	10,560,021
Construction in progress	4,671,874
Building and improvements, net	30,419,229
Equipment, net	14,757,543
Infrastructure, net	<u>43,537,646</u>
Total capital assets	103,946,313
Assets such as taxes receivable, special assessment receivables, and other receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	823,681
Deferred outflows are components of the net pension asset and OPEB liability and therefore are not reported in the funds.	
Related to Pensions	1,787,896
Related to OPEB	258,654
Prepaid bond insurance costs are recorded as an expenditure in the fund statements, whereas in the statement of net position they are shown as an asset and amortized.	26,722
The deferred loss on refunding is not a current period item and therefore, is not reported in the fund financial statement.	240,752
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	2,626,079
Deferred inflows are components of the net pension asset and OPEB liability and therefore are not reported in the funds.	
Related to Pensions	(834,851)
Related to OPEB	(100,917)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2019 are:	
Bonds payable	(18,740,963)
Loans payable	(5,900,000)
Capital leases	(203,125)
OPEB liability	(2,628,672)
Compensated absences	(979,496)
Accrued interest	<u>(46,134)</u>
Total long-term liabilities	<u>(28,498,390)</u>

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes:			
General property taxes	\$ 3,251,359	\$ 1,812,723	\$ 5,064,083
Storm drainage taxes	-	1,086,278	1,086,278
General sales and use taxes	7,286,040	8,407,122	15,693,162
Other taxes	1,416	378,288	379,704
Licenses and permits	270,442	-	270,442
Intergovernmental revenue	867,947	3,102,215	3,970,162
Charges for goods and services	348,623	2,108,110	2,456,733
Fines and forfeits	86,910	18,040	104,950
Miscellaneous revenue	<u>1,846,511</u>	<u>791,154</u>	<u>2,637,665</u>
Total revenues	<u>13,959,247</u>	<u>17,703,932</u>	<u>31,663,178</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,849,529	5,677	2,855,206
Public safety	4,479,735	846,470	5,326,205
Public works	3,512,241	384,753	3,896,994
Health and welfare	153,606	-	153,606
Culture and recreation	3,802,677	2,647,610	6,450,287
Conservation and development	-	1,414,749	1,414,749
Debt service:			
Principal	-	2,374,750	2,374,750
Interest and other charges	-	569,497	569,497
Capital outlay	<u>1,198,576</u>	<u>11,258,332</u>	<u>12,456,908</u>
Total expenditures	<u>15,996,364</u>	<u>19,501,840</u>	<u>35,498,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,037,117)</u>	<u>(1,797,908)</u>	<u>(3,835,025)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of long term debt	-	4,297,500	4,297,500
Transfers in	3,610,433	1,461,228	5,071,661
Transfers out	(254,002)	(1,751,550)	(2,005,552)
Sale of capital assets	<u>63,797</u>	<u>-</u>	<u>63,797</u>
Total other financing sources (uses)	<u>3,420,228</u>	<u>4,007,178</u>	<u>7,427,406</u>
Net change in fund balances	<u>1,383,112</u>	<u>2,209,270</u>	<u>3,592,382</u>
Fund balances (deficit) - beginning	<u>16,763,629</u>	<u>10,088,873</u>	<u>26,852,502</u>
Fund balances (deficit) - ending	<u>\$ 18,146,741</u>	<u>\$ 12,298,143</u>	<u>\$ 30,444,884</u>

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities – December 31, 2019



Net change in fund balances - total governmental funds		\$3,592,382
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay	11,242,942	
Depreciation	(4,307,178)	
Combined adjustment		6,935,764
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
		(20,612)
Governmental funds recognize property taxes, special assessments, and certain other receivables as revenue in the fiscal period for which they were levied provided they are collected within 45 days, but the statement of activities includes the property taxes and special assessments as revenue in the period for which taxes are levied, exclusive of the availability criteria.		
		(37,246)
Bond proceeds are reported as financing sources in governmental funds and thus contributed to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position:		
New Issuances:		
Bonds	(3,797,500)	
Loans	(500,000)	
		(4,297,500)
Repayments:		
Bonds	2,148,351	
Loans	200,000	
Capital leases	26,400	
		2,374,751
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustment combines the net changes of these liabilities:		
Compensated absences	(74,014)	
OPEB liability	(232,398)	
Amortization of bond insurance costs	(8,906)	
Amortization of bond premium and deferred amount on refunding	(68,264)	
Accrued interest	8,003	
Combined adjustment		(375,579)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		30,939
Changes in the deferred outflows/inflows are direct components of the net pension asset and OPEB liability and are not reflected in the governmental funds.		
Related to Pensions		(1,132,704)
Related to OPEB		273,972
Internal service funds are used by management to charge costs of certain activities, such as insurance to individual funds. The net revenue of certain internal service funds is reported within governmental activities.		
		381,471
Change in net position of governmental activities		<u>\$ 7,725,638</u>

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

Statement of Net Position – Proprietary Funds (1/2)  
December 31, 2019



	Enterprise Funds						Internal Service Fund /Self Insurance
	Electric	Waste- Water	Health System	Telephone	Other	Total	
					Enterprise Funds		
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 4,868,952	\$ 2,818,650	\$ 12,657,141	\$ 4,928,673	\$ 5,779,706	\$ 31,053,122	\$ 1,708,923
Investments	14,000,000	11,250,000	28,548,556	17,585,260	11,253,945	82,637,761	5,999,413
Receivables, (net of allowances for uncollectibles, if any):							
Accounts	2,408,974	515,144	12,281,852	2,955,603	945,566	19,107,139	65,151
Unbilled accounts	669,897	254,299	-	333,491	284,581	1,542,268	-
Interest	114,121	121,875	20,819	199,589	108,377	564,781	-
Due from other funds	153,086	3,127	-	143,683	63,446	363,342	-
Due from other governments	-	-	-	-	60,035	60,035	-
Inventories:							
Supplies	1,028,200	58,325	1,609,102	396,747	313,279	3,405,653	-
Stores	-	-	-	1,760,348	695,164	2,455,512	-
Prepaid expenses	146,838	47,076	509,285	650,801	41,264	1,395,264	-
Total current assets	<u>23,390,068</u>	<u>15,068,496</u>	<u>55,626,755</u>	<u>28,954,195</u>	<u>19,545,362</u>	<u>142,584,876</u>	<u>7,773,488</u>
Noncurrent assets:							
Restricted cash and cash equivalents	584,683	132,445	688,890	1,117	6,449,555	7,856,690	-
Restricted investments	-	-	-	-	3,000,000	3,000,000	-
Advances to other funds	-	-	-	-	926,242	926,242	-
Net pension asset	12,164	5,111	95,439	29,948	11,776	154,438	-
Other assets	-	11,324	367,459	614,716	1,126	994,625	-
Capital assets:							
Land	59,042	82,561	2,149,246	331,267	4,143,178	6,765,294	-
Buildings and other improvements	56,631,797	55,350,598	73,036,891	82,894,865	54,295,462	322,209,613	-
Machinery and equipment	2,544,598	1,198,314	20,231,380	4,434,943	7,879,151	36,288,386	-
Construction in progress	574,569	24,630	2,243,398	657,863	1,887,788	5,388,248	-
Less accumulated depreciation	<u>(23,118,555)</u>	<u>(16,258,766)</u>	<u>(28,927,573)</u>	<u>(66,118,559)</u>	<u>(24,139,329)</u>	<u>(158,562,782)</u>	<u>-</u>
Total noncurrent assets	<u>37,288,298</u>	<u>40,546,217</u>	<u>69,885,130</u>	<u>22,846,160</u>	<u>54,454,948</u>	<u>225,020,753</u>	<u>-</u>
Total assets	<u>60,678,366</u>	<u>55,614,713</u>	<u>125,511,885</u>	<u>51,800,355</u>	<u>74,000,310</u>	<u>367,605,629</u>	<u>7,773,488</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
OPEB related deferred outflows	33,646	18,260	154,369	100,702	62,494	369,471	-
Pension related deferred outflows	533,931	232,989	4,406,320	1,412,575	495,060	7,080,875	-
Excess consideration provided for acquisition	-	-	61,002	-	-	61,002	-
Total assets and deferred outflows of resources	<u>\$ 61,245,943</u>	<u>\$ 55,865,962</u>	<u>\$ 130,133,576</u>	<u>\$ 53,313,632</u>	<u>\$ 74,557,864</u>	<u>\$ 375,116,977</u>	<u>\$ 7,773,488</u>

Statement of Net Position – Proprietary Funds (2/2)  
December 31, 2019



	Electric	Waste-Water	Health System	Telephone	Other Enterprise Funds	Total	Internal Service Fund /Self Insurance
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 1,702,400	\$ 125,020	\$ 11,210,572	\$ 682,691	\$ 423,506	\$ 14,144,189	\$ 199,118
Retainage payable	-	-	-	-	4,556	4,556	-
Due to other funds	13,912	20,249	34,095	143,566	188,543	400,365	-
Accrued interest payable	18,588	184,514	320,832	7,273	1,004	532,211	-
Accrued wages payable	2,100	868	1,042,534	35,297	54,235	1,135,034	-
Accrued taxes payable	133,107	146	710,359	152,871	40,264	1,036,747	-
Other current liabilities	-	-	11,866	-	-	11,866	-
Customer deposits	72,924	-	40,232	65,270	18,810	197,236	-
Loans payable	-	716,257	-	-	-	716,257	-
Revenue bonds payable	351,532	-	-	-	-	351,532	-
Capital lease obligations	170,625	25,480	1,488,843	227,500	31,395	1,943,843	-
Compensated absences	61,202	21,891	844,445	194,524	48,214	1,170,276	-
Advance payments	-	-	-	-	-	-	-
Total current liabilities	<u>2,526,390</u>	<u>1,094,425</u>	<u>15,703,778</u>	<u>1,508,992</u>	<u>810,526</u>	<u>21,644,111</u>	<u>199,118</u>
Noncurrent liabilities:							
Advances from other funds	-	-	-	-	111,660	111,660	-
Loans payable	-	26,414,747	-	-	-	26,414,747	-
Revenue bonds payable	4,848,004	-	-	-	-	4,848,004	-
Capital lease obligations	1,207,500	180,320	34,435,434	1,610,000	222,180	37,655,434	-
Compensated absences	-	-	182,500	-	110,795	293,295	-
OPEB liability	442,620	197,251	1,553,211	1,252,345	663,569	4,108,996	-
Amount due under joint operating agreements	-	-	1,555,350	-	-	1,555,350	-
Accrued landfill closure and postclosure costs	-	-	-	-	664,043	664,043	-
Total noncurrent liabilities	<u>6,498,124</u>	<u>26,792,318</u>	<u>37,726,495</u>	<u>2,862,345</u>	<u>1,772,247</u>	<u>75,651,529</u>	<u>-</u>
Total liabilities	<u>9,024,514</u>	<u>27,886,743</u>	<u>53,430,273</u>	<u>4,371,337</u>	<u>2,582,773</u>	<u>97,295,640</u>	<u>199,118</u>
Deferred inflows of resources:							
Pension related deferred inflows	259,985	109,799	2,103,717	651,679	245,726	3,370,906	-
OPEB related deferred inflows	13,963	7,379	54,710	40,208	24,887	141,147	-
Proceeds from sale of future revenues	-	-	-	572,580	5,574	578,154	-
Total liabilities and deferred inflows of resources	<u>9,298,462</u>	<u>28,003,921</u>	<u>55,588,700</u>	<u>5,635,804</u>	<u>2,858,960</u>	<u>101,385,847</u>	<u>199,118</u>
<b>NET POSITION</b>							
Net investment in capital assets	30,113,790	13,060,533	32,070,224	20,362,879	43,808,120	139,415,546	-
Restricted for:							
Debt service	584,683	132,445	688,890	1,117	-	1,407,135	-
SDRS pension purposes	12,164	5,111	95,439	29,948	11,776	154,438	-
Landfill closure and postclosure	-	-	-	-	4,540,164	4,540,164	-
Unrestricted	<u>21,236,844</u>	<u>14,663,952</u>	<u>41,690,323</u>	<u>27,283,884</u>	<u>23,338,844</u>	<u>128,213,847</u>	<u>7,574,370</u>
Total net position	<u>\$ 51,947,481</u>	<u>\$ 27,862,041</u>	<u>\$ 74,544,876</u>	<u>\$ 47,677,828</u>	<u>\$ 71,698,904</u>	<u>273,731,130</u>	<u>\$ 7,574,370</u>
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.						<u>4,948,292</u>	
Net position of business-type activities						<u>\$ 278,679,422</u>	

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

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds  
December 31, 2019



	Enterprise Funds					Total	Internal Service Fund /Self Insurance
	Electric	Waste-Water	Health System	Telephone	Other Enterprise Funds		
<b>OPERATING REVENUES</b>							
Charges for goods and services	\$ 29,947,408	\$ 5,560,975	\$ 72,274,528	\$ 30,755,036	\$ 13,763,499	\$ 152,301,446	\$ 3,847,416
Miscellaneous	778,196	97,141	1,157,575	2,956,048	198,668	5,187,628	-
Total operating revenues	<u>30,725,604</u>	<u>5,658,116</u>	<u>73,432,103</u>	<u>33,711,084</u>	<u>13,962,167</u>	<u>157,489,074</u>	<u>3,847,416</u>
<b>OPERATING EXPENSES</b>							
Personal services	2,858,164	1,580,616	41,566,007	8,584,568	3,892,872	58,482,227	-
Other current expenses	19,656,073	1,168,237	23,709,386	14,969,540	3,066,779	62,570,015	505,661
Cost of goods sold	-	-	-	5,328,760	3,205,846	8,534,606	-
Insurance claims and expenses	-	-	297,176	-	-	297,176	2,393,359
Amortization	9,560	3,718	-	35,419	3,718	52,415	-
Depreciation	1,956,790	1,703,950	6,254,405	2,973,208	2,173,809	15,062,162	-
Total operating expenses	<u>24,480,587</u>	<u>4,456,521</u>	<u>71,826,974</u>	<u>31,891,495</u>	<u>12,343,024</u>	<u>144,998,601</u>	<u>2,899,020</u>
Operating income	<u>6,245,017</u>	<u>1,201,595</u>	<u>1,605,129</u>	<u>1,819,589</u>	<u>1,619,143</u>	<u>12,490,473</u>	<u>948,396</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment income	365,364	288,754	4,462,409	619,553	534,277	6,270,357	141,519
Miscellaneous income	5,612	84	36,610	6,581	211,856	260,743	-
Contributions and donations	-	-	135,639	-	-	135,639	-
Gain/(Loss) on disposition of capital assets	(1,610)	3,281	500	(16,423)	20,771	6,519	-
Interest expense and fiscal charges	(283,186)	(902,041)	(1,299,641)	(103,190)	(13,852)	(2,601,910)	-
Total nonoperating revenues (expenses)	<u>86,180</u>	<u>(609,922)</u>	<u>3,335,517</u>	<u>506,521</u>	<u>753,052</u>	<u>4,071,348</u>	<u>141,519</u>
Income before capital contributions and transfers	6,331,197	591,673	4,940,646	2,326,110	2,372,195	16,561,821	1,089,916
Capital contributions	-	516,357	250,000	-	831,618	1,597,975	-
Transfers in	-	-	-	-	698,200	698,200	-
Transfers out	(2,155,000)	-	-	(200,000)	(1,409,309)	(3,764,309)	-
Change in net position	<u>4,176,197</u>	<u>1,108,030</u>	<u>5,190,646</u>	<u>2,126,110</u>	<u>2,492,704</u>	<u>15,093,688</u>	<u>1,089,916</u>
Net position - beginning	<u>47,771,284</u>	<u>26,754,011</u>	<u>69,354,230</u>	<u>45,551,718</u>	<u>69,206,200</u>		<u>6,484,455</u>
Net position - ending	<u>\$ 51,947,481</u>	<u>\$ 27,862,041</u>	<u>\$ 74,544,876</u>	<u>\$ 47,677,828</u>	<u>\$ 71,698,904</u>		<u>\$ 7,574,370</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue of certain internal service funds is reported with the business-type activities.

	708,445
Change in net position of business-type activities	<u>\$ 15,802,133</u>

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

Statement of Cash Flows – Proprietary Funds (1/2)  
December 31, 2019



	Enterprise Funds						Internal Service Fund /Self Insurance
	Electric	Waste-Water	Health System	Telephone	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 30,035,092	\$ 3,571,176	\$ 70,387,245	\$ 33,676,284	\$ 13,940,666	\$ 151,610,463	\$ -
Internal activity-payments from other funds	1,942,506	138,054	-	1,672,592	163,947	3,917,099	3,847,416
Operating receipts from customers pledged for debt retirement	641,904	2,014,841	-	-	-	2,656,745	-
Other receipts	-	-	1,144,415	-	-	1,144,415	-
Payments to suppliers	(21,687,267)	(1,156,120)	(38,599,089)	(22,662,257)	(6,203,899)	(90,308,632)	(3,013,841)
Payments to employees	(2,489,833)	(1,422,759)	(25,376,800)	(7,706,189)	(3,392,882)	(40,388,463)	-
Net cash provided by operating activities	8,442,402	3,145,192	7,555,771	4,980,430	4,507,832	28,631,627	833,575
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
<b>ACTIVITIES</b>							
Transfers in	-	-	-	-	698,200	698,200	-
Transfers out	(2,155,000)	-	-	(200,000)	(1,409,309)	(3,764,309)	-
Operating grants	-	-	135,639	-	-	135,639	-
Contributions to foundation	-	-	(143,499)	-	-	(143,499)	-
Principal receipts (payments) on interfund advances/loans	1,264,365	407,287	-	(1,671,652)	138,479	138,479	-
Interest receipts (payments) on interfund advances/loans	4,741	1,697	-	(6,438)	(500)	(500)	-
Net cash provided by (used in) noncapital financing activities	(885,894)	408,984	(7,860)	(1,878,090)	(573,130)	(2,935,990)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(2,597,370)	(694,616)	(3,531,387)	(1,591,160)	(5,184,422)	(13,598,955)	-
Cash paid for business acquisition	-	-	(117,000)	-	-	(117,000)	-
Proceeds from sale of capital assets	16,372	5,514	-	7,024	24,363	53,273	-
Proceeds from lease of assets	-	-	-	-	80,515	80,515	-
Capital grants	-	-	251,696	-	52,424	304,120	-
Principal payments on debt	(500,535)	(717,804)	(1,445,113)	(217,500)	(30,015)	(2,910,967)	-
Interest payments on debt	(271,332)	(904,732)	(1,310,448)	(97,120)	(13,470)	(2,597,102)	-
Net cash used in capital and related financing activities	(3,352,865)	(2,311,638)	(6,152,252)	(1,898,756)	(5,070,606)	(18,786,117)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Sale of investments and certificates of deposit	6,500,000	6,500,000	7,447,795	7,014,754	12,713,134	40,175,683	-
Purchase of investments and certificates of deposit	(11,500,000)	(7,750,000)	(12,754,362)	(9,557,183)	(13,285,210)	(54,846,755)	(1,983,145)
Investment income	338,733	271,860	1,136,760	525,422	532,821	2,805,596	105,060
Net cash used in investing activities	(4,661,267)	(978,140)	(4,169,807)	(2,017,007)	(39,255)	(11,865,476)	(1,878,086)
Net increase (decrease) in cash and cash equivalents	(457,624)	264,398	(2,774,148)	(813,423)	(1,175,159)	(4,955,956)	(1,044,510)
Balances - beginning of the year	5,911,259	2,686,697	16,673,010	5,743,213	13,404,419	44,418,598	2,753,434
Balances - end of the year	5,453,635	2,951,095	13,898,862	4,929,790	12,229,260	39,462,642	1,708,923
Less restricted cash and cash equivalents	(584,683)	(132,445)	(688,890)	(1,117)	(6,449,555)	(7,856,690)	-
Less brokerage cash included in investments	-	-	(552,831)	-	-	(552,831)	-
Cash and cash equivalents (current) per statement of net position	\$ 4,868,952	\$ 2,818,650	\$ 12,657,141	\$ 4,928,673	\$ 5,779,706	\$ 31,053,122	\$ 1,708,923

	Enterprise Funds						Internal Service Fund /Self Insurance
	Electric	Waste- Water	Health System	Telephone	Other Enterprise Funds	Total	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>							
Operating income	\$ 6,245,017	\$ 1,201,595	\$ 1,605,129	\$ 1,819,589	\$ 1,619,143	\$ 12,490,473	\$ 948,396
Miscellaneous income	5,612	84	-	6,581	131,340	143,617	-
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	1,956,790	1,703,950	6,254,405	2,973,208	2,173,809	15,062,162	-
Amortization	9,560	3,718	-	35,419	3,718	52,415	-
Landfill closure and postclosure cost	-	-	-	-	19,734	19,734	-
Provision for uncollectible accounts	-	-	4,778,424	-	-	4,778,424	-
Change in operating assets and liabilities:							
(Increase) decrease in:							
Receivables	92,371	40,771	(6,425,278)	(411,471)	(36,475)	(6,740,082)	-
Inventories	(63,914)	(5,406)	(65,794)	(236,430)	55,330	(316,214)	-
Prepaid expenses	(94,814)	(25,437)	(509,285)	70,408	(20,290)	(579,418)	-
Deferred outflows related to pensions	265,453	112,357	2,370,857	616,147	287,915	3,652,729	-
Deferred outflows related to other	-	-	-	-	(29,422)	(29,422)	-
Net pension asset	(9,713)	(4,240)	(73,648)	(23,053)	(9,307)	(119,961)	-
Increase (decrease) in:							
Deferred inflows related to pensions	60,751	26,272	228,401	142,763	45,296	503,483	-
Deferred inflows related to other	-	-	-	(38,085)	-	(38,085)	-
Accounts and other payables	(75,031)	68,060	(507,627)	(118,028)	61,533	(571,093)	(114,821)
Accrued wages payable	(1,598)	31	(291,613)	(14,485)	3,634	(304,031)	-
Accrued leave liabilities	5,055	(2,831)	(38,442)	5,483	(27,196)	(57,931)	-
OPEB liability	48,398	26,268	276,232	144,855	229,070	724,823	-
Other Liabilities	(1,535)	-	(45,990)	7,529	-	(39,996)	-
Net cash provided by operating activities	<u>\$ 8,442,402</u>	<u>\$ 3,145,192</u>	<u>\$ 7,555,771</u>	<u>\$ 4,980,430</u>	<u>\$ 4,507,832</u>	<u>\$ 28,631,627</u>	<u>\$ 833,575</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>							
Capital asset additions from contributed capital	\$ -	\$ 516,357	\$ -	\$ -	\$ 760,741	\$ 1,277,098	\$ -
Accounts payable for capital assets	25,992	30,874	738,841	26,841	157,306	979,854	-

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



	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 56,851
Accounts receivable	<u>5,707</u>
Total assets	<u>\$ 62,558</u>
<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	<u>62,558</u>
Total Net Position	<u>\$ 62,558</u>

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

	<b>Custodial Funds</b>
<b>Additions</b>	
Contributions	\$ 80,368
Donations	<u>14,035</u>
Total Additions	<u>94,403</u>
<b>Deductions</b>	
Benefit Payments	<u>76,365</u>
Total Deductions	<u>76,365</u>
Change in net position	18,038
Net Position, beginning - as previously reported	-
Cumulative effect of adoption of new accounting standard	<u>44,520</u>
Net Position, ending	<u>\$ 62,558</u>

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

1. Implementation of New Accounting Standards

In 2019, the City implemented the provisions of the following accounting standards:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement enhances comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations. An asset retirement obligation is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. It also enhances the decision-usefulness of the information provided to financial statement users by requiring disclosures related to the asset retirement obligations. The implementation of this standard did not have a material impact on the financial statements.

GASB Statement No. 84, *Fiduciary Activities*. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required the City to reclassify two previously reported agency funds as custodial funds.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement specifies disclosures that should be made in the financial statements related to debt. It also provides a definition of debt so that governments know which type of liabilities should be included in those disclosures. If a government has direct borrowings or direct placements, disclosures related to these should be provided separately from disclosures related to other types of debt. The implementation of this standard did not have a material impact on the financial statements.

2. Summary of Significant Accounting Policies

a. Financial Reporting Entity:

The reporting entity of the City of Brookings, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its Governing Board/City Council appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

The Brookings Health System Investment Authority (Investment Authority) is a legally separate, tax-exempt component unit of the City, reported as a blended component unit of the Health System. The Investment Authority was organized during 2018 as an economic development corporation exclusively for charitable purposes and at all times to be operated for the benefit of, to perform the functions of, or provide support to the Health System. The Investment Authority applied for exempt status with the Internal Revenue Service during 2018 and is currently awaiting determination of its exemption. The Health System controls the activities of the Investment Authority through the appointment of a Board of Trustees that is charged with governance over both the Health System and the Investment Authority. Because the Investment Authority's governing body is substantively the same as that of the Health System, and the Investment Authority provides services entirely to and for the benefit of the Health System, the Investment Authority is considered a blended component unit of the Health System and is presented in the Health System's financial statements.

The Brookings Health System Foundation (Foundation) is reported as a discretely-presented component unit. Although the City does not control the timing or amount of receipts from the Foundation, the majority of the resources, or income thereon, are restricted to the activities of the City by the donors. Because these restricted resources held by the Foundation are primarily to be used by, or for the benefit of the City, the Foundation is considered a component unit.

The Foundation is a private not-for-profit organization that reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), including ASC Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's statements in the City's financial reporting entity for these differences. The Foundation has a December 31<sup>st</sup> year end. Separately issued financial statements of the Foundation may be obtained from Brookings Health System Foundation, 300 22<sup>nd</sup> Avenue, Brookings, SD 57006.

b. Basis of Presentation:

*Government-wide Financial Statements:*

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets and deferred outflows, liabilities and deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or it meets the following criteria:

1. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise funds are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the City financial reporting entity are described below:

**Governmental Funds:**

General Fund – the General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund, and this is the only major governmental fund.

Additionally, the City reports the following nonmajor governmental funds:

Special Revenue Funds – special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted or committed to expenditures for specified purposes.

The special revenue funds are as follows: 25% Sales and Use Tax, 75% Sales and Use Tax, Enhanced 911, Swiftel Center, Library Fines, Special Assessments, Storm Drainage, Bed and Booze Tax, Business Improvement District (BID) Fee.

Debt Service Funds – debt service funds are used to account for financial resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

- TIF -1 Innovation Campus Fund – to account for the financial resources accumulated for repayment of the State Revolving Fund Loan.
- TIF-3 Valley View Fund – to account for the financial resources accumulated for repayment of a South Dakota Housing Authority Bond (Guaranteed by Developer).
- TIF-4 Sieler Fund – to account for the financial resources accumulated for repayment of a Tax Increment Note (Guaranteed by Developer).
- TIF-5 32nd Ave Fund - to account for the financial resources accumulated for repayment of a Tax Revenue Bond.
- TIF-6 Digester Fund – to account for the financial resources accumulated for repayment of City funds expended on this project.
- TIF-7 S. Main Ave Fund – to account for the financial resources accumulated for repayment of City funds expended on this project.

Capital Projects Funds – capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

- Fire Substation Fund – to account for the financial resources used for the design and construction of a new fire substation to be located on main avenue south.
- Gateway Project Fund – to account for financial resources used for the construction of new signs and improvements to the entry ways of the City.
- TIF-7 South Main Fund - to account for the financial resources used for the design and construction of new streets and infrastructure surrounding the new grade school.
- Marketplace Fund - to account for the financial resources used for the design and construction of the Marketplace Development.
- Larson Ice Center Fund – to account for the financial resources used for the replacement of the rink floors in the indoor ice arena.
- Bob Shelden Athletic Complex Fund – to account for the financial resources used for redesign and replacement of the grandstand building, fencing, lighting, signage, parking, landscaping and updating the exterior appearance of other existing buildings at the Complex.

**Proprietary Funds:**

Enterprise Funds – enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing 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.

The City reports the following major enterprise funds:

- Electric Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal electrical system and related facilities.

- Wastewater Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal sanitary sewer system and related facilities.
- Health System Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal hospital and nursing home and related facilities.
- Telephone Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal telephone system and related services.

Additionally, the City reports the following nonmajor enterprise funds:

- Liquor Fund – financed primarily by user charges, this fund accounts for the operation of the municipal off-sale establishment.
- Water Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal waterworks system and related facilities.
- Airport Fund – financed primarily by user charges, this fund accounts for the construction and operations of the municipal airport and related facilities.
- Golf Fund - financed primarily by user charges, this fund accounts for the construction and operations of the municipal golf course and related facilities.
- Solid Waste Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal solid waste system and related facilities.
- Research and Technology Center Fund – financed primarily by user charges, this fund accounts for the rental of a building that houses new start-up entities and was originally part of the Brookings Event Center, Inc.

Internal Service Funds – internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the primary government. The City maintains one internal service fund, the self-insurance fund, which administers insurance claims for other funds on a cost-reimbursement basis. Internal Service funds are never considered to be major funds.

**Fiduciary Funds:**

Fiduciary funds are never considered to be major funds:

Custodial Funds - Custodial funds are used to account for the accumulation and distribution of employee Section 125 cafeteria plan transactions and various pass-through funds.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

*Government-wide Financial Statements:*

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the “economic resources” measurement focus, applied on the accrual basis of accounting.

*Fund Financial Statements:*

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary type funds.

Basis of Accounting:

*Government-wide Financial Statements:*

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

*Fund Financial Statements:*

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. “Available” means resources are collected or are to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the City of Brookings, South Dakota, the length of that cycle is 45 days. The revenues which are accrued at December 31, 2018 are property taxes, storm drainage fees, and sales taxes.

Under the modified accrual basis of accounting, receivables may be measurable but not available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources, reported as unavailable revenues, are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

*Government-wide Financial Statements:*

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.
2. In order to minimize the doubling-up effect on internal service fund activity, certain “centralized expenses” including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the Internal Service Funds, so that expenses are reported only in the function to which they relate.

*Fund Financial Statements:*

Noncurrent portions of long-term interfund receivables (reported in “Advance to” asset accounts) are equally offset by a nonspendable fund balance account which indicates that they do not constitute “available spendable resources” since they are not a component of net current position. Current portions of interfund receivables (reported in “Due from” asset accounts) are considered “available spendable resources.”

e. Property Taxes:

Property tax levies are established on or before October 1<sup>st</sup> of each year. Taxes are recorded as receivable, levied, and attached as an enforceable lien on property as of January 1<sup>st</sup> of each year. Taxes are payable in two installments on or before April 30<sup>th</sup> and October 31<sup>st</sup> of that year.

The City is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable real property in the City.

f. Inventories and Prepaid Items:

Inventory in the General Fund and Swiftel Center Fund consists of expendable supplies held for consumption. Supply inventories are recorded at cost using the first-in, first-out (FIFO) method. Inventory within the proprietary funds is generally valued at average cost. Inventories are recorded as an asset at the time of purchase, and charged to expenditures or expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The prepayments are charged to expenditures over the period of their economic benefit.

Amounts of governmental fund inventories and vendor prepaid items are offset by a nonspendable fund balance account to indicate that they do not represent "available spendable resources."

g. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

*Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-Wide Statements*

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their acquisition value at the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of the capital asset are also capitalized.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 1980, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 1980 are recorded at cost.

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with U.S. generally accepted accounting principles; while for capital assets used in business-type activities/proprietary fund operations, construction period interest is included as part of the capitalization value of the assets constructed in accordance with U.S. generally accepted accounting principles.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as unallocated depreciation with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

Capitalization thresholds, depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:



	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Land and land rights	All	N/A	N/A
Improvements other than buildings	\$5,000	Straight-line	10-25 yrs.
Buildings	5,000	Straight-line	40-99 yrs.
Machinery and equipment	5,000	Straight-line	3-25 yrs.
Infrastructure	5,000	Straight-line	25-50 yrs.
Utility property and improvements	5,000	Straight-line	10-50 yrs.

Land is an inexhaustible capital asset and is not depreciated.

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

h. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the related assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of revenue bonds, financing (capital acquisition) leases and compensated absences.

In the governmental fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as in the government-wide statements.

i. Pensions

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. City contributions and the net pension (asset)/liability are recognized on an accrual basis of accounting.

j. Other Postemployment Benefits (OPEB)

The City provides postemployment health insurance benefits. It also provides access to its health insurance program for certain retired employees that meet participation requirements based on age and employment tenure. Benefits are provided until the retiree reaches age of 65. The benefit plan provides access to health benefits, but the premium payments are the responsibility of the retiree. An actuarially determined other postemployment benefit obligation liability and deferred inflows/outflows of resources related to postemployment benefits has been recorded to account for the implicit subsidy provided under the benefit plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the Plan.

k. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future reporting period or periods. These items will not be recognized as an outflow of resources until the applicable future period. The City's deferred outflows include the following: loss on debt refunding, represents the difference in the carrying

value of refunded debt and its reacquisition price, which will be amortized into interest expense over the shorter of the life of the refunded or refunding debt; unrecognized items not yet charged to pension and OPEB expense and contributions from the employer after the measurement date but before the end of the employer's reporting period, and excess consideration paid for a business acquisition.

In addition to liabilities, the statement of net position and governmental funds balance sheet report a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future reporting period or periods. These items will not be recognized as an inflow of resources until the applicable future period. The City's deferred inflows include the following: unavailable revenues, represents certain receivables recorded by the City which are deferred as they are not received within the City's measurable period of 45 days, and are not considered measurable and available under the modified accrual basis of accounting; unrecognized items having not yet reduced pension or OPEB expense; and proceeds from the sale of future revenues.

**i. Program Revenues:**

Program revenues derive directly from the program itself or from parties other than the City's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services – these arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – these arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – these arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

**m. Proprietary Funds Revenue and Expense Classifications:**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**n. Net Position and Fund Balance:**

*Government-wide Statements:*

Net position is displayed in three components:

1. Net investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources or deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt also should be included in this component of net position. If there are unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.
2. Restricted – consists of restricted assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

3. Unrestricted – consists of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the net investment in capital assets or the restricted component of net position.

*Fund Financial Statements:*

Governmental fund balance may distinguish between “Nonspendable”, “Restricted”, “Committed”, “Assigned”, and “Unassigned” components. Proprietary fund balance is classified the same as in the government-wide financial statements.

*Fund balance classification policies and procedures:*

In accordance with Government Accounting Standards Board (GASB) No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions*, the City classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. City Council’s Governance and Ends policy gives the City Manager authority to assign fund balance.
- Unassigned – includes positive fund balance within the General fund which has not been classified within the above mentioned categories and negative fund balance in other governmental funds.

The City Council committed the following fund balances through the Governance and Ends policy:

- Stabilization arrangement where a minimum of \$1,000,000 shall be committed and maintained for use in meeting unanticipated needs and or emergencies, such as an urgent event that affects the health, safety, or general welfare of the City, its residents, as well as public and private property. The urgent event could be an extreme blizzard, tornado, fire, flood, terrorist attack, bombing, explosions, train derailments, extreme straight-line winds/severe thunderstorm, hazardous materials incident, water contamination, failure of electrical grid, mass casualty/fatality or health epidemic. Once the City Manager or his/her designee has determined that it is necessary to draw down the fund balance, written communication shall be provided by the City Manager to the City Council, explaining the nature of the unanticipated need and/or emergency which shall require approval of the Council.
- 5% of the of the annual revenue of the 75% - 2<sup>nd</sup> Penny Sales and Use Tax should be committed for future economic development opportunities until a one million dollar balance is achieved.
- One-time sales of land will be added to the committed fund balance for future land purchases for industrial and economic development.

The City Council committed the following fund balances through City ordinances:

- Ordinance No. 03-10 commits use of 25% Sales tax for lease purchase agreements of realty, land acquisition, the programmed chip sealing street maintenance, specialized equipment, the transfer to the E-911 fund, purchasing firefighting vehicles, public safety equipment, and debt retirement related thereto.
- Ordinance No. 03-10 commits use of 75% Sales tax for construction and financing of public improvements.

- Ordinance No. 21-10 commits funds to finance public storm drainage infrastructure improvements.
- Ordinance No 23-11 commits funds for retail economic development investment.
- Ordinance No 02-12 commits BID Fee funds to promotion and marketing of the City.

o. Application of Net Position and Fund Balances:

It is the City's policy to first use restricted resources, prior to the use of unrestricted resources, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification can be used, committed amounts should be reduced first, followed by assigned and the unassigned amounts.

p. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows. Interest is allocated to the funds on the basis of average cash balances.

The City's investments in money market funds are carried at cost, which approximates fair value. Investments in certificates of deposit are carried at cost. All other investments are carried at fair value, which is determined based on quoted market prices. Investment income consists of interest received and the net change in fair value of investments.

q. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources and liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ materially from those estimates.

r. Health System Net Patient and Resident Service Revenue and Receivables:

The Health System has agreements with third-party payors that provide for payments to the Health System at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient and resident service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The carrying amount of patient and resident receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected from patients and residents and third-party payors. Management reviews patient and resident receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients and residents due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provisions. Management also reviews accounts to determine if classification as charity care is appropriate.

As discussed previously, the Health System has agreements with third-party payors that provide for payments to the Health System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Hospital Medicare - During 2009, the Health System began participation in the Centers for Medicare and Medicaid Services (CMS) Rural Community Hospital Demonstration Program (RCHD) as mandated under Section 410A of the Medicare Modernization Act. For inpatient services provided to patients under the RCHD program, the Health System is reimbursed on a cost-based methodology subject to retrospective settlement within prescribed limits compared to their initial year base costs under the program. The RCHD program concluded on September 30, 2015 but was extended for five additional years through federal legislation included in Section 15003 of the Cures Act, enacted on December 13, 2016.

The Health System is reimbursed for cost reimbursable services under the RCHD program at a tentative rate with final settlement determined after submission of annual cost reports by the Health System and audits thereof by the Medicare Administrative Contractor. The Health System's Medicare cost reports have been audited by the Medicare Administrative Contractor through the year ended December 31, 2017.

- Hospital Medicaid - Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a reimbursement methodology based on historical cost. Retroactive settlements are not carried out by the Medicaid program.
- Hospital Blue Cross - Services rendered to Blue Cross subscribers are reimbursed under a prospectively determined methodology.
- Nursing Home - The Health System is reimbursed for resident services at established billing rates which are determined based on historical costs adjusted annually for inflation and subject to certain limitations as prescribed by South Dakota Department of Social Services regulations. These rates are subject to retroactive adjustment by field audit. The Health System also participates in the Medicare program for which payment for resident services is made on a prospectively determined per diem rate which varies based on a case-mix resident classification system.

The Health System has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Health System under these agreements includes prospectively determined rates per discharge and discounts from established charges.

Concentration of gross revenues by major payor accounted for the following percentages of the Health System's patient and resident service revenues for the year ended December 31, 2019:

	2019
Medicare	44%
Medicaid	6%
Blue Cross	24%
Other third-party payors, patients, and residents	26%
	100%

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient and resident service revenue for the years ended December 31, 2019 and 2018 increased by approximately \$480,000 and decreased by approximately \$32,000, respectively, due to differences between estimated and final settlements, removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

#### Charity Care

The Health System provides care to patients and residents who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Health System does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient and resident service revenue.

### 3. DEFICIT FUND BALANCE

The following funds had a fund balance deficit as of December 31, 2019:

- Swiftel Center Fund (Special Revenue Fund) had a negative balance of \$874,449 in large part due to a significant purchase of a capital asset during 2016 that was financed by an interfund loan. In addition, part of the negative balance is due to a significant purchase of a capital asset in prior years.
- The Marketplace Fund (Capital Project Fund) had a negative balance of \$157,864 due to the purchase of a Wetland Permit and early development expenses.

### 4. DEPOSITS AND INVESTMENTS

#### Deposits

The City's cash deposits are made in qualified public depositories as defined by South Dakota Codified Law (SDCL) 4-6A-1, 7-20-1, 7-20-1.1 and 9-22-6.2, and may be in the form of demand or time deposits.

Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Share Insurance (NCUA). In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

#### Investments

**Fair Value Measurement** - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019.

Money Market Funds and Certificates of Deposit (CD's) are carried at cost, and thus are not included within the fair value hierarchy.

As of December 31, 2019, the City had the following investments, maturities, and fair value measurements:

Investment Type	Credit Rating	Carrying Value	Maturities in Years				Fair Value Hierarchy Level
			Less than 1	1 to 5	6 to 10	More than 10	
<b>General City:</b>							
Money Market Fund - U.S. Agencies	Not Rated	\$ 18,692,261	\$ 18,692,261	\$ -	\$ -	\$ -	N/A
Money Market Fund - U.S. Agencies	AAAm	10,972,373	10,972,373	-	-	-	N/A
U.S. Treasuries	AAA	3,805,379	3,207,209	598,170	-	-	2
U.S. Agency Obligations	AAA	994,170	-	994,170	-	-	2
<b>Total General City</b>		<b>34,464,183</b>	<b>32,871,843</b>	<b>1,592,340</b>	<b>-</b>	<b>-</b>	
<b>Brookings Health System Investment Authority:</b>							
U.S. government issues	Aaa	250,333	-	-	250,333	-	2
Municipal bonds	Aa3	462,955	-	462,955	-	-	2
Corporate bonds	**	2,076,756	403,080	824,784	848,892	-	2
Other fixed income	Not Rated	7,883,925	7,883,925	-	-	-	1
International mutual funds	N/A	5,032,739	5,032,739	-	-	-	1
Equity mutual funds	N/A	5,641,867	5,641,867	-	-	-	1
Equities	N/A	6,597,791	6,597,791	-	-	-	1
Accrued Income		49,359	-	-	-	-	N/A
<b>Total Brookings Health System Investment Authority</b>		<b>27,995,725</b>	<b>25,559,402</b>	<b>1,287,739</b>	<b>1,099,225</b>	<b>-</b>	
<b>Total Primary Government</b>		<b>\$ 62,459,908</b>	<b>\$ 58,431,245</b>	<b>\$ 2,880,079</b>	<b>\$ 1,099,225</b>	<b>\$ -</b>	

\*\*Corporate bonds are comprised of investments with various corporate issuers having ratings between A1-Aa1

### Investment Policies

#### General City Policy

In General, SDCL 4-5-6 permits City funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in (c) shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

**Credit Risk** – State law limits eligible investments for the City, as discussed above. The City has an investment policy that does not further limit its investment choices.

**Custodial Credit Risk – Deposits** – The risk that in the event of a depository failure the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2019, the City's deposits in financial institutions were fully insured or collateralized and were not exposed to custodial credit risk.

**Custodial Credit Risk – Investments** – The risk that, in the event of default of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

United States Government Securities, with a fair market value of \$4,799,549 are held in a safekeeping account with First Bank & Trust Wealth Management Services in Brookings, South Dakota. First Clearing, LLC <FCC>, a non-bank affiliate of Wachovia Corporation, and a registered broker-dealer, a member of the New York Stock Exchange and a member of the National Association of Securities Dealers, Inc., carries the City of Brookings, SD account and acts as its custodian for funds and securities deposited with First Bank & Trust Wealth Management directly by the City.

Money Market Funds, with a fair market value of \$18,692,261 are held in a safekeeping account with First Bank & Trust Wealth Management Services in Brookings, South Dakota.

Money Market Funds, with a fair market value of \$10,972,373 are held in a safekeeping account with Wells Fargo Asset Management in Brookings, South Dakota.

Coverage for cash and securities in protected client accounts is provided from two sources. The Securities Investor Protection Corporation <SIPC> protects up to \$500,000, of which \$250,000 may be cash. Additional protection has been obtained, at no cost to the City of Brookings, SD, for the remaining net equity balance of the cash and securities in the City's account. This coverage does not protect against losses from any change in market values of investments.

**Concentration of Credit Risk** – The City places no limit on the amount that may be invested in any one issuer.

As of December 31, 2019, the City had investments in excess of 5% of the total investment portfolio: 54.24% of the City's investments are in money markets at First Bank & Trust Wealth Management Services, 31.84% are in money markets at Wells Fargo Asset Management, and 11.04% are in US Treasuries.

**Interest Rate Risk** – The City has a formal investment policy that limits investment maturities to less than five <5> years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Assignment of Investment Income** – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The City's policy is to credit all income from investments to the fund making the investment.

Brookings Health System Investment Authority Policy

**Credit Risk** - The investments held by the Brookings Health System Investment Authority are not limited by the provisions of SDCL 4-5-6, and the composition of the portfolio is determined by management and the board of directors of the Authority. The entire investment portfolio of the Health System was held in the name of the Brookings Health System Investment Authority as of December 31, 2019.

**Custodial Credit Risk – Deposits** – South Dakota statutes require that all municipal deposits are made in qualified public depositories, and that these depositories maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as FDIC and NCUA. As of December 31, 2019, all of the Health System's deposits were secured in accordance with these provisions.

**Custodial Credit Risk – Investments** – The risk that, in the event of default of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The investments held by the Brookings Health System Investment Authority, with a fair value of \$27,995,725 are held by a custodial bank that is an agent of the City, the Health System or the Investment Authority.

**Concentration of Credit Risk** – The Health System places no limit on the amount it may invest in any one issuer.

**Interest Rate Risk** – The Health System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Summary of Deposit and Investment Balances**

Following is a reconciliation of the City's deposit and investment balances as of December 31, 2019:

	<u>Totals</u>
Investments	\$ 62,459,908
Certificates of deposit	62,308,128
Deposits and cash on hand	35,340,783
	<u>\$ 160,108,819</u>

	<u>Government-wide Statement of Net Position</u>	<u>Fiduciary Funds Statement of Net Position</u>	<u>Total</u>
Cash and cash equivalents	\$ 53,747,537	\$ 56,851	\$ 53,804,388
Investments	92,538,586		92,538,586
Restricted assets:			
Cash and cash equivalents	10,642,390		10,642,390
Investments - CDs	3,023,455		3,023,455
Investments	100,000		100,000
	<u>\$ 160,051,968</u>	<u>\$ 56,851</u>	<u>\$ 160,108,819</u>



5. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS:

Receivables for the City's individual major funds, aggregate non-major funds, and fiduciary funds including the applicable allowances for uncollectible accounts are as follows at December 31, 2019:

Funds	Interest	Taxes	Accounts	Special Assessments	Unbilled	Total
General	\$ 2,605	\$ 2,791	\$ 463,523	\$ -	\$ -	\$ 468,919
Electric	114,121	-	2,408,974	-	669,897	3,192,992
Waste Water	121,875	-	515,144	-	254,299	891,318
Health System	20,819	-	12,281,852	-	-	12,302,671
Telephone	199,589	-	2,955,603	-	333,491	3,488,683
Non Major and Other	110,571	3,025	1,180,093	805,761	284,581	2,384,031
Total	<u>\$ 569,580</u>	<u>\$ 5,816</u>	<u>\$ 19,805,189</u>	<u>\$ 805,761</u>	<u>\$ 1,542,268</u>	<u>\$ 22,728,614</u>

The City expects all receivables to be collected within one year, except for \$736,927 in deferred Special Assessments in the Special Revenue Special Assessments Fund.

Allowances for uncollectible accounts receivable in the Enterprise Funds are calculated based on historical trend data. The other funds receivables are stated at face value. As of December 31, 2019, the allowance for doubtful accounts in the Enterprise Funds were as follows:

Fund	Amount
Electric	\$ 36,300
Waste Water	9,200
Health System	3,852,000
Telephone	24,900
Water	8,200
Research & Technology Center	69,678
Total	<u>\$ 4,000,278</u>

The total of Due from Other Governments of \$1,873,156 includes the following significant items:

Fund/Fund Type	Amount	Service
General Fund/Major Governmental	\$ 714,999	State of South Dakota, December Sales and Use Tax
	68,295	State of South Dakota, State Highway and Bridge Tax
75% Sales & Use Tax/Special Revenue Fund	712,660	State of South Dakota December Sales and Use Tax
Bed and Booze Tax/Special Revenue Fund	91,307	State of South Dakota December Sales and Use Tax
Enhanced 911/Special Revenue Fund	58,555	Brookings County Billings
Airport/Enterprise fund	60,035	Federal Government, Airport Improvement Project Grant Funds
	167,304	All other
<b>Total</b>	<b><u>\$ 1,873,156</u></b>	

6. OTHER ASSETS

Other assets at December 31, 2019 were as follows:

Fund	Amount
Telephone Fund	
South Dakota Network, LLC	\$ 330,357
Express Communications, Inc.	11,895
DHE, LLC	90,912
Capital credits	<u>181,552</u>
Total Telephone Fund	614,716
Wastewater Fund – capital credits	11,324
Water Fund – capital credits	1,126
Health System Fund – investment in joint venture	<u>367,459</u>
<b>Total other assets – Enterprise Funds</b>	<b><u>994,625</u></b>

There is an operating agreement between all of the members of South Dakota Network, LLC (SDN) including the Telephone Fund, which requires a selling member to first offer to other members of SDN any units available for sale. The City owns 7.84% of this company.

There is a buy-sell agreement between all of the shareholders of Express Communications, Inc., including the Telephone Fund, which requires a selling shareholder to first offer to other shareholders of Express Communications, Inc. any stock available for sale. The City owns 11,368 shares or 10.14% of Express Communications, Inc.

There is an operating agreement between all the members of DHE, LLC (DHE), including the Telephone Fund, for the sole and exclusive benefit of the members and no third party shall have any rights under the agreement. The City owns 10.34% of this company as a Class I member.

Capital credits represent each respective Fund's patronage capital allocation resulting from their relationships with cooperative associations.

7. PCS LICENSES

The Telephone Fund has FCC licenses to operate a Personal Communication Services (PCS) network in Eastern South Dakota and Northwestern Iowa which includes the cities of Watertown, Brookings, Sioux Falls and Sioux City. The license agreements for PCS have been renewed until June 2025. Although the FCC licenses were issued with a stated term, they can be renewed routinely, and renewal of the license is expected without substantial cost and no legal, regulatory, contractual, or other factors currently exist that limit the useful life of the licenses, so long as the Telephone Fund continues to operate PCS systems as authorized by each license and provides wireless service to the public. The costs of the license agreements were amortized equally over an estimated economic useful life of 15 years, and became fully amortized in 2015.

The Telephone Fund is operating under an agreement with Sprint PCS through December 31, 2028. Under the agreement, Sprint provides the Telephone Fund significant support services such as billing, collections, long-distance, customer care and national advertising. Additionally, the Telephone Fund derives substantial roaming and travel revenues and expenses when Sprint and Sprint's network partners' wireless subscribers incur minutes of use in the Telephone Fund's territories. Sprint PCS collects customer payments for the Telephone Fund's PCS operations, remits such receipts to the Telephone Fund and invoices the Telephone Fund for amounts due to Sprint PCS for services provided under the agreement. The administration of these transactions is referred to as the settlement process.

The Telephone Fund is also required to make affiliation fee payments based on estimated annual revenues. The actual cost for the year ended December 31, 2019 was \$500,292.

8. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2019 is as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balances</b>
<b>Governmental Activities</b>					
<i>Capital assets not being depreciated</i>					
Land	\$ 10,511,419	\$ 48,600	\$ -	\$ -	\$ 10,560,019
Construction in progress	2,011,542	5,167,918	(1,390,245)	(1,117,339)	4,671,876
Total capital assets not being depreciated	12,522,961	5,216,518	(1,390,245)	(1,117,339)	15,231,895
<i>Capital assets being depreciated</i>					
Infrastructure	77,064,660	2,268,996	-	754,595	80,088,251
Buildings and improvements	48,959,375	3,976,899	-	129,652	53,065,926
Equipment	20,335,744	1,170,774	(656,458)	233,092	21,083,152
Total capital assets being depreciated	146,359,779	7,416,669	(656,458)	1,117,339	154,237,329
Less accumulated depreciation for:					
Infrastructure	34,753,273	1,797,320	-	-	36,550,593
Buildings and improvements	15,566,850	1,163,670	-	-	16,730,520
Equipment	11,531,457	1,346,188	(635,847)	-	12,241,798
Total accumulated depreciation	61,851,580	4,307,178	(635,847)	-	65,522,911
Total capital assets being dep. net	84,508,199	3,109,491	(20,611)	1,117,339	88,714,418
Governmental Activities capital assets, net	<u>\$ 97,031,160</u>	<u>\$ 8,326,009</u>	<u>\$ (1,410,856)</u>	<u>\$ -</u>	<u>\$103,946,313</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities:</b>	
General government	\$217,836
Public safety	837,933
Public works	1,737,089
Culture and recreation	1,507,050
Health and welfare	7,270
Total depreciation expense Governmental Activities	<u><u>\$4,307,178</u></u>

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>Business-Type Activities:</b>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 6,767,188	\$ 9,956	\$ (11,850)	\$ -	\$ 6,765,294
Construction in progress	4,304,869	6,409,939	(5,326,560)	-	5,388,248
Total capital assets not being depreciated	11,072,057	6,419,895	(5,338,410)	-	12,153,542
<i>Capital assets being depreciated:</i>					
Buildings and improvements	312,782,033	10,536,955	(1,109,375)	-	322,209,613
Equipment	35,334,476	1,958,687	(1,004,777)	-	36,288,386
Total capital assets being depreciated	348,116,509	12,495,642	(2,114,152)	-	358,497,999
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	125,206,868	11,694,038	(970,708)	-	135,930,198
Equipment	20,157,086	3,412,997	(937,499)	-	22,632,584
Total accumulated depreciation	145,363,954	15,107,035	(1,908,207)	-	158,562,782
Total capital assets being depreciated, net	202,752,555	(2,611,393)	(205,945)	-	199,935,217
Business-Type Activities capital assets, net	\$ 213,824,612	\$ 3,808,502	\$ (5,544,355)	\$ -	\$ 212,088,759

Depreciation expense was charged to functions as follows:

**Business-Type Activities:**

Electric	\$1,796,995
Hospital	6,301,956
Telephone	3,568,736
Liquor	29,028
Water	518,208
Wastewater	1,597,054
Airport	933,732
Golf	100,524
Solid Waste	557,236
Research and Technology Center	53,008
Total depreciation expense Business-Type Activities	<u>\$15,456,477</u>

Significant projects included in construction in progress for the primary government are as follows:

Project Description	Authorized	Expended as of 12/31/2019	Committed
<b>Governmental Activities:</b>			
General Fund			
Street Projects	4,900,000	3,875,332	1,024,668
<b>Business-Type Activities:</b>			
Solid Waste Disposal Fund			
Design 3W	2,100,000	73,313	2,026,687
Airport Fund			
Airport Apron Project	100,000	95,097	4,903
Water Fund			
4th Street Water Tower Replacement - Maguire Iron, Inc.	1,372,000	892,140	479,860
4th Street Water Tower Replacement - Winter Contracting	827,138	410,500	416,638
	<u>9,299,138</u>	<u>5,346,382</u>	<u>3,952,756</u>

9. DEBT OBLIGATIONS

Long Term Liabilities

A summary of changes in long-term liabilities is as follows:

*Governmental Activities:*

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Revenue bonds	\$ 17,055,860	\$ 3,797,500	\$ (2,148,351)	\$ 18,705,009	\$ 2,233,273
Premium on issuance	47,939	-	(11,985)	35,954	-
Total bonds payable	17,103,799	3,797,500	(2,160,336)	18,740,963	2,233,273
Loans	5,600,000	500,000	(200,000)	5,900,000	200,000
Capital leases	229,525	-	(26,400)	203,125	27,211
OPEB	2,396,274	232,398	-	2,628,672	-
Compensated Absences	905,482	1,121,330	(1,047,316)	979,496	300,000
Governmental Activities Long-Term Liabilities	<u>\$ 26,235,080</u>	<u>\$ 5,651,228</u>	<u>\$ (3,434,052)</u>	<u>\$ 28,452,256</u>	<u>\$ 2,760,484</u>

*Business-Type Activities:*

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Revenue bonds	\$ 5,536,946	\$ -	\$ (337,410)	\$ 5,199,536	\$ 351,532
Loans payable	27,824,448	-	(693,444)	27,131,004	716,257
Capital leases	41,479,390	-	(1,880,113)	39,599,277	1,943,843
OPEB	3,366,525	742,471	-	4,108,996	-
Landfill closure/ postclosure	644,309	19,734	-	664,043	-
Compensated absences	1,521,501	1,122,756	(1,180,687)	1,463,570	1,170,276
Amount due under joint operating agreement	1,555,350	-	-	1,555,350	-
Business-Type Activities Long-Term Liabilities	<u>\$ 81,928,469</u>	<u>\$ 1,884,961</u>	<u>\$ (4,091,654)</u>	<u>\$ 79,721,776</u>	<u>\$ 4,181,908</u>

Long-term liabilities payable at December 31, 2019 is comprised of the following:

Revenue Bonds:

City of Brookings, South Dakota Sales Tax Revenue  
Bonds, 2010A Series, final maturity date December 2022;  
Interest rate varies from 1.25% to 3.15%; payments are  
made from 75% Sales and Use Tax/Public Improvement  
Fund. Callable at option of the City in whole or in part beginning  
on December, 2018. Original issue \$16,735,000. \$ 3,520,000  
Plus: Premium on issuance 35,954

City of Brookings, South Dakota Sales Tax Revenue  
Bonds, 2014A Series, final maturity date December 2033;  
Interest rate 2.65%; payments are made from 75% Sales and  
Use Tax/Public Improvement Fund. Original issue \$10,000,000. 8,352,564

City of Brookings, South Dakota Sales Tax Revenue  
Bonds, 2019 Series, final maturity date June 2029;  
Variable Interest Rate; payments are made from 75% Sales and  
Use Tax/Public Improvement Fund. Original issue \$7,100,000. 3,797,500

City of Brookings, South Dakota State Revolving Fund Bond #2,  
final maturity date December 2035; interest rate 3%; payments  
made from TIF #1 Fund. Original issue \$670,000. 448,832

City of Brookings, South Dakota State Revolving Fund Bond #3,  
final maturity date December 2033; interest rate 3%; payments  
made from Storm Drainage Fund. Original issue \$390,519. 266,087

City of Brookings, South Dakota State Revolving Fund Bond #4,  
final maturity date April 2033; interest rate 3%; payments  
made from Storm Drainage Fund. Original issue \$335,314. 247,421

City of Brookings, South Dakota State Revolving Fund Bond #5,  
final maturity date January 2033; interest rate 3%; payments  
made from Storm Drainage Fund. Original issue \$226,121. 164,332

City of Brookings, South Dakota State Revolving Fund Bond #6,  
final maturity date October 2032; interest rate 3%; payments  
made from Storm Drainage Fund. Original issue \$1,972,719. 1,520,544

City of Brookings, South Dakota State Revolving Fund Bond #9,  
final maturity date July 2035; interest rate 3%; payments  
made from Storm Drainage Fund. Original issue up to \$1,570,000. 387,729  

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18,740,963

Loans:

City of Brookings, South Dakota loan from private citizen,  
final maturity date November 2027; interest rate 0%; payments  
made from 75% Sales and Use Tax Fund. Original issue \$5,500,000  
Additional \$500,000 issued in 2019 per original agreement. 5,700,000

City of Brookings, South Dakota loan from Brookings County,  
final maturity date November 2021; interest rate 0%; payments  
made from 75% Sales and Use Tax Fund. Original issue \$400,000 200,000  

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5,900,000

Financing (Capital Acquisition) Leases:

Lease purchase of a digital scoreboard;  
final maturity date December 2026;  
Interest rate of 2.9%;  
Original payments made from Swiftel Center Fund;  
Original Issue \$294,600

203,125

Total Leases:

203,125

OPEB Liability:

2,628,672

Compensated Absences:

979,496

Total Governmental Activities Long-Term Liabilities

\$ 28,452,256

*Business-Type Activities:*

Revenue Bonds:

City of Brookings, South Dakota Electric Utility Revenue Bonds  
Series 2005; final maturity date July 2028; interest rate  
5.95% per annum; payments are made from the Electric Fund.  
Callable at option of the City in \$10,000 increments at  
anytime. Original issue \$1,353,319.

\$ 754,536

City of Brookings, South Dakota Electric Utility Revenue Bonds Series 2011;  
final maturity date December 2031; interest rate .65% to 3.9% depending  
on length to maturity; payments are made from the Electric Fund.  
Callable at option of the City in whole or in part beginning on  
December 1, 2022. Original issue \$6,500,000.

4,445,000

Total Revenue Bonds:

5,199,536

Loans:

City of Brookings, South Dakota State Revolving Fund Bond #7;  
final maturity date October 2044; interest rate 3.25%; payments  
made from Wastewater Fund.

27,131,004

Total Loans:

27,131,004

Financing (Capital Acquisition) Leases:

Lease and purchase of utility plant for the Telephone, Water,  
Wastewater, and Electric Funds.

Series 2006; interest rates 4.75% due December 1, 2026. Orig. issue \$8,000,000.

3,675,000

Lease and purchase of Skilled Nursing Facility for Brookings Health System.

Series 2012; interest rate 3.98% due October 15, 2042. Original issue \$10,000,000.

8,575,787

Lease and purchase of Hospital Renovation and Addition of Medical Office Building.

Series 2015A; interest rate 2.60% through 2020, variable thereafter, due October 2025.

Original issue \$8,000,000.

5,984,940

Series 2015B; interest rate 3.95% through 2025, variable thereafter, due October 2037.

Original issue \$22,000,000.

21,363,550

Total Leases:

39,599,277

OPEB Liability:

4,108,996

Landfill Closure/Postclosure Costs:

664,043

Compensated Absences:

1,463,570

Amount Due Under Joint Operating Agreement:

1,555,350

Total Business-Type Activities Long-Term Liabilities

\$ 79,721,776

The annual requirements to amortize all debt outstanding for Governmental Activities as of December 31, 2019, except for the compensated absences, and other postemployment benefits (OPEB) liability are as follows:

Year Ending December 31,	Revenue Bonds		Loans	
	Principal	Interest	Principal	Interest
2020	\$ 2,233,273	\$ 749,242	\$ 200,000	\$ -
2021	2,298,387	561,561	200,000	-
2022	1,398,337	489,374	916,666	-
2023	1,435,695	442,782	916,666	-
2024	1,410,433	402,591	916,666	-
2025-2029	6,250,322	1,227,585	2,750,002	-
2030-2034	3,635,958	270,368	-	-
2035-2039	42,604	1,153	-	-
	<u>\$ 18,705,009</u>	<u>\$ 4,144,656</u>	<u>\$ 5,900,000</u>	<u>\$ -</u>

Year Ending December 31,	Capital Acquisition Leases		Total	
	Principal	Interest	Principal	Interest
2020	\$ 27,211	\$ 6,419	\$ 2,460,484	\$ 755,661
2021	28,047	5,583	2,526,434	567,144
2022	28,908	4,722	2,343,911	494,096
2023	29,796	3,834	2,382,157	446,616
2024	30,712	3,834	2,357,811	406,425
2025-2029	58,451	5,895	9,058,775	1,233,480
2030-2034	-	-	3,635,958	270,368
2035-2039	-	-	42,604	1,153
	<u>\$ 203,125</u>	<u>\$ 30,287</u>	<u>\$ 24,808,134</u>	<u>\$ 4,174,943</u>

The annual requirements to amortize all debt outstanding for Business-Type Activities as of December 31, 2019, except for compensated absences, landfill closure/postclosure, OPEB, and amounts due under joint operating agreement, are as follows:

Year Ending December 31,	Revenue Bonds		Loans	
	Principal	Interest	Principal	Interest
2020	\$ 351,532	\$ 200,560	\$ 716,257	\$ 873,087
2021	360,906	188,766	739,820	849,524
2022	375,548	176,144	764,159	825,185
2023	390,474	162,369	789,299	800,045
2024	405,700	147,535	815,265	774,079
2025-2029	2,090,376	483,825	4,496,726	3,449,993
2030-2034	1,225,000	82,600	5,286,694	2,660,026
2035-2039	-	-	6,215,439	1,731,280
2040-2044	-	-	7,307,345	639,376
	<u>\$ 5,199,536</u>	<u>\$ 1,441,799</u>	<u>\$ 27,131,004</u>	<u>\$ 12,602,595</u>

Year Ending December 31,	Capital Acquisition Leases		Total	
	Principal	Interest	Principal	Interest
2020	\$ 1,943,843	\$ 1,441,281	\$ 3,011,632	\$ 2,514,928
2021	1,913,510	1,470,000	3,014,236	2,508,290
2022	2,000,630	1,385,318	3,140,337	2,386,647
2023	2,090,471	1,296,727	3,270,244	2,259,141
2024	2,178,155	1,204,106	3,399,120	2,125,720
2025-2029	9,659,340	5,377,775	16,246,442	9,311,593
2030-2034	10,011,495	3,766,309	16,523,189	6,508,935
2035-2039	8,283,644	1,051,309	14,499,083	2,782,589
2040-2044	1,518,189	82,831	8,825,534	722,207
	<u>\$ 39,599,277</u>	<u>\$ 17,075,656</u>	<u>\$ 71,929,817</u>	<u>\$ 31,120,050</u>

Assets acquired through capital leases for business-type activities were primarily for buildings and various infrastructure, which are being depreciated over the lesser of their estimated useful lives or the term of the related lease.



The Series 2005 Utility Revenue Bonds are secured by a pledge of the revenues from the Electric Fund of the improvements funded from the issuance, through final maturity of the bonds in 2028. The total principal and interest remaining to be paid on the bonds is \$960,215. The Series 2011 Utility Revenue Bonds are secured by a pledge of the revenues from the Electric Fund, of improvements funded from the issuance, through final maturity of the bonds in 2031. The total principal and interest remaining to be paid on the bonds is \$5,681,120. Annual debt service payments for the Series 2005 and 2011 revenue bonds are expected to require approximately 8.4% of net revenues of the Electric Fund.

10. CONDUIT DEBT

In the past, the City has issued revenue bonds to provide financial assistance to certain private-sector entities for acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the City, the State of South Dakota, or any other political subdivision of the state is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2019 there was one series of conduit bonds outstanding issued for the benefit of South Dakota State University, with an unpaid principal amount of \$7,603,536.

11. OPERATING LEASE COMMITMENTS

The Telephone Fund has various leases relating to the Sioux Falls, Sioux City, Watertown and Brookings stores. In addition to rent, the Fund also pays real estate taxes, repairs and maintenance and insurance above normal premium on leased property. The Telephone Fund also has various site leases for PCS towers and equipment.

Rent expense and future minimum rental commitments for these leases are as follows:

Expense:

2019	\$ 923,113
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Commitments:

2020	\$ 727,617
2021	463,733
2022	293,820
2023	157,322
2024	105,013
Thereafter	_____ -

Total Commitments	<u>\$1,747,505</u>
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The Health System leases clinic office space and equipment under certain non-cancellable and cancellable long-term lease agreements.

Rent expense and future minimum rental commitments for these leases are as follows:

Expense:

2019	\$ 714,480
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Commitments:

2020	\$ 50,000
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12. LANDFILLS:

State and federal laws and regulations require Municipalities to place a final cover on their municipal landfill 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 Municipality reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$664,043 reported as landfill closure and post-closure care liability at December 31, 2019, represents the cumulative amount reported to date based on the use of 34.0% of the estimated capacity of the landfill. The Municipality will recognize the remaining estimated cost of closure and post-closure care of \$1,289,026 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2019. The Municipality expects to close the landfill in the year of 2047. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Municipality is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post closure care. The City is in compliance with these requirements; and, at December 31, 2019, investments of \$1,404,223 are held for these purposes. These are reported as restricted assets on the statement of net position. The Municipality expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by increased fees to future landfill users or from future tax revenue.

13. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Electric Fund maintained by the City provides construction and operation of the municipal electric system and related facilities. The City has issued separate revenue bonds to finance its Electric Fund. Investors in those bonds rely solely on the revenue generated by the individual activities for repayment. The Wastewater Fund received a State Revolving Fund Loan to make improvements to the wastewater treatment facilities and collection system. The loan is secured by gross revenues derived solely from the revenues of the wastewater surcharge. Segment information for these separately identifiable activities that have bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt, as well as a requirement to account for the activity's revenues, expenses, gains and losses, assets and liabilities apart from other activities within the same fund or in different funds is as follows:

A. Electric Fund

CONDENSED STATEMENT OF NET POSITION

	Electric Fund December 31, 2019			
	Unsecured Operations	Series 2005 Bonds	Series 2011 Bonds	Total Electric Fund
<b>Assets</b>				
Current assets	\$19,212,331	\$2,563,880	\$1,460,771	\$23,236,982
Due from other funds	153,086	-	-	\$153,086
Noncurrent assets, excluding capital assets	12,164	84,995	499,688	\$596,847
Capital assets	30,965,609	716,290	5,009,552	\$36,691,451
Total assets	50,343,190	3,365,165	6,970,011	60,678,366
Deferred outflows of resources	567,577	-	-	567,577
Total assets and deferred outflows of resources	\$ 50,910,767	\$ 3,365,165	\$ 6,970,011	\$ 61,245,943
<b>Liabilities</b>				
Current liabilities	\$ 2,147,712	\$ 71,633	\$ 293,133	\$ 2,512,478
Due to other funds	13,912	-	-	13,912
Noncurrent liabilities	1,650,121	683,003	4,165,000	6,498,124
Total liabilities	3,811,745	754,636	4,458,133	9,024,514
Deferred inflows of resources	273,948	-	-	273,948
Total liabilities and deferred inflows of resources	4,085,693	754,636	4,458,133	9,298,462
<b>Net positions</b>				
Net Investment in capital assets	29,587,483	(38,245)	564,552	30,113,790
Restricted	12,164	84,995	499,688	596,847
Unrestricted	17,225,427	2,563,779	1,447,638	21,236,844
Total net position	46,825,074	2,610,529	2,511,878	51,947,481
Total liabilities, deferred inflows of resources, and net position	\$ 50,910,767	\$ 3,365,165	\$ 6,970,011	\$ 61,245,943

CONDENSED STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN NET POSITION

Electric Fund  
Year Ended December 31, 2019

	Unsecured Operations	Series 2005 Bonds	Series 2011 Bonds	Total Electric Fund
Operating revenues	\$29,746,330	\$337,371	\$641,903	\$ 30,725,604
Depreciation/amortization expense	(1,752,874)	(36,547)	(176,929)	(1,966,350)
Other operating expense	(22,508,835)	(5,402)	-	(22,514,237)
Operating income	5,484,621	295,422	464,974	6,245,017
Nonoperating revenues (expenses)				
Investment income	352,326	1,455	11,583	365,364
Interest expense	(72,564)	(47,087)	(163,535)	(283,186)
Other	4,002	-	-	4,002
Transfers out	(2,155,000)	-	-	(2,155,000)
Changes in net position	3,613,385	249,790	313,022	4,176,197
Beginning net position	43,211,689	2,360,739	2,198,856	47,771,284
Ending net position	\$ 46,825,074	\$ 2,610,529	\$ 2,511,878	\$ 51,947,481

Electric Fund  
Year Ended December 31, 2019

	Unsecured Operations	Series 2005 Bonds	Series 2011 Bonds	Total Electric Fund
Net cash provided (used) by:				
Operating activities	\$7,468,530	\$331,969	\$641,903	\$ 8,442,402
Noncapital financing activities	(885,894)	-	-	(885,894)
Capital and related financing activities	(2,804,293)	(114,497)	(434,075)	(3,352,865)
Investing activities	(4,674,305)	1,455	11,583	(4,661,267)
Net increase	(\$895,962)	\$218,927	\$219,411	(457,624)
Beginning cash and cash equivalents	1,740,263	2,429,948	1,741,048	5,911,259
Ending cash and cash equivalents	\$ 844,301	\$ 2,648,875	\$ 1,960,459	\$ 5,453,635

B. Wastewater Fund

CONDENSED STATEMENT OF NET POSITION

Wastewater Fund  
December 31, 2019

	Unsecured Operations	State Revolving Fund Loan	Total Wastewater Fund
Assets			
Current assets	\$10,844,730	\$4,220,639	\$ 15,065,369
Due from other funds	3,127	-	3,127
Noncurrent assets, excluding capital assets	16,435	132,445	148,880
Capital assets	12,408,419	27,988,918	40,397,337
Total assets	23,272,711	32,342,002	55,614,713
Deferred outflows of resources	251,249	-	251,249
Total assets and deferred outflows of resources	\$ 23,523,960	\$ 32,342,002	\$ 55,865,962
Liabilities			
Current liabilities	\$ 174,220	\$ 899,956	\$ 1,074,176
Due to other funds	20,249	-	20,249
Noncurrent liabilities	377,571	26,414,747	26,792,318
Total liabilities	572,040	27,314,703	27,886,743
Deferred inflows of resources	117,178	-	117,178
Total liabilities and deferred inflows of resources	689,218	27,314,703	28,003,921
Net positions			
Net Investment in capital assets	12,202,619	857,914	13,060,533
Restricted	5,111	132,445	137,556
Unrestricted	10,627,012	4,036,940	14,663,952
Total net position	22,834,742	5,027,299	27,862,041
Total liabilities, deferred inflows of resources, and net position	\$ 23,523,960	\$ 32,342,002	\$ 55,865,962

CONDENSED STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN NET POSITION

	Wastewater Fund		
	Year Ended December 31, 2019		
	Unsecured Operations	State Revolving Fund Loan	Total Wastewater Fund
Operating revenues	\$3,643,275	\$2,014,841	\$ 5,658,116
Depreciation/amortization expense	(705,584)	(1,002,084)	(1,707,668)
Other operating expense	(2,527,113)	(221,740)	(2,748,853)
Operating income	410,578	791,017	1,201,595
Nonoperating revenues (expenses)			
Investment income	286,652	2,102	288,754
Interest expense	(10,836)	(891,205)	(902,041)
Other	3,365	-	3,365
Contributed capital	516,357	-	516,357
Changes in net position	1,206,116	(98,086)	1,108,030
Beginning net position	21,628,626	5,125,385	26,754,011
Ending net position	\$ 22,834,742	\$ 5,027,299	\$ 27,862,041

	Wastewater Fund		
	Year Ended December 31, 2019		
	Unsecured Operations	State Revolving Fund Loan	Total Wastewater Fund
Net cash provided (used) by:			
Operating activities	\$1,349,989	\$1,795,203	\$ 3,145,192
Noncapital financing activities	408,984	-	408,984
Capital and related financing activities	(722,294)	(1,589,344)	(2,311,638)
Investing activities	(978,140)	-	(978,140)
Net increase (decrease)	\$58,539	\$205,859	264,398
Beginning cash and cash equivalents	(1,460,528)	4,147,225	2,686,697
Ending cash and cash equivalents	\$ (1,401,989)	\$ 4,353,084	\$ 2,951,095

14. INDIVIDUAL INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. The composition of interfund balances as of December 31, 2019 is as follows:

Due From	Due To						Total
	General Fund	Nonmajor Governmental	Electric	Wastewater	Telephone	Nonmajor Enterprise	
General Fund	\$ -	\$ -	\$ 69,684	\$ 1,157	\$ 12,311	\$ 41,152	\$ 124,305
Nonmajor Governmental	4,578	190,964	12,040	-	-	-	207,582
Electric	8,992	-	1,613	114	2,884	310	13,912
Wastewater	-	-	18,074	119	847	1,208	20,249
Health System	706	-	24,157	1,483	5,851	1,898	34,095
Telephone	6,872	-	15,341	213	120,556	582	143,565
Nonmajor Enterprise	156,798	-	12,178	40	1,233	18,294	188,543
<b>Total</b>	<b>\$ 177,946</b>	<b>\$ 190,964</b>	<b>\$ 153,086</b>	<b>\$ 3,127</b>	<b>\$ 143,683</b>	<b>\$ 63,445</b>	<b>\$ 732,251</b>

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The financial statements reflect interfund transfers as follows:

Transfer Out	Transfer In			
	General Fund	Nonmajor Governmental	Nonmajor Enterprise	Total
General Fund	\$ 15,002	\$ -	\$ 239,000	\$ 254,002
Nonmajor Governmental	56,772	1,461,228	233,550	1,751,550
Electric	2,155,000	-	-	2,155,000
Wastewater	-	-	-	-
Health System	-	-	-	-
Telephone	200,000	-	-	200,000
Nonmajor Enterprise	1,183,659	-	225,650	1,409,309
<b>Total</b>	<b>\$ 3,610,433</b>	<b>\$ 1,461,228</b>	<b>\$ 698,200</b>	<b>\$5,769,861</b>

Interfund advances or loans between funds are authorized by the governing board allowing the use of monies available in one fund to finance a project or purchase in another. The terms are established by the governing board. The financial statements reflect interfund advances as follows:

Interfund Advances		
Owed to (Receivable)	Owed from (Payable)	Amount
General Fund	TIF 1 Innov Campus Fund	\$ 515,227
General Fund	Swiftel Center Fund	130,000
Liquor Fund	Golf Fund	111,660
Liquor Fund	General Fund	64,999
Solid Waste Fund	Swiftel Center Fund	749,583
		<u>\$ 1,571,469</u>

The annual amounts due for principal and future interest on interfund advances are as follows:

	Principal	Interest	Total
<b>2020</b>	239,876	27,894	267,770
<b>2021</b>	243,499	24,270	267,769
<b>2022</b>	213,589	20,853	234,442
<b>2023</b>	216,604	17,838	234,442
<b>2024</b>	187,181	14,761	201,942
<b>2025-2029</b>	371,678	37,307	408,984
<b>2030-2032</b>	99,043	4,479	103,521
	<u>\$ 1,571,469</u>	<u>\$ 147,400</u>	<u>\$ 1,718,869</u>

15. RESTRICTED NET POSITION

The following table shows the net position restricted as shown on the Statement of Net Position:

Fund	Restricted By	Amount
<b>General Fund:</b>		
Library	Donors	\$ 43,074
Insurance Deposit	Contract	438,509
<b>Special Revenue Funds:</b>		
Enhanced 911	Law	265,492
Library Fines	Law	16,845
Bed & Booze Tax	Law	434,868
<b>Debt Service Funds:</b>		
TIF 1 Innovation Campus	Covenant	254,873
TIF 3 Valley View	Covenant	131,339
TIF 4 Sieler	Covenant	58,522
TIF 5 32nd Ave	Covenant	263,636
TIF 6 Digester	Covenant	85,240
TIF 7 S. Main Ave	Covenant	783,328
Governmental Funds - Pension Purposes	Standard	39,441
<b>Enterprise Funds:</b>		
Electric Fund – debt service	Covenant	584,683
Telephone Fund - debt service	Covenant	1,117
Wastewater Fund - debt service	Covenant	132,445
Health System - debt service	Covenant	688,890
Solid Waste Fund – landfill	Law	4,540,164
Enterprise Funds - Pension Purposes	Standard	154,438
<b>Total Restricted Net Position</b>		<b>\$ 8,916,903</b>

16. FUND BALANCES

The following provides details of the aggregate amounts displayed on the face of the balance sheet:

	General Fund	Other Governmental Funds	Total
Fund Balances:			
Nonspendable:			
Inventory	\$ 34,568	\$ 32,009	\$ 66,577
Inventory land held for resale	1,600,000	-	1,600,000
Prepaid items	11,169	27,023	38,192
Insurance deposit	438,509		438,509
Advances	645,227		645,227
	<u>2,729,473</u>	<u>59,033</u>	<u>2,788,506</u>
Restricted for:			
Donor purposes	43,074	-	43,074
Debt service	-	1,576,937	1,576,937
Library	-	16,845	16,845
E-911	-	265,492	265,492
City promotion	-	434,868	434,868
	<u>43,074</u>	<u>2,294,142</u>	<u>2,337,216</u>
Committed:			
Industrial park development	2,274,400	-	2,274,400
Emergency financial stabilization	1,642,367	-	1,642,367
Retail development	1,873	-	1,873
Police & Fire Capital and other	-	4,559,642	4,559,642
Economic development	-	1,000,000	1,000,000
Promotion/marketing of City	-	227,011	227,011
Special assessment projects	-	2,013,954	2,013,954
Storm drainage	-	2,096,993	2,096,993
Public art	-		-
	<u>3,918,640</u>	<u>9,897,600</u>	<u>13,816,240</u>
Assigned to:			
Capital project carryover	414,917	1,138,714	1,553,631
Future capital improvement	1,240,998	-	1,240,998
	<u>1,655,915</u>	<u>1,138,714</u>	<u>2,794,629</u>
Unassigned	9,799,639	(1,091,346)	8,708,293
	<u>\$ 18,146,741</u>	<u>\$ 12,298,143</u>	<u>\$ 30,444,884</u>

17. PENSION PLAN

**Plan Description**

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit plan administered by SDRS to provide retirement benefits for employees in the State of South Dakota and its political subdivisions. The SDRS provide retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

**Benefits Provided**

SDRS has three different classes of employees: Class A general members, Class B public safety and judicial members, and Class C cement plant retirement fund members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level.

Members that were hired on/after July 1, 2017 are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of Living Adjustment.

**Contributions**

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general



employees only. The City's share of contributions to SDRS for the fiscal years ended December 31, 2019, 2018, and 2017, equal to required contributions each year were \$2,420,753, \$2,316,039, and \$2,235,945, respectively.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, SDRS is 100.09% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of the SDRS, for the City as of the measurement period ending June 30, 2019 and reported by the City of Brookings as of December 31, 2019 are as follows:

Proportionate share of total pension liability	\$ 227,998,336
Less: proportionate share of net position restricted for pension benefits	<u>228,192,215</u>
Proportionate share of net pension liability (asset)	<u>\$ (193,879)</u>

The net pension asset was measured as of June 30, 2019 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. At December 31, 2019, the City reported an asset of \$193,879 for its proportionate share of the net pension asset. The City's share of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2019, the City's proportion was 1.8295188% which is a decrease of 0.0132683% from the City's proportion of 1.8427871% at June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$7,896,644. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 760,511	\$ 87,753
Changes in assumptions	6,696,071	2,745,064
Net difference between projected and actual earnings on pension plan investments	-	1,116,901
Changes in proportion		
Change in Proportion - City (excluding BMU & BHS)	19,380	35,756
Change in Proportion - Brookings Municipal Utilities (BMU)	34,006	60,860
Change in Proportion - Brookings Health System (BHS)	153,526	159,423
City contributions subsequent to the measurement date	<u>1,205,277</u>	<u>-</u>
Total	<u>\$ 8,868,771</u>	<u>\$ 4,205,757</u>

At December 31, 2019, \$1,205,277 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset during the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year-Ended December 31:	<b>Net</b>
2020	\$ 4,231,282
2021	(696,668)
2022	(455,434)
2023	<u>378,557</u>
	<u>\$ 3,457,737</u>

### Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50%, net of plan investment expense
Future COLAs	1.88%

Mortality rates were based on 97% of the Rp-2014 Mortality Table, adjusted to 2006 projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	58.0%	4.7%
Fixed Income	30.0%	1.7%
Real Estate	10.0%	4.3%
Cash	2.0%	0.9%
<b>Total</b>	<b>100.0%</b>	

### Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the net pension asset.

### Sensitivity of the City's Proportionate Share of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
City's proportionate share of the net pension (asset) liability	\$ 32,180,102	\$ (193,879)	\$ (26,572,823)

**Pension Plan Fiduciary Net Position**

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

18. OTHER POSTEMPLOYMENT BENEFITS

**Plan Description:**

The City, under the authority of SDCL 9-14-35 and SDCL 6-1-16, operates a single-employer defined benefit healthcare plan that is administered and tracked separately as follows: City General, Brookings Municipal Utilities (BMU) and Brookings Health System (BHS or Health System). The plan provides medical benefits to eligible employees and their spouses. The plan is self-funded and reported as an internal service fund of the City which is included within the scope of this report; therefore, the plan does not issue a stand-alone financial report nor is it included in the report of another entity. There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB 75 in connection with the plan and no separate financial reporting is done by the plan.

*City General*

For current and retired City General employees hired before January 1, 2010, the City pays 50% of the cost of premiums. Also, the rates being paid by retirees for benefits are typically lower than those had the retirees been rated as a separate group. The difference between these amounts is the implicit rate subsidy, which is considered other post-employment benefits in addition to the portion of premiums paid by the City for retired City General employees. Benefit provisions for City General employees represented by a collective bargaining agreement are established and amended through collective bargaining with the recognized bargaining agent for each group. Benefits and eligibility for administrators and those not covered by a collective bargaining agreement are established and amended by the City Council.

*Brookings Municipal Utilities*

The Brookings Municipal Utilities Board determines the contribution amounts for the plan, which currently require participating members to pay 100% of the premium. The plan also allows an early retiree 50% of the premium up to the maximum of \$100 per month provided the employee has been employed by BMU for ten years, is 62 years of age, and begins to draw SDRS retirement benefits. Future amendments to the funding mechanism of the plan are determined by the governing board.

*Brookings Health System*

The governing board of the Health System determines the contribution amounts for the plan, which currently requires participating members to pay 100% of the group rate premium. Future amendments to the funding mechanism are determined by the governing board.

Funding Policy – At this time the City operates the plan on a pay-as-you-go method and therefore the plan is not funded.

Plan Participation – At December 31, 2019, the following number of current and former employees were covered by the benefit terms

<b>Employee Status</b>	<b>City</b>	<b>BMU</b>	<b>BHS</b>	<b>Total</b>
Inactive or beneficiaries receiving benefit payments	134	155	3	292
Active	26	19	349	394
<b>Total</b>	160	174	352	686

Total OPEB Liability – The City's total OPEB liability of \$6,737,668 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions – The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement, unless otherwise specified:

- Inflation 2.30%
- Salary Increase Graded scale based on merit and service
- Discount Rate 2.74% (4.10% in prior year)
- Healthcare Cost Trend Rate 6.50% - 4.10% over 61 yrs.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.74%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher as of the measurement date, as based on the Bond Buyer General Obligation 20 – Bond Municipal Index.

Mortality Rates – The mortality rates used to measure the total OPEB liability were 97% of the RP-2014 Mortality Table, white collar table for females, total dataset for males, adjusted to 2006 and projected generationally with MP-2016.

The plan has not had a formal actuarial experience study performed.

Changes in the Total OPEB Liability were as follows:

**Changes in the Total OPEB Liability**

	<u>City</u>	<u>BMU</u>	<u>BHS</u>	<u>Total</u>
Balance at Beginning of Year	\$ 2,635,614	\$ 1,867,854	\$ 1,259,331	\$ 5,762,799
Changes for the Year:				
Service cost	153,712	83,103	62,737	299,552
Interest	110,686	77,654	53,663	242,003
Effect of assumption changes or inputs	350,756	201,322	204,165	756,243
Benefit payments	(181,171)	(115,073)	(26,685)	(322,929)
	<u>433,983</u>	<u>247,006</u>	<u>293,880</u>	<u>974,869</u>
Balance at End of Year	\$ 3,069,597	\$ 2,114,860	\$ 1,553,211	\$ 6,737,668

The total OPEB liability for the City General is comprised of Governmental Activities of \$2,628,672 and Business-Type Activities of \$440,925.

Changes of assumptions reflect a change in the discount rate from 4.10% in 2018 to 2.74% in 2019.

Sensitivity of the City's total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.74%) or 1% higher (3.74%) than the current discount rate.

***Changes in the Discount Rate***

	<u>City</u>	<u>BMU</u>	<u>BHS</u>	<u>Total</u>
1% Decrease (1.74%)	\$ 3,358,379	\$ 2,276,251	\$ 1,728,120	\$ 7,362,750
Current Rate (2.74%)	\$ 3,069,597	\$ 2,114,860	\$ 1,553,211	\$ 6,737,668
1% Increase (3.74%)	\$ 2,807,108	\$ 1,964,731	\$ 1,399,579	\$ 6,171,418

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates (current trend rates are 6.50% trending down to 4.10%).

**Changes in the Healthcare Cost Trend Rate**

	<u>City</u>	<u>BMU</u>	<u>BHS</u>	<u>Total</u>
1% Decrease	\$ 2,661,325	\$ 1,871,605	\$ 1,343,721	\$ 5,876,651
Current Rate (6.50% to 4.10%)	\$ 3,069,597	\$ 2,114,860	\$ 1,553,211	\$ 6,737,668
1% Increase	\$ 3,558,813	\$ 2,404,916	\$ 1,806,971	\$ 7,770,700

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB – For the year ended December 31, 2019, the City recognized OPEB expense of \$620,924 (City \$293,794; BMU \$178,582; BHS \$148,548). At December 31, 2019, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following resources:

**Deferred Inflows of Resources**

	<u>City</u>	<u>BMU</u>	<u>BHS</u>	<u>Total</u>
Changes in Assumptions	\$ 117,844	\$ 69,509	\$ 54,710	\$ 242,063

**Deferred Outflows of Resources**

	<u>City</u>	<u>BMU</u>	<u>BHS</u>	<u>Total</u>
Changes in Assumptions	\$ 302,040	\$ 171,716	\$ 154,369	\$ 628,125

The amount reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

***Amortization of Deferred amount***

	<u>City</u>	<u>BMU</u>	<u>BHS</u>	<u>Total</u>
Year ended December 31, 2020	\$ 29,397	\$ 17,825	\$ 32,148	\$ 79,370
2021	29,397	17,825	32,148	79,370
2022	29,397	17,825	32,148	79,370
2023	29,397	17,825	3,215	50,437
2024	29,397	17,825	-	47,222
Thereafter	37,211	13,082	-	50,293
	<u>\$ 184,196</u>	<u>\$ 102,207</u>	<u>\$ 99,659</u>	<u>\$ 386,062</u>

The deferred inflows of resources for City General is comprised of Governmental Activities of \$100,917 and Business Type Activities of \$16,927.

The deferred outflows of resources for City General is comprised of Governmental Activities of \$258,654 and Business-Type Activities of \$43,386.

19. COMMITMENTS AND CONTINGENCIES

The City participates in a number of federally assisted grant programs. Federal financial assistance programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time; however, City officials do not believe that such amounts would be significant.

The City is a defendant in a number of lawsuits and claims in its normal course of operations. Management is currently of the opinion that ultimate settlement of such lawsuits and claims will not have a materially adverse effect on the financial statements.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be

subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services. Management believes that the Health System is in substantial compliance with current laws and regulations.

20. INVESTMENT IN JOINT VENTURE

The Health System is a 50% investor in Avera Home Medical Equipment of Brookings, LLC. This investment is included in other assets on the statement of net position. Based on the Health System's ownership percentage, the joint venture investment and allocated earnings for the year ended December 31, 2019 are as follows:

	Investment	Share of Income
Avera Home Medical Equipment of Brookings, LLC	\$ 367,459	\$ 180,109

21. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2019, the City managed its risks as follows:

**Employee Health Insurance**

During the fiscal year 1997, the City of Brookings (City General and BMU) established a Medical Self Insurance Fund (an internal service fund) to account for and finance its health risks of loss. Under this program, the Medical Self Insurance Fund pays the first \$85,000 (raised to \$90,000 in 2020) per person and is reinsured for any remaining loss for that person. The Plan also has aggregate stop loss coverage for the group which pays 100% of the group's claims beyond the aggregate limits (125% of expected claims). Settled claims resulting from these risks have not exceeded the liability coverage in any of the past three fiscal years. During 2019, \$2,625,346 was paid in claims, net of any stop loss reimbursements.

Beginning January 1, 2017, the Health System began partially self-funding its employee health insurance. The Health System provides self-insurance reserves for estimated incurred but not reported claims for its employee health plan. These reserves, which are included in current liabilities on the statements of net position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

The Health System expenses amounts representing the employer's portion of actual claims paid, adjusted for the estimates of liabilities relating to claims resulted from services provided prior to the year-end not to exceed the annual aggregate expense. The estimated liability of \$377,667 as of December 31, 2019 is included in payroll taxes and other accrued expenses in the financial statements. These amounts have been estimated based on historical trends and actuarial analysis. Changes in the balance of claims liabilities during the past year are as follows:

Year	<u>Beginning Liability</u>	<u>Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2019	\$202,160	\$1,827,818	\$(1,652,311)	\$377,667

**Property and Liability Insurance**

The City purchases insurance coverage for its boilers, equipment, and property from a commercial insurance carrier. The deductible for this coverage is \$10,000 per occurrence except for wind/hail (deductible is \$25,000) and Electronic Data Processing Equipment (deductible of \$1,000).

The City joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The City's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made against the City. The City pays a Members' Annual Operating Contribution, to provide liability coverage

detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The City pays an annual premium to the pool to provide coverage for governmental general liability, official's liability, automobile physical damage, and law enforcement liability.

Effective January 1, 2018, the SDPAA revised the method of calculating the amount available to be refunded to a withdrawing member. Upon giving proper written notice to the SDPAA a member may withdraw. Within 120 days following withdrawal, or as soon thereafter as the next Annual Budget is completed, the SDPAA will advise the withdrawing member of its total calculated portion of contributions made to the SDPAA that shall be refunded. Refunds are calculated based on the pool's total contributions, along with the member's total contributions, current losses, unpaid losses, and loss expenses, the member's loss ratio, and number of membership years.

A member who withdraws from the SDPAA shall receive a calculated portion of their contributions refunded for unpaid casualty losses, based on the following schedule:

<b>Years</b>	<b>Percentage</b>
1	55%
2	50%
3	40%
4	35%
5	30%
6+	20%

All refunds shall be paid to the withdrawing member over a five-year term.

The amount available for refund to the City is considered a deposit for financial reporting purposes.

As of December 31, 2019, the City's balance available to be refunded per the SDPAA was \$438,509, which was an increase of \$82,657 from the previous year. The change in the amount available for refund will be accounted for as an increase or decrease in the insurance expenditures.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

The Health System has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an annual aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. The Health System is also insured under a claims-made excess umbrella policy with a limit of \$3 million.

#### **Workers' Compensation**

In 2019, the City moved the Workers Compensation Program to Travelers Insurance, one of the leading Public Entity Workers Compensation providers in the United States. Travelers provides extensive services to mitigate the occurrences of claims and manage the claim if they do occur. Coverage limits meet all state statutes. Prior coverage had a per individual claim limit. This limit is not in place within the Travelers program.

#### **Unemployment Benefits**

The City has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

Unemployment claims are charged back to the appropriate department and are paid as they occur.

During the year ended December 31, 2019, these claims resulted in the payment of benefits in the amount of \$5,115.

## **22. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following funds had expenditures for which there were no appropriations:

- Enhanced 911 Fund \$39,620 – Income received surpassed budget, additional funds were utilized for a console replacement.

- BID Fee Fund \$177 – monthly administrative fees transferred to the General Fund calculated at 2% of revenues exceeded budgeted amount.
- Larson Ice Arena Fund \$30,613 – bond proceeds received for facility improvements, funds were utilized for legal and consulting fees associated with bond origination.

### 23. SUBSEQUENT EVENTS

As a result of the spread of the SARS-COV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the City. The City is closely monitoring its operations, liquidity, and capital resources and is working to minimize the current and future impact of this unprecedented situation. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.



	2019	2018
Service Cost	\$ 299,552	\$ 329,850
Interest Cost	242,003	207,797
Effect of assumption changes or inputs	756,243	(339,559)
Benefit payments	(322,929)	(289,617)
Net change in Total OPEB Liability	974,869	(91,529)
Total OPEB Liability, beginning of year	5,762,799	5,854,328
Total OPEB Liability, end of year	<u>\$ 6,737,668</u>	<u>\$ 5,762,799</u>

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City will present information for those years for which information is available. Data reported is measured as of the calendar year end.

Notes to Schedule of Changes in total OPEB liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

*Changes in benefit terms*

There were no significant changes in benefit terms.

*Changes in Assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended December 31, 2019	2.74%
Year ended December 31, 2018	4.10%
Year ended December 31, 2017	3.44%

**2019 Changes in the Total OPEB Liability**

	City	BMU	BHS	Total
Balance at Beginning of Year	\$ 2,635,614	\$ 1,867,854	\$ 1,259,331	\$ 5,762,799
Changes for the Year:				
Service cost	153,712	83,103	62,737	299,552
Interest	110,686	77,654	53,663	242,003
Effect of assumption changes or inputs	350,756	201,322	204,165	756,243
Benefit payments	(181,171)	(115,073)	(26,685)	(322,929)
	<u>433,983</u>	<u>247,006</u>	<u>293,880</u>	<u>974,869</u>
Balance at End of Year	<u>\$ 3,069,597</u>	<u>\$ 2,114,860</u>	<u>\$ 1,553,211</u>	<u>\$ 6,737,668</u>
Covered Payroll	8,610,689	10,635,845	19,058,624	38,305,158
Total OPEB Liability as a % of Covered Payroll	36%	20%	8%	18%

**2018 Changes in the Total OPEB Liability**

	City	BMU	BHS	Total
Changes for the Year:				
Service cost	\$ 168,260	\$ 91,239	\$ 70,351	\$ 329,850
Interest	95,498	67,064	45,235	207,797
Effect of assumption changes or inputs	(156,482)	(93,071)	(90,006)	(339,559)
Benefit payments	(157,664)	(110,376)	(21,577)	(289,617)
	<u>(50,388)</u>	<u>(45,144)</u>	<u>4,003</u>	<u>(91,529)</u>
Balance at End of Year	<u>\$ 2,635,614</u>	<u>\$ 1,867,854</u>	<u>\$ 1,259,331</u>	<u>\$ 5,762,799</u>
Covered Payroll	8,047,014	10,333,541	18,410,492	36,791,047
Total OPEB Liability as a % of Covered Payroll	33%	18%	7%	16%

	<b>South Dakota Retirement System</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Statutorily required contribution	\$ 2,420,753	\$ 2,316,039	\$ 2,235,945	\$ 2,096,488	\$ 2,069,087	\$ 2,010,973
Contributions in relation to the statutorily required contribution	<u>2,420,753</u>	<u>2,316,039</u>	<u>2,235,945</u>	<u>2,096,488</u>	<u>2,069,087</u>	<u>2,010,973</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	38,305,158	36,791,047	35,680,103	34,066,020	32,960,950	32,580,616
Contributions as a percentage of covered payroll	6.32%	6.30%	6.27%	6.15%	6.28%	6.17%

**Note to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present the information for those years for which information is available. Data reported is as of the calendar year end.

**South Dakota Retirement System**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's proportion of the net position (asset) liability	1.83%	1.84%	1.79%	1.85%	1.87%	1.90%
City's proportionate share of net pension (asset) liability*	(193,879)	(42,978)	162,889	6,257,168	7,930,006	13,709,855
City's covered payroll	36,922,862	36,418,929	34,849,490	33,668,846	32,688,130	32,786,489
City's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	0.51%	0.12%	0.47%	18.58%	24.26%	41.82%
Plan fiduciary net position as a percentage of the total pension liability	100.09%	100.00%	100.10%	96.89%	104.10%	107.30%

**Notes to the Schedule:**

\*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension (asset) liability which is June 30.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. Data reported is measured as of measurement date.

### **Change of Benefit Terms**

There were no significant changes in benefits in terms.

### **Change of Assumptions**

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2018 and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03% as of June 30, 2018 and is 1.88% as of June 30, 2019.

The changes in actuarial assumptions decreased the Actuarial Accrued Liability by 1.5% of the Actuarial Accrued Liability based on the 2.03% COLA, reflecting the current and assumed future restricted maximum COLA of 1.88%.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 3,296,500	\$ 3,296,500	\$ 3,247,378	\$ (49,122)
General sales and use taxes	6,818,600	6,818,600	7,286,040	467,440
Amusement taxes	1,500	1,500	1,416	(84)
Penalties and interest on delinquent taxes	3,000	3,000	3,981	981
Licenses and permits	289,240	289,240	270,442	(18,798)
Intergovernmental revenue:				
State grants	129,520	129,520	113,333	(16,187)
State shared revenues	543,000	543,000	544,020	1,020
County shared revenues	208,500	208,500	210,594	2,094
Charges for goods and services:				
Public safety	8,300	8,300	7,664	(636)
Public works	225	225	360	135
Health and welfare	8,800	8,800	9,769	969
Culture and recreation	431,450	431,450	330,830	(100,620)
Fines and forfeits	88,060	88,060	86,910	(1,150)
Miscellaneous revenue:				
Interest earned	120,500	120,500	261,032	140,532
Rentals	85,135	85,135	174,547	89,412
Contributions and donations from private sources	80,750	80,750	111,205	30,455
Liquor Operating Agreement	676,000	676,000	866,859	190,859
Other revenue	646,711	646,711	432,867	(213,844)
Total revenues	<u>13,435,791</u>	<u>13,435,791</u>	<u>13,959,247</u>	<u>523,456</u>
<b>EXPENDITURES</b>				
General government:				
Legislative	127,528	127,528	112,469	15,059
Executive	880,665	894,067	771,712	122,356
Financial administration	731,711	833,444	785,164	48,280
Other expense	2,075,763	1,663,753	1,226,178	437,575
Public safety:				
Police	3,762,552	3,842,430	3,725,221	117,208
Fire	680,793	704,105	688,225	15,881
Other protection	95,795	95,795	96,715	(920)
Public works:				
Community development	504,644	513,415	464,136	49,279
Engineer	530,946	540,359	515,733	24,626
Highways and streets	2,651,191	2,750,182	2,825,391	(75,210)
Health and welfare:				
Animal control	144,888	146,388	153,606	(7,218)
Culture and recreation:				
Recreation	829,580	846,408	694,494	151,914
Parks	3,056,741	3,107,198	2,667,648	439,549
Libraries	1,286,318	1,322,358	1,269,671	52,687
Total expenditures	<u>17,359,115</u>	<u>17,387,431</u>	<u>15,996,364</u>	<u>1,391,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,923,324)</u>	<u>(3,951,640)</u>	<u>(2,037,117)</u>	<u>1,914,523</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,605,408	3,605,408	3,610,433	5,025
Transfers out	(254,002)	(254,002)	(254,002)	-
Sale of capital assets	20,250	20,250	63,797	43,547
Total other financing sources (uses)	<u>3,371,656</u>	<u>3,371,656</u>	<u>3,420,228</u>	<u>48,572</u>
Net change in fund balances	(551,668)	(579,984)	1,383,111	1,963,095
Fund balances (deficit) - beginning	<u>16,763,629</u>	<u>16,763,629</u>	<u>16,763,629</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 16,211,961</u>	<u>\$ 16,183,645</u>	<u>\$ 18,146,741</u>	<u>\$ 1,963,095</u>

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. At the first regular Council meeting in September of each year or within ten days thereafter, the governing board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the governing board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the governing board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year-end unless encumbered by resolution of the governing board.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds and capital projects funds.
7. The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedule presents expenditures for capital outlay and debt service purposes within each function.

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,423,861	\$ -	\$ 956,870	\$ 9,380,731
Investments	1,677,602	-	127,985	1,805,587
Restricted cash and cash equivalents	676,354	2,086,890	-	2,763,245
Restricted investments	100,000	-	-	100,000
Receivables, (net of allowances for uncollectibles, if any):				
Accounts	169,376	-	-	169,376
Storm drainage fees	3,025	-	-	3,025
Special assessments	805,761	-	-	805,761
Interest	2,194	-	-	2,194
Due from other funds	105,077	-	85,887	190,964
Due from other governments	874,995	5,273	-	880,268
Prepaid items	27,023	-	-	27,023
Inventories	32,009	-	-	32,009
Total assets	<u>\$ 12,897,278</u>	<u>\$ 2,092,164</u>	<u>\$ 1,170,742</u>	<u>\$ 16,160,184</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 328,080	\$ -	\$ 32,028	\$ 360,108
Retainage payable	273,721	-	-	273,721
Due to other funds	49,718	-	157,864	207,582
Due to other governments	18,903	-	-	18,903
Accrued wages payable	69,765	-	-	69,765
Advance from other funds	879,583	515,227	-	1,394,810
Unearned revenue	728,365	-	-	728,365
Total liabilities	<u>2,348,136</u>	<u>515,227</u>	<u>189,892</u>	<u>3,053,254</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	808,786	-	-	808,786
Total deferred inflows of resources	<u>808,786</u>	<u>-</u>	<u>-</u>	<u>808,786</u>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	59,033	-	-	59,033
Restricted	717,205	1,576,937	-	2,294,142
Committed	9,897,600	-	-	9,897,600
Assigned	-	-	1,138,714	1,138,714
Unassigned	(933,482)	-	(157,864)	(1,091,346)
Total fund balances (deficit)	<u>9,740,356</u>	<u>1,576,937</u>	<u>980,850</u>	<u>12,298,143</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 12,897,278</u>	<u>\$ 2,092,164</u>	<u>\$ 1,170,742</u>	<u>\$ 16,160,184</u>

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ 1,812,723	\$ -	\$ 1,812,723
Storm drainage	1,086,278	-	-	1,086,278
General sales and use	8,407,122	-	-	8,407,122
Other	378,288	-	-	378,288
Intergovernmental:				
State grants	2,258,933	-	675,863	2,934,795
County other	167,420	-	-	167,420
Charges for goods and services:				
Culture and recreation	2,108,110	-	-	2,108,110
Fines and forfeits:				
Fines	18,040	-	-	18,040
Miscellaneous revenue:				
Interest income	199,325	-	40,682	240,008
Special assessments	175,804	-	-	175,804
Other	358,746	-	16,596	375,342
Total revenues	<u>15,158,067</u>	<u>1,812,723</u>	<u>733,141</u>	<u>17,703,932</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,677	-	-	5,677
Public safety	846,470	-	-	846,470
Public works	384,753	-	-	384,753
Culture and recreation	2,647,610	-	-	2,647,610
Conservation and development	1,414,749	-	-	1,414,749
Debt service:				
Principal	2,238,791	135,959	-	2,374,750
Interest and other charges	536,581	32,916	-	569,497
Capital outlay	<u>6,071,360</u>	<u>-</u>	<u>5,186,972</u>	<u>11,258,332</u>
Total expenditures	<u>14,145,992</u>	<u>168,875</u>	<u>5,186,972</u>	<u>19,501,839</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,012,075</u>	<u>1,643,848</u>	<u>(4,453,831)</u>	<u>(1,797,908)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long term debt	500,000	-	3,797,500	4,297,500
Transfers in	1,461,228	-	-	1,461,228
Transfers out	<u>(1,340,325)</u>	<u>(406,200)</u>	<u>(5,025)</u>	<u>(1,751,550)</u>
Total other financing sources (uses)	<u>620,903</u>	<u>(406,200)</u>	<u>3,792,475</u>	<u>4,007,178</u>
Net change in fund balances	1,632,978	1,237,648	(661,356)	2,209,270
Fund balances (deficit) - beginning	<u>8,107,378</u>	<u>339,289</u>	<u>1,642,206</u>	<u>10,088,873</u>
Fund balances (deficit) - ending	<u>\$ 9,740,356</u>	<u>\$ 1,576,937</u>	<u>\$ 980,850</u>	<u>\$ 12,298,143</u>



**25% Sales & Use Tax Fund**– to account for the revenue and expenditures of 25% of the 2<sup>nd</sup> penny sales tax. Proceeds of this tax are committed by the City Council to be used for capital improvements, including lease purchase agreements or realty, land acquisition, the programmed chip sealing, street maintenance, specialized equipment, the transfer to the Enhanced 911 fund, purchase of firefighting vehicles, public safety and equipment, and debt retirement related thereto.

**75% Sales & Use Tax Fund** – to account for the revenue and expenditures of 75% of the 2<sup>nd</sup> penny sales tax. Proceeds of this tax are committed by the City Council to be used for capital improvements which involve the construction and financing of public improvements.

**Enhanced 911 Fund** – to account for the per phone line surcharge assessed to customers of private phone companies operating within Brookings County. These funds are used to defray the costs incurred by the City in providing emergency dispatch services.

**Swiftel Center Fund** – to account for the operations and maintenance of the City owned facility. Financing is provided by revenues from events, rentals, and inter-fund transfers.

**Library Fines Fund** – to account for the revenue derived from library fines and other allowed charges. Expenditures are authorized by the Library Board.

**Special Assessment Fund** – to account for the revenue and expenditures of projects that may be assessed back to the property owner.

**Storm Drainage Fund** – to account for the revenue and expenditures from the storm drainage surcharge to property owners and interfund transfers. Proceeds of this surcharge are committed by the City Council to be used to maintain and construct storm drainage facilities.

**Bed and Booze Tax Fund** – to account for the revenues and expenditures of the special one percent (1%) city gross receipts tax on lodging, alcoholic beverages, prepared food, and admissions. Revenues are restricted by State Law for the purpose of land acquisition; architectural fees; construction costs; payment for civic center, auditorium, or athletic facility buildings (including the maintenance staffing and operations of such facilities); and the promotion and advertising of the City.

**Business Improvement District (BID) Fee Fund** – to account for the revenues and expenditures of the \$2 per night occupancy fee charged to lodging facilities. Revenues are committed by City Council for improvements benefiting the City and its hotels and motels located within the District.

Combining Balance Sheet – Nonmajor Special Revenue Funds  
December 31, 2019



	25% Sales & Use Tax	75% Sales & Use Tax	Enhanced 911	Swiftel Center	Library Fines	Special Assessment	Storm Drainage	Bed and Booze Tax	BID Fee	Total
<b>ASSETS</b>										
Cash and cash equivalents	\$ 1,099,805	\$ 2,787,836	\$ 211,304	\$ 305,774	\$ 11,800	\$ 1,722,927	\$ 1,850,007	\$ 347,958	\$ 86,450	\$ 8,423,861
Investments	147,103	946,719	28,263	-	5,808	230,447	247,445	46,879	24,938	1,677,602
Restricted cash and cash equivalents	-	576,354	-	-	-	-	-	-	100,000	676,354
Restricted investments	-	100,000	-	-	-	-	-	-	-	100,000
Receivables, (net of allowances for uncollectibles, if any):										
Accounts	-	-	4,203	87,001	-	60,580	1,970	-	15,622	169,376
Storm drainage fees	-	-	-	-	-	-	3,025	-	-	3,025
Special assessments	-	-	-	-	-	805,761	-	-	-	805,761
Interest	-	2,194	-	-	-	-	-	-	-	2,194
Due from other funds	-	62,775	-	42,302	-	-	-	-	-	105,077
Due from other governments	-	712,660	58,555	-	-	-	12,472	91,307	-	874,995
Prepaid items	-	-	-	27,023	-	-	-	-	-	27,023
Inventories	-	-	-	32,009	-	-	-	-	-	32,009
Total assets	<u>\$ 1,246,907</u>	<u>\$ 5,188,538</u>	<u>\$ 302,324</u>	<u>\$ 494,110</u>	<u>\$ 17,609</u>	<u>\$ 2,819,715</u>	<u>\$ 2,114,920</u>	<u>\$ 486,144</u>	<u>\$ 227,011</u>	<u>\$ 12,897,278</u>
<b>LIABILITIES</b>										
Accounts payable	\$ 13,919	\$ 13,685	\$ 2,725	\$ 279,571	\$ 763	\$ -	\$ 8,444	\$ 8,974	\$ -	\$ 328,080
Retainage payable	273,721	-	-	-	-	-	-	-	-	273,721
Due to other funds	-	-	3,905	3,511	-	-	-	42,302	-	49,718
Due to other governments	-	-	-	18,903	-	-	-	-	-	18,903
Accrued wages payable	-	-	30,202	33,104	-	-	6,459	-	-	69,765
Advance from other funds	-	-	-	879,583	-	-	-	-	-	879,583
Unearned revenue	-	574,478	-	153,887	-	-	-	-	-	728,365
Total liabilities	<u>287,640</u>	<u>588,163</u>	<u>36,832</u>	<u>1,368,559</u>	<u>763</u>	<u>-</u>	<u>14,902</u>	<u>51,276</u>	<u>-</u>	<u>2,348,136</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue	-	-	-	-	-	805,761	3,025	-	-	808,786
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>805,761</u>	<u>3,025</u>	<u>-</u>	<u>-</u>	<u>808,786</u>
<b>FUND BALANCES (DEFICIT)</b>										
Nonspendable	-	-	-	59,033	-	-	-	-	-	59,033
Restricted	-	-	265,492	-	16,845	-	-	434,868	-	717,205
Committed	959,267	4,600,375	-	-	-	2,013,954	2,096,993	-	227,011	9,897,600
Unassigned	-	-	-	(933,482)	-	-	-	-	-	(933,482)
Total fund balances (deficit)	<u>959,267</u>	<u>4,600,375</u>	<u>265,492</u>	<u>(874,449)</u>	<u>16,845</u>	<u>2,013,954</u>	<u>2,096,993</u>	<u>434,868</u>	<u>227,011</u>	<u>9,740,356</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 1,246,907</u>	<u>\$ 5,188,538</u>	<u>\$ 302,324</u>	<u>\$ 494,110</u>	<u>\$ 17,609</u>	<u>\$ 2,819,715</u>	<u>\$ 2,114,920</u>	<u>\$ 486,144</u>	<u>\$ 227,011</u>	<u>\$ 12,897,278</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor  
Special Revenue Funds – December 31, 2019



	25% Sales & Use Tax	75% Sales & Use Tax	Enhanced 911	Swiftel Center	Library Fines	Special Assessment	Storm Drainage	Bed and Booze Tax	BID Fee	Total
<b>REVENUES</b>										
Taxes:										
Storm drainage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,086,278	\$ -	\$ -	\$ 1,086,278
General sales and use	1,640,376	5,688,722	-	-	-	-	-	1,078,025	-	8,407,122
Other	-	-	378,288	-	-	-	-	-	-	378,288
Intergovernmental:										
State grants	-	2,258,933	-	-	-	-	-	-	-	2,258,933
County other	-	-	167,420	-	-	-	-	-	-	167,420
Charges for goods and services:										
Culture and recreation	-	-	-	2,108,110	-	-	-	-	-	2,108,110
Fines and forfeits:										
Fines	-	-	-	-	18,040	-	-	-	-	18,040
Miscellaneous revenue:										
Interest income	25,419	95,648	3,515	-	115	33,769	33,232	4,549	3,079	199,325
Special assessments	-	-	-	-	-	175,804	-	-	-	175,804
Other	-	-	92,254	-	-	-	-	-	266,492	358,746
Total revenues	<u>1,665,794</u>	<u>8,043,303</u>	<u>641,477</u>	<u>2,108,110</u>	<u>18,155</u>	<u>209,573</u>	<u>1,119,510</u>	<u>1,082,574</u>	<u>269,571</u>	<u>15,158,067</u>
<b>EXPENDITURES</b>										
Current:										
General government	-	-	-	-	-	-	-	-	5,677	5,677
Public safety	-	-	846,470	-	-	-	-	-	-	846,470
Public works	-	-	-	-	-	-	384,753	-	-	384,753
Culture and recreation	-	-	-	2,625,501	22,109	-	-	-	-	2,647,610
Conservation and development	-	715,000	-	-	-	-	-	469,749	230,000	1,414,749
Debt service:										
Principal	-	2,067,821	-	26,400	-	-	144,571	-	-	2,238,791
Interest and other charges	-	443,255	-	13,022	-	-	80,304	-	-	536,581
Capital outlay	1,932,325	3,670,548	-	108,827	-	17,128	342,532	-	-	6,071,360
Total expenditures	<u>1,932,325</u>	<u>6,896,623</u>	<u>846,470</u>	<u>2,773,750</u>	<u>22,109</u>	<u>17,128</u>	<u>952,160</u>	<u>469,749</u>	<u>235,677</u>	<u>14,145,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(266,530)</u>	<u>1,146,679</u>	<u>(204,993)</u>	<u>(665,640)</u>	<u>(3,954)</u>	<u>192,445</u>	<u>167,350</u>	<u>612,825</u>	<u>33,893</u>	<u>1,012,075</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Issuance of long term debt	-	500,000	-	-	-	-	-	-	-	500,000
Transfers in	-	406,200	270,840	784,188	-	-	-	-	-	1,461,228
Transfers out	(288,147)	(534,787)	-	-	-	-	-	(517,391)	-	(1,340,325)
Total other financing sources (uses)	<u>(288,147)</u>	<u>371,413</u>	<u>270,840</u>	<u>784,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(517,391)</u>	<u>-</u>	<u>620,903</u>
Net change in fund balances	(554,677)	1,518,092	65,847	118,548	(3,954)	192,445	167,350	95,434	33,893	1,632,978
Fund balances (deficit) - beginning	1,513,945	3,082,283	199,645	(992,998)	20,799	1,821,509	1,929,643	339,434	193,117	8,107,378
Fund balances (deficit) - ending	<u>\$ 959,267</u>	<u>\$ 4,600,375</u>	<u>\$ 265,492</u>	<u>\$ (874,449)</u>	<u>\$ 16,845</u>	<u>\$ 2,013,954</u>	<u>\$ 2,096,993</u>	<u>\$ 434,868</u>	<u>\$ 227,011</u>	<u>\$ 9,740,356</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General sales and use taxes	\$ 1,704,650	\$ 1,704,650	\$ 1,640,376	\$ (64,274)
Miscellaneous revenue:				
Interest income	6,400	6,400	25,419	19,019
Grants	24,000	24,000	-	(24,000)
Total revenues	<u>1,735,050</u>	<u>1,735,050</u>	<u>1,665,794</u>	<u>(69,256)</u>
<b>EXPENDITURES</b>				
Public safety:				
Police	403,500	434,842	419,803	15,039
Fire	85,200	85,200	57,106	28,094
Public Works				
Highways and streets	<u>1,553,000</u>	<u>1,996,456</u>	<u>1,455,417</u>	<u>541,039</u>
Total expenditures	<u>2,041,700</u>	<u>2,516,498</u>	<u>1,932,325</u>	<u>584,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(306,650)</u>	<u>(781,448)</u>	<u>(266,530)</u>	<u>514,917</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(288,147)</u>	<u>(288,147)</u>	<u>(288,147)</u>	<u>-</u>
Total other financing sources (uses)	<u>(288,147)</u>	<u>(288,147)</u>	<u>(288,147)</u>	<u>-</u>
Net change in fund balances	(594,797)	(1,069,595)	(554,677)	514,917
Fund balances (deficit) - beginning	<u>1,513,945</u>	<u>1,513,945</u>	<u>1,513,945</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 919,148</u>	<u>\$ 444,350</u>	<u>\$ 959,267</u>	<u>\$ 514,917</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General sales and use taxes	\$ 5,162,830	\$ 5,162,830	\$ 5,688,722	\$ 525,892
Intergovernmental revenue:				
Grant revenue	729,116	729,116	2,258,933	1,529,817
Miscellaneous revenue:				
Interest income	30,000	30,000	95,648	65,648
Reimbursements	145,600	145,600	-	(145,600)
Total revenues	<u>6,067,546</u>	<u>6,067,546</u>	<u>8,043,303</u>	<u>1,975,757</u>
<b>EXPENDITURES</b>				
Public works				
Highways and streets	5,532,000	6,096,718	3,258,184	2,838,534
Culture and recreation:				
Auditorium	100,000	463,344	28,344	435,000
Historical preservation	360,000	366,534	284,019	82,515
Conservation and development				
Hospital	50,000	50,000	50,000	-
Economic development	265,000	765,000	665,000	100,000
Debt Service				
Principal	2,075,610	2,075,610	2,067,821	7,789
Interest	421,757	421,757	443,255	(21,498)
Total expenditures	<u>8,804,367</u>	<u>10,238,964</u>	<u>6,796,624</u>	<u>3,442,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,736,821)</u>	<u>(4,171,418)</u>	<u>1,246,679</u>	<u>5,418,097</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	406,200	406,200	406,200	-
Transfers out	(567,990)	(567,990)	(534,787)	33,203
Issuance of long term debt	-	500,000	500,000	-
Total other financing sources (uses)	<u>(161,790)</u>	<u>338,210</u>	<u>371,413</u>	<u>33,203</u>
Net change in fund balances	(2,898,611)	(3,833,208)	1,618,091	5,451,300
Fund balances (deficit) - beginning	<u>3,082,283</u>	<u>3,082,283</u>	<u>3,082,283</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 183,672</u>	<u>\$ (750,925)</u>	<u>\$ 4,700,375</u>	<u>\$ 5,451,300</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Other taxes	\$ 362,000	\$ 362,000	\$ 378,288	\$ 16,288
Intergovernmental revenue:				
County shared revenues	135,420	135,420	167,420	32,000
Miscellaneous revenue:				
Miscellaneous income	-	-	92,254	92,254
Interest income	500	500	3,515	3,015
Total revenues	<u>497,920</u>	<u>497,920</u>	<u>641,477</u>	<u>143,557</u>
<b>EXPENDITURES</b>				
Public safety:				
Other protection	<u>797,991</u>	<u>806,850</u>	<u>846,470</u>	<u>(39,620)</u>
Total expenditures	<u>797,991</u>	<u>806,850</u>	<u>846,470</u>	<u>(39,620)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(300,071)</u>	<u>(308,930)</u>	<u>(204,993)</u>	<u>103,938</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>270,840</u>	<u>270,840</u>	<u>270,840</u>	<u>-</u>
Total other financing sources (uses)	<u>270,840</u>	<u>270,840</u>	<u>270,840</u>	<u>-</u>
Net change in fund balances	(29,231)	(38,090)	65,847	103,938
Fund balances (deficit) - beginning	<u>199,645</u>	<u>199,645</u>	<u>199,645</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 170,414</u>	<u>\$ 161,555</u>	<u>\$ 265,492</u>	<u>\$ 103,938</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for goods and services:				
Culture and recreation	\$ 2,418,379	\$ 2,418,379	\$ 2,108,110	\$ (310,269)
Total revenues	<u>2,418,379</u>	<u>2,418,379</u>	<u>2,108,110</u>	<u>(310,269)</u>
<b>EXPENDITURES</b>				
Culture and recreation:				
Auditoriums	3,154,046	3,154,046	2,734,328	419,718
Debt Service				
Principal	26,400	26,400	26,400	-
Interest	<u>13,022</u>	<u>13,022</u>	<u>13,022</u>	<u>-</u>
Total expenditures	<u>3,193,468</u>	<u>3,193,468</u>	<u>2,773,750</u>	<u>419,718</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(775,089)</u>	<u>(775,089)</u>	<u>(665,640)</u>	<u>109,449</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>775,089</u>	<u>775,089</u>	<u>784,188</u>	<u>9,099</u>
Total other financing sources (uses)	<u>775,089</u>	<u>775,089</u>	<u>784,188</u>	<u>9,099</u>
Net change in fund balances	-	-	118,548	118,548
Fund balances (deficit) - beginning	<u>(992,998)</u>	<u>(992,998)</u>	<u>(992,998)</u>	<u>-</u>
Fund balances (deficit) - ending	<u><u>\$ (992,998)</u></u>	<u><u>\$ (992,998)</u></u>	<u><u>\$ (874,449)</u></u>	<u><u>\$ 118,548</u></u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Fines and forfeits	\$ 25,000	\$ 25,000	\$ 18,040	\$ (6,960)
Miscellaneous revenue:				
Interest income	<u>-</u>	<u>-</u>	<u>115</u>	<u>115</u>
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>18,155</u>	<u>(6,845)</u>
<b>EXPENDITURES</b>				
Culture and recreation:				
Libraries	<u>30,000</u>	<u>30,000</u>	<u>22,109</u>	<u>7,891</u>
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>22,109</u>	<u>7,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,000)</u>	<u>(5,000)</u>	<u>(3,954)</u>	<u>1,046</u>
Net change in fund balances	(5,000)	(5,000)	(3,954)	1,046
Fund balances (deficit) - beginning	<u>20,799</u>	<u>20,799</u>	<u>20,799</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 15,799</u>	<u>\$ 15,799</u>	<u>\$ 16,845</u>	<u>\$ 1,046</u>



	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest income	\$ 5,250	\$ 5,250	\$ 33,769	\$ 28,519
Special assessments	<u>70,730</u>	<u>70,730</u>	<u>175,804</u>	<u>105,074</u>
Total revenues	<u>75,980</u>	<u>75,980</u>	<u>209,573</u>	<u>133,593</u>
<b>EXPENDITURES</b>				
Public works:				
Highways and streets	<u>150,000</u>	<u>1,711,305</u>	<u>17,128</u>	<u>1,694,177</u>
Total expenditures	<u>150,000</u>	<u>1,711,305</u>	<u>17,128</u>	<u>1,694,177</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(74,020)</u>	<u>(1,635,325)</u>	<u>192,445</u>	<u>1,827,770</u>
Net change in fund balances	(74,020)	(1,635,325)	192,445	1,827,770
Fund balances (deficit) - beginning	<u>1,821,509</u>	<u>1,821,509</u>	<u>1,821,509</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 1,747,489</u>	<u>\$ 186,184</u>	<u>\$ 2,013,954</u>	<u>\$ 1,827,770</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Storm drainage tax	\$ 999,250	\$ 999,250	\$ 1,084,408	\$ 85,158
Penalties and interest on delinquent taxes	1,925	1,925	1,870	(55)
Miscellaneous revenue:				
Interest income	4,450	4,450	33,232	28,782
Total revenues	<u>1,005,625</u>	<u>1,005,625</u>	<u>1,119,510</u>	<u>113,885</u>
<b>EXPENDITURES</b>				
Public works:				
Highways and streets	1,170,842	2,072,691	727,285	1,345,405
Debt Service				
Principal	144,610	144,610	144,571	39
Interest	80,320	80,320	80,304	16
Total expenditures	<u>1,395,772</u>	<u>2,297,621</u>	<u>952,160</u>	<u>1,345,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(390,147)</u>	<u>(1,291,996)</u>	<u>167,350</u>	<u>1,459,345</u>
Net change in fund balances	(390,147)	(1,291,996)	167,350	1,459,345
Fund balances (deficit) - beginning	<u>1,929,643</u>	<u>1,929,643</u>	<u>1,929,643</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 1,539,496</u>	<u>\$ 637,648</u>	<u>\$ 2,096,993</u>	<u>\$ 1,459,345</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General sales and use taxes	\$ 969,000	\$ 969,000	\$ 1,078,025	\$ 109,025
Miscellaneous revenue:				
Interest income	<u>3,000</u>	<u>3,000</u>	<u>4,549</u>	<u>1,549</u>
Total revenues	<u>972,000</u>	<u>972,000</u>	<u>1,082,574</u>	<u>110,574</u>
<b>EXPENDITURES</b>				
Conservation and development				
Economic development	<u>496,500</u>	<u>496,500</u>	<u>469,749</u>	<u>26,751</u>
Total expenditures	<u>496,500</u>	<u>496,500</u>	<u>469,749</u>	<u>26,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>475,500</u>	<u>475,500</u>	<u>612,825</u>	<u>137,325</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(475,089)</u>	<u>(540,089)</u>	<u>(517,391)</u>	<u>22,698</u>
Total other financing sources (uses)	<u>(475,089)</u>	<u>(540,089)</u>	<u>(517,391)</u>	<u>22,698</u>
Net change in fund balances	411	(64,589)	95,434	160,023
Fund balances (deficit) - beginning	<u>339,434</u>	<u>339,434</u>	<u>339,434</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 339,845</u>	<u>\$ 274,845</u>	<u>\$ 434,868</u>	<u>\$ 160,023</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest income	\$ 500	\$ 500	\$ 3,079	\$ 2,579
Occupancy fee	<u>400,000</u>	<u>400,000</u>	<u>266,492</u>	<u>(133,508)</u>
Total revenues	<u>400,500</u>	<u>400,500</u>	<u>269,571</u>	<u>(130,929)</u>
<b>EXPENDITURES</b>				
General government				
Financial administration	5,500	5,500	5,677	(177)
Conservation and development				
Economic development	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>	<u>-</u>
Total expenditures	<u>235,500</u>	<u>235,500</u>	<u>235,677</u>	<u>(177)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>165,000</u>	<u>165,000</u>	<u>33,893</u>	<u>(131,107)</u>
Net change in fund balances	165,000	165,000	33,893	(131,107)
Fund balances (deficit) - beginning	<u>193,117</u>	<u>193,117</u>	<u>193,117</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 358,117</u>	<u>\$ 358,117</u>	<u>\$ 227,011</u>	<u>\$ (131,107)</u>

**TIF-1 Innovation Campus Fund** – To account for the revenues and expenditures of the Tax Increment District (TID) # 1. This TID was created to capture the incremental tax revenue generated by development of the Innovation Campus area and to pay for the debt incurred on the infrastructure improvements.

**TIF-3 Valley View Fund** - To account for the revenues and expenditures of the Tax Increment District (TID) # 3. This TID was created to capture the incremental tax revenue generated by development of the Valley View addition and to pay for the debt incurred by the developer on the infrastructure improvements. This debt is developer guaranteed.

**TIF-4 Sieler Fund** - To account for the revenues and expenditures of the Tax Increment District (TID) # 4. This TID was created to capture the incremental tax revenue generated by development of the Sieler addition and to pay for the debt incurred by the developer on the infrastructure improvements. This debt is developer guaranteed.

**TIF-5 32nd Ave Fund** - To account for the revenue and expenditures of the Tax Increment District (TID) #5. This TID was created to capture the incremental tax revenue generated by development of the area along 32nd Ave and to pay for the debt incurred by the City on the infrastructure improvements.

**TIF-6 Digester Fund** – To account for the revenues and expenditures of the Tax Increment District (TID) #6. This TID was created to capture the incremental tax revenue generated by development of the Bel Cheese plant area to pay for the debt incurred by the City on the digester.

**TIF-7 S. Main Ave Fund** – To account for the revenues and expenditures of the Tax Increment District (TID) #7. This TID was created to capture the incremental tax revenue generated by development around the new elementary school area to pay for the debt incurred by the City on the infrastructure improvements.

	TIF-1 Innovation Campus	TIF-3 Valley View	TIF-4 Sieler	TIF-5 32nd Ave	TIF-6 Digester	TIF-7 S Main Ave	Total
<b>ASSETS</b>							
Restricted cash and cash equivalents	\$ 770,099	\$ 131,339	\$ 58,522	\$ 263,636	\$ 85,240	\$ 778,055	\$ 2,086,890
Due from other governments	-	-	-	-	-	5,273	5,273
Total assets	<u>\$ 770,099</u>	<u>\$ 131,339</u>	<u>\$ 58,522</u>	<u>\$ 263,636</u>	<u>\$ 85,240</u>	<u>\$ 783,328</u>	<u>\$ 2,092,164</u>
<b>LIABILITIES</b>							
Liabilities:							
Advance from other funds	\$ 515,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 515,227
Total liabilities	<u>515,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515,227</u>
<b>FUND BALANCES (DEFICIT)</b>							
Restricted	<u>254,873</u>	<u>131,339</u>	<u>58,522</u>	<u>263,636</u>	<u>85,240</u>	<u>783,328</u>	<u>1,576,937</u>
Total fund balances (deficit)	<u>254,873</u>	<u>131,339</u>	<u>58,522</u>	<u>263,636</u>	<u>85,240</u>	<u>783,328</u>	<u>1,576,937</u>
Total liabilities and fund balances (deficit)	<u>\$ 770,099</u>	<u>\$ 131,339</u>	<u>\$ 58,522</u>	<u>\$ 263,636</u>	<u>\$ 85,240</u>	<u>\$ 783,328</u>	<u>\$ 2,092,164</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor  
Debt Service Funds – December 31, 2019



	TIF-1 Innovation Campus	TIF-3 Valley View	TIF-4 Sieler	TIF-5 32nd Ave	TIF-6 Digester	TIF-7 S Main Ave	Total
<b>REVENUES</b>							
Taxes:							
Property	\$ 482,630	\$ 209,606	\$ 87,938	\$ 66,830	\$ 369,120	\$ 596,598	\$ 1,812,723
Total revenues	<u>482,630</u>	<u>209,606</u>	<u>87,938</u>	<u>66,830</u>	<u>369,120</u>	<u>596,598</u>	<u>1,812,723</u>
<b>EXPENDITURES</b>							
Debt service:							
Principal	30,635	76,610	28,714	-	-	-	135,959
Interest and other charges	<u>30,556</u>	<u>1,658</u>	<u>703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,916</u>
Total expenditures	<u>61,191</u>	<u>78,268</u>	<u>29,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>421,439</u>	<u>131,339</u>	<u>58,522</u>	<u>66,830</u>	<u>369,120</u>	<u>596,598</u>	<u>1,643,848</u>
<b>OTHER FINANCING USES</b>							
Transfers out	-	-	-	-	(306,200)	(100,000)	(406,200)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(306,200)</u>	<u>(100,000)</u>	<u>(406,200)</u>
Net change in fund balances	421,439	131,339	58,522	66,830	62,920	496,598	1,237,648
Fund balances (deficit) - beginning	(166,567)	-	-	196,805	22,320	286,730	339,289
Fund balances (deficit) - ending	<u>\$ 254,873</u>	<u>\$ 131,339</u>	<u>\$ 58,522</u>	<u>\$ 263,636</u>	<u>\$ 85,240</u>	<u>\$ 783,328</u>	<u>\$ 1,576,937</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 435,500	\$ 435,500	\$ 482,630	\$ 47,130
Total revenues	<u>435,500</u>	<u>435,500</u>	<u>482,630</u>	<u>47,130</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	390,500	390,500	30,635	359,865
Interest and other charges	45,000	45,000	30,556	14,444
Total expenditures	<u>435,500</u>	<u>435,500</u>	<u>61,191</u>	<u>374,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>421,439</u>	<u>421,439</u>
Net change in fund balances	-	-	421,439	421,439
Fund balances (deficit) - beginning	<u>(166,567)</u>	<u>(166,567)</u>	<u>(166,567)</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ (166,567)</u>	<u>\$ (166,567)</u>	<u>\$ 254,873</u>	<u>\$ 421,439</u>



	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 211,000	\$ 211,000	\$ 209,606	\$ (1,394)
Total revenues	<u>211,000</u>	<u>211,000</u>	<u>209,606</u>	<u>(1,394)</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	190,200	190,200	76,610	113,590
Interest and other charges	<u>20,800</u>	<u>20,800</u>	<u>1,658</u>	<u>19,142</u>
Total expenditures	<u>211,000</u>	<u>211,000</u>	<u>78,268</u>	<u>132,732</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>131,339</u>	<u>131,339</u>
Net change in fund balances	-	-	131,339	131,339
Fund balances (deficit) - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,339</u>	<u>\$ 131,339</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 84,500	\$ 84,500	\$ 87,938	\$ 3,438
Total revenues	<u>84,500</u>	<u>84,500</u>	<u>87,938</u>	<u>3,438</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	77,000	77,000	28,714	48,286
Interest and other charges	<u>7,500</u>	<u>7,500</u>	<u>703</u>	<u>6,797</u>
Total expenditures	<u>84,500</u>	<u>84,500</u>	<u>29,417</u>	<u>55,083</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>58,522</u>	<u>58,522</u>
Net change in fund balances	-	-	58,522	58,522
Fund balances (deficit) - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,522</u>	<u>\$ 58,522</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 129,600	\$ 129,600	\$ 66,830	\$ (62,770)
Total revenues	<u>129,600</u>	<u>129,600</u>	<u>66,830</u>	<u>(62,770)</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	100,000	100,000	-	100,000
Interest and other charges	<u>29,600</u>	<u>29,600</u>	-	<u>29,600</u>
Total expenditures	<u>129,600</u>	<u>129,600</u>	-	<u>129,600</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	<u>66,830</u>	<u>66,830</u>
Net change in fund balances	-	-	66,830	66,830
Fund balances (deficit) - beginning	<u>196,805</u>	<u>196,805</u>	<u>196,805</u>	-
Fund balances (deficit) - ending	<u>\$ 196,805</u>	<u>\$ 196,805</u>	<u>\$ 263,636</u>	<u>\$ 66,830</u>

	Budgeted Amounts		Actual (Modified Accrual Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 306,200	\$ 306,200	\$ 369,120	\$ 62,920
Total revenues	<u>306,200</u>	<u>306,200</u>	<u>369,120</u>	<u>62,920</u>
Excess (deficiency) of revenues over (under) expenditures	<u>306,200</u>	<u>306,200</u>	<u>369,120</u>	<u>62,920</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(306,200)</u>	<u>(306,200)</u>	<u>(306,200)</u>	<u>-</u>
Total other financing sources (uses)	<u>(306,200)</u>	<u>(306,200)</u>	<u>(306,200)</u>	<u>-</u>
Net change in fund balances	-	-	62,920	62,920
Fund balances (deficit) - beginning	<u>22,320</u>	<u>22,320</u>	<u>22,320</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 22,320</u>	<u>\$ 22,320</u>	<u>\$ 85,240</u>	<u>\$ 62,920</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 429,175	\$ 429,175	\$ 596,598	\$ 167,423
Total revenues	<u>429,175</u>	<u>429,175</u>	<u>596,598</u>	<u>167,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>429,175</u>	<u>429,175</u>	<u>596,598</u>	<u>167,423</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	329,175	329,175	496,598	167,423
Fund balances (deficit) - beginning	<u>286,730</u>	<u>286,730</u>	<u>286,730</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 615,905</u>	<u>\$ 615,905</u>	<u>\$ 783,328</u>	<u>\$ 167,423</u>

**Fire Substation Fund** – to account for the resources received and expenditures to construct the fire substation to be located on S. Main St. adjacent to the new elementary school.

**Gateway Project Fund** - to account for the resources received and expenditures to purchase and put in place stone signage throughout the City identifying various parks and entrances to the City. Resources are derived mainly from private donations.

**TIF-7 South Main Fund** - to account for the resources and expenditures to design and construct the streets and infrastructure surrounding the new grade school.

**Marketplace Fund** - to account for the resources and expenditures to develop 26 acres of land located east of I-29 and north of Hwy 14 with commercial intentions.

**Larson Ice Arena Fund** – to account for the financial resources used for the replacement of the rink floors in the indoor ice arena.

**Bob Shelden Athletic Complex Fund** – to account for the financial resources used for redesign and replacement of the grandstand building, fencing, lighting, signage, parking, landscaping and updating the exterior appearance of other existing buildings at the Complex.

Combining Balance Sheet – Nonmajor Capital Project Funds  
December 31, 2019



	Fire Substation	Gateway Project	TIF 7 S Main	Market- place	Larson Ice Arena	Bob Shelden Complex	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 203,016	\$ 739,068	\$ -	\$ 1,235	\$ 13,550	\$ 956,870
Investments	-	27,154	98,853	-	165	1,812	127,985
Due from other funds	-	-	85,887	-	-	-	85,887
Total assets	<u>\$ -</u>	<u>\$ 230,171</u>	<u>\$ 923,809</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 15,362</u>	<u>\$ 1,170,742</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ 32,028	\$ -	\$ -	\$ -	\$ 32,028
Due to other funds	-	-	-	157,864	-	-	157,864
Total liabilities	<u>-</u>	<u>-</u>	<u>32,028</u>	<u>157,864</u>	<u>-</u>	<u>-</u>	<u>189,892</u>
<b>FUND BALANCES (DEFICIT)</b>							
Assigned	-	230,171	891,781	-	1,400	15,362	1,138,714
Unassigned	-	-	-	(157,864)	-	-	(157,864)
Total fund balances (deficit)	<u>-</u>	<u>230,171</u>	<u>891,781</u>	<u>(157,864)</u>	<u>1,400</u>	<u>15,362</u>	<u>980,850</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 230,171</u>	<u>\$ 923,809</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 15,362</u>	<u>\$ 1,170,742</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor  
Capital Project Funds – December 31, 2019



	Fire Substation	Gateway Project	TIF 7 S Main	Market- place	Larson Ice Arena	Bob Shelden Complex	Total
<b>REVENUES</b>							
Intergovernmental:							
State grants	\$ -	\$ -	\$ 675,863	\$ -	\$ -	\$ -	\$ 675,863
Miscellaneous revenue:							
Interest income	-	10,530	30,153	-	-	-	40,682
Other	-	16,596	-	-	-	-	16,596
Total revenues	<u>-</u>	<u>27,126</u>	<u>706,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>733,141</u>
<b>EXPENDITURES</b>							
Capital outlay	-	-	1,300,371	105,864	3,730,613	50,124	5,186,972
Total expenditures	<u>-</u>	<u>-</u>	<u>1,300,371</u>	<u>105,864</u>	<u>3,730,613</u>	<u>50,124</u>	<u>5,186,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>27,126</u>	<u>(594,356)</u>	<u>(105,864)</u>	<u>(3,730,613)</u>	<u>(50,124)</u>	<u>(4,453,831)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of long term debt	-	-	-	-	3,732,014	65,486	3,797,500
Transfers out	(5,025)	-	-	-	-	-	(5,025)
Total other financing sources (uses)	<u>(5,025)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,732,014</u>	<u>65,486</u>	<u>3,792,475</u>
Net change in fund balances	(5,025)	27,126	(594,356)	(105,864)	1,400	15,362	(661,356)
Fund balances (deficit) - beginning	<u>5,025</u>	<u>203,045</u>	<u>1,486,137</u>	<u>(52,000)</u>	<u>-</u>	<u>-</u>	<u>1,642,206</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ 230,170</u>	<u>\$ 891,781</u>	<u>\$ (157,864)</u>	<u>\$ 1,400</u>	<u>\$ 15,362</u>	<u>\$ 980,850</u>



	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (5,025)	\$ (5,025)
Total other financing sources (uses)	-	-	(5,025)	(5,025)
Net change in fund balances	-	-	(5,025)	(5,025)
Fund balances (deficit) - beginning	5,025	5,025	5,025	-
Fund balances (deficit) - ending	<u>\$ 5,025</u>	<u>\$ 5,025</u>	<u>\$ -</u>	<u>\$ (5,025)</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest income	\$ -	\$ -	\$ 10,530	\$ 10,530
Other	-	-	16,596	16,596
Total revenues	-	-	27,126	10,530
<b>EXPENDITURES</b>				
Culture and recreation:				
Parks	-	580,318	-	580,318
Total expenditures	-	580,318	-	580,318
Excess (deficiency) of revenues over (under) expenditures	-	(580,318)	27,126	607,444
Net change in fund balance	-	(580,318)	27,126	607,444
Fund balances (deficit) - beginning	203,045	203,045	203,045	-
Fund balances (deficit) - ending	\$ 203,045	\$ (377,273)	\$ 230,170	\$ 607,444

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenue:				
State grants	\$ -	\$ 675,863	\$ 675,863	\$ -
Miscellaneous revenue:				
Interest income	500	500	30,153	29,653
Total revenues	<u>500</u>	<u>676,363</u>	<u>706,015</u>	<u>29,653</u>
<b>EXPENDITURES</b>				
Conservation and development				
Public works	<u>3,504</u>	<u>2,819,087</u>	<u>1,300,371</u>	<u>1,518,716</u>
Total expenditures	<u>3,504</u>	<u>2,819,087</u>	<u>1,300,371</u>	<u>1,518,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,004)</u>	<u>(2,142,725)</u>	<u>(594,356)</u>	<u>1,548,369</u>
Net change in fund balance	(3,004)	(2,142,725)	(594,356)	1,548,369
Fund balances (deficit) - beginning	<u>1,486,137</u>	<u>1,486,137</u>	<u>1,486,137</u>	-
Fund balances (deficit) - ending	<u>\$ 1,483,133</u>	<u>\$ (656,588)</u>	<u>\$ 891,781</u>	<u>\$ 1,548,369</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
Public Works				
Capital Outlay	\$ -	\$ 155,500	\$ 105,864	\$ 49,636
Total expenditures	-	155,500	105,864	49,636
Excess (deficiency) of revenues over (under) expenditures	-	(155,500)	(105,864)	49,636
Net change in fund balance	-	(155,500)	(105,864)	49,636
Fund balances (deficit) - beginning	(52,000)	(52,000)	(52,000)	-
Fund balances (deficit) - ending	<u>(52,000)</u>	<u>(207,500)</u>	<u>(157,864)</u>	<u>49,636</u>

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
Public Works				
Capital Outlay	\$ -	\$ 3,700,000	\$ 3,730,613	\$ (30,613)
Total expenditures	-	3,700,000	3,730,613	(30,613)
Excess (deficiency) of revenues over (under) expenditures	-	(3,700,000)	(3,730,613)	(30,613)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long term debt	-	3,700,000	3,732,014	32,014
Total other financing sources (uses)	-	3,700,000	3,732,014	32,014
Net change in fund balance	-	-	1,400	1,400
Fund balances (deficit) - beginning	-	-	-	-
Fund balances (deficit) - ending	\$ -	\$ -	\$ 1,400	\$ 1,400

	Budgeted Amounts		Actual (Modified Accrual Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Public Works				
Capital Outlay	\$ -	\$ 300,000	\$ 50,124	\$ 249,876
Total expenditures	<u>-</u>	<u>300,000</u>	<u>50,124</u>	<u>249,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(300,000)</u>	<u>(50,124)</u>	<u>249,876</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long term debt	<u>-</u>	<u>300,000</u>	<u>65,486</u>	<u>(234,514)</u>
Total other financing sources (uses)	<u>-</u>	<u>300,000</u>	<u>65,486</u>	<u>(234,514)</u>
Net change in fund balance	-	-	15,362	15,362
Fund balances (deficit) - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,362</u>	<u>\$ 15,362</u>

**Liquor Fund** – to account for revenues and expenses of the City owned liquor store.

**Water Fund** – to account for water services provided to the residents of the City of Brookings. All activities necessary to provide such service are accounted for in this fund.

**Airport Fund** – to account for air transportation services to the residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, and maintenance.

**Golf Fund** – to account for revenues and expenses of the City-owned municipal golf course.

**Solid Waste Fund** – to account for solid waste services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, billing, and collection.

**Research & Technology Center Fund** – to account for revenues and expenses of a City-owned facility designed to house startup companies.

Combining Statement of Net Position – Nonmajor Enterprise Funds (1/2)  
December 31, 2019



	Liquor	Water	Airport	Golf	Solid Waste	Research & Technology Center	Total
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 1,572,129	\$ 2,036,171	\$ 103,217	\$ 7,008	\$ 2,010,596	\$ 50,584	\$ 5,779,706
Investments	203,032	10,250,000	13,806	3,188	777,154	6,766	11,253,945
Receivables, (net of allowances for uncollectibles, if any):							
Accounts	3,152	481,159	-	-	447,943	13,312	945,566
Unbilled accounts	-	226,493	-	-	58,088	-	284,581
Interest	-	108,377	-	-	-	-	108,377
Due from other funds	-	44,083	-	-	19,363	-	63,446
Due from other governments	-	-	60,035	-	-	-	60,035
Inventories:							
Supplies	-	313,279	-	-	-	-	313,279
Stores	665,391	-	-	-	29,773	-	695,164
Prepaid expenses	-	41,264	-	-	-	-	41,264
<b>Total current assets</b>	<b>2,443,704</b>	<b>13,500,826</b>	<b>177,059</b>	<b>10,196</b>	<b>3,342,916</b>	<b>70,661</b>	<b>19,545,362</b>
Noncurrent assets:							
Restricted cash and cash equivalents	-	-	-	-	6,449,555	-	6,449,555
Restricted investments	-	3,000,000	-	-	-	-	3,000,000
Advances to other funds	176,659	-	-	-	749,583	-	926,242
Net pension asset	1,145	6,185	569	650	1,513	1,714	11,776
Other assets	-	1,126	-	-	-	-	1,126
Capital assets:							
Land	-	1,673,473	1,923,340	50,000	496,364	-	4,143,178
Buildings and improvements	281,077	20,024,071	25,450,553	1,641,145	4,780,005	2,118,612	54,295,462
Machinery and equipment	410,348	729,382	1,076,633	738,120	4,924,667	-	7,879,151
Construction in progress	-	1,633,470	181,006	-	73,313	-	1,887,788
Less accumulated depreciation	(535,646)	(7,938,528)	(7,307,322)	(1,175,296)	(6,290,190)	(892,349)	(24,139,329)
<b>Total noncurrent assets</b>	<b>333,583</b>	<b>19,129,179</b>	<b>21,324,779</b>	<b>1,254,619</b>	<b>11,184,811</b>	<b>1,227,977</b>	<b>54,454,948</b>
<b>Total assets</b>	<b>2,777,287</b>	<b>32,630,005</b>	<b>21,501,838</b>	<b>1,264,815</b>	<b>14,527,727</b>	<b>1,298,638</b>	<b>74,000,310</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
OPEB related deferred outflows	10,161	19,108	3,803	6,576	22,846	-	62,494
Pension related deferred outflows	51,781	241,985	25,649	29,338	68,536	77,771	495,060
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,839,229</b>	<b>\$ 32,891,098</b>	<b>\$ 21,531,290</b>	<b>\$ 1,300,729</b>	<b>\$ 14,619,109</b>	<b>\$ 1,376,409</b>	<b>\$ 74,557,864</b>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 61,248	\$ 301,282	\$ 11,137	\$ 3,024	\$ 43,656	\$ 3,158	\$ 423,506
Retainage payable	-	-	4,556	-	-	-	4,556
Due to other funds	2,649	162,245	1,255	302	18,622	3,469	188,543
Accrued interest payable	-	1,004	-	-	-	-	1,004
Accrued wages payable	13,606	3,322	4,129	2,931	30,247	-	54,235
Accrued taxes payable	33,245	284	-	-	6,735	-	40,264
Customer deposits	18,000	-	810	-	-	-	18,810
Capital lease obligations	-	31,395	-	-	-	-	31,395
Compensated absences	3,084	20,515	2,471	1,480	20,664	-	48,214
<b>Total current liabilities</b>	<b>131,831</b>	<b>520,047</b>	<b>24,358</b>	<b>7,738</b>	<b>119,925</b>	<b>6,627</b>	<b>810,526</b>
Noncurrent liabilities:							
Capital lease obligations	-	222,180	-	-	-	-	222,180
Compensated absences	12,335	-	9,882	5,920	82,657	-	110,795
OPEB liability	103,266	222,644	38,646	66,835	232,178	-	663,569
Advances from other funds	-	-	-	111,660	-	-	111,660
Accrued landfill closure and postclosure costs							
	-	-	-	-	664,043	-	664,043
<b>Total noncurrent liabilities</b>	<b>115,602</b>	<b>444,824</b>	<b>48,528</b>	<b>184,415</b>	<b>978,878</b>	<b>-</b>	<b>1,772,247</b>
<b>Total liabilities</b>	<b>247,433</b>	<b>964,871</b>	<b>72,886</b>	<b>192,153</b>	<b>1,098,803</b>	<b>6,627</b>	<b>2,582,774</b>



Combining Statement of Net Position – Nonmajor Enterprise Funds (2/2)  
December 31, 2019



	Liquor	Water	Airport	Golf	Solid Waste	Research & Technology Center	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Pension related deferred inflows	24,215	127,429	12,019	13,732	32,026	36,305	245,726
OPEB related deferred inflows	3,964	7,959	1,484	2,566	8,913	(0)	24,887
Proceeds from sale of future revenues	-	5,574	-	-	-	-	5,574
Total liabilities and deferred inflows of resources	<u>275,612</u>	<u>1,105,833</u>	<u>86,389</u>	<u>208,451</u>	<u>1,139,742</u>	<u>42,932</u>	<u>2,858,960</u>
<b>NET POSITION</b>							
Net investment in capital assets	155,780	15,868,293	21,319,655	1,253,969	3,984,160	1,226,263	43,808,120
Restricted for:							
SDRS pension purposes	1,145	6,185	569	650	1,513	1,714	11,776
Landfill closure and postclosure	-	-	-	-	4,540,164	-	4,540,164
Unrestricted	<u>2,406,692</u>	<u>15,910,787</u>	<u>124,677</u>	<u>(162,342)</u>	<u>4,953,529</u>	<u>105,501</u>	<u>23,338,844</u>
Total net position	<u>\$ 2,563,617</u>	<u>\$ 31,785,265</u>	<u>\$ 21,444,901</u>	<u>\$ 1,092,277</u>	<u>\$ 13,479,366</u>	<u>\$ 1,333,478</u>	<u>\$ 71,698,904</u>

Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor  
Enterprise Funds – December 31, 2019



	Liquor	Water	Airport	Golf	Solid Waste	Research & Technology Center	Total
<b>OPERATING REVENUES</b>							
Charges for goods and services	\$ 4,101,303	\$ 5,147,065	\$ 42,661	\$ 455,145	\$ 3,883,790	\$ 133,536	\$ 13,763,499
Miscellaneous	-	188,630	20	2,268	7,751	-	198,668
Total operating revenues	<u>4,101,303</u>	<u>5,335,695</u>	<u>42,681</u>	<u>457,412</u>	<u>3,891,541</u>	<u>133,536</u>	<u>13,962,167</u>
<b>OPERATING EXPENSES</b>							
Personal services	483,167	1,797,371	200,346	279,589	1,175,264	(42,865)	3,892,872
Other current expenses	273,681	1,215,621	124,216	339,404	1,028,007	85,850	3,066,779
Cost of goods sold	3,205,846	-	-	-	-	-	3,205,846
Amortization	-	3,718	-	-	-	-	3,718
Depreciation	33,670	518,103	941,451	101,389	526,189	53,008	2,173,809
Total operating expenses	<u>3,996,363</u>	<u>3,534,813</u>	<u>1,266,013</u>	<u>720,382</u>	<u>2,729,460</u>	<u>95,993</u>	<u>12,343,024</u>
Operating income (loss)	<u>104,939</u>	<u>1,800,882</u>	<u>(1,223,333)</u>	<u>(262,969)</u>	<u>1,162,081</u>	<u>37,543</u>	<u>1,619,143</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment income	34,726	339,156	1,457	826	156,729	1,382	534,277
Miscellaneous income	36,662	81,460	-	64,521	-	29,213	211,856
Gain/(Loss) on disposition of capital assets	-	7,482	13,981	(693)	-	-	20,771
Interest expense and fiscal charges	-	(13,352)	-	-	(500)	-	(13,852)
Total nonoperating revenues (expenses)	<u>71,388</u>	<u>414,746</u>	<u>15,439</u>	<u>64,654</u>	<u>156,229</u>	<u>30,595</u>	<u>753,052</u>
Income (loss) before capital contributions and transfers	176,327	2,215,628	(1,207,894)	(198,315)	1,318,310	68,139	2,372,195
Capital contributions	-	760,741	70,877	-	-	-	831,618
Transfers in	-	-	408,950	289,250	-	-	698,200
Transfers out	(605,659)	-	-	-	(683,650)	(120,000)	(1,409,309)
Change in net position	<u>(429,332)</u>	<u>2,976,369</u>	<u>(728,067)</u>	<u>90,935</u>	<u>634,660</u>	<u>(51,861)</u>	<u>2,492,704</u>
Net position - beginning	2,992,948	28,808,896	22,172,968	1,001,343	12,844,706	1,385,339	69,206,199
Net position - ending	<u>\$ 2,563,617</u>	<u>\$ 31,785,265</u>	<u>\$ 21,444,901</u>	<u>\$ 1,092,278</u>	<u>\$ 13,479,366</u>	<u>\$ 1,333,477</u>	<u>\$ 71,698,904</u>

Combining Statement of Cash Flow – Nonmajor Enterprise Funds (1/2)  
December 31, 2019



	Liquor	Water	Airport	Golf	Solid Waste	Research & Technology Center	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 4,136,843	\$ 5,193,008	\$ 42,681	\$ 521,933	\$ 3,871,790	\$ 174,411	\$ 13,940,666
Internal activity-payments from other funds	-	163,947	-	-	-	-	163,947
Payments to suppliers	(3,633,442)	(1,006,945)	(114,863)	(350,054)	(1,012,396)	(86,199)	(6,203,899)
Payments to employees	(403,885)	(1,609,404)	(167,043)	(264,837)	(947,280)	(433)	(3,392,882)
Net cash provided by (used in) operating activities	99,516	2,740,606	(239,225)	(92,958)	1,912,114	87,780	4,507,832
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers in	-	-	408,950	289,250	-	-	698,200
Transfers out	(605,659)	-	-	-	(683,650)	(120,000)	(1,409,309)
Principal receipts (payments) on interfund advances/loans	48,253	-	-	(28,323)	118,549	-	138,479
Interest receipts (payments) on interfund advances/loans	-	-	-	-	(500)	-	(500)
Net cash provided by (used in) noncapital financing activities	(557,406)	-	408,950	260,927	(565,601)	(120,000)	(573,130)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(8,163)	(4,414,420)	(239,466)	(160,086)	(362,287)	-	(5,184,422)
Proceeds from sale/lease of capital assets	-	9,951	13,981	430	-	-	24,363
Proceeds from lease of assets	-	80,515	-	-	-	-	80,515
Capital grants	-	-	52,424	-	-	-	52,424
Principal payments on debt	-	(30,015)	-	-	-	-	(30,015)
Interest payments on debt	-	(13,470)	-	-	-	-	(13,470)
Net cash provided by (used in) capital and related financing activities	(8,163)	(4,367,439)	(173,061)	(159,656)	(362,287)	-	(5,070,606)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Sale of investments	103,684	12,564,079	3,082	-	36,528	5,760	12,713,134
Purchase of investments	-	(13,270,084)	-	(2,131)	(12,995)	-	(13,285,210)
Interest income	34,726	337,700	1,457	826	156,729	1,382	532,821
Net cash provided by (used in) investing activities	138,411	(368,305)	4,540	(1,306)	180,263	7,142	(39,255)
Net increase (decrease) in cash and cash equivalents	(327,643)	(1,995,138)	1,204	7,008	1,164,488	(25,078)	(1,175,159)
Balances - beginning of the year	1,899,772	4,031,309	102,013	-	7,295,662	75,662	13,404,419
Balances - end of the year	1,572,129	2,036,171	103,217	7,008	8,460,150	50,584	12,229,260
Less restricted cash and cash equivalents	-	-	-	-	(6,449,555)	-	(6,449,555)
Cash and cash equivalents (current) per statement of net position	\$ 1,572,129	\$ 2,036,171	\$ 103,217	\$ 7,008	\$ 2,010,596	\$ 50,584	\$ 5,779,706

Combining Statement of Cash Flow – Nonmajor Enterprise Funds (2/2)  
December 31, 2019



	Liquor	Water	Airport	Golf	Solid Waste	Research & Technology Center	Total
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ 104,939	\$ 1,800,882	\$ (1,223,333)	\$ (262,969)	\$ 1,162,081	\$ 37,543	\$ 1,619,143
Miscellaneous income	36,662	944	-	64,521	-	29,213	131,340
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	33,670	518,103	941,451	101,389	526,189	53,008	2,173,809
Amortization	-	3,718	-	-	-	-	3,718
Landfill closure and postclosure cost	-	-	-	-	19,734	-	19,734
Change in operating assets and liabilities:							
(Increase) decrease in:							
Receivables	(1,122)	(27,265)	-	-	(19,751)	11,662	(36,475)
Inventories	23,370	28,207	-	-	3,753	-	55,330
Prepaid expenses	-	(20,290)	-	-	-	-	(20,290)
Deferred outflows related to pensions	24,619	133,220	10,376	19,647	177,824	(77,771)	287,915
Deferred outflows related to other	-	-	-	(6,576)	(22,846)	-	(29,422)
Net pension asset	(876)	(5,028)	(444)	(497)	(748)	(1,714)	(9,307)
Increase (decrease) in:							
Deferred inflows related to pensions	2,742	31,333	2,023	1,764	(28,865)	36,299	45,296
Account and other payables	(177,286)	248,340	9,353	(10,650)	(7,876)	(348)	61,533
Accrued wages payable	1,114	(622)	841	319	1,982	-	3,634
Accrued leave payable	782	1,579	2,091	(33,382)	1,735	-	(27,196)
Accrued OPEB payable	50,901	27,485	18,417	33,477	98,902	(112)	229,070
Net cash provided by (used in) operating activities	<u>\$ 99,516</u>	<u>\$ 2,740,606</u>	<u>\$ (239,225)</u>	<u>\$ (92,958)</u>	<u>\$ 1,912,114</u>	<u>\$ 87,780</u>	<u>\$ 4,507,832</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>							
Capital asset additions from contributed capital	\$ -	\$ 760,741	-	\$ -	\$ -	\$ -	\$ 760,741
Accounts payable for capital assets	-	157,306	-	-	-	-	157,306

**Section 125 Fund** – to account for the employees' withholdings and disbursements for Section 125 Flexible Spending Accounts.

**Rural Fire Fund** – to account for deposits and disbursements for the Brookings Rural Volunteer Fire Association.

	Section 125 Fund	Rural Fire Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,060	\$ 51,791	\$ 56,851
Accounts receivable	5,707	-	5,707
Total Assets	<u>\$ 10,767</u>	<u>\$ 51,791</u>	<u>\$ 62,558</u>
<b>NET POSITION</b>			
Restricted for individuals, organizations, and other governments	10,767	51,791	62,558
Total Net Position	<u>\$ 10,767</u>	<u>\$ 51,791</u>	<u>\$ 62,558</u>

	Custodial Funds		
	Section 125 Fund	Rural Fire Fund	Total
Additions			
Contributions	\$ 80,368	\$ -	\$ 80,368
Donations	-	14,035	14,035
Total Additions	80,368	14,035	94,403
Deductions			
Benefit Payments	76,365	-	76,365
Total Deductions	76,365	-	76,365
Change in Net Position			
Net Position, beginning - as previously reported	4,003	14,035	18,038
Cumulative effect of change in accounting standards	6,764	37,756	44,520
Net Position, ending	\$ 10,767	\$ 51,791	\$ 62,558