



# Annual Comprehensive Financial Report

FISCAL YEAR ENDED  
December 31, 2022

BROOKINGS  
CITY & COUNTY  
GOVERNMENT CENTER  
520 THIRD STREET

CITY OF  
BROOKINGS,  
SOUTH DAKOTA

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# **CITY OF BROOKINGS, SOUTH DAKOTA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT / January 1, 2022 – December 31, 2022

# **2022**

Prepared by:  
THE CITY FINANCE OFFICE  
Ashley Rentsch, MPA, CGFM – Finance Director



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ANNUAL COMPREHENSIVE FINANCIAL REPORT / CITY OF BROOKINGS

# INTRODUCTORY SECTION



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BRING YOUR DREAMS.



September 29, 2023

The Honorable Mayor Ope Niemeyer  
Members of the City Council  
Citizens of the City of Brookings, South Dakota

We are pleased to submit to you the Annual Financial Report for the City of Brookings, South Dakota, for the fiscal year ended December 31, 2022.

The report was prepared by the City's Finance Department in accordance with U.S. Generally Accepted Accounting Principles (GAAP) applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the City's management. We believe the data, as presented, is accurate and reliable in all material respects and is presented in a manner designed to set forth fairly the financial position and results from operations of the City as measured by the financial activities of its various funds. The disclosures necessary to enable readers to gain an understanding of the City's financial affairs have been included in this report.

Management of the City is responsible for establishing and maintaining an accounting and internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Brookings' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's financial statements have been audited by Eide Bailly, LLP, a firm of certified public accountants authorized to conduct the City's audit by the State of South Dakota. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Brookings for the fiscal year ended December 31, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City of Brookings' financial statements for the fiscal year ending December 31, 2022 are fairly presented in all material respects in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the year ended December 31, 2021. The Certificate of Achievement for Excellence in Financial Reporting recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate, the government unit must establish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards established by the GFOA and satisfy both accounting principles generally accepted in the United States of America and applicable legal



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requirements. We believe our current report continues to conform to the Certificate program requirements and is being submitted to the GFOA for review.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Brookings' MD&A can be found immediately following the report of the independent auditors.

## Profile of the City of Brookings

Brookings is located along the I-29 corridor in east central South Dakota and has a population of around 24,000 residents making it the fourth-largest city in South Dakota. It is 55 miles north of the State's largest city, Sioux Falls, and just minutes from the Minnesota border. It truly is an environment free from the stress of big city living; but for those who want to occasionally visit metropolitan areas, Minneapolis-St. Paul, Fargo/Moorhead, and Omaha are all within a 200-mile radius. Being along the interstate and miles from the Minnesota border, Brookings serves as a primary market area for over 70,000 consumers. Brookings is a city with an extraordinary quality of life and an outstanding school system. Families choose Brookings for its safe, friendly, and progressive environment.



Home to South Dakota State University (SDSU), Brookings boasts prime educational resources for small businesses and entrepreneurs. SDSU had an enrollment just over 11,000 students in 2022, making it the largest university in the state. SDSU offers Division 1-FCS college athletics, performing arts, theater, and a variety of cultural venues. SDSU is an integral part of the community and attracts many research and technology businesses which compliment core curriculum activities. A source of recognized research and innovation, SDSU supplies a young, educated workforce with skill and determination.

The County and the City got their names from one of South Dakota's greatest pioneer promoters, Wilmot W. Brookings. Brookings set out for the Dakota Territory in June of 1857. He rose to a high position in the territory, was elected the first provisional Governor of Dakota Territory, served as a judge, and was appointed superintendent of a road project to be built from the Minnesota state line west to the Missouri River about 30 miles north of Ft. Pierre, South Dakota. It was during the construction of this road that Brookings came into contact with land that was part of this county at the time. In preparation for the railroad, the City of Brookings was surveyed and platted in 1879. Dakota Agricultural College (now South Dakota State University) was founded in 1881. The City began to grow after the college was built and has been increasing in size ever since.

In 1999 the City adopted the Council-Manager form of government. The City is a home-rule municipality chartered under the Constitution of the State of South Dakota and is governed by a mayor and six council members. All council positions are elected at large, for overlapping three year terms.

The City provides a wide range of municipal services including public safety, streets, solid waste collection and disposal, airport, planning, culture and recreation, retail liquor, and general administrative services. In addition, the City has established semi-autonomous enterprise functions, which are governed by appointed boards. They are: Brookings Municipal Utilities (BMU) which manages electric, water, wastewater, and telecommunications/video/data operations; and the municipal Brookings Health System, which includes a 49-bed acute care hospital, home health, hospice, eye clinic, multispecialty clinic operated in partnership with Avera Medical Group, two regional "satellite" clinics, congregate living units, and a 79-bed skilled nursing facility.

The City applies budgetary controls to ensure compliance with legal provisions under South Dakota Codified Laws, the City Charter, the City's Governance and Ends Policy and with the annual appropriation ordinance and budgetary guidelines adopted by the City Council. Approved expenditures for the ensuing fiscal year for the General fund, the Special Revenue funds, Debt Service funds, and Capital Project funds are included in the annual appropriation ordinance, establishing the legal level of control. The annual budget serves as the foundation for the City of Brookings' financial planning and control.

South Dakota Law requires the City of Brookings to adopt an ordinance as prescribed by the Department of Legislative Audit. The ordinance shows the legal level of budgetary control is at the department level within each fund. Departments are not allowed to exceed their total allocated budget or reallocate appropriations outside their department without approval of the governing



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body. The legal spending authority can only be obtained through contingency funds, expenditures carryover, or supplemental budget appropriations ordinances, all of which is approved by formal action of the City Council.

## Economic Condition and Outlook

The information presented in these financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City of Brookings operates.

### Local Economy

“Bring Your Dreams” is the community’s marketing motto and Brookings is fortunate to have a diverse local economy including SDSU, large and small manufacturing, biosciences, food production and agriculture. This diversity has helped insulate, to some degree, past economic downturns experienced by the national economy and most recently by COVID-19.

In addition to the diversity, the City’s population continues to grow. The United States Census Bureau indicates a 6% growth from the 2010 census and ranked Brookings as the fourth largest city in South Dakota. With the population of around 24,000 the City has attracted various new retail and food establishments.

The labor force was impacted by economic slowdown driven by COVID-19 and showed recovery from 2021 to 2022, going from 13,248 to 13,721, respectively. Likewise, the total employed went from 12,969 to 13,521. South Dakota unemployment averaged 2.3% in 2022 compared to 5.0% nationwide.

With South Dakota State University graduating 2,500 students each year and businesses hiring both skilled labor and professional positions, the Brookings region's workforce is diverse and constantly growing. From machinists to microbiologists, opportunities exist in every field.

During 2022, the city issued 802 building permits, an increase from the 725 permits issued in 2021. The estimated construction value of residential and nonresidential construction was \$88.7 million in 2022; up 67% from the \$53.1 million in 2021. Nonresidential construction accounted for 43.2% of the estimated construction value in 2022 compared to 36.6% in 2021.

## Long-Term Planning and Major Initiatives

The City of Brookings is committed to providing a high quality of life for its citizens by fostering a diverse economic base, innovative thinking, strategic planning, and proactive, fiscally-responsible municipal government. The City Council meets annually and develops a strategic plan for the City. This plan provides a launchpad for new policy initiatives but also establishes a guide for a long-range capital improvement program. It also sets the direction for the City staff in several operational areas. The current Strategic Plan includes the following strategic initiatives:

- A – Fiscal Responsibility  
Brookings will implement innovative and responsible policies and business practices to effectively manage its fiscal and human resources for the short and long term. Brookings will maintain a stable financial environment that is transparent and that maintains an outstanding quality of life for our citizens. Business practices will be efficient, business friendly and ensure exceptional customer service to all stakeholders and citizens.
  - GOAL 1: Outside Agency Funding Analysis (Capital/Economic/Social Services)
  - GOAL 2: Evaluation of Existing Staffing, Service Delivery, and Service Level
  - GOAL 3: Maintenance of City Facilities and Infrastructure (Unfunded Liability)
  - GOAL 4: Review of Financial Reserve Policy
  - GOAL 5: Long-Term Strategic Financial Plan
  - GOAL 6: Internal Financial Process Review and Auditing
- B – Safe, Inclusive, and Connected Community  
Brookings and our partners will provide programs, gathering places, and events where the community can come together to participate in opportunities of learning, recreation, and enjoyment. Connectivity within the community will

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be cultivated through citizen and cultural engagement, outstanding customer service, public safety and clear, accessible communication. Our community's history, its diversity, inclusivity, and environment will be protected for future generations.

- GOAL 1: Police Facility Improvements
- GOAL 2: Emergency Management Planning
- GOAL 3: Fire Training Facility Improvements
- GOAL 4: Food Pantry Improvements
- GOAL 5: Park Master Plan Implementation
- GOAL 6: Bicycle Master Plan Awareness and Implementation
- GOAL 7: Transportation Connectivity Index Development and Implementation
- GOAL 8: Housing Study Update and Implementation
- GOAL 9: Downtown Master Plan Development and Implementation
- GOAL 10: Volunteer Board Advancement – Presentations (Annual Report and Goal Setting)

- C – Service and Innovation Excellence

Brookings will provide a working environment that is committed to ongoing innovation and outstanding service through listening and engagement. Employees will be provided the tools, resources, and support while promoting continuous improvement and growth.

- GOAL 1: Performance Management Implementation and Enhancement
- GOAL 2: Development Review Team Process Improvement
- GOAL 3: City Governance and Operations Policy Review
- GOAL 4: Community Survey Development, Distribution, and Review
- GOAL 5: Community-Oriented Policing Engagement, Awareness and Implementation
- GOAL 6: Intergovernmental Relations and Policy Shaping
- GOAL 7: Marijuana Implementation Planning and Policy

- D – Sustainability

Brookings will meet our environmental, community, economic desires and needs without compromising future generations' quality of life. We will strategically plan, implement and maintain current and future infrastructure and facilities, using technology when possible, to support the community's quality of life, economic viability, and protect the environment.

- GOAL 1: Stormwater and Groundwater Master Plan, Best Practices, Maintenance, Development Code, Education, and Partnerships
- GOAL 2: Sustainable Development Practices Training, Implementation, and Policy
- GOAL 3: Park Land Dedication Policy
- GOAL 4: Comprehensive Plan Implementation

- E – Economic Growth

Effective community investment and equitable opportunities for prosperity fostered through streamlined processes, technology, safety, proper planning and an aesthetically attractive community appearance. This is supported by sustainable development through fostering partnerships. The quality of life for our citizens is key to our economic success.

- GOAL 1: Swiftel Center Return on Investment and Financial Planning
- GOAL 2: Swiftel Center Facility Expansion and Hotel
- GOAL 3: Swiftel Center Agriculture Market Growth
- GOAL 4: Marketplace Development
- GOAL 5: City-Owned Land and Purchasing Policy
- GOAL 6: Future Development and Growth Cost-Benefit Analysis
- GOAL 7: Armory Redevelopment and Hotel
- GOAL 8: I-29 and 20th Street Interchange Construction

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## Major Initiatives

2022 was a great year for the City of Brookings as a long-range outlook was taken while accomplishing day-to-day activities. The highlighted projects showcase the hard work and dedication of elected officials, staff, and members of advisory boards, commissions, and committees.

### Fiscal Responsibility:

- Completed benchmark analysis for outside funded agencies
- Added positions where necessary to provide critical services to the community
- Significant investments were made in City facilities to ensure proper stewardship of public infrastructure
- Achieved the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting and Distinguished Budget Presentation Award
- Received \$4.3 million in American Rescue Plan Act funding, \$1.7 million Community Development Block Grant (CDBG) for non-profit facility, a \$125,000 private donation for parks, and several Library programming grants

### Safe, Inclusive, and Connected Community:

- Advanced plans for redevelopment of Public Safety Facility
- Committed \$2.2M from City's American Rescue Plan Act funding for community initiatives
- Emergency Management Plan completed prior to May 12, 2022 Derecho
- Progress made on Fire Training Tower, completed in early 2023
- Development of non-profit facility
- Parks initiatives including pickle ball complex grant, completion of Sexauer Dog Park, Play Ball art installation at Bob Shelden Athletic Complex, and investments in playgrounds and trails
- Completed housing study, including critical analysis of economy and opportunities
- Completed workforce housing development at 15<sup>th</sup> Street and 7<sup>th</sup> Avenue

### Service, Innovation, and Excellence:

- Biannual update of Brookings Insight performance dashboard
- Advancement of Development Review Team to identify opportunities and issued prior to finalizing plans
- Police Department completed Certified Public Safety Management (CPSM) study and began implementation
- Police Department 30 by 30 initiative to diversify the department by 2030
- Police Department outreach, including National Night Out, Citizen Academy, and Coffee with a Cop

### Sustainability:

- Commencement of Solid Waste and Storm Drainage masterplans
- Added two electric vehicle charging stations to Activity Center parking lot
- Purchased a hybrid vehicle
- Permeable pavers at Bob Shelden Athletic Complex
- Density changes for R3 and R4 residential zoning districts to allow for more effective land use

### Economic Growth:

- Venue Management Transition at Swiftel Center continues to have positive financial impact
- Large cattle show scheduled for summer 2023
- Interest in City-owned land, such as Brookings Marketplace and Millborn Seeds expansion
- Advanced plans for development of former Armory into a hotel and event venue
- Completed Economic Development Masterplan
- Substantial progress on I-29 Interchange at 20<sup>th</sup> Street South

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## Brookings Municipal Utilities (BMU)

Brookings Municipal Utilities' assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$230,373,228 (net position) for the calendar year reported.

Total net position is comprised of the following:

1. Net investment in capital assets of \$102,749,933 includes property and equipment, net of accumulated depreciation and amortization less outstanding debt related to the purchase or construction of capital assets.
2. Net position of \$132,445 is restricted by constraints imposed from outside of BMU by debt covenants, and \$1,297,872 is restricted for South Dakota Retirement System (SDRS) purposes.
3. Unrestricted net position of \$126,192,978 represents the portion available to maintain BMU's continuing obligations to customers and creditors.

BMU's activities reported total ending net position of \$230,373,228 this year compared to the prior year ending net position of \$209,048,793 showing an increase of \$21,324,435 during the calendar year. Revenues and expenses related to the sale of goods and services and nonoperating revenues and expenses resulted in income before contributions and transfers of \$15,161,140. This amount is similar to what a private business might report as net profit. The Electric, Water, and Wastewater Funds received contributions from developers accounting for \$2,368,370 (or 11.1%) of the increase in net position. These contributions related to the installation of overhead power lines and water and wastewater mains by private developers. In addition, the Water Fund recorded grant funds as capital contributions, accounting for \$6,299,925 (or 29.5%) of the increase in net position. Net position was reduced by \$2,505,000 as a result of BMU transfers to the general fund of the City of Brookings.

BMU's total outstanding long-term liabilities decreased by \$1,768,408 ending the current fiscal year at \$25,174,654 in long-term liabilities. Principal payments on debt were made in the amount of \$15,837,879, in combination with an increase in the current portions of debt of \$447,318, resulted in a net decrease in long-term debt of \$16,285,197. The net change also included an increase to long-term liabilities due to an interfund loan from Telephone to Wastewater ending 2022 with a balance of \$15,112,566 and lease liabilities of \$256,281. Other decreases for Pensions and Other Post Retirement Benefits (OPEB) of \$852,058 accounted for the balance of the change.

## Health Care

Total operating revenues, nonoperating revenues, and capital grants and contributions of \$69,143,406 exceeded total expenses of \$68,847,311, for an increase in net position of \$296,095. Ending net position was \$105,202,657 which is .28% over 2021's net position of \$104,906,562.

Patient and resident volumes grew over previous years as market share increased and continued strain on our regional tertiary health systems keeps more inpatients local within Brookings. Acute patient days was the highest it's been in the past 10+ years and surpassed 2021's volume by 18%. Outpatient areas, including emergency room and testing and diagnostic services, continue to grow year over year seeing 10.3% over 2021 volumes.

Investment income declined (\$6M) in 2022 as seen in all areas of the investment markets. Brookings Health System was able to take advantage of the changing rates by focusing on a short-term investment strategy with \$14,000,000 of cash gaining an additional \$250k over a six (6) month period.

## Civic Infrastructure

The City of Brookings is proud to partner with a wide variety of other governmental, civic, charitable, and service organizations to optimize multi-dimensional aspects for great quality of life:

- The City and County work together on mutual transportation and development issues
- The City and School District jointly share facilities, parks, playgrounds, and programming for school-age children
- The City Recreation Department has a number of diverse partnerships with other entities or special-purpose organizations for athletic, cultural, recreational, and leisure opportunities
- The City library provides a wide variety of services and programs for lifelong learning
- The City and South Dakota State University enjoy an excellent 'town-and-gown' relationship with each mutually supporting their missions and sharing their success that comes from a long history of partnerships. In addition to being an economic engine for the Brookings community, SDSU provides a wellspring of opportunities beyond post-secondary education to civic, cultural, athletic, and research advancement



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For these reasons, and so many others, Brookings has received national recognition in many areas which include:

- Named National Micropolitan Success Story (Walton Family Foundation, 2018)
- Perfect MEI Score – 100, (Municipal Equality Index, HRC.org, 2018-2022)
- #1 Best Places to live in SD (Niche, 2018, 2017, 2016), (chamberofcommerce.org, 2021), (Affiliated Mortgage, 2021)
- #2 Best School Districts in SD (Niche, 2019, 2018, 2017)
- #2 Safest Cities in SD (Alarms.org, 2018)
- #7 Top 10 Most Arts-Vibrant Small Communities in the U.S. (SMU Data Arts, 2019)
- Outstanding Philanthropic Community (Association of Fundraising Professionals, 2020)
- Recognized as a Tree City USA by the Arbor Day Foundation for the 40<sup>th</sup> year in a row
- Brookings Health System was named as one of the top 20 Rural Community Hospitals in the United States in 2021.
- SDSU was named the Safest College Campus in the State of South Dakota by, Your Local Security: Safest College Campuses in America

## Acknowledgments

Preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff and with the assistance of the Brookings Health System and Brookings Municipal Utilities. We would like to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Brookings' finances.

Respectfully submitted,

CITY OF BROOKINGS



Paul Briseno, City Manager



Ashley Rentsch, Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Brookings  
South Dakota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morrill*

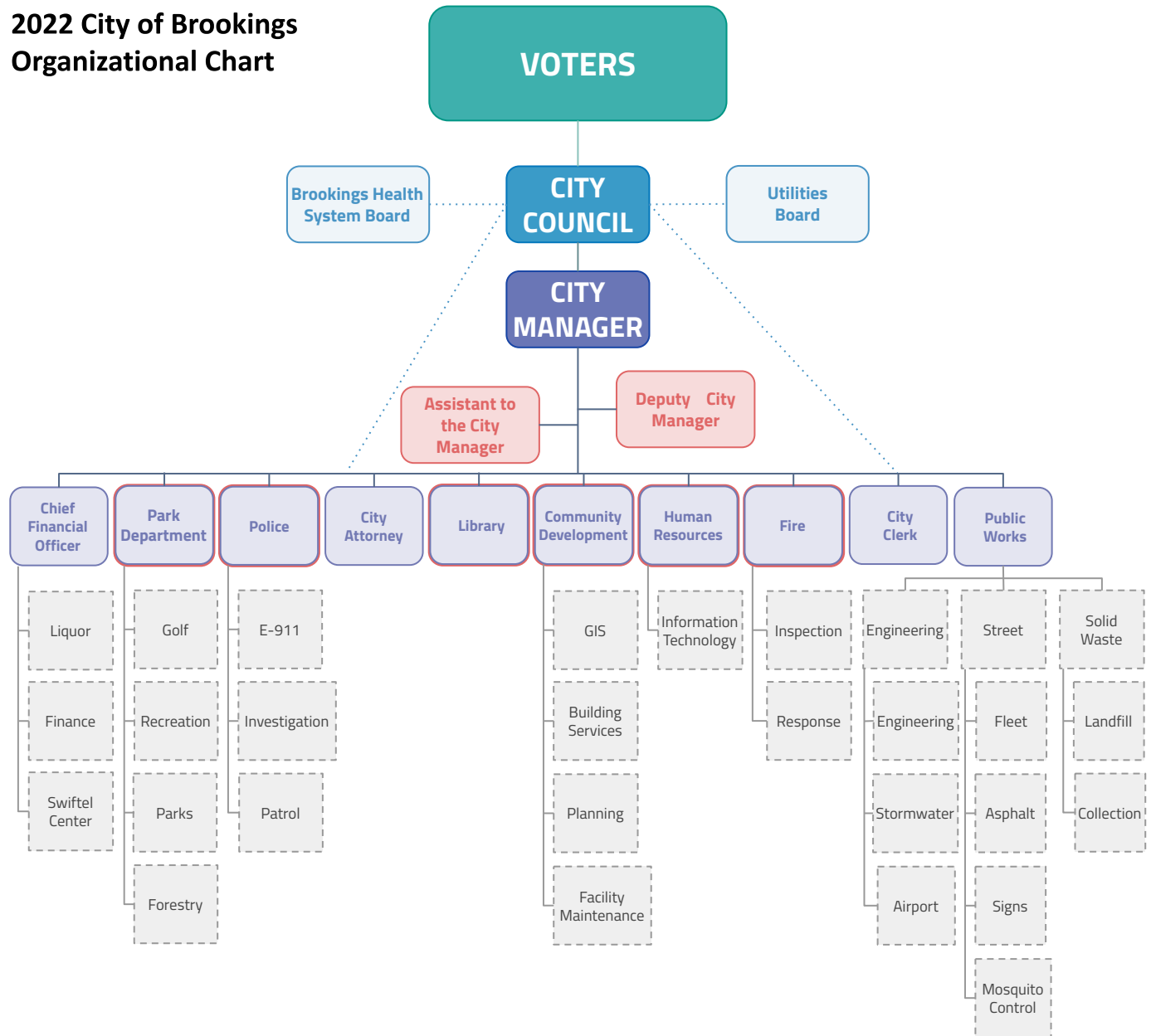
Executive Director/CEO

<b>Mayor</b>	<b>Ope Niemeyer</b>
<b>Deputy Mayor</b>	<b>Nick Wendell</b>
<b>Council Member</b>	<b>Holly Tilton Byrne</b>
<b>Council Member</b>	<b>Joey Collins</b>
<b>Council Member</b>	<b>Wayne Avery</b>
<b>Council Member</b>	<b>Bonny Specker</b>
<b>Council Member</b>	<b>Brianna Doran</b>

## Leadership Team

<b>City Manager</b>	<b>Paul Briseno</b>	<b>Library Director</b>	<b>Ashia Gustafson</b>
<b>Deputy City Manager/ Interim Parks, Rec, and Forestry Director</b>	<b>Jacob Meshke</b>	<b>Public Information Officer</b>	<b>Sherry Fuller-Bordewyk</b>
<b>City Attorney</b>	<b>Steven Britzman</b>	<b>Public Works Director</b>	<b>John Thompson</b>
<b>City Clerk</b>	<b>Bonnie Foster</b>	<b>IT Manager</b>	<b>Don Goff</b>
<b>Chief Financial Officer</b>	<b>Erick Rangel</b>	<b>Police Chief</b>	<b>Michael Drake</b>
<b>Community Dev. Director</b>	<b>Mike Struck</b>	<b>Fire Chief</b>	<b>Pete Bolzer</b>
<b>Human Resources Director</b>	<b>Susan Rotert</b>	<b>Health System CEO</b>	<b>Jason R. Merkley</b>
<b>Swiftel Center GM</b>	<b>Michael Logan</b>	<b>Utilities EVP &amp; GM</b>	<b>Steve Meyer</b>

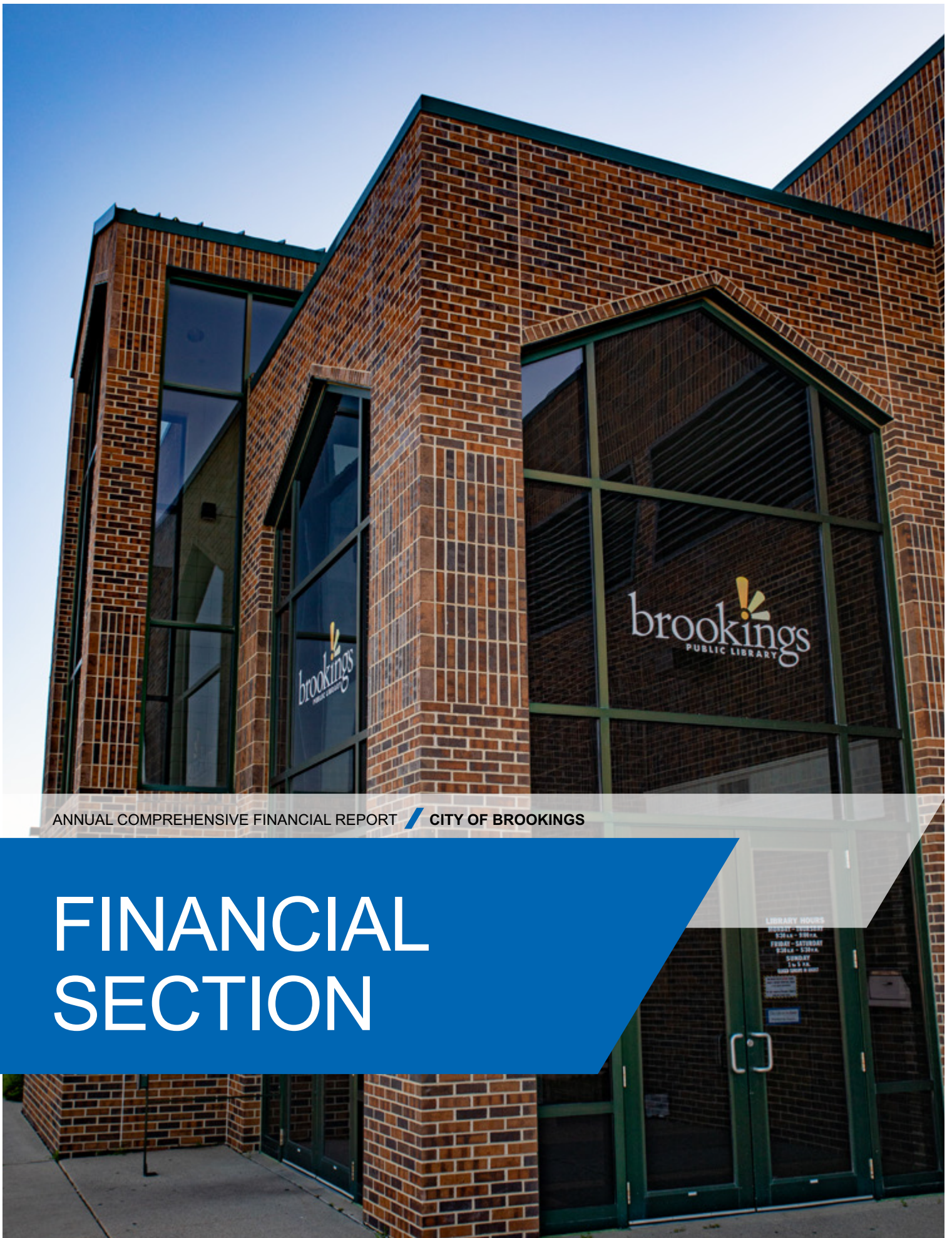
## 2022 City of Brookings Organizational Chart







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ANNUAL COMPREHENSIVE FINANCIAL REPORT / CITY OF BROOKINGS

# FINANCIAL SECTION



## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of December 31, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Adoption of New Accounting Standard***

As discussed in Note 1 to the financial statements, the City has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended December 31, 2022. Accordingly, a restatement has been made to the business-type activities, Health System Fund, Telephone Fund, Water Fund, and Other Enterprise Funds lease receivables and deferred inflows of resources, and right of use lease assets and lease liability as of January 1, 2022. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we will:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis; schedule of changes in the City's total OPEB liability and related ratios; schedule of pension contributions; schedule of proportionate share of net pension (asset) liability; and budgetary comparison schedule of the general fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

### ***Supplementary 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 combining financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. 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.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota  
September 28, 2023

## 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, 2022. 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 \$525,111,159 (net position) for the calendar year reported.
- The City's total ending net position of \$525,111,159 reflects an increase of \$31,790,837 during the calendar year.
- Total net position is comprised of the following:
  1. Net investment in capital assets of \$269,525,049 includes property and equipment, net of accumulated depreciation/amortization and reduced for outstanding debt related to the purchase or construction of capital assets.
  2. Net position of \$10,754,238 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  3. Unrestricted net position of \$244,831,872 represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental activities reported a total ending net position of \$141,851,406 this year reflecting an increase of \$8,829,213 during the calendar year. Unrestricted net position of \$42,056,574 at December 31, 2022 represents 29.6% of total net position.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$7,565,950 or 42.5% of total General Fund expenditures.
- The City's business-type activities reported an increased net position of \$21,961,624 or 18.6% compared to the previous year, ending the current year at \$383,259,753. 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 decreased by \$34,036,500, ending the current fiscal year at \$55,782,126.

### 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 23 individual governmental funds for 2022. 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 18 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, telephone, and water 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 funds predominately benefit the business-type functions, they have been included with the business-type activities portion of the presentation of the government-wide statements. Internal balances reflect an allocation of 35 percent of internal service fund balances to the governmental funds.

**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 2022, assets and deferred outflows exceeded liabilities and deferred inflows by \$525,111,159. This reflects an increase in the City's combined net position of 6.4% between fiscal year 2021 and 2022.

### Condensed Statements of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021*	2022	2021*	2022	2021*	2022
Current and Other Assets	\$ 51,406,905	\$ 55,596,781	\$ 238,630,761	\$ 223,674,964	\$ 290,037,666	\$ 279,271,745
Capital Assets	114,629,789	114,846,140	205,156,220	218,865,651	319,786,008	333,711,791
Total Assets	166,036,693	170,442,921	443,786,981	442,540,615	609,823,674	612,983,536
Deferred Outflows of Resources	3,985,364	4,143,486	14,172,268	12,310,618	18,157,632	16,454,104
Total Assets and Deferred Outflows of Resources	170,022,057	174,586,407	457,959,249	454,851,233	627,981,306	629,437,640
Other Liabilities	6,741,326	7,559,440	12,394,201	21,375,524	19,135,528	28,934,964
Long-Term Liabilities	23,917,907	21,585,312	63,166,190	34,196,814	87,084,097	55,782,126
Total Liabilities	30,659,233	29,144,752	75,560,391	55,572,338	106,219,625	84,717,090
Deferred Inflows of Resources	6,340,631	3,590,250	22,100,728	16,019,142	28,441,358	19,609,392
Total Liabilities and Deferred Inflows of Resources	36,999,864	32,735,002	97,661,120	71,591,480	134,660,983	104,326,482
Net Investment in Capital Assets	96,652,905	98,599,831	156,555,939	170,925,218	253,208,843	269,525,049
Restricted	6,995,992	1,195,001	15,524,423	9,559,237	22,520,415	10,754,238
Unrestricted	29,373,296	42,056,574	188,217,767	202,775,298	217,591,063	244,831,872
Total Net Position	133,022,193	141,851,406	360,298,129	383,259,753	493,320,322	525,111,159
Beg. Net Position	123,291,640	133,022,193	303,694,571	360,298,129	426,986,211	493,320,322
Change in Net Position	\$ 9,730,553	\$ 8,829,213	\$ 56,603,558	\$ 22,961,624	\$ 66,334,111	\$ 31,790,837
Percentage Change	7.9%	6.6%	18.6%	6.4%	15.5%	6.4%

\*The City of Brookings elected not to restate the 2021 Financial statements for GASB 87, as such the statements may not be comparable.

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 (51.3%) of the City's net position is represented by \$269.5 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 2.0% of the total net position. These assets are subject to external restriction on how they may be used.

The remaining unrestricted balance of \$244.8 million (46.6%) 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 2022 was \$31,790,837. The Governmental Activities Net Position increased \$8,829,213 and the Business-Type Activities Net Position increased \$22,961,624. The Governmental Activities net position increased in 2022 due to higher than expected sales tax revenues and a decrease in capital projects from the previous year. The larger increase in Business-Type Activities net position in 2021 compared to 2022 was primarily due to the sale of Personal Communications Services (PCS) operations. Increases in charges for services, expenditure control, and revenue received for capital contributions from developers of electric, water, and wastewater infrastructure also had a positive impact on net position. For Brookings Health System, patient and resident volumes grew over previous years as market share increased, and continued strain on our regional tertiary healthy system keeps more inpatients local within Brookings.

<b>Condensed Statements of Activities</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021*</b>	<b>2022</b>	<b>2021*</b>	<b>2022</b>	<b>2021*</b>	<b>2022</b>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 2,018,909	\$ 4,563,786	\$150,826,259	\$153,630,547	\$ 152,845,168	\$ 158,194,334
Operating Grants	3,053,017	5,656,413	7,057,625	281,057	10,110,642	5,937,470
Capital Grants	920,807	2,080,698	1,624,955	11,093,899	2,545,762	13,174,597
General Revenues						
Taxes	26,030,256	26,255,420	-	-	26,030,256	26,255,420
State Shared Revenues	226,796	245,698	-	-	226,796	245,698
Investment Earnings	-	346,144	5,178,540	(4,712,117)	5,178,540	(4,365,973)
Miscellaneous	1,539,406	2,237,134	21,701,603	39,061	23,241,009	2,276,195
Total Revenues	33,789,191	41,385,293	186,388,982	160,332,447	220,178,173	201,717,740
<b>Expenses</b>						
General Government	3,697,969	4,682,100	-	-	3,697,969	4,682,100
Public Safety	470,457	6,995,897	-	-	470,457	6,995,897
Public Works	13,352,554	11,930,779	-	-	13,352,554	11,930,779
Health and Welfare	144,386	114,115	-	-	144,386	114,115
Culture and Recreation	7,526,172	8,604,916	-	-	7,526,172	8,604,916
Conservation and Development	683,221	2,822,296	-	-	683,221	2,822,296
Interest charges	812,306	505,000	-	-	812,306	505,000
Electric Fund	-	-	23,222,080	24,716,075	23,222,080	24,716,075
Health System Fund	-	-	64,040,798	69,417,081	64,040,798	69,417,081
Telephone Fund	-	-	13,574,794	12,742,358	13,574,794	12,742,358
Liquor Fund	-	-	12,165,414	12,919,462	12,165,414	12,919,462
Water Fund	-	-	3,536,211	3,753,612	3,536,211	3,753,612
Wastewater Fund	-	-	5,018,852	5,523,463	5,018,852	5,523,463
Airport Fund	-	-	1,047,388	1,383,189	1,047,388	1,383,189
Golf Fund	-	-	816,962	840,397	816,962	840,397
Solid Waste Fund	-	-	2,736,232	2,836,962	2,736,232	2,836,962
Research and Technology Fund	-	-	97,992	139,199	97,992	139,199
Total Expenses	26,687,064	35,655,102	126,256,722	134,271,799	152,943,786	169,926,901
Excess						
Before Transfers	7,102,127	5,730,190	60,132,260	26,060,647	67,234,388	31,790,837
Transfers	3,085,486	3,099,023	(3,085,486)	(3,099,023)	-	-
Change in Net Position	10,187,610	8,829,213	57,046,774	22,961,624	67,234,388	31,790,837
Beginning Net Position	123,291,640	133,022,193	303,694,571	360,298,129	426,986,211	493,320,322
Ending Net Position	<u>\$133,022,193</u>	<u>\$ 141,851,406</u>	<u>\$360,298,129</u>	<u>\$383,259,753</u>	<u>\$ 493,320,322</u>	<u>\$ 525,111,159</u>

\*The City of Brookings elected not to restate the 2021 Financial Statements for GASB 87, as such the statements may not be comparable.

**Governmental activities.** Revenues for the City's governmental activities were \$41,385,293. Taxes accounted for 63.4% of the overall revenues generated in 2022 compared to 77.0% in 2021. Capital grants increased by \$1,159,890 due to a decrease in construction activity, and operating grants received increased by \$2,603,396 due to one-time American Rescue Plan Act funding that was recognized in 2022. Charges for services increased by 126.1% from the previous year, primarily driven by decreased revenues at the Swiftel Center due to COVID-19 and venue management transition in 2021. Much of this was offset by a decrease in expenditures from the previous year. Revenues in the Recreation department increased from the prior year, as regular programming and Aquatic Center operations resumed after a hiatus in 2020 due to COVID-19. 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 and use tax). The City experienced an increase of \$2,496,354 or 15.2% 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 and use tax revenue was reflected as follows: 7.9% or \$563,150 increase in 1<sup>st</sup> penny sales and use tax, 8.3% or \$588,508 increase in 2<sup>nd</sup> penny sales and use tax and a 25.7% or \$217,824 increase in the 3<sup>rd</sup> penny Bed and Booze tax.

Governmental Activities expenses increased by 33.6% or \$8,968,038 from 2022. This change was primarily attributable to an increase in capital project expenditures from the previous year.

**Business-type activities.** Overall revenues of the City's Business-Type Activities decreased 14.0% in 2022 which is higher than the 2.4% achieved in 2021. Charges for services decreased \$2.2 million, or 1.4%, mainly driven by the sale of PCS operations in the Telephone Fund.

Operating expenses decreased by approximately \$16 million or 10.2% in 2022 compared to a 3.6% decrease in 2021. Similar to the decrease in overall revenues, this was driven primarily by decreased operating expenses after the sale of PCS operations in the Telephone Fund.

## 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 \$3,572,163 or 16.8% from 2022. This increase is primarily due to an increase in expenditures to pre-pandemic levels after implementing cost-cutting measures in 2020 to protect against economic uncertainties.

In 2022, General Sales and Use Taxes increased by \$563,150 and property tax increased by \$192,159 keeping revenues relatively flat year over year. Miscellaneous revenue increased by \$216,444. Several large donations received in the Parks Department at the end of 2021 was a main driver of this increase. Overall, revenues as a whole decreased by 13.53% or \$2.3 million, largely driven by reimbursements of direct public safety payroll costs from March through December 2020 as provided through the South Dakota Local Government COVID Recovery Fund, administered under the federal CARES Act.

General Fund expenditures increased by \$1,383,792 or 9.2%. The change is mainly driven by increases across the board as service levels and budget authority began recovering to pre-pandemic levels in 2021. There was also a decrease in transfers in from other funds of \$286,285 or 7.2%.

## Proprietary (business-type) Funds

**Electric Fund.** The Electric Fund net position increased by \$4,954,808 in 2022 compared to an increase of \$4,967,537 in 2021. Operating revenues increased by \$964,000 primarily due to a 6.6% increase in residential sales. Kilowatt-hour sales were similar to the prior year, increasing 1% in 2022. Operating expenses increased by \$1,653,000. The majority of the increase is because in 2021, our power supplier issued a refund to its members due to a negotiated transmission settlement. BMU, as a member of Missouri River Energy Services received a refund of \$1.3 million during 2021. While rates charged in 2022 by suppliers of power remained at the same level as the prior year, the cost of purchased power remains a considerable amount of all operating expenses (74%) for 2022. Capital contributions of \$157,409 were received related to a transmission project in 2022. Operating transfers totaling \$2,305,000 were made from the Electric Fund to the General Fund in 2022.

**Telephone Fund.** The Telephone Fund net position increased by \$3,970,456 in 2022 compared to an increase of \$25,500,659 in 2021. A majority of the 2021 net position increase was due to the sale of wireless operations. Operating revenues decreased by \$563,966 and operating expenses decreased by \$833,441 over the prior year. On October 11, 2022 the BMU Board initiated an interfund loan from the Telephone Fund to the Wastewater Fund in the amount of \$15.8 million. Operating transfers totaling \$200,000 were made from the Telephone Fund to the General Fund in 2022.

**Wastewater Fund.** The Wastewater Fund net position increased by \$1,700,393 in 2022 compared to an increase of \$1,694,147 in 2021. Capital contributions of \$968,614 in 2022 and \$575,111 in 2021 were responsible for 57.0% and 33.9% of the increase in net position, respectively. Operating revenues increased by \$10,000 in 2022 compared to 2021. Operating expenses increased \$627,000 in 2022 due to increased prices for supplies, routine maintenance, and repairs necessitated from the May 12, 2022 storm. On October 11, 2022, the BMU Board initiated an interfund loan from the Telephone Fund to the Wastewater Fund in the amount of \$15.8 million to aid in the retirement of the State Revolving Funds (SRF) loan. In addition to scheduled payments, the Wastewater Fund paid down \$15.0 million on the current SRF loan, bringing the long-term liability balance down to \$8,551,850 in 2022 compared to \$24,837,047 in 2021.

**Water Fund.** The Water Fund net position increased by \$10,698,778 in 2022 and \$3,771,974 in 2021. Capital contributions of \$7,542,272 in 2022 and \$617,088 in 2021 were responsible for 70.5% and 16.4% of the increase, respectively. Operating revenues increased by \$31,000 in 2022 compared to 2021. A 3.0% overall increase to user charges was made to units billed to customers in 2022. Operating expenses increased by \$218,000 in 2022 due to the rising costs of supplies including repairs from the May 12, 2022 storm. In 2022, the Water Fund applied for funding to finance a new water treatment plant, and to extend and replace existing pipelines. An American Rescue Plan Act (ARPA) grant in the amount of \$21,039,300 was awarded for this project in 2022. BMU also initiated loans from State Revolving Funds (SRF) totaling \$91,663,200 for the projects. Construction on both the water treatment plant and pipeline projects began late Fall of 2022.

**Health System Fund.** Total operating revenues, nonoperating revenues, and capital grants and contributions of \$69,143,406 exceeded total expenses of \$68,847,311 for an increase in net position of \$296,095. Ending net position was \$105,202,657 which is .28% over 2021's net position of \$104,906,562. Patient and resident volumes grew over previous years as market share increased and continued strain on our regional tertiary health systems keeps more inpatients local within Brookings. Acute patient days was the highest it's been in the past 10+ years and surpassed 2021's volume by 18%. Outpatient areas, including emergency room and testing and diagnostic services, continue to grow year over year seeing 10.3% over 2021 volumes. Investment income declined (\$6M) in 2022 as seen in all areas of the investment markets. Brookings Health System was able to take advantage of the changing rates by focusing on a short-term investment strategy with \$14,000,000 of cash gaining an additional \$250k in interest over a six (6) month period.

## General fund budgetary highlights

Over the course of the year, the City Council approved five budget amendments. 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 \$1,425,550. Actual General Fund expenditures were \$998,694 less than the adjusted budget. This surplus was mainly driven by supply chain challenges that caused certain projects and purchases to be carried forward to 2022. Overall, the departments held their spending in line with the adjusted budget for 2022. Actual General Fund revenues were \$6,038,286 more than the adjusted budget primarily due to higher than expected sales tax revenues.

## Capital Asset Administration

Capital Assets	Governmental Activities		Total Dollar Change	Total Percentage Change
	2021	2022	21-22	21-22
Land	\$ 11,311,651	\$ 11,397,251	\$ 85,600	0.8%
Construction in Progress	5,293,613	771,115	(4,522,498)	(85.4)%
Buildings and Other Improvements	34,303,889	36,395,634	2,091,746	6.1%
Machinery and Equipment	8,710,494	8,732,101	21,607	0.2%
Infrastructure	55,010,141	57,595,622	2,585,481	4.7%
Total Capital Assets (Net of Depreciation)	<u>\$ 114,629,789</u>	<u>\$ 114,891,724</u>	<u>\$ 261,935</u>	<u>0.2%</u>

Major activity within the Governmental Activities in 2022 included the following:

- 1) Main Building additions – Library exterior doors and HVAC upgraded, Library mothers' room completed, progress on fire training facility completed at the beginning of 2023, partnership in development of non-profit facility including the Food Pantry, United Way, Backpack Program, and Senior Commodity Program
- 2) Main Equipment purchased - Bobcat E35, Bobcat mulcher attachment, and John Deere 3039R Compact Tractor for the Parks Department, Bobcat 24" planer and SidumpR utility trailer for the Street Department, four (4) Ford Interceptor utility vehicles for the Police Department.
- 3) Key Infrastructure added – IT infrastructure including Dark Fiber, Dell's VxRail, and Fortinet Fortigate 100F Nextgen firewall, 8<sup>th</sup> Street South and Main Avenue intersection reconstruction, 14<sup>th</sup> Avenue overlay, design and engineering for 22<sup>nd</sup> Avenue reconstruction phase II.

Capital Assets (Net of Depreciation/Amortization)	Business-type Activities		Total Dollar Change	Total Percentage Change
	2021	2022	21-22	21-22
Land	\$ 8,613,387	\$ 8,628,215	\$ 14,828	0.2%
Construction in Progress	4,568,443	10,745,870	6,177,427	135.2%
Infrastructure	254,386	241,283	(13,103)	(5.2)%
Buildings and Other Improvements	178,427,825	182,767,621	4,339,796	2.4%
Machinery and Equipment	13,546,564	12,888,139	(658,425)	(4.9)%
Right of use lease assets	-	1,919,523	1,919,523	-%
Total Capital Assets (Net)	<u>\$ 205,156,220</u>	<u>\$ 217,190,651</u>	<u>\$ 9,860,523</u>	<u>4.8%</u>

Major activity in the Business-Type Activities in 2022 included the following:

- The Electric Fund used approximately \$1.5 million of funds for the acquisition and construction of assets in 2022. The purchases of two trenchers, a mini excavator trailer, and a mini track loader accounted for \$242,500. The continued Automated Meter Reading (AMR) and the conversion of the street light system to LED resulted in expenditures of \$37,000 and \$88,000, respectively. The balance was spent on distribution system facilities to meet the needs of customers.
- The Telephone Fund used approximately \$1,317,000 for the acquisition and construction of capital assets in 2022. Upgrades included the continuing deployment of fiber facilities, a variety of electronics and infrastructure improvements, and the continued deployment of broadband services.
- The Water Fund used approximately \$11.4 million in 2022 for the acquisition and construction of assets. Planning for the new water treatment plant and replacement of pipelines projects accounted for \$9.6 million. Grant funds receivable of \$6.3 million were recorded as contributions in aid of construction as of December 31, 2022. The replacement of various mains in conjunction with road construction projects within the city resulted in expenditures of \$945,000. New water meters were purchased for \$112,000. The balance was spent on the general improvements of structures and equipment.
- The Wastewater Fund used approximately \$1.8 million for the acquisition and construction of capital assets in 2022. A majority of the funds were expended on the lift station conversion on Western Avenue with a total cost of \$1.5 million. The balance was spent on the general improvements of structures and equipment.



- The Brookings Health System cash outlay for the purchases of capital assets was \$1,854,066 in 2022. Purchases for the year consisted of \$320,227 for the replacement of the Brookhaven roof damaged during a storm in May 2022; \$296,288 for Omnicell drug dispensing cabinet upgrades, \$212,757 for a 2022 Ford AEV Ambulance; \$114,147 for surgical equipment reprocessing system; and other various surgical equipment.

See note 6 for additional information regarding capital assets.

## Long-Term Liabilities

At December 31, the City had the following long-term liabilities:

	Governmental Activities		Business-type Activities		Dollar Change	Percentage Change
	2021	2022	2021	2022	21-22	21-22
Revenue Bonds	\$ 17,909,264	\$ 16,127,349	\$ -	\$ -	\$ (1,781,915)	(9.9)%
Loans	5,500,000	4,583,334	25,674,927	9,837,048		(53.7)%
Direct Borrowings	147,868	118,960	22,838,678	20,470,854	(2,396,732.37)	(10.4)%
Medicare Advanced Payments	-	-	6,390,313	1,355,619	(5,034,694.00)	(78.8)%
Leases	-	-	2,080,851	1,969,470	(111,381.00)	
OPEB	2,049,975	2,081,294	4,020,434	2,761,563	(1,227,552.00)	(20.2)%
Amount Due Under Joint Agreements	-	-	1,555,350	1,555,350	0.00	-%
Landfill					0.00	
Closure/Postclosure	-	-	997,649	1,115,867	118,218.00	11.8%
Compensated Absences	1,045,328	1,079,726	1,688,839	1,691,561	37,120.26	1.4%
Total Long-Term Liabilities	<u>\$ 26,652,436</u>	<u>\$ 23,990,663</u>	<u>\$ 65,247,041</u>	<u>\$ 40,757,332</u>	<u>\$ (27,151,481)</u>	<u>(29.5)%</u>

The City has outstanding Sales Tax Revenue Bonds in the amount of \$13,174,561 at the end of 2022. The bonds are secured by revenue generated from the 2<sup>nd</sup> Penny Sales & Use Tax Fund. 23% of the 2022 beginning 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 were retired in 2022. 77% of the 2022 beginning 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 Bonds in the amounts of \$209,632, \$200,725, \$132,606, \$1,251,911, \$330,673, and \$827,241. 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, Division Ave, and State Ave.
- Zero-interest outstanding loan in the amount of \$4,583,334. These loans are to be repaid from the 75% Sales and Use Tax and scheduled for completion in 2027.
- Capital acquisition lease for purchase of a scoreboard display to be paid using the Swiftel Center funds in the amount of \$118,959.
- State Revolving Fund (SRF) Loan in the amount of \$9,837,048. 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.
- Certificates of Participation for the construction of the skilled nursing facility in the amount of \$7,718,159.
- Certificates of Participation for the construction of the new medical office building and renovation of the existing hospital in the amount of \$3,108,740 and \$8,512,317 respectively.
- Lastly, the City is liable for the accrued compensated absences of \$1,079,726 within the Governmental Funds and \$1,691,561 within the Enterprise Funds payable to all full-time employees who have been employed for more than 6 months.

See note 8 for additional information regarding long-term liabilities.

### **Economic Outlook and Next Year's Budget**

2022 Sales & Use Tax revenues were up 9.1% from the 2021 revenue; this increase was much more favorable than the 3.8% decrease experienced in the previous year. Due to strong economic performance and conservative budgeting practices, as required under the City's Ends Policy, the tax revenue was well over 2022's budgeted revenue. The 2023 1<sup>st</sup> and 2<sup>nd</sup> Penny Sales & Use Tax revenue was budgeted with an estimated 2% growth from the 2022 estimated revenue. The City's annual financial statements reflect sales tax in the month the tax was generated. For economic reporting purposes, the City shows sales tax in the month the reports are filed with the State of South Dakota.

The overall 2023 budget decreased by 2.1% when compared to 2022 due timing of capital projects. The adopted budget for 2023 is \$52.8 million. The 2023 General Fund budget is 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 \$17,469,752, which is a net increase from the previous year's budget of \$643,705 or 3.8%. This increase is primarily driven by personnel services expenditures.

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

- 3<sup>rd</sup> Penny Sales Tax and BID (Pillow) Tax revenues have experienced significant increases due to inflation.
- All outside agency economic development and marketing efforts are funded by 3<sup>rd</sup> Penny Sales Tax and Pillow Tax, now including the Research Park at SDSU.
- Majority of outside agency economic development and marketing operations increased in line with projected inflation.

Property Tax levy increases are estimated based on growth and the Consumer Price Index (CPI). The property tax levy for 2022 (payable in 2023) increased by 4.36%. In the last year, the taxable valuation for the City of Brookings has increased by \$86 million.

For 2023 the City budgeted a 4% overall salary increase for employees. At the time the budget was completed, due to our increased claims experience, health insurance premiums were budgeted to increase from 2022. Vision premiums remained virtually the same as 2022 as did dental coverage.

From a personnel perspective, the City General is budgeted to have 146 employees in 2023. In 2021, the City added the Public Works Director position. Through the addition of this position, 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 2023 budget with the 2022 budget for all governmental funds. The increase in personnel services reflects the results of a salary survey implemented in 2021 and performance-based increases of up to 4% per employee in 2023. An increase in health insurance rates also contributed to the increase. Budgeted operating expenditures decreased year over year due to a decrease in design and engineering costs completed in 2022 for 2023 capital projects, as well as costs budgeted in 2022 for facility repairs related to the May 2022 derecho. Increases in subsidies are in line with projected inflation. Increases in capital expenditures are due to overall more capital purchases and replacements scheduled for 2023 compared to the previous year. Supply chain issues and longer than expected lead times in 2022 meant certain capital items budgeted in 2022 were carried forward into 2023 with a subsequent budget amendment. The decrease in transfers is mostly driven by building maintenance in 2022 that was funded

The increase in personnel services for the enterprise funds reflects the results of the salary survey implemented in 2021. The slight decrease from the previous year is due to adjustments to the Group Insurance budget to reflect employee elections. Operating expenses increased from 2022 to 2023 mainly due to increased liquor purchases projected for establishments, which are offset by corresponding revenues. Capital expenses decreased in 2023, primarily driven by Airport improvements in the previous year. Similar to the governmental funds, several capital purchases were delayed in 2022 and

by unassigned General Fund reserves. These types of costs were funded directly by the 2<sup>nd</sup> Penny Sales and Use Tax Fund in 2023.

ALL GOVERNMENTAL FUNDS			
	2022 BUDGET	2023 BUDGET	% CHANGE
Personnel & Benefits	\$ 13,860,564	\$ 14,473,968	4.4%
Operating Expenditure	9,457,039	7,348,697	(22.3)%
Subsidies / Appropriations	1,440,550	1,523,217	5.7%
Capital Expenditure	7,633,522	13,130,198	72.0%
Debt Service	1,895,683	2,783,930	46.9%
Transfers	4,077,928	3,281,020	(19.5)%

were subsequently carried forward to 2023 via budget amendment.

ENTERPRISE FUNDS			
(Liquor-Airport-SWC-SWD-Golf -R&T Center)	2022 BUDGET	2023 BUDGET	% CHANGE
Personnel & Benefits	\$ 2,114,474	\$ 2,098,736	(0.7)%
Operating Expense	12,571,912	14,573,566	15.9%
Capital	1,817,784	1,390,600	(23.5)%
Transfers	1,213,870	1,047,668	(13.7)%

Preparing for the unexpected given the current economic uncertainties associated with increased inflation, workforce challenges, and supply chain issues, City Leadership remained conservative in budgeting for 2023. The following assumptions were made with regard to the 2023 budget revenue:


- 1<sup>st</sup> and 2<sup>nd</sup> Penny - 2% growth from 2022's estimated revenues
- 3<sup>rd</sup> Penny Bed & Booze Tax - 2% growth from 2022's estimated revenues
- BID - 2% growth from 2022's estimated revenues
- 2% increase in other income

## 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.



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ANNUAL COMPREHENSIVE FINANCIAL REPORT / CITY OF BROOKINGS

# Basic Financial Statements

## Statement of Net Position, December 31, 2022

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Health System
	Activities	Activities		Foundation
<b>ASSETS</b>				
Cash and cash equivalents	\$ 42,191,745	\$ 71,160,741	\$ 113,352,486	\$ 468,505
Investments	723,810	100,846,323	101,570,133	-
Receivables, net	1,236,055	30,336,324	31,572,379	595,227
Due from other governments	1,835,330	6,299,925	8,135,255	-
Internal balances	1,683,921	(1,683,921)	-	-
Land held for resale	2,877,203	-	2,877,203	-
Inventories	128,619	6,328,098	6,456,717	-
Prepaid expenses	284,702	1,147,584	1,432,286	-
Prepaid bond insurance	8,911	-	8,911	-
Restricted cash and cash equivalents	4,571,860	8,013,944	12,585,804	320,115
Restricted investments-CDs	19,709	-	19,709	-
Other assets	-	1,101,972	1,101,972	-
Net pension asset	34,916	123,974	158,890	-
Capital assets:				
Capital assets not being depreciated/amortized	12,168,366	21,049,086	33,217,452	-
Right of Use Lease Assets being amortized, net	-	1,919,521	1,919,521	-
Capital assets being depreciated, net	102,677,774	195,897,044	298,574,818	-
Total capital assets	114,846,140	218,865,651	333,711,791	-
Total assets	170,442,921	442,540,615	612,983,536	1,383,847
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB related deferred outflows	941,545	906,352	1,847,897	-
Pension related deferred outflows	3,201,941	11,383,932	14,585,873	-
Excess consideration provided for acquisition	-	20,334	20,334	-
Total deferred outflows of resources	4,143,486	12,310,618	16,454,104	-
Total assets and deferred outflows of resources	174,586,407	454,851,233	629,437,640	1,383,847
<b>LIABILITIES</b>				
Accounts payable	1,013,323	12,494,205	13,507,528	6,939
Accrued expenses	392,327	1,874,181	2,266,508	4,370
Accrued interest	50,947	189,348	240,295	-
Other current liabilities	-	2,000	2,000	-
Due to other governments	23,880	1,179	25,059	-
Customer deposits	-	254,093	254,093	-
Unearned revenue	3,673,612	-	3,673,612	-
Noncurrent liabilities:				
Portion due or payable within one year:				
Bonds payable	1,435,803	-	1,435,803	-
Loans payable	916,666	1,285,198	2,201,864	-
Direct borrowings	29,796	2,430,991	2,460,787	-
Leases	-	110,818	110,818	-
Compensated absences	23,086	1,377,892	1,400,978	-
Medicare advanced payments	-	1,355,619	1,355,619	-
Portion due or payable after one year:				
Bonds payable	14,691,546	-	14,691,546	-
Loans payable	3,666,668	8,551,850	12,218,518	-
Direct Borrowings	89,164	18,039,863	18,129,027	-
Leases	-	1,858,652	1,858,652	-
OPEB liability	2,081,294	2,761,563	4,842,857	-
Amount due under joint operating agreement	-	1,555,350	1,555,350	-
Accrued landfill closure and postclosure costs	-	1,115,867	1,115,867	-
Compensated absences	1,056,640	313,669	1,370,309	-
Total liabilities	29,144,752	55,572,338	84,717,090	11,309
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows	2,066,393	7,247,787	9,314,180	-
Lease-Related	-	5,667,385	5,667,385	-
OPEB related deferred inflows	1,523,857	2,314,024	3,837,881	-
Proceeds from sales of future revenues	-	789,946	789,946	-
Total deferred inflows of resources	3,590,250	16,019,142	19,609,392	-
Total liabilities and deferred inflows of resources	32,735,002	71,591,480	104,326,482	11,309

**NET POSITION**

Net investment in capital assets	98,599,831	170,925,218	269,525,049	-
Restricted for:				
Debt service and covenants	8,274	657,247	665,521	-
Other purposes (by donations)	43,288	-	43,288	915,342
SDRS pension purposes	34,916	4,477,986	4,512,902	-
Enabling legislation	1,108,523	-	1,108,523	-
Landfill closure and post closure	-	4,424,004	4,424,004	-
Unrestricted	<u>42,056,574</u>	<u>202,775,298</u>	<u>244,831,872</u>	<u>457,196</u>
Total net position	<u>141,851,406</u>	<u>383,259,753</u>	<u>525,111,159</u>	<u>\$ 1,372,538</u>

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

## Statement of Activities, for the fiscal year ended December 31, 2022

Program Revenues					Net (Expense) Revenue and Changes in Net Position				Component
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Unit	
					Governmental Activities	Business-Type Activities	Total	Health System Foundation	
Primary government:									
Governmental activities:									
General government	\$ 4,682,100	\$ 1,222,516	\$ 5,017,652	\$ -	\$ 1,558,068	\$ -	\$ 1,558,068	\$ -	
Public safety	6,995,897	80,117	453,394	-	(6,462,386)	-	(6,462,386)	-	
Public works	11,930,779	286,991	6,845	186,548	(11,450,395)	-	(11,450,395)	-	
Health and welfare	114,115	24,107	-	-	(90,008)	-	(90,008)	-	
Culture and recreation	8,604,916	2,950,055	176,480	284,025	(5,194,356)	-	(5,194,356)	-	
Conservation and development	2,822,296	-	2,042	1,610,125	(1,210,129)	-	(1,210,129)	-	
Interest and fiscal charges	505,000	-	-	-	(505,000)	-	(505,000)	-	
Total governmental activities	35,655,102	4,563,786	5,656,413	2,080,698	(23,354,206)	-	(23,354,206)	-	
Business-type activities:									
Electric	24,716,075	31,551,919	-	157,409	-	6,993,253	6,993,253	-	
Health System	69,417,081	75,101,015	281,057	449,369	-	6,414,360	6,414,360	-	
Telephone	12,742,358	16,156,512	-	-	-	3,414,154	3,414,154	-	
Liquor	12,919,462	13,117,601	-	-	-	198,139	198,139	-	
Water	3,753,612	6,590,386	-	7,542,272	-	10,379,046	10,379,046	-	
Wastewater	5,523,463	6,158,968	-	968,614	-	1,604,118	1,604,118	-	
Airport	1,383,189	57,841	-	294,956	-	(1,030,392)	(1,030,392)	-	
Golf	840,397	714,248	-	-	-	(126,149)	(126,149)	-	
Solid Waste	2,836,962	4,063,951	-	6,279	-	1,233,267	1,233,267	-	
Research and Technology	139,199	118,106	-	1,675,000	-	1,653,907	1,653,907	-	
Total business-type activities	134,271,798	153,630,547	281,057	11,093,899	-	30,733,703	30,733,703	-	
Total primary government	\$ 169,926,900	\$ 158,194,334	\$ 5,937,470	\$ 13,174,597	\$ (23,354,206)	\$ 30,733,703	\$ 7,379,496	\$ -	
Component unit:									
Health System Foundation	\$ 508,487	\$ -	\$ 377,026	\$ -				\$ (131,461)	
General revenues:									
Taxes:									
Property taxes					5,808,596	-	5,808,596	-	
Sales taxes					18,959,530	-	18,959,530	-	
Other taxes					1,487,294	-	1,487,294	-	
State shared revenues					245,698	-	245,698	-	
Unrestricted investment earnings					346,144	(4,712,117)	(4,365,973)	-	
Gain on disposition of capital assets					24,277	33,634	57,911	-	
Miscellaneous					2,212,857	5,427	2,218,284	-	
Transfers					3,099,023	(3,099,023)	-	-	
Total general revenues and transfers					32,183,419	(7,772,079)	24,411,340	-	
Change in net position					8,829,213	22,961,624	31,790,837	(131,461)	
Net position - beginning					133,022,193	360,298,129	493,320,322	1,503,999	
Net position - ending					\$ 141,851,406	\$ 383,259,753	\$ 525,111,159	\$ 1,372,538	

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



## Balance Sheet - Governmental Funds, December 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,536,074	\$ 22,655,671	\$ 42,191,745
Investments	717,841	5,969	723,810
Restricted cash and cash equivalents	24,984	4,546,876	4,571,860
Restricted investments-CDs	19,709	-	19,709
Receivables, (net of allowances for uncollectibles, if any):			
Accounts	108,469	481,636	590,105
Storm drainage fees	-	37	37
Special assessments	-	641,597	641,597
Interest	4,312	4	4,316
Due from other funds	20,519	41,734	62,253
Due from other governments	905,719	929,611	1,835,330
Land held for resale	2,877,203	-	2,877,203
Inventories:			
Supplies	100,562	-	100,562
Stores	-	28,057	28,057
Advance to other funds	1,778,000	121,000	1,899,000
Prepaid items	247,451	37,251	284,702
Total assets	<u>\$ 26,340,843</u>	<u>\$ 29,489,443</u>	<u>\$ 55,830,287</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 414,201	\$ 599,122	\$ 1,013,323
Due to other funds	90,177	1,154	91,331
Due to other governments	991	22,889	23,880
Accrued wages payable	349,117	43,210	392,327
Advance from other funds	-	2,647,833	2,647,833
Unearned revenue	622	3,672,990	3,673,612
Total liabilities	<u>855,108</u>	<u>6,987,198</u>	<u>7,842,306</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	655,967	641,634	1,297,601
Total deferred inflows of resources	<u>655,967</u>	<u>641,634</u>	<u>1,297,601</u>
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable	3,726,013	65,308	3,791,321
Restricted	43,288	1,116,797	1,160,085
Committed	6,274,091	17,223,269	23,497,360
Assigned	7,220,426	2,887,454	10,107,880
Unassigned	7,565,950	567,784	8,133,734
Total fund balances (deficit)	<u>24,829,768</u>	<u>21,860,612</u>	<u>46,690,380</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 26,340,843</u>	<u>\$ 29,489,444</u>	<u>\$ 55,830,288</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

Total fund balances for governmental funds		\$ 46,690,380
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.		34,916
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 11,397,251	
Construction in progress	771,115	
Building and improvements, net	36,350,051	
Equipment, net	8,732,101	
Infrastructure, net	<u>57,595,622</u>	
Total capital assets		114,846,141
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.		1,297,601
Deferred outflows are components of the net pension and OPEB liabilities and therefore are not reported in the funds.		
Related to Pensions		3,201,941
Related to OPEB		941,545
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.		8,911
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.		2,461,830
Deferred inflows are components of the net pension and OPEB liabilities and therefore are not reported in the funds.		
Related to Pensions		(2,066,393)
Related to OPEB		(1,523,857)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2022 are:		
Bonds payable	(16,127,349)	
Loans payable	(4,583,334)	
Leases	(118,960)	
OPEB payable	(2,081,294)	
Compensated absences	(1,079,726)	
Accrued interest	<u>(50,947)</u>	
Total long-term liabilities		<u>(24,041,610)</u>
Total net position of governmental activities		<u>\$ 141,851,406</u>

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

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, for the fiscal year ended December 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
General property taxes	\$ 3,704,730	\$ 2,103,866	\$ 5,808,596
Storm drainage taxes	-	1,125,727	1,125,727
General sales and use taxes	8,915,099	10,044,431	18,959,530
Other taxes	-	361,567	361,567
Licenses and permits	414,311	-	414,311
Intergovernmental revenue	5,428,542	621,759	6,050,301
Charges for goods and services	412,168	2,529,905	2,942,073
Fines and forfeits	73,808	14,781	88,589
Miscellaneous revenue	2,347,985	3,262,346	5,610,331
Total revenues	<u>21,296,643</u>	<u>20,064,382</u>	<u>41,361,025</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,415,424	5,387	4,420,811
Public safety	5,221,345	923,640	6,144,985
Public works	3,497,512	401,802	3,899,314
Health and welfare	122,561	-	122,561
Culture and recreation	4,209,055	2,728,086	6,937,141
Conservation and development	-	935,239	935,239
Debt service:			
Principal	-	2,717,104	2,717,104
Interest and other charges	-	505,000	505,000
Capital outlay	348,006	10,881,404	11,229,410
Total expenditures	<u>17,813,903</u>	<u>19,097,662</u>	<u>36,911,565</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,482,740</u>	<u>966,720</u>	<u>4,449,460</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	3,714,900	7,490,585	11,205,485
Transfers out	(3,649,754)	(4,456,708)	(8,106,462)
Sale of capital assets	24,277	-	24,277
Total other financing sources (uses)	<u>89,423</u>	<u>3,033,877</u>	<u>3,123,300</u>
Net change in fund balances	<u>3,572,163</u>	<u>4,000,597</u>	<u>7,572,760</u>
Fund balances - beginning	<u>21,257,605</u>	<u>17,860,015</u>	<u>39,117,620</u>
Fund balances (deficit) - ending	<u>\$ 24,829,768</u>	<u>\$ 21,860,612</u>	<u>\$ 46,690,380</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

Net change in fund balances - total governmental funds		\$ 7,572,760
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p> <p>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.</p>		
Capital Outlay	\$ 10,492,733	
Depreciation	<u>(5,088,551)</u>	
Combined adjustment		5,404,182
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
		(5,187,839)
<p>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.</p>		
		(1,584,053)
Repayments:		
Bonds	1,781,915	
Loans	916,666	
Direct borrowings:	<u>28,909</u>	
		2,727,490
<p>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:</p>		
Compensated absences	(34,399)	
OPEB liability	(31,319)	
Amortization of bond premium	(80,234)	
Accrued interest	<u>4,445</u>	
Combined adjustment		(141,506)
<p>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. (e.g. pension expense)</p>		
		(2,866,742)
<p>Changes in the deferred outflows/inflows are direct components of the net pension/OPEB liability and are not reflected in the governmental funds.</p>		
Related to Pensions		3,085,575
Related to OPEB		(96,823)
<p>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.</p>		
		(83,831)
Change in net position of governmental activities		<u>\$ 8,829,213</u>

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

## Statement of Net Position - Proprietary Funds, December 31, 2022 (1/2)

	Enterprise Funds							Internal Service Funds
	Electric	Waste-Water	Health System	Telephone	Water	Other Enterprise Funds	Total	
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 20,231,486	\$ 13,061,061	\$ 5,834,144	\$ 20,143,139	\$ 3,605,236	\$ 4,184,434	\$ 67,059,499	\$ 4,101,242
Investments	8,041,589	-	53,516,466	30,000,000	6,020,795	-	97,578,850	3,267,473
Receivables, (net of allowances for uncollectibles, if any):								
Accounts	2,441,188	510,753	12,478,213	1,517,366	679,867	789,752	18,417,139	32,814
Unbilled accounts	1,027,826	283,635		19,533	282,695	60,725	1,674,414	-
Lease Receivable	-	-	-	49,476	75,939	76,913	202,328	-
Interest	33,825	-	-	102,681	33,472	7,768	177,746	-
Due from other funds	160,075	6,398	-	135,923	18,145	385	320,926	-
Current Portion of advance to other funds	-	-	-	550,495	-	-	550,495	-
Due from other governments	-	-	-	-	6,299,925	-	6,299,925	-
Inventories:								
Supplies	1,524,510	49,651	1,685,357	529,478	554,683	-	4,343,679	-
Stores	-	-	-	960,257	-	1,024,162	1,984,419	-
Prepaid expenses	92,980	33,125	363,947	462,353	30,118	165,061	1,147,584	-
Total current assets	33,553,479	13,944,623	73,878,127	54,470,701	17,600,875	6,309,200	199,757,005	7,401,529
Noncurrent assets:								
Restricted cash and cash equivalents	-	132,445	524,802	-	-	7,356,697	8,013,944	-
Advances to other funds	-	-	-	15,112,566	-	803,741	15,916,307	-
Lease Receivable	-	-	83,947	3,624,622	1,648,048	260,382	5,616,999	-
Net pension asset	8,659	3,423	84,129	19,446	4,142	4,175	123,974	-
Other receivables	-	-	4,214,881		-	-	4,214,881	-
Other assets	-	15,309	338,787	746,034	1,842	-	1,101,972	-
Capital assets:								
Land	59,042	82,561	2,149,246	331,267	3,536,395	4,144,704	10,303,215	-
Buildings and other improvements	61,247,003	62,655,010	75,445,615	52,370,034	30,925,229	39,587,206	322,230,097	-
Machinery and equipment	3,060,766	1,452,970	24,960,777	3,473,210	788,509	8,261,267	41,997,499	-
Construction in progress	666,922	230,634	382,468	118,615	9,347,232	-	10,745,871	-
Right of use lease assets	-	-	-	279,010	-	1,801,841	2,080,851	-
Less accumulated depreciation/amortization	(28,227,980)	(20,446,780)	(45,511,109)	(43,835,510)	(9,595,399)	(20,875,103)	(168,491,881)	-
Total noncurrent assets	36,814,412	44,125,572	62,673,543	32,239,294	36,655,998	41,344,909	253,853,729	-
Total assets	70,367,891	58,070,195	136,551,670	86,709,995	54,256,873	47,654,109	453,610,734	7,401,529
DEFERRED OUTFLOWS OF RESOURCES								
OPEB related deferred outflows	22,609	12,378	612,398	89,375	13,909	155,683	906,352	-
Pension related deferred outflows	772,649	334,895	7,656,678	1,879,945	356,962	382,803	11,383,932	-
Excess consideration provided for acquisition	-	-	20,334	-	-	-	20,334	-
Total assets and deferred outflows of resources	\$ 71,163,149	\$ 58,417,468	\$ 144,841,080	\$ 88,679,315	\$ 54,627,744	\$ 48,192,595	\$ 465,921,352	\$ 7,401,529

## Statement of Net Position - Proprietary Funds, December 31, 2022 (2/2)

	Enterprise Funds							Internal Service Funds
	Electric	Waste-Water	Health System	Telephone	Water	Other Enterprise Funds	Total	
LIABILITIES								
Current liabilities:								
Accounts payable	\$ 1,983,800	\$ 181,700	\$ 5,867,019	\$ 310,301	\$ 3,008,394	\$ 775,267	\$ 12,126,481	\$ 367,724
Due to other funds	15,660	32,503	54,437	154,624	26,741	7,880	291,846	-
Due to other governments	-	-	-	-	-	1,179	1,179	-
Accrued interest payable	-	66,605	113,238	663	-	8,842	189,348	-
Accrued wages payable	5,099	3,182	575,503	5,210	1,669	58,766	649,429	-
Accrued taxes payable	140,928	276	1,003,022	33,577	1,091	45,858	1,224,752	-
Other current liabilities	-	-	2,000	-	-	-	2,000	-
Customer deposits	136,660	-	41,712	50,781	-	24,940	254,093	-
Current portion of advance from other funds	-	550,495	-	-	-	-	550,495	-
Loans payable	-	1,285,198	-	-	-	-	1,285,198	-
Direct borrowings	-	-	2,430,991	-	-	-	2,430,991	-
Leases	-	-	-	12,417	-	98,401	110,818	-
Compensated absences	92,812	29,381	981,659	128,664	20,609	124,767	1,377,892	-
Medicare Advanced Payments	-	-	1,355,619	-	-	-	1,355,619	-
Total current liabilities	2,374,959	2,149,340	12,425,200	696,237	3,058,504	1,145,900	21,850,140	367,724
Noncurrent liabilities:								
Advances from other funds	-	15,112,566	-	-	-	54,908	15,167,474	-
Loans payable	-	8,551,850	-	-	-	-	8,551,850	-
Direct borrowings:	-	-	18,039,863	-	-	-	18,039,863	-
Compensated absences	-	-	309,000	-	-	4,669	313,669	-
Lease liability	-	-	-	256,281	-	1,602,371	1,858,652	-
OPEB liability	218,957	67,390	1,183,297	863,341	104,269	324,309	2,761,563	-
Amount due under joint operating agreements	-	-	1,555,350	-	-	-	1,555,350	-
Accrued landfill closure and postclosure costs	-	-	-	-	-	1,115,867	1,115,867	-
Total noncurrent liabilities	218,957	23,731,806	21,087,510	1,119,622	104,269	3,102,124	49,364,288	-
Total liabilities	2,593,916	25,881,146	33,512,710	1,815,859	3,162,773	4,248,024	71,214,428	367,724
DEFERRED INFLOWS OF RESOURCES								
Lease-Related	-	-	83,947	3,564,925	1,679,783	338,730	5,667,385	-
Pension related deferred inflows	442,798	198,236	4,918,493	1,206,539	234,676	247,045	7,247,787	-
OPEB related deferred inflows	235,320	135,110	1,123,273	447,984	125,436	246,901	2,314,024	-
Other Deferred Inflows of Resources	213,206	-	-	564,463	12,278	-	789,946	-
Total liabilities and deferred inflows of resources	3,485,240	26,214,492	39,638,423	7,599,770	5,214,946	5,080,700	87,233,570	367,724
NET POSITION								
Net investment in capital assets	36,805,753	18,474,286	36,956,143	12,467,928	35,001,966	31,219,142	170,925,218	-
Restricted for:								
Debt service	-	132,445	524,802	-	-	-	657,247	-
SDRS pension purposes	338,510	140,082	2,822,314	692,852	126,428	357,800	4,477,986	-
Landfill closure and postclosure	-	-	-	-	-	4,424,004	4,424,004	-
Unrestricted	30,533,646	13,456,163	64,899,398	67,918,765	14,284,404	7,110,949	198,203,325	7,033,805
Total net position	\$ 67,677,909	\$ 32,202,976	\$ 105,202,657	\$ 81,079,545	\$ 49,412,798	\$ 43,111,895	\$ 378,687,780	\$ 7,033,805

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.

Net position of business-type activities 4,571,973  
\$ 383,259,753

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



## Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds, for the fiscal year ended December 31, 2022

	Enterprise Funds						Internal Service Funds
	Electric	Waste- Water	Health System	Telephone	Water	Other Enterprise Funds	
<b>OPERATING REVENUES</b>							
							\$
Charges for goods and services	\$ 30,698,819	\$ 6,067,679	\$ 73,212,585	\$ 14,390,564	\$ 6,333,511	\$ 18,031,919	148,735,077
Miscellaneous	853,100	91,288	1,888,430	1,765,948	256,875	39,828	4,895,469
Total operating revenues	31,551,919	6,158,968	75,101,015	16,156,512	6,590,386	18,071,747	153,630,546
<b>OPERATING EXPENSES</b>							
Personal services	2,851,933	1,480,511	36,593,703	4,888,552	1,562,838	1,720,756	49,098,293
Other current expenses	19,736,140	1,591,426	25,960,950	4,330,496	1,502,458	2,657,628	55,779,098
Cost of goods sold	-	-	-	1,880,717	-	11,972,732	13,853,449
Insurance claims and expenses	-	-	475,096	-	-	-	475,096
Amortization	9,560	3,718	-	24,369	3,718	142,509	183,874
Depreciation	2,118,442	1,724,580	5,817,562	1,610,053	684,598	1,564,408	13,519,643
Total operating expenses	24,716,075	4,800,235	68,847,311	12,734,187	3,753,612	18,058,033	132,909,453
Operating income (loss)	6,835,844	1,358,733	6,253,704	3,422,325	2,836,774	13,713	20,721,093
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment income (loss)	220,529	75,933	(6,088,604)	770,788	210,163	99,074	(4,712,117)
Miscellaneous income (loss)	7,688	25,000	(51,172)	735	124,769	54,094	161,114
Contributions and donations	-	-	281,057	-	-	-	281,057
Gain/(Loss) on disposition of capital assets	38,338	(4,658)	21,511	(15,221)	(15,200)	8,864	33,634
Interest expense and fiscal charges	-	(723,228)	(569,770)	(8,171)	-	(61,176)	(1,362,345)
Total nonoperating revenues (expenses)	266,555	(626,953)	(6,406,978)	748,131	319,732	100,856	(5,598,656)
Income (loss) before capital contributions and transfers	7,102,399	731,779	(153,274)	4,170,456	3,156,506	114,569	15,122,436
Capital contributions	157,409	968,614	449,369	-	7,542,272	1,976,235	11,093,899
Transfers in	-	-	-	-	-	619,847	619,847
Transfers out	(2,305,000)	-	-	(200,000)	-	(1,213,870)	(3,718,870)
Change in net position	4,954,808	1,700,393	296,095	3,970,456	10,698,778	1,496,781	23,117,312
Net position - beginning	62,723,101	30,502,582	104,906,562	77,109,089	38,714,020	41,615,112	7,273,323
Net position - ending	\$ 67,677,909	\$ 32,202,976	\$ 105,202,657	\$ 81,079,545	\$ 49,412,798	\$ 43,111,895	\$ 7,033,805

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.

Change in net position of business-type activities (155,687)

\$ 22,961,626

## Statement of Cash Flows - Proprietary Funds, for the fiscal year ended December 31, 2022 (1/2)

	Enterprise Funds							Internal Service Funds
	Electric	Waste-Water	Health System	Telephone	Water	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
							\$	
Receipts from customers	\$31,798,533	\$ 4,345,894	\$67,709,014	\$14,886,316	\$ 6,507,335	\$18,029,794	143,276,886	\$ -
Internal activity-payments from other funds	1,902,704	145,698	-	1,658,010	120,895	(11,961)	3,815,346	3,643,502
Operating receipts from customers pledged for debt retirement	-	2,010,017	-	-	-	-	2,010,017	-
Other receipts	-	-	1,913,102	-	-	-	1,913,102	-
Payments to suppliers	(2,956,533)	(1,504,198)	(35,058,655)	(4,846,745)	(1,600,443)	(14,724,253)	(60,690,827)	(3,856,431)
Payments to employees	(22,408,668)	(1,818,869)	(28,575,797)	(6,771,555)	(1,825,121)	(1,715,042)	(63,115,052)	-
Net cash provided by (used in) operating activities	8,336,036	3,178,542	5,987,664	4,926,026	3,202,666	1,578,538	27,209,472	(212,930)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfers in	-	-	-	-	-	619,847	619,847	-
Transfers out	(2,305,000)	-	-	(200,000)	-	(1,213,870)	(3,718,870)	-
Interfund Loan Proceeds	-	15,800,000	-	(15,800,000)	-	-	-	-
Proceeds from COVID stimulus grants and programs	-	-	150,415	-	-	-	150,415	-
Operating grants	-	-	130,642	-	-	-	130,642	-
Contributions to foundation	-	-	(246,707)	-	-	-	(246,707)	-
Principal receipts (payments) on interfund advances/loans	-	(136,939)	-	136,939	-	211,920	211,920	-
Interest receipts (payments) on interfund advances/loans	-	(79,000)	-	79,000	-	(61,176)	(61,176)	-
Net cash provided by (used in) noncapital financing activities	(2,305,000)	15,584,061	34,350	(15,784,061)	-	(443,279)	(2,913,929)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition and construction of capital assets	(1,550,859)	(1,863,822)	(1,854,066)	(1,317,430)	(11,410,795)	(966,096)	(18,963,068)	-
Proceeds from sale of capital assets	51,141	37,981	-	1,164	14,722	8,864	113,872	-
Cash received on lease receivables	-	-	-	71,963	88,321	95,142	255,426	-
Cash received for interest on lease receivables	-	-	-	199,875	96,660	-	296,535	-
Capital grants	-	-	193,533	-	-	356,888	550,421	-
Principal payments on debt	-	(15,837,879)	(2,085,229)	-	-	-	(17,923,108)	-
Principal Payments on direct borrowings	-	-	(282,595)	-	-	-	(282,595)	-
Principal Payments on lease liabilities	-	-	-	(10,312)	-	-	(10,312)	-
Interest Payments on lease liabilities	-	-	-	(7,508)	-	(74,440)	(81,948)	-
Interest payments on debt	-	(750,492)	(583,460)	-	-	-	(1,333,952)	-
Net cash used in capital and related financing activities	(1,499,718)	(18,414,212)	(4,611,817)	(1,062,248)	(11,211,092)	(579,642)	(37,378,729)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Sale of investments and certificates of deposit	8,000,000	6,000,000	3,782,739	43,006,859	9,001,871	-	69,791,469	(1,767,473)
Purchase of investments and certificates of deposit	(8,041,589)	-	(17,452,601)	(43,006,235)	(9,022,665)	-	(77,523,090)	-
Investment income	190,028	77,048	1,122,519	241,745	82,377	100,866	1,814,583	29,964
Distributions Received	-	-	-	156,771	-	-	156,771	-
Net cash provided by (used in) investing activities	148,439	6,077,048	(12,547,343)	399,140	61,583	100,866	(5,760,267)	(1,737,509)

## Statement of Cash Flows - Proprietary Funds, for the fiscal year ended December 31, 2022 (2/2)

	Enterprise Funds							Internal Service Funds
	Electric	Waste-Water	Health System	Telephone	Water	Other Enterprise Funds	Total	
Net increase in cash and cash equivalents	4,679,757	6,425,439	(11,137,146)	(11,521,143)	(7,946,843)	656,483	(18,843,453)	(1,950,439)
Balances - beginning of the year	15,551,729	6,768,067	18,840,301	31,664,282	11,552,079	22,436,727	95,261,107	6,051,681
Balances - end of the year	20,231,486	13,193,506	7,703,155	20,143,139	3,605,236	23,093,209	76,417,653	4,101,240
Less restricted cash and cash equivalents	-	(132,445)	(524,802)	-	-	(7,356,697)	(8,013,944)	-
Less brokerage cash included in investments	-	-	(1,344,209)	-	-	-	(1,344,209)	-
Cash and cash equivalents (current) per statement of net position	<u>\$20,231,486</u>	<u>\$13,061,061</u>	<u>\$ 5,834,144</u>	<u>\$20,143,139</u>	<u>\$ 3,605,236</u>	<u>\$15,736,512</u>	<u>\$67,059,499</u>	<u>\$ 4,101,240</u>

### Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:

Operating income (loss)	\$ 6,835,844	\$ 1,358,733	\$ 6,253,704	\$ 3,422,325	\$ 2,836,774	\$ 13,713	\$ 20,721,093	\$ (300,736)
Miscellaneous income	-	-	-	-	-	54,094	54,094	-
Depreciation	2,118,442	1,724,580	5,817,562	1,610,053	684,598	1,564,408	13,519,643	-
Amortization	9,560	3,718	-	24,369	3,718	142,509	183,874	-
Landfill closure and postclosure cost	-	-	-	-	-	118,219	118,219	-
Provision for uncollectible accounts	-	-	5,897,558	-	-	-	5,897,558	-
Receivables	(405,453)	29,188	(6,308,831)	(100,770)	(220,212)	(96,047)	(7,102,125)	1,306
Inventories	(448,228)	18,206	132,235	51,807	(73,336)	(62,991)	(382,307)	-
Prepaid expenses	(23,614)	(3,766)	(64,602)	98,389	(2,966)	(156,220)	(152,779)	-
Other assets	-	(1,037)	-	(32,640)	(126)	(11,961)	(45,764)	-
Deferred outflows related to pensions	319,136	129,271	(945,747)	486,787	140,485	74,142	204,074	-
Deferred outflows related to other	-	-	-	-	-	(125,162)	(125,162)	-
Net pension asset	1,018,915	406,767	-	1,550,986	445,765	353,625	3,776,058	-
Deferred inflows related to pensions	(1,179,906)	(436,467)	553,569	(1,766,534)	(499,344)	(450,372)	(3,779,054)	-
Deferred inflows related to other	213,206	-	-	(38,253)	-	141,458	316,411	-
Accounts and other payables	114,372	70,308	(5,348,423)	16,950	7,652	7,099	(5,132,042)	86,500
Accrued wages payable	2,952	1,586	-	444	(1,866)	(1,195)	1,921	-
Accrued leave liabilities	3,963	7,491	-	(13,028)	(220)	7,947	6,153	-
Accrued OPEB payable	(225,918)	(130,035)	-	(377,849)	(118,256)	5,271	(846,787)	-
Other Liabilities	(17,235)	-	639	(7,010)	-	-	(23,606)	-
Net cash provided by (used in) operating activities	<u>\$ 8,336,036</u>	<u>\$ 3,178,543</u>	<u>\$ 5,987,664</u>	<u>\$ 4,926,026</u>	<u>\$ 3,202,666</u>	<u>\$ 1,578,537</u>	<u>\$ 27,209,472</u>	<u>\$ (212,930)</u>

### NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Grant funds receivable as contributions of aid and construction	\$ -	\$ -	\$ -	\$ -	\$ 6,299,925	\$ -	\$ 6,299,925	\$ -
Capital Asset Additions from Contributed Capital	157,409	968,614	-	-	1,242,347	1,675,000	4,043,370	-
Accounts payable for capital assets	228,858	79,190	-	47,458	2,879,889	-	3,235,395	-
Lease receivables and deferred inflows recorded under GASB 87	-	-	120,865	-	-	-	120,865	-
Other receivables recorded for capital grant	-	-	240,000	-	-	-	240,000	-

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

## Statement of Net Position - Fiduciary Funds, December 31, 2022

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	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 30,882
Accounts Receivable	2,560
Total assets	<u>\$ 33,442</u>
<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	33,442
Total Net Position	<u><u>\$ 33,442</u></u>

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

## Statement of Changes in Fiduciary Net Position for the fiscal year ended December 31, 2022

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	<b>Custodial Funds</b>
<b>Additions</b>	
Contributions	\$ 14,211
Total Additions	<u>14,211</u>
<b>Deductions</b>	
Benefit Payments	<u>4,268</u>
Total Deductions	<u>4,268</u>
Change in net position	9,944
Net Position, beginning	<u>23,498</u>
Net Position, ending	<u><u>\$ 33,442</u></u>

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



# Notes to Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT / CITY OF BROOKINGS



## NOTES TO THE FINANCIAL STATEMENTS

**1. 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.

## NOTES TO THE FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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:**

The City reports the following major governmental fund:

**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.

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: 2<sup>nd</sup> Penny Sales and Use Tax, Enhanced 911, Swiftel Center, Library Fines, Special Assessment, Storm Drainage, Bed and Booze Tax, and Business Improvement District (BID) Fee.

As of December 31, 2022, the 2<sup>nd</sup> Penny Sales and Use Tax Fund had \$2,844,606 in unearned revenue, consisting of Federal Surface Transportation Program funds received from the State of South Dakota. These funds are being accumulated for the design and construction of 22<sup>nd</sup> Avenue improvements. Additionally, the Swiftel Center Fund had unearned revenue of \$828,384, mainly attributable to deferred ticket sales and sponsorship income.

**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-5 32<sup>nd</sup> 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.

## NOTES TO THE FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- TIF-7 S. Main Ave Fund – to account for the financial resources accumulated for repayment of City funds expended on this project.
- TIF-8 Affordable Housing Fund - To account for the financial resources accumulated for repayment of a Tax Increment Note (Guaranteed by Developer).

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).

- TIF 1 Innovation Project Fund - to account for the resources received and expenditures to upgrade stormwater and street infrastructure on University Boulevard.
- 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 S. Main Fund - to account for the resources and expenditures to design and construct streets and infrastructure surrounding the new grade school.
- Bob Sheldon 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.
- 20<sup>th</sup> Street Interchange Fund - to account for the financial resources used for design and construction of the Interstate 29 Exit 130 at 20<sup>th</sup> Street South.
- 15<sup>th</sup> & 7<sup>th</sup> Fund - to account for the financial resources used for the design and construction of infrastructure upgrades at the intersection of 15<sup>th</sup> Street and 7<sup>th</sup> Avenue.
- Public Safety Center Fund - to account for the financial resources used for design and construction of either upgrading the existing Police and E-911 facility or a new facility.
- Armory Upgrades Fund - to account for the financial resources used for roof repairs and other costs associated with the former Armory building on Main Avenue.
- Brookings County Food Pantry Fund - to account for the financial resources used for design and construction of a new Brookings County Food Pantry facility in partnership with Brookings Area United Way.

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

## NOTES TO THE FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.
- 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 two internal service funds, the medical self-insurance fund and the dental self-insurance fund, which administer 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:*

## NOTES TO THE FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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, 2022 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.

## NOTES TO THE FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

Right to use leased assets are recognized at the lease commencement date and represent the City of Brookings' right to use an underlying asset for the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

*Fund Financial Statements*



## NOTES TO THE FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. Leases Receivable:

Lease Receivables are recorded by the City of Brookings as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City of Brookings charges the lessee.

i. 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, loans, direct borrowings, leases, other post-employment benefits (OPEB), 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.

Lease liabilities represent the City of Brookings' obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the City of Brookings.

j. 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.

k. Other Postemployment Benefits (OPEB)

The City provides post-employment 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.

l. 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 asset 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 expense and OPEB

## NOTES TO THE FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

expense 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 asset 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. Another item is deferred inflows related to leases, where the City of Brookings is the lessor and is reported in the statement of net position. The deferred inflows of resources related to leases are recognized as an inflow or resources (revenue) on the straight-line basis over the term of the lease.

m. 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.

n. 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.

o. 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.

## NOTES TO THE FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***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 annual revenue of the 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. 19-016 commits use of 2<sup>nd</sup> Penny Sales tax for capital improvements which involve the construction and financing of public improvements designated by ordinance or resolution of the city council following a public hearing.
- 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.

p. 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

## NOTES TO THE FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

q. 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.

r. 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.

s. 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.

Patient and resident receivables are uncollateralized patient, resident, and third-party payor obligations. Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim. 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, 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 provision. 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:

- 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 RCHD was extended an additional 5 years in late December 2020 as a part of the Consolidated Appropriations Act of 2021.

## NOTES TO THE FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

- 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.
- 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, 2022:

Medicare	44%
Medicaid	6%
Blue Cross	27%
Other third-party payors, patients, and residents	23%
	<u>100%</u>

Laws and regulations governing 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, 2022 and 2021 increased by approximately \$377,000 and \$118,000, 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.

**Provider Relief Funds and COVID-19 Stimulus Programs**

During the years ended December 31, 2022 and 2021, the Health System received approximately \$-0- and \$2.20 million of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS). The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has deadlines to incur eligible expenses through varying dates based on the timing of the receipt. Unspent funds will be expected to be repaid.

These funds are recorded as a refundable advance when received and are recognized as revenues in the accompanying statements of revenues, expenses, and changes in net position as all terms and conditions are considered met. The terms and conditions are subject to interpretation, changes, and future clarification, the most recent of which have been considered through the date that the financial statements were available to be issued. In addition, this program may be subject to oversight, monitoring and audit. Failure by a provider



## NOTES TO THE FINANCIAL STATEMENTS

that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. As of December 31, 2022 and 2021, the Health System recognized approximately \$-0- and \$2.20 million as noncapital grants and contributions - COVID programs on the statements of revenues, expenses, and changes in net position.

### Other COVID-19 Stimulus Grants

The Health System also received approximately \$390,000 and \$298,000 from the South Dakota Bureau of Finance and Management and other grant sources during December 31, 2022 and 2021, respectively. These funds are subject to terms and conditions imposed by the grantor. The Health System recognized revenue from these funds of \$390,000 and \$298,000, respectively, and reported refundable advances of \$-0- on the December 31, 2022 and 2021 statements of net position.

### Medicare Advanced Payments

The Medicare Advanced Payments balance consists of unapplied advanced payments received from the Centers for Medicare and Medicaid services (CMS), in order to increase cash flow for Medicare Part A providers who were impacted by the COVID-19 pandemic. The Health System received \$8,706,914 in advanced payments during June 2020, which have started to and will continue to be recouped through processed Medicare claims. This recoupment process was originally scheduled to continue until the balance of the advanced payments had been recouped or for 29 months from the date that the advanced payments were issued, at which point any remaining unpaid balance is due. The advanced payments balance is non-interest bearing through the 29-month repayment period. The portion expected to be recouped in the next 12 months is included in current liabilities and the portion expected to be recouped in greater than 12 months is presented in long-term liabilities in the accompanying balance sheets.

### 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. The Health System maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The amount of charges foregone, based on established rates, was approximately \$1,108,000 and \$908,000 for the years ended December 31, 2022 and 2021. The direct and indirect costs related to these foregone charges was \$448,000 and \$372,000 at December 31, 2022 and 2021, based on the average ratio of cost to gross charges.

### New Accounting Standards

#### *Implementation of GASB Statement No. 87*

As of January 1, 2022 the City of Brookings, Brookings Municipal Utilities, and Brookings Health System adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. As a result of implementing this standard, the City of Brookings recognized a lease receivable and deferred inflow of resources in the amount of \$5,635,281 as of January 1, 2022. The City of Brookings also recognized a right of use lease asset and lease liability of \$2,080,851 as of January 1, 2022. As a result of these adjustments there was no effect on the beginning net position. The additional disclosures required by this standard are included in Notes 6, 7, and 8.

#### *New Accounting Pronouncements Issued Not Yet Adopted*

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued to establish the definition of PPPs and APAs to provide uniform guidance for governments to report assets and liabilities related to PPPs on a consistent basis and disclose important information about PPP



## NOTES TO THE FINANCIAL STATEMENTS

transactions. The City of Brookings, Brookings Municipal Utilities, and Brookings Health System are currently evaluating the impact that this new standard will have on the financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, addresses the accounting for costs related to cloud computing agreements. The standard defines a subscription-based information technology arrangement (SBITA), establishes that an SBITA would result in a right-to-use (RTU) asset and corresponding liability, provides capitalization criteria, and requires new note disclosures. GASB 96's language and concepts closely mirror the lease guidance provided in GASB 87. GASB 96 requires governments to report a subscription asset and subscription liability for an SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The Requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The City of Brookings, Brookings Municipal Utilities, and Brookings Health System are currently evaluating the impact that this new standard will have on the financial statements.

## 2. DEFICIT FUND BALANCE

The following funds had a fund balance deficit as of December 31, 2022:

- TIF-1 Innovation Campus (Debt Service Fund) had a negative balance of \$435,451 due to a transfer out to the TIF-1 Innovation Capital Project Fund for the full budgeted balance of the project. The Capital Project fund ended the year with a positive balance of \$1,615,773, to be expended in 2023. The Debt Service Fund received the outstanding balance of \$435,451 in the form of Tax Increment Financing revenue in 2023 to account for the full amount transferred to the Capital Project Fund.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. 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, 2022.

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, 2022 the City had the following investments, maturities, and fair value measurements:

Investment or Cash Equivalent Type	Credit Rating	Carrying Value	Maturities in Years				Fair Value Hierarchy Level
			Less than 1	1 to 5	6 to 10	More than 10	
General City:							
Money Market Fund - U.S. Agencies	Not Rated	\$ 80,308,699	\$ 80,308,699	\$ -	\$ -	\$ -	N/A
Money Market Fund - U.S. Agencies	AAAm	10,789,600	10,789,600	-	-	-	N/A
U.S. Treasuries	AAA	3,200,000	3,200,000	-	-	-	2
Total General City		94,298,299	94,298,299	-	-	-	
Brookings Health System Investment Authority:							
U.S. Treasuries	AAA	13,832,964	13,832,964	-	-	-	2
Corporate bonds	**	1,164,974	199,747	965,227	-	-	2
Other fixed income	Not Rated	-	-	-	-	-	1
International mutual funds	N/A	-	-	-	-	-	1
Equity mutual funds	N/A	30,106,852	30,106,852	-	-	-	1
Equities	N/A	6,996,724	6,996,724	-	-	-	1
Accrued Income		70,743					N/A
Total Brookings Health System Investment Authority		52,172,257	51,136,287	965,227	-	-	
Total Primary Government		\$ 146,470,556	\$ 145,434,586	\$ 965,227	\$ -	\$ -	

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

## NOTES TO THE FINANCIAL STATEMENTS

**3. DEPOSITS AND INVESTMENTS (continued)**Investment PoliciesGeneral 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, 2022, 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 \$899,846 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 \$92,874,489 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 \$10,789,600 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, 2022, the City had investments in excess of 5% of the total investment portfolio: 85.16% of the City's investments are in money markets at First Bank & Trust Wealth Management Services, 11.44% are in money markets at Wells Fargo Asset Management, and 3.39% 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, 2022.

## NOTES TO THE FINANCIAL STATEMENTS

**3. DEPOSITS AND INVESTMENTS (continued)**

**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, 2022, 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 \$52,172,257 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, 2022:

	<b>Totals</b>		
Investments	\$	52,172,257	
Certificates of deposit		46,275,678	
Deposits and cash on hand		129,111,079	
	\$	<u>227,559,014</u>	

	<b>Government- wide Statement of Net Position</b>	<b>Fiduciary Funds Statement of Net Position</b>	<b>Total</b>
Cash and cash equivalents	\$ 113,352,486	\$ 30,882	\$ 113,383,368
Investments	101,570,133	-	101,570,133
Restricted assets:			
Cash and cash equivalents	12,585,804	-	12,585,804
Investments - CDs	19,709	-	19,709
	<u>\$ 227,528,132</u>	<u>\$ 30,882</u>	<u>\$ 227,559,014</u>

**4. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS:**

Receivables for the City's individual major funds and aggregate non-major funds, including the applicable allowances for uncollectible accounts are as follows at December 31, 2022:

<b>Funds</b>	<b>Interest</b>	<b>Taxes</b>	<b>Accounts</b>	<b>Special Assesments</b>	<b>Unbilled</b>	<b>Total</b>
General	\$ 4,312	\$ -	\$ 108,469	\$ -	\$ -	\$ 112,781
Electric	33,825	-	2,441,188	-	1,027,826	3,502,839
Waste Water	-	-	510,753	-	283,635	794,388
Health System	-	-	12,478,213	-	-	12,478,213
Telephone	102,681	-	1,517,366	-	19,533	1,639,580
Water	33,472	-	679,867	-	282,695	996,034
Non Major and Other	7,772	37	1,271,388	641,597	60,725	1,981,519
Total	<u>\$ 182,062</u>	<u>\$ 37</u>	<u>\$ 19,007,244</u>	<u>\$ 641,597</u>	<u>\$ 1,674,414</u>	<u>\$ 21,505,354</u>

The City expects all receivables to be collected within one year, except for \$641,597 in deferred Special Assessments in the Special Revenue Special Assessments Fund.

NOTES TO THE FINANCIAL STATEMENTS

4. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS (continued)

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, 2022, the allowance for doubtful accounts in the Enterprise Funds were as follows:

<b>Fund</b>	<b>Amount</b>
Electric	\$ 67,400
Waste Water	14,500
Health System	3,735,000
Telephone	7,400
Water	13,700
<b>Total</b>	<b>\$ 3,838,000</b>

The total of Due from Other Governments of \$8,135,255 includes the following significant items:

<b>Fund/Fund Type</b>	<b>Amount</b>	<b>Service</b>
Water Fund	\$ 6,299,925	State of South Dakota, Grant Funds
General Fund/Major Governmental	768,407	State of South Dakota, December Sales and Use Tax
	76,194	State of South Dakota, State Highway and Bridge Tax
2nd Penny Sales & Use Tax/Special Revenue Fund	768,407	State of South Dakota December Sales and Use Tax
Bed and Booze Tax/Special Revenue Fund	80,895	State of South Dakota December Sales and Use Tax
Enhanced 911/Special Revenue Fund	68,712	Brookings County Billings
		State of South Dakota, State Revolving Fund Loan
Storm Drainage/Special Revenue Fund	3,234	Proceeds
	69,481	All Other
<b>Total</b>	<b>\$ 8,135,255</b>	

5. OTHER ASSETS

Other assets at December 31, 2022 were as follows:

<b>Fund</b>	<b>Amount</b>
Telephone Fund	
South Dakota Network, LLC	\$ 330,357
Express Communications, Inc.	11,895
DHE, LLC	89,541
Capital credits	314,241
<b>Total Telephone Fund</b>	<b>746,034</b>
Wastewater Fund – capital credits	15,309
Water Fund – capital credits	1,842
Health System Fund*	338,787
<b>Total other assets – Enterprise Funds</b>	<b>\$ 1,101,972</b>

\*See Note 17 - Investment in Joint Venture

## NOTES TO THE FINANCIAL STATEMENTS

**5. OTHER ASSETS (continued)**

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 any units available for sale. The Telephone Fund owns 7.84% of this company. The Telephone Fund received distributions from SDN of \$156,771 in 2022. In the course of providing many of its network services, SDN uses the fiber network of its members. The members are compensated for the use of their networks through an agreed-upon revenue sharing model. Payments to the Telephone Fund relating to these services were approximately \$602,000 in 2022, and are recorded as miscellaneous operating revenues, expenses, and changes in net position. SDN also provides a variety of telecommunication services to its members. The services are covered by mutually agreed upon pricing terms. Payments from the Telephone Fund to SDN related to these services were approximately \$447,000 in 2022.

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 any stock available for sale. The Telephone Fund owns 11,368 shares or 10.14% of Express Communications, Inc.

There is an operating agreement between all of the members of DHE, LLC, (DHE), including the Telephone Fund, for the sole exclusive benefit of the members and no third party shall have any rights under the agreement. The Telephone Fund 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.



## NOTES TO THE FINANCIAL STATEMENTS

## 6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2022 is as follows:

	Beginning Balances (Restated)	Increases	Decreases	Transfers	Ending Balances
<b>Governmental Activities</b>					
<i>Capital assets not being depreciated</i>					
Land	\$ 11,311,651	\$ 85,600	\$ -	\$ -	\$ 11,397,251
Construction in progress	5,269,574	702,426	(5,200,885)	-	771,115
Total capital assets not being depreciated	16,581,225	788,026	(5,200,885)	-	12,168,366
<i>Capital assets being depreciated</i>					
Infrastructure	95,646,956	4,908,972	-	-	100,555,928
Buildings and improvements	53,638,810	3,464,679	(28,596)	-	57,074,893
Equipment	22,219,905	1,441,357	(416,442)	-	23,244,820
Total capital assets being depreciated	171,505,671	9,815,008	(445,038)	-	180,875,641
Less accumulated depreciation for:					
Infrastructure	40,636,815	2,323,491	-	-	42,960,306
Buildings and improvements	19,334,922	1,372,933	(28,596)	-	20,679,259
Equipment	13,513,800	1,392,127	(347,624)	-	14,558,303
Total accumulated depreciation	73,485,537	5,088,550	(376,220)	-	78,197,868
Total capital assets being dep. net	98,020,135	4,726,458	(68,818)	-	102,677,774
Governmental Activities capital assets, net	<u>\$ 114,601,360</u>	<u>\$ 5,514,484</u>	<u>\$ (5,269,703)</u>	<u>\$ -</u>	<u>\$ 114,846,140</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities:</b>	
General government	\$ 145,531
Public safety	405,649
Public works	2,739,370
Culture and recreation	1,798,000
Total depreciation expense Governmental Activities	<u>\$ 5,088,550</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 6. CHANGES IN CAPITAL ASSETS (continued)

	Beginning Balances (Restated)	Increases	Decreases	Transfers	Ending Balances
<b>Business-Type Activities:</b>					
<i>Capital assets not being depreciated/amortized:</i>					
Land	\$ 8,613,387	\$ 1,689,828	\$ -	\$ -	\$ 10,303,215
Construction in progress	4,568,443	16,121,523	(9,944,096)	-	10,745,870
Total capital assets not being depreciated/ amortized	13,181,830	17,811,351	(9,944,096)	-	21,049,086
<i>Capital assets being depreciated/amortized:</i>					
Infrastructure	327,577	-	-	-	327,577
Buildings and improvements	307,216,452	15,200,699	(514,631)	-	321,902,520
Equipment	40,017,426	2,286,142	(306,070)	-	41,997,498
Right of use lease assets	2,080,851	-	-	-	2,080,851
Total capital assets being depreciated/ amortized	349,642,306	17,486,841	(820,701)	-	366,308,446
Less accumulated depreciation/amortization for:					
Infrastructure	73,191	13,103	-	-	86,294
Buildings and improvements	129,082,077	10,510,938	(498,001)	-	139,095,014
Equipment	26,431,800	2,995,602	(300,703)	-	29,126,699
Right of use lease assets	-	183,874	-	-	183,874
Total accumulated depreciation/ amortization	155,587,068	13,703,517	(798,704)	-	168,491,881
Total capital assets being depreciated/amortized, net	194,055,238	3,783,324	(21,997)	-	197,816,565
Business-Type Activities capital assets, net	<u>\$ 207,237,068</u>	<u>\$ 21,594,675</u>	<u>\$ (9,966,093)</u>	<u>\$ -</u>	<u>\$ 218,865,651</u>

NOTES TO THE FINANCIAL STATEMENTS

6. CHANGES IN CAPITAL ASSETS (continued)

Depreciation/amortization expense was charged to functions

**Business-Type Activities:**

Electric	\$ 2,128,002
Hospital	5,817,562
Telephone	1,634,422
Liquor	129,394
Water	688,316
Wastewater	1,728,298
Airport	936,025
Golf	138,146
Solid Waste	450,550
Research and Technology Center	52,802
Total depreciation/amortization expense Business-Type Activities	<u>\$ 13,703,517</u>

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

Project Description	Authorized	Expended as of 12/31/2022	Committed
<b>Governmental Activities:</b>			
2nd Penny Sales Tax Fund			
Fire Training Structure	\$ 590,000	\$ 247,486	\$ 342,515
<b>Swiftel Center Fund</b>			
<b>HVAC Upgrade</b>	1,500,000	188,489	1,311,511
<b>General Fund</b>			
McClemans Park Playground	140,000	64,105	75,895
Lions Park Playground	60,000	32,676	27,324
Library Chiller	166,000	64,719	101,281
<b>Business-Type Activities:</b>			
Electric Fund			
May 2022 Storm Damage	292,295	292,295	-
Water Fund			
Water Treatment Plant	63,634,000	2,132,216	61,501,784
Raw/Treated Water Pipelines Phase 2	11,299,705	4,005,604	7,294,101
Lime Sludge Disposal	191,250	92,796	98,454

## NOTES TO THE FINANCIAL STATEMENTS

## 7. DEBT OBLIGATIONS

## Long Term Liabilities

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

*Governmental Activities:*

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
Revenue bonds	\$ 17,898,879	\$ -	\$ (1,771,530)	\$ 16,127,349	\$ 1,435,803
Premium on issuance	11,985	-	(11,985)	-	-
Total bonds payable	17,910,864	-	(1,783,515)	16,127,349	1,435,803
Loans	5,500,000	-	(916,666)	4,583,334	916,666
Direct Borrowings	147,868	-	(28,908)	118,960	29,796
OPEB	2,049,975	31,319	-	2,081,294	-
Compensated Absences	1,045,328	1,068,414	(1,034,016)	1,079,726	23,087
Governmental Activities					
Long-Term Liabilities	<u>\$ 26,652,436</u>	<u>\$ 1,099,733</u>	<u>\$ (3,763,105)</u>	<u>\$ 23,990,663</u>	<u>\$ 2,405,352</u>

Compensated absences liability includes the amount owed by the City to employees for their accrued annual vacation and sick leave balances, including the City's share of payroll deductions. Compensated absences are liquidated by the fund that the payroll expenditures are charged to, which are the General Fund, E-911 Fund, and Storm Drainage Fund. Likewise, OPEB liabilities are liquidated by the funds payroll expenditures were charged to, which are the General Fund, E-911 Fund and Storm Drainage Fund.

*Business-Type Activities:*

	<b>Beginning Balances (Restated)</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
Loans payable	\$ 25,674,927	\$ -	\$ (15,837,879)	\$ 9,837,048	\$ 1,285,198
Direct Borrowings	22,838,678	-	(2,367,824)	20,470,854	2,430,991
Medicare advanced payments	6,390,313	-	(5,034,694)	1,355,619	1,355,619
Leases	2,080,851	-	(111,381)	1,969,470	110,818
OPEB	4,020,434	-	1,258,871	2,761,563	-
Landfill closure/ postclosure	997,649	118,218	-	1,115,867	-
Compensated absences	1,688,839	2,722	-	1,691,561	1,377,892
Amount due under joint operating agreement	1,555,350	-	-	1,555,350	-
Business-Type Activities					
Long-Term Liabilities	<u>\$ 65,247,041</u>	<u>\$ 120,940</u>	<u>\$ (22,092,907)</u>	<u>\$ 40,757,332</u>	<u>\$ 6,560,518</u>

The Medicare Advanced Payments and Amount Due Under Joint Operating Agreement are liquidated by the Health System Fund, and the Landfill Closure/Post-Closure Costs are liquidated by the Solid Waste Fund.

## NOTES TO THE FINANCIAL STATEMENTS

## 7. DEBT OBLIGATIONS (continued)

Long-term liabilities payable at December 31, 2022 is comprised of the following:

*Governmental Activities:*

Bonds Payable:

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.	\$ 6,817,508
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.	6,357,053
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.	209,632
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.	200,725
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.	132,606
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.	1,251,911
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.	330,673
City of Brookings, South Dakota State Revolving Fund Bond #10, final maturity date January 2042; interest rate 3%; payments made from Storm Drainage Fund. Original Issue up to \$850,000	827,241
	<u>16,127,349</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 7. DEBT OBLIGATIONS (continued)

## 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.

4,583,334

4,583,334

## Direct Borrowings:

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

118,959

Total Leases:

118,959

OPEB Liability:

2,081,294

Compensated Absences:

1,079,726

Total Governmental Activities Long-Term Liabilities

\$ 23,990,663*Business-Type Activities:*

## Loans:

City of Brookings, South Dakota State Revolving Fund Bond #7; final maturity date October 2029; interest rate 3.25%; payments made from Wastewater Fund.

\$ 9,837,048

Total Loans:

\$ 9,837,048

## Direct Borrowings:

Purchase of Skilled Nursing Facility for Brookings Health System.

Series 2012; interest rate 2.72% due October 1, 2031, increasing to a fixed rate of 3.19% until maturity through October 2036. Original issue \$10,000,000.

7,718,159

Purchase of Hospital Renovation and Addition of Medical Office Building.

Series 2015A; interest rate 2.62% through 2025, variable thereafter, final maturity October 2037.

Original issue \$8,000,000.

3,108,740

Purchase of da Vinci robotic system to latest daVinci Xi robotic surgical technology

1,131,638

Series 2015B; interest rate 3.95% through 2025, variable thereafter, due October 2037. Subsequent to year end, interest rate was modified to 2.72% in April 2021. Original issue \$22,000,000.

8,512,317

Total Direct Borrowings:

20,470,854

## Leases:

The Golf Fund has entered into a lease agreement for electric golf carts. Initial lease liabilities were recorded on January 1, 2022 in the amount of \$25,003. The lease liability was valued using a discount rate of 3.99%. As of December 31, 2022, the value of the lease liabilities was \$120,380.

120,380

The Liquor Fund has entered into a lease agreement for their current facility. Initial lease liabilities were recorded on January 1, 2022 in the amount of \$117,507. The lease liability was valued using a discount rate of 4.31%. As of December 31, 2022, the value of the lease liabilities was \$1,580,392.

1,580,392

The Telephone Fund has entered into two lease agreements for tower locations. The Telephone Fund is required to make principal and interest payments through November 2024, with five extension options, with each option being an additional 60 months and monthly payments increasing with each option. The Telephone Fund is required to make monthly payments ranging from \$715 to \$770. Initial lease liabilities were recorded on January 1, 2022 in the amount of \$279,010. The lease liabilities were valued using discount rates of 6.0% based on the Telephone Fund's incremental borrowing rate. As of December 31, 2022, the value of the lease liabilities was \$268,698.

268,698

Total Leases:

1,969,470

OPEB Liability:

2,761,563

Medicare advanced payments

1,355,619

Landfill Closure/Postclosure Costs:

1,115,867

Compensated Absences:

1,691,561

Amount Due Under Joint Operating Agreement:

1,555,350

Total Business-Type Activities Long-Term Liabilities

\$ 40,757,332



## NOTES TO THE FINANCIAL STATEMENTS

## 7. DEBT OBLIGATIONS (continued)

The annual requirements to amortize all debt outstanding for Governmental Activities as of December 31, 2022, except for the leases, compensated absences, and other postemployment benefits (OPEB) liability are as follows:

Year Ending December 31,	Revenue Bonds		Loans	
	Principal	Interest	Principal	Interest
2023	\$ 1,435,803	\$ 438,255	\$ 916,666	\$ -
2024	1,410,396	398,324	916,666	-
2025	1,451,922	357,280	916,666	-
2026	1,495,571	315,484	916,666	-
2027	1,536,749	272,481	916,670	-
2028-2032	7,366,943	648,039	-	-
2033-2037	1,215,331	64,906	-	-
2038-2042	214,633	11,022	-	-
	<u>\$ 16,127,349</u>	<u>\$ 2,505,791</u>	<u>\$ 4,583,334</u>	<u>\$ -</u>

Year Ending December 31,	Direct Borrowings		Total	
	Principal	Interest	Principal	Interest
2023	\$ 29,796	\$ 3,834	\$ 2,382,265	\$ 442,089
2024	30,712	2,918	2,357,773	401,242
2025	31,655	1,975	2,400,244	359,254
2026	26,797	1,002	2,439,034	316,487
2027	-	-	2,453,419	272,481
2028-2032	-	-	7,366,943	648,039
2033-2037	-	-	1,215,331	64,906
2038-2042	-	-	214,633	11,022
	<u>\$ 118,960</u>	<u>\$ 9,729</u>	<u>\$ 20,829,643</u>	<u>\$ 2,515,520</u>

The annual requirements to amortize all debt outstanding for Business-Type Activities as of December 31, 2022, except for leases, compensated absences, landfill closure/postclosure, OPEB, and amounts due under joint operating agreement and Medicare advanced payments, are as follows:

Year Ending December 31,	Loans		Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 1,285,198	\$ 304,146	\$ 2,430,991	\$ 520,293
2024	1,327,478	261,866	2,495,291	455,993
2025	1,371,150	218,194	2,562,411	388,872
2026	1,416,258	173,085	2,551,186	320,613
2027	1,462,851	126,493	2,377,064	256,277
2028-2032	2,974,113	107,027	5,102,363	686,592
2033-2037	-	-	2,951,548	204,065
	<u>\$ 9,837,048</u>	<u>\$ 1,190,811</u>	<u>\$ 20,470,854</u>	<u>\$ 2,832,705</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 7. DEBT OBLIGATIONS (continued)

Year Ending December 31,	Total	
	Principal	Interest
2022	\$ 3,716,189	\$ 824,439
2023	3,822,769	717,859
2024	3,933,561	607,066
2025	3,967,444	493,698
2026	3,839,915	382,770
2027-2031	8,076,476	793,619
2032-2036	2,951,548	204,065
	<u>\$ 30,307,902</u>	<u>\$ 4,023,516</u>

## NOTES TO THE FINANCIAL STATEMENTS

**8. Lease Receivables**

The Golf Fund has accrued a receivable for one tenant tower lease. An initial lease receivable was recorded on January 1, 2022 in the amount of \$12,331. As of December 31, 2022, the value of the lease receivable is \$108,043. The value of the deferred inflows of resources related to these leases was \$106,848 as of December 31, 2022. The lease term is expected to be through September 2030, and the interest rate on the lease is 3.65%. The Golf Fund received principal payments of \$13,826 and recognized interest income of \$4,310 during the year ended December 31, 2022.

The Airport Fund has accrued a receivable for hangar and land leases. An initial lease receivable was recorded on January 1, 2022 in the amount of \$37,368. As of December 31, 2022, the value of the lease receivable is \$147,552. The value of the deferred inflows of resources related to these leases was \$148,711 as of December 31, 2022. The leases have varying terms, with expected ending dates ranging from December 2023 through May 2052, and the interest rates on the leases range from 2.89% to 4.48%. The Airport Fund received principal payments of \$40,461 and recognized interest income of \$6,826 during the year ended December 31, 2022.

The Solid Waste Fund has accrued a receivable for farmland leases. An initial lease receivable was recorded on January 1, 2022 in the amount of \$27,214. As of December 31, 2022, the value of the lease receivable is \$81,700. The value of the deferred inflows of resources related to these leases was \$83,171 as of December 31, 2022. The lease terms end in December 2024 and December 2025, and the interest rates on the lease are 3.52% and 3%, respectively. The Solid Waste Fund received principal payments of \$27,391 and recognized interest income of \$2,628 during the year ended December 31, 2022.

The Telephone Fund has accrued a receivable for thirteen tenant tower leases. An initial lease receivable was recorded on January 1, 2022 in the amount of \$3,746,061. The lessees are required to make monthly principal payments and interest payments ranging from \$529 to \$2,904, with these amounts increasing at the start of each renewal term. The lease terms, including extension periods, are expected to be through December 2050. The interest rate on the leases is 6.0%. As of December 31, 2022, the value of the lease receivable is \$3,674,099. The value of the deferred inflows of resources related to these leases was \$3,564,925 as of December 31, 2022. The Telephone Fund received principal payments of \$71,963 and recognized interest income of \$217,056 during the year ended December 31, 2022.

The Water Fund has accrued a receivable for nine tenant tower and land leases. An initial lease receivable was recorded on January 1, 2022 in the amount of \$1,812,307. The leases are required to make monthly principal and interest payments ranging from \$1,755 to \$16,320, with these amounts increasing at the start of each renewal term. The lease terms, including extension periods are expected to be through December 2050. The interest rate on the leases is 6.0%. As of December 31, 2022, the value of the lease receivable is \$1,723,986. The value of the deferred inflows of resources related to these leases was \$1,679,783 as of December 31, 2022. The Water Fund received principal payments of \$88,321 and recognized interest income of \$105,751 during the year ended December 31, 2022.

During 2022, the Health System entered into an agreement to lease a portion of its facilities to a related party. The noncancelable period of the lease is for two years and the Health System will receive monthly payments of \$5,036 during this term. During 2022, the Health System recognized \$35,252 in lease revenue related to this agreement. At December 31, 2022, the Health System recorded \$83,947 in lease receivables and deferred inflows of resources for these arrangements that will be recognized as revenue over the lease term. The Health System used an interest rate of 2.36%, based on the implied rate available to finance property over the same time period.

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

Expense:		
2022	\$	47,654
Commitments:		
2023	\$	24,031
2024		7,700
2025		7,700
Total Commitments	\$	<u>39,431</u>

## NOTES TO THE FINANCIAL STATEMENTS

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:		
	2022	\$ 183,514
Commitments:		
	2023	\$ 18,000

## 9. 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 \$1,115,867 reported as landfill closure and post-closure care liability at December 31, 2022, represents the cumulative amount reported to date based on the use of 30.0% of the estimated capacity of the landfill. The Municipality will recognize the remaining estimated cost of closure and post-closure care of \$2,484,464 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 2022. The Municipality expects to close the landfill in the year of 2055. 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, 2022, investments of \$1,551,695 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.

## 10. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

### Wastewater Fund

The State Revolving Fund Loan was issued by the South Dakota Board of Water and Natural Resources. The proceeds are being used for the improvement of the wastewater treatment facilities and collection system. The rates and charges relating to the improvements will be in the form of a surcharge for wastewater utility service. The loan is secured by gross revenues derived solely from the revenues of the wastewater surcharge and is not a general obligation of the City of Brookings or any political subdivision. During the year ended December 31, 2022, BMU paid an additional \$15,000,000 to reduce the principal balance of the SRF loan, which changed the scheduled maturity date to October 15, 2029. Segment information for these separately identifiable activities that have 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 10. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)

## CONDENSED STATEMENT OF NET POSITION

Wastewater Fund  
December 31, 2022

	Unsecured Operations	State Revolving Fund Loan	Total Wastewater Fund
Assets			
Current assets	\$ 8,802,906	\$ 5,135,319	\$ 13,938,225
Due from other funds	6,398	-	6,398
Noncurrent assets, excluding capital assets	18,732	132,445	151,177
Capital assets	18,991,728	24,982,667	43,974,395
Total assets	27,819,764	30,250,431	58,070,195
Deferred outflows of resources	347,273	-	347,273
Total assets and deferred outflows of resources	28,167,037	30,250,431	58,417,468
Liabilities			
Current liabilities	214,539	1,902,298	2,116,837
Due to other funds	32,503	-	32,503
Noncurrent liabilities	67,390	23,664,416	23,731,806
Total liabilities	314,432	25,566,714	25,881,146
Deferred inflows of resources	333,346	-	333,346
Total liabilities and deferred inflows of resources	647,778	25,566,714	26,214,492
Net position			
Net Investment in capital assets	18,991,728	(517,442)	18,474,286
Restricted	140,082	132,445	272,527
Unrestricted	8,387,449	5,068,714	13,456,163
Total net position	27,519,259	4,683,717	32,202,976
Total liabilities, deferred inflows of resources, and net position	\$ 28,167,037	\$ 30,250,431	\$ 58,417,468

## NOTES TO THE FINANCIAL STATEMENTS

## 10. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)

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

Wastewater Fund  
Year Ended December 31, 2022

	<b>Unsecured Operations</b>	<b>State Revolving Fund Loan</b>	<b>Total Wastewater Fund</b>
Operating revenues	\$ 4,115,368	\$ 2,043,599	\$ 6,158,967
Depreciation/amortization expense	(726,214)	(1,002,084)	(1,728,298)
Other operating expense	(2,585,260)	(486,677)	(3,071,937)
Operating income	803,894	554,838	1,358,732
Nonoperating revenues (expenses)			
Investment income	74,960	973	75,933
Interest expense	-	(723,228)	(723,228)
Other	20,342	-	20,342
Contributed capital	968,614	-	968,614
Changes in net position	1,867,810	(167,417)	1,700,393
Beginning net position	25,651,449	4,851,134	30,502,583
Ending net position	<u>\$ 27,519,259</u>	<u>\$ 4,683,717</u>	<u>\$ 32,202,976</u>

## CONDENSED STATEMENT OF CASH FLOWS

Wastewater Fund  
Year Ended December 31, 2022

	<b>Unsecured Operations</b>	<b>State Revolving Fund Loan</b>	<b>Total Wastewater Fund</b>
Net cash provided (used) by:			
Operating activities	\$ 1,620,646	\$ 1,557,896	\$ 3,178,542
Noncapital financing Activities		15,584,061	15,584,061
Capital and related financing activities	(1,824,868)	(16,589,344)	(18,414,212)
Investing activities	6,077,048	-	6,077,048
Net increase (decrease)	5,872,826	552,613	6,425,439
Beginning cash and cash equivalents	2,052,916	4,715,151	6,768,067
Ending cash and cash equivalents	<u>\$ 7,925,742</u>	<u>\$ 5,267,764</u>	<u>\$ 13,193,506</u>



## NOTES TO THE FINANCIAL STATEMENTS

## 11. 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, 2022 is as follows:

Due From	Due To						
	General Fund	Nonmajor	Electric	Telephone	Water	Nonmajor Enterprise	Total
General Fund	\$ -	\$ -	\$ 80,536	\$ 1,088	\$ 4,710	\$ 3,813	\$ 90,177
Nonmajor							
Governmental	707	-	201	-	246	-	1,154
Electric	978	10,433	1,289	102	2,651	5	15,660
Wastewater	419	10,433	18,916	68	794	181	32,503
Health System	9,943	-	29,261	4,684	6,182	-	54,437
Telephone	8,052	10,433	15,361	423	119,822	365	154,624
Water	419	10,433	14,511	33	1,259	85	26,741
Nonmajor							
Enterprise	-	-	-	-	258	7,624	7,881
<b>Total</b>	<b>\$ 20,519</b>	<b>\$ 41,734</b>	<b>\$ 160,075</b>	<b>\$ 6,398</b>	<b>\$ 135,923</b>	<b>\$ 18,145</b>	<b>\$ 383,177</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:

Transfers Out	Transfer In			
	General Fund	Nonmajor Governmental	Nonmajor Enterprise	Total
General Fund	\$ -	\$ 3,649,754	\$ -	\$ 3,649,754
Nonmajor				
Governmental	322,185	3,840,831	293,693	4,456,709
Electric	2,305,000	-	-	2,305,000
Telephone	200,000	-	-	200,000
Nonmajor Enterprise	887,715	-	326,155	1,213,870
<b>Total</b>	<b>\$ 3,714,900</b>	<b>\$ 7,490,585</b>	<b>\$ 619,848</b>	<b>\$11,825,333</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	Swiftel Center Fund	\$ 78,000
General Fund	TIF 1 Innovation Fund	1,700,000
2nd Penny Sales & Use		
Tax Fund	Special Assessments Fund	121,000
Liquor Fund	Golf Fund	54,908
Solid Waste Fund	Swiftel Center Fund	383,161
	2nd Penny Sales and Use	
Solid Waste Fund	Tax Fund	365,672
Telephone Fund	Wastewater Fund	15,663,061
		<b>\$ 18,365,802</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>2023</b>	\$ 1,712,535	\$ 358,676	\$ 2,071,211
<b>2024</b>	1,695,248	327,563	2,022,811
<b>2025</b>	849,855	295,843	1,145,698
<b>2026</b>	689,827	281,017	970,844
<b>2027</b>	13,418,337	2,798,095	16,216,432
	<u>\$ 18,365,802</u>	<u>\$ 4,061,194</u>	<u>\$ 22,426,996</u>

## 12. RESTRICTED NET POSITION

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

<b>Type</b>	<b>Restricted By</b>	<b>Amount</b>
<i>Governmental Activities:</i>		
Debt Service & Covenants:		
TIF 7 S. Main Ave	Covenant	\$ 1,134
TIF 8 Affordable Housing	Covenant	7,140
Total Debt Service & Covenants		<u>8,274</u>
Other Purposes (by donations):		
Library	Donors	43,288
Total Other Purposes (by donations)		<u>43,288</u>
SDRS Pension Purposes:		
Governmental Funds - Pension Purposes	Standard	34,916
Total SDRS Pension Purposes		<u>34,916</u>
Enabling Legislation:		
Enhanced 911	Law	255,470
Library Fines	Law	24,053
Bed & Booze Tax	Law	829,000
Total Enabling Legislation		<u>1,108,523</u>
Total Governmental Activities Restricted Net Position:		<u><b>1,195,001</b></u>
<i>Business-type Activities:</i>		
Debt Service & Covenants:		
Wastewater Fund - debt service	Covenant	132,445
Health System - debt service	Covenant	524,802
Total Debt Service & Covenants		<u>657,247</u>
SDRS Pension Purposes:		
Enterprise Funds - Pension Purposes	Standard	4,477,986
Total SDRS Pension Purposes		<u>4,477,986</u>
Enabling Legislation:		
Solid Waste Fund - landfill	Law	4,424,004
Total Enabling Legislation		<u>4,424,004</u>
Total Business-type Activities Restricted Net Position:		<u>9,559,237</u>
<b>Total Restricted Net Position</b>		<u><b>\$ 10,754,238</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 13. 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	\$ 100,562	\$ 28,057	\$ 128,619
Inventory land held for resale	1,600,000	-	1,600,000
Prepaid items	247,451	37,251	284,702
Advances	1,778,000	121,000	1,899,000
	<u>3,726,013</u>	<u>186,308</u>	<u>3,912,321</u>
Restricted for:			
Donor purposes	43,288	-	43,288
Debt service	-	8,274	8,274
Library	-	24,053	24,053
E-911	-	255,470	255,470
City promotion	-	829,000	829,000
	<u>43,288</u>	<u>1,116,797</u>	<u>1,160,085</u>
Committed:			
Industrial park development	3,070,617	-	3,070,617
Emergency financial stabilization	877,817	-	877,817
Retail development	1,873	-	1,873
Police & Fire Capital and other	-	14,482,555	14,482,555
Economic development	-	210,933	210,933
Promotion/marketing of City	-	341,248	341,248
Special assessment projects	-	164,843	164,843
Storm drainage	-	1,902,690	1,902,690
Community Partner Grants	2,200,000	-	2,200,000
Public art	123,785	-	123,785
	<u>6,274,091</u>	<u>17,102,270</u>	<u>23,376,361</u>
Assigned to:			
Capital project carryover	1,242,389	2,887,454	4,129,843
Future capital	2,215,354	-	2,215,354
Emergency financial stabilization	2,633,450	-	2,633,450
Economic Development	1,129,233	-	1,129,233
	<u>7,220,426</u>	<u>2,887,454</u>	<u>10,107,880</u>
Unassigned	<u>7,565,950</u>	<u>567,784</u>	<u>8,133,734</u>
	<u>\$ 24,829,768</u>	<u>\$ 21,860,613</u>	<u>\$ 46,690,381</u>

### 14. PENSION PLAN

#### Plan Information

#### Plan Information:

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 pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides 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.

## NOTES TO THE FINANCIAL STATEMENTS

**14. PENSION PLAN (continued)****Benefits Provided**

SDRS has four classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation 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 retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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 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, 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. The Municipality's share of contributions to the SDRS for the calendar years ended December 31, 2022, 2021, and 2020, equal to the required contributions each year, were \$2,408,742, \$2,441,371, and \$2,493,420, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

## 14. PENSION PLAN (continued)

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

At June 30, 2022, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System, for the City of Brookings as of the measurement period ending June 30, 2022 and reported by the City as of December 31, 2022 are as follows:

Proportionate share of total pension liability	\$ 237,513,530
Less: proportionate share of net position restricted for pension benefits	237,354,640
Proportionate share of net pension asset	<u>\$ (158,890)</u>

At December 31, 2022, the City of Brookings reported an asset of \$158,890 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 and the total pension asset used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the City's portion was 1.681251%, which is a decrease of -0.112034% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City recognized a reduction of pension expense of (\$1,193,069). At December 31, 2022, 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	\$ 3,040,422	\$ 7,742
Changes in assumptions	10,098,484	8,849,970
Net difference between projected and actual earnings on pension plan investments		380,772
Changes in proportion and difference between City contributions and proportionate share of contributions.	190,502	75,695
City contributions subsequent to the measurement date	1,256,465	-
Total	<u>\$ 14,585,873</u>	<u>\$ 9,314,179</u>

At December 31, 2022, \$1,256,465 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending December 31, 2023. 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>
2023	\$ 1,096,053
2024	2,247,934
2025	(2,467,030)
2026	3,138,272
	<u>\$ 4,015,229</u>

## NOTES TO THE FINANCIAL STATEMENTS

**14. PENSION PLAN (continued)****Actuarial Assumptions**

The total pension asset in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50%, net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	2.10%

**Mortality Rates:**

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-202

Active and Terminated Vested Members: Teachers, Certified Regents, and Judicial: PubT-2010; Other Class A Members: PubG-2010; Public Safety Members: PubS-2010

Retired Members: Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65; Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above; Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries: PubG-2010 contingent survivor mortality rate

Disabled Members: Public Safety: PubS-2010 disabled member mortality table; Others: PubG-2010 disabled member mortality rate

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

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 a 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, 2022 (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%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	100.0%	

## NOTES TO THE FINANCIAL STATEMENTS

**Discount Rate**

The discount rate used to measure the total pension asset 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 plan investments was applied to all periods of projected benefit payments to determine the total pension asset.



## NOTES TO THE FINANCIAL STATEMENTS

**14. PENSION PLAN (continued)****Sensitivity of the City's Proportionate Share of the Net Pension (Asset) Liability to Changes in the Discount Rate**

The following presents the Municipality's proportionate share of net pension asset calculated using the discount rate of 6.50%, as well as what the Municipality'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:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension (asset) liability	\$ 32,991,791	\$ (158,890)	\$ (27,251,753)

**Pension Plan Fiduciary Net Position**

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

**15. 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 active and retired 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. For current and retired City General employees hired on or after January 1, 2010, the City pays 0% of the cost of premiums. As 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, 2022, the following number of current and former employees were covered by the benefit terms.

## NOTES TO THE FINANCIAL STATEMENTS

## 15. OTHER POSTEMPLOYMENT BENEFITS (continued)

Employee Status	City	BMU	BHS	Total
Inactive or beneficiaries receiving benefit payments	9	18	12	39
Active	395	114	87	596
<b>Total</b>	<b>404</b>	<b>132</b>	<b>99</b>	<b>635</b>

Total OPEB Liability – The City's total OPEB liability of \$4,842,857 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions – The total OPEB liability in the January 1, 2022 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 3.72%
- Healthcare Cost Trend Rate 5.50% - 3.80% over 51 yrs.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.72%, 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 – Pub-2010 Mortality Table with generational projection per the MP-2021 (prior: MP-2019) ultimate scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. The Public Safety variant was used for Public Safety. This assumption includes a margin for mortality improvement beyond the valuation date.

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**

	City	BMU	BHS	Total
Balance at Beginning of Year	\$ 2,369,013	\$ 2,106,017	\$ 1,595,381	\$ 6,070,411
Changes for the Year:				
Service cost	380,465	93,043	143,338	616,846
Interest	54,785	44,318	35,410	134,513
Effect of plan changes	-	-	-	-
Effect of economic/demographic gains or losses	1,040,951	(346,071)	714,180	1,409,060
Effect of assumption changes or inputs	(1,258,575)	(547,453)	(1,265,209)	(3,071,237)
Benefit payments	(181,038)	(95,897)	(39,803)	(316,738)
	36,588	(852,060)	(412,084)	(1,227,556)
Balance at End of Year	\$ 2,405,601	\$ 1,253,957	\$ 1,183,297	\$ 4,842,857

The total OPEB liability for the City General is comprised of Governmental Activities of \$2,081,294 and Business-Type Activities of \$2,761,563.

Changes of assumptions reflect a change in the discount rate from 2.12% in 2021 to 3.72% in 2022.

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 (2.72%) or 1% higher (4.72%) than the current discount rate.

## NOTES TO THE FINANCIAL STATEMENTS

**15. OTHER POSTEMPLOYMENT BENEFITS (continued)*****Changes in the Discount Rate***

	<b>City</b>	<b>BMU</b>	<b>BHS</b>	<b>Total</b>
1% Decrease (2.72%)	\$ 2,621,177	\$ 1,343,692	\$ 1,316,266	\$ 5,281,135
Current Rate (3.72%)	\$ 2,405,601	\$ 1,253,957	\$ 1,183,297	\$ 4,842,855
1% Increase (4.72%)	\$ 2,210,073	\$ 1,170,399	\$ 1,065,835	\$ 4,446,307

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 5.90% trending down to 3.80%).

***Changes in the Healthcare Cost Trend Rate***

	<b>City</b>	<b>BMU</b>	<b>BHS</b>	<b>Total</b>
1% Decrease	\$ 2,121,055	\$ 1,132,776	\$ 1,033,449	\$ 4,287,280
Current Rate (5.90% to 3.80%)	\$ 2,405,601	\$ 1,253,957	\$ 1,183,297	\$ 4,842,855
1% Increase	\$ 2,743,758	\$ 1,395,701	\$ 1,361,819	\$ 5,501,278

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB – For the year ended December 31, 2022, the City recognized OPEB expense of \$430,959 (City \$330,747; BMU \$23,752; BHS \$76,460). At December 31, 2022, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following resources:

**Deferred Inflows of Resources**

	<b>City</b>	<b>BMU</b>	<b>BHS</b>	<b>Total</b>
Differences between expected and actual experience	\$ (596,959)	\$ (433,329)	\$ (95,017)	\$ (1,125,305)
Changes in Assumptions	(1,173,799)	(510,521)	(1,028,256)	(2,712,576)
	\$ (1,770,758)	\$ (943,850)	\$ (1,123,273)	\$ (3,837,881)

**Deferred Outflows of Resources**

	<b>City</b>	<b>BMU</b>	<b>BHS</b>	<b>Total</b>
Differences between expected and actual experience	\$ 921,301	\$ -	\$ 579,429	\$ 1,500,730
Changes in Assumptions	175,927	138,271	32,969	347,167
	\$ 1,097,228	\$ 138,271	\$ 612,398	\$ 1,847,897

# NOTES TO THE FINANCIAL STATEMENTS

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*

	<b>City</b>	<b>BMU</b>	<b>BHS</b>	<b>Total</b>
Year ended December 31, 2023	\$ (104,503)	\$ (113,609)	\$ (131,221)	\$ (349,333)
2024	(104,503)	(113,609)	(134,436)	(352,548)
2025	(104,503)	(118,352)	(110,061)	(332,916)
2026	(126,086)	(131,434)	(103,968)	(361,488)
2027	(133,900)	(131,435)	-31,189	(296,524)
Thereafter	(100,037)	(197,140)	0	(297,177)
	<u>\$ (673,532)</u>	<u>\$ (805,579)</u>	<u>\$ (510,875)</u>	<u>\$ (1,989,986)</u>

The deferred inflows of resources for City General is comprised of Governmental Activities of \$1,523,857 and Business Type Activities of \$2,314,024.

The deferred outflows of resources for City General is comprised of Governmental Activities of \$941,545 and Business-Type Activities of \$906,352.

## NOTES TO THE FINANCIAL STATEMENTS

**16. 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 healthcare 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 healthcare 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.

**17. 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, 2022 are as follows:

	<u>Investment</u>	<u>Share of Income</u>
Avera Home Medical Equipment of Brookings, LLC	\$ 338,787	\$ 195,535

**18. 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, 2022, 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 \$90,000 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 2022, \$2,983,045 was paid in claims, net of any stop loss reimbursements.

During the fiscal year 2020, the City of Brookings (City General) established a Dental Self Insurance Fund (an internal service fund) to account for and finance its dental risks of loss. Under this program, the Dental Self Insurance Fund pays up to \$1,000 per person per year. During 2022, \$111,630 was paid in claims.

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.

## NOTES TO THE FINANCIAL STATEMENTS

**18. RISK MANAGEMENT (continued)**

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 \$555,779 as of December 31, 2022 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	Beginning Liability	Changes in Estimates	Claim Payments	Ending Liability
2022	\$ 326,521	\$ 2,684,330	\$ (2,455,072)	\$ 555,779

**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 (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program from 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 by or against the City. The City pays a Members' Annual Operating Contribution, to provide liability coverage under an occurrence-based 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 for this coverage.

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing Member with such a partial refund because the departing Member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing Member pursuant to the revised IGC.

The City reflected the effects of the new SDPAA policy in the financial statements as a Change in Accounting Estimate in the Statement of Activities and the Fund Operating Statements and also eliminated the reporting of the Deposit on the Statement of Net Position and Fund Balance Sheet.

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 \$4 million.

**Workers' Compensation**

In 2022, the City utilized the Workers Compensation Program with 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. There is not a per individual claim limit.

**Unemployment Benefits**

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

## NOTES TO THE FINANCIAL STATEMENTS

**18. RISK MANAGEMENT (continued)**

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

During the year ended December 31, 2022, these claims resulted in a net refund from the South Dakota Department of Labor of \$34,928.

**19. SUBSEQUENT EVENTS**

BMU has evaluated subsequent events through June 28, 2023, the date which the financial statements were available to be issued. Subsequent to December 31, 2022, BMU received approval for an additional SRF loan of \$40,700,000 under the same terms as the initial SRF loan approved of \$50,963,200 in 2022. BMU submitted requests and received ARPA grant funds totaling \$9,917,697.

On May 23, 2023, the City Council approved a naming, advertising, and sponsorship agreement with Dacotah Bank, providing for the currently named "Swiftel Center" be named "Dacotah Bank Center." All financial reports hereafter will reflect this name change.

The City of Brookings, Brookings County, the South Dakota Department of Transportation, and a private donor partnered to design and construct the 20<sup>th</sup> Street Interchange on Interstate 29. As of the date of this report, eminent domain litigation is in progress with affected property owners. Settlements will be split based on each entity's contribution to the project, however, the full impact is not known or easily estimated at this time. Project costs for design and construction were less than originally anticipated, which will allow existing budgeted funds to offset at least a portion of these costs.





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# Required Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT / CITY OF BROOKINGS

## Required Supplementary Information - Schedule of Changes in the City's Total OPEB Liability and Related Ratios - December 31, 2022

	2022	2021	2020	2019	2018
Service Cost	\$ 616,846	\$ 386,643	\$ 352,995	\$ 299,552	\$ 329,850
Interest Cost	134,513	128,090	190,576	242,003	207,797
Differences between expected and actual experience	1,409,060	-	(1,370,970)	-	-
Changes in assumptions	(3,071,237)	32,354	148,092	756,243	(339,559)
Benefit payments	(316,738)	(262,627)	(272,412)	(322,929)	(289,617)
Net change in Total OPEB Liability	(1,227,556)	284,460	(951,719)	974,869	(91,529)
Total OPEB Liability, beginning of year	6,070,411	5,785,949	6,737,668	5,762,799	5,854,328
Total OPEB Liability, end of year	<u>\$ 4,842,857</u>	<u>\$ 6,070,411</u>	<u>\$ 5,785,949</u>	<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, 2022	3.72%
Year ended December 31, 2021	2.12%
Year ended December 31, 2020	2.12%
Year ended December 31, 2019	2.74%
Year ended December 31, 2018	2.12%

### 2022 Changes in the Total OPEB Liability

	City	BMU	BHS	Total
Balance at Beginning of Year	\$ 2,369,011	\$ 2,106,017	\$ 1,595,381	\$ 6,070,411
Changes for the Year:				
Service cost	380,465	93,043	143,338	616,846
Interest	54,785	44,318	35,410	134,513
Differences between expected and actual experience	1,040,951	(346,071)	714,180	1,409,060
Changes in assumptions	(1,258,575)	(547,453)	(1,265,209)	(3,071,237)
Benefit payments	(181,038)	(95,897)	(39,803)	(316,738)
	<u>36,588</u>	<u>(852,060)</u>	<u>(412,084)</u>	<u>(1,227,556)</u>
Balance at End of Year	<u>\$ 2,405,599</u>	<u>\$ 1,253,957</u>	<u>\$ 1,183,297</u>	<u>\$ 4,842,857</u>
Covered Employee Payroll	9,405,961	9,005,241	20,852,081	39,263,283
Total OPEB Liability as a % of Covered Payroll	26%	14%	6%	12%

**Required Supplementary Information -  
Schedule of Changes in the City's Total OPEB Liability and Related Ratios -  
December 31, 2022 (continued)**

**2021 Changes in the Total OPEB Liability**

	<b>City</b>	<b>BMU</b>	<b>BHS</b>	<b>Total</b>
Changes for the Year:				
Service cost	\$ 176,259	\$ 115,814	\$ 94,570	\$ 386,643
Interest	50,296	44,531	33,263	128,090
Changes in assumptions	12,422	9,519	10,413	32,354
Benefit payments	(131,641)	(96,615)	(34,371)	(262,627)
	<u>107,336</u>	<u>73,249</u>	<u>103,875</u>	<u>284,460</u>
Balance at End of Year	<u>\$ 2,369,011</u>	<u>\$ 2,106,017</u>	<u>\$ 1,595,381</u>	<u>\$ 6,070,409</u>
Covered Employee Payroll	9,023,616	9,065,861	19,932,787	38,022,264
Total OPEB Liability as a % of Covered Payroll	26%	23%	8%	16%

**2020 Changes in the Total OPEB Liability**

	<b>City</b>	<b>BMU</b>	<b>BHS</b>	<b>Total</b>
Changes for the Year:				
Service cost	\$ 163,297	\$ 102,717	\$ 86,981	\$ 352,995
Interest	86,673	59,261	44,642	190,576
Changes in assumptions	(934,861)	(211,525)	(224,584)	(1,370,970)
Benefit payments	(140,204)	(110,205)	(22,003)	(272,412)
	<u>(825,095)</u>	<u>(159,752)</u>	<u>(114,964)</u>	<u>(1,099,811)</u>
Balance at End of Year	<u>\$ 2,261,675</u>	<u>\$ 2,032,768</u>	<u>\$ 1,491,506</u>	<u>\$ 5,785,949</u>
Covered Employee Payroll	8,785,102	10,747,836	19,971,193	39,504,131
Total OPEB Liability as a % of Covered Payroll	26%	19%	7%	15%

**2019 Changes in the Total OPEB Liability**

	<b>City</b>	<b>BMU</b>	<b>BHS</b>	<b>Total</b>
Changes for the Year:				
Service cost	\$ 153,712	\$ 83,103	\$ 62,737	\$ 299,552
Interest	110,686	77,654	53,663	\$ 242,003
Changes in assumptions	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 Employee 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**

	<b>City</b>	<b>BMU</b>	<b>BHS</b>	<b>Total</b>
Changes for the Year:				
Service cost	\$ 168,260	\$ 91,239	\$ 70,351	\$ 329,850
Interest	95,498	67,064	45,235	\$ 207,797
Changes in assumptions	(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 Employee 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%

## Required Supplementary Information - Schedule of Pension Contributions December 31, 2022

### South Dakota Retirement System

	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 2,408,742	\$ 2,441,371	\$ 2,493,420	\$ 2,420,753	\$ 2,316,039
Contributions in relation to the statutorily required contribution	2,408,742	2,441,371	2,493,420	2,420,753	2,316,039
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 39,263,284	\$ 38,051,089	\$ 39,504,131	\$ 38,305,158	\$ 36,791,047
Contributions as a percentage of covered payroll	6.13%	6.32%	6.31%	6.32%	6.30%
	2017	2016	2015	2014	
Statutorily required contribution	\$ 2,235,945	\$ 2,096,488	\$ 2,069,087	\$ 2,010,973	
Contributions in relation to the statutorily required contribution	2,235,945	2,096,488	2,069,087	2,010,973	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 35,680,103	\$ 34,066,020	\$ 32,960,950	\$ 32,580,616	
Contributions as a percentage of covered payroll	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.

# **Required Supplementary Information - Schedule of Proportionate Share of Net Pension (Asset) Liability - December 31, 2022**

## **South Dakota Retirement System**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
City's proportion of the net pension (asset) liability	1.68%	1.79%	1.88%	1.83%	1.84%
City's proportionate share of net pension (asset) liability*	\$ (158,890)	\$ (13,733,502)	\$ (81,555)	\$ (193,879)	\$ (42,978)
City's covered payroll	\$38,263,177	\$38,638,175	\$39,123,163	\$36,922,862	\$36,418,929
City's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	0.42%	35.54%	0.21%	0.53%	0.12%
Plan fiduciary net position as a percentage of the total pension liability	100.10%	105.53%	100.04%	100.09%	100.00%
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	
City's proportion of the net pension (asset) liability	1.79%	1.85%	1.87%	1.90%	
City's proportionate share of net pension (asset) liability*	\$ 162,889	\$ 6,257,168	\$ 7,930,006	\$ 13,709,855	
City's covered payroll	\$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	0.47%	18.58%	24.26%	41.82%	
Plan fiduciary net position as a percentage of the total pension liability	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.



## Notes to the Required Supplementary Information - Changes in Pension Terms and Assumptions December 31, 2022

### Changes from Prior Valuation

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

The details of the changes since the last valuation are as follows:

### Benefit Provision Changes

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

### Actuarial Assumption Changes

As a result of an experience analysis covering the period from July 1, 2016 to June 30, 2021 and presented to the SDRS Board of Trustees in April and June, 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022 actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%.

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) 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%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

### Actuarial Method Changes

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.




## Required Supplementary Information - Budgetary Comparison Schedule - General Fund, for fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 3,697,001	\$ 3,697,001	\$ 3,704,730	\$ 7,729
General sales and use taxes	7,269,379	7,305,390	8,915,099	1,609,709
Amusement taxes	1,400	1,400	-	(1,400)
Penalties and interest on delinquent taxes	3,500	3,500	-	(3,500)
Licenses and permits	120,300	120,300	414,311	294,011
Intergovernmental revenue:				
State grants	102,650	148,761	4,579,196	4,430,435
State shared revenues	528,000	528,000	616,961	88,961
County shared revenues	210,500	210,500	232,385	21,885
Charges for goods and services:				
Public safety	8,300	11,880	11,889	9
Public works	225	225	180	(45)
Health and welfare	7,900	7,900	13,217	5,317
Culture and recreation	391,500	391,500	386,882	(4,618)
Fines and forfeits	81,060	81,060	73,808	(7,252)
Miscellaneous revenue:				
Interest earned	19,167	19,167	159,902	140,735
Rentals	78,000	78,000	106,900	28,900
Contributions and donations from private sources	112,750	133,126	162,315	29,189
Liquor Operating Agreement	719,500	734,500	856,221	121,721
Other revenue	675,730	1,786,147	1,062,647	(723,500)
Total revenues	14,026,862	15,258,357	21,296,643	6,038,286
<b>EXPENDITURES</b>				
General government:				
Legislative	113,927	110,932	105,278	5,654
Executive	1,034,252	1,031,784	967,280	64,504
Financial administration	1,113,620	1,184,718	1,021,980	162,738
Other expense	1,684,210	2,382,434	2,347,231	35,203
Public safety:				
Police	4,023,705	4,230,571	4,213,767	16,804
Fire	846,040	975,954	943,072	32,882
Other protection	102,000	102,000	95,191	6,809
Public works:				
Community development	911,026	933,877	853,813	80,064
Public Works	420,356	372,449	354,667	17,782
Highways and streets	2,487,476	2,536,145	2,322,866	213,279
Health and welfare:				
Animal control	166,138	159,181	122,561	36,620
Culture and recreation:				
Recreation	828,781	959,469	769,767	189,702
Parks	2,399,305	2,514,400	2,397,486	116,914
Libraries	1,256,211	1,318,683	1,298,944	19,739
Total expenditures	17,387,047	18,812,597	17,813,903	998,694
Excess (deficiency) of revenues over (under) expenditures	(3,360,185)	(3,554,240)	3,482,740	7,036,980
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,587,768	3,617,868	3,714,900	97,032
Transfers out	(416,928)	(416,928)	(3,649,754)	(3,232,826)
Sale of capital assets	18,000	18,000	24,277	6,277
Total other financing sources (uses)	3,188,840	3,218,940	89,423	(3,129,517)
Net change in fund balances	(171,345)	(335,300)	3,572,163	3,907,463
Fund balances - beginning	21,257,605	21,257,605	21,257,605	-
Fund balances - ending	\$ 21,086,260	\$ 20,922,305	\$ 24,829,768	\$ 3,907,463

## Notes to the Required Supplementary Information - Budgetary Reporting December 31, 2022

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, special revenue funds, debt service 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.



# Supplementary Information and Combining Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT / CITY OF BROOKINGS

## Combining Balance Sheet - Nonmajor Governmental Funds, December 31, 2022

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,661,033	\$ -	\$ 2,994,638	\$ 22,655,671
Investments	5,969	-	-	5,969
Restricted cash and cash equivalents	3,282,415	1,264,461	-	4,546,876
Receivables, (net of allowances for uncollectibles, if any):				
Accounts	441,359	-	40,277	481,636
Storm drainage fees	37	-	-	37
Special assessments	641,597	-	-	641,597
Interest	4	-	-	4
Due from other funds	41,734	-	-	41,734
Advance to other funds	121,000	-	-	121,000
Due from other governments	921,249	8,362	-	929,611
Prepaid items	37,251	-	-	37,251
Inventories	28,057	-	-	28,057
Total assets	<u>\$ 25,181,705</u>	<u>\$ 1,272,823</u>	<u>\$ 3,034,915</u>	<u>\$ 29,489,443</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 451,660	\$ -	\$ 147,462	\$ 599,122
Due to other funds	1,154	-	-	1,154
Due to other governments	22,889	-	-	22,889
Accrued wages payable	43,210	-	-	43,210
Advance from other funds	947,833	1,700,000	-	2,647,833
Unearned revenue	3,672,990	-	-	3,672,990
Total liabilities	<u>5,139,736</u>	<u>1,700,000</u>	<u>147,462</u>	<u>6,987,198</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	641,634	-	-	641,634
Total deferred inflows of resources	<u>641,634</u>	<u>-</u>	<u>-</u>	<u>641,634</u>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	65,308	-	-	65,308
Restricted	1,108,523	8,274	-	1,116,797
Committed	17,223,269	-	-	17,223,269
Assigned	-	-	2,887,454	2,887,454
Unassigned	1,003,235	(435,451)	-	567,784
Total fund balances (deficit)	<u>19,400,335</u>	<u>(427,177)</u>	<u>2,887,454</u>	<u>21,860,612</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 25,181,705</u>	<u>\$ 1,272,823</u>	<u>\$ 3,034,915</u>	<u>\$ 29,489,444</u>

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds, for the fiscal year ended December 31, 2022

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ 2,103,866	\$ -	\$ 2,103,866
Storm drainage	1,125,727	-	-	1,125,727
General sales and use	10,044,431	-	-	10,044,431
Other taxes	361,567	-	-	361,567
Intergovernmental:				
Grants	438,295	-	-	438,295
County other	183,464	-	-	183,464
Charges for goods and services:				
Culture and recreation	2,529,905	-	-	2,529,905
Fines and forfeits:				
Fines	14,781	-	-	14,781
Miscellaneous revenue:				
Interest income	157,132	-	29,109	186,241
Special assessments	74,299	-	-	74,299
Other	468,870	-	2,532,936	3,001,806
Total revenues	15,398,471	2,103,866	2,562,045	20,064,382
<b>EXPENDITURES</b>				
Current:				
General government	5,387	-	-	5,387
Public safety	923,640	-	-	923,640
Public works	390,230	11,572	-	401,802
Culture and recreation	2,728,086	-	-	2,728,086
Conservation and development	935,239	-	-	935,239
Debt service:				
Principal	2,332,359	384,745	-	2,717,104
Interest and other charges	494,254	10,746	-	505,000
Capital outlay	5,403,684	-	5,477,720	10,881,404
Total expenditures	13,212,879	407,063	5,477,720	19,097,662
Excess (deficiency) of revenues over (under) expenditures	2,185,592	1,696,803	(2,915,675)	966,720
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,782,783	-	1,707,802	7,490,585
Transfers out	(1,187,726)	(3,219,688)	(49,295)	(4,456,709)
Total other financing sources (uses)	4,595,057	(3,219,688)	1,658,507	3,033,876
Net change in fund balances	6,780,649	(1,522,885)	(1,257,167)	4,000,596
Fund balances (deficit) - beginning	12,619,686	1,095,708	4,144,621	17,860,015
Fund balances (deficit) - ending	\$ 19,400,335	\$ (427,177)	\$ 2,887,454	\$ 21,860,612



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## Combining Statements - Nonmajor Special Revenue Funds December 31, 2022

**2<sup>nd</sup> Penny Sales and Use Tax Fund** – to account for the revenue and expenditures 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, 2022

	2nd Penny Sales & Use Tax	Enhanced 911	Swiftel Center	Library Fines
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,284,632	\$ 201,644	\$ 2,088,570	\$ 18,373
Investments	-	-	-	5,969
Restricted cash and cash equivalents	3,057,415	25,000	-	-
Receivables, (net of allowances for uncollectibles, if any):				
Accounts	-	-	418,117	-
Interest	-	-	-	4
Due from other funds	41,734	-	-	-
Due from other governments	768,407	68,712	-	-
Advance to other funds	121,000			
Prepaid items	-	-	37,251	-
Inventories	5,875	-	22,182	-
Total assets	<u>\$ 18,279,063</u>	<u>\$ 295,356</u>	<u>\$ 2,566,120</u>	<u>\$ 24,346</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 248,422	\$ 2,005	\$ 188,318	\$ 293
Due to other funds	-	447	707	-
Due to other governments	-	-	22,889	-
Accrued wages payable	-	37,434	1,993	-
Advance from other funds	365,672	-	461,161	-
Unearned revenue	2,844,606	-	828,384	-
Total liabilities	<u>3,458,700</u>	<u>39,886</u>	<u>1,503,452</u>	<u>293</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	5,875	-	59,433	-
Restricted	-	255,470	-	24,053
Committed	14,814,488	-	-	-
Unassigned	-	-	1,003,235	-
Total fund balances (deficit)	<u>14,820,363</u>	<u>255,470</u>	<u>1,062,668</u>	<u>24,053</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 18,279,063</u>	<u>\$ 295,356</u>	<u>\$ 2,566,120</u>	<u>\$ 24,346</u>

## Combining Balance Sheet - Nonmajor Special Revenue Funds, December 31, 2022 (continued)

	Special Assessment	Storm Drainage	Bed and Booze Tax	BID Fee	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 285,843	\$ 1,910,002	\$ 648,105	\$ 223,864	\$ 19,661,033
Investments	-	-	-	-	5,969
Restricted cash and cash equivalents	-	-	100,000	100,000	3,282,415
Accounts	-	5,858	-	17,384	441,359
Storm drainage fees	-	37	-	-	37
Special assessments	641,597	-	-	-	641,597
Interest	-	-	-	-	4
Due from other funds	-	-	-	-	41,734
Due from other governments	-	3,235	80,895	-	921,249
					121,000
Prepaid items	-	-	-	-	37,251
Inventories	-	-	-	-	28,057
Total assets	<u>\$ 927,440</u>	<u>\$ 1,919,132</u>	<u>\$ 829,000</u>	<u>\$ 341,248</u>	<u>\$ 25,181,705</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 12,622	\$ -	\$ -	\$ 451,660
Due to other funds	-	-	-	-	1,154
Due to other governments	-	-	-	-	22,889
Accrued wages payable	-	3,783	-	-	43,210
Advance from other funds	121,000	-	-	-	947,833
Unearned revenue	-	-	-	-	3,672,990
Total liabilities	<u>121,000</u>	<u>16,405</u>	<u>-</u>	<u>-</u>	<u>5,139,736</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	641,597	37	-	-	641,634
Total deferred inflows of resources	<u>641,597</u>	<u>37</u>	<u>-</u>	<u>-</u>	<u>641,634</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	65,308
Restricted	-	-	829,000	-	1,108,523
Committed	164,843	1,902,690	-	341,248	17,223,269
Unassigned	-	-	-	-	1,003,235
Total fund balances (deficit)	<u>164,843</u>	<u>1,902,690</u>	<u>829,000</u>	<u>341,248</u>	<u>19,400,335</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 927,440</u>	<u>\$ 1,919,132</u>	<u>\$ 829,000</u>	<u>\$ 341,248</u>	<u>\$ 25,181,705</u>

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds, for the fiscal year ended December 31, 2022

	2nd Penny Sales & Use Tax	Enhanced 911	Swiftel Center	Library Fines
<b>REVENUES</b>				
Taxes:				
General sales and use	\$ 8,915,100	\$ -	\$ -	\$ -
Other taxes	-	361,567	-	-
Intergovernmental:				
Grants	308,547	129,748		
County other	-	183,464	-	-
Charges for goods and services:				
Culture and recreation	-	-	2,529,905	-
Fines and forfeits:				
Fines	-	-	-	14,781
Miscellaneous revenue:				
Interest income	131,688	1,801	-	18
Other	196,915	2,315	-	-
Total revenues	<u>9,552,250</u>	<u>678,895</u>	<u>2,529,905</u>	<u>14,799</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	923,640	-	-
Culture and recreation	-	-	2,717,314	10,772
Conservation and development	100,000	-	-	-
Debt service:				
Principal	2,123,091	-	28,908	-
Interest and other charges	406,863	-	-	-
Capital outlay	<u>4,779,659</u>	<u>-</u>	<u>368,416</u>	<u>-</u>
Total expenditures	<u>7,409,613</u>	<u>923,640</u>	<u>3,114,638</u>	<u>10,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,142,637</u>	<u>(244,745)</u>	<u>(584,733)</u>	<u>4,027</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,098,572	366,928	2,267,283	-
Transfers out	<u>(803,674)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,294,898</u>	<u>366,928</u>	<u>2,267,283</u>	<u>-</u>
Net change in fund balances	4,437,535	122,183	1,682,550	4,027
Fund balances (deficit) - beginning	<u>10,382,828</u>	<u>133,287</u>	<u>(619,883)</u>	<u>20,026</u>
Fund balances (deficit) - ending	<u>\$ 14,820,363</u>	<u>\$ 255,470</u>	<u>\$ 1,062,668</u>	<u>\$ 24,053</u>

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds, for the fiscal year ended December 31, 2022 (continued)

	Special Assessment	Storm Drainage	Bed and Booze Tax	BID Fee	Total
<b>REVENUES</b>					
Taxes:					
Storm drainage	\$ -	\$ 1,125,727	\$ -	\$ -	\$ 1,125,727
General sales and use	-	-	1,129,331	-	10,044,431
Other taxes	-	-	-	-	361,567
Intergovernmental:					
Grants					438,295
County other	-	-	-	-	183,464
Charges for goods and services:					
Culture and recreation	-	-	-	-	2,529,905
Fines and forfeits:					
Fines	-	-	-	-	14,781
Miscellaneous revenue:					
Interest income	2,398	13,875	5,030	2,322	157,132
Special assessments	74,299	-	-	-	74,299
Other	-	-	-	269,640	468,870
Total revenues	<u>76,697</u>	<u>1,139,602</u>	<u>1,134,361</u>	<u>271,962</u>	<u>15,398,471</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	5,387	5,387
Public safety	-	-	-	-	923,640
Public works	-	390,230	-	-	390,230
Culture and recreation	-	-	-	-	2,728,086
Conservation and development	-	-	597,239	238,000	935,239
Debt service:					
Principal	-	180,360	-	-	2,332,359
Interest and other charges	-	87,391	-	-	494,254
Capital outlay	41,569	214,040	-	-	5,403,684
Total expenditures	<u>41,569</u>	<u>872,021</u>	<u>597,239</u>	<u>243,387</u>	<u>13,212,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,128</u>	<u>267,581</u>	<u>537,122</u>	<u>28,575</u>	<u>2,185,592</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	50,000	-	5,782,783
Transfers out	-	-	(384,052)	-	(1,187,726)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(334,052)</u>	<u>-</u>	<u>4,595,057</u>
Net change in fund balances	35,128	267,581	203,070	28,575	6,780,649
Fund balances (deficit) - beginning	129,715	1,635,109	625,930	312,673	12,619,686
Fund balances (deficit) - ending	<u>\$ 164,843</u>	<u>\$ 1,902,690</u>	<u>\$ 829,000</u>	<u>\$ 341,248</u>	<u>\$ 19,400,335</u>

## Budgetary Comparison - 2nd Penny Sales & Use Tax Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General sales and use	\$ 6,904,449	\$ 7,305,390	\$ 8,915,100	\$ 1,609,710
Intergovernmental revenue:				
State grants	-	446,124	308,547	(137,577)
Miscellaneous revenue:				
Interest income	40,000	40,000	131,688	91,688
Reimbursements	-	-	196,915	196,915
Total revenues	<u>6,944,449</u>	<u>7,791,514</u>	<u>9,552,250</u>	<u>1,760,736</u>
<b>EXPENDITURES</b>				
Public Safety				
Police	263,600	339,600	364,061	(24,461)
Fire	221,000	961,000	282,456	678,544
Public works				
Highways and streets	3,248,950	4,819,097	3,806,295	1,012,802
Culture and recreation:				
Libraries	764,650	830,048	226,420	603,628
Auditorium	224,000	679,349	20,536	658,813
Historical preservation	-	100,000	79,891	20,109
Conservation and development				
Hospital	-	100,000	100,000	-
Debt Service				
Principal	2,212,389	2,123,361	2,123,091	270
Interest and other charges	518,008	403,452	406,863	(3,411)
Total expenditures	<u>7,452,597</u>	<u>10,355,907</u>	<u>7,409,613</u>	<u>2,946,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(508,148)</u>	<u>(2,564,393)</u>	<u>2,142,637</u>	<u>4,707,030</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,248,213	2,938,213	3,098,572	160,359
Transfers out	(857,094)	(988,094)	(803,674)	184,420
Total other financing sources (uses)	<u>391,119</u>	<u>1,950,119</u>	<u>2,294,898</u>	<u>344,779</u>
Net change in fund balances	(117,029)	(614,274)	4,437,535	5,051,809
Fund balances (deficit) - beginning	<u>10,382,828</u>	<u>10,382,828</u>	<u>10,382,828</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 10,265,799</u>	<u>\$ 9,768,554</u>	<u>\$ 14,820,363</u>	<u>\$ 5,051,809</u>

## Budgetary Comparison - Enhanced 911 Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Other taxes	\$ 394,085	\$ 394,085	\$ 361,567	\$ (32,518)
Intergovernmental revenue:				
State grants	-	-	129,748	129,748
County other	159,692	159,692	183,464	23,772
Miscellaneous revenue:				
Interest income	500	500	1,801	1,301
Other	-	-	2,315	2,315
Total revenues	<u>554,277</u>	<u>554,277</u>	<u>678,895</u>	<u>124,618</u>
<b>EXPENDITURES</b>				
Public safety:				
Other protection	1,022,948	1,021,442	923,640	97,802
Total expenditures	<u>1,022,948</u>	<u>1,021,442</u>	<u>923,640</u>	<u>97,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(468,671)</u>	<u>(467,165)</u>	<u>(244,745)</u>	<u>222,420</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>366,928</u>	<u>366,928</u>	<u>366,928</u>	-
Total other financing sources (uses)	<u>366,928</u>	<u>366,928</u>	<u>366,928</u>	-
Net change in fund balances	(101,743)	(100,237)	122,183	222,420
Fund balances (deficit) - beginning	<u>133,287</u>	<u>133,287</u>	<u>133,287</u>	-
Fund balances (deficit) - ending	<u>\$ 31,544</u>	<u>\$ 33,050</u>	<u>\$ 255,470</u>	<u>\$ 222,420</u>

## Budgetary Comparison - Swiftel Center Fund, for the fiscal year ended December 31, 2022

	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	\$ 2,509,333	\$ 2,509,333	\$ 2,529,905	\$ 20,572
Total revenues	<u>2,509,333</u>	<u>2,509,333</u>	<u>2,529,905</u>	<u>20,572</u>
<b>EXPENDITURES</b>				
Culture and recreation:				
Auditoriums	3,128,436	4,731,186	3,078,983	1,652,203
Debt Service:				
Principal	27,211	27,211	28,047	(836)
Interest	11,244	11,244	7,607	3,637
Total expenditures	<u>3,166,891</u>	<u>4,769,641</u>	<u>3,114,637</u>	<u>1,655,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(657,558)</u>	<u>(2,260,308)</u>	<u>(584,732)</u>	<u>109,449</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	823,374	930,360	2,267,283	1,336,923
Total other financing sources (uses)	<u>823,374</u>	<u>930,360</u>	<u>2,267,283</u>	<u>1,336,923</u>
Net change in fund balances	165,816	(1,329,948)	1,682,551	1,446,372
Fund balances (deficit) - beginning	<u>(619,883)</u>	<u>(619,883)</u>	<u>(619,883)</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ (454,067)</u>	<u>\$ (1,949,831)</u>	<u>\$ 1,062,668</u>	<u>\$ 1,446,372</u>



## Budgetary Comparison - Library Fines Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Fines and forfeits	\$ 35,000	\$ 35,000	\$ 14,779	\$ (20,221)
Miscellaneous revenue:				
Interest income	-	-	20	20
Total revenues	35,000	35,000	14,799	(20,201)
<b>EXPENDITURES</b>				
Culture and recreation:				
Libraries	30,000	30,000	10,772	19,228
Total expenditures	30,000	30,000	10,772	19,228
Excess (deficiency) of revenues over (under) expenditures	5,000	5,000	4,027	(973)
Net change in fund balances	5,000	5,000	4,027	(973)
Fund balances (deficit) - beginning	20,026	20,026	20,026	-
Fund balances (deficit) - ending	\$ 25,026	\$ 25,026	\$ 24,053	\$ (973)

## Budgetary Comparison - Special Assessment Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest income	\$ 1,000	\$ 1,000	\$ 2,398	\$ 1,398
Special assessments	96,841	96,841	74,299	(22,542)
Total revenues	97,841	97,841	76,697	(21,144)
<b>EXPENDITURES</b>				
Public works:				
Highways and streets	125,000	246,000	41,569	204,431
Total expenditures	125,000	246,000	41,569	204,431
Excess (deficiency) of revenues over (under) expenditures	(27,159)	(148,159)	35,128	183,287
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	(1,854)	(1,854)	-	(1,854)
Total other financing sources (uses)	(1,854)	(1,854)	-	(1,854)
Net change in fund balances	(29,013)	(148,159)	35,128	183,287
Fund balances (deficit) - beginning	129,715	129,715	129,715	-
Fund balances (deficit) - ending	\$ 100,702	\$ (18,444)	\$ 164,843	\$ 183,287

## Budgetary Comparison - Storm Drainage Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Storm drainage	\$ 1,062,000	\$ 1,062,000	\$ 1,124,841	\$ 62,841
Penalties and interest on delinquent taxes	1,496	1,496	886	(610)
Miscellaneous revenue:				
Interest income	10,000	10,000	13,875	3,875
Total revenues	<u>1,073,496</u>	<u>1,073,496</u>	<u>1,139,602</u>	<u>66,106</u>
<b>EXPENDITURES</b>				
Public works:				
Highways and streets	1,195,529	2,100,547	604,270	1,496,277
Debt Service				
Principal	183,605	183,605	180,360	3,245
Interest and other charges	101,931	101,931	87,391	14,540
Total expenditures	<u>1,481,065</u>	<u>2,386,083</u>	<u>872,021</u>	<u>1,514,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(407,569)</u>	<u>(1,312,587)</u>	<u>267,581</u>	<u>1,580,168</u>
Net change in fund balances	(407,569)	(1,312,587)	267,581	1,580,168
Fund balances (deficit) - beginning	<u>1,635,109</u>	<u>1,635,109</u>	<u>1,635,109</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 1,227,540</u>	<u>\$ 322,522</u>	<u>\$ 1,902,690</u>	<u>\$ 1,580,168</u>

## Budgetary Comparison - Bed and Booze Tax Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes:				
General sales and use	\$ 922,162	\$ 922,162	\$ 1,129,331	\$ 207,169
Miscellaneous revenue:				
Interest income	1,000	1,000	5,030	4,030
Total revenues	923,162	923,162	1,134,361	211,199
EXPENDITURES				
Conservation and development				
Economic development	560,932	623,632	597,239	26,393
Total expenditures	560,932	623,632	597,239	26,393
Excess (deficiency) of revenues over (under) expenditures	362,230	299,530	537,122	237,592
OTHER FINANCING SOURCES (USES)				
Transfers In	50,000	50,000	50,000	-
Transfers out	(330,892)	(395,052)	(384,052)	11,000
Total other financing sources (uses)	(280,892)	(345,052)	(334,052)	11,000
Net change in fund balances	81,338	(45,522)	203,070	248,592
Fund balances (deficit) - beginning	625,930	625,930	625,930	-
Fund balances (deficit) - ending	\$ 707,268	\$ 580,408	\$ 829,000	\$ 248,592

## Budgetary Comparison - BID Fee Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest income	\$ 500	\$ 500	\$ 2,322	\$ 1,822
Occupancy fee	500,000	500,000	269,640	(230,360)
Total revenues	500,500	500,500	271,962	(228,538)
<b>EXPENDITURES</b>				
General government				
Financial administration	4,000	4,000	5,387	(1,387)
Conservation and development				
Economic development	238,000	238,000	238,000	-
Total expenditures	242,000	242,000	243,387	(1,387)
Excess (deficiency) of revenues over (under) expenditures	258,500	258,500	28,575	(229,925)
Net change in fund balances	258,500	258,500	28,575	(229,925)
Fund balances (deficit) - beginning	312,673	312,673	312,673	-
Fund balances (deficit) - ending	\$ 571,173	\$ 571,173	\$ 341,248	\$ (229,925)

## Combining Statements - Nonmajor Debt Service Funds December 31, 2022

**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-5 32<sup>nd</sup> 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 32<sup>nd</sup> 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-8 Affordable Housing Fund** - To account for the revenues and expenditures of the Tax Increment District (TID) #8. TID was created to capture the incremental tax revenue generated by the development of affordable housing lots in the area of West 16<sup>th</sup> Avenue. This debt is developer guaranteed.

## Combining Balance Sheet - Nonmajor Debt Service Funds, December 31, 2022

	TIF-1 Innovation Campus	TIF-5 32nd Ave	TIF-6 Digester	TIF-7 S Main Ave	TIF-8 Affordable Housing	Total
<b>ASSETS</b>						
Restricted cash and cash equivalents	\$ 1,264,549	\$ -	\$ -	\$ (6,833)	\$ 6,745	\$ 1,264,461
Due from other governments	-	-	-	7,967	395	8,362
Total assets	<u>\$ 1,264,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134</u>	<u>\$ 7,140</u>	<u>\$ 1,272,823</u>
<b>LIABILITIES</b>						
Liabilities:						
Advance from other funds	1,700,000	-	-	-	-	1,700,000
Total liabilities	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>
<b>FUND BALANCES (DEFICIT)</b>						
Restricted		-	-	1,134	7,140	8,274
Unrestricted	(435,451)					
Total fund balances (deficit)	<u>(435,451)</u>	<u>-</u>	<u>-</u>	<u>1,134</u>	<u>7,140</u>	<u>8,274</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,264,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134</u>	<u>\$ 7,140</u>	<u>\$ 1,708,274</u>



## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds, for the fiscal year ended December 31, 2022

	TIF-1 Innovation Campus	TIF-5 32nd Ave	TIF-6 Digester	TIF-7 S Main Ave	TIF-8 Affordable Housing	Total
<b>REVENUES</b>						
Taxes:						
Property	\$ 565,466	\$ 160,410	\$ 337,675	\$ 1,002,891	\$ 37,424	\$ 2,103,866
Total revenues	565,466	160,410	337,675	1,002,891	37,424	2,103,866
<b>EXPENDITURES</b>						
Debt service:						
Principal	384,745	-	-	-	-	384,745
Payments to Developers	-	-	-	-	11,572	11,572
Interest and other charges	10,746	-	-	-	-	10,746
Total expenditures	395,491	-	-	-	11,572	407,063
Excess (deficiency) of revenues over (under) expenditures	169,975	160,410	337,675	1,002,891	25,852	1,696,803
<b>OTHER FINANCING USES</b>						
Transfers out	(1,700,000)	(160,410)	(337,675)	(1,002,891)	(18,712)	(3,219,688)
Total other financing uses	(1,700,000)	(160,410)	(337,675)	(1,002,891)	(18,712)	(3,219,688)
Net change in fund balances	(1,530,025)	-	-	-	7,140	(1,522,885)
Fund balances (deficit) - beginning	1,094,574	-	-	1,134	-	1,095,708
Fund balances (deficit) - ending	\$ (435,451)	\$ -	\$ -	\$ 1,134	\$ 7,140	\$ (427,177)

### Budgetary Comparison - TIF 1 Innovation Campus Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property	\$ -	\$ 544,891	\$ 565,466	\$ 20,575
Total revenues	-	544,891	565,466	20,575
<b>EXPENDITURES</b>				
Debt service				
Principal	-	393,216	384,745	8,471
Interest and other charges	-	13,445	10,746	2,699
Total expenditures	-	406,661	395,491	11,170
Excess (deficiency) of revenues over (under) expenditures	-	138,230	169,975	31,745
Net change in fund balances	-	138,230	169,975	31,745
<b>OTHER FINANCING USES</b>				
Transfers out	-	(1,700,000)	(1,700,000)	-
Total other financing uses	-	(1,700,000)	(1,700,000)	-
Fund balances (deficit) - beginning	1,094,574	1,094,574	1,094,574	-
Fund balances (deficit) - ending	\$ 1,094,574	\$ (2,167,196)	\$ (435,451)	\$ 31,745

## Budgetary Comparison - TIF 5 32nd Ave Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	(Modified Accrual Basis)	
REVENUES				
Taxes:				
General property	\$ 130,884	\$ 130,884	\$ 160,410	\$ 29,526
Total revenues	130,884	130,884	160,410	29,526
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	130,884	130,884	160,410	29,526
OTHER FINANCING SOURCES (USES)				
Transfers Out	(130,884)	(130,884)	(160,410)	(29,526)
Total other financing sources (uses)	(130,884)	(130,884)	(160,410)	(29,526)
Net change in fund balances	130,884	130,884	-	29,526
Fund balances (deficit) - beginning	-	-	-	-
Fund balances (deficit) - ending	\$ 130,884	\$ 130,884	\$ -	\$ 29,526

## Budgetary Comparison - TIF 6 Digester Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	(Modified Accrual Basis)	
<b>REVENUES</b>				
Taxes:				
General property	\$ 375,738	\$ 375,738	\$ 337,675	\$ (38,063)
Total revenues	<u>375,738</u>	<u>375,738</u>	<u>337,675</u>	<u>(38,063)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>375,738</u>	<u>375,738</u>	<u>337,675</u>	<u>(38,063)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(375,738)</u>	<u>(375,738)</u>	<u>(337,675)</u>	<u>38,063</u>
Total other financing sources (uses)	<u>(375,738)</u>	<u>(375,738)</u>	<u>(337,675)</u>	<u>38,063</u>
Net change in fund balances	-	-	-	-
Fund balances (deficit) - beginning	-	-	-	-
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Budgetary Comparison - TIF 7 South Main Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	(Modified Accrual Basis)	
REVENUES				
Taxes:				
General property	\$ 872,475	\$ 872,475	\$ 1,002,891	\$ 130,416
Total revenues	872,475	872,475	1,002,891	130,416
Excess (deficiency) of revenues over (under) expenditures	872,475	872,475	1,002,891	130,416
OTHER FINANCING SOURCES (USES)				
Transfers out	(872,475)	(872,475)	(1,002,891)	130,416
Total other financing sources (uses)	(872,475)	(872,475)	(1,002,891)	130,416
Net change in fund balances	-	-	-	-
Fund balances (deficit) - beginning	1,134	1,134	1,134	-
Fund balances (deficit) - ending	\$ 1,134	\$ 1,134	\$ 1,134	\$ -

### Budgetary Comparison - TIF 8 Affordable Housing, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property	\$ -	\$ -	\$ 37,424	\$ 37,424
Total revenues	-	-	37,424	37,424
<b>EXPENDITURES</b>				
Debt Service:				
Principal	-	-	11,572	11,572
Total Expenditures	-	-	11,572	11,572
Excess (deficiency) of revenues over (under) expenditures	-	-	25,852	37,424
<b>OTHER FINANCING USES</b>				
Transfers Out	-	-	(18,712)	(18,712)
Total other financing uses	-	-	(18,712)	(18,712)
Net change in fund balances	-	-	7,140	7,140
Fund balances (deficit) - beginning	-	-	-	-
Fund balances (deficit) - ending	\$ -	\$ -	\$ 7,140	\$ 7,140

## Combining Statements - Nonmajor Capital Project Funds December 31, 2022

**TIF 1 Innovation Project Fund** - to account for the resources received and expenditures to upgrade stormwater and street infrastructure on University Boulevard.

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

**Bob Sheldon 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.

**20<sup>th</sup> Street Interchange Fund** - to account for the financial resources used for design and construction of the Interstate 29 Exit 130 at 20<sup>th</sup> Street South.

**15<sup>th</sup> & 7<sup>th</sup> Fund** - to account for the financial resources used for the design and construction of infrastructure upgrades at the intersection of 15<sup>th</sup> Street and 7<sup>th</sup> Avenue.

**Public Safety Center Fund** - to account for the financial resources used for design and construction of either upgrading the existing Police and E-911 facility or a new facility.

**Armory Upgrades Fund** - to account for the financial resources used for roof repairs and other costs associated with the former Armory building on Main Avenue.

**Brookings County Food Pantry Fund** - to account for the financial resources used for design and construction of a new Brookings County Food Pantry facility in partnership with Brookings Area United Way.



## Combining Balance Sheet - Nonmajor Capital Project Funds, December 31, 2022

	TIF 1 Project Innovation	Gateway	TIF 7 Project S. Main	Bob Shelden Complex	20th Street Interchange
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,623,576	\$ -	\$ -	\$ -	\$ 457,659
Receivables, (net of allowances for uncollectibles, if any):					
Accounts	-	-	-	-	40,277
Total assets	<u>\$ 1,623,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,936</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 7,803	\$ -	\$ -	\$ -	\$ 6,350
Total liabilities	<u>7,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,350</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
<b>FUND BALANCES (DEFICIT)</b>					
Assigned	<u>1,615,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,586</u>
Total fund balances (deficit)	<u>1,615,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,586</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 1,623,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,936</u>

## Combining Balance Sheet - Nonmajor Capital Project Funds, December 31, 2022 (continued)

	15th & 7th	Public Safety Center	Armory Upgrades	Brookings County Food Pantry	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 274,322	\$ 403,381	\$ 16,915	\$ 218,785	\$ 2,994,638
Receivables, (net of allowances for uncollectibles, if any):					
Accounts	-	-	-	-	40,277
Total assets	<u>\$ 274,322</u>	<u>\$ 403,381</u>	<u>\$ 16,915</u>	<u>\$ 218,785</u>	<u>\$ 3,034,915</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 6,028	\$ 4,250	\$ -	\$ 123,031	\$ 147,462
Total liabilities	<u>6,028</u>	<u>4,250</u>	<u>-</u>	<u>123,031</u>	<u>147,462</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
<b>FUND BALANCES (DEFICIT)</b>					
Assigned	<u>268,295</u>	<u>399,131</u>	<u>16,915</u>	<u>95,754</u>	<u>2,887,454</u>
Total fund balances (deficit)	<u>268,295</u>	<u>399,131</u>	<u>16,915</u>	<u>95,754</u>	<u>2,887,454</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 274,322</u>	<u>\$ 403,381</u>	<u>\$ 16,915</u>	<u>\$ 218,785</u>	<u>\$ 3,034,915</u>

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds, for the fiscal year ended December 31, 2022

	TIF 1 Project Innovation	Gateway	TIF 7 Project S. Main	Bob Shelden Complex	20th Street Interchange
<b>REVENUES</b>					
Taxes:					
Miscellaneous revenue:					
Interest income	\$ 12,883	\$ 255	\$ -	\$ 132	\$ 6,406
Other	-	-	-	-	842,811
Total revenues	<u>12,883</u>	<u>255</u>	<u>-</u>	<u>132</u>	<u>849,217</u>
<b>EXPENDITURES</b>					
Current:					
Capital outlay	97,110	-	7,802	-	2,012,024
Total expenditures	<u>97,110</u>	<u>-</u>	<u>7,802</u>	<u>-</u>	<u>2,012,024</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,227)</u>	<u>255</u>	<u>(7,802)</u>	<u>132</u>	<u>(1,162,807)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,700,000	-	7,802	-	-
Transfers out	-	(32,477)	-	(16,818)	-
Total other financing sources (uses)	<u>1,700,000</u>	<u>(32,477)</u>	<u>7,802</u>	<u>(16,818)</u>	<u>-</u>
Net change in fund balances	1,615,773	(32,221)	-	(16,686)	(1,162,807)
Fund balances (deficit) - beginning	-	32,221	-	16,686	1,654,393
Fund balances (deficit) - ending	<u>\$ 1,615,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 491,586</u>

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds, for the fiscal year ended December 31, 2022 (continued)

	15th & 7th	Public Safety Center	Armory Upgrades	Brookings County Food Pantry	Total
<b>REVENUES</b>					
Taxes:					
Miscellaneous revenue:					
Interest income	\$ 3,839	\$ 3,495	\$ 133	\$ 1,965	\$ 29,109
Other	-	-	-	1,690,125	2,532,936
Total revenues	<u>3,839</u>	<u>3,495</u>	<u>133</u>	<u>1,692,090</u>	<u>2,562,045</u>
<b>EXPENDITURES</b>					
Current:					
Capital outlay	1,347,156	126,572	719	1,886,338	5,477,720
Total expenditures	<u>1,347,156</u>	<u>126,572</u>	<u>719</u>	<u>1,886,338</u>	<u>5,477,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,343,317)</u>	<u>(123,077)</u>	<u>(585)</u>	<u>(194,248)</u>	<u>(2,915,675)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	1,707,802
Transfers out	-	-	-	-	(49,295)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,658,507</u>
Net change in fund balances	(1,343,317)	(123,077)	(585)	(194,248)	(1,257,168)
Fund balances (deficit) - beginning	1,611,612	522,208	17,500	290,002	4,144,621
Fund balances (deficit) - ending	<u>\$ 268,295</u>	<u>\$ 399,131</u>	<u>\$ 16,915</u>	<u>\$ 95,754</u>	<u>\$ 2,887,454</u>

## Budgetary Comparison - TIF 1 Project - Innovation, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	(Modified Accrual Basis)	
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest income	\$ -	\$ -	\$ 12,883	\$ 12,883
Total revenues	-	-	12,883	12,883
<b>EXPENDITURES</b>				
Culture and recreation:				
Public Works	-	1,700,000	97,110	1,602,890
Total expenditures	-	1,700,000	97,110	1,602,890
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		1,700,000	1,700,000	-
Total other financing sources (uses)		1,700,000	1,700,000	-
Excess (deficiency) of revenues over (under) expenditures	-	-	1,615,773	1,615,773
Net change in fund balance	-	-	1,615,773	1,615,773
Fund balances (deficit) - beginning	-	-	-	-
Fund balances (deficit) - ending	\$ -	\$ -	\$ 1,615,773	\$ 1,615,773

## Budgetary Comparison - Gateway Project Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Other	\$ -	\$ -	\$ 255	\$ 255
Total revenues	-	-	255	255
<b>EXPENDITURES</b>				
Culture and recreation:				
Parks	20,000	20,000	-	20,000
Total expenditures	20,000	20,000	-	20,000
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(32,477)	(32,477)
Total other financing sources (uses)	-	-	(32,477)	(32,477)
Excess (deficiency) of revenues over (under) expenditures	(20,000)	(20,000)	(32,221)	(12,221)
Net change in fund balance	(20,000)	(20,000)	(32,221)	(12,221)
Fund balances (deficit) - beginning	-	-	32,221	32,221
Fund balances (deficit) - ending	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	<u>\$ -</u>	<u>\$ 20,000</u>

## Budgetary Comparison - TIF 7 S Main Fund, for the fiscal year ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	(Modified Accrual Basis)	
<b>EXPENDITURES</b>				
Conservation and development				
Public works	\$ -	\$ 7,500	\$ 7,802	\$ -
Total expenditures	-	7,500	7,802	(302)
Excess (deficiency) of revenues over (under) expenditures	-	(7,500)	(7,802)	(302)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	7,802	7,802
Total other financing sources (uses)	-	-	7,802	7,802
Net change in fund balance	-	(7,500)	-	7,500
Fund balances (deficit) - beginning	-	-	-	-
Fund balances (deficit) - ending	\$ -	\$ (7,500)	\$ -	\$ 7,500



### Budgetary Comparison - Bob Sheldon Complex Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest income	\$ -	\$ -	\$ 132	\$ 132
Other	-	-	-	-
Total revenues	-	-	132	132
<b>EXPENDITURES</b>				
Public Works				
Capital Outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	132	132
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(16,818)	(16,818)
Total other financing sources (uses)	-	-	(16,818)	(16,818)
Net change in fund balance	-	-	(16,686)	(16,686)
Fund balances (deficit) - beginning	-	16,685	16,686	-
Fund balances (deficit) - ending	\$ -	\$ 16,685	\$ -	\$ (16,686)

### Budgetary Comparison - 20th Street Interchange Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	(Modified Accrual Basis)	
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest Income	\$ -	\$ -	\$ 6,406	\$ (6,406)
Other	-	2,498,280	842,811	1,655,469
Total revenues	-	2,498,280	849,217	1,649,063
<b>EXPENDITURES</b>				
Public Works				
Capital Outlay	-	4,152,673	2,012,024	2,140,649
Total expenditures	-	4,152,673	2,012,024	2,140,649
Excess (deficiency) of revenues over (under) expenditures	-	(1,654,393)	(1,162,807)	491,586
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(1,654,393)	(1,162,807)	491,586
Fund balances (deficit) - beginning	-	1,654,393	1,654,393	-
Fund balances (deficit) - ending	\$ -	\$ -	\$ 491,586	\$ 491,586

## Budgetary Comparison - 15th & 7th Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest Income	\$ -	\$ -	\$ 3,839	\$ -
Other	-	-	-	-
Total revenues	-	-	3,839	-
<b>EXPENDITURES</b>				
Public Works				
Capital Outlay	-	1,611,571	1,347,156	264,415
Total expenditures	-	1,611,571	1,347,156	264,415
Excess (deficiency) of revenues over (under) expenditures	-	(1,611,571)	(1,343,317)	268,254
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(1,611,571)	(1,343,317)	268,254
Fund balances (deficit) - beginning	-	1,611,612	1,611,612	-
Fund balances (deficit) - ending	\$ -	\$ 41	\$ 268,295	\$ 268,254

## Budgetary Comparison - Public Safety Center for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest Income	\$ -	\$ -	\$ 3,495	\$ -
Other	-	-	-	-
Total revenues	-	-	3,495	-
<b>EXPENDITURES</b>				
Public Works				
Capital Outlay	-	522,200	126,572	395,628
Total expenditures	-	522,200	126,572	395,628
Excess (deficiency) of revenues over (under) expenditures	-	(522,200)	(123,077)	399,123
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(522,200)	(123,077)	399,123
Fund balances (deficit) - beginning	-	522,208	522,208	-
Fund balances (deficit) - ending	\$ -	\$ 8	\$ 399,131	\$ 399,123

## Budgetary Comparison - Armory Upgrades Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	(Modified Accrual Basis)	
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest Income	\$ -	\$ -	\$ 133	\$ -
Other	-	-	-	-
Total revenues	-	-	133	-
<b>EXPENDITURES</b>				
Public Works				
Capital Outlay	-	17,500	719	16,781
Total expenditures	-	17,500	719	16,781
Excess (deficiency) of revenues over (under) expenditures	-	(17,500)	(585)	16,915
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	17,500	-	(17,500)
Total other financing sources (uses)	-	17,500	-	(17,500)
Net change in fund balance	-	-	(585)	(585)
Fund balances (deficit) - beginning	-	17,500	17,500	-
Fund balances (deficit) - ending	\$ -	\$ 17,500	\$ 16,915	\$ (585)

### Budgetary Comparison - Brookings County Food Pantry Fund, for the fiscal year ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	(Modified Accrual Basis)	
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest Income	\$ -	\$ -	\$ 1,965	\$ (1,965)
Other	-	1,788,500	1,690,125	98,375
Total revenues	-	1,788,500	1,692,090	96,410
<b>EXPENDITURES</b>				
Public Works				
Capital Outlay	-	2,078,500	1,886,338	192,162
Total expenditures	-	2,078,500	1,886,338	192,162
Excess (deficiency) of revenues over (under) expenditures	-	(290,000)	(194,248)	95,752
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(290,000)	(194,248)	95,752
Fund balances (deficit) - beginning	-	290,002	290,002	-
Fund balances (deficit) - ending	\$ -	\$ 2	\$ 95,754	\$ 95,752

## Combining Statements - Nonmajor Enterprise Funds December 31, 2022

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

**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, December 31, 2022

	Liquor	Airport	Golf	Solid Waste	Research & Technology Center	Total
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,007,222	\$ 494,575	\$ 368,521	\$ 2,225,709	\$ 88,407	\$ 4,184,434
Receivables, (net of allowances for uncollectibles, if any):						
Accounts	405,748	265	544	370,700	12,495	789,752
Unbilled accounts	-	-	-	60,725	-	60,725
Lease receivable	-	37,368	12,331	27,214	-	76,913
Interest	-	4,916	1,074	1,779	-	7,768
Due from other funds	8	-	-	377	-	385
Inventories:						
Stores	965,418	-	-	58,744	-	1,024,162
Prepaid expenses	18,833	-	-	146,228	-	165,061
Total current assets	2,397,229	537,123	382,469	2,891,476	100,902	6,309,200
Noncurrent assets:						
Restricted cash and cash equivalents	-	-	-	7,356,697	-	7,356,697
Advances to other funds	54,908	-	-	748,833	-	803,741
Lease Receivable	-	110,184	95,712	54,486	-	260,382
Net pension asset	822	461	474	2,418	-	4,175
Land	-	1,923,340	50,000	496,364	1,675,000	4,144,704
Right of Use Lease Asset	1,651,825	-	150,016	-	-	1,801,841
Buildings and improvements	281,077	28,574,253	1,725,947	6,887,317	2,118,612	39,587,206
Machinery and equipment	378,434	1,140,213	847,082	5,895,538	-	8,261,267
Less accumulated depreciation/amortization	(704,093)	(10,122,294)	(1,421,455)	(7,576,096)	(1,051,166)	(20,875,103)
Total noncurrent assets	1,662,973	21,626,157	1,447,776	13,865,557	2,742,446	41,344,909
Total assets	4,060,202	22,163,281	1,830,245	16,757,033	2,843,348	47,654,109
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
OPEB related deferred outflows	23,638	16,885	10,674	104,486	-	155,683
Pension related deferred outflows	75,379	42,257	43,470	221,697	-	382,803
Total assets and deferred outflows of resources	\$ 4,159,219	\$ 22,222,423	\$ 1,884,389	\$ 17,083,216	\$ 2,843,348	\$ 48,192,595
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 439,815	\$ 581	\$ 64,606	\$ 267,059	\$ 3,206	\$ 775,267
Due to other funds	1,797	1,332	931	566	3,254	7,880
Due to other governments	-	-	1,179	-	-	1,179
Accrued interest payable	5,593	-	3,249	-	-	8,842
Accrued wages payable	18,402	3,885	2,867	33,612	-	58,766
Accrued taxes payable	43,302	-	-	2,556	-	45,858
Customer deposits	24,000	940	-	-	-	24,940
Current Portion of Lease	71,681	-	26,721	-	-	98,401
Compensated absences	20,002	11,179	11,471	82,114	-	124,767
Total current liabilities	624,592	17,917	111,024	385,907	6,460	1,145,900



## Combining Statement of Net Position - Nonmajor Enterprise Funds, December 31, 2022 (continued)

	Liquor	Airport	Golf	Solid Waste	Research & Technology Center	Total
Noncurrent liabilities:						
Long-term Lease Liability	1,508,711	-	93,660	-	-	1,602,371
Compensated absences	-	-	4,669	-	-	4,669
OPEB liability	74,284	34,120	35,675	180,230	-	324,309
Advances from other funds	-	-	54,908	-	-	54,908
Accrued landfill closure and postclosure costs	-	-	-	1,115,867	-	1,115,867
Total noncurrent liabilities	1,582,995	34,120	188,912	1,296,097	-	3,102,124
Total liabilities	2,207,587	52,037	299,935	1,682,004	6,460	4,248,024
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related deferred inflows	48,646	27,271	28,054	143,074	-	247,045
OPEB related deferred inflows	43,976	25,640	20,742	156,543	-	246,901
Lease Related Deferred Inflows	-	148,711	106,848	83,171	-	338,730
Total liabilities and deferred inflows of resources	2,300,209	253,660	455,579	2,064,792	6,460	5,080,700
<b>NET POSITION</b>						
Net investment in capital assets	26,852	21,515,512	1,231,209	5,703,123	2,742,446	31,219,142
Restricted for:						
SDRS pension purposes	71,592	43,454	37,848	204,906	-	357,800
Landfill closure and postclosure	-	-	-	4,424,004	-	4,424,004
Unrestricted	1,760,566	409,797	159,753	4,686,391	94,442	7,110,949
Total net position	\$ 1,859,010	\$ 21,968,763	\$ 1,428,810	\$ 15,018,424	\$ 2,836,888	\$ 43,111,895

## Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds, for the fiscal year ended December 31, 2022

	Liquor	Airport	Golf	Solid Waste	Research & Technology Center	Total
<b>OPERATING REVENUES</b>						
Charges for goods and services	\$ 13,117,601	\$ 57,716	\$ 709,671	\$ 4,028,825	\$ 118,106	\$ 18,031,919
Miscellaneous	-	125	4,577	35,126	-	39,828
Total operating revenues	13,117,601	57,841	714,248	4,063,951	118,106	18,071,747
<b>OPERATING EXPENSES</b>						
Personal services	422,089	173,100	223,246	902,321	-	1,720,756
Other current expenses	326,034	280,890	478,089	1,486,218	86,397	2,657,628
Cost of goods sold	11,972,732	-	-	-	-	11,972,732
Amortization	117,507	-	25,003	-	-	142,509
Depreciation	11,887	936,025	113,143	450,551	52,802	1,564,408
Total operating expenses	12,850,249	1,390,015	839,481	2,839,090	139,199	18,058,033
Operating income (loss)	267,352	(1,332,174)	(125,232)	1,224,861	(21,093)	13,713
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	7,584	2,926	2,855	85,091	618	99,074
Miscellaneous income	3,684	-	15,867	-	34,543	54,094
Gain/(Loss) on disposition of capital assets	6,000	-	2,864	-	-	8,864
Interest expense and fiscal charges	(69,213)	6,826	(917)	2,128	-	(61,176)
Total nonoperating revenues (expenses)	(51,945)	9,752	20,669	87,219	35,161	100,856
Income (loss) before capital contributions and transfers	215,407	(1,322,422)	(104,563)	1,312,079	14,068	114,569
Capital contributions	-	294,956	-	6,279	1,675,000	1,976,235
Transfers in	-	379,347	240,500	-	-	619,847
Transfers out	(480,000)	-	-	(695,600)	(38,270)	(1,213,870)
Change in net position	(264,593)	(648,119)	135,937	622,758	1,650,798	1,496,781
Net position - beginning	2,123,604	22,616,882	1,292,873	14,395,666	1,186,089	41,615,114
Net position - ending	\$ 1,859,010	\$ 21,968,763	\$ 1,428,810	\$ 15,018,424	\$ 2,836,888	\$ 43,111,895

## Combining Statement of Cash Flows - Nonmajor Enterprise Funds, for the fiscal year ended December 31, 2022

	Liquor	Airport	Golf	Solid Waste	Research & Technology Center	Total
<b>Cash Flows From Operating Activities</b>						
Receipts from customers	\$ 13,218,963	\$ 6,832	\$ 711,434	\$ 3,939,906	\$ 152,659	\$ 18,029,794
Internal activity-payments from other funds	4,870		(27,356)	10,525	-	(11,961)
Payments to suppliers	(12,316,806)	(580,855)	(415,989)	(1,302,295)	(108,308)	(14,724,253)
Payments to employees	(414,132)	(174,323)	(222,604)	(903,983)	-	(1,715,042)
Net cash provided by (used in) operating activities	492,895	(748,346)	45,485	1,744,153	44,351	1,578,538
<b>Cash Flows From Noncapital Financing Activities</b>						
Transfers in	-	379,347	240,500	-	-	619,847
Transfers out	(480,000)	-	-	(695,600)	(38,270)	(1,213,870)
Principal receipts (payments) on interfund advances/loans	18,303	-	(18,303)	211,920	-	211,920
Interest receipts (payments) on interfund advances/loans	(69,213)	6,826	(917)	2,128	-	(61,176)
Net cash provided by (used in) noncapital financing activities	(530,910)	386,173	221,280	(481,552)	(38,270)	(443,279)
Acquisition and construction of capital assets	(16,079)	107,413	(86,559)	(970,871)	-	(966,096)
Proceeds from sale/lease of capital assets	6,000	-	2,864	-	-	8,864
Cash received on lease receivables	-	46,987	18,137	30,018	-	95,142
Cash received for interest payments on lease receivables	-	-	-	-	-	-
Interest payments on lease liabilities	(69,213)	-	(5,227)	-	-	(74,440)
Capital grants	11,322	345,566	-	-	-	356,888
Net cash provided by (used in) capital and related financing activities	(67,970)	499,966	(70,785)	(940,853)	-	(579,642)
<b>Cash Flows From Investing Activities</b>						
Sale of investments	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-
Interest income	7,576	2,926	2,855	86,891	618	100,866
Net cash provided by (used in) investing activities	7,576	2,926	2,855	86,891	618	100,866
Net increase (decrease) in cash and cash equivalents	(98,410)	140,720	198,835	408,638	6,699	656,483
Balances - beginning of the year	1,105,632	353,855	169,686	9,173,768	81,707	22,436,727
Balances - end of the year	1,007,222	494,575	368,521	9,582,406	88,407	11,541,131
Less restricted cash and cash equivalents	-	-	-	(7,356,697)	-	(7,356,697)
Cash and cash equivalents (current) per statement of net position	\$ 1,007,222	\$ 494,575	\$ 368,521	\$ 2,225,709	\$ 88,407	\$ 4,184,434

## Combining Statement of Cash Flows - Nonmajor Enterprise Funds, for the fiscal year ended December 31, 2021 (continued)

	Liquor	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)	\$ 267,352	\$ (1,332,174)	\$ (125,232)	\$ 1,224,861	\$ (21,093)	\$ 13,713
Miscellaneous income	3,684	-	15,867	-	34,543	54,094
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	11,887	936,025	113,143	450,551	52,802	1,564,408
Amortization	117,507	-	25,003	-	-	142,509
Landfill closure and postclosure cost	-	-	-	118,219	-	118,219
Change in operating assets and liabilities:						
(Increase) decrease in:						-
Receivables	97,678	(51,009)	(18,681)	(124,045)	10	(96,047)
Inventories	(62,604)	-	-	(387)	-	(62,991)
Prepaid expenses	(5,622)	-	-	(150,598)	-	(156,220)
Other assets	4,870	-	(27,356)	10,525	-	(11,961)
Deferred outflows related to pensions	16,050	13,238	4,866	39,988	-	74,142
Deferred outflows related to other	(16,193)	(14,087)	(6,919)	(87,963)	-	(125,162)
Net pension asset	70,770	42,993	37,374	202,488	-	353,625
Increase (decrease) in:						
Deferred inflows related to pensions	(90,899)	(57,428)	(45,720)	(256,325)	-	(450,372)
Deferred inflows related to other	18,302	15,922	7,819	99,415	-	141,458
Account and other payables	50,186	(299,965)	62,100	216,689	(21,911)	7,099
Accrued wages payable	1,393	(739)	82	(1,931)	-	(1,195)
Accrued leave payable	7,852	(1,715)	2,849	(1,039)	-	7,947
Accrued OPEB payable	682	593	291	3,705	-	5,271
Net cash provided by (used in) operating activities	<u>\$ 492,895</u>	<u>\$ (748,346)</u>	<u>\$ 45,485</u>	<u>\$ 1,744,153</u>	<u>\$ 44,351</u>	<u>\$ 1,578,538</u>
<b>Noncash Investing, Capital And Financing Activities</b>						
Grant funds receivable as contributions of aid and construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital asset additions from contributed capital	-	-	-	-	1,675,000	1,675,000
Accounts payable for capital assets	-	-	-	-	-	0

## Combining Statements - Internal Service Funds December 31, 2022

**Medical Insurance Internal Service Fund** – To account for the employer and employee shares of medical insurance premiums and expenses incurred to administer the program.

**Dental Insurance Internal Service Fund** - To account for the employer and employee shares of dental insurance premiums and expenses incurred to administer the program.

## Combining Balance Sheet - Internal Service Funds, December 31, 2022

	Medical Insurance Fund	Dental Insurance Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,078,076	\$ 23,168	\$ 4,101,242
Investments	3,267,473	-	3,267,473
Accounts Receivable	32,814	-	32,814
Total assets	<u>\$ 7,378,362</u>	<u>\$ 23,168</u>	<u>\$ 7,401,529</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 354,993	\$ 12,732	\$ 367,724
Total liabilities	<u>354,993</u>	<u>12,732</u>	<u>367,724</u>
<b>NET POSITION</b>			
Unrestricted	<u>7,023,369</u>	<u>10,436</u>	<u>7,033,805</u>
Total net position	<u>7,023,369</u>	<u>10,436</u>	<u>7,033,805</u>
Total liabilities and net position	<u>\$ 7,378,362</u>	<u>\$ 23,168</u>	<u>\$ 7,401,529</u>

## Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds, for the fiscal year ended December 31, 2022

	Medical Insurance Fund	Dental Insurance Fund	Total
<b>OPERATING REVENUES</b>			
Charges for goods and Services	\$ 3,508,899	\$ 133,297	\$ 3,642,196
Total operating revenues	3,508,899	133,297	3,642,196
<b>OPERATING EXPENSES</b>			
Other current expenses	832,296	15,961	848,257
Insurance claims and expenses	2,983,045	111,630	3,094,675
Total operating expenses	3,815,341	127,591	3,942,931
Operating income (loss)	(306,442)	5,706	(300,736)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	61,198	19	61,218
Total nonoperating revenues (expenses)	61,198	19	61,218
Net change in net position	(245,243)	5,726	(239,518)
Net position - beginning	7,268,612	4,711	7,273,323
Net position - ending	\$ 7,023,369	\$ 10,436	\$ 7,033,805

## Combining Statement of Cash Flows - Internal Service Funds, for the fiscal year ended December 31, 2022

	Medical Insurance Fund	Dental Insurance Fund	Total
<b>Cash Flows From Operating Activities</b>			
Internal activity-payments from other funds	\$ 3,510,205	\$ 133,297	\$ 3,643,502
Payments to suppliers	(3,732,375)	(124,057)	(3,856,431)
Net cash provided by (used in) operating activities	(222,170)	9,240	(212,930)
<b>Cash Flows From Investing Activities</b>			
Sale of investments	(1,767,473)	-	(1,767,473)
Interest income	29,946	19	29,964
Net cash provided by (used in) investing activities	(1,737,527)	19	(1,737,509)
Net increase (decrease) in cash and cash equivalents	(1,959,696)	9,260	(1,950,439)
Balances - beginning of the year	6,037,772	13,909	6,051,681
Balances - end of the year	4,078,076	23,168	4,101,242
Less restricted cash and cash equivalents	-	-	-
Cash and cash equivalents (current) per statement of net position	\$ 4,078,076	\$ 23,168	\$ 4,101,242



## Combining Statement of Cash Flows - Internal Service Funds, for the fiscal year ended December 31, 2022

	Medical Insurance Fund	Dental Insurance Fund	Total
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (306,442)	\$ 5,706	\$ (300,736)
Miscellaneous income	-	-	-
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in operating assets and liabilities:			
(Increase) decrease in:			
Receivables	1,306	-	1,306
Account and other payables	82,966	3,534	86,500
Claims payable	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (222,170)</u>	<u>\$ 9,240</u>	<u>\$ (212,930)</u>

## Combining Statements - Fiduciary Funds

**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.

## Combining Statement of Net Position - Fiduciary Funds, December 31, 2022


	Section 125 Fund	Rural Fire Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,608	\$ 27,274	\$ 30,882
Accounts receivable	2,560	-	2,560
Total Assets	<u>\$ 6,168</u>	<u>\$ 27,274</u>	<u>\$ 33,442</u>
<b>NET POSITION</b>			
Restricted for individuals, organizations, and other governments	6,168	27,274	33,442
Total Net Position	<u>\$ 6,168</u>	<u>\$ 27,274</u>	<u>\$ 33,442</u>

## Combining Statement of Changes in Fiduciary Net Position, for the fiscal year ended December 31, 2022

	Custodial Funds		
	Section 125 Fund	Rural Fire Fund	Total
<b>Additions</b>			
Contributions	\$ 184	\$ 14,027	\$ 14,211
Total Additions	184	14,027	14,211
<b>Deductions</b>			
Benefit Payments	2,371	1,897	4,268
Total Deductions	2,371	1,897	4,268
Change in net position	(2,186)	12,130	9,944
Net Position, beginning	8,354	15,144	23,498
Net Position, ending	\$ 6,168	\$ 27,274	\$ 33,442



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# STATISTICAL SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT / CITY OF BROOKINGS



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ANNUAL COMPREHENSIVE FINANCIAL REPORT / FISCAL YEAR ENDED DECEMBER 31, 2022

CITY OF BROOKINGS

This part of the City of Brookings annual Comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

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<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services and activities the government provides and performs.</i>	



**Table 1**  
**Net Position by Component (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2022	2021	2020	2019	2018
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 98,599,831	\$ 96,652,905	\$ 94,815,128	\$ 84,969,255	\$ 79,953,311
Restricted	1,195,001	6,995,992	1,872,953	2,815,166	3,572,368
Unrestricted	42,056,574	29,373,296	26,603,557	22,975,842	19,508,946
<b>Total Governmental Activities Net Position</b>	<b>141,851,406</b>	<b>133,022,193</b>	<b>123,291,638</b>	<b>110,760,263</b>	<b>103,034,625</b>
<b>Business-type Activities</b>					
Net investment in capital assets	170,925,218	156,555,939	147,989,715	139,415,546	138,103,929
Restricted	9,559,237	15,524,423	6,436,784	6,101,737	14,150,261
Unrestricted	202,775,298	188,217,767	149,268,072	133,162,139	110,623,099
<b>Total Business-type Activities Net Position</b>	<b>383,259,753</b>	<b>360,298,129</b>	<b>303,694,571</b>	<b>278,679,422</b>	<b>262,877,289</b>
<b>Primary Government</b>					
Net investment in capital assets	269,525,049	253,208,843	242,804,843	224,384,801	218,057,240
Restricted	10,754,238	22,520,415	8,309,737	8,916,903	17,722,629
Unrestricted	244,831,871	217,591,064	175,871,629	156,137,981	130,132,045
<b>Total Primary Government Net Position</b>	<b>\$ 525,111,158</b>	<b>\$ 493,320,322</b>	<b>\$ 426,986,209</b>	<b>\$ 389,439,685</b>	<b>\$ 365,911,914</b>

**Table 1 (continued)**  
**Net Position by Component (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 76,993,653	\$ 72,145,788	\$ 64,579,729	\$ 56,625,781	\$ 62,699,489
Restricted	4,537,648	4,886,747	5,013,005	3,156,857	2,259,218
Unrestricted	16,898,022	20,064,256	22,424,600	20,309,859	14,775,779
<b>Total Governmental Activities Net Position</b>	<b>98,429,323</b>	<b>97,096,791</b>	<b>92,017,334</b>	<b>80,092,497</b>	<b>79,734,486</b>
<b>Business-type Activities</b>					
Net investment in capital assets	136,462,888	136,023,245	114,205,616	104,777,360	95,258,237
Restricted	12,954,510	7,771,643	13,109,068	4,717,291	4,525,348
Unrestricted	104,848,871	94,982,598	98,824,153	89,517,138	75,079,940
<b>Total Business-type Activities Net Position</b>	<b>254,266,269</b>	<b>238,777,486</b>	<b>226,138,837</b>	<b>199,011,789</b>	<b>174,863,525</b>
<b>Primary Government</b>					
Net investment in capital assets	213,456,541	208,169,033	178,785,345	161,403,141	157,957,726
Restricted	17,492,158	12,658,390	18,122,073	7,874,148	6,784,566
Unrestricted	121,746,893	115,046,854	121,248,753	109,826,997	89,855,719
<b>Total Primary Government Net Position</b>	<b>\$ 352,695,592</b>	<b>\$ 335,874,277</b>	<b>\$ 318,156,171</b>	<b>\$ 279,104,286</b>	<b>\$ 254,598,011</b>

**Table 2**  
**Changes in Net Position (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2022	2021	2020	2019	2018
<b>Expenses</b>					
Governmental Activities :					
General Government	\$ 4,682,100	\$ 3,697,969	\$ 3,891,685	\$ 3,100,823	\$ 2,647,096
Public Safety	6,995,897	470,457	6,634,204	1,045,554	3,751,634
Public Works	11,930,779	13,352,554	6,961,151	8,781,586	7,826,805
Health and Welfare	114,115	144,386	296,258	361,670	112,288
Culture and Recreation	8,604,916	7,526,172	7,475,475	7,989,691	7,878,881
Conservation and Development	2,822,296	683,221	726,066	5,075,005	3,126,428
Interest on Long-Term Debt	505,000	812,306	1,177,732	638,665	691,513
Total Governmental Activities Expenses	35,655,102	26,687,064	27,162,570	26,992,991	26,034,645
Business-type Activities :					
Electric	24,716,075	23,222,080	22,967,667	24,763,773	25,453,375
Health System	69,417,081	64,040,798	73,554,617	73,126,615	69,543,974
Telephone	12,742,358	13,574,794	28,097,557	31,994,685	30,588,645
Liquor	12,919,462	12,165,414	3,827,891	3,996,363	3,781,087
Water	3,753,612	3,536,211	3,624,238	3,548,165	3,313,377
Waste water	5,523,463	5,018,852	5,392,789	5,358,562	5,057,364
Airport	1,383,189	1,047,388	1,228,299	1,266,013	1,196,653
Golf	840,397	816,962	635,773	720,382	617,329
Solid Waste	2,836,962	2,736,232	2,723,993	2,729,960	2,543,324
Research and Technology	139,199	97,992	165,585	95,993	199,973
Total Business-type Activities	134,271,799	126,256,722	142,218,409	147,600,511	142,295,101
<b>Total Primary Government Expenses</b>	<b>\$ 169,926,901</b>	<b>\$ 152,943,786</b>	<b>\$ 169,380,979</b>	<b>\$ 174,593,504</b>	<b>\$ 168,329,746</b>
<b>Program Revenues</b>					
Governmental Activities :					
Charges for Services					
General Government	\$ 1,222,516	\$ 50,314	\$ 127,946	\$ 207,378	\$ 228,638
Public Safety	80,117	76,631	57,731	92,323	91,015
Public Works	286,991	17,630	212,732	216,335	193,102
Health and Welfare	24,107	6,360	7,175	8,385	8,245
Culture and Recreation	2,950,055	1,867,974	1,992,848	2,482,252	2,639,300
Operating Grants and Contributions	5,656,413	3,053,017	5,137,166	3,402,511	1,196,236
Capital Grants and Contributions	2,080,698	920,807	4,448,295	531,055	1,367,148
Total Governmental Activities Program Revenues	\$ 12,300,897	\$ 5,992,733	\$ 11,983,893	\$ 6,940,239	\$ 5,723,684

**Table 2 (continued)**  
**Changes in Net Position (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013
<b>Expenses</b>					
Governmental Activities :					
General Government	\$ 2,683,335	\$ 3,105,729	\$ 2,865,778	\$ 3,017,290	\$ 2,358,748
Public Safety	4,982,599	5,565,159	5,054,020	5,036,493	4,764,759
Public Works	6,135,577	6,743,700	5,934,626	7,410,926	10,914,820
Health and Welfare	62,421	109,111	101,042	112,621	158,918
Culture and Recreation	8,020,666	7,506,553	7,400,596	7,168,741	6,295,703
Conservation and Development	6,761,176	901,572	1,209,287	1,939,064	990,262
Interest on Long-Term Debt	737,456	826,085	734,534	808,496	675,609
Total Governmental Activities Expenses	29,383,230	24,757,909	23,299,883	25,493,631	26,158,819
Business-type Activities :					
Electric	24,515,516	24,525,853	22,650,657	21,175,715	20,251,826
Health System	60,558,629	57,019,809	54,370,009	52,211,048	36,080,349
Telephone	29,219,330	30,825,559	30,598,739	33,929,866	33,816,035
Liquor	3,678,655	3,859,242	3,608,454	3,664,576	9,680,751
Water	2,888,204	2,952,599	2,964,843	2,641,459	2,692,785
Waste water	4,584,074	3,973,778	3,704,292	3,124,572	2,698,766
Airport	1,195,489	1,252,509	839,807	383,714	442,346
Golf	558,579	609,864	561,156	552,028	546,691
Solid Waste	2,188,944	2,444,615	2,168,527	2,410,877	2,580,584
Research and Technology	134,559	129,354	119,473	181,122	169,691
Total Business-type Activities	129,521,979	127,593,182	121,585,957	120,274,977	108,959,824
<b>Total Primary Government Expenses</b>	<b>\$ 158,905,209</b>	<b>\$ 152,351,091</b>	<b>\$ 144,885,840</b>	<b>\$ 145,768,608</b>	<b>\$ 135,118,643</b>
<b>Program Revenues</b>					
Governmental Activities :					
Charges for Services					
General Government	\$ 109,310	\$ 108,943	\$ 106,379	\$ 103,908	\$ 105,121
Public Safety	96,173	101,069	99,666	97,099	113,355
Public Works	161,414	672,785	2,638,528	927,311	1,104,225
Health and Welfare	12,240	12,965	10,735	11,848	10,765
Culture and Recreation	2,338,974	2,552,726	2,419,523	2,186,594	1,994,400
Operating Grants and Contributions	344,154	255,425	249,049	881,030	217,529
Capital Grants and Contributions	2,283,328	1,822,082	5,418,303	221,332	4,736,387
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 5,345,593</b>	<b>\$ 5,525,995</b>	<b>\$ 10,942,183</b>	<b>\$ 4,429,122</b>	<b>\$ 8,281,782</b>

**Table 2 (continued)**  
**Changes in Net Position (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2022	2021	2020	2019	2018
Business-type Activities					
Charges for Services					
Electric	\$ 31,551,919	\$ 30,605,847	\$ 30,115,105	\$ 30,725,604	\$ 30,354,463
Hospital	75,101,015	73,794,228	70,860,789	73,432,103	67,205,567
Telephone	16,156,512	16,720,477	31,664,281	33,711,084	30,846,434
Liquor	13,117,601	12,439,465	4,069,616	4,101,303	4,169,811
Water	6,590,386	6,559,572	6,026,269	5,335,695	5,538,265
Wastewater	6,158,968	6,148,600	5,685,854	5,658,116	5,667,674
Airport	57,841	54,364	51,823	42,681	52,667
Golf	714,248	661,886	511,101	457,412	378,017
Solid Waste	4,063,951	3,793,392	3,848,560	3,891,541	3,748,244
Research and Technology	118,106	48,428	123,642	133,536	157,616
Operating Grants and Contributions	281,057	7,057,625	8,217,128	135,639	-
Capital Grants and Contributions	11,093,899	1,624,955	3,790,599	1,597,975	1,511,754
Total Business-type Activities Program Revenues	165,005,502	159,508,839	164,964,767	159,222,688	149,630,512
<b>Total Primary Government Program Revenues</b>	<b>177,306,400</b>	<b>165,501,572</b>	<b>176,948,660</b>	<b>166,114,548</b>	<b>155,354,196</b>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	(23,354,206)	(20,694,332)	(15,178,677)	(20,101,133)	(20,310,961)
Business-type Activities	30,733,703	33,252,116	22,746,358	11,622,178	7,335,411
Total Primary Government Net Expense	7,379,496	12,557,785	7,567,681	(8,478,955)	(12,975,550)
<b>General Revenue and Transfers</b>					
Governmental Activities:					
Taxes					
Property Tax	5,808,596	7,980,481	5,379,861	5,075,216	4,710,575
Sales Tax	18,959,530	16,463,176	15,093,694	15,693,162	14,687,019
Other Tax	1,487,294	1,586,599	1,432,906	1,465,982	1,361,492
State Shared Revenues	245,698	226,796	220,596	194,899	176,729
Unrestricted Investment Earnings (Loss)	346,144	-	301,724	596,688	428,667
Gain on Disposition Of Capital Assets	24,277	(2,072)	570,114	43,185	2,767
Miscellaneous Revenue, Net	2,212,857	1,541,478	1,551,984	1,691,530	1,613,764
Transfers	3,099,023	3,085,486	3,159,175	3,066,109	2,880,230
Change in Accounting Estimate (See Note 20)	-	(457,058)	-	-	-
Total Governmental Activities General Revenues	\$ 32,183,419	\$ 30,424,886	\$ 27,710,054	\$ 27,826,771	\$ 25,861,243
Business-type Activities					
Unrestricted Investment Earnings	-\$4,712,117	\$ 5,178,540	\$ 4,573,388	\$ 6,270,358	\$ 856,049
Gain on Disposition of Capital Assets	33,634	22,003,027	1,842	6,519	37,299
Minority Interest Payment	-	-	-	-	-
Miscellaneous Revenue, Net	5,427	(301,424)	852,736	969,189	5,487,728
Transfers	(3,099,023)	(3,085,486)	(3,159,175)	(3,066,109)	(2,880,230)
Total Business-type Activities General Revenues	(7,772,079)	23,794,657	2,268,791	4,179,955	3,500,846
<b>Total Primary Government General Revenues</b>	<b>24,411,340</b>	<b>54,676,601</b>	<b>29,978,845</b>	<b>32,142,366</b>	<b>29,362,089</b>
Change in Net Position					
Governmental Activities	8,829,213	9,730,552	12,531,377	7,725,638	5,550,282
Business-type Activities	22,961,624	56,603,559	25,015,149	15,802,133	10,836,257
<b>Total Primary Government</b>	<b>\$ 31,790,837</b>	<b>\$ 66,334,112</b>	<b>\$ 37,546,526</b>	<b>\$ 23,527,771</b>	<b>\$ 16,386,539</b>

**Table 2 (continued)**  
**Changes in Net Position (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013
Business-type Activities					
Charges for Services					
Electric	\$ 28,502,743	\$ 27,779,114	\$ 26,341,321	\$ 25,314,931	\$ 23,946,694
Hospital	65,773,982	59,598,490	61,882,772	53,809,700	37,829,424
Telephone	31,162,913	32,311,864	34,313,078	37,007,090	35,519,726
Liquor	4,132,486	4,340,680	4,169,571	3,986,650	10,593,780
Water	5,394,391	5,151,101	5,004,185	4,188,992	4,077,955
Wastewater	5,537,130	4,963,644	4,816,146	4,102,822	3,418,736
Airport	47,299	33,153	34,459	25,669	20,025
Golf	385,897	380,066	316,181	304,314	334,640
Solid Waste	3,721,235	3,771,061	3,703,602	3,485,365	3,248,335
Research and Technology	168,312	189,248	176,524	193,430	148,490
Operating Grants and Contributions	19,988	20,766	20,112	405,059	34,994
Capital Grants and Contributions	2,847,446	3,246,363	2,210,269	11,935,303	7,680,056
Total Business-type Activities Program Revenues	147,693,822	141,785,550	142,988,220	144,759,325	126,852,855
<b>Total Primary Government Program Revenues</b>	<b>153,039,415</b>	<b>147,311,545</b>	<b>153,930,403</b>	<b>149,188,447</b>	<b>135,134,637</b>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	(24,037,637)	(19,231,914)	(12,357,700)	(21,064,509)	(17,877,037)
Business-type Activities	18,171,843	14,192,368	21,402,263	24,484,348	17,893,031
Total Primary Government Net Expense	(5,865,794)	(5,039,546)	9,044,563	3,419,839	15,994
<b>General Revenue and Transfers</b>					
Governmental Activities:					
Taxes					
Property Tax	5,181,164	4,729,382	4,397,088	4,230,428	3,848,367
Sales Tax	14,164,131	14,160,915	13,475,972	13,163,848	12,806,189
Other Tax	361,246	357,367	354,971	351,187	355,141
State Shared Revenues	189,586	220,472	208,033	210,750	189,336
Unrestricted Investment Earnings (Loss)	116,358	126,700	162,862	287,430	(13,967)
Gain on Disposition Of Capital Assets	-	-	-	104,521	12,233
Miscellaneous Revenue, Net	1,548,447	1,906,424	1,508,487	1,853,211	645,650
Transfers	3,809,237	2,810,111	2,406,167	1,221,145	2,552,122
Total Governmental Activities General Revenues	\$ 25,370,169	\$ 24,311,371	\$ 22,513,580	\$ 21,422,520	\$ 20,395,071
Business-type Activities					
Unrestricted Investment Earnings	\$ 879,148	\$ 473,140	\$ 550,280	\$ 705,244	\$ 344,479
Gain on Disposition of Capital Assets	327	12,397	175,464	5,047	-
Minority Interest Payment	-	-	-	-	-
Miscellaneous Revenue, Net	246,702	770,855	192,028	174,770	168,312
Transfers	(3,809,237)	(2,810,111)	(2,406,167)	(1,221,145)	(2,552,122)
Total Business-type Activities General Revenues	(2,683,060)	(1,553,719)	(1,488,395)	(336,084)	(2,039,331)
<b>Total Primary Government General Revenues</b>	<b>22,687,109</b>	<b>22,757,652</b>	<b>21,025,185</b>	<b>21,086,436</b>	<b>18,355,740</b>
Change in Net Position					
Governmental Activities	1,332,532	5,079,457	10,155,880	358,011	2,518,034
Business-type Activities	15,488,783	12,638,649	19,913,868	24,148,264	15,853,700
<b>Total Primary Government</b>	<b>\$ 16,821,315</b>	<b>\$ 17,718,106</b>	<b>\$ 30,069,748</b>	<b>\$ 24,506,275</b>	<b>\$ 18,371,734</b>

**Table 3**  
**Fund Balances of Governmental Funds (modified accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2022	2021	2020
<b>General Fund</b>			
Nonspendable	\$ 3,726,013	\$ 2,055,124	\$ 2,238,814
Restricted	43,288	2,219,383	36,979
Committed	6,274,091	2,821,073	3,676,972
Assigned	7,220,426	5,430,333	4,306,181
Unassigned	7,565,950	8,731,692	11,886,955
<b>Total General Fund</b>	<b>\$ 24,829,768</b>	<b>\$ 21,257,605</b>	<b>\$ 22,145,901</b>
<b>All Other Governmental Funds</b>			
Nonspendable	\$ 65,308	\$ 27,779	\$ 46,628
Restricted	1,116,797	1,874,951	1,361,983
Committed	17,223,269	12,460,324	12,641,410
Assigned	2,887,454	5,790,076	1,833,952
Unassigned	567,784	(2,293,117)	(4,175,979)
<b>Total All Other Governmental Funds</b>	<b>\$ 21,860,612</b>	<b>\$ 17,860,013</b>	<b>\$ 11,707,994</b>

**Table 3 (continued)****Fund Balances of Governmental Funds (modified accrual basis of accounting)  
Last Ten Fiscal Years**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 2,729,473	\$ 2,743,864	\$ 3,263,418	\$ 3,220,395	\$ 3,606,784	\$ 3,907,467	\$ 2,528,342
43,074	56,532	59,925	83,215	849,383	68,104	70,892
3,918,640	4,022,621	3,973,356	3,918,640	3,609,682	3,609,682	3,496,014
1,655,915	1,868,278	2,111,523	1,629,181	1,528,508	1,328,102	1,237,505
9,799,639	8,072,334	6,333,144	5,820,728	5,242,679	7,391,078	5,387,268
<b>\$ 18,146,741</b>	<b>\$ 16,763,629</b>	<b>\$ 15,741,366</b>	<b>\$ 14,672,159</b>	<b>\$ 14,837,036</b>	<b>\$ 16,304,433</b>	<b>\$ 12,720,021</b>
\$ 59,033	\$ 37,656	\$ 40,224	\$ 37,709	\$ 42,111	\$ 114,912	\$ 69,673
2,294,142	1,065,733	1,364,894	2,880,425	1,786,616	2,732,901	2,442,979
9,897,600	8,540,497	6,745,577	6,590,061	5,574,697	4,549,043	7,330,753
1,138,714	1,694,206	1,992,551	664,484	2,726,334	1,834,118	-
(1,091,346)	(1,249,220)	(1,899,178)	(2,559,229)	(1,495,895)	(2,633,850)	(3,322,382)
<b>\$ 12,298,143</b>	<b>\$ 10,088,872</b>	<b>\$ 8,244,068</b>	<b>\$ 7,613,450</b>	<b>\$ 8,633,863</b>	<b>\$ 6,597,124</b>	<b>\$ 6,521,023</b>



**Table 4**  
**Changes in Fund Balances of Governmental Funds (modified accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2022	2021	2020
<b>Revenues</b>			
Taxes			
General Property Taxes	\$ 5,808,596	\$ 5,797,455	\$ 5,383,033
Storm Drainage Taxes	1,125,727	1,188,986	1,043,517
General Sales and Use Tax	18,959,530	16,463,176	15,093,694
Other Taxes	361,567	397,613	389,389
Licenses and Permits	414,311	165,309	273,392
Intergovernmental	6,050,301	1,126,390	5,364,146
Charges for Goods and Services	2,942,073	1,840,095	1,964,584
Fines and Forfeitures	88,589	84,427	65,478
Miscellaneous Revenue	5,610,331	2,495,561	1,954,579
<b>Total Revenue</b>	<b>41,361,025</b>	<b>29,559,012</b>	<b>31,531,812</b>
<b>Expenditures</b>			
General Government	4,420,811	3,541,113	3,467,373
Public Safety	6,144,985	5,596,525	5,478,874
Public Works	3,899,314	3,932,553	3,815,230
Health and Welfare	122,561	138,334	152,334
Culture and Recreation	6,937,141	5,833,083	5,438,652
Conservation and Development	935,239	673,221	726,066
Debt Service			
Principal	2,717,104	2,526,433	2,461,021
Interest	505,000	499,946	1,084,964
Capital Outlay	11,229,410	7,589,210	9,234,893
<b>Total Expenditures</b>	<b>36,911,565</b>	<b>30,330,418</b>	<b>31,859,407</b>
<b>Deficiency of Revenues under Expenditures</b>	<b>4,449,460</b>	<b>(771,406)</b>	<b>(327,595)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	11,205,485	11,545,517	10,257,969
Transfers Out	(8,106,462)	(8,460,031)	(7,098,795)
Proceeds From Long Term Debt	-	3,724,468	-
Sale of Capital Assets	24,277	(2,072)	577,430
<b>Total Other Financing Sources</b>	<b>3,123,300</b>	<b>6,807,882</b>	<b>3,736,604</b>
<b>Change in Accounting Estimate</b>	<b>-</b>	<b>\$ (457,058)</b>	
<b>Net Change in Fund Balances</b>	<b>\$ 7,572,760</b>	<b>\$ 5,579,418</b>	<b>\$ 3,409,009</b>
Debt service as a percentage of noncapital expenditures	8.73%	13.04%	17.91%

**Table 4 (continued)****Changes in Fund Balances of Governmental Funds (modified accrual basis of accounting)  
Last Ten Fiscal Years**

2019	2018	2017	2016	2015	2014	2013
\$ 5,064,083	\$ 4,707,840	\$ 4,262,451	\$ 3,866,409	\$ 3,543,269	\$ 3,376,885	\$ 3,016,469
1,086,278	989,359	917,714	859,563	854,955	854,150	829,337
15,693,162	14,687,019	14,164,131	14,160,915	13,475,972	13,163,848	12,806,189
379,704	372,133	362,782	358,927	356,459	352,603	356,617
270,442	345,587	268,969	303,644	278,742	239,343	278,460
3,970,162	1,177,296	936,325	945,470	1,763,471	1,418,147	2,264,557
2,456,733	2,611,715	2,306,130	2,515,301	2,381,029	2,148,309	1,966,908
104,950	103,113	109,053	117,509	114,370	119,012	131,109
2,637,665	2,345,704	2,442,085	2,302,836	2,410,762	2,068,555	868,679
31,663,178	27,339,766	25,769,640	25,430,574	25,179,029	23,740,852	22,518,325
2,855,206	2,645,216	2,630,111	2,700,095	2,597,446	2,589,569	2,028,213
5,326,205	4,763,325	4,706,909	4,590,036	4,368,472	4,145,744	4,010,385
3,896,994	3,076,864	2,977,358	4,660,597	3,535,346	3,662,177	8,053,705
153,606	101,306	96,106	96,325	93,827	97,919	145,749
6,450,287	6,729,733	6,239,403	6,020,065	5,861,992	5,869,280	5,144,313
1,414,749	1,473,168	6,761,176	901,572	1,238,578	1,951,862	990,262
2,374,750	2,605,454	2,429,006	2,232,399	1,892,589	6,602,213	1,709,729
569,498	620,672	679,705	753,345	808,782	750,036	551,795
12,456,908	5,340,886	7,612,708	7,538,729	6,832,674	8,585,567	4,955,184
35,498,203	27,356,624	34,132,482	29,493,163	27,229,706	34,254,367	27,589,335
(3,835,025)	(16,858)	(8,362,842)	(4,062,589)	(2,050,677)	(10,513,515)	(5,071,010)
5,071,661	5,337,859	9,362,226	10,044,081	14,486,415	4,319,909	9,361,323
(2,005,552)	(2,457,630)	(5,552,989)	(7,233,970)	(12,080,248)	(3,098,764)	(6,809,201)
4,297,500	-	6,194,600	32,515	187,274	12,118,405	3,081,110
63,797	3,700	58,830	34,673	26,578	144,667	181,991
7,427,406	2,883,929	10,062,667	2,877,299	2,620,019	14,174,028	5,815,223
<b>\$ 3,592,382</b>	<b>\$ 2,867,071</b>	<b>\$ 1,699,825</b>	<b>\$ (1,185,290)</b>	<b>\$ 569,342</b>	<b>\$ 3,660,513</b>	<b>\$ 744,213</b>
9.84%	14.81%	11.61%	12.37%	12.58%	24.51%	11.60%

**Table 5**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Agriculture Property	Residential Property	Commercial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2022	\$ 413,700	\$ 885,688,055	\$ 670,637,999	\$ 1,556,739,754	2.45	\$ 1,802,571,339	86%
2021	411,655	814,943,485	629,869,719	1,445,224,859	2.53	1,717,341,084	84%
2020	438,090	755,225,510	634,738,218	1,390,401,818	2.52	1,631,260,928	85%
2019	616,420	704,070,250	597,710,647	1,302,397,317	2.60	1,558,833,361	84%
2018	611,830	677,716,410	574,716,993	1,253,045,233	2.59	1,504,932,503	83%
2017	710,090	649,977,680	569,081,239	1,219,769,009	2.55	1,427,426,106	85%
2016	1,204,840	626,344,925	551,781,913	1,179,331,678	2.55	1,361,245,510	87%
2015	1,117,070	601,728,500	520,802,468	1,123,648,038	2.61	1,266,747,083	89%
2014	1,001,010	572,896,960	497,095,358	1,070,993,328	2.64	1,220,195,094	88%
2013	880,820	549,048,075	468,646,718	1,018,575,613	2.68	1,171,125,793	87%

Source: Deputy Director of Brookings County Board of Equalization

**Table 6**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Year	City Direct Rate <sup>(2)</sup>	Overlapping Rates				Total Direct & Overlapping Rates
		County Rate	Brookings Schoold District <sup>(1)</sup>		Total School	
			Operating	Debt Service		
2022	2.45	4.16	7.93	1.62	9.55	16.16
2021	2.53	4.20	8.21	0.81	9.02	15.75
2020	2.52	4.18	8.28	0.84	9.13	15.82
2019	2.60	4.20	8.32	0.89	9.21	16.01
2018	2.59	4.15	8.36	0.94	9.30	16.04
2017	2.55	4.16	8.21	0.97	9.18	15.89
2016	2.55	4.07	8.67	1.01	9.68	16.30
2015	2.61	4.30	9.29	1.05	10.34	17.25
2014	2.64	4.51	9.56	1.07	10.63	17.78
2013	2.68	4.78	9.69	0.93	10.62	18.08

Source: County Finance Officer

(1) School District amount varies based on class of property, this table uses owner occupied.

(2) The City's direct rate is a single component.

**Table 7**  
**Principal Taxpayers Current**  
**Year and Ten Years Ago**

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Dakotronics	\$ 29,994,400	1	2.08%	\$ 30,203,500	1	2.97%
Bel Brands USA Inc	20,363,300	2	1.41%	-		0.00%
3M	16,522,200	3	1.14%	11,263,000	3	1.11%
Individual	15,713,100	4	1.09%	12,595,700	2	1.24%
Innovation Village I LLC	15,425,700	5	1.07%	9,949,700	5	0.98%
Global Properties LLC	11,881,400	6	0.82%	10,055,500	4	0.99%
Southland Apartments LLC	12,510,100	7	0.87%	-		0.00%
Larson Manufacturing Co	10,627,700	8	0.74%	9,509,700	6	0.93%
Wal-Mart	10,112,100	9	0.70%	8,344,200	7	0.82%
Den-Will	8,578,400	10	0.59%	8,065,600	9	0.79%
Lowe's Co Inc	-		0.00%	7,650,500		0.75%
RPS Prop of Brookings	-		0.00%	-	10	0.00%
Shree Nathji Inc	-		0.00%	5,632,900		0.55%
First Bank & Trust	-		0.00%	10,533,800	8	1.03%
<b>Totals</b>	<b>\$ 151,728,400</b>		<b>10.51%</b>	<b>\$ 123,804,100</b>		<b>12.16%</b>

Source: Brookings County Board of Equalization

**Table 8**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years Fiscal Year**

Fiscal Year Ended Dec. 31	Taxes Levied for the Fiscal Year		Percent of Levy Collected	Collections in Subsequent Years	Total Collection to Date	
	Actual	Amount			Amount	Percentage of Levy
<b>2022</b>	\$ 3,814,157	(see note below)				
<b>2021</b>	3,654,587	(see note below)	99.93%	\$ 3	\$ 3,652,169	99.93%
<b>2020</b>	3,505,625	3,584,893	102.26%	326	3,585,219	102.27%
<b>2019</b>	3,390,015	3,389,856	99.99%	1,669	3,391,525	100.04%
<b>2018</b>	3,251,533	3,246,302	99.84%	1,669	3,247,971	99.89%
<b>2017</b>	3,112,984	3,108,533	99.86%	1,140	3,109,673	99.89%
<b>2016</b>	3,010,404	3,009,134	99.96%	-	3,009,134	99.96%
<b>2015</b>	2,933,514	2,930,670	99.90%	1,957	2,932,627	99.97%
<b>2014</b>	2,829,351	2,827,356	99.93%	1,524	2,828,880	99.98%
<b>2013</b>	2,725,609	2,724,004	99.94%	1,605	2,725,609	100.00%

Note: The year shown on this table indicates the year of the levy for collection in the next year, the 2022 tax levy will be collected in the year 2023, so such information is not available at the time of preparing this table.



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**Table 9**  
**Historical Sales and Use Tax Receipts**  
**Last Ten Fiscal Years**

<b>Year</b>	<b>General Sales Tax</b>	<b>Second Penny Sales Tax</b>	<b>Bed and Booze Tax <sup>(1)</sup></b>
2022	\$ 8,888,789	\$ 8,888,789	\$ 1,132,585
2021	7,697,851	7,699,876	1,065,449
2020	7,134,701	7,111,368	847,625
2019	7,112,056	7,158,724	1,052,364
2018	6,900,623	6,868,310	917,773
2017	6,642,103	6,607,370	914,658
2016	6,630,466	6,595,427	935,022
2015	6,327,828	6,295,374	852,770
2014	6,180,988	6,148,462	834,398
2013	6,031,135	5,999,034	776,020

Note 1: This sales tax is generated on revenue from lodging, alcoholic beverages, prepared and admission.

**Table 10**  
**Taxable Sales by Category**  
**Last Ten Fiscal Years**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Agriculture, Forestry, Fishing, And Mining	\$ 9,779,627	\$ 8,790,980	\$ 7,704,195
Construction	15,289,221	16,842,057	17,497,752
Manufacturing	52,935,405	34,149,061	62,672,720
Transportation and Public Utilities	59,480,960	57,990,830	68,020,720
Wholesale Trade	78,552,608	74,196,651	130,609,920
Retail Trade	476,682,400	433,783,061	394,622,227
Finance, Insurance, and Real Estate	13,884,217	11,740,314	10,642,598
Services	114,098,875	97,109,085	114,492,457
Other	19,844	2,452	192,885
	<b>\$ 820,723,157</b>	<b>\$ 734,604,491</b>	<b>\$ 806,455,475</b>

Source: South Dakota Department of Revenue & Regulation

**Table 10 (continued)**  
**Taxable Sales by Category Last Ten Fiscal Years**  
**Last Ten Fiscal Years**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 7,705,357	\$ 6,919,546	\$ 5,981,653	\$ 5,854,829	\$ 4,817,812	\$ 4,774,773	\$ 3,162,548
18,668,880	15,102,290	19,042,533	17,709,994	23,198,279	49,954,176	18,793,981
76,553,010	82,368,915	75,424,180	65,649,247	68,317,602	66,460,875	45,156,711
70,687,681	67,980,706	66,146,585	64,423,894	63,736,072	61,757,973	58,710,762
41,697,122	36,223,105	35,267,841	39,311,898	32,972,756	35,228,991	36,436,419
460,506,278	435,700,335	434,648,788	424,518,776	403,696,421	388,986,776	374,772,056
10,264,918	8,594,283	10,686,280	8,777,732	7,289,425	7,037,098	8,502,522
120,898,257	122,176,165	117,919,260	110,379,441	103,652,639	98,365,125	94,689,688
155,873	2,254	1,308	30,827	31,605	243,507	1,748,854
<b>\$ 807,137,377</b>	<b>\$ 775,067,599</b>	<b>\$ 765,118,428</b>	<b>\$ 736,656,638</b>	<b>\$ 707,712,611</b>	<b>\$ 712,809,294</b>	<b>\$ 641,973,541</b>



**Table 11**  
**Direct and Overlapping Sales Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Year	City Direct Rate <sup>(1)</sup>	City Direct Rate <sup>(2)</sup>	State Rate	Total Tax Rate
2022	2.00%	1.00%	4.50%	7.50%
2021	2.00%	1.00%	4.50%	7.50%
2020	2.00%	1.00%	4.50%	7.50%
2019	2.00%	1.00%	4.50%	7.50%
2018	2.00%	1.00%	4.50%	7.50%
2017	2.00%	1.00%	4.50%	7.50%
2016	2.00%	1.00%	4.50%	7.50%
2015	2.00%	1.00%	4.00%	7.00%
2014	2.00%	1.00%	4.00%	7.00%
2013	2.00%	1.00%	4.00%	7.00%

Source: South Dakota Department of Revenue and Regulations

(1) General Rate

(2) This rate is generated on revenue from lodging, alcoholic beverages, prepared food, and admission.

**Table 12**  
**Ratio of Net General Bonded Debt**  
**Last Ten Fiscal Years**

Fiscal Year	Sales Tax Revenue Bonds	Total Taxable Sales	Percentage of Actual Taxable Sale	Per Capita
2022	\$ 13,174,561	\$ 820,723,156	1.61%	405.28
2021	14,065,539	734,604,490	1.91%	574.81
2020	14,034,043	806,455,475	1.74%	604.26
2019	16,118,896	807,137,377	2.00%	694.03
2018	14,219,851	775,067,599	1.83%	612.26
2017	16,168,893	765,118,426	2.11%	696.18
2016	18,075,077	736,656,639	2.45%	778.26
2015	19,936,067	707,712,611	2.82%	858.39
2014	21,343,250	712,809,294	2.99%	918.98
2013	12,724,633	641,973,541	1.98%	563.26

**Table 13**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	Direct Borrowings	Revenue Bonds	Notes and Loans	Revenue Bonds	Notes and Loans	Direct Borrowings	Leases*			
2022	\$ 118,960	\$ 16,127,349	\$ 4,583,334	\$ -	\$ 9,837,048	\$ 20,470,854	\$ 1,969,470	\$ 51,137,545	2.74%	\$ 1,441
2021	147,868	17,911,396	5,500,000	-	25,674,927	22,838,678	-	72,072,869	4.11%	2,952
2020	175,915	16,495,169	5,700,000	4,848,003	30,826,747	26,618,345	-	84,664,179	5.05%	3,543
2019	203,125	18,740,963	5,900,000	5,199,536	27,131,004	39,599,277	-	96,773,905	6.58%	4,050
2018	229,525	17,103,800	5,600,000	5,536,946	27,824,448	41,479,390	-	97,774,109	6.64%	4,092
2017	260,970	19,487,859	5,800,000	5,865,471	28,495,805	43,297,098	-	103,207,203	7.01%	4,319
2016	-	21,795,220	-	6,185,336	29,143,534	26,696,924	-	83,821,014	5.64%	3,543
2015	-	24,006,034	-	9,816,751	24,064,478	22,484,843	-	80,372,106	5.83%	3,461
2014	151,640	25,571,694	-	10,809,915	20,593,606	24,784,739	-	81,911,594	5.80%	3,527
2013	297,042	17,012,869	2,909,217	11,750,015	4,120,364	27,737,866	-	63,827,373	4.59%	2,825

Source:

1) See Table 17 Demographic and Economic Statistics, for income and population data

\* The City elected not to restate the 2021 lease amounts for GASB 87, as such the amounts may not be comparable.

**Table 14**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2022**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt <sup>(1)</sup>
Debt repaid with property taxes:			
School District	\$ 15,399,314	76%	\$ 11,703,479
Subtotal, overlapping debt	15,399,314		11,703,479
City of Brookings direct debt	16,127,349		16,127,349
Total direct and overlapping debt	\$ 31,526,663		\$ 27,830,828

Sources: Assessed value data used to estimate applicable percentages provided by the County Auditors Office. Debt outstanding data was provided by the Brookings School District.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Brookings.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Brookings. This process recognizes that, when considering the governments' ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated by using taxable assessed property values. Applicable percentages were estimated by determining the portion of the schools taxable assessed value that is within the City's boundaries and dividing it by the Schools' total taxable assessed value.

**Table 15**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal year				
	2022	2021	2020	2019	2018
Debt Limit (5% limit)	\$ 77,836,988	\$ 72,261,243	\$ 69,520,091	\$ 65,119,866	\$ 62,652,262
Total Net Debt applicable to Limit	16,127,349	17,899,411	16,495,169	18,740,963	17,103,798
Legal Debt Margin	<u>\$ 61,709,639</u>	<u>\$ 54,361,832</u>	<u>\$ 53,024,922</u>	<u>\$ 46,378,903</u>	<u>\$ 45,548,464</u>
Total Net Debt applicable to the Limit as a Percentage of Debt Limit	20.7%	24.8%	23.7%	28.8%	27.3%

Note: The State of South Dakota Constitution sets two legal debt limits on municipalities. The City has an unrestricted (i.e. for any legally authorized purpose) legal debt limit equal to 5% of the total assessed value of taxable property. In addition, the Constitution permits the City to issue debt for water or sewer improvements in an amount equal to 10% of the total value of taxable property. Water or sewer debt that applies against the 10% limit does not apply against the 5% limit.

**Table 15 (continued)**  
**Legal Debt Margin Information Last Ten Fiscal Years**  
**Last Ten Fiscal Years**

Fiscal year				
2017	2016	2015	2014	2013
\$ 61,005,575	\$ 58,966,584	\$ 56,182,402	\$ 53,549,666	\$ 50,928,781
19,427,934	21,723,310	23,922,139	25,399,103	20,111,263
<u>\$ 41,577,641</u>	<u>\$ 37,243,274</u>	<u>\$ 32,260,263</u>	<u>\$ 28,150,563</u>	<u>\$ 30,817,518</u>
31.8%	36.8%	42.6%	47.4%	39.5%



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## Legal Debt Margin Calculation for Fiscal Year 2022

	<u>"No Limit" Debt</u>	<u>Debt Capacity at 5% (unrestricted)</u>	<u>Additional 10% Debt Capacity (Water/Sewer)</u>
2022 Assessed Value	<u>\$ 1,556,739,754</u>		
Maximum Debt Capacity		\$ 77,836,988	\$ 155,673,975
Existing Bonds:			
2014A Sales Tax Revenue Bonds (3.15%)	-	6,817,508	-
2010A Sales Tax Revenue Bonds (1.25% to 3.15%)	-	-	-
2019 Sales Tax Revenue Bond	-	6,357,053	-
SDHDA TIF 3 (5%)	-	-	-
SRF Loan No.2 Bond TIF 1 (3%)	-	209,632	-
SRF Loan No.3 Bond (3%)	-	200,725	-
SRF Loan No. 4 Bond (3%)	-	132,606	-
SRF Loan No. 5 Bond (3%)	-	1,251,911	-
SRF Loan No. 6 Bond (3%)	-	-	-
SRF Loan No. 7 Bond (3.25)	9,837,048	-	-
SRF Loan No. 9 Bond (3%)	-	330,673	-
SRF Loan No. 10 Bond (3%)	-	827,241	-
2005 Series Electric Utility Revenue Bonds (5.95%)	-	-	-
2011 Series Electric Utility Revenue Bonds (.65% to 339%)	-	-	-
Total Bonded Debt	<u>9,837,048</u>	<u>16,127,349</u>	<u>-</u>
Other Debt:			
Lease Obligation - Scoreboard	118,960		
Lease Obligations - Hospital	1,131,638		
Loan - Private Citizen	4,583,334	-	-
Series 2012 COP - Skilled Nursing Facility	7,718,159	-	-
Series 2015A Lease - Hospital Renovation/addition	3,108,740	-	-
Series 2015B Lease - Hospital Renovation/addition	8,512,317	-	-
Total Other Debt	<u>25,173,148</u>	<u>-</u>	<u>-</u>
Total Debt	<u>35,010,196</u>	<u>16,127,349</u>	<u>-</u>
Available Debt Capacity	<u>N/A</u>	<u>\$ 61,709,639</u>	<u>\$ 155,673,975</u>

**Table 16**  
**Pledged-Revenue Coverage**  
**Last Ten Years**

Fiscal Year	Sales Tax Revenue Bonds			
	Sales Tax Revenue	Debt Service		
		Principal	Interest	Coverage
2022	\$ 8,915,100	\$ 2,123,091	\$ 406,863	3.52
2021	7,699,876	2,312,389	403,624	2.83
2020	7,111,368	2,253,288	382,630	2.70
2019	7,329,098	2,596,165	443,255	2.41
2018	6,868,467	2,121,244	472,293	2.65
2017	6,607,370	1,877,326	518,723	2.76
2016	6,595,427	1,832,981	560,873	2.76
2015	6,295,374	1,380,000	278,442	3.80
2014	6,148,462	1,355,000	305,542	3.70
2013	5,999,034	1,340,000	322,293	3.61

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating Expenses do not include interest, depreciation, amortization, and other post employment benefit expenses.

State Revolving Fund Bond #2 (not shown here) is to be repaid with property tax increment and if that isn't sufficient, 2nd Penny Sales Tax.

**Table 16 (continued)**  
**Pledged-Revenue Coverage**  
**Last Ten Years**

2005 Utility Revenue Bonds						2011 Utility Revenue Bonds					
Utility Service Charge	Less Operating Expense	Net Available Revenue	Principal	Interest	Coverage	Utility Service Charge	Less Operating Expense	Net Available Revenue	Debt Service		
									Principal	Interest	Coverage
\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
330,696	54,449	276,247	71,532	42,965	2,41	628,945	-	628,945	280,000	156,976	1,44
338,826	41,949	296,877	67,410	47,087	2,59	653,487	-	653,487	270,000	163,535	1,51
334,201	42,558	291,643	63,525	50,972	2,55	668,406	-	668,406	265,000	169,298	1,54
321,144	40,539	280,605	59,865	54,632	2,45	636,743	176,929	459,814	260,000	174,301	1,06
332,196	43,596	288,600	56,415	58,082	2,52	629,302	-	629,302	255,000	179,047	1,45
329,171	41,926	287,245	53,164	61,333	2,51	627,635	-	627,635	255,000	182,745	1,43
313,842	42,521	271,321	50,100	64,397	2,37	619,932	-	619,932	250,000	185,266	1,42
308,632	40,065	268,567	47,213	67,284	2,35	599,627	-	599,627	250,000	187,557	1,37



**Table 17**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Per Capita Income <sup>(2)</sup></b>	<b>Total Personal Income (thousands of dollars) <sup>(2)</sup></b>	<b>School Enrollment <sup>(3)</sup></b>	<b>Unemploy- ment Rate <sup>(4)</sup></b>
2022	23,993	\$ 53,860	\$ 1,865,655	3,442	2.1%
2021	24,415	49,278	1,754,451	3,337	3.3%
2020	23,377	47,782	1,676,045	3,345	4.5%
2019	24,509	46,302	1,631,329	3,408	3.4%
2018	24,509	44,774	1,533,749	3,396	3.1%
2017	23,895	43,111	1,471,603	3,421	3.5%
2016	23,657	43,815	1,485,181	3,342	2.7%
2015	23,225	41,416	1,379,745	3,400	2.6%
2014	23,225	42,862	1,413,079	3,275	2.6%
2013	22,591	42,615	1,390,472	3,183	2.8%

Source :

1) U.S. Census Bureau

2) U.S. Department of Commerce Bureau of Economic Analysis. Personal Income and Per Capita Income are based on Brookings County.

3) Brookings School District Business Office

4) South Dakota Department of Labor

Median age from 2010 census was 23.4 year old. Education statistics per the 2010 census indicate that 93.8% of the population 25 years or older has a high school degree or greater with 45.5% of the same population holding a Bachelor's degree or greater.

**Table 18**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employed	Employees	Rank	Percentage of Total City Employed
South Dakota State Univ.	3,973	1	11.20%	3,359	1	15.00%
Daktronics	1,329	2	3.75%	1,700	2	8.00%
3M	1,156	3	3.26%	835	3	4.00%
Wal-Mart	538	4	1.52%	425	7	2.00%
Brookings Health System	496	5	1.40%	433	6	2.00%
Brookings School District	492	6	1.39%	400	8	2.00%
Hy-Vee Food Store	450	7	1.27%	443	5	2.00%
Larson Manufacturing	448	8	1.26%	503	4	2.00%
Aramark	384	9	1.08%			
Swiftel Center	355	10	1.00%			
Twin City Fan	-	-	0.00%	305	9	1.00%
City of Brookings	-	-	0.00%	222	10	1.00%
<b>Total</b>	<b>9,621</b>		<b>27.13%</b>	<b>8,625</b>		<b>39.00%</b>

Source: Employee data provided by Brookings Economic Development Corporation and total city employment provided by South Dakota Department of Labor.

**Table 19**  
**Full-Time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

Full-Time Equivalent Employees as of December 31										
Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Government</b>										
Mayor/City Council	7	7	7	7	7	7	7	7	7	7
City Clerk	2.0	2	1	1	2	3	3	3	3	3
City Manager	4	4	4	4	2	2	2	1	1	1
Human Resources	3	3	3	3	2	2	2	2	2	2
Finance	4	4	4	4	3	4	4	4	5	4
Information Technology	2	2	2	2	2	2	2	2	1	1
Community Development	9.0	9	8.0	4.0	4.0	4.4	4.4	5	5	5
Engineering	3	2	3.0	5.0	4.0	4.6	4.6	5	5	5
<b>Public Safety</b>										
Police	38	38	36	40	36	36	35	36	35	34
Fire	4	4	4	3	3	3	3	3	3	3
E-911	12	9	9	10	7	9	9	9	9	8
<b>Public Works</b>										
Streets	13	13	12	14	14	14	14	14	14	14
<b>Health and Welfare</b>										
Animal Control	-	1	1	1	1	1	1	1	1	1
<b>Culture and Recreation</b>										
Aquatic Center	-	-	-	-	-	-	-	-	1	1
Recreation	3	3	3	2	2	2	2	3	1	1
Park	9	12	10	13	12	12	11	10	9	8
Ice Arena	2	2	2	1	1	1	1	1	2	2
Forestry	4	3	4	4	4	4	4	4	5	5
Library	10	10	10	10	10	10	10	10	10	10
<b>Storm Drainage</b>	1	2	2	2	1	1	1	1	1	1
<b>Liquor</b>	3	4	4	5	6	5	5	5	5	6
<b>Water</b>	11	11	11	10	10	10	10	10	10	10
<b>Electric</b>	40	42	39	34	36	33	35	36	35	36
<b>Wastewater</b>	14	12	15	13	14	12	12	12	12	12
<b>Telephone</b>	47	49	82	94	98	99	98	100	102	102
<b>Hospital</b>	214	214	234	225	222	236	236	220	225	234
<b>Golf Course</b>	2	2	2	2	2	2	2	3	3	3
<b>Airport</b>	1	2	2	2	2	2	2	2	2	2
<b>Solid Waste Collection</b>	5	5	5	5	6	6	6	6	6	6
<b>Solid Waste Disposal</b>	5	5	6	6	6	6	6	6	6	6

**Table 20**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Public Safety</b>										
Dispatch										
Total number of 911 calls	8,271	8,712	8,256	10,409	8,425	7,842	8,043	9,962	9,265	8,069
Total number of animals impounded	414	332	441	417	405	450	455	390	434	426
Fire										
Fire calls	360	238	258	252	240	212	231	202	237	203
Average response time (min:sec)	5:50	5:49	4:09	4:53	4:15	4:56	6:02	6:47	5:53	6:08
<b>Public Works</b>										
Community Development										
Number of code enforcement investigations	1,416	1,530	1,473	1,252	1,725	1,543	1,648	936	1,262	1,685
Percent of rental units inspected & Licensed	17%	28%	24%	31%	21%	32%	36%	29%	19%	35%
Engineering										
Number of building permits issued:										
Single family	63	68	77	72	63	54	78	88	79	70
Townhomes	1	2	1	1	2	5	4	7	5	3
Duplexes	8	8	3	3	2	-	-	2	2	-
Apartments	6	15	1	2	4	5	6	8	3	10
Solid Waste										
Number of households collected	5,721	5,596	5,445	5,385	5,355	5,264	5,060	4,939	4,901	4,758
Tons of recycling collected	814	846	876	880	886	836	837	827	822	712
Tons of refuse collected	4,678	4,766	5,045	4,893	4,893	4,787	4,738	4,553	4,464	4,406
Tons of yard waste collected	1,365	1,267	737	813	661	696	752	710	589	598
Street										
Total lane miles swept	261.00	263.10	258.22	251.99	249.06	248.06	246.31	244.13	-	231.44
Total miles swept	2,917.50	2,855.50	2,218.00	2,140.00	2,408	2,523	2,500	2,500.00*	2,500.00*	**
<b>Culture and Recreation</b>										
Park & Recreation										
Number of season passes sold for pool	1,296	1,377	-	1,736	1,267	1,343	1,420	1,559	1,559	1,410
Number of season passes sold for golf	413	337	271	513	320	341	318	233	198	271
Number of paid golf rounds played										
9-holes	3,638	4,531	3,964	3,098	5,123	6,244	6,214	4,729	2,783	3,884
18-holes	1,429	1,920	2,096	1,134	1,381	1,989	1,908	2,673	2,403	2,190
Library										
Participants in children's programs	22,119	8,349	5,645	18,708	21,636	16,536	15,679	37,838	22,216	21,033
Use of electronic databases	4,658	4,283	5,971	5,194	5,278	5,033	8,891	8,713	5,184	5,120
Total circulation	246,677	219,319	165,354	198,135	197,724	218,775	208,255	274,733	278,588	286,892
Swiftel										
Events Held at Swiftel Center	201	180	141	278	298	285	262	213	256	249

Source: City Departments

**Table 21**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Government</b>										
General Government Building	1	1	1	1	1	1	1	1	1	1
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
<b>Fire Stations</b>	4	4	4	4	4	4	4	4	4	4
<b>Refuse Collection</b>										
Collection Trucks	8	8	7	7	7	7	7	7	7	7
<b>Other Public Works</b>										
Paved Streets (miles)		263.10	258.22	251.99	249.06	248.06	246.31	244.13	236.90	231.44
Street lights	3,329	3,312	3,238	3,179	3,155	3,157	3,165	3,025	3,025	3,004
Traffic signals	32	31	31	31	132	122	122	118	130	126
<b>Parks and Recreation</b>										
Acreage	662.17	662.17	662.17	662.17	662.17	662.17	665.55	664.80	664.80	664.80
Playgrounds	15	15	15	15	15	15	15	14	13	13
Baseball/Softball Fields	21	21	21	21	21	21	21	21	21	21
Soccer/Football Fields	11	11	11	11	11	11	11	11	11	11
Recreation Centers	1	1	1	1	1	1	1	1	1	1
<b>Airport</b>										
Runways	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Miles of water mains	133.11	132.69	132.69	131.00	130.00	120.66	126.96	124.02	124.02	122.20



Federal Awards Reports in Accordance  
with the Uniform Guidance  
December 31, 2022

**City of Brookings**

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
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**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

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

We have audited, 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, the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 28, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questions Costs as item 2022-001 that we consider to be a material weakness.



## **Report on Compliance and Other Matters**

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

## **City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questions Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota  
September 28, 2023



**Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Brookings's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the 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 as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated September 28, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Eric Sully LLP".

Fargo, North Dakota  
September 28, 2023

City of Brookings  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Department of Agriculture			
Direct			
Cooperative Forestry Assistance	10.664		\$ 6,279
Department of Housing and Urban Development			
Passed through the South Dakota Governor's			
Office of Economic Development			
CDBG-CV Food Insecurity Facility	14.228	2021-105-CV-01	225,805
CDBG-CV Food Insecurity Facility	14.228	2021-105-CV-02	176,080
CDBG-CV Food Insecurity Facility	14.228	2021-105-CV-03	80,696
CDBG-CV Food Insecurity Facility	14.228	2021-105-CV-04	354,024
CDBG-CV Food Insecurity Facility	14.228	2021-105-CV-05	234,674
CDBG-CV Food Insecurity Facility	14.228	2021-105-CV-06	326,876
CDBG-CV Food Insecurity Facility	14.228	2021-105-CV-07	211,970
Total 14.228			1,610,125
Department of Interior			
Passed through the South Dakota State Historic			
Preservation Office			
Historic Preservation Funds Grants-In-Aid	15.904	SD-20-10021	3,650
Department of Justice			
Direct			
Bulletproof Vest Partnership Program	16.607		5,400
Department of Transportation			
Direct			
Airport Improvement Program	20.106	3-46-0005-31-2019	177,507
Airport Improvement Program	20.106	3-46-0005-32-2020	62,361
Airport Improvement Program	20.106	3-46-0005-34-2021	63,838
Total 20.106			303,706

City of Brookings  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Department of Transportation (continued)			
Passed through the South Dakota Department of Public Safety, Office of Highway Safety			
Highway Safety Cluster			
State & Community Highway Safety Program	20.600	HS-2022-00013	460
State & Community Highway Safety Program	20.600	HS-2022-00066	602
State & Community Highway Safety Program	20.600	HS-2022-00160	754
State & Community Highway Safety Program	20.600	HS-2022-00161	655
State & Community Highway Safety Program	20.600	HS-2022-00193	116
State & Community Highway Safety Program	20.600	HS-2022-00199	723
State & Community Highway Safety Program	20.600	HS-2022-00200	813
State & Community Highway Safety Program	20.600	HS-2022-00232	397
State & Community Highway Safety Program	20.600	HS-2022-00249	367
State & Community Highway Safety Program	20.600	HS-2022-00284	961
State & Community Highway Safety Program	20.600	HS-2022-00285	149
State & Community Highway Safety Program	20.600	HS-2022-00286	2,788
			8,785
National Priority Safety Program	20.616	HS-2022-00012	1,237
National Priority Safety Program	20.616	HS-2022-00067	390
National Priority Safety Program	20.616	HLS-2022-192	256
National Priority Safety Program	20.616	HS-2022-00233	614
National Priority Safety Program	20.616	HS-2022-00248	559
National Priority Safety Program	20.616	HS-2022-00283	634
National Priority Safety Program	20.616	HS-2022-00328	46
National Priority Safety Program	20.616	HS-2022-00194	260
National Priority Safety Program	20.616	HS-2022-00207	219
			4,215
Total Highway Safety Cluster			13,000
PSAP Project E911	20.615	Unknown	129,748
Passed through the South Dakota Department of Game, Fish, and Parks and Recreation			
Highway Planning and Construction Cluster			
Recreational Trails Program	20.219	Unknown	47,000
Total Department of Transportation			493,454

City of Brookings  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Department of Treasury			
Passed through the South Dakota Department of Finance and Management			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	011 - BFM	4,415,354
Passed through the South Dakota Department of Agriculture and Natural Resources			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2022G-ARP-117	6,299,925
Total 21.027			<u>10,715,279</u>
Department of Health and Human Services			
Direct			
COVID-19 HRSA Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund	93.461		91,711
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		1,901,745
COVID-19 Rural Health Clinic Vaccine Confidence Program	93.912		119,379
Passed through the State of South Dakota Department of Health and Human Services			
Small Rural Hospital Improvement Grant Program	93.301	22SC093604	12,836
COVID-19 Rural Health Research Centers	93.155	22SC093204	258,376
Total Department of Health and Human Services			<u>2,384,047</u>
Department of Homeland Security			
Passed through the South Dakota Department of Public Safety, Office of Highway Safety			
National Priority Safety Program	97.067	Unknown	13,791
Total Federal Financial Assistance			<u>\$ 15,232,025</u>



**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Brookings (the City) under programs of the federal government for the year ended December 31, 2022. The information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting, with the exception for the COVID-19 HRSA Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund (the Uninsured program), are based on when the claim is determined eligible evidenced by the receipt of monies from the federal agency. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The City has not elected to use the 10% de minimis cost rate.

**Note 4 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distributions**

The Health System Fund of the City received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund and American Rescue Plan Rural Distribution (PRF) program (Federal Financial Assistance Listing #93.498) in the amount of \$8,598,475 as of December 31, 2021. The PRF expenditures are not recognized on the schedule until the expenditures are included in the reporting to HHS as required under the PRF program. In accordance with the 2022 compliance supplement, the PRF expenditures recognized on the schedule are based on reporting to HHS for Periods 3 and 4, defined as payments received between January 1, 2021 and December 31, 2021.

City of Brookings  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2022

The following summarizes the Provider Relief funds and the timing of when the amounts were recognized in the financial statements.

Federal Department/Program Title/Grant Name	Federal Financial Assistance Listing	Amounts Recognized in Accordance with GAAP for the Year Ended 12/31/2020	Amounts Recognized in Accordance with GAAP for the Year Ended 12/31/2021	Interest Earned on Funds Received
Department of Health and Human Services				
Health Resources and Services Administration				
COVID-19 Provider Relief Fund and American Rescue Plan General and Targeted Distribution - Period 1 (not included in 2022 Schedule)	93.498	\$ 6,229,658	\$ -	\$ 4,629
COVID-19 Provider Relief Fund and American Rescue Plan General and Targeted Distribution - Period 2 (not included in 2022 Schedule)	93.498	467,072	-	-
COVID-19 Provider Relief Fund and American Rescue Plan General and Targeted Distribution - Period 3 (included in 2022 Schedule)	93.498	-	108,058	-
COVID-19 Provider Relief Fund and American Rescue Plan General and Targeted Distribution - Period 4 (included in 2022 Schedule)	93.498	-	1,793,687	-
Total COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution		<u>\$ 6,696,730</u>	<u>\$ 1,901,745</u>	<u>\$ 4,629</u>

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**Section I – Summary of Auditor’s Results**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiency identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified	None Reported
Significant deficiency identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
CDBG-CV Food Insecurity Facility	14.228
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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**2022-001      Preparation of the Schedule of Expenditures of Federal Awards  
Material Weakness**

*Criteria:* Proper controls over financial reporting includes a system designed to prepare the schedule of expenditures of federal awards (the schedule) and the accompanying notes to the schedule.

*Condition:* Eide Bailly assisted with the preparation of the final schedule that was provided for the audit including the addition material federal awards that were not previously identified by management to be included in the schedule.

*Cause:* The schedule provided for the audit did not originally include all expenditures of other federal grants during the year.

*Effect:* There is a reasonable possibility that the City would not be able to draft a complete and accurate schedule without the assistance of the auditors.

*Recommendation:* We recommend management ensure the schedule includes all expenditures incurred during the year relating to federal financial assistance.

*Views of Responsible Officials:* Management agrees with the finding.

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**Section III – Federal Award Findings and Questioned Costs**

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Our audit disclosed no findings required to be reported.

BRING YOUR DREAMS.



Management's Response to Auditor's Findings:  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan  
December 31, 2022

Prepared by Management of

City of Brooking/Brookings Health  
System

## **Summary Schedule of Prior Audit Findings**

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### **Finding 2021-001      Preparation of the Schedule of Expenditures of Federal Awards**

*Initial Fiscal Year Finding Occurred: 2021*

*Finding Summary:* Eide Bailly LLP assisted with the preparation of the final schedule that was provided for the audit including the addition of the COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution (PRF), which was identified by management to be included in the schedule.

*Status:* Ongoing.

### **Finding 2021-002      Activities Allowed and Unallowed and Allowable Costs and Cost Principles and Reporting**

*Initial Fiscal Year Finding Occurred: 2021*

*Finding Summary:* Eide Bailly LLP discovered during the regular year end audit of Brookings Health System that the amounts reported under Period 1 did not get reduced by a cost-based adjustment factor. A special update to the Period 1 report was then submitted to the Department of Health and Human Services to correct this. We also did not maintain a formal documented review and approval process of expenses claimed under the Provider Relief Fund and American Rescue Plan Rural Distribution program or formal documented review and approval of the special report submitted to the Department of Health and Human Services for Period 1. An overstatement of expenses was reported for the category of mortgage and interest of \$136,278.

*Status:* Completed

## Corrective Action Plan

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**Finding 2022-001      Preparation of the Schedule of Expenditures of Federal Awards  
Material Weakness**

*Finding Summary:*                      Eide Bailly assisted with the preparation of the final schedule that was provided for the audit including the addition material federal awards that were not previously identified by management to be included in the schedule.

*Responsible Individuals:*              Melissa Wagner, Chief Financial Officer of Brookings Health System, and Ashley Rentsch, Deputy Finance Manager for the City of Brookings

*Corrective Action Plan:*                      Management will review grants and grant expenditures incurred to ensure completeness of the schedule of expenditures of federal awards and will provide training to staff to ensure individual(s) involved with tracking of grants is aware of the reporting requirements.

*Anticipated Completion Date:*      December 31, 2023