

FISCAL YEAR ENDED  
**DECEMBER 31, 2015**



2015 COMPREHENSIVE ANNUAL

# FINANCIAL REPORT

CITY OF BROOKINGS, SOUTH DAKOTA



**About the Cover:**

The Hillcrest Aquatic Center opened in June 2006, and consists of four pools:

- A 50 meter pool with 1 and 3 meter diving boards and a drop slide
- A large wading pool with a water-drop umbrella
- A plunge pool with two slides
- A zero-depth leisure pool with multiple water features, including a small slide, water walls and various spray components
- A splash pad with water guns and automatic water buckets

Hillcrest Aquatic Center is utilized by Brookings Swim Club, SDSU Wellness Center, SDSU Athletics, The Boys & Girls Club, G.A.P., and several other local businesses and communities. Hillcrest Aquatic Center is conveniently located off 6th Street in Brookings. Hillcrest Aquatic Center employs approximately 50 seasonal staff.

# 2015

## COMPREHENSIVE ANNUAL FINANCIAL REPORT CITY OF BROOKINGS, SOUTH DAKOTA



January 1, 2015 - December 31, 2015



Prepared by:  
THE CITY FINANCE OFFICE  
Shawna M. Costello, CPA, CPFO  
Finance Director



City of Brookings  
December 31, 2015

Table of Contents

---

**PART I - INTRODUCTORY SECTION**

Title Page	1
Table of Contents	2
Letter of Transmittal	4
Certificate of Achievement for Excellence in Financial Reporting	9
Municipal Officials	10
Organizational Chart	11

**PART II - FINANCIAL SECTION**

Independent Auditors' Report	13
<b>Management's Discussion and Analysis</b>	16
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	27
Statement of Activities	28
<b>Fund Financial Statements</b>	
<b>Governmental Fund Financial Statements</b>	
Balance Sheet	29
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position	30
Statement of Revenues, Expenditures, and Changes in Fund Balances	31
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
<b>Proprietary Fund Financial Statements</b>	
Statement of Net Position	33
Statement of Revenues, Expenses, and Changes in Net Position	35
Statement of Cash Flows	36
<b>Fiduciary Fund Financial Statements</b>	
Statement of Net Position	38
<b>Notes to the Financial Statements</b>	39
<b>Required Supplementary Information</b>	
Schedule of Funding Progress for Postemployment Benefit Plans	76
Schedule of Pension Contributions	77
Schedule of Proportionate Share of Net Pension Asset	78
Budgetary Comparison Schedule	
General Fund	79
Notes to Required Supplementary Information - Budgetary Reporting	80
<b>Supplementary Information and Combining Financial Statements</b>	
<b>Nonmajor Governmental Funds</b>	
Balance Sheet	81
Statement of Revenues, Expenditures, and Changes in Fund Balances	82
<b>Nonmajor Special Revenue Funds</b>	83
Balance Sheet	84
Statement of Revenues, Expenditures, and Changes in Fund Balances	86
Budgetary Comparison Schedules	88
<b>Nonmajor Debt Service Funds</b>	97
Balance Sheet	98
Statement of Revenues, Expenditures, and Changes in Fund Balances	99
Budgetary Comparison Schedules	100

City of Brookings  
December 31, 2015

Table of Contents (Continued)

<b>Nonmajor Capital Project Funds</b>	105
Balance Sheet	106
Statement of Revenues, Expenditures, and Changes in Fund Balances	107
Budgetary Comparison Schedules	108
<b>Nonmajor Enterprise - Type Funds</b>	113
Statement of Net Position	114
Statement of Revenues, Expenses, and Changes in Net Position	118
Statement of Cash Flows	120
<b>Fiduciary Funds</b>	124
Statement of Net Position	125
Statement of Changes in Assets and Liabilities	126
<b>PART III - STATISTICAL SECTION</b>	127
Table 1    Net Position by Component	128
Table 2    Changes in Net Position	130
Table 3    Fund Balances of Governmental Funds	136
Table 4    Changes in Fund Balances of Governmental Funds	138
Table 5    Assessed Value and Actual Value of Taxable Property	140
Table 6    Direct and Overlapping Property Tax Rates	140
Table 7    Principal Taxpayers	141
Table 8    Property Tax Levies and Collections	141
Table 9    Historical Sales and Use Tax Receipts	142
Table 10   Taxable Sales by Category	142
Table 11   Direct and Overlapping Sales Tax Rates	144
Table 12   Ratio of Net General Bonded Debt	144
Table 13   Ratio of Outstanding Debt by Type	145
Table 14   Direct and Overlapping Governmental Activities Debt	145
Table 15   Legal Debt Margin Information	146
Table 16   Pledged-Revenue Coverage	148
Table 17   Demographic and Economic Statistics	151
Table 18   Principal Employers	152
Table 19   Full-Time Equivalent City Government Employees by Function/Program	153
Table 20   Operating Indicators by Function/Program	154
Table 21   Capital Asset Statistics by Function/Program	155
<b>PART IV - SINGLE AUDIT SECTION</b>	
Schedule of Expenditures of Federal Awards	157
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	159
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance - Independent Auditor's Report	161
Schedule of Findings and Questioned Costs	163
Summary Schedule of Prior Audit Findings	166

BRING YOUR DREAMS.



May 9, 2016

The Honorable Mayor Tim Reed  
Members of the City Council  
Citizens of the City of Brookings, South Dakota

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the City of Brookings, South Dakota, for the fiscal year ending December 31, 2015.

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; 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 BKD, 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, 2015, 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 an unmodified opinion that the City of Brookings' financial statements for the fiscal year ending December 31, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Brookings was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report on not only the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These requirements are included in this report.

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 over 22,000 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 over 13,000 students in 2015, 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, 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 Codified Law 9-12-2 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 body. The legal spending authority can only be obtained through contingency funds, capital expenditures carryover, or supplemental budget appropriations ordinance, 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, the economic downturn being experienced by the national economy.

In addition to the diversity, the City's population continues to grow. The 2010 census reflected a growth of 19 percent from the 2000 census and moved Brookings from the fifth to the fourth largest city in South Dakota. With the population now over 22,900, the City has attracted various new retail and food establishments.

The labor force increased from 13,042 to 13,232 from December 31, 2014 to December 31, 2015 and the total employment increased from 12,683 to 12,912 individuals for those dates, respectively. Unemployment for Brookings was at 2.4 percent, well below the national average of 4.8 percent and down .4 percent from the 2014 rate of 2.8 percent. Since the economy in Brookings has not seen the drastic impact felt by most other parts of the nation, the unemployment rate has stayed fairly steady the past year.

During 2015, the city approved 463 building permits which was a slight increase from the 448 approved in 2014. The estimated construction value of residential and nonresidential construction was \$58.2 million in 2015; up 20 percent from the \$48.4 in 2014. Nonresidential construction accounted for 60.4 percent of the estimated construction value in

2015 compared to 57 percent in 2014. The largest nonresidential projects included an addition to 3M and the building of Comfort Inn & Suites.

## Long-Term Planning and Major Initiatives

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 2016 Strategic Plan includes the following:

- Develop initiatives for entrepreneurial approaches for improving city service delivery
- Formalize comprehensive entrepreneurial programs through Brookings Economic Development Corporation (BEDC), or special committee to develop work plans for selected options
- Improve the overall livability of Brookings through place-making initiatives with agendas such as:
  - Armory site adaptive re-use
  - Comprehensive Master plan update
  - Develop bicycle lanes, and identifying places downtown for implementing greenspace
  - Determine/implement select list of bicycle-friendly activities: (Silver designation, bike racks, bicycle lane designation.)
  - Finalize the public art program, implementation set for 2017
- Expanding lean government service practices
  - Lean staff committee will continue to identify opportunities for improvements, undertake selected projects for implementation.
  - Further develop performance management and benchmarking measures for services.
  - Host local conferences with other employers working on lean practices
- Develop strategies to promote broader and more diverse affordable housing opportunities.
  - Support efforts of Affordable Housing Task Force; monitor/take action on their recommendations commensurate with the charter
- Build upon past efforts to expand transparency and utility of public records.
  - Research/implement open .gov platform for on-line/ searchable financial records & budget
  - Migrate city records to web for transparency
- Implement specific projects of the Sustainability Council for better stewardship of public assets.
  - Select specific topics from benchmark work plan for implementation by selected departments
  - All future city buildings to be LEED certified.
  - Analyze Changes in means and methods of construction using sustainability measures.

## Major Initiatives

Some major capital initiatives planned or ongoing are listed below:

### Infrastructure:

Street system improvements:

- Continue planning for a new arterial street at 20<sup>th</sup> Street South from 22<sup>nd</sup> Avenue South to 34<sup>th</sup> Avenue South to better connect residential and industrial areas. This involves an interstate overpass to function as a “southern ring route” to better move commuter traffic around the growing southern region of Brookings. It is an intergovernmental partnership project with several local units of government.
- Highway 14 upgrade - The first of four phases to the main, central traffic corridor through the center of Brookings was completed last year by the South Dakota Department of Transportation. The subsequent three phases are slated over the next five-year period to replace an aging road system while also improving safety and capacity. The total project cost is estimated at \$17.5 million and includes interstate bridge replacement and the addition of pedestrian bicycle lanes and extensive landscape enhancements.

Storm Drainage - Brookings continues incremental, annual work on a comprehensive ten-project multi-year master plan for storm drainage improvements:

- Folsom Street/Division Avenue detention pond.
- Sixth Street storm sewer upgrade.
- Lefevre Drive storm sewer pipe project.
- Viaduct inlet/surfacing repairs/lighting.

Gateway Project - The Gateway Project consists of monumental signage made of stone incorporating the new City logo placed in the City's "gateway" corridors welcoming visitors to Brookings. There are also signs throughout the City identifying the beautiful parks and recreation areas available for the public to enjoy. Subsequent entryway landscape amenities such as landscaping, signage, decorative street lighting, and bridge amenities will follow in the area of the main interstate exit ramps following completion by the South Dakota Department of Transportation of highway improvements.

Airport Project - The multi-year project will realign the current runway to comply with FAA standards. The main runway realignment project was completed in 2015. The \$21.2 million project is eligible for Federal funding through the Airport Improvement Program of the Federal Aviation Administration. In addition to the new main runway, the project includes a new cross-wind runway, aprons, taxiways, navigational aids, and safety zone improvements. Brookings has the third busiest airport in the State for landings and take-offs.

Street Department Building - The new street department building was moved up on the schedule due to a fire in 2014 that destroyed one of the main storage buildings. This project includes removing the old street shop/office buildings and replacing them with one multi-function building. The project is expected to be completed by summer 2016 and estimated to cost \$4 million.

Electrical, Water and Wastewater Plant Improvements-BMU is currently undertaking a \$30 million upgrade and expansion of the wastewater treatment plant and pumping facilities to respond to new environmental regulations and community growth. Shortly thereafter, similar upgrades and expansions are slated for the water treatment plant. BMU is currently in the process of a \$6.5 million upgrade to the local electrical grid to reduce the number of substations, provide redundancy power, and bury previously overhead power lines; all designed to improve electrical service reliability. Brookings Municipal Utilities will soon make a \$10 million investment in its PCS services under the Spring cellular brand for 4G capabilities.

### **Health Care**

Brookings Health System -The Brookings Health System Expansion and Renovation Project will consist of approximately 60,000 sq. ft. of new construction, 18,000 sq. ft. of renovation, and 24,000 sq. ft. of medical office space. The east hospital expansion will consist of a 2-story building housing our same-day surgical unit, operating rooms, central sterilization and imaging on the first floor, while the second floor will consist of our pharmacy and inpatient medical/surgical and obstetrics units. Today we stand in a unique position to further our community's vision for caring for our own close to home. To do this, we must address three major changes which have occurred since our current hospital was built 50 years ago: Our community has grown significantly; Health care has changed radically; and, Patient expectations regarding health care are drastically different.

### **Cultural and Recreational Facility Improvements**

Carnegie Building Project - Originally built in 1914, the Carnegie Library building is home to the Brookings Arts Council. The renovation project will include updating and replacing necessary electrical equipment, flooring, and HVAC as well as remodeling of the gallery display areas and arts education classroom.

Improvements are slated for existing parks such as trail extensions, playground equipment upgrades and replacements, and on-going preventative maintenance of existing buildings, grounds, and facilities.

### **Retail Commercial expansion**

A new hotel and a mixed use residential complex are under construction by private development and another hotel is planned. The City established a niche retail grant program to encourage new, small business in the downtown retail area and formalized an economic development policy to incentivize new and expanding commerce and industry. In addition, the City acquired 25 acres of property at the intersection of Highway 14 and Interstate 29 for more retail and commercial development opportunities. The City hopes to attract major, national retail franchises to develop in this location.

### **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 23 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.

For these reasons, and so many others, Brookings has received national recognition in many areas. In addition to Brookings School System being noted for high academic standards and student achievement, Brookings has been rated

#5 "Safest City in America" (*ADTsecurity.com, 2015*); #6 of 12 "Classic American Small Towns You Should Visit" (*Destination Tips, 2014*); one of 11 communities as "Case Study for Positive Economic Transformation" (*State of Indiana study, 2014*); #1 "Safest Place to Live in South Dakota" and "Best Place to Live in South Dakota" (*Movoto, 2014*); and #5 of Top 10 "Best Small Towns in America" (*Livability, 2013*)

### **Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brookings for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the third year that the City of Brookings has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

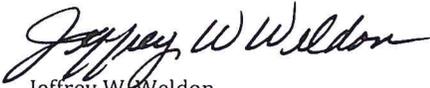
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

Preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Office staff and with the assistance of the Brookings Health System and Brookings Municipal Utilities. We wish 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



Jeffrey W. Weldon  
City Manager



Shawna M. Costello  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Brookings  
South Dakota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

A handwritten signature in black ink that reads "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

**City of Brookings**  
**Year Ended December 31, 2015**

---

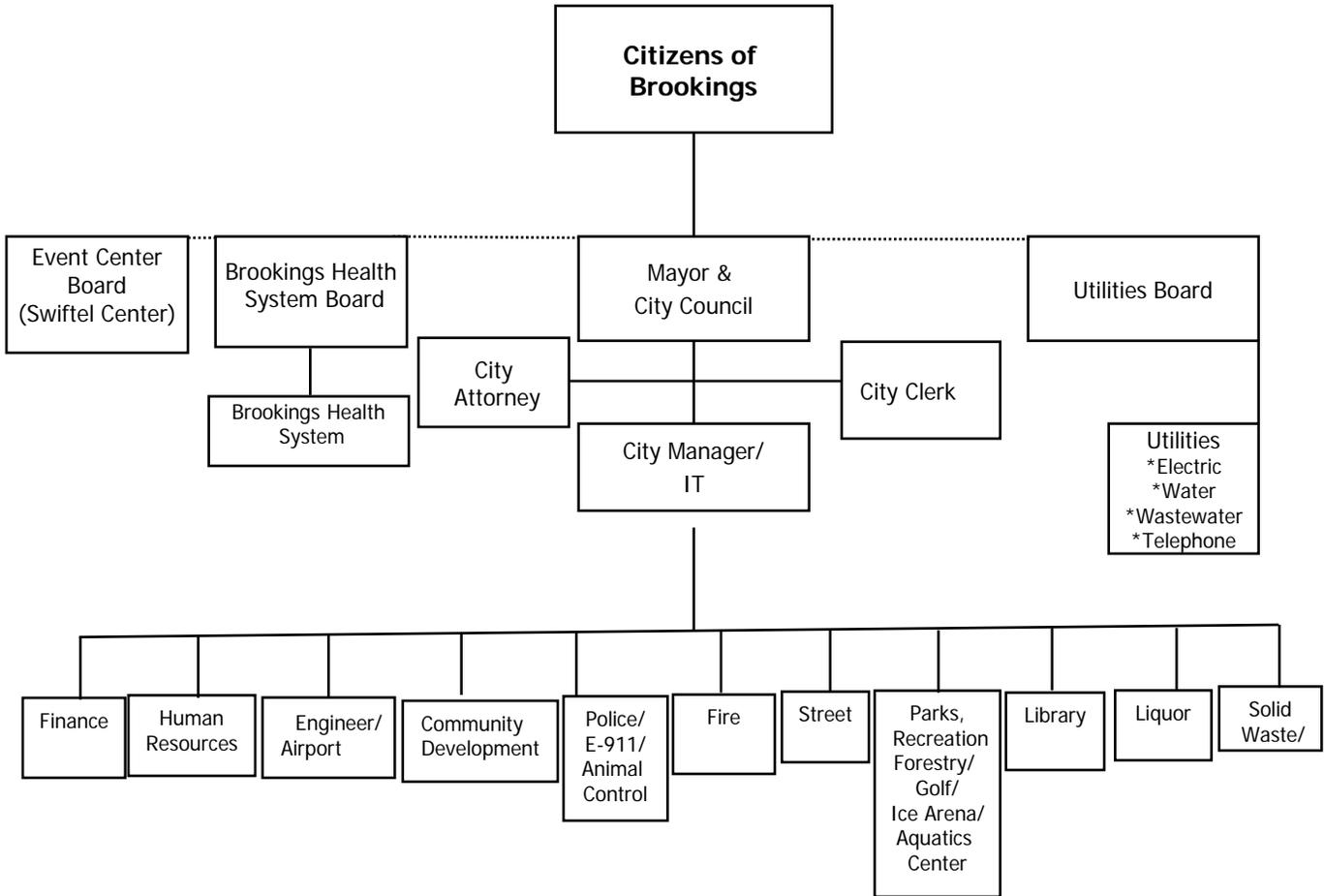
### **OFFICIALS OF THE CITY OF BROOKINGS**

Tim Reed.....	Mayor
Keith Corbett.....	Deputy Mayor
Patty Bacon.....	Council Member
Dan Hansen.....	Council Member
David Meyer.....	Council Member
Ope Niemeyer.....	Council Member
Jael Thorpe.....	Council Member

### **LEADERSHIP TEAM**

Jeffrey W. Weldon.....	City Manager
Steven Britzman.....	City Attorney
Shari Thornes.....	City Clerk
Jackie Lanning.....	City Engineer
Mike Struck.....	Community Development Director
Shawna Costello.....	Finance Director
Darrell Hartmann.....	Fire Chief
Donna Langland.....	Human Resources Director
Elvita Landau.....	Library Director
Janet Coplan.....	Liquor Store Manager
Dan Brettschneider.....	Parks, Recreation & Forestry Director
Jeff Miller.....	Police Chief
Todd Langland.....	Solid Waste Director
Matt Bartley.....	Street Superintendent
Jason R. Merkley.....	Health System Chief Executive Officer
Steve Meyer.....	Utilities Executive Vice President & General Manager

### CITY OF BROOKINGS ORGANIZATION CHART



The logo for Brookings, South Dakota. The word "brookings" is written in a large, black, serif font. The letter "i" is stylized with a white dot and a black shadow, and is topped with a black fan-like graphic consisting of several radiating lines. Below "brookings", the words "SOUTH DAKOTA" are written in a smaller, black, sans-serif font.

brookings  
SOUTH DAKOTA

BRING YOUR DREAMS.

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Brookings, South Dakota (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Brookings Health System Fund and the Brookings Municipal Utilities Telephone, Electric, Water and Wastewater Funds, which represent 85%, 80% and 93%, respectively, of the total assets, net position and revenues of the business-type activities. We also did not audit the financial statements of the Brookings Health System Foundation, a discretely presented component unit of the City. The financial statements of the Brookings Health System Fund, Brookings Municipal Utilities Telephone, Electric, Water and Wastewater Funds, and Brookings Health System Foundation were audited by other auditors, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the above mentioned enterprise funds and the discretely presented component unit, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Brookings, South Dakota as of December 31, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Notes 15 and 16 to the financial statements, in 2015 the City implemented the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No 68*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

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

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

#### ***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 accompanying supplementary information, consisting of combining financial statements and the schedule of expenditures of federal awards required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, is presented for purposes of additional analysis 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. 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 auditing standards generally accepted in

the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information in the introductory and statistical sections listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2016, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*BKD, LLP*

Lincoln, Nebraska  
May 9, 2016

## 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, 2015. 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. The financial information for 2014 shown in the Condensed Statements of Net Position and Condensed Statements of Activities on pages 18-20 has not been updated for changes resulting from the implementation of GASB Statement No. 68 (see page 69 for information regarding the implementation of GASB Statement No. 68)

### Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities by \$318,156,171 (net position) for the calendar year reported.
- The City's total ending net position of \$318,156,171 this year compared to the restated prior year ending net position of \$288,086,423 showing an increase of \$30,069,748 during the calendar year. The City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment to GASB 27. As a result, beginning net position has been restated to reflect the related net pension asset and deferred outflows and inflows of resources as of January 1, 2015 (see Note 15)
- Total net position is comprised of the following:
  1. Net investment in capital assets, of \$178,785,345 includes property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
  2. Net position of \$18,122,073 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  3. Unrestricted net position of \$121,248,753 represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental activities reported total ending net position of \$92,017,334 this year. This compares to the prior year restated ending net position of \$81,861,454 showing an increase of \$10,155,880 during the calendar year. Unrestricted net position of \$22,424,600 at December 31, 2015 shows a \$2,114,741 increase from the prior year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$5,242,679, or 31.6% of total General Fund expenditures.
- The City's business-type activities reported increased net position of \$19,913,868 compared to the restated beginning net position, ending the current year at \$226,138,837. This increase in business-type activities is somewhat similar to what a private business might report as net profit and most of this increase reflects the significant Federal grant revenue for the Airport runway realignment project.
- The City's total outstanding long-term liabilities decreased by \$2,208,900 ending the current fiscal year at \$86,452,257 outstanding.

### 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, and 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.

## Management's Discussion and Analysis

---

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 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 20 individual governmental funds for 2015. 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 19 governmental funds are combined into a single aggregated presentation. Fund data for each individual nonmajor governmental fund is provided in the form of combining statements following the required supplementary information.

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

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

Internal service funds are the other type of proprietary funds. Internal service funds are used to accumulate and allocate costs internally among the City's various functions for self-insurance. Because the self-insurance fund predominately benefits the

## Management's Discussion and Analysis

business-type functions, it has been included with the business-type activities portion of the presentation of the government-wide statements.

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

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This section includes a budgetary comparison schedule and related notes for the General Fund, and the schedule of funding progress for postemployment benefit plans.

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 2015, assets and deferred outflows exceeded liabilities by \$318,156,171. This reflects an increase in the City's combined net position of 14.0% between fiscal year 2014 and 2015.

Condensed Statements of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current and Other Assets	\$27,440,425	\$31,206,665	\$112,408,858	\$128,123,281	\$139,849,283	\$159,329,946
Capital Assets	82,211,515	88,528,412	162,776,672	171,585,236	244,988,187	260,113,648
Total Assets	109,651,940	119,735,077	275,185,530	299,708,517	384,837,470	419,443,594
Deferred Outflows of Resources	641,997	2,410,233	-	7,257,328	641,997	9,667,561
Total Assets and Deferred Outflows of Resources	110,293,937	122,145,310	275,185,530	306,965,845	385,479,467	429,111,155
Other Liabilities	2,414,763	2,530,555	15,299,261	15,092,986	17,714,024	17,623,541
Long-Term Liabilities	27,786,677	26,155,086	60,874,480	60,297,171	88,661,157	86,452,257
Total Liabilities	30,201,440	28,685,641	76,173,741	75,390,157	106,375,181	104,075,798
Deferred Inflows of Resources	-	1,442,335	-	5,436,851	-	6,879,186
Total Liabilities and Deferred Inflows of Resources	30,201,440	30,127,976	76,173,741	80,827,008	106,375,181	110,954,984
Net Investment in Capital Assets	56,625,781	64,579,729	104,777,360	114,205,616	161,403,141	178,785,345
Restricted	3,156,857	5,013,005	4,717,291	13,109,068	7,874,148	18,122,073
Unrestricted	20,309,859	22,424,600	89,517,138	98,824,153	109,826,997	121,248,753
Total Net Position	80,092,497	92,017,334	199,011,789	226,138,837	279,104,286	318,156,171
Beg. Net Position	79,734,486	80,092,497	174,863,525	199,011,789	254,598,011	279,104,286
Change in Net Position	\$358,011	\$11,924,837	\$24,148,264	\$27,127,048	\$24,506,275	\$39,051,885
Percentage Change	0.4%	14.9%	13.8%	13.6%	9.6%	14.0%

## Management's Discussion and Analysis

---

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 (when applicable) 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 (56.2%) of the City's net position is represented by \$178.8 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 5.7% of the total net position. These assets are subject to external restriction on how they may be used.

The remaining unrestricted balance of \$121.2 million (38.1%) may be used to meet the government's ongoing obligations to citizens and creditors. Certain balances within the unrestricted net position have internally imposed designations or limitations which may further limit the purpose for which such net position may be used.

## Management's Discussion and Analysis

**Changes in net position.** The increase in net position for 2015 was \$30,069,748. The Governmental Activities Net Position increased \$10,155,880 and the Business-Type Activities Net Position increased \$19,913,868. The Governmental Activities net position increased significantly 2015 due to implementation of GASB 68. The Business-Type Activities significantly increased their net position in large part due to an increase in Federal grant revenue.

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$3,326,760	\$5,274,831	\$132,418,963	\$140,757,839	\$135,745,723	\$146,032,670
Operating Grants	881,030	249,049	405,059	20,112	1,286,089	269,161
Capital Grants	221,332	5,418,303	11,935,303	2,210,269	12,156,635	7,628,572
General Revenues						
Taxes	17,745,463	18,228,031	-	-	17,745,463	18,228,031
State Shared Revenues	210,750	208,033	-	-	210,750	208,033
Investment Earnings	287,430	162,862	705,244	550,280	992,674	713,142
Miscellaneous	1,957,732	1,508,487	179,817	367,492	2,137,549	1,875,979
<b>Total Revenues</b>	<b>24,630,497</b>	<b>31,049,596</b>	<b>145,644,386</b>	<b>143,905,992</b>	<b>170,274,883</b>	<b>174,955,588</b>
<b>Expenses</b>						
General Government	3,017,290	2,865,778			3,017,290	2,865,778
Public Safety	5,036,493	5,054,020			5,036,493	5,054,020
Public Works	7,410,926	5,934,626			7,410,926	5,934,626
Health and Welfare	112,621	101,042			112,621	101,042
Culture and Recreation	7,168,741	7,400,596			7,168,741	7,400,596
Conservation and Development	1,939,064	1,209,287			1,939,064	1,209,287
Interest charges	808,496	734,534			808,496	734,534
Electric Fund			21,175,715	22,650,657	21,175,715	22,650,657
Health System Fund			52,211,048	54,370,009	52,211,048	54,370,009
Telephone Fund			33,929,866	30,598,739	33,929,866	30,598,739
Liquor Fund			3,664,576	3,608,454	3,664,576	3,608,454
Water Fund			2,641,459	2,964,843	2,641,459	2,964,843
Wastewater Fund			3,124,572	3,704,292	3,124,572	3,704,292
Airport Fund			383,714	839,807	383,714	839,807
Golf Fund			552,028	561,156	552,028	561,156
Solid Waste Fund			2,410,877	2,168,527	2,410,877	2,168,527
Research and Technology Fund			181,122	119,473	181,122	119,473
<b>Total Expenses</b>	<b>25,493,631</b>	<b>23,299,883</b>	<b>120,274,977</b>	<b>121,585,957</b>	<b>145,768,608</b>	<b>144,885,840</b>
Excess						
Before Transfers	(863,134)	7,749,713	25,369,409	22,320,035	24,506,275	30,069,748
Transfers	1,221,145	2,406,167	(1,221,145)	(2,406,167)	-	-
<b>Change in Net Position</b>	<b>358,011</b>	<b>10,155,880</b>	<b>24,148,264</b>	<b>19,913,868</b>	<b>24,506,275</b>	<b>30,069,748</b>
Beginning Net Position, as Previously Reported	79,734,486	80,092,497	174,863,525	199,011,789	254,598,011	279,104,286
Adjustment for GASB 68	-	1,768,957	-	7,213,180	-	8,982,137
Beginning Net Position Restated	79,734,486	81,861,454	174,863,525	206,224,969	254,598,011	288,086,423
<b>Ending Net Position</b>	<b>\$ 80,092,497</b>	<b>\$ 92,017,334</b>	<b>\$ 199,011,789</b>	<b>\$ 226,138,837</b>	<b>\$ 279,104,286</b>	<b>\$ 318,156,171</b>

**Governmental activities.** Revenues for the City's governmental activities were \$31,049,596. Taxes accounted for 59% of the overall revenues generated in 2015 compared to 72% in 2014. Capital grants and contributions increased by \$5.2 million due to construction projects where large portions were the responsibility of the developers and areas were funded with Federal and State grants. Other revenue sources reflected a combination of increases and decreases with a minimal net effect. Charges for delivered services comprised 17% of the overall revenues generated which a 4% increase compared to 2014.

Governmental Activities expenses decreased by 9.0% from 2014. The decrease is a combination of overall increases and decreases, with the largest decrease in public works due to the completion of the digester the City is building to accommodate the new Bel Brands Cheese plant.

## Management's Discussion and Analysis

---

**Business-type activities.** Overall revenues of the City's Business-Type Activities decreased 1.2% in 2015 compared to a 14.4% increase in 2014. Charges for services experienced a healthy increase of \$8.3 million, or 6.3%. Operating and capital contribution/grants decreased by \$10.1 million or 82% due to completing a large capital project which was primarily funded with Federal grant money.

Operating expenses increased by approximately \$1.3 million or 1.1% in 2015 compared to a 10% increase in 2014. The increase is a combination of overall increases and decreases, with the largest increase in the health system fund which increased by \$2.2 million or 4.1% over 2014.

### 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. The City maintains thirty-one funds – general fund, nine special revenue funds, five debt service funds, five capital project funds, ten business-type funds and one internal service fund.

#### 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.

The most significant source of revenue to the City is based on taxable retail sales in the community (sales & use tax). The City experienced a 2.4% increase or \$312,124 in sales tax revenue compared to the prior year. The City's Ends policy takes a conservative approach to budgeting and provides that the City average the last five years tax revenues and budget a 2.5% increase above that average. The net increase in sales & use tax revenue was reflected as follows: 2.4% or \$146,840 increase in 1<sup>st</sup> penny sales and use tax, 2.4% or \$36,764 increase in the 25% portion of the 2<sup>nd</sup> penny sales and use tax, 2.4% or \$110,148 increase in the 75% portion of the 2<sup>nd</sup> penny sales and use tax, and a 2.2% or \$18,372 increase in the 3<sup>rd</sup> penny Bed and Booze tax.

A portion of the revenue increase within the 1st penny sales and use tax, the 25% of the 2nd penny sales and use tax, and the 75% of the 2nd penny sales & use tax is due to the construction phases of the Bel Brands cheese plant. During phase I and phase II the City is reimbursing the cheese plant an amount equal to the Brookings City sales and use tax paid on equipment purchases up to \$2,520,000. In addition, the City has provided a reimbursement equal to all Brookings City sales and use tax paid by the cheese plant on the purchase of construction materials for the facility of \$390,000.

In addition, a portion of the revenue increase within the 1st penny sales and use tax, the 25% of the 2nd penny sales and use tax, and the 75% of the 2nd penny sales & use tax is due to construction phases of improvements to the 3M plant. The City will reimburse 3M three-fourths (3/4) of City sales and use tax paid on equipment purchases not to exceed \$775,500.

**General Fund.** The General Fund is the primary operating fund of the City. The fund balance decreased by \$1,467,397 from 2014, however, General Fund revenues increased overall by \$861,072 or 7.0%. General Fund changes in revenue included increased property tax revenue of \$106,615, or 3.9%. This increase was comprised of the statutorily provided 3.0% inflationary adjustment and a 2.18% increase in taxable valuation due to new properties added.

## Management's Discussion and Analysis

---

### Proprietary (business-type) Funds

**Electric Fund.** In 2015, the Electric fund net position increased by \$1,920,667, compared to an increase of \$2,297,722 in 2014. Operating revenues increased by \$1.03 million due to a 1.4% increase in kilowatt-hour sales and an overall 3.5% increase to user charges. Operating expenses increased by \$1.5 million or 7.2% in 2015. \$1.2 million of this increase was due to the cost of purchased power from suppliers. Operating transfers totaling \$1,955,000 were made from the Electric fund to the General Fund in 2015.

**Telephone Fund.** The Telephone fund net position increased by \$3,521,835 in 2015 and \$2,883,559 in 2014. Operating revenues decreased by \$2.7 million due to decreased usage of the telecommunication facilities. Operating expenses decreased by \$3.2 million over the prior year due to expenditures control and decreased network expense. Operating transfers totaling \$200,000 were made from the Telephone Fund to the General Fund in 2015.

**Wastewater Fund.** The Wastewater fund net position increased by \$1,475,854 in 2015 and \$2,230,536 in 2014. Capital contributions of \$352,496 in 2015 and \$1,232,643 in 2014 were responsible for 23.9% and 55.3% of the increase in net position, respectively. Operating revenues increased by \$713,000 in 2015 due to a 7.5% overall increase to user charges as well as a 10.8% increase in utilities billed to customers in 2015. Operating expenses increased \$506,000 in 2015, \$472,000 of which was due to a manhole rehabilitation maintenance project.

**Health System Fund.** Brookings Health System increased its net position by \$8,002,702 in 2015 and \$2,355,678 in 2014. The increase in net position is primarily related to an overall increase in hospital utilization; 17.1% increase in births, 13.8% increase in imaging procedures, 13.7% increase in sleep studies, 13% increase in surgical procedures, 7.8% increase of acute inpatient days, 6.3% increase in emergency room visits and a 4.1% increase in ambulance runs. In addition, Brookings Health System received \$338,000 in Electronic Health Records payments from Medicare and Medicaid in 2015.

### General fund budgetary highlights

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

The final General Fund expenditure budget reflects an increase to the original budget by \$399,479, or about 2.2%. Budget amendments were made to increase funds mainly for capital outlay which included the following: to authorize spending grant funds to develop and buy playground equipment for Valley View park, and unexpected equipment purchases to replace equipment lost or damaged in accidents. Increases were also necessary to account for uncompleted capital items carried over from the previous year.

Actual General Fund expenditures were \$1,602,950 less than the adjusted budget. Some departments didn't complete all scheduled projects or purchases in 2015 and therefore were under budget as follows: fire was \$117,952 under budget; highways and streets was \$281,262 under budget; parks was \$313,942 under budget. Overall, the departments held their spending in line with the budget for 2015.

Actual General Fund revenues were \$868,302 more than the adjusted budget due to following the conservative Governance and Ends Policy relating to budgeted revenues.

Management's Discussion and Analysis

---

**Capital Asset Administration**

Capital Assets (Net of Depreciation)	Governmental Activities		Total Dollar Change	Total Percentage Change
	2014	2015	2014-2015	2014-2015
Land	\$ 9,496,603	\$ 9,825,454	\$ 328,851	3.5%
Construction in Progress	2,956,531	1,447,034	(1,509,497)	-51.1%
Buildings and Other Improvements	29,366,530	28,806,464	(560,066)	-1.9%
Machinery and Equipment	6,713,193	7,563,221	850,028	12.7%
Infrastructure	33,678,658	40,886,239	7,207,581	21.4%
<b>Total Capital Assets (Net)</b>	<b>\$82,211,515</b>	<b>\$88,528,412</b>	<b>\$6,316,897</b>	<b>7.7%</b>

Major activity within the Governmental Activities in 2015 included the following:

Land was purchased for \$229,984 that will be used for a storm drainage project. Construction in progress decreased due to completion of the South Main Avenue and 26th Street Project, which conversely increased infrastructure assets. Continuing infrastructure projects include the continued development of new residential areas. This included street, curb, gutter, and sewer improvements, much of which is donated to the City by the developer. The value added to infrastructure in 2015 was \$7,207,581 of which \$4,066,572 was donated. In addition, other projects included storm drainage, street overlays, and replacement of various underground pipe.

Major equipment purchased or replaced included purchase of records management mobile software for the police department, 4 replacement police vehicles and 1 additional police vehicle; replacement of the ladder truck for the fire department, a variety of machinery and equipment in the street department such as 2 used pickups, 1 new pickup, 2 trailers, spreader, dump body, and an Oiler; replacement pickups (new and used), backhoe, loader/snowblower, mower, sprayer, turf truckster, spray booms for the Parks department, floor scrubber and leak detection system for the ice arena; and aerial bucket truck, stump cutter, and pickup for the Forestry department.

Capital Assets (Net of Depreciation)	Business-type Activities		Total Dollar Change	Total Percentage Change
	2014	2015	2014-2015	2014-2015
Land	\$ 4,770,567	\$ 4,770,567	\$ -	0.0%
Construction in Progress	43,036,020	32,507,308	(10,528,712)	-24.5%
Buildings and Other Improvements	104,399,757	124,158,687	19,758,930	18.9%
Machinery and Equipment	10,570,328	10,148,674	(421,654)	-4.0%
<b>Total Capital Assets (Net)</b>	<b>\$ 162,776,672</b>	<b>\$ 171,585,236</b>	<b>\$ 8,808,564</b>	<b>5.4%</b>

Major activity in the Business-Type Activities in 2015 included the following:

In 2015, the Electric fund increased capital assets by approximately \$2,354,000. Major purchases include a new bucket truck and knuckle boom truck. The balance was spent in the reconstruction of substations and related improvements in the ongoing effort to convert the distribution system to higher voltage. The 3M Industrial Substation reconstruction was completed and energized in May of 2015.

## Management's Discussion and Analysis

The Telephone fund increased capital assets by approximately \$2,540,000 for the acquisition and construction of capital assets in 2015. Upgrades included the continuing effort to convert customers from a copper to fiber facility, a variety of electronics and infrastructure improvements, an increase in wireless capacities, and the continued deployment of broadband services.

The Wastewater fund increased capital assets by approximately \$6,153,000 due to the construction in progress for the improvement of the Wastewater treatment facilities and collection system which began in 2012. The total estimated cost to complete this project is \$30,600,000 and is being funded through a Wastewater revenue bond through the State Revolving Fund. The improvements are being done through four projects. Project A is the upgrade of the Wastewater Treatment Plant. Progress continues with approximately 90% of the project completed to date. Construction is expected to be substantially completed in 2016.

In 2015 the Brookings Health System capital assets increased \$2,288,750 primarily due to the construction in progress for the hospital renovation and addition of a medical office building.

The Solid Waste fund had equipment purchases of \$358,074 including a replacement of a garbage truck, concover machine, and the scale.

The Airport capital asset additions totaled \$1,356,925. The runway relocation project was completed in 2015. Most of the cost for this project was paid for with Federal Airport Improvement Project funds.

See note 7 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		Total Change	
	2014	2015	2014	2015	Dollar Amount	Percentage Amount
Revenue Bonds	\$ 25,571,694	\$ 24,006,034	\$ 10,809,915	\$ 9,816,751	\$ (2,558,824)	-7.0%
Loans	-	-	20,593,606	24,064,478	3,470,872	16.9%
Capital leases	151,640	-	24,784,739	22,484,843	(2,451,536)	-9.8%
OPEB	1,169,395	1,314,302	929,108	1,007,383	223,182	10.6%
Amount Due Under Joint Agreements	-	-	1,534,477	958,734	(575,743)	-37.5%
Landfill Closure/Postclosure Compensated Absences	-	-	723,374	537,893	(185,481)	-25.6%
	893,948	834,750	1,499,261	1,427,089	(131,370)	-5.5%
<b>Total Long-Term Liabilities</b>	<b>\$ 27,786,677</b>	<b>\$ 26,155,086</b>	<b>\$ 60,874,480</b>	<b>\$ 60,297,171</b>	<b>\$ (2,208,900)</b>	<b>-2.5%</b>

The City has outstanding Sales Tax Revenue Bonds in the amount of \$9,370,000 at the end of 2015. The bonds are secured by revenue generated from the 2<sup>nd</sup> Penny Sales & Use Tax Fund. These bonds were issued to advance refund outstanding Sales Tax Revenue Bonds Series 2001, 2003 and 2005, and in addition fund the City's portion of the construction of the City/County Administration building. The bonds are scheduled to be retired in 2022.

The City has outstanding Sales Tax Revenue Bonds in the amount of \$10,000,000 at the end of 2015. The bonds are secured by revenue generated from the 2<sup>nd</sup> Penny Sales & Use Tax Fund. These bond were issued to finance a variety of capital purchases and construction in 2014. The bonds are scheduled to be retired in 2033.

## Management's Discussion and Analysis

---

The City has an outstanding State Revolving Fund Bond in the amount of \$566,067. This bond is secured by TIF-1 property tax increment revenues and also by revenue generated by the 2<sup>nd</sup> Penny Sales & Use Tax Fund. The City is the developer and therefore is responsible for any bond repayment in excess of the property tax revenue generated by the Tax Increment District. This bond was issued to construct infrastructure at the Innovation Campus which is designed to attract new innovative companies who can take advantage of the talent at South Dakota State University.

The City has outstanding State Revolving Fund Bonds in the amounts of \$333,900, \$303,513, \$202,442, \$1,843,231, and \$415,625. These bonds are secured by Storm Drainage fees assessed to property owners. These bonds were issued to construct storm drainage projects in the Southland addition, Pheasant's Nest addition, Nelson addition, Camelot addition and Division Ave.

The City has an outstanding bond from South Dakota SDHDA in the amount of \$635,517. This bond is secured by TIF -3 property tax increment revenues with the developer of the project as guarantor of the bond. Therefore, the developer is responsible for any bond repayments in excess of available property tax revenue generated by the Tax Increment District.

The City has an outstanding Tax Increment Revenue Note in the amount of \$251,844. This note is secured by TIF -4 property tax increment revenues with the developer of the project as guarantor of the bond. Therefore, the developer is responsible for any repayments in excess of available property tax revenue generated by the Tax Increment District.

A Wastewater revenue bond in the principal amount of \$30,600,000 was issued December 28, 2012 through a loan between the City and the South Dakota State Revolving Fund. The proceeds will be 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 initial surcharge for the loan agreement became effective January 2014. The bonds are secured by gross revenues derived solely from the revenues of the wastewater surcharge and are not a general obligation of the City of Brookings. The interest rate for the loan is 3.25% with final maturity due October 15, 2044. As of December 31, 2015 advances of \$24,064,478 have been made from the principal amount.

The Electric Revenue Bonds, Series 2011 were issued by the City of Brookings for \$6,500,000 with interest rates of .65% to 4.0%. The proceeds were used to provide financing for all or a portion of the cost of acquiring and constructing improvements to the electrical facilities of the Utility, consisting of the construction of a 115KV transmission line, reconstruction of three substations, and the installation of four 115/12.5kV transformers and related improvements. The rates and charges relating to the improvements will be in the form of a surcharge for electric utility service. The bonds are secured by gross revenues derived from the operation of the Improvements and are irrevocably set aside, pledged, and appropriated to a special fund within the Utility as received and do not constitute a general obligation of the City of Brookings, SD. Interest is payable semiannually on June 1, and December 1, commencing on June 1, 2012. Principal is due annually on December 1 commencing on December 1, 2012, with final maturity on December 1, 2031. Outstanding principal is \$5,495,000.

The City has additional outstanding Utility Revenue Bonds in the amount of \$4,321,751. The bonds are secured by revenue generated from the Telephone Fund (formerly PCS) and Electric Fund. These bonds will be retired in December 2019 and July 2028.

The City has capital acquisition leases for purchase of utility plant to be paid using the telephone, water, wastewater, and electric funds in the amount of \$12,695,000.

The City has Certificates of Participation for the construction of the skilled nursing facility in the amount of \$9,509,843.

The City has Certificates of Participation for the construction of the new medical office building and renovation of existing hospital in the amount of \$280,000.

The City is liable for the accrued compensated absences of \$834,750 within the Governmental Funds and \$1,427,089 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.

## Management's Discussion and Analysis

### Economic Outlook and Next Year's Budget

The 2015 Sales & Use Tax revenues were up 2.4% from the 2014 revenue; this growth is slightly affected by the effects of the construction at 3M and completion of a \$4.7 million cheese manufacturing plant. The 2016 tax revenue was budgeted with a projected 2.9% growth from the 2015 budget.

The 2015 property tax levy (payable in 2016) decreased .031 per thousand in valuation. In the last year the taxable valuation for the City of Brookings has increased \$52.6 million.

For 2016 the City budgeted a 2.75% overall salary increase plus movement through steps for employees. At the time the budget was completed, health insurance premiums were budgeted to increase 2%; however due to our claims experience, the premium remained the same as that of 2014. Vision premiums remained virtually the same as 2014 as did dental coverage.

The 2016 budget added two new full-time positions. An additional police officer to replace an existing officer who moved to fill a second School Resource Officer(SRO) position for the Brookings School District. The SRO position will be financed 75% by the School so only 25% of the new personnel cost is reflected in the 2016 budget. The other new position is an Assistant to the City Manager.

The chart at right shows the comparison of the 2016 budget with the 2015 budget for all governmental funds. The increase in personnel services reflects the cost of living adjustment (COLA) increase and regular step increases. The increase in current operations reflects additional operating expenses, necessary maintenance, and rent of temporary facilities while the new street department is being built. The decrease in subsidies to other reflects the decrease in economic incentive payments as those companies complete their projects. The decrease in capital outlay reflects the completion of multi-year projects such as the Dakota Nature Park, storm water projects and the development of the infrastructure and major street repairs on Main Avenue south. Transfers decreased significantly because in 2015 transfers were used to move the bond money between funds to pay for various capital projects and purchases. In 2016 that activity will not be necessary.

ALL GOVERNMENTAL FUNDS			
	2015 BUDGET	2016 BUDGET	% CHANGE
Personnel	\$10,758,783	\$ 11,166,793	3.8%
Current Operating	5,972,756	6,232,549	4.3%
Subsidies to Other	2,606,371	1,879,202	-27.9%
Capital Outlay	9,117,086	8,165,226	-10.4%
Debt Service	3,210,114	3,298,701	2.8%
Transfers	11,484,152	4,382,223	-61.8%

The enterprise funds did not budget an increase in staff numbers for 2016. The increase in personnel services reflects the cost of living adjustment (COLA) increase and regular step increases. Capital expenses significantly decreased because of completion of construction of the airport runway realignment.

ENTERPRISE FUNDS			
(Liquor-Airport-SWC-SWD-Golf -R&T Center)	2015 BUDGET	2016 BUDGET	% CHANGE
Personnel	\$1,693,658	\$1,733,334	2.3%
Current Operating	4,694,455	4,760,758	1.4%
Capital	2,118,659	1,368,650	-35.4%
Transfers	1,025,000	1,032,250	0.7%

### 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.

City of Brookings  
December 31, 2015

Statement of Net Position

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Health System Foundation
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,821,512	\$ 81,732,933	\$ 95,554,445	\$ 148,849
Investments	3,735,398	8,954,320	12,689,718	-
Receivables, net	2,337,129	18,624,029	20,961,158	3,061,169
Due from other governments	1,540,027	2,581,942	4,121,969	-
Internal balances	3,045,347	(3,045,347)	-	-
Land held for resale	3,322,442	-	3,322,442	-
Inventories	37,288	4,898,055	4,935,343	-
Deposits	355,852	-	355,852	-
Prepaid expenses	453,900	1,028,958	1,482,858	-
Prepaid bond insurance	62,346	-	62,346	-
Restricted cash and cash equivalents	880,420	6,197,202	7,077,622	894,129
Other investments	-	836,187	836,187	-
Net pension asset	1,615,004	6,315,002	7,930,006	-
Capital assets:				
Capital assets not being depreciated	11,272,488	37,277,875	48,550,363	-
Capital assets being depreciated, net	77,255,924	134,307,361	211,563,285	-
Total capital assets	88,528,412	171,585,236	260,113,648	-
Total assets	119,735,077	299,708,517	419,443,594	4,104,147
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related deferred outflows	1,848,485	7,257,328	9,105,813	-
Loss on debt refunding	561,748	-	561,748	-
Total deferred outflows of resources	2,410,233	7,257,328	9,667,561	-
Total assets and deferred outflows of resources	122,145,310	306,965,845	429,111,155	4,104,147
<b>LIABILITIES</b>				
Accounts payable	1,455,245	12,105,469	13,560,714	-
Accrued expenses	210,403	1,910,804	2,121,207	2,129
Accrued interest	87,305	330,744	418,049	-
Other current liabilities	-	9,594	9,594	-
Due to other governments	467,163	-	467,163	-
Amount held for others	54,750	-	54,750	-
Customer deposits	-	154,331	154,331	-
Unearned revenue	255,689	-	255,689	-
Advance payments	-	582,044	582,044	-
Noncurrent liabilities:				
Portion due or payable within one year:				
Bonds payable	2,073,675	1,051,415	3,125,090	-
Loans payable	-	508,584	508,584	-
Capital leases	-	2,707,098	2,707,098	-
Compensated absences	300,000	1,077,257	1,377,257	-
Portion due or payable after one year:				
Bonds payable	21,932,359	8,765,336	30,697,695	-
Loans payable	-	23,555,894	23,555,894	-
Capital leases	-	19,777,745	19,777,745	-
OPEB payable	1,314,302	1,007,383	2,321,685	-
Amount due under joint operating agreement	-	958,734	958,734	-
Accrued landfill closure and postclosure costs	-	537,893	537,893	-
Compensated absences	534,750	349,832	884,582	-
Total liabilities	28,685,641	75,390,157	104,075,798	2,129
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows	1,442,335	5,436,851	6,879,186	-
Total liabilities and deferred inflows of resources	30,127,976	80,827,008	110,954,984	2,129
<b>NET POSITION</b>				
Net investment in capital assets	64,579,729	114,205,616	178,785,345	-
Restricted for:				
Debt service and covenants	237,836	4,325,369	4,563,205	-
Insurance deposit	355,852	-	355,852	-
Other purposes (by donations)	70,293	-	70,293	3,955,298
Capital assets (by donations)	1,260,684	-	1,260,684	-
SDRS pension purposes	2,021,154	8,135,479	10,156,633	-
Enabling legislation	1,067,186	-	1,067,186	-
Landfill closure and post closure	-	648,220	648,220	-
Unrestricted	22,424,600	98,824,153	121,248,753	146,720
Total net position	\$ 92,017,334	\$ 226,138,837	\$ 318,156,171	\$ 4,102,018

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

City of Brookings  
Year Ended December 31, 2015

## Statement of Activities

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Unit Health System Foundation
					Governmental Activities	Business-Type Activities		
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 2,865,778	\$ 106,379	\$ 47,292	\$ 779,090	\$ (1,933,017)	\$ -	\$ (1,933,017)	\$ -
Public safety	5,054,020	99,666	124,476	-	(4,829,878)	-	(4,829,878)	-
Public works	5,934,626	2,638,528	5,945	4,549,262	1,259,109	-	1,259,109	-
Health and welfare	101,042	10,735	-	-	(90,307)	-	(90,307)	-
Culture and recreation	7,400,596	2,419,523	71,336	89,951	(4,819,786)	-	(4,819,786)	-
Conservation and development	1,209,287	-	-	-	(1,209,287)	-	(1,209,287)	-
Interest and fiscal charges	734,534	-	-	-	(734,534)	-	(734,534)	-
Total governmental activities	23,299,883	5,274,831	249,049	5,418,303	(12,357,700)	-	(12,357,700)	-
Business-type activities:								
Electric	22,650,657	26,341,321	-	156,718	-	3,847,382	3,847,382	-
Health System	54,370,009	61,882,772	20,112	92,955	-	7,625,830	7,625,830	-
Telephone	30,598,739	34,313,078	-	-	-	3,714,339	3,714,339	-
Liquor	3,608,454	4,169,571	-	-	-	561,117	561,117	-
Water	2,964,843	5,004,185	-	182,226	-	2,221,568	2,221,568	-
Wastewater	3,704,292	4,816,146	-	352,496	-	1,464,350	1,464,350	-
Airport	839,807	34,459	-	1,425,874	-	620,526	620,526	-
Golf	561,156	316,181	-	-	-	(244,975)	(244,975)	-
Solid Waste	2,168,527	3,703,602	-	-	-	1,535,075	1,535,075	-
Research and Technology	119,473	176,524	-	-	-	57,051	57,051	-
Total business-type activities	121,585,957	140,757,839	20,112	2,210,269	-	21,402,263	21,402,263	-
Total primary government	\$ 144,885,840	\$ 146,032,670	\$ 269,161	\$ 7,628,572	(12,357,700)	21,402,263	9,044,563	-
Component unit:								
Health System Foundation	\$ 356,524	\$ 700,510	\$ 3,741,137	\$ -				4,085,123
General revenues:								
Taxes:								
Property taxes					4,397,088	-	4,397,088	-
Sales taxes					13,475,972	-	13,475,972	-
Other taxes					354,971	-	354,971	-
State shared revenues					208,033	-	208,033	-
Unrestricted investment earnings					162,862	550,280	713,142	-
Gain on disposition of capital assets					-	175,464	175,464	-
Miscellaneous					1,508,487	192,028	1,700,515	-
Transfers					2,406,167	(2,406,167)	-	-
Total general revenues and transfers					22,513,580	(1,488,395)	21,025,185	-
Change in net position					10,155,880	19,913,868	30,069,748	4,085,123
Net position - beginning, as previously reported					80,092,497	199,011,789	279,104,286	16,895
Adjustment for implementation of GASB 68					1,768,957	7,213,180	8,982,137	-
Net position - beginning, after restatement					81,861,454	206,224,969	288,086,423	16,895
Net position - ending					\$ 92,017,334	\$ 226,138,837	\$ 318,156,171	\$ 4,102,018

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

Balance Sheet - Governmental Funds

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,991,306	\$ 7,830,206	\$ 13,821,512
Investments	2,468,715	1,266,683	3,735,398
Restricted cash and cash equivalents	64,891	815,529	880,420
Receivables, (net of allowances for uncollectibles, if any):			
Property taxes	2,051	-	2,051
Accounts	256,469	84,115	340,584
Storm drainage fees	-	688	688
Special assessments	-	1,983,332	1,983,332
Interest	8,982	1,492	10,474
Due from other funds	714,405	704,975	1,419,380
Due from other governments	754,421	785,606	1,540,027
Land held for resale	3,322,442	-	3,322,442
Inventories:			
Supplies	14,473	-	14,473
Stores	-	22,815	22,815
Deposits	355,852	-	355,852
Advance to other funds	1,201,855	-	1,201,855
Prepaid items	434,604	19,296	453,900
Total assets	<u>\$ 15,590,466</u>	<u>\$ 13,514,737</u>	<u>\$ 29,105,203</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 479,406	\$ 862,201	\$ 1,341,607
Retainage payable	-	113,638	113,638
Due to other funds	81,073	9,445	90,518
Due to other governments	8,170	458,993	467,163
Amount held for others	-	54,750	54,750
Accrued wages payable	182,730	27,673	210,403
Advance from other funds	-	1,201,855	1,201,855
Unearned revenue	-	255,689	255,689
Total liabilities	<u>751,379</u>	<u>2,984,244</u>	<u>3,735,623</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	2,051	1,896,630	1,898,681
Total deferred inflows of resources	<u>2,051</u>	<u>1,896,630</u>	<u>1,898,681</u>
<b>FUND BALANCES</b>			
Nonspendable	3,606,784	42,111	3,648,895
Restricted	849,383	1,786,616	2,635,999
Committed	3,609,682	5,574,697	9,184,379
Assigned	1,528,508	2,726,334	4,254,842
Unassigned	5,242,679	(1,495,895)	3,746,784
Total fund balances	<u>14,837,036</u>	<u>8,633,863</u>	<u>23,470,899</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,590,466</u>	<u>\$ 13,514,737</u>	<u>\$ 29,105,203</u>

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

City of Brookings  
December 31, 2015

Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position

Total fund balances for governmental funds	\$	23,470,899
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.		1,615,004
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	9,825,454	
Construction in progress	1,447,034	
Building and improvements, net of \$12,558,956 accumulated depreciation	28,806,464	
Equipment, net of \$9,180,357 accumulated depreciation	7,563,221	
Infrastructure, net of \$29,291,734 accumulated depreciation	<u>40,886,239</u>	
Total capital assets		88,528,412
Assets such as taxes receivable and special assessment receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		1,898,681
Pension related deferred outflows are components of the net pension asset and therefore are not reported in the funds.		1,848,485
Prepaid bond insurance costs are recorded as an expenditure in the fund statements, whereas in the statement of net position they are shown as deferred charges and amortized.		62,346
The deferred loss on refunding is not a current period item and therefore, is not reported in the fund financial statement		561,748
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.		1,716,485
Pension related deferred inflows are components of the net pension asset and therefore are not reported in the funds.		(1,442,335)
Long-term liabilities, including bonds payable and accrued leave payable are not due and payable in current period and therefore are not reported in the funds. Balances at December 31, 2015 are:		
Bonds payable	(24,006,034)	
OPEB payable	(1,314,302)	
Compensated absences	(834,750)	
Accrued interest	<u>(87,305)</u>	
Total long-term liabilities		<u>(26,242,391)</u>
Total net position of governmental activities	\$	<u>92,017,334</u>

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

City of Brookings  
Year Ended December 31, 2015

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
General property taxes	\$ 2,837,775	\$ 705,494	\$ 3,543,269
Storm drainage taxes	-	854,955	854,955
General sales and use taxes	6,327,828	7,148,144	13,475,972
Other taxes	1,488	354,971	356,459
Licenses and permits	278,742	-	278,742
Intergovernmental revenue	1,651,723	111,748	1,763,471
Charges for goods and services	402,971	1,978,058	2,381,029
Fines and forfeits	91,707	22,663	114,370
Miscellaneous revenue	<u>1,532,639</u>	<u>878,123</u>	<u>2,410,762</u>
Total revenues	<u>13,124,873</u>	<u>12,054,156</u>	<u>25,179,029</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,593,015	4,431	2,597,446
Public safety	3,717,752	650,720	4,368,472
Public works	3,236,848	298,498	3,535,346
Health and welfare	93,827	-	93,827
Culture and recreation	3,489,472	2,372,520	5,861,992
Conservation and development	-	1,238,578	1,238,578
Debt service:			
Principal	151,640	1,740,949	1,892,589
Interest and other charges	6,505	802,277	808,782
Capital outlay	<u>3,289,595</u>	<u>3,543,079</u>	<u>6,832,674</u>
Total expenditures	<u>16,578,654</u>	<u>10,651,052</u>	<u>27,229,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,453,781)</u>	<u>1,403,104</u>	<u>(2,050,677)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,497,052	8,989,363	14,486,415
Transfers out	(3,537,246)	(8,543,002)	(12,080,248)
Issuance of long term debt	-	187,274	187,274
Sale of capital assets	<u>26,578</u>	<u>-</u>	<u>26,578</u>
Total other financing sources	<u>1,986,384</u>	<u>633,635</u>	<u>2,620,019</u>
Net change in fund balances	<u>(1,467,397)</u>	<u>2,036,739</u>	<u>569,342</u>
Fund balances - beginning	<u>16,304,433</u>	<u>6,597,124</u>	<u>22,901,557</u>
Fund balances - ending	<u>\$ 14,837,036</u>	<u>\$ 8,633,863</u>	<u>\$ 23,470,899</u>

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

City of Brookings  
Year Ended December 31, 2015

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		\$569,342
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$5,365,615) exceeded depreciation (\$3,543,301) in the current period.		1,822,314
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		4,494,583
Governmental funds recognize property taxes and special assessments 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.		1,292,013
Bond proceeds are reported as financing sources in governmental funds and thus contributed to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not effect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position:		
New Issuances:		
Bonds		(187,274)
Repayments:		
Bonds	1,740,950	
Capital leases	<u>151,640</u>	
		1,892,590
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustment combines the net changes of these liabilities:		
Compensated absences	59,198	
OPEB liability	(144,907)	
Amortization of bond insurance costs	(8,906)	
Amortization of bond premium and deferred amount on refunding	(68,264)	
Accrued interest	<u>(6,727)</u>	
Combined adjustment		(169,606)
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)		41,253
Changes in the pension related deferred outflows/inflows are direct components of the net pension asset and are not reflected in the governmental funds.		210,944
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 with governmental activities.		<u>189,721</u>
Change in net position of governmental activities		<u>\$ 10,155,880</u>

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

Statement of Net Position - Proprietary Funds

	Enterprise Funds						Internal Service Fund /Self Insurance
	Electric	Waste- Water	Health System	Telephone	Other Enterprise Funds	Total	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 12,442,446	\$ 4,492,022	\$ 21,343,197	\$ 20,890,681	\$ 17,282,537	\$ 76,450,883	\$ 5,282,050
Investments	-	-	8,954,320	-	-	8,954,320	-
Receivables, (net of allowances for uncollectibles, if any):							
Accounts	2,048,376	448,202	10,542,294	2,580,722	939,179	16,558,773	-
Unbilled accounts	1,053,231	250,847	-	484,568	259,477	2,048,123	-
Interest	15	-	17,118	-	-	17,133	-
Due from other funds	139,156	3,741	2,225	109,554	61,281	315,957	-
Due from other governments	-	-	-	-	2,581,942	2,581,942	-
Current portion of advances to other funds	-	51,725	-	-	-	51,725	-
Inventories:							
Supplies	1,064,824	26,972	1,136,537	379,124	256,627	2,864,084	-
Stores	-	-	-	1,367,946	666,025	2,033,971	-
Prepaid expenses	67,470	20,298	280,479	638,247	22,464	1,028,958	-
Total current assets	<u>16,815,518</u>	<u>5,293,807</u>	<u>42,276,170</u>	<u>26,450,842</u>	<u>22,069,532</u>	<u>112,905,869</u>	<u>5,282,050</u>
Noncurrent assets:							
Restricted cash and cash equivalents	799,877	197,678	-	3,141,925	2,057,722	6,197,202	-
Advances to other funds	-	518,625	-	-	182,074	700,699	-
Net pension asset	496,313	228,318	3,871,106	1,245,549	473,716	6,315,002	-
Investments - other	-	9,794	236,820	588,815	758	836,187	-
Capital assets:							
Land	74,983	73,604	1,617,996	331,267	2,672,717	4,770,567	-
Buildings and other improvements	47,350,800	32,682,335	39,955,375	71,899,349	53,132,583	245,020,442	-
Machinery and equipment	2,486,311	976,453	23,503,983	4,301,268	6,487,059	37,755,074	-
Construction in progress	1,659,657	23,650,774	4,821,303	1,950,665	424,909	32,507,308	-
Less accumulated depreciation	(17,965,439)	(15,691,648)	(35,964,274)	(55,756,458)	(23,090,336)	(148,468,155)	-
Total noncurrent assets	<u>34,902,502</u>	<u>42,645,933</u>	<u>38,042,309</u>	<u>27,702,380</u>	<u>42,341,202</u>	<u>185,634,326</u>	<u>-</u>
Total assets	<u>51,718,020</u>	<u>47,939,740</u>	<u>80,318,479</u>	<u>54,153,222</u>	<u>64,410,734</u>	<u>298,540,195</u>	<u>5,282,050</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pension related deferred outflows	577,170	265,516	4,419,698	1,448,468	546,476	7,257,328	-
Total assets and deferred outflows of resources	<u>\$ 52,295,190</u>	<u>\$ 48,205,256</u>	<u>\$ 84,738,177</u>	<u>\$ 55,601,690</u>	<u>\$ 64,957,210</u>	<u>\$ 305,797,523</u>	<u>\$ 5,282,050</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 1,660,969	\$ 1,242,388	\$ 6,114,490	\$ 2,541,004	\$ 264,550	\$ 11,823,401	\$ 248,505
Retainage payable	-	-	-	-	33,563	33,563	-
Due to other funds	6,458	73,955	30,072	111,050	1,423,284	1,644,819	-
Accrued interest payable	25,722	165,152	78,694	59,127	2,049	330,744	-
Accrued wages payable	4,472	1,300	1,225,023	39,161	36,908	1,306,864	-
Accrued taxes payable	105,103	224	266,564	193,852	38,197	603,940	-
Other current liabilities	-	-	9,594	-	-	9,594	-
Customer deposits	65,244	-	34,299	45,078	9,710	154,331	-
Current portion of advances from other funds	-	-	-	51,725	-	51,725	-
Loans payable	-	508,584	-	-	-	508,584	-
Revenue bonds payable	311,415	-	-	740,000	-	1,051,415	-
Capital lease obligations	321,037	98,879	222,098	1,994,027	71,057	2,707,098	-
Compensated absences	64,375	18,317	789,446	158,154	46,965	1,077,257	-
Advance payments	-	-	-	577,484	4,560	582,044	-
Total current liabilities	<u>2,564,795</u>	<u>2,108,799</u>	<u>8,770,280</u>	<u>6,510,662</u>	<u>1,930,843</u>	<u>21,885,379</u>	<u>248,505</u>
Noncurrent liabilities:							
Advances from other funds	-	-	-	518,625	182,074	700,699	-
Loans payable	-	23,555,894	-	-	-	23,555,894	-
Revenue bonds payable	6,185,336	-	-	2,580,000	-	8,765,336	-
Capital lease obligations	2,344,563	442,860	9,567,745	6,986,408	436,169	19,777,745	-
Compensated absences	-	-	239,000	-	110,832	349,832	-
OPEB liability	94,279	41,186	468,575	268,546	134,797	1,007,383	-
Amount due under joint operating agreements	-	-	958,734	-	-	958,734	-
Accrued landfill closure and postclosure costs	-	-	-	-	537,893	537,893	-
Total noncurrent liabilities	<u>8,624,178</u>	<u>24,039,940</u>	<u>11,234,054</u>	<u>10,353,579</u>	<u>1,401,765</u>	<u>55,653,516</u>	<u>-</u>
Total liabilities	<u>11,188,973</u>	<u>26,148,739</u>	<u>20,004,334</u>	<u>16,864,241</u>	<u>3,332,608</u>	<u>77,538,895</u>	<u>248,505</u>
Deferred inflows of resources:							
Pension related deferred inflows	427,503	196,664	3,324,147	1,072,863	415,674	5,436,851	-
Total liabilities and deferred inflows of resources	<u>11,616,476</u>	<u>26,345,403</u>	<u>23,328,481</u>	<u>17,937,104</u>	<u>3,748,282</u>	<u>82,975,746</u>	<u>248,505</u>

Statement of Net Position - Proprietary Funds (continued)

	Enterprise Funds					Total	Internal Service Fund /Self Insurance
	Electric	Waste- Water	Health System	Telephone	Other Enterprise Funds		
<b>NET POSITION</b>							
Net investment in capital assets	24,443,961	17,085,301	23,313,066	10,425,656	38,937,632	114,205,616	-
Restricted for:							
Debt service	799,877	197,678	133,534	3,141,925	52,355	4,325,369	-
SDRS pension purposes	645,980	297,170	4,966,657	1,621,154	604,518	8,135,479	-
Landfill closure and postclosure	-	-	-	-	648,220	648,220	-
Unrestricted	<u>14,788,896</u>	<u>4,279,704</u>	<u>32,996,439</u>	<u>22,475,851</u>	<u>20,966,203</u>	<u>95,507,093</u>	<u>5,033,545</u>
Total net position	<u>\$ 40,678,714</u>	<u>\$ 21,859,853</u>	<u>\$ 61,409,696</u>	<u>\$ 37,664,586</u>	<u>\$ 61,208,928</u>	222,821,777	<u>\$ 5,033,545</u>
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.						<u>3,317,060</u>	
Net position of business-type activities						<u>\$ 226,138,837</u>	

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

City of Brookings  
Year Ended December 31, 2015

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

	Enterprise Funds					Total	Internal Service Fund /Self Insurance
	Electric	Waste-Water	Health System	Telephone	Other Enterprise Funds		
<b>OPERATING REVENUES</b>							
Charges for goods and services	\$ 25,521,050	\$ 4,646,783	\$ 60,848,209	\$ 31,255,442	\$ 13,212,419	\$ 135,483,903	\$ 2,819,132
Miscellaneous	820,271	169,363	1,034,563	3,057,636	192,103	5,273,936	-
Total operating revenues	<u>26,341,321</u>	<u>4,816,146</u>	<u>61,882,772</u>	<u>34,313,078</u>	<u>13,404,522</u>	<u>140,757,839</u>	<u>2,819,132</u>
<b>OPERATING EXPENSES</b>							
Personal services	2,117,696	1,226,180	28,975,903	6,569,613	2,804,122	41,693,514	-
Other current expenses	18,776,452	1,404,693	20,593,704	15,526,679	2,659,389	58,960,917	318,209
Cost of goods sold	-	-	-	4,395,814	3,031,045	7,426,859	-
Insurance claims and expenses	-	-	-	-	-	-	2,014,836
Amortization	-	-	-	119,084	-	119,084	-
Depreciation	1,419,277	858,081	3,441,349	3,228,385	1,336,542	10,283,634	-
Total operating expenses	<u>22,313,425</u>	<u>3,488,954</u>	<u>53,010,956</u>	<u>29,839,575</u>	<u>9,831,098</u>	<u>118,484,008</u>	<u>2,333,045</u>
Operating income	<u>4,027,896</u>	<u>1,327,192</u>	<u>8,871,816</u>	<u>4,473,503</u>	<u>3,573,424</u>	<u>22,273,831</u>	<u>486,087</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest income	18,053	36,781	285,821	159,141	40,636	540,432	9,847
Miscellaneous income (loss)	9,870	-	(704,694)	5,118	85,989	(603,717)	-
Contributions and donations	-	-	20,112	-	-	20,112	-
Gain (loss) on disposition of capital assets	50,476	-	(56,897)	(37,880)	(342,719)	(387,020)	-
Payments under joint operating agreement	-	-	91,051	-	-	91,051	-
Interest expense and fiscal charges	(387,346)	(240,615)	(597,462)	(878,047)	(27,666)	(2,131,136)	-
Total nonoperating revenues (expenses)	<u>(308,947)</u>	<u>(203,834)</u>	<u>(962,069)</u>	<u>(751,668)</u>	<u>(243,760)</u>	<u>(2,470,278)</u>	<u>9,847</u>
Income before capital contributions and transfers	3,718,949	1,123,358	7,909,747	3,721,835	3,329,664	19,803,553	495,934
Capital contributions	156,718	352,496	92,955	-	1,608,100	2,210,269	-
Transfers in	-	-	-	-	773,833	773,833	-
Transfers out	(1,955,000)	-	-	(200,000)	(1,025,000)	(3,180,000)	-
Change in net position	<u>1,920,667</u>	<u>1,475,854</u>	<u>8,002,702</u>	<u>3,521,835</u>	<u>4,686,597</u>	<u>19,607,655</u>	<u>495,934</u>
Net position - beginning, as previously reported	38,182,708	20,119,326	49,011,464	32,698,878	55,988,566		4,537,611
Adjustment for implementation of GASB 68	575,339	264,673	4,395,530	1,443,873	533,765		-
Net position - beginning, after restatement	<u>38,758,047</u>	<u>20,383,999</u>	<u>53,406,994</u>	<u>34,142,751</u>	<u>56,522,331</u>		<u>4,537,611</u>
Net position - ending	<u>\$ 40,678,714</u>	<u>\$ 21,859,853</u>	<u>\$ 61,409,696</u>	<u>\$ 37,664,586</u>	<u>\$ 61,208,928</u>		<u>\$ 5,033,545</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with the business-type activities.						306,213	
Change in net position of business-type activities						<u>\$ 19,913,868</u>	

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

City of Brookings  
Year Ended December 31, 2015

Statement of Cash Flows - Proprietary Funds

	Enterprise Funds					Total	Internal Service Fund /Self Insurance
	Electric	Waste-Water	Health System	Telephone	Other Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 25,722,081	\$ 2,552,273	\$ 59,793,733	\$ 28,308,165	\$ 12,939,040	\$ 129,315,292	\$ -
Internal activity-payments from other funds	1,404,713	93,453	-	1,282,763	418,561	3,199,490	2,820,433
Operating receipts from customers pledged for debt retirement	956,460	2,358,828	-	6,965,914	-	10,281,202	-
Other receipts	-	-	1,072,633	-	-	1,072,633	-
Payments to suppliers	(20,322,184)	(1,357,524)	(22,166,152)	(21,132,219)	(5,870,088)	(70,848,167)	(2,371,426)
Payments to employees	(2,183,044)	(1,260,459)	(29,412,352)	(6,776,573)	(2,863,650)	(42,496,078)	-
Internal activity-payments to other funds	-	-	-	-	(231,359)	(231,359)	-
Net cash provided by operating activities	5,578,026	2,386,571	9,287,862	8,648,050	4,392,504	30,293,013	449,007
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers in	-	-	-	-	773,833	773,833	-
Transfers out	(1,955,000)	-	-	(200,000)	(1,025,000)	(3,180,000)	-
Operating grants	-	-	(900)	-	-	(900)	-
Contributions to foundation	-	-	(228,215)	-	-	(228,215)	-
Interfund payments	-	-	-	-	(161,270)	(161,270)	-
Principal receipts (payments) on interfund advances/loans	-	49,262	-	(49,262)	-	-	-
Interest receipts (payments) on interfund advances/loans	-	30,981	-	(30,981)	-	-	-
Net cash provided by (used in) noncapital financing activities	(1,955,000)	80,243	(229,115)	(280,243)	(412,437)	(2,796,552)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(2,352,527)	(6,152,726)	(4,955,522)	(2,540,454)	(2,670,019)	(18,671,248)	-
Proceeds from long-term debt	-	3,836,171	280,000	2,000	-	4,118,171	-
Proceeds from sale of capital assets	51,600	-	-	-	150,971	202,571	-
Capital grants	-	-	92,955	-	1,556,037	1,648,992	-
Principal payments on debt	(613,235)	(459,363)	(214,896)	(2,583,323)	(67,542)	(3,938,359)	-
Interest payments on debt	(388,490)	(687,640)	(319,240)	(859,223)	(27,941)	(2,282,534)	-
Payment of financing costs	-	-	(280,000)	-	-	(280,000)	-
Net cash used in capital and related financing activities	(3,302,652)	(3,463,558)	(5,396,703)	(5,981,000)	(1,058,494)	(19,202,407)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Sale of investments and certificates of deposit	115,032	-	8,001,440	-	1,000,000	9,116,472	-
Purchase of investments and certificates of deposit	(109,716)	-	(1,000,000)	-	-	(1,109,716)	-
Cash payment to joint venture partner	-	-	(575,848)	-	-	(575,848)	-
Investment income	12,303	5,685	190,342	221,211	35,504	465,045	9,847
Net cash provided by investing activities	17,619	5,685	6,615,934	221,211	1,035,504	7,895,953	9,847
Net increase (decrease) in cash and cash equivalents	337,993	(991,059)	10,277,978	2,608,018	3,957,077	16,190,007	458,854
Balances - beginning of the year	12,904,330	5,680,759	11,065,219	21,424,588	15,383,182	66,458,078	4,823,196
Balances - end of the year	13,242,323	4,689,700	21,343,197	24,032,606	19,340,259	82,648,085	5,282,050
Less restricted cash and cash equivalents	(799,877)	(197,678)	-	(3,141,925)	(2,057,722)	(6,197,202)	-
Cash and cash equivalents (current) per statement of net position	\$ 12,442,446	\$ 4,492,022	\$ 21,343,197	\$ 20,890,681	\$ 17,282,537	\$ 76,450,883	\$ 5,282,050

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

City of Brookings  
Year Ended December 31, 2015

Statement of Cash Flows - Proprietary Funds (continued)

	Enterprise Funds					Total	Internal Service Fund /Self Insurance
	Electric	Waste-Water	Health System	Telephone	Other Enterprise Funds		
<b>Reconciliation of operating income to net cash provided by operating activities:</b>							
Operating income	\$ 4,027,896	\$ 1,327,192	\$ 8,871,816	\$ 4,473,503	\$ 3,573,424	\$ 22,273,831	\$ 486,087
Miscellaneous income (loss)	9,870	-	-	4,201	85,989	100,060	-
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	1,419,277	858,081	3,441,349	3,228,385	1,336,542	10,283,634	-
Amortization	-	-	-	119,084	-	119,084	-
Impairment of investment	-	-	-	62,415	-	62,415	-
Landfill postclosure cost	-	-	-	-	(185,481)	(185,481)	-
(Increase) decrease in:							
Receivables	98,267	(20,507)	(1,659,361)	280,626	(187,329)	(1,488,304)	1,301
Inventories	55,830	28,071	(150,638)	(96,671)	113,299	(50,109)	-
Prepaid expenses	3,619	(954)	32,063	46,232	11,515	92,475	-
Deferred outflows related to pensions	(167,422)	(77,019)	(1,352,098)	(420,163)	(169,943)	(2,186,645)	-
Net pension asset	383,919	176,615	2,829,421	963,486	341,885	4,695,326	-
Increase (decrease) in:							
Deferred inflows related to pensions	(287,138)	(132,093)	(2,048,450)	(720,604)	(242,695)	(3,430,980)	-
Accounts and other payables	18,405	228,966	(810,918)	651,464	(295,927)	(208,010)	(38,381)
Accrued wages payable	1,303	(1,206)	137,331	1,450	6,554	145,432	-
Accrued leave liabilities	1,462	(1,739)	(72,253)	(5,676)	6,033	(72,173)	-
Accrued OPEB payable	2,529	1,164	69,600	6,345	(1,362)	78,276	-
Other payables	10,209	-	-	53,973	-	64,182	-
Net cash provided by operating activities	\$ 5,578,026	\$ 2,386,571	\$ 9,287,862	\$ 8,648,050	\$ 4,392,504	\$ 30,293,013	\$ 449,007
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>							
Capital asset additions from contributed capital	\$ 156,718	\$ 352,496	\$ -	\$ -	\$ 1,589,100	\$ 2,098,314	\$ -
Accounts payable for capital assets	-	1,015,042	831,474	586,349	107,835	2,540,700	-

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

City of Brookings  
December 31, 2015

Statement of Net Position - Fiduciary Funds

---

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 101,919</u>
Total assets	<u>101,919</u>
<b>LIABILITIES</b>	
Amount held for others	<u>101,919</u>
Total liabilities	<u>101,919</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

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 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.

During the year ended December 31, 2015, the Foundation distributed approximately \$96,000 to the City to fund the operations of the Health System and its capital projects.

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 31st year end.

b. Basis of Presentation:

*Government-wide Financial Statements:*

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

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

Notes to the Financial Statements

---

*Fund Financial Statements:*

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

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

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

**Governmental Funds:**

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

Additionally, the City reports the following nonmajor governmental funds:

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

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

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

TIF -1 Innovation Campus Fund – to account for the financial resources accumulated for repayment of the State Revolving Fund Loan.

TIF-3 Valley View Fund – to account for the financial resources accumulated for repayment of a South Dakota Housing Authority Bond (Guaranteed by Developer).

TIF-4 Sieler Fund – to account for the financial resources accumulated for repayment of a Tax Increment Note (Guaranteed by Developer).

TIF-5 32nd Ave Fund - to account for the financial resources accumulated for repayment of a Tax Revenue Bond.

Notes to the Financial Statements

---

TIF-6 Digester Fund – to account for the financial resources accumulated for repayment of City funds expended on this project.

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

Dakota Nature Park Fund – to account for financial resources used for the development and construction of the new nature park located on the grounds of the old landfill.

Gateway Project Fund – to account for financial resources used for the construction of new signs and improvements to the entry ways of the City.

TIF-6 Digester Fund – to account for financial resources used for the design and construction of a wastewater digester for the Bel Brands cheese plant.

TIF-7 South Main Fund - to account for the financial resources used for the design and construction of new streets and infrastructure surrounding the new grade school.

Street Maintenance Shop - to account for the financial resources used for the design and construction of a new street maintenance shop.

**Proprietary Funds:**

Enterprise Funds – enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City reports the following major enterprise funds:

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

Wastewater Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal sanitary sewer system and related facilities.

Health System Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal hospital and nursing home and related facilities.

Telephone Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal telephone system and related services.

Additionally, the City reports the following nonmajor enterprise funds:

Liquor Fund – financed primarily by user charges, this fund accounts for the operation of the municipal off-sale establishment.

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

Notes to the Financial Statements

---

Airport Fund – financed primarily by user charges, this fund accounts for the construction and operations of the municipal airport and related facilities.

Golf Fund - financed primarily by user charges, this fund accounts for the construction and operations of the municipal golf course and related facilities.

Solid Waste Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal solid waste system and related facilities.

Research and Technology Center Fund – financed primarily by user charges, this fund accounts for the rental of a building that houses new start-up entities and was originally part of the Brookings Event Center, Inc.

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

**Fiduciary Funds:**

Fiduciary funds are never considered to be major funds:

Agency Funds - agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency 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

Notes to the Financial Statements

---

related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

*Fund Financial Statements:*

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or are to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the City of Brookings, South Dakota, the length of that cycle is 45 days. The revenues which are accrued at December 31, 2015 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. Reported deferred revenues, deferred inflows of resources, 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 of each year. Taxes are recorded as receivable, levied, and attached as an enforceable lien on property as of January 1 of each year. Taxes are payable in two installments on or before April 30 and October 31 of that year.

Notes to the Financial Statements

---

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

f. Inventories and Prepaid Items:

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

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

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

g. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.

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

*Government-Wide Statements*

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on 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.

Notes to the Financial Statements

---

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

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

Land is an inexhaustible capital asset and is not depreciated.

*Fund Financial Statements*

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

h. Long-Term Liabilities:

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

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

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

i. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension revenue and 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 are recognized on an accrual basis of accounting.

j. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to future period or periods. These items will not be recognized as an outflow of resources until the applicable future period. The City's

Notes to the Financial Statements

---

deferred outflows includes 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 contributions from the employer after the measurement date but before the end of the employer's reporting period.

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period. The City's deferred inflows included the following: unavailable revenues, represent certain receivables recorded by the City which are deferred as they are not received with 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 expense.

k. 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.

l. 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.

m. Equity Classifications:

*Government-wide Statements:*

Equity is classified as net position and 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

Notes to the Financial Statements

---

attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

2. Restricted – consists of restricted assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted – consists of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the net investment in capital assets or the restricted component of net position.

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance, and may distinguish between “Nonspendable”, “Restricted”, “Committed”, “Assigned”, and “Unassigned” components. Proprietary fund equity is classified the same as in the government-wide financial statements. Agency funds have no fund equity.

*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 10 percent of the 2012 General Fund beginning adopted appropriations should be established as committed fund balance and maintained for use in meeting unanticipated needs and or emergencies, such as an urgent event that affects the safety of the Citizens of the City of Brookings, City of Brookings employees, and Brookings Students. The urgent event could be a blizzard, tornado, fire, flood, terrorist attack, bombing, explosions, train derailments, straight-line winds/severe thunderstorm, hazardous materials incident, water contamination, failure of electrical grid, mass casualty/fatality or health epidemic. Specific unanticipated needs and/or emergencies are determined by the City’s highest level of decision-making authority as use of this fund balance must be approved by a two-thirds vote of the City Council. Additionally, the City’s policy prohibits the use of this fund balance for more than two consecutive years.
- 5 percent of the of the annual revenue of the 75% - 2<sup>nd</sup> Penny Sales and Use Tax should be committed for future economic development opportunities until a one million dollar balance is achieved.

Notes to the Financial Statements

---

- One-time sales of land will be added to the committed fund balance for future land purchases for industrial and economic development.

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

- Ordinance No. 03-10 commits use of 25% Sales tax for lease purchase agreements of realty, land acquisition, the programmed chip sealing street maintenance, specialized equipment, the transfer to the E-911 fund, purchasing firefighting vehicles, public safety and equipment, and debt retirement related thereto.
- Ordinance No. 03-10 commits use of 75% Sales tax for construction and financing of public improvements.
- Ordinance No. 21-10 commits funds to finance public storm drainage infrastructure improvements.
- Ordinance No 23-11 commits funds for retail economic development investment.
- Ordinance No 02-12 commits BID Fee funds to promotion and marketing of the City.

n. Application of Net Position and Fund Balances:

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

o. 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.

All 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.

p. 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 and liabilities 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.

q. 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.

Notes to the Financial Statements

---

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

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

Hospital Medicare During 2009, the Health System began participation in the Centers for Medicare and Medicaid Services (CMS) Rural Community Hospital Demonstration Program as mandated under Section 410A of the Medicare Modernization Act. For inpatient services provided to patients after January 1, 2009, 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 and has yet to be extended. Beginning October 1, 2015, inpatient acute services rendered to Hospital Medicare program beneficiaries were paid at prospectively determined rates per discharge. These rates varied according to a patient classification system that was based on clinical, diagnostic, and other factors. The Health System is reimbursed for cost reimbursable items 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, 2013.

Hospital Medicaid Inpatient acute care services rendered to Hospital Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a reimbursement methodology based on historical cost. Retroactive settlements are not carried out by the Medicaid program.

Hospital Blue Cross Services rendered to Hospital 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 on a cost-related basis subject to certain limitations as prescribed by South Dakota Department of Social Services regulations. These rates are subject to retroactive adjustments by field audit. The Health System also participates in the Medicare program for which payments 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 payments 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 2015:

Notes to the Financial Statements

---

Medicare	41%
Medicaid	7%
Blue Cross	25%
Other	27%
Total	<u>100%</u>

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the year ended December 31, 2015 increased by approximately \$248,000 due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and year that are no longer likely subject to audits, review, and investigations.

Charity Care

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

2. DEFICIT FUND BALANCE

The following funds had a fund balance deficit as of December 31, 2015:

Swiftel Center Fund (Special Revenue Fund) had a negative balance of \$135,766 due to a significant purchase of a capital asset in a prior year, and payment of prior years taxes owed following a tax audit. Because of this, the fund level statement reflected the large expenditure without any offsetting revenue thereby having a negative impact on fund balance.

The TIF-1 Innovation Campus Fund (Debt Service Fund) had a negative balance of \$1,157,179 because of a large advance to the capital project fund which will be paid off with future tax increment revenue.

The TIF-7 S. Main Fund (Capital Project Fund) had a negative balance of \$52,760 because the cash for the portion of the project attributable to the City wasn't budgeted to be transferred until 2016.

3. DEPOSITS AND INVESTMENTS

The City follows the practice of aggregating the cash and investments of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

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.

## Notes to the Financial Statements

Investments - 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 a 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.

As of December 31, 2015, the City had the following investments and maturities.

Investment Type	Credit Rating	Fair Value	Maturities in Years	
			Less than 1	1 to 5
Money Market Fund - U.S. Agencies	Not Rated	\$ 50,396,041	\$ 50,396,041	\$ -
Money Market Fund - U.S. Agencies	AAAm	2,636,319	2,636,319	-
U.S. Treasuries	AAA	1,979,570	-	1,979,570
U.S. Agencies Obligations	AAA	10,699,534	-	10,699,534
Total Investments		\$ 65,711,464	\$ 53,032,360	\$ 12,679,104

**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, 2015, 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 \$12,679,104, 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 \$50,396,041, 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 \$2,636,319, are held in a safekeeping account with Wells Fargo Brokerage Services, LLC, 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 \$100,000 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, 2015, the City had investments in excess of 5% of the total investment portfolio: 76.69% of the City's investments are in money markets at First Bank & Trust Wealth Management Services, and 6.06% are in Federal Farm Credit Bank securities (FFCB).

## Notes to the Financial Statements

**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.

**Summary of Deposit and Investment Balances**

Following is a reconciliation of the City's deposit and investment balances as of December 31, 2015:

	Totals
Investments	\$ 65,711,464
Certificates of deposits	2,174,306
Deposits and cash on hand	47,537,934
	<u>\$ 115,423,704</u>

	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Totals
Cash and cash equivalents	\$ 95,554,445	\$ 101,919	\$ 95,656,364
Investments	12,689,718	-	12,689,718
Restricted assets:			
Cash and cash equivalents	7,077,622	-	7,077,622
	<u>\$ 115,321,785</u>	<u>\$ 101,919</u>	<u>\$ 115,423,704</u>

## 4. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS:

Receivables for the City's individual major funds, aggregate nonmajor funds, and fiduciary funds including the applicable allowances for uncollectible accounts are as follows at December 31, 2015:

	Interest	Taxes	Accounts	Special Assessments	Unbilled Accounts	Total
General Fund	\$ 8,982	\$ 2,051	\$ 256,469	\$ -	\$ -	\$ 267,502
Electric Fund	15	-	2,048,376	-	1,053,231	3,101,622
Wastewater Fund	-	-	448,202	-	250,847	699,049
Health System Fund	17,118	-	10,542,294	-	-	10,559,412
Telephone Fund	-	-	2,580,722	-	484,568	3,065,290
Nonmajor and Other Funds	1,492	688	1,023,294	1,983,332	259,477	3,268,283
	<u>\$ 27,607</u>	<u>\$ 2,739</u>	<u>\$ 16,899,357</u>	<u>\$ 1,983,332</u>	<u>\$ 2,048,123</u>	<u>\$ 20,961,158</u>

The City expects all receivables to be collected within one year, except for \$1,853,431 in deferred Special Assessments in the Special Revenue Special Assessments Fund.

Allowances for uncollectible accounts receivable in the Enterprise Funds are calculated based on historical trend data. The other funds receivables are stated at face value. As of December 31, 2015, the allowance for doubtful accounts in the Enterprise Funds were as follows:

Electric Fund	\$ 19,500
Health System Fund	2,381,000
Telephone Fund	425,611
Wastewater Fund	7,000
Water Fund	7,600
	<u>\$ 2,840,711</u>

## Notes to the Financial Statements

The total of Due from Other Governments of \$4,121,969 includes the following significant items:

Fund/Fund Type	Amount	Service
General Fund/Major Governmental	\$ 625,198	State of South Dakota, December Sales and Use Tax
	13,822	Brookings County, Property Tax Collected by Brookings County
	3,557	Brookings County, County Highway Bridge Tax
	1,359	Brookings County, Wheel Tax
	1,611	Brookings County, Billings
	35,367	State of South Dakota, December Liquor Tax
	73,507	State of South Dakota, State Highway and Bridge Tax
25% Sales & Use Tax/Special Revenue Fund	154,117	State of South Dakota, December Sales and Use Tax
75% Sales & Use Tax/Special Revenue Fund	468,171	State of South Dakota, December Sales and Use Tax
Enhanced 911/Special Revenue Fund	76,483	Brookings County, Billings
	4,146	State of South Dakota, 911 Surcharge
Storm Drainage/Special Revenue Fund	4,882	Brookings County, Storm Drainage Tax Collected by County
Bed and Booze Tax/Special Revenue Fund	77,807	State of South Dakota, December Sales and Use Tax
Airport/Enterprise Fund	2,581,942	Federal Government, Airport Improvement Project Grant Funds
Total	\$ 4,121,969	

## 5. OTHER INVESTMENTS

Other Investments at December 31, 2015 were as follows:

Telephone Fund	
South Dakota Network, LLC	\$330,357
Express Communications, Inc.	11,895
DHE, LLC	117,585
Capital credits	<u>128,978</u>
Total Telephone Fund	588,815
Wastewater Fund – capital credits	9,794
Water Fund – capital credits	758
Health System Fund – investment in joint venture	<u>236,820</u>
Total Investments – Other – Enterprise Funds	<u>\$836,187</u>

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 City owns 7.84% of this company.

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

There is an operating agreement between all the members of DHE, LLC (DHE), including the Telephone Fund, for the sole and exclusive benefit of the members and no third party shall have any rights under the agreement. The City owns 12.5% of this company.

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

## 6. PCS LICENSES

The Telephone Fund has FCC licenses to operate a Personal Communication Services (PCS) network in Eastern South Dakota and Northwestern Iowa which includes the cities of Watertown, Brookings, Sioux Falls and Sioux City. The license agreements for PCS expired in June 2015 and were renewed until June 2025. Although the FCC licenses were issued with a stated term, they can be renewed routinely, and renewal of the license is expected without substantial

Notes to the Financial Statements

---

cost and no legal, regulatory, contractual, or other factors currently exist that limit the useful life of the licenses, so long as the Telephone Fund continues to operate PCS systems as authorized by each license and provides wireless service to the public. The cost of the license agreements totaling \$3,551,203 were amortized equally over an estimated economic useful life of 15 years. Amortization expense was \$106,474 for the year ended December 31, 2015, at which point the licenses became fully amortized.

The income related to the PCS system consisted of the following:

<b>OPERATING REVENUES</b>	
PCS service and activation	\$ 18,671,305
Handsets and accessories	2,660,687
Tower sublease	411,512
Uncollectibles	(725,057)
Total operating revenues	<u>21,018,447</u>
<b>OPERATING EXPENSES</b>	
Plant specific	3,660,508
Customer	6,982,737
Administrative and general	552,622
Sales	2,560,743
Cost of goods sold	3,222,424
Depreciation	1,438,386
Amortization	120,036
Total operating expenses	<u>18,537,456</u>
<b>NET OPERATING INCOME</b>	<u>2,480,991</u>
<b>OTHER INCOME (EXPENSES)</b>	
Interest income	269
Interest expense	(585,047)
Miscellaneous	2,345
Net other expenses	<u>(582,433)</u>
<b>PCS NET INCOME</b>	<u>\$ 1,898,558</u>

The Telephone fund was operating under an agreement with Sprint PCS through June 8, 2018. Subsequent to December 31, 2015 the Telephone Fund signed an addendum with Sprint PCS extending the agreement through December 31, 2028. Under the agreement, Sprint provides the Telephone Fund significant support services such as billing, collections, long-distance, customer care and national advertising. Additionally, the telephone fund derives substantial roaming and travel revenues and expenses when Sprint and Sprint's network partners' wireless subscribers incur minutes of use in the Telephone Fund's territories.

The Telephone Fund is also required to make affiliation fee payments based on estimated annual revenues. The actual cost for the year ended December 31, 2015 was \$1,225,848.

## Notes to the Financial Statements

## 7. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2015 is as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>Governmental Activities</b>					
<i>Capital assets not being depreciated</i>					
Land	\$ 9,496,603	\$ 328,851	\$ -	\$ -	\$ 9,825,454
Construction in progress	2,956,531	1,310,005	-	(2,819,502)	1,447,034
Total capital assets not being depreciated	12,453,134	1,638,856	-	(2,819,502)	11,272,488
<i>Capital assets being depreciated</i>					
Infrastructure	61,479,955	5,896,758	(8,979)	2,810,239	70,177,973
Buildings and improvements	41,219,808	419,081	(282,732)	9,263	41,365,420
Equipment	15,401,814	1,989,472	(670,404)	22,696	16,743,578
Total capital assets being depreciated	118,101,577	8,305,311	(962,115)	2,842,198	128,286,971
Less accumulated depreciation for:					
Infrastructure	27,801,297	1,491,156	(719)	-	29,291,734
Buildings and improvements	11,853,278	964,936	(259,258)	-	12,558,956
Equipment	8,688,621	1,087,209	(618,169)	22,696	9,180,357
Total accumulated depreciation	48,343,196	3,543,301	(878,146)	22,696	51,031,047
Total capital assets being dep. net	69,758,381	4,762,010	(83,969)	2,819,502	77,255,924
Governmental Activities capital assets, net	\$ 82,211,515	\$ 6,400,866	\$ (83,969)	\$ -	\$ 88,528,412

Depreciation expense was charged to functions as follows:

<b>Governmental Activities:</b>	
General government	\$ 205,203
Public safety	434,709
Public works	1,713,975
Culture and recreation	1,182,796
Health and welfare	6,618
Total depreciation expense	
Governmental Activities	<u>\$ 3,543,301</u>

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>Business-Type Activities:</b>					
<i>Capital assets not being depreciated:</i>					
Land	\$ 4,770,567	\$ -	\$ -	\$ -	\$ 4,770,567
Construction in progress	43,036,020	13,049,446	(5,387,588)	(18,190,570)	32,507,308
Total capital assets not being depreciated	47,806,587	13,049,446	(5,387,588)	(18,190,570)	37,277,875
<i>Capital assets being depreciated:</i>					
Buildings and improvements	219,625,305	10,341,029	(3,136,462)	18,190,570	245,020,442
Equipment	36,800,574	2,631,835	(1,654,639)	(22,696)	37,755,074
Total capital assets being depreciated	256,425,879	12,972,864	(4,791,101)	18,167,874	282,775,516
Less accumulated depreciation for:					
Buildings and improvements	115,225,548	7,452,808	(1,816,601)	-	120,861,755
Equipment	26,230,246	2,830,826	(1,431,976)	(22,696)	27,606,400
Total accumulated depreciation	141,455,794	10,283,634	(3,248,577)	(22,696)	148,468,155
Total capital assets being depreciated, net	114,970,085	2,689,230	(1,542,524)	18,190,570	134,307,361
Business-Type Activities capital assets, net	\$ 162,776,672	\$ 15,738,676	\$ (6,930,112)	\$ -	\$ 171,585,236

## Notes to the Financial Statements

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Electric	\$1,419,277
Hospital	3,441,349
Telephone	3,228,385
Liquor	44,595
Water	339,304
Wastewater	858,081
Airport	180,010
Golf	77,783
Solid Waste	641,843
Research and Technology Center	<u>53,007</u>
Total depreciation expense Business-Type Activities	<u>\$10,283,634</u>

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

Project Description	Authorized	Expended as of	
		12/31/2015	Committed
<b>Governmental Activities:</b>			
Steet Shop Project	\$ 4,059,674	\$ 1,269,492	\$ 2,790,182
			-
	<u>\$ 4,059,674</u>	<u>\$ 1,269,492</u>	<u>\$ 2,790,182</u>

Project Description	Authorized	Expended as of	
		12/31/2015	Committed
<b>Business-Type Activities:</b>			
Telephone Fund			
Next Gen Softswitch	625,511	562,960	62,551
PCS OSSN Upgrade	85,829	85,829	-
PCS Radio Access Network	273,895	-	273,895
Wastewater Fund			
Wastewater Treatment Plant (WWTP) and Facilities Design	4,349,232	4,154,115	195,117
WWTP Improvements - Project A Plant Upgrade	19,601,787	18,619,486	982,301
Health System			
Renovation and Construction of Facilities	22,900,000	4,736,186	18,163,814
	<u>\$ 47,836,254</u>	<u>\$ 28,158,576</u>	<u>\$ 19,677,678</u>

## Notes to the Financial Statements

## 8. DEBT OBLIGATIONS

## Long Term Liabilities

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

*Governmental Activities:*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 25,475,814	\$ 187,274	\$ (1,740,949)	\$ 23,922,139	\$ 2,073,675
Premium on issuance	95,880	-	(11,985)	83,895	-
Total bonds payable	25,571,694	187,274	(1,752,934)	24,006,034	2,073,675
Capital leases	151,640	-	(151,640)	-	-
OPEB					
General Fund	1,092,947	135,311	-	1,228,258	-
Special Revenue Funds	76,448	9,596	-	86,044	-
Compensated absences					
General Fund	841,415	613,688	(673,877)	781,226	281,600
Special Revenue Funds	52,533	35,708	(34,717)	53,524	18,400
Governmental Activities Long-Term Liabilities	<u>\$ 27,786,677</u>	<u>\$ 981,577</u>	<u>\$ (2,613,168)</u>	<u>\$ 26,155,086</u>	<u>\$ 2,373,675</u>

*Business-Type Activities:*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 10,809,915	\$ -	\$ (993,164)	\$ 9,816,751	\$ 1,051,415
Loans payable	20,593,606	3,836,171	(365,299)	24,064,478	508,584
Capital leases	24,784,739	280,000	(2,579,896)	22,484,843	2,707,098
OPEB	929,108	78,275	-	1,007,383	-
Landfill closure/ postclosure	723,374	-	(185,481)	537,893	-
Compensated absences	1,499,261	2,896,673	(2,968,845)	1,427,089	1,077,257
Amount due under joint operating agreement	1,534,477	-	(575,743)	958,734	-
Business-Type Activities Long-Term Liabilities	<u>\$ 60,874,480</u>	<u>\$ 7,091,119</u>	<u>\$ (7,668,428)</u>	<u>\$ 60,297,171</u>	<u>\$ 5,344,354</u>

City of Brookings  
December 31, 2015

Notes to the Financial Statements

---

Long-term liabilities payable at December 31, 2015 is comprised of the following:

*Governmental Activities:*

Revenue Bonds:

City of Brookings, South Dakota Sales Tax Revenue

Bonds, 2010A Series, final maturity date December 2022;

Interest rate varies from 1.25% to 3.15%; payments are

made from 75% Sales and Use Tax/Public Improvement

Fund. Callable at option of the City in whole or in part beginning

on December, 2018. Original issue \$16,735,000.

\$ 9,370,000

Plus: Premium on issuance

83,895

City of Brookings, South Dakota Sales Tax Revenue

Bonds, 2014A Series, final maturity date December 2033;

Interest rate 3.15%; payments are made from 75% Sales and

Use Tax/Public Improvement Fund. Original issue \$10,000,000.

10,000,000

City of Brookings, South Dakota SDHDA TIF #3 Bond,

(Guaranteed by Developer), final maturity date December

2023; interest rate 5%; payments made from the TIF #3 Fund.

Original issue: \$1,035,000.

635,517

City of Brookings, South Dakota State Revolving Fund Bond #2,

final maturity date December 2035; interest rate 3%; payments

made from TIF #1 Fund. Original issue \$670,000.

566,067

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.

333,900

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.

303,513

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.

202,442

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.

1,843,231

City of Brookings, South Dakota Tax Increment Revenue Note,

(Guaranteed by Developer), final maturity date June 2019;

interest rate 7.5%; payments made from TIF#4 Fund.

Original issue \$450,940.

251,844

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.

415,625

24,006,034

OPEB Liability:

1,314,302

Compensated Absences:

834,750

Total Governmental Activities Long-Term Liabilities

\$ 26,155,086

City of Brookings  
December 31, 2015

Notes to the Financial Statements

---

*Business-Type Activities:*

Revenue Bonds:

City of Brookings, South Dakota Utility Revenue Bonds  
Series 2000; final maturity date December 2019; interest  
rate 6.5% to 7.75% depending on length of time to maturity;  
payments made from the Telephone Fund. Callable at option of  
the City in whole or in part at anytime. Original issue \$9,450,000. \$ 3,320,000

City of Brookings, South Dakota Electric Utility Revenue Bonds  
Series 2005; final maturity date July 2028; interest rate  
5.95% per annum; payments are made from the Electric Fund.  
Callable at option of the City in \$10,000 increments at  
anytime. Original issue \$1,353,319. 1,001,751

City of Brookings, South Dakota Electric Utility Revenue Bonds Series 2011;  
final maturity date December 2031; interest rate .65% to 3.9% depending  
on length to maturity; payments are made from the Electric Fund.  
Callable at option of the City in whole or in part beginning on  
December 1, 2022. Original issue \$6,500,000. 5,495,000

Total Revenue Bonds: 9,816,751

Loans:

City of Brookings, South Dakota State Revolving Fund Bond #7;  
final maturity date October 2044; interest rate 3.25%; payments  
made from Wastewater Fund. 24,064,478

Total Loans: 24,064,478

Financing (Capital Acquisition) Leases:

Lease and purchase of utility plant for the Telephone, Water,  
Wastewater, and Electric Funds.  
Series 1998; interest rates 3.9-5.1% due December 1, 2018. Orig. issue \$20,155,000. 4,640,000  
Series 1999; interest rates 4.15-5.25% due December 1, 2019. Orig. issue \$9,335,000. 2,755,000  
Series 2006; interest rates 4.75% due December 1, 2026. Orig. issue \$8,000,000. 5,300,000

Lease and purchase of Skilled Nursing Facility for Brookings Health System.  
Series 2012; interest rate 3.98% due October 15, 2042. Original issue \$10,000,000. 9,509,843

Lease and purchase of Hospital Renovation and Addition of Medical Office Building.  
Series 2015A; interest rate 2.60% through 2020, variable thereafter, due October 2025.  
Original issue \$8,000,000. 79,400

Series 2015B; interest rate 3.95% through 2025, variable thereafter, due October 2037.  
Original issue \$22,000,000. 200,600

Total Leases: 22,484,843

OPEB Liability: 1,007,383

Landfill Closure/Postclosure Costs: 537,893

Compensated Absences: 1,427,089

Amount Due Under Joint Operating Agreement: 958,734

Total Business-Type Activities Long-Term Liabilities \$ 60,297,171

## Notes to the Financial Statements

The annual requirements to amortize all debt outstanding for Governmental Activities as of December 31, 2015, except for the compensated absences and other postemployment benefits (OPEB) are as follows:

Year Ending December 31,	Revenue Bonds	
	Principal	Interest
2016	\$ 2,073,675	\$ 718,549
2017	2,127,594	666,330
2018	2,181,519	609,893
2019	2,246,348	548,188
2020	2,311,388	481,486
2021-2025	5,993,009	1,534,126
2026-2030	4,206,032	805,443
2031-2035	2,782,574	156,161
	<u>\$ 23,922,139</u>	<u>\$ 5,520,176</u>

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

The annual requirements to amortize all debt outstanding for Business-Type Activities as of December 31, 2015, except for compensated absences, landfill closure/postclosure, OPEB and amounts due under joint operating agreement are as follows:

## Business-Type Activities:

Year Ending December 31,	Revenue Bonds		Loans	
	Principal	Interest	Principal	Interest
2016	\$ 1,051,415	\$ 494,430	\$ 508,584	\$ 775,939
2017	1,114,865	429,295	525,315	759,207
2018	1,188,525	359,082	542,597	741,926
2019	1,262,410	282,850	560,448	724,075
2020	351,532	200,560	578,886	705,637
2021-2025	1,953,874	806,407	3,192,936	3,229,678
2026-2030	2,054,130	401,232	3,753,859	2,668,755
2031-2035	840,000	33,600	4,413,322	2,009,292
2036-2040	-	-	5,188,638	1,233,977
2041-2044	-	-	4,799,893	338,197
	<u>\$ 9,816,751</u>	<u>\$ 3,007,456</u>	<u>\$ 24,064,478</u>	<u>\$ 13,186,683</u>

Year Ending December 31,	Capital Acquisition Leases		Total	
	Principal	Interest	Principal	Interest
2016	\$ 2,707,098	\$ 953,769	\$ 4,267,097	\$ 2,224,138
2017	3,119,541	821,284	4,759,721	2,009,786
2018	2,982,233	670,841	4,713,355	1,771,849
2019	1,425,184	523,289	3,248,042	1,530,214
2020	708,401	455,298	1,638,819	1,361,495
2021-2025	4,020,224	1,797,941	9,167,034	5,834,026
2026-2030	2,251,116	1,048,061	8,059,105	4,118,048
2031-2035	1,946,962	723,715	7,200,284	2,766,607
2036-2040	2,295,818	374,859	7,484,456	1,608,836
2041-2044	1,028,266	38,618	5,828,159	376,815
	<u>\$ 22,484,843</u>	<u>\$ 7,407,675</u>	<u>\$ 56,366,072</u>	<u>\$ 23,601,814</u>

## Notes to the Financial Statements

The Series 2000 Utility Revenue Bonds are secured by a pledge of the revenues of the Telephone Fund, through final maturity of the bonds in 2019. The total principal and interest remaining to be paid on the bonds is \$3,987,275, with annual payments expected to require approximately 13 percent of net revenues. The Series 2005 Utility Revenue Bonds are secured by a pledge of the revenues from the Electric Fund of the improvements funded from the issuance, through final maturity of the bonds in 2028. The total principal and interest remaining to be paid on the bonds is \$1,418,203. The Series 2011 Utility Revenue Bonds are secured by a pledge of the revenues from the Electric Fund, of improvements funded from the issuance, through final maturity of the bonds in 2031. The total principal and interest remaining to be paid on the bonds is \$7,418,729. Total debt service payments for the Series 2005 and 2011 Bonds are expected to require approximately 10 percent of the net revenues of the Electric Fund.

## 9. OPERATING LEASE COMMITMENTS

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

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

Expense:	
2015	\$ 793,781
Commitments:	
2016	\$ 538,579
2017	424,937
2018	337,489
2019	307,689
2020	<u>153,632</u>
Total Commitments	<u>\$1,762,326</u>

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:	
2015	\$ 901,336
Commitments:	
2016	\$ 116,463

## 10. 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 postclosure 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 postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$537,893 reported as landfill closure and postclosure care liability at December 31, 2015, represents the cumulative amount reported to date based on the use of 29.00% of the estimated capacity of the landfill. The Municipality will recognize the remaining estimated cost of closure and postclosure care of \$1,316,911 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2015. The Municipality expects to close the landfill in the year of 2045. 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, 2015, investments of \$1,186,113 are held for these purposes. These are reported as restricted assets on the statement of net

Notes to the Financial Statements

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.

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

A. Electric Fund

CONDENSED STATEMENT OF NET POSITION

	Electric Fund			
	December 31, 2015			
	Unsecured Operations	Series 2005 Bonds	Series 2011 Bonds	Total Electric Fund
<b>Assets</b>				
Current assets	\$ 14,348,364	\$ 1,693,159	\$ 634,839	\$ 16,676,362
Due from other funds	139,156	-	-	139,156
Noncurrent assets, excluding capital assets	711,316	109,716	475,158	1,296,190
Capital assets	27,026,494	862,551	5,717,267	33,606,312
Total assets	42,225,330	2,665,426	6,827,264	51,718,020
Deferred Outflows of resources	577,170	-	-	577,170
Total assets and deferred outflows of resources	42,802,500	2,665,426	6,827,264	52,295,190
<b>Liabilities</b>				
Current liabilities	2,231,903	56,513	269,921	2,558,337
Due to other funds	6,458	-	-	6,458
Noncurrent liabilities	2,438,842	945,336	5,240,000	8,624,178
Total liabilities	4,677,203	1,001,849	5,509,921	11,188,973
Deferred inflows of resources	427,503	-	-	427,503
<b>Net position</b>				
Net Investment in capital assets	24,360,894	(139,200)	222,267	24,443,961
Restricted	860,983	109,716	475,158	1,445,857
Unrestricted	12,475,917	1,693,061	619,918	14,788,896
Total net position	37,697,794	1,663,577	1,317,343	40,678,714
Total liabilities, deferred inflows of resources, net position	\$ 42,802,500	\$ 2,665,426	\$ 6,827,264	\$ 52,295,190

City of Brookings  
December 31, 2015

Notes to the Financial Statements

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

	Electric Fund			
	Year Ended December 31, 2015			
	Unsecured Operations	Series 2005 Bonds	Series 2011 Bonds	Total Electric Fund
Operating revenues	\$ 25,384,863	\$ 328,824	\$ 627,634	\$ 26,341,321
Depreciation/amortization expense	(1,249,139)	(36,583)	(133,555)	(1,419,277)
Other operating expense	(20,888,805)	(5,343)	-	(20,894,148)
Operating income	3,246,919	286,898	494,079	4,027,896
Nonoperating revenues (expenses)				
Investment income	17,643	346	64	18,053
Interest expense	(143,576)	(61,332)	(182,438)	(387,346)
Other	60,346	-	-	60,346
Contributed capital	156,718	-	-	156,718
Transfers out	(1,955,000)	-	-	(1,955,000)
Changes in net position	1,383,050	225,912	311,705	1,920,667
Beginning net position, as restated	36,314,744	1,437,665	1,005,638	38,758,047
Ending net position	\$ 37,697,794	\$ 1,663,577	\$ 1,317,343	\$ 40,678,714

	Electric Fund			
	Year Ended December 31, 2015			
	Unsecured Operations	Series 2005 Bonds	Series 2011 Bonds	Total Electric Fund
Net cash provided (used) by:				
Operating activities	\$ 4,626,910	\$ 323,481	\$ 627,635	\$ 5,578,026
Noncapital financing activities	(1,955,000)	-	-	(1,955,000)
Capital and related financing activities	(2,750,414)	(114,497)	(437,741)	(3,302,652)
Investing activities	17,209	346	64	17,619
Net increase (decrease)	(61,295)	209,330	189,958	337,993
Beginning cash and cash equivalents	10,390,746	1,593,545	920,039	12,904,330
Ending cash and cash equivalents	\$ 10,329,451	\$ 1,802,875	\$ 1,109,997	\$ 13,242,323

	Wastewater Fund		
	December 31, 2015		
	Unsecured Operations	State Revolving Fund Loan	Total Wastewater Fund
Assets			
Current assets	\$ 5,354,264	\$ (64,198)	\$ 5,290,066
Due from other funds	3,741	-	3,741
Noncurrent assets, excluding capital assets	847,372	107,043	954,415
Capital assets	12,075,033	29,616,485	41,691,518
Total assets	18,280,410	29,659,330	47,939,740
Deferred outflows of resources	265,516	-	265,516
Total assets and deferred outflows of resource	18,545,926	29,659,330	48,205,256
Liabilities			
Current liabilities	395,053	1,639,791	2,034,844
Due to other funds	25,760	48,195	73,955
Noncurrent liabilities	484,046	23,555,894	24,039,940
Total liabilities	904,859	25,243,880	26,148,739
Deferred inflows of resources	196,664	-	196,664
Net positions			
Net Investment in capital assets	11,533,294	5,552,007	17,085,301
Restricted	387,805	107,043	494,848
Unrestricted	5,523,304	(1,243,600)	4,279,704
Total net position	17,444,403	4,415,450	21,859,853
Total liabilities, deferred inflows of resources, and net position	\$ 18,545,926	\$ 29,659,330	\$ 48,205,256

City of Brookings  
December 31, 2015

Notes to the Financial Statements

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

	Wastewater Fund		
	Year Ended December 31, 2015		
	Unsecured Operations	State Revolving Fund Loan	Total Wastewater Fund
Operating revenues	\$ 2,457,213	\$ 2,358,933	\$ 4,816,146
Depreciation/amortization expense	(608,152)	(249,929)	(858,081)
Other operating expense	(2,545,986)	(84,887)	(2,630,873)
Operating income	(696,925)	2,024,117	1,327,192
Nonoperating revenues (expenses)			
Investment income	36,781	-	36,781
Interest expense	(30,923)	(209,692)	(240,615)
Contributed capital	350,700	1,796	352,496
Changes in net position	(340,367)	1,816,221	1,475,854
Beginning net position, as restated	17,784,770	2,599,229	20,383,999
Ending net position	\$ 17,444,403	\$ 4,415,450	\$ 21,859,853

CONDENSED STATEMENT OF CASH FLOWS	Wastewater Fund		
	Year Ended December 31, 2015		
	Unsecured Operations	State Revolving Fund Loan	Total Wastewater Fund
Net cash provided (used) by:			
Operating activities	\$ 1,282,899	\$ 1,103,672	\$ 2,386,571
Noncapital financing activities	80,243	-	80,243
Capital and related financing activities	(1,818,863)	(1,644,695)	(3,463,558)
Investing activities	5,685	-	5,685
Net increase	(450,036)	(541,023)	(991,059)
Beginning cash and cash equivalents	5,096,891	583,868	5,680,759
Ending cash and cash equivalents	\$ 4,646,855	\$ 42,845	\$ 4,689,700

## Notes to the Financial Statements

## 12. 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, 2015 is as follows:

Due From	Due To							Total
	General Fund	Nonmajor Governmental	Electric	Wastewater	Telephone	Health System	Nonmajor Enterprise	
General Fund	\$ -	\$ -	\$ 70,850	\$ 942	\$ 6,533	\$ -	\$ 2,748	\$ 81,073
Nonmajor Governmental	5,065	-	-	-	4,256	-	124	9,445
Electric	292	-	1,365	97	2,120	2,225	359	6,458
Wastewater	180	4,975	18,972	84	836	-	48,908	73,955
Health System	-	-	19,435	2,454	6,110	-	2,073	30,072
Telephone	8,268	-	13,466	130	88,650	-	536	111,050
Nonmajor Enterprise	700,600	700,000	15,068	34	1,049	-	6,533	1,423,284
Total	\$ 714,405	\$ 704,975	\$ 139,156	\$ 3,741	\$ 109,554	\$ 2,225	\$ 61,281	\$ 1,735,337

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

Transfer Out	Transfer In			Total
	General Fund	Nonmajor Governmental	Nonmajor Enterprise	
General Fund	\$ -	\$ 3,300,000	\$ 237,246	\$ 3,537,246
Nonmajor Governmental	2,492,052	5,639,363	411,587	8,543,002
Electric	1,955,000	-	-	1,955,000
Telephone	200,000	-	-	200,000
Nonmajor Enterprise	850,000	50,000	125,000	1,025,000
Total	\$ 5,497,052	\$ 8,989,363	\$ 773,833	\$ 15,260,248

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

Interfund Advances		
Owed to (Receivable)	Owed from (Payable)	Amount
General Fund	TIF 1 Innov Campus Fund	\$ 1,201,855
Liquor Fund	Golf Fund	182,074
Wastewater Fund	Telephone Fund	570,350
		<u>\$ 1,954,279</u>

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>2016</b>	\$ 129,557	\$ 64,573	\$ 194,130
<b>2017</b>	133,932	60,198	194,130
<b>2018</b>	138,490	55,640	194,130
<b>2019</b>	490,648	50,891	541,539
<b>2020</b>	85,316	28,572	113,888
<b>2021-2025</b>	439,806	111,426	551,232
<b>2026-2030</b>	443,634	52,977	496,611
<b>2031</b>	92,896	-	92,896
	<u>\$ 1,954,279</u>	<u>\$ 424,277</u>	<u>\$ 2,378,556</u>

13. RESTRICTED NET POSITION

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

Fund	Restricted By	Amount
<b>General Fund:</b>		
Library	Donors	\$ 69,843
D.A.R.E	Donors	450
Insurance Deposit	Contract	355,852
STP Funds (Surface Transportation Grant)	Grantor	779,090
<b>Special Revenue Funds:</b>		
Enhanced 911	Law	112,461
Library Fines	Law	30,938
Bed and Booze Tax	Law	923,787
<b>Debt Service Funds:</b>		
TIF 3 Valley View	Covenant	1,432
TIF 5 32nd Ave	Covenant	32,178
TIF 6 Digester	Covenant	204,226
<b>Capital Project Funds:</b>		
Nature Park Project	Donors	217,734
Gateway Project	Donors	263,860
Governmental Funds - Pension Purposes	Standard	2,021,154
<b>Enterprise Funds:</b>		
Electric Fund – debt service	Covenant	799,877
Telephone Fund - debt service	Covenant	3,141,925
Water Fund - debt service	Covenant	52,355
Wastewater Fund - debt service	Covenant	197,678
Health System - debt service	Covenant	133,534
Solid Waste Fund – landfill	Law	648,220
Enterprise Funds - Pension Purposes	Standard	8,135,479
<b>Total Restricted Net Position</b>		<u>\$ 18,122,073</u>

Notes to the Financial Statements

14. FUND BALANCES

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

	General Fund	Other Governmental Funds	Total
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Inventory	\$ 14,473	\$ 22,815	\$ 37,288
Inventory land held for resale	1,600,000	-	1,600,000
Prepaid items	434,604	19,296	453,900
Insurance deposit	355,852	-	355,852
Advances	1,201,855	-	1,201,855
	<u>3,606,784</u>	<u>42,111</u>	<u>3,648,895</u>
<b>Restricted for:</b>			
Donor purposes	70,293	481,594	551,887
Debt service	-	237,836	237,836
Library	-	30,938	30,938
E-911	-	112,461	112,461
Grant conditions	779,090	-	779,090
City promotion	-	923,787	923,787
	<u>849,383</u>	<u>1,786,616</u>	<u>2,635,999</u>
<b>Committed:</b>			
Industrial park development	1,965,442	-	1,965,442
Financial stabilization	1,642,367	-	1,642,367
Retail development	1,873	-	1,873
Police & Fire Capital and other	-	1,546,372	1,546,372
Economic development	-	1,000,000	1,000,000
Promotion/marketing of City	-	159,305	159,305
Special assessment projects	-	1,226,657	1,226,657
Storm drainage	-	1,642,363	1,642,363
	<u>3,609,682</u>	<u>5,574,697</u>	<u>9,184,379</u>
<b>Assigned to:</b>			
Capital project carryover	277,146	2,726,334	3,003,480
Future capital improvement	1,251,362	-	1,251,362
	<u>1,528,508</u>	<u>2,726,334</u>	<u>4,254,842</u>
<b>Unassigned</b>	<u>5,242,679</u>	<u>(1,495,895)</u>	<u>3,746,784</u>
	<u>\$ 14,837,036</u>	<u>\$ 8,633,863</u>	<u>\$ 23,470,899</u>

## Notes to the Financial Statements

## 15. CHANGE IN ACCOUNTING PRINCIPLES

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. These Statements improve the accounting and financial reporting by state and local governments for pensions. These Statements establish standards for measuring and recognizing assets and liabilities, deferred outflows and deferred inflows of resources, and expenses. Note disclosures and required supplementary information requirements about pensions are also addressed.

Implementation of these standards required the City to record its portion of the financial statement items mentioned above in relation to the City's proportionate share of the South Dakota Retirement System (SDRS) through retroactive restatement of beginning balances. The City's financial statements as of January 1, 2015 were restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Net Position January 1, 2015, as previously reported	\$ 80,092,497	\$ 199,011,789	\$ 279,104,286
Retatement for pension accounting:			
Net Pension Asset	2,699,524	11,010,331	13,709,855
Pension Related Deferred Outflows of Resources	2,195,937	8,954,668	11,150,605
Pension Related Deferred Infows of Resources	<u>(3,126,504)</u>	<u>(12,751,819)</u>	<u>(15,878,323)</u>
Net Position January 1, 2015, as restated	<u>\$ 81,861,454</u>	<u>\$ 206,224,969</u>	<u>\$ 288,086,423</u>

Adjustment to the proprietary funds financial statements were the same as those to the business-type activities.

## 16. PENSION PLAN

**Plan Description**

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost-sharing multiple-employer 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's benefits based on a member's class within the Plan. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions are found in South Dakota Codified Law 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://www.sdrs.sd.gov/publications.aspx> or by writing to South Dakota Retirement System, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

**Benefits Provided**

SDRS has three different classes of members: Class A general members, Class B public safety and judicial members, and Class C cement plant retirement fund members. The City has no Class B judicial members or Class C members. Class A retirement benefits are determined as the larger of that provided by the standard formula or the alternate formula. The Class A standard formula benefit is determined as 1.70% times credited service prior to 2008, plus 1.55% times credited service thereafter times the employee's final average compensation. Final average compensation is the highest average annual compensation earned by a member during 12 consecutive calendar quarters of the last 40 such quarters during the periods of credited service. The Class A alternate formula is determined as 2.40% times credited service prior to 2008, plus 2.25% times credited service thereafter times the employee's final average compensation less 80 percent of the member's primary Social Security benefit. Class A members who retire after age 65 with three years of service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A members where the sum of age and credited service is greater than or equal to 85. Class B public safety benefits are determined as 2.40% times credited service prior to 2008, plus 2.00% times credited service thereafter times the employee's final average compensation. Class B public safety members with 3 years of credited service are eligible to retire at age 55. An unreduced annual retirement benefit is also available after age 45 for Class B public safety members where the sum of age and credited service is greater than or equal to 75. Employees are eligible for service-related disability. Disability benefits are determined as a percentage of the member's final average compensation,

## Notes to the Financial Statements

dependent on several factors, but are payable immediately without an actuarial reduction. Death benefits are determined as a percentage of the employee's final average salary. See the SDRS annual report for further details.

The annual increase in the amount of SDRS benefits payable on each July 1<sup>st</sup> is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more - 3.1% Cost-of-Living Adjustment (COLA)
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
  - 90.0% to 99.9% funded - 2.1% minimum and 2.8% maximum COLA
  - 80.0% to 90.0% funded - 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% - 2.1% COLA

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 and Class B Public Safety Members - 8.0% of salary. All participating employers are required to contribute an amount equal to the members' contributions. Employees whom were members prior to July 1, 2010 may make an additional contribution of 1.5% of their salary for optional spouse coverage. State statute requires the employer to contribute an amount equal to the employee's contribution plus an additional contribution in the amount of 6.2% for any Class A member's calendar year compensation exceeding the maximum taxable amount for Social Security. The City's share of contributions to the SDRS for the fiscal year ended December 31, 2015 was \$2,067,929, equal to the required contributions for the year.

**Net Pension Asset, Pension Revenue and Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the measurement date used for the December 31, 2015 net pension asset, SDRS was 104.1% funded and accordingly had a net pension asset. The proportionate shares of the components of the net pension asset of SDRS, for the City as of December 31, 2015, are as follows:

Proportionate share of net position restricted for pension benefits	\$ 201,490,786
Less proportionate share of total pension liability	<u>193,560,780</u>
Proportionate share of net pension asset	<u>\$ 7,930,006</u>

The net pension asset was measured as of June 30, 2015 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. At December 31, 2015, the City reported an asset of \$7,930,006 for its proportionate share of the net pension asset. The City's share of the net pension asset was based on the City's share of contributions to the Plan relative to all employer contributions to the Plan. At June 30, 2015, City's proportion was 1.8697180%, which is a decrease from the City's proportion of 1.9029331% at June 30, 2014.

For the year ended December 31, 2015, the City recognized a reduction of pension expense of \$1,151,574. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,623,705	\$ -
Changes in assumptions	6,287,998	-
Net difference between projected and actual earnings on pension plan investments	-	6,856,571
Changes in proportion and difference between City contribution and proportionate share of contributions		
Change in Proportion - City (excluding BMU and BHS)	-	22,615
Change in Proportion - Brookings Municipal Utilities (BMU)	74,021	-
Change in Proportion - Brookings Health System (BHS)	55,985	-
City contributions subsequent to the measurement date	<u>1,064,104</u>	<u>-</u>
Total	<u>\$ 9,105,813</u>	<u>\$ 6,879,186</u>

Notes to the Financial Statements

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the June 30, 2015 measurement date of \$1,064,104 will be recognized as an increase of the net pension asset in the fiscal year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in net pension expense (revenue) as follows:

Year-Ended December 31:	<u>Net</u>
2016	\$ 406,978
2017	406,978
2018	(979,675)
2019	<u>1,328,242</u>
	<u>\$ 1,162,523</u>

**Actuarial Assumptions**

The total pension liability in the SDRS June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	5.83% at entry to 3.75% after 30 years of service
Investment Rate of Return	7.50%, net of pension plan investment expense

Mortality rates were based on the RP-2000 Mortality Table, projected generally with Scale BB and with rates reduced to fit recent experience analysis.

The actuarial assumptions used in the SDRS June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2010. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the 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 weighting 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	61.0%	4.5%
Fixed Income	27.0%	1.8%
Real Estate	10.0%	5.2%
Cash	<u>2.0%</u>	0.0%
Total	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates. 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.

## Notes to the Financial Statements

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 liability.

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

The following presents the City's proportionate share of net pension asset (liability) at June 30, 2015 calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension asset (liability)	\$ (19,959,742)	\$ 7,930,006	\$ 30,671,698

**Pension Plan Fiduciary Net Position**

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

**17. OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description:** The City, under the authority of SDCL 9-14-35 and SDCL 6-1-16, operates three single-employer defined benefit healthcare plans: City General, Brookings Municipal Utilities (BMU) and Brookings Health System (BHS or Health System). Each plan provides medical benefits to eligible employees and their spouses. The City General and BMU plans are self funded plans reported as an internal service fund of the City which is included within the scope of this report; therefore, they do not issue a stand-alone financial report nor are they included in the report of another entity. The Brookings Health System Plan is administered by Wellmark Blue Cross and no separate financial report is issued for the Plan.

*City General*

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

*Brookings Municipal Utilities*

BMU retirees are required to pay 100% of the premiums charged to active employees. Similar to City General employees, 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. Additionally, BMU pays \$100 per month to certain qualified BMU retirees for health insurance premiums. Benefit provisions for BMU 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 Municipal Utilities Board.

*Brookings Health System*

Retirees of BHS are required to pay 100% of the premiums charged to active employees. 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. Benefits provisions for BHS employees are established and amended by the Health System Board of Directors.

## Notes to the Financial Statements

Funding Policy: At this time the City operates all plans on a pay-as-you-go basis. For fiscal year 2015 the City contributed approximately \$335,000, all for current premiums (or 55.6% of the total premiums), and plan participants contributed approximately \$267,000 (or 44.4% of total premiums) through required contributions ranging from \$269.93 to \$1,107.58 per month for coverage.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

	City General	BMU Funds	Health System Fund
Annual required contribution	\$ 344,746	\$ 123,359	\$ 102,033
Interest on net OPEB	37,788	13,197	11,969
Adjustment to annual required contribution	(44,789)	(15,641)	(14,186)
Annual OPEB cost (expense)	337,745	120,915	99,816
Contributions made	(195,387)	(109,690)	(30,216)
Change in net OPEB obligation	142,358	11,225	69,600
OPEB obligation at beginning of year	1,259,645	439,882	398,975
OPEB obligation at end of year	\$ 1,402,003	\$ 451,107	\$ 468,575

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years were as follows:

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OBEB Obligation
City General	12/31/2015	\$ 337,745	57.85%	\$ 1,402,003
	12/31/2014	\$ 338,798	44.18%	\$ 1,259,645
	12/31/2013	362,080	49.83%	1,070,522
BMU Funds	12/31/2015	120,915	90.72%	451,107
	12/31/2014	121,055	79.04%	439,882
	12/31/2013	129,559	46.85%	414,510
Health System Fund	12/31/2015	99,816	30.27%	468,575
	12/31/2014	100,210	29.15%	398,975
	12/31/2013	102,654	36.32%	327,972

## Notes to the Financial Statements

As of January 1, 2014, the most recent actuarial valuation date, the City's actuarial value of assets, actuarial liability for benefits, unfunded actuarial accrued liability, covered payroll, and unfunded accrual liability as a percentage of covered payroll is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (Unit Credit Cost Method) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
City General Funds	\$ -	\$ 3,143,217	\$ 3,143,217	0%	7,004,859	45%
Brookings Municipal Utilities Funds	-	1,536,714	1,536,714	0%	9,311,986	17%
Brookings Health System Fund	-	1,086,409	1,086,409	0%	15,309,660	7%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions included a discount rate of 3.00% and an annual healthcare cost trend rate of 5.7% initially, with annual healthcare cost trend rates ranging from 5.7% to 4.5%. The rates include a 2.75% inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls over an open period of 30 years. As the City is operating on a pay-as-you-go basis, the funded status is zero percent.

## 18. COMMITMENTS AND CONTINGENCIES

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

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

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services. Management believes that the Health System is in substantial compliance with current laws and regulations.

Notes to the Financial Statements

---

## 19. 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, 2015, the City managed its risks as follows:

**Employee Health Insurance**

The City is exposed to various risks of loss related to employees. During the fiscal year 1997, the City of Brookings 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 \$75,000 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 2015, \$2,014,836 was paid in claims, net of any stop loss reimbursements.

**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 \$5,000.

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

The agreement with the South Dakota Public Assurance Alliance provides that the above coverages will be provided to a \$6,000,000 limit for general liability and automobile liability; a \$3,000,000 limit for officials liability and law enforcement liability. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The City would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

End of Municipality's First Full Year	50%
End of Municipality's Second Full Year	60%
End of Municipality's Third Full Year	70%
End of Municipality's Fourth Full Year	80%
End of Municipality's Fifth Full Year	90%
End of Municipality's Sixth Full Year and Thereafter	100%

As of December 31, 2015, the Municipality has a vested balance in the cumulative reserve fund of \$355,852.

The City carries a \$1,000 deductible for the automobile physical damage.

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

Notes to the Financial Statements

---

policy not be renewed or replaced with equivalent insurance, claims based on occurrences during the term, but reported subsequently, will be uninsured.

**Workers' Compensation**

The City joined the South Dakota Municipal League Worker's Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The City pays an annual premium to the pool to provide worker's compensation coverage for its employees. Coverage limits are set by state statute. The pool pays the first \$325,000 of any claim per individual. The pool has statutory coverage.

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.

**Unemployment Benefits**

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

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

During the year ended December 31, 2015, 5 claims were filed for unemployment benefits. These claims resulted in the payment of benefits in the amount of \$15,291.

20. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

Swiftel Fund	\$ 32,957
--------------	-----------

\*The Swiftel Center operating revenue was over budget by \$166,393 due to more events than anticipated and thus expenditures were greater than anticipated.

BID Fee Fund	\$ 31
--------------	-------

\* This excess is due to the 2% administrative expense required by the Governance and Ends Policy exceeding expectations.

21. SUBSEQUENT EVENTS

In January 2016 the Municipal Utilities Board approved an interfund loan from the Electric Fund to the Telephone Fund in the amount of \$5,500,000 to be repaid over a term of four years at the interest rate of 4.5% annually. The Municipal Utilities Board also approved to retire the outstanding debt from the municipal tax free bonds issued in 1998, 1999, and 2000 with an outstanding amount of \$10,715,000. These bonds were repaid on March 1, 2016.

City of Brookings  
Year Ended December 31, 2015

Required Supplementary Information - Schedule of Funding Progress for Postemployment Benefit Plans

**City General Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (Unit Credit Cost Method) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
January 1, 2010	\$ -	\$ 2,292,485	\$ 2,292,485	0%	\$ 6,157,004	37%
January 1, 2012	-	3,079,499	3,079,499	0%	6,540,860	47%
January 1, 2014	-	3,143,217	3,143,217	0%	7,004,859	45%

**Brookings Municipal Utilities Funds**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (Unit Credit Cost Method) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
January 1, 2010	\$ -	\$ 759,104	\$ 759,104	0%	\$ 8,725,325	9%
January 1, 2012	-	1,392,070	1,392,070	0%	9,035,740	15%
January 1, 2014	-	1,536,714	1,536,714	0%	9,311,986	17%

**Brookings Health System Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (Unit Credit Cost Method) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
January 1, 2010	\$ -	\$ 468,328	\$ 468,328	0%	\$ 13,711,402	3%
January 1, 2012	-	1,088,282	1,088,282	0%	13,501,040	8%
January 1, 2014	-	1,086,409	1,086,409	0%	15,309,660	7%

City of Brookings  
Year Ended December 31, 2015

Required Supplementary Information - Schedule of Pension Contributions

---

**South Dakota Retirement System**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,067,929	\$ 2,010,973
Contributions in relation to the contractually required contribution	<u>\$ 2,067,929</u>	<u>\$ 2,010,973</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 33,625,505	\$ 32,580,616
Contributions as a percentage of covered-employee payroll	6.15%	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 information for those year for which information is available. Data reported as of the measurement date.

City of Brookings  
Year Ended December 31, 2015

Required Supplementary Information - Schedule of Proportionate Share of Net Pension Asset

---

**South Dakota Retirement System**

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension asset	1.87%	1.90%
City's proportionate share of net pension asset*	\$ 7,930,006	\$ 13,709,855
City's covered-employee payroll	\$ 33,633,036	\$ 32,786,489
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	23.58%	41.82%
Plan fiduciary net position as a percentage of the total pension asset	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 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 the calendar year end.

City of Brookings  
Year Ended December 31, 2015

Required Supplementary Information - Budgetary Comparison Schedule - General Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 2,910,000	\$ 2,910,000	\$ 2,834,093	\$ (75,907)
General sales and use taxes	6,025,000	6,025,000	6,327,828	302,828
Amusement taxes	1,500	1,500	1,488	(12)
Penalties and interest on delinquent taxes	2,500	2,500	3,682	1,182
Licenses and permits	219,681	256,300	278,742	22,442
Intergovernmental revenue:				
Federal grants	42,115	139,115	880,482	741,367
State grants	-	5,000	5,945	945
State shared revenues	530,000	530,000	574,903	44,903
County shared revenues	162,500	162,500	190,393	27,893
Charges for goods and services:				
Public safety	6,800	6,800	7,919	1,119
Public works	225	225	-	(225)
Health and welfare	9,500	9,500	7,615	(1,885)
Culture and recreation	508,750	508,750	387,437	(121,313)
Fines and forfeits	101,060	101,060	91,707	(9,353)
Miscellaneous revenue:				
Interest earned	160,500	160,500	119,589	(40,911)
Rentals	75,825	92,825	103,267	10,442
Contributions and donations from private sources	73,000	73,000	74,964	1,964
Liquor Operating Agreement	601,420	601,420	605,415	3,995
Other	595,605	670,576	629,404	(41,172)
Total revenues	<u>12,025,981</u>	<u>12,256,571</u>	<u>13,124,873</u>	<u>868,302</u>
<b>EXPENDITURES</b>				
General government:				
Legislative	117,018	124,040	108,325	15,715
Contingency	205,500	205,500	-	205,500
Executive	724,703	771,320	584,627	186,693
Financial administration	785,699	775,031	702,038	72,993
Other	1,495,680	1,493,084	1,334,107	158,977
Public safety:				
Police	3,296,259	3,301,309	3,255,533	45,776
Fire	1,626,775	1,628,843	1,510,891	117,952
Other protection	89,700	89,700	88,895	805
Public works:				
Community development	440,250	436,918	399,345	37,573
Engineer	492,467	473,518	460,291	13,227
Highways and streets	3,614,125	3,671,106	3,389,844	281,262
Health and welfare:				
Animal control	100,896	100,578	93,827	6,751
Culture and recreation:				
Recreation	726,553	755,923	630,613	125,310
Parks	2,907,253	3,200,892	2,886,950	313,942
Libraries	1,159,247	1,153,842	1,133,368	20,474
Total expenditures	<u>17,782,125</u>	<u>18,181,604</u>	<u>16,578,654</u>	<u>1,602,950</u>
Deficiency of revenues over expenditures	<u>(5,756,144)</u>	<u>(5,925,033)</u>	<u>(3,453,781)</u>	<u>2,471,252</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,986,890	5,986,890	5,497,052	(489,838)
Transfers out	(237,246)	(3,537,246)	(3,537,246)	-
Sale of capital assets	12,000	12,000	26,578	14,578
Total other financing sources	<u>5,761,644</u>	<u>2,461,644</u>	<u>1,986,384</u>	<u>(475,260)</u>
Net change in fund balances	5,500	(3,463,389)	(1,467,397)	1,995,992
Fund balances - beginning	<u>16,304,433</u>	<u>16,304,433</u>	<u>16,304,433</u>	<u>-</u>
Fund balances - ending	<u>\$ 16,309,933</u>	<u>\$ 12,841,044</u>	<u>\$ 14,837,036</u>	<u>\$ 1,995,992</u>

Required Supplementary Information  
Notes to Required Supplementary Information – Budgetary Reporting

---

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

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

City of Brookings  
December 31, 2015

Combining Balance Sheet - Nonmajor Governmental Funds

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,632,134	\$ -	\$ 3,198,072	\$ 7,830,206
Investments	1,266,683	-	-	1,266,683
Restricted cash and cash equivalents	-	282,512	533,017	815,529
Receivables, (net of allowances for uncollectibles, if any):				
Accounts	84,115	-	-	84,115
Storm drainage fees	688	-	-	688
Special assessments	1,983,332	-	-	1,983,332
Interest	1,492	-	-	1,492
Due from other funds	704,975	-	-	704,975
Due from other governments	785,606	-	-	785,606
Prepaid items	19,296	-	-	19,296
Inventories	22,815	-	-	22,815
Total assets	<u>\$ 9,501,136</u>	<u>\$ 282,512</u>	<u>\$ 3,731,089</u>	<u>\$ 13,514,737</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 399,918	\$ -	\$ 462,283	\$ 862,201
Retainage payable	-	-	113,638	113,638
Due to other funds	9,445	-	-	9,445
Due to other governments	458,993	-	-	458,993
Amount held for others	54,750	-	-	54,750
Accrued wages payable	27,673	-	-	27,673
Advance from other funds	-	1,201,855	-	1,201,855
Unearned revenue	255,689	-	-	255,689
Total liabilities	<u>1,206,468</u>	<u>1,201,855</u>	<u>575,921</u>	<u>2,984,244</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	1,896,630	-	-	1,896,630
Total deferred inflows of resources	<u>1,896,630</u>	<u>-</u>	<u>-</u>	<u>1,896,630</u>
<b>FUND BALANCES</b>				
Nonspendable	42,111	-	-	42,111
Restricted	1,067,186	237,836	481,594	1,786,616
Committed	5,574,697	-	-	5,574,697
Assigned	-	-	2,726,334	2,726,334
Unassigned	(285,956)	(1,157,179)	(52,760)	(1,495,895)
Total fund balances (deficit)	<u>6,398,038</u>	<u>(919,343)</u>	<u>3,155,168</u>	<u>8,633,863</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 9,501,136</u>	<u>\$ 282,512</u>	<u>\$ 3,731,089</u>	<u>\$ 13,514,737</u>

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ 705,494	\$ -	\$ 705,494
Storm drainage	854,955	-	-	854,955
General sales and use	7,148,144	-	-	7,148,144
Other	354,971	-	-	354,971
Intergovernmental:				
County other	111,748	-	-	111,748
Charges for goods and services:				
Culture and recreation	1,978,058	-	-	1,978,058
Fines and forfeits:				
Fines	22,663	-	-	22,663
Miscellaneous revenue:				
Interest income	38,939	-	4,334	43,273
Special assessments	563,022	-	-	563,022
Contributions and donations from private sources	-	-	15,660	15,660
Other	236,258	-	19,910	256,168
Total revenues	<u>11,308,758</u>	<u>705,494</u>	<u>39,904</u>	<u>12,054,156</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,431	-	-	4,431
Public safety	650,720	-	-	650,720
Public works	177,164	-	121,334	298,498
Culture and recreation	2,372,520	-	-	2,372,520
Conservation and development	1,238,578	-	-	1,238,578
Debt service:				
Principal	1,492,388	248,561	-	1,740,949
Interest and other charges	680,421	121,856	-	802,277
Capital outlay	1,314,910	-	2,228,169	3,543,079
Total expenditures	<u>7,931,132</u>	<u>370,417</u>	<u>2,349,503</u>	<u>10,651,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,377,626</u>	<u>335,077</u>	<u>(2,309,599)</u>	<u>1,403,104</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,933,738	-	5,055,625	8,989,363
Transfers out	(6,128,833)	-	(2,414,169)	(8,543,002)
Debt proceeds	187,274	-	-	187,274
Total other financing sources (uses)	<u>(2,007,821)</u>	<u>-</u>	<u>2,641,456</u>	<u>633,635</u>
Net change in fund balances	1,369,805	335,077	331,857	2,036,739
Fund balances (deficit) - beginning	<u>5,028,233</u>	<u>(1,254,420)</u>	<u>2,823,311</u>	<u>6,597,124</u>
Fund balances (deficit) - ending	<u>\$ 6,398,038</u>	<u>\$ (919,343)</u>	<u>\$ 3,155,168</u>	<u>\$ 8,633,863</u>

## Combining Statements – Nonmajor Special Revenue Funds

---

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

**75% Sales & Use Tax Fund** – to account for the revenue and expenditures of 75% of the 2<sup>nd</sup> penny sales tax. Proceeds 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 to maintain and construct storm drainage facilities. Financing is provided by a surcharge to property owners and inter-fund transfers.

**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.

City of Brookings  
December 31, 2015

Combining Balance Sheet - Nonmajor Special Revenue Funds

	25% Sales & Use Tax	75% Sales & Use Tax	Enhanced 911	Swiftel Center	Library Fines
<b>ASSETS</b>					
Cash and cash equivalents	\$ 428,815	\$ 485,384	\$ 51,834	\$ 306,891	\$ 25,975
Investments	263,129	496,470	-	-	10,614
Receivables, (net of allowances for uncollectibles, if any):					
Accounts	-	-	-	69,879	-
Storm drainage fees	-	-	-	-	-
Special assessments	-	-	-	-	-
Interest	311	588	-	-	6
Due from other funds	700,000	4,975	-	-	-
Due from other governments	154,117	468,171	80,629	-	-
Prepaid items	-	-	-	19,296	-
Inventories	-	-	-	22,815	-
Total assets	<u>\$ 1,546,372</u>	<u>\$ 1,455,588</u>	<u>\$ 132,463</u>	<u>\$ 418,881</u>	<u>\$ 36,595</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 123,787	\$ 1,315	\$ 268,278	\$ 592
Due to other funds	-	-	4,380	-	5,065
Due to other governments	-	439,880	-	19,113	-
Amount held for others	-	-	-	-	-
Accrued wages payable	-	-	14,307	11,567	-
Unearned revenue	-	-	-	255,689	-
Total liabilities	<u>-</u>	<u>563,667</u>	<u>20,002</u>	<u>554,647</u>	<u>5,657</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	42,111	-
Restricted	-	-	112,461	-	30,938
Committed	1,546,372	1,000,000	-	-	-
Unassigned	-	(108,079)	-	(177,877)	-
Total fund balances (deficit)	<u>1,546,372</u>	<u>891,921</u>	<u>112,461</u>	<u>(135,766)</u>	<u>30,938</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 1,546,372</u>	<u>\$ 1,455,588</u>	<u>\$ 132,463</u>	<u>\$ 418,881</u>	<u>\$ 36,595</u>

City of Brookings  
December 31, 2015

Combining Balance Sheet - Nonmajor Special Revenue Funds (continued)

Special Assessment	Storm Drainage	Bed and Booze Tax	BID Fee	Total
\$ 1,142,464	\$ 1,142,223	\$ 903,479	\$ 145,069	\$ 4,632,134
-	496,470	-	-	1,266,683
-	-	-	14,236	84,115
-	688	-	-	688
1,983,332	-	-	-	1,983,332
-	587	-	-	1,492
-	-	-	-	704,975
-	4,882	77,807	-	785,606
-	-	-	-	19,296
-	-	-	-	22,815
<u>\$ 3,125,796</u>	<u>\$ 1,644,850</u>	<u>\$ 981,286</u>	<u>\$ 159,305</u>	<u>\$ 9,501,136</u>
\$ 3,197	\$ -	\$ 2,749	\$ -	\$ 399,918
-	-	-	-	9,445
-	-	-	-	458,993
-	-	54,750	-	54,750
-	1,799	-	-	27,673
-	-	-	-	255,689
<u>3,197</u>	<u>1,799</u>	<u>57,499</u>	<u>-</u>	<u>1,206,468</u>
<u>1,895,942</u>	<u>688</u>	<u>-</u>	<u>-</u>	<u>1,896,630</u>
<u>1,895,942</u>	<u>688</u>	<u>-</u>	<u>-</u>	<u>1,896,630</u>
-	-	-	-	42,111
-	-	923,787	-	1,067,186
1,226,657	1,642,363	-	159,305	5,574,697
-	-	-	-	(285,956)
<u>1,226,657</u>	<u>1,642,363</u>	<u>923,787</u>	<u>159,305</u>	<u>6,398,038</u>
<u>\$ 3,125,796</u>	<u>\$ 1,644,850</u>	<u>\$ 981,286</u>	<u>\$ 159,305</u>	<u>\$ 9,501,136</u>

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds

	25% Sales & Use Tax	75% Sales & Use Tax	Enhanced 911	Swiftel Center	Library Fines
<b>REVENUES</b>					
Taxes:					
Storm drainage	\$ -	\$ -	\$ -	\$ -	\$ -
General sales and use	1,557,617	4,737,757	-	-	-
Other	-	-	354,971	-	-
Intergovernmental:					
County other	-	-	111,748	-	-
Charges for goods and services:					
Culture and recreation	-	-	-	1,978,058	-
Fines and forfeits:					
Fines	-	-	-	-	22,663
Miscellaneous revenue:					
Interest income	5,826	8,784	141	-	50
Special assessments	-	-	-	-	-
Other	3,692	-	-	-	-
Total revenues	<u>1,567,135</u>	<u>4,746,541</u>	<u>466,860</u>	<u>1,978,058</u>	<u>22,713</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	650,720	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	2,347,212	25,308
Conservation and development	47,869	591,110	-	-	-
Debt service:					
Principal	-	1,380,000	-	-	-
Interest and other charges	-	597,813	-	-	-
Capital outlay	-	516,049	53,030	376,492	-
Total expenditures	<u>47,869</u>	<u>3,084,972</u>	<u>703,750</u>	<u>2,723,704</u>	<u>25,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,519,266</u>	<u>1,661,569</u>	<u>(236,890)</u>	<u>(745,646)</u>	<u>(2,595)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	1,004,203	174,432	751,492	-
Transfers out	(2,172,511)	(3,136,410)	(16,982)	-	-
Debt proceeds	-	-	-	-	-
Total other financing sources (uses)	<u>(2,172,511)</u>	<u>(2,132,207)</u>	<u>157,450</u>	<u>751,492</u>	<u>-</u>
Net change in fund balances	(653,245)	(470,638)	(79,440)	5,846	(2,595)
Fund balances (deficit) - beginning	<u>2,199,617</u>	<u>1,362,559</u>	<u>191,901</u>	<u>(141,612)</u>	<u>33,533</u>
Fund balances (deficit) - ending	<u>\$ 1,546,372</u>	<u>\$ 891,921</u>	<u>\$ 112,461</u>	<u>\$ (135,766)</u>	<u>\$ 30,938</u>

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds (continued)

Special Assessment	Storm Drainage	Bed and Booze Tax	BID Fee	Total
\$ -	\$ 854,955	\$ -	\$ -	\$ 854,955
-	-	852,770	-	7,148,144
-	-	-	-	354,971
-	-	-	-	111,748
-	-	-	-	1,978,058
-	-	-	-	22,663
1,212	21,597	1,127	202	38,939
563,022	-	-	-	563,022
-	11,696	-	220,870	236,258
<u>564,234</u>	<u>888,248</u>	<u>853,897</u>	<u>221,072</u>	<u>11,308,758</u>
-	-	-	4,431	4,431
-	-	-	-	650,720
-	177,164	-	-	177,164
-	-	-	-	2,372,520
-	-	389,599	210,000	1,238,578
-	112,388	-	-	1,492,388
-	82,608	-	-	680,421
50,238	319,101	-	-	1,314,910
<u>50,238</u>	<u>691,261</u>	<u>389,599</u>	<u>214,431</u>	<u>7,931,132</u>
<u>513,996</u>	<u>196,987</u>	<u>464,298</u>	<u>6,641</u>	<u>3,377,626</u>
1,608,491	345,120	50,000	-	3,933,738
-	(427,930)	(375,000)	-	(6,128,833)
-	187,274	-	-	187,274
<u>1,608,491</u>	<u>104,464</u>	<u>(325,000)</u>	<u>-</u>	<u>(2,007,821)</u>
2,122,487	301,451	139,298	6,641	1,369,805
(895,830)	1,340,912	784,489	152,664	5,028,233
<u>\$ 1,226,657</u>	<u>\$ 1,642,363</u>	<u>\$ 923,787</u>	<u>\$ 159,305</u>	<u>\$ 6,398,038</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - 25% Sales & Use Tax Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General sales and use taxes	\$ 1,482,000	\$ 1,482,000	\$ 1,557,617	75,617
Miscellaneous revenue:				
Interest income	7,700	7,700	5,826	(1,874)
Other	-	-	3,692	3,692
Total revenues	<u>1,489,700</u>	<u>1,489,700</u>	<u>1,567,135</u>	<u>77,435</u>
<b>EXPENDITURES</b>				
Conservation and development				
Economic development	<u>62,226</u>	<u>62,226</u>	<u>47,869</u>	<u>14,357</u>
Total expenditures	<u>62,226</u>	<u>62,226</u>	<u>47,869</u>	<u>14,357</u>
Excess of revenues over expenditures				
	<u>1,427,474</u>	<u>1,427,474</u>	<u>1,519,266</u>	<u>91,792</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(1,838,322)</u>	<u>(2,364,985)</u>	<u>(2,172,511)</u>	<u>192,474</u>
Total other financing uses	<u>(1,838,322)</u>	<u>(2,364,985)</u>	<u>(2,172,511)</u>	<u>192,474</u>
Net change in fund balances				
	(348,622)	(937,511)	(653,245)	284,266
Fund balances - beginning	<u>2,199,617</u>	<u>2,199,617</u>	<u>2,199,617</u>	-
Fund balances - ending	<u>\$ 1,850,995</u>	<u>\$ 1,262,106</u>	<u>\$ 1,546,372</u>	<u>\$ 284,266</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - 75% Sales & Use Tax Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General sales and use taxes	\$ 4,543,000	\$ 4,543,000	\$ 4,737,757	\$ 194,757
Miscellaneous revenue:				
Interest income	38,800	38,800	8,784	(30,016)
Total revenues	<u>4,581,800</u>	<u>4,581,800</u>	<u>4,746,541</u>	<u>164,741</u>
<b>EXPENDITURES</b>				
Public works				
Highways and streets	4,600,000	579,451	516,049	63,402
Conservation and development				
Economic development	886,678	1,027,205	591,110	436,095
Debt Service				
Principal	1,797,981	1,797,981	1,380,000	417,981
Interest	<u>596,573</u>	<u>596,573</u>	<u>597,813</u>	<u>(1,240)</u>
Total expenditures	<u>7,881,232</u>	<u>4,001,210</u>	<u>3,084,972</u>	<u>916,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,299,432)</u>	<u>580,590</u>	<u>1,661,569</u>	<u>1,080,979</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,004,203	1,004,203	-
Transfers out	<u>(1,943,270)</u>	<u>(3,579,924)</u>	<u>(3,136,410)</u>	<u>443,514</u>
Total other financing sources (uses)	<u>(1,943,270)</u>	<u>(2,575,721)</u>	<u>(2,132,207)</u>	<u>443,514</u>
Net change in fund balances	(5,242,702)	(1,995,131)	(470,638)	1,524,493
Fund balances - beginning	<u>1,362,559</u>	<u>1,362,559</u>	<u>1,362,559</u>	-
Fund balances - ending	<u>\$ (3,880,143)</u>	<u>\$ (632,572)</u>	<u>\$ 891,921</u>	<u>\$ 1,524,493</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - Enhanced 911 Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Other taxes	\$ 355,000	\$ 355,000	\$ 354,971	\$ (29)
Intergovernmental revenue:				
County shared revenues	87,217	111,717	111,748	31
Miscellaneous revenue:				
Interest income	1,000	1,000	141	(859)
Total revenues	<u>443,217</u>	<u>467,717</u>	<u>466,860</u>	<u>(857)</u>
<b>EXPENDITURES</b>				
Public safety:				
Other protection	698,449	764,206	703,750	60,456
Total expenditures	<u>698,449</u>	<u>764,206</u>	<u>703,750</u>	<u>60,456</u>
Deficiency of revenues under expenditures	<u>(255,232)</u>	<u>(296,489)</u>	<u>(236,890)</u>	<u>59,599</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	174,432	174,432	174,432	-
Transfers out	-	-	(16,982)	(16,982)
Total other financing sources (uses)	<u>174,432</u>	<u>174,432</u>	<u>157,450</u>	<u>(16,982)</u>
Net change in fund balances	(80,800)	(122,057)	(79,440)	42,617
Fund balances - beginning	<u>191,901</u>	<u>191,901</u>	<u>191,901</u>	<u>-</u>
Fund balances - ending	<u>\$ 111,101</u>	<u>\$ 69,844</u>	<u>\$ 112,461</u>	<u>\$ 42,617</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - Swiftel Center Fund

	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	\$ 1,811,665	\$ 1,811,665	\$ 1,978,058	\$ 166,393
Total revenues	<u>1,811,665</u>	<u>1,811,665</u>	<u>1,978,058</u>	<u>166,393</u>
<b>EXPENDITURES</b>				
Culture and recreation:				
Auditoriums	<u>2,510,261</u>	<u>2,690,747</u>	<u>2,723,704</u>	<u>(32,957)</u>
Total expenditures	<u>2,510,261</u>	<u>2,690,747</u>	<u>2,723,704</u>	<u>(32,957)</u>
Deficiency of revenues under expenditures	<u>(698,596)</u>	<u>(879,082)</u>	<u>(745,646)</u>	<u>133,436</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>695,000</u>	<u>875,486</u>	<u>751,492</u>	<u>(123,994)</u>
Total other financing sources	<u>695,000</u>	<u>875,486</u>	<u>751,492</u>	<u>(123,994)</u>
Net change in fund balances	(3,596)	(3,596)	5,846	9,442
Fund deficits - beginning	<u>(141,612)</u>	<u>(141,612)</u>	<u>(141,612)</u>	<u>-</u>
Fund deficits - ending	<u>\$ (145,208)</u>	<u>\$ (145,208)</u>	<u>\$ (135,766)</u>	<u>\$ 9,442</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - Library Fines Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Fines and forfeits	\$ 30,000	\$ 30,000	\$ 22,663	\$ (7,337)
Miscellaneous revenue:				
Interest income	-	-	50	50
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>22,713</u>	<u>(7,287)</u>
<b>EXPENDITURES</b>				
Culture and recreation:				
Libraries	<u>35,000</u>	<u>35,000</u>	<u>25,308</u>	<u>9,692</u>
Total expenditures	<u>35,000</u>	<u>35,000</u>	<u>25,308</u>	<u>9,692</u>
Deficiency of revenues under expenditures	<u>(5,000)</u>	<u>(5,000)</u>	<u>(2,595)</u>	<u>2,405</u>
Net change in fund balances	(5,000)	(5,000)	(2,595)	2,405
Fund balances - beginning	<u>33,533</u>	<u>33,533</u>	<u>33,533</u>	<u>-</u>
Fund balances - ending	<u>\$ 28,533</u>	<u>\$ 28,533</u>	<u>\$ 30,938</u>	<u>\$ 2,405</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - Special Assessment Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest income	\$ 600	\$ 600	\$ 1,212	\$ 612
Special assessments	479,900	831,600	563,022	(268,578)
Total revenues	480,500	832,200	564,234	(267,966)
<b>EXPENDITURES</b>				
Public works:				
Highways and streets	110,000	110,000	50,238	59,762
Total expenditures	110,000	110,000	50,238	59,762
Excess of revenues over expenditures	370,500	722,200	513,996	(208,204)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	1,608,491	1,608,491	-
Total other financing sources	-	1,608,491	1,608,491	-
Net change in fund balances	370,500	2,330,691	2,122,487	(208,204)
Fund balances - beginning	(895,830)	(895,830)	(895,830)	-
Fund balances - ending	\$ (525,330)	\$ 1,434,861	\$ 1,226,657	\$ (208,204)

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - Storm Drainage Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Storm drainage tax	\$ 820,000	\$ 810,000	\$ 849,521	\$ 39,521
Penalties and interest on delinquent taxes	300	300	5,434	5,134
Miscellaneous revenue:				
Interest income	3,000	8,000	21,597	13,597
Other	-	11,606	11,696	90
Total revenues	<u>823,300</u>	<u>829,906</u>	<u>888,248</u>	<u>58,342</u>
<b>EXPENDITURES</b>				
Public works:				
Highways and streets	2,052,640	643,750	496,265	147,485
Debt Service				
Principal	100,760	113,000	112,388	612
Interest	94,300	94,300	82,608	11,692
Total expenditures	<u>2,247,700</u>	<u>851,050</u>	<u>691,261</u>	<u>159,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,424,400)</u>	<u>(21,144)</u>	<u>196,987</u>	<u>218,131</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	345,120	345,120	-
Transfer out	-	(427,930)	(427,930)	-
Proceeds from long term debt	970,000	210,000	187,274	(22,726)
Total other financing sources (uses)	<u>970,000</u>	<u>127,190</u>	<u>104,464</u>	<u>(22,726)</u>
Net change in fund balances	(454,400)	106,046	301,451	195,405
Fund balances - beginning	<u>1,340,912</u>	<u>1,340,912</u>	<u>1,340,912</u>	<u>-</u>
Fund balances - ending	<u>\$ 886,512</u>	<u>\$ 1,446,958</u>	<u>\$ 1,642,363</u>	<u>\$ 195,405</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - Bed and Booze Tax Fund

	Budgeted Amounts		Actual (Modified Accrual Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General sales and use taxes	\$ 775,000	\$ 775,000	\$ 852,770	\$ 77,770
Miscellaneous revenue:				
Interest income	1,300	1,300	1,127	(173)
Total revenues	<u>776,300</u>	<u>776,300</u>	<u>853,897</u>	<u>77,597</u>
<b>EXPENDITURES</b>				
Conservation and development				
Economic development	<u>450,936</u>	<u>450,936</u>	<u>389,599</u>	<u>61,337</u>
Total expenditures	<u>450,936</u>	<u>450,936</u>	<u>389,599</u>	<u>61,337</u>
Excess of revenues over expenditures	<u>325,364</u>	<u>325,364</u>	<u>464,298</u>	<u>138,934</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,000	50,000	50,000	-
Transfers out	<u>(375,000)</u>	<u>(375,000)</u>	<u>(375,000)</u>	-
Total other financing uses	<u>(325,000)</u>	<u>(325,000)</u>	<u>(325,000)</u>	-
Net change in fund balances	364	364	139,298	138,934
Fund balances - beginning	<u>784,489</u>	<u>784,489</u>	<u>784,489</u>	-
Fund balances - ending	<u>\$ 784,853</u>	<u>\$ 784,853</u>	<u>\$ 923,787</u>	<u>\$ 138,934</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - BID Fee Fund

	Budgeted Amounts		Actual (Modified Accrual Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest income	\$ 350	\$ 350	\$ 202	\$ (148)
Occupancy fee	<u>400,000</u>	<u>400,000</u>	<u>220,870</u>	<u>(179,130)</u>
Total revenues	<u>400,350</u>	<u>400,350</u>	<u>221,072</u>	<u>(179,278)</u>
<b>EXPENDITURES</b>				
General government				
Financial administration	4,400	4,400	4,431	(31)
Conservation and development				
Economic development	<u>200,000</u>	<u>210,000</u>	<u>210,000</u>	<u>-</u>
Total expenditures	<u>204,400</u>	<u>214,400</u>	<u>214,431</u>	<u>(31)</u>
Excess of revenues over expenditures	<u>195,950</u>	<u>185,950</u>	<u>6,641</u>	<u>(179,309)</u>
Net change in fund balances	195,950	185,950	6,641	(179,309)
Fund balances - beginning	<u>152,664</u>	<u>152,664</u>	<u>152,664</u>	<u>-</u>
Fund balances - ending	<u>\$ 348,614</u>	<u>\$ 338,614</u>	<u>\$ 159,305</u>	<u>\$ (179,309)</u>

Combining Statements – Nonmajor Debt Service Funds

---

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

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

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

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

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

City of Brookings  
December 31, 2015

Combining Balance Sheet - Nonmajor Debt Service Funds

	TIF-1 Innovation Campus	TIF-3 Valley View	TIF-4 Sieler	TIF-5 32nd Ave	TIF-6 Digester	Total
<b>ASSETS</b>						
Restricted cash and cash equivalents	\$ 44,676	\$ 1,432	\$ -	\$ 32,178	\$ 204,226	\$ 282,512
Total assets	\$ 44,676	\$ 1,432	\$ -	\$ 32,178	\$ 204,226	\$ 282,512
<b>LIABILITIES</b>						
Advance from other funds	\$ 1,201,855	\$ -	\$ -	\$ -	\$ -	\$ 1,201,855
Total liabilities	1,201,855	-	-	-	-	1,201,855
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	-	1,432	-	32,178	204,226	237,836
Unassigned	(1,157,179)	-	-	-	-	(1,157,179)
Total fund balances (deficit)	(1,157,179)	1,432	-	32,178	204,226	(919,343)
Total liabilities and fund balances	\$ 44,676	\$ 1,432	\$ -	\$ 32,178	\$ 204,226	\$ 282,512

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds

	TIF-1 Innovation Campus	TIF-3 Valley View	TIF-4 Sieler	TIF-5 32nd Ave	TIF-6 Digester	Total
<b>REVENUES</b>						
Taxes:						
Property	\$ 308,042	\$ 199,681	\$ 82,199	\$ 14,193	\$ 101,379	\$ 705,494
Total revenues	<u>308,042</u>	<u>199,681</u>	<u>82,199</u>	<u>14,193</u>	<u>101,379</u>	<u>705,494</u>
<b>EXPENDITURES</b>						
Debt service:						
Principal	27,183	157,773	63,605	-	-	248,561
Interest and other charges	<u>60,338</u>	<u>42,924</u>	<u>18,594</u>	<u>-</u>	<u>-</u>	<u>121,856</u>
Total expenditures	<u>87,521</u>	<u>200,697</u>	<u>82,199</u>	<u>-</u>	<u>-</u>	<u>370,417</u>
Net change in fund balances	220,521	(1,016)	-	14,193	101,379	335,077
Fund balances (deficit) - beginning	<u>(1,377,700)</u>	<u>2,448</u>	<u>-</u>	<u>17,985</u>	<u>102,847</u>	<u>(1,254,420)</u>
Fund balances (deficit) - ending	<u>\$ (1,157,179)</u>	<u>\$ 1,432</u>	<u>\$ -</u>	<u>\$ 32,178</u>	<u>\$ 204,226</u>	<u>\$ (919,343)</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - TIF 1 Innovation Campus Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 250,000	\$ 250,000	\$ 308,042	\$ 58,042
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>308,042</u>	<u>58,042</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	187,148	187,148	27,183	159,965
Interest and other charges	<u>62,852</u>	<u>62,852</u>	<u>60,338</u>	<u>2,514</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>87,521</u>	<u>162,479</u>
Net change in fund balances	-	-	220,521	220,521
Fund deficit - beginning	<u>(1,377,700)</u>	<u>(1,377,700)</u>	<u>(1,377,700)</u>	-
Fund deficit - ending	<u>\$ (1,377,700)</u>	<u>\$ (1,377,700)</u>	<u>\$ (1,157,179)</u>	<u>\$ 220,521</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - TIF 3 Valley View Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 165,000	\$ 223,000	\$ 199,681	\$ (23,319)
Total revenues	<u>165,000</u>	<u>223,000</u>	<u>199,681</u>	<u>(23,319)</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	122,337	180,337	157,773	22,564
Interest and other charges	<u>42,663</u>	<u>42,663</u>	<u>42,924</u>	<u>(261)</u>
Total expenditures	<u>165,000</u>	<u>223,000</u>	<u>200,697</u>	<u>22,303</u>
Net change in fund balances	-	-	(1,016)	(1,016)
Fund balances - beginning	<u>2,448</u>	<u>2,448</u>	<u>2,448</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,448</u>	<u>\$ 2,448</u>	<u>\$ 1,432</u>	<u>\$ (1,016)</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - TIF 4 Sieler Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 80,500	\$ 87,500	\$ 82,199	\$ (5,301)
Total revenues	<u>80,500</u>	<u>87,500</u>	<u>82,199</u>	<u>(5,301)</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	55,000	62,000	63,605	(1,605)
Interest and other charges	<u>25,500</u>	<u>25,500</u>	<u>18,594</u>	<u>6,906</u>
Total expenditures	<u>80,500</u>	<u>87,500</u>	<u>82,199</u>	<u>5,301</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brookings  
 Year Ended December 31, 2015

Budgetary Comparison - TIF 5 32nd Ave

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 25,000	\$ 25,000	\$ 14,193	\$ (10,807)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>14,193</u>	<u>(10,807)</u>
<b>EXPENDITURES</b>				
Interest and other charges	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net change in fund balances	-	-	14,193	14,193
Fund balances - beginning	<u>17,985</u>	<u>17,985</u>	<u>17,985</u>	<u>-</u>
Fund balances - ending	<u>\$ 17,985</u>	<u>\$ 17,985</u>	<u>\$ 32,178</u>	<u>\$ 14,193</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - TIF 6 Digester

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 100,000	\$ 100,000	\$ 101,379	\$ 1,379
Total revenues	100,000	100,000	101,379	1,379
<b>EXPENDITURES</b>				
Debt service				
Interest and other charges	100,000	100,000	-	100,000
Total expenditures	100,000	100,000	-	100,000
Net change in fund balances	-	-	101,379	101,379
Fund balances - beginning	102,847	102,847	102,847	-
Fund balances - ending	\$ 102,847	\$ 102,847	\$ 204,226	\$ 101,379

Combining Statements – Nonmajor Capital Project Funds

---

**Dakota Nature Park Fund** - to account for the resources received and expenditures to construct the nature park facility. The park includes trails, ponds for fishing and recreation, and a Nature Center. Resources are derived from private donations and grants.

**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-6 Digester Fund** – to account for the resources and expenditures to construct a digester to treat the waste water generated from the Bel Brands Cheese Plant. Resources are derived from grants and debt financing.

**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.

**Street Shop** - to account for the resources and expenditures to design and construct the new street department shop.

City of Brookings  
December 31, 2015

Combining Balance Sheet - Nonmajor Capital Project Funds

	Dakota Nature Park	Gateway Project	TIF 6 Digester	TIF 7 S Main	Street Shop	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 95,354	\$ 3,102,718	\$ 3,198,072
Restricted cash and cash equivalents	217,734	263,860	51,423	-	-	533,017
Total assets	<u>\$ 217,734</u>	<u>\$ 263,860</u>	<u>\$ 51,423</u>	<u>\$ 95,354</u>	<u>\$ 3,102,718</u>	<u>\$ 3,731,089</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 45,120	\$ 148,114	\$ 269,049	\$ 462,283
Retainage payable	-	-	-	-	113,638	113,638
Total liabilities	<u>-</u>	<u>-</u>	<u>45,120</u>	<u>148,114</u>	<u>382,687</u>	<u>575,921</u>
<b>FUND BALANCES</b>						
Restricted	217,734	263,860	-	-	-	481,594
Assigned	-	-	6,303	-	2,720,031	2,726,334
Unassigned	-	-	-	(52,760)	-	(52,760)
Total fund balances (deficit)	<u>217,734</u>	<u>263,860</u>	<u>6,303</u>	<u>(52,760)</u>	<u>2,720,031</u>	<u>3,155,168</u>
Total liabilities and fund balances	<u>\$ 217,734</u>	<u>\$ 263,860</u>	<u>\$ 51,423</u>	<u>\$ 95,354</u>	<u>\$ 3,102,718</u>	<u>\$ 3,731,089</u>

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds

	Dakota Nature Park	Gateway Project	TIF6 Digester	TIF 7 S Main	Street Shop	Total
<b>REVENUES</b>						
Miscellaneous revenue:						
Interest income	\$ 623	\$ 391	\$ -	\$ 159	\$ 3,161	\$ 4,334
Contributions and donations from private sources	15,660	-	-	-	-	15,660
Other	-	-	-	19,910	-	19,910
Total revenues	<u>16,283</u>	<u>391</u>	<u>-</u>	<u>20,069</u>	<u>3,161</u>	<u>39,904</u>
<b>EXPENDITURES</b>						
Current:						
Public works	-	-	121,334	-	-	121,334
Capital outlay	58,192	5,523	-	781,324	1,383,130	2,228,169
Total expenditures	<u>58,192</u>	<u>5,523</u>	<u>121,334</u>	<u>781,324</u>	<u>1,383,130</u>	<u>2,349,503</u>
Deficiency of revenues under expenditures	(41,909)	(5,132)	(121,334)	(761,255)	(1,379,969)	(2,309,599)
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	-	-	955,625	4,100,000	5,055,625
Transfers out	(460,558)	-	-	(1,953,611)	-	(2,414,169)
Total other financing sources	<u>(460,558)</u>	<u>-</u>	<u>-</u>	<u>(997,986)</u>	<u>4,100,000</u>	<u>2,641,456</u>
Net change in fund balances	(502,467)	(5,132)	(121,334)	(1,759,241)	2,720,031	331,857
Fund balances - beginning	<u>720,201</u>	<u>268,992</u>	<u>127,637</u>	<u>1,706,481</u>	<u>-</u>	<u>2,823,311</u>
Fund balances (deficit) - ending	<u>\$ 217,734</u>	<u>\$ 263,860</u>	<u>\$ 6,303</u>	<u>\$ (52,760)</u>	<u>\$ 2,720,031</u>	<u>\$ 3,155,168</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - Dakota Nature Park Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest income	\$ -	\$ -	\$ 623	\$ 623
Contributions and donations from private sources	-	11,000	15,660	4,660
Total revenues	-	11,000	16,283	5,283
<b>EXPENDITURES</b>				
Culture and recreation:				
Parks	-	144,500	58,192	86,308
Total expenditures	-	144,500	58,192	86,308
Deficiency of revenues under expenditures	-	(133,500)	(41,909)	91,591
<b>OTHER FINANCING USES</b>				
Transfers out	-	(460,558)	(460,558)	-
Total other financing uses	-	(460,558)	(460,558)	-
Net change in fund balances	-	(594,058)	(502,467)	91,591
Fund balances - beginning	720,201	720,201	720,201	-
Fund balances - ending	\$ 720,201	\$ 126,143	\$ 217,734	\$ 91,591

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - Gateway Project Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest income	\$ -	\$ -	\$ 391	\$ 391
Total revenues	-	-	391	391
<b>EXPENDITURES</b>				
Culture and recreation:				
Parks	-	23,000	5,523	17,477
Total expenditures	-	23,000	5,523	17,477
Net change in fund balances	-	(23,000)	(5,132)	17,868
Fund balances - beginning	268,992	268,992	268,992	-
Fund balances - ending	\$ 268,992	\$ 245,992	\$ 263,860	\$ 17,868

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - TIF 6 Digester Fund

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
Public works				
Public works	\$ -	\$ 370,000	\$ 121,334	\$ 248,666
Total expenditures	<u>-</u>	<u>370,000</u>	<u>121,334</u>	<u>248,666</u>
Net change in fund deficit	-	(370,000)	(121,334)	248,666
Fund balance - beginning	<u>127,637</u>	<u>127,637</u>	<u>127,637</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 127,637</u>	<u>\$ (242,363)</u>	<u>\$ 6,303</u>	<u>\$ 248,666</u>

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - TIF 7 S Main

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Other	\$ -	\$ 21,500	\$ 19,910	\$ -1,590
Interest earned	-	-	159	159
Total revenues	-	21,500	20,069	(1,431)
<b>EXPENDITURES</b>				
Conservation and development				
Public works	-	857,432	781,324	76,108
Total expenditures	-	857,432	781,324	76,108
Deficiency of revenues under expenditures	-	(835,932)	(761,255)	74,677
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	955,625	955,625	-
Transfers out	-	(1,953,611)	(1,953,611)	-
Total other financing sources (uses)	-	(997,986)	(997,986)	-
Net change in fund balance	-	(1,833,918)	(1,759,241)	74,677
Fund balances - beginning	1,706,481	1,706,481	1,706,481	-
Fund balances (deficit) - ending	\$ 1,706,481	\$ (127,437)	\$ (52,760)	\$ 74,677

City of Brookings  
Year Ended December 31, 2015

Budgetary Comparison - Street Shop

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Modified Accrual Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue:				
Interest earned	\$ -	\$ -	\$ 3,161	\$ 3,161
Total revenues	-	-	3,161	3,161
<b>EXPENDITURES</b>				
Public Works				
Highways and Streets	-	1,656,006	1,383,130	272,876
Total expenditures	-	1,656,006	1,383,130	272,876
Deficiency of revenues under expenditures	-	(1,656,006)	(1,379,969)	276,037
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	4,100,000	4,100,000	-
Total other financing sources	-	4,100,000	4,100,000	-
Net change in fund balance	-	2,443,994	2,720,031	276,037
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 2,443,994	\$ 2,720,031	\$ 276,037

Combining Statements – Nonmajor Enterprise Funds

---

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

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

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

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

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

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

City of Brookings  
December 31, 2015

Combining Statement of Net Position - Nonmajor Enterprise Funds

	Liquor	Water	Airport
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,918,942	\$ 10,814,702	\$ -
Investments	-	-	-
Receivables, (net of allowances for uncollectibles, if any):			
Accounts	4,298	418,589	-
Unbilled accounts	-	202,100	-
Due from other funds	-	11,871	48,195
Due from other governments	-	-	2,581,942
Inventories:			
Supplies	-	233,393	-
Stores	666,025	-	-
Prepaid expenses	-	22,464	-
Total current assets	<u>2,589,265</u>	<u>11,703,119</u>	<u>2,630,137</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	52,355	-
Advances to other funds	182,074	-	-
Net pension asset	40,083	233,033	23,011
Investments - other	-	758	-
Capital assets:			
Land	-	203,013	1,923,340
Buildings and improvements	281,077	14,736,173	29,902,782
Machinery and equipment	329,084	552,600	973,029
Construction in progress	-	100,149	-
Less accumulated depreciation	(401,846)	(6,631,214)	(9,251,701)
Total noncurrent assets	<u>430,472</u>	<u>9,246,867</u>	<u>23,570,461</u>
Total assets	<u>3,019,737</u>	<u>20,949,986</u>	<u>26,200,598</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	45,877	270,999	26,337
Total assets and deferred outflows of resources	<u>\$ 3,065,614</u>	<u>\$ 21,220,985</u>	<u>\$ 26,226,935</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 66,844	\$ 120,883	\$ 16,653
Retainage payable	-	-	20,000
Due to other funds	2,198	14,302	1,401,737
Accrued interest payable	-	2,049	-
Accrued wages payable	7,667	2,576	1,824
Accrued taxes payable	32,035	265	-
Customer deposits	9,000	-	710
Capital lease obligations	-	71,057	-
Compensated absences	1,599	19,381	740
Advance payments	-	4,560	-
Total current liabilities	<u>119,343</u>	<u>235,073</u>	<u>1,441,664</u>
Noncurrent liabilities:			
Capital lease obligations	-	436,169	-
Compensated absences	6,395	-	2,959
OPEB liability	17,812	47,096	6,775
Advances from other funds	-	-	-
Accrued landfill closure and postclosure costs	-	-	-
Total noncurrent liabilities	<u>24,207</u>	<u>483,265</u>	<u>9,734</u>
Total liabilities	<u>143,550</u>	<u>718,338</u>	<u>1,451,398</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows	35,797	200,725	20,550
Total liabilities and deferred inflows of resources	<u>179,347</u>	<u>919,063</u>	<u>1,471,948</u>

City of Brookings  
December 31, 2015

Combining Statement of Net Position - Nonmajor Enterprise Funds

Golf	Solid Waste	Research & Technology Center	Total
\$ 31,526	\$ 4,351,451	\$ 165,916	\$ 17,282,537
-	-	-	-
-	437,913	78,379	939,179
-	57,377	-	259,477
-	1,215	-	61,281
-	-	-	2,581,942
-	23,234	-	256,627
-	-	-	666,025
-	-	-	22,464
<u>31,526</u>	<u>4,871,190</u>	<u>244,295</u>	<u>22,069,532</u>
-	2,005,367	-	2,057,722
-	-	-	182,074
33,774	143,815	-	473,716
-	-	-	758
50,000	496,364	-	2,672,717
1,371,855	4,722,084	2,118,612	53,132,583
563,065	4,069,281	-	6,487,059
324,760	-	-	424,909
<u>(1,044,120)</u>	<u>(5,081,136)</u>	<u>(680,319)</u>	<u>(23,090,336)</u>
<u>1,299,334</u>	<u>6,355,775</u>	<u>1,438,293</u>	<u>42,341,202</u>
<u>1,330,860</u>	<u>11,226,965</u>	<u>1,682,588</u>	<u>64,410,734</u>
<u>38,656</u>	<u>164,607</u>	<u>-</u>	<u>546,476</u>
\$ <u>1,369,516</u>	\$ <u>11,391,572</u>	\$ <u>1,682,588</u>	\$ <u>64,957,210</u>
\$ 5,001	\$ 52,415	\$ 2,754	\$ 264,550
13,563	-	-	33,563
1,320	710	3,017	1,423,284
-	-	-	2,049
3,041	21,800	-	36,908
-	5,897	-	38,197
-	-	-	9,710
-	-	-	71,057
7,120	18,125	-	46,965
-	-	-	4,560
<u>30,045</u>	<u>98,947</u>	<u>5,771</u>	<u>1,930,843</u>
-	-	-	436,169
28,979	72,499	-	110,832
11,485	51,629	-	134,797
182,074	-	-	182,074
-	537,893	-	537,893
<u>222,538</u>	<u>662,021</u>	<u>-</u>	<u>1,401,765</u>
<u>252,583</u>	<u>760,968</u>	<u>5,771</u>	<u>3,332,608</u>
<u>30,162</u>	<u>128,440</u>	<u>-</u>	<u>415,674</u>
<u>282,745</u>	<u>889,408</u>	<u>5,771</u>	<u>3,748,282</u>

City of Brookings  
December 31, 2015

Combining Statement of Net Position - Nonmajor Enterprise Funds (continued)

	<u>Liquor</u>	<u>Water</u>	<u>Airport</u>
<b>NET POSITION</b>			
Net investment in capital assets	208,315	8,453,495	23,547,450
Restricted for:			
Debt service	-	52,355	-
SDRS pension purposes	50,163	303,307	28,798
Landfill closure and postclosure	-	-	-
Unrestricted	<u>2,627,789</u>	<u>11,492,765</u>	<u>1,178,739</u>
Total net position	<u>\$ 2,886,267</u>	<u>\$ 20,301,922</u>	<u>\$ 24,754,987</u>

City of Brookings  
December 31, 2015

Combining Statement of Net Position - Nonmajor Enterprise Funds (continued)

Golf	Solid Waste	Research & Technology Center	Total
1,083,486	4,206,593	1,438,293	38,937,632
-	-	-	52,355
42,268	179,982	-	604,518
-	648,220	-	648,220
<u>(38,983)</u>	<u>5,467,369</u>	<u>238,524</u>	<u>20,966,203</u>
<u>\$ 1,086,771</u>	<u>\$ 10,502,164</u>	<u>\$ 1,676,817</u>	<u>\$ 61,208,928</u>

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds

	Liquor	Water	Airport
<b>OPERATING REVENUES</b>			
Charges for goods and services	\$ 4,169,571	\$ 4,812,082	\$ 34,459
Miscellaneous	-	192,103	-
Total operating revenues	<u>4,169,571</u>	<u>5,004,185</u>	<u>34,459</u>
<b>OPERATING EXPENSES</b>			
Personal services	308,741	1,286,376	125,506
Other current expenses	233,114	1,339,836	69,403
Cost of goods sold	3,031,045	-	-
Depreciation	44,595	339,304	180,010
Total operating expenses	<u>3,617,495</u>	<u>2,965,516</u>	<u>374,919</u>
Operating income (loss)	<u>552,076</u>	<u>2,038,669</u>	<u>(340,460)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	14,590	14,500	-
Miscellaneous income	-	73,463	-
Gain (loss) on disposition of capital assets	-	7,971	(467,707)
Interest expense and fiscal charges	-	(27,666)	-
Total nonoperating revenues (expenses)	<u>14,590</u>	<u>68,268</u>	<u>(467,707)</u>
Income (loss) before capital contributions and transfers	566,666	2,106,937	(808,167)
Capital contributions	-	182,226	1,425,874
Transfers in	-	-	340,016
Transfers out	(375,000)	-	-
Change in net position	<u>191,666</u>	<u>2,289,163</u>	<u>957,723</u>
Net position - beginning, as previously reported	2,650,697	17,742,620	23,772,060
Adjustment for implementation of GASB 68	43,904	270,139	25,204
Net position - beginning, after restatement	<u>2,694,601</u>	<u>18,012,759</u>	<u>23,797,264</u>
Net position - ending	<u>\$ 2,886,267</u>	<u>\$ 20,301,922</u>	<u>\$ 24,754,987</u>

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds

Golf	Solid Waste	Research & Technology Center	Total
\$ 316,181	\$ 3,703,602	\$ 176,524	\$ 13,212,419
-	-	-	192,103
<u>316,181</u>	<u>3,703,602</u>	<u>176,524</u>	<u>13,404,522</u>
251,353	832,146	-	2,804,122
237,221	713,349	66,466	2,659,389
-	-	-	3,031,045
<u>77,783</u>	<u>641,843</u>	<u>53,007</u>	<u>1,336,542</u>
<u>566,357</u>	<u>2,187,338</u>	<u>119,473</u>	<u>9,831,098</u>
<u>(250,176)</u>	<u>1,516,264</u>	<u>57,051</u>	<u>3,573,424</u>
-	11,279	267	40,636
12,526	-	-	85,989
-	117,017	-	(342,719)
-	-	-	(27,666)
<u>12,526</u>	<u>128,296</u>	<u>267</u>	<u>(243,760)</u>
(237,650)	1,644,560	57,318	3,329,664
-	-	-	1,608,100
433,817	-	-	773,833
<u>-</u>	<u>(575,000)</u>	<u>(75,000)</u>	<u>(1,025,000)</u>
<u>196,167</u>	<u>1,069,560</u>	<u>(17,682)</u>	<u>4,686,597</u>
853,611	9,275,079	1,694,499	55,988,566
<u>36,993</u>	<u>157,525</u>	<u>-</u>	<u>533,765</u>
<u>890,604</u>	<u>9,432,604</u>	<u>1,694,499</u>	<u>56,522,331</u>
<u>\$ 1,086,771</u>	<u>\$ 10,502,164</u>	<u>\$ 1,676,817</u>	<u>\$ 61,208,928</u>

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

	Liquor	Water	Airport
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 4,166,392	\$ 4,893,515	\$ 35,151
Internal activity-payments from other funds	-	178,915	-
Payments to suppliers	(3,336,675)	(1,251,118)	(280,281)
Payments to employees	(311,663)	(1,311,409)	(131,544)
Internal activity-payments to other funds	-	-	-
Net cash provided by (used in) operating activities	<u>518,054</u>	<u>2,509,903</u>	<u>(376,674)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	-	340,016
Transfers out	(375,000)	-	-
Interfund payments	-	-	(161,270)
Net cash provided by (used in) noncapital financing activities	<u>(375,000)</u>	<u>-</u>	<u>178,746</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(5,400)	(543,508)	(1,358,109)
Proceeds from sale of capital assets	-	7,971	-
Capital grants	-	-	1,556,037
Principal payments on debt	-	(67,542)	-
Interest payments on debt	-	(27,941)	-
Principal payments on interfund advances/loans	(182,074)	-	-
Net cash provided by (used in) capital and related financing activities	<u>(187,474)</u>	<u>(631,020)</u>	<u>197,928</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of investments	1,000,000	-	-
Interest income	9,464	14,494	-
Net cash provided by investing activities	<u>1,009,464</u>	<u>14,494</u>	<u>-</u>
Net increase in cash and cash equivalents	965,044	1,893,377	-
Balances - beginning of the year	953,898	8,973,680	-
Balances - end of the year	1,918,942	10,867,057	-
Less restricted cash and cash equivalents	-	(52,355)	-
Cash and cash equivalents (current) per statement of net position	<u>\$ 1,918,942</u>	<u>\$ 10,814,702</u>	<u>\$ -</u>

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

Golf	Solid Waste	Research & Technology Center	Total
\$ 328,707	\$ 3,340,589	\$ 174,686	\$ 12,939,040
-	239,646	-	418,561
(255,588)	(680,291)	(66,135)	(5,870,088)
(252,557)	(856,477)	-	(2,863,650)
-	(231,359)	-	(231,359)
<u>(179,438)</u>	<u>1,812,108</u>	<u>108,551</u>	<u>4,392,504</u>
433,817	-	-	773,833
-	(575,000)	(75,000)	(1,025,000)
-	-	-	(161,270)
<u>433,817</u>	<u>(575,000)</u>	<u>(75,000)</u>	<u>(412,437)</u>
(404,927)	(358,075)	-	(2,670,019)
-	143,000	-	150,971
-	-	-	1,556,037
-	-	-	(67,542)
-	-	-	(27,941)
<u>182,074</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(222,853)</u>	<u>(215,075)</u>	<u>-</u>	<u>(1,058,494)</u>
-	-	-	1,000,000
-	11,279	267	35,504
-	11,279	267	1,035,504
31,526	1,033,312	33,818	3,957,077
-	5,323,506	132,098	15,383,182
<u>31,526</u>	<u>6,356,818</u>	<u>165,916</u>	<u>19,340,259</u>
-	(2,005,367)	-	(2,057,722)
<u>\$ 31,526</u>	<u>\$ 4,351,451</u>	<u>\$ 165,916</u>	<u>\$ 17,282,537</u>

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Cash Flows - Nonmajor Enterprise Funds (continued)

	Liquor	Water	Airport
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 552,076	\$ 2,038,669	\$ (340,460)
Miscellaneous income	-	73,463	-
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	44,595	339,304	180,010
Landfill postclosure cost	-	-	-
Change in operating assets and liabilities:			
(Increase) decrease in:			
Receivables	(3,179)	(49,534)	692
Inventories	(41,590)	159,183	-
Prepaid expenses	-	1,411	-
Deferred outflows related to pensions	(15,210)	(78,610)	(8,732)
Net pension asset	26,916	180,262	15,452
Increase (decrease) in:			
Deferred inflows related to pensions	(17,965)	(134,820)	(10,314)
Account and other payables	(30,926)	(27,559)	(210,878)
Accrued wages payable	727	1,739	251
Accrued leave payable	3,365	5,208	(2,506)
Accrued OPEB payable	(755)	1,187	(189)
Net cash provided by (used in) operating activities	<u>\$ 518,054</u>	<u>\$ 2,509,903</u>	<u>\$ (376,674)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Capital asset additions from contributed capital	\$ -	\$ 182,226	\$ 1,406,874
Accounts payable for capital assets	-	87,835	\$ 20,000

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Cash Flows - Nonmajor Enterprise Funds (continued)

Golf	Solid Waste	Research & Technology Center	Total
\$ (250,176)	\$ 1,516,264	\$ 57,051	\$ 3,573,424
12,526	-	-	85,989
77,783	641,843	53,007	1,336,542
-	(185,481)	-	(185,481)
-	(133,471)	(1,837)	(187,329)
-	(4,294)	-	113,299
-	10,104	-	11,515
(12,816)	(54,575)	-	(169,943)
22,679	96,576	-	341,885
(15,137)	(64,459)	-	(242,695)
(18,367)	(8,527)	330	(295,927)
299	3,538	-	6,554
4,148	(4,182)	-	6,033
(377)	(1,228)	-	(1,362)
<u>\$ (179,438)</u>	<u>\$ 1,812,108</u>	<u>\$ 108,551</u>	<u>\$ 4,392,504</u>
\$ -	\$ -	\$ -	\$ 1,589,100
-	-	-	107,835

City of Brookings  
December 31, 2015

Combining Statements – Fiduciary Funds

---

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

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

**I-29 Corridor Agency Fund** – to account for the deposits and disbursements for the I-29 Corridor Committee.

City of Brookings  
December 31, 2015

Combining Statement of Net Position - Fiduciary Funds

	<u>Section 125 Agency Fund</u>	<u>Rural Fire Agency Fund</u>	<u>I-29 Corridor Agency Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,247	\$ 57,958	\$ 38,714	\$ 101,919
Total Assets	<u>5,247</u>	<u>57,958</u>	<u>38,714</u>	<u>101,919</u>
<b>LIABILITIES</b>				
Amounts held for others	5,247	57,958	38,714	101,919
Total Liabilities	<u>\$ 5,247</u>	<u>\$ 57,958</u>	<u>\$ 38,714</u>	<u>\$ 101,919</u>

City of Brookings  
Year Ended December 31, 2015

Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
<b>Section 125 Agency Fund</b>				
Assets:				
Cash and cash equivalents	\$ 1,957	\$ 60,561	\$ 57,271	\$ 5,247
Liabilities:				
Due to flex claims	\$ 1,957	\$ 60,561	\$ 57,271	\$ 5,247
<b>Rural Fire Agency Fund</b>				
Assets:				
Cash and cash equivalents	\$ 43,926	\$ 14,032	\$ -	\$ 57,958
Liabilities:				
Due to Rural Fire Association	\$ 43,926	\$ 14,032	\$ -	\$ 57,958
<b>I-29 Corridor Agency Fund</b>				
Assets:				
Cash and cash equivalents	\$ 38,714	\$ -	\$ -	\$ 38,714
Liabilities:				
Due to I-29 Corridor Committee	\$ 38,714	\$ -	\$ -	\$ 38,714
<b>Total All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 84,597	\$ 74,593	\$ 57,271	\$ 101,919
Total assets	\$ 84,597	\$ 74,593	\$ 57,271	\$ 101,919
Liabilities:				
Due to flex claims	1,957	60,561	57,271	5,247
Due to Rural Fire Association	43,926	14,032	-	57,958
Due to I-29 Corridor Committee	38,714	-	-	38,714
Total liabilities	\$ 84,597	\$ 74,593	\$ 57,271	\$ 101,919

Statistical Section

---

This part of the City of Brookings comprehensive annual 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.

Contents	Page
Financial Trends	128
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	140
<i>These schedules contain information to help the reader assess two of the government's significant local revenue sources: property and sales tax.</i>	
Debt Capacity	144
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	151
<i>These schedules offer demographic and economic indicators to help the reader understand the environment in which the government's financial activities take place.</i>	
Operating Information	153
<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>	

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

**Table 1**

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Governmental Activities</b>			
Net investment in capital assets	\$ 64,579,729	\$ 56,625,781	\$ 62,699,489
Restricted	5,013,005	3,156,857	2,259,218
Unrestricted	<u>22,424,600</u>	<u>20,309,859</u>	<u>14,775,779</u>
<b>Total Governmental Activities Net Position</b>	<u>92,017,334</u>	<u>80,092,497</u>	<u>79,734,486</u>
<b>Business-type Activities</b>			
Net investment in capital assets	114,205,616	104,777,360	95,258,237
Restricted	13,109,068	4,717,291	4,525,348
Unrestricted	<u>98,824,153</u>	<u>89,517,138</u>	<u>75,079,940</u>
<b>Total Business-type Activities Net Position</b>	<u>226,138,837</u>	<u>199,011,789</u>	<u>174,863,525</u>
<b>Primary Government</b>			
Net investment in capital assets	178,785,345	161,403,141	157,957,726
Restricted	18,122,073	7,874,148	6,784,566
Unrestricted	<u>121,248,753</u>	<u>109,826,997</u>	<u>89,855,719</u>
<b>Total Primary Government Net Position</b>	<u>\$ 318,156,171</u>	<u>\$ 279,104,286</u>	<u>\$ 254,598,011</u>

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

**Table 1 (continued)**

**Net Position by Component (accrual basis of accounting)**

**Last Ten Fiscal Years**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	58,460,116	\$ 52,072,530	\$ 45,842,974	\$ 45,371,397	\$ 41,597,591	\$ 35,609,628	\$ 30,072,329
	3,442,323	6,763,195	2,322,180	12,734,742	13,439,911	12,297,442	10,995,047
	<u>15,314,013</u>	<u>15,594,203</u>	<u>19,472,723</u>	<u>6,337,114</u>	<u>6,185,767</u>	<u>6,753,769</u>	<u>5,392,450</u>
	<u>77,216,452</u>	<u>74,429,928</u>	<u>67,637,877</u>	<u>64,443,253</u>	<u>61,223,269</u>	<u>54,660,839</u>	<u>46,459,826</u>
	80,957,243	73,528,406	70,247,535	65,388,333	58,727,447	52,110,330	49,026,839
	4,537,278	5,586,414	5,385,722	7,571,555	7,941,050	7,064,753	14,347,974
	<u>73,515,304</u>	<u>69,954,220</u>	<u>64,395,679</u>	<u>60,706,355</u>	<u>62,658,499</u>	<u>61,470,156</u>	<u>50,424,286</u>
	<u>159,009,825</u>	<u>149,069,040</u>	<u>140,028,936</u>	<u>133,666,243</u>	<u>129,326,996</u>	<u>120,645,239</u>	<u>113,799,099</u>
	139,417,359	125,600,936	116,090,509	110,759,730	100,325,038	87,719,958	79,099,168
	7,979,601	12,349,609	7,707,902	20,306,297	21,380,961	19,362,195	25,343,021
	<u>88,829,317</u>	<u>85,548,423</u>	<u>83,868,402</u>	<u>67,043,469</u>	<u>68,844,266</u>	<u>68,223,925</u>	<u>55,816,736</u>
<b>\$</b>	<b><u>236,226,277</u></b>	<b><u>223,498,968</u></b>	<b><u>207,666,813</u></b>	<b><u>198,109,496</u></b>	<b><u>190,550,265</u></b>	<b><u>175,306,078</u></b>	<b><u>160,258,925</u></b>

City of Brookings  
Comprehensive Annual Financial Report  
December 31, 2015

## Statistics (Unaudited)

**Table 2**

**Changes in Net Position (accrual basis of accounting)**

**Last Ten Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Expenses</b>			
Governmental Activities:			
General Government	\$ 2,865,778	\$ 3,017,290	\$ 2,358,748
Public Safety	5,054,020	5,036,493	4,764,759
Public Works	5,934,626	7,410,926	10,914,820
Health and Welfare	101,042	112,621	158,918
Culture and Recreation	7,400,596	7,168,741	6,295,703
Conservation and Development	1,209,287	1,939,064	990,262
Interest on Long-Term Debt	<u>734,534</u>	<u>808,496</u>	<u>675,609</u>
Total Governmental Activities Expenses	<u>23,299,883</u>	<u>25,493,631</u>	<u>26,158,819</u>
Business-type Activities:			
Electric	22,650,657	21,175,715	20,251,826
Hospital	54,370,009	52,211,048	36,080,349
Telephone	30,598,739	33,929,866	33,816,035
PCS	-	-	-
Liquor	3,608,454	3,664,576	9,680,751
Water	2,964,843	2,641,459	2,692,785
Wastewater	3,704,292	3,124,572	2,698,766
Airport	839,807	383,714	442,346
Golf	561,156	552,028	546,691
Solid Waster	2,168,527	2,410,877	2,580,584
Research and Technology	<u>119,473</u>	<u>181,122</u>	<u>169,691</u>
Total Business-type Activities	<u>121,585,957</u>	<u>120,274,977</u>	<u>108,959,824</u>
<b>Total Primary Government Expenses</b>	<b><u>144,885,840</u></b>	<b><u>145,768,608</u></b>	<b><u>135,118,643</u></b>
<b>Program Revenues</b>			
Governmental Activities:			
Charges for Services			
General Government	106,379	103,908	105,121
Public Safety	99,666	97,099	113,355
Public Works	2,638,528	927,311	1,104,225
Health and Welfare	10,735	11,848	10,765
Culture and Recreation	2,419,523	2,186,594	1,994,400
Conservation and Development	-	-	-
Operating Grants and Contributions	249,049	881,030	217,529
Capital Grants and Contributions	<u>5,418,303</u>	<u>221,332</u>	<u>4,736,387</u>
Total Governmental Activities Program Revenues	<u>\$ 10,942,183</u>	<u>\$ 4,429,122</u>	<u>\$ 8,281,782</u>

City of Brookings  
Comprehensive Annual Financial Report  
December 31, 2015

**Statistics (Unaudited)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	1,055,817	\$ 2,020,020	\$ 2,127,308	\$ 2,000,014	\$ 1,737,799	\$ 1,645,669	\$ 1,499,615
	4,270,067	4,118,486	3,917,316	3,690,186	3,397,216	3,186,250	2,939,777
	6,729,324	4,290,086	5,803,132	5,153,952	3,339,805	835,588	3,667,007
	92,113	93,423	89,310	93,475	87,399	87,304	77,816
	6,436,427	6,966,088	6,017,894	5,629,096	5,795,387	5,472,577	5,434,517
	2,293,814	870,748	692,741	1,362,380	1,181,557	2,185,183	1,102,739
	639,310	616,398	694,435	780,087	874,677	868,693	669,871
	<u>21,516,872</u>	<u>18,975,249</u>	<u>19,342,136</u>	<u>18,709,190</u>	<u>16,413,840</u>	<u>14,281,264</u>	<u>15,391,342</u>
	19,199,183	19,453,708	18,823,598	17,911,760	15,562,676	14,298,942	12,482,504
	35,296,152	31,719,055	30,377,015	29,827,107	27,743,482	25,231,796	22,850,330
	32,003,023	29,004,409	29,096,920	28,488,641	29,133,641	31,431,991	23,009,163
	-	-	-	-	-	1,325,629	8,113,437
	9,075,437	8,683,666	8,290,341	8,063,595	7,835,940	7,464,533	6,743,006
	2,354,964	2,523,258	2,478,061	2,425,345	2,184,665	2,151,034	2,029,178
	2,747,422	2,477,695	2,347,343	2,397,293	2,327,187	2,180,399	1,991,188
	425,870	375,364	437,557	419,489	426,354	483,848	434,238
	548,373	491,379	478,085	473,086	-	-	-
	2,164,105	2,240,293	1,948,344	1,984,222	1,846,228	1,742,340	1,679,150
	86,983	106,994	85,264	95,361	90,712	86,130	69,173
	<u>103,901,512</u>	<u>97,075,821</u>	<u>94,362,528</u>	<u>92,085,899</u>	<u>87,150,885</u>	<u>86,396,642</u>	<u>79,401,367</u>
	<b><u>125,418,384</u></b>	<b><u>116,051,070</u></b>	<b><u>113,704,664</u></b>	<b><u>110,795,089</u></b>	<b><u>103,564,725</u></b>	<b><u>100,677,906</u></b>	<b><u>94,792,709</u></b>
	279,334	133,387	67,569	86,767	146,987	97,459	311,910
	103,308	106,281	70,169	77,437	84,017	91,106	110,769
	661,937	536,813	914,078	1,133,442	496,853	463,042	301,225
	12,986	15,081	13,064	16,527	14,878	15,699	943
	1,681,932	2,035,253	1,603,842	1,755,012	1,680,555	2,053,842	1,942,243
	-	21,105	17,419	10,064	232,391	55,800	720,334
	264,644	204,509	221,492	164,708	488,979	116,898	97,179
	<u>2,198,436</u>	<u>3,780,047</u>	<u>2,676,500</u>	<u>1,971,109</u>	<u>1,311,600</u>	<u>579,544</u>	<u>702,376</u>
\$	<u>5,202,577</u>	<u>\$ 6,832,476</u>	<u>\$ 5,584,133</u>	<u>\$ 5,215,066</u>	<u>\$ 4,456,260</u>	<u>\$ 3,473,390</u>	<u>\$ 4,186,979</u>

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

**Table 2 (continued)**

**Changes in Net Position (accrual basis of accounting)**

**Last Ten Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Business-type Activities			
Charges for Services			
Electric	\$ 26,341,321	\$ 25,314,931	\$ 23,946,694
Hospital	61,882,772	53,809,700	37,829,424
Telephone	34,313,078	37,007,090	35,519,726
PCS	-	-	-
Liquor	4,169,571	3,986,650	10,593,780
Water	5,004,185	4,188,992	4,077,955
Wastewater	4,816,146	4,102,822	3,418,736
Airport	34,459	25,669	20,025
Golf	316,181	304,314	334,640
Solid Waste	3,703,602	3,485,365	3,248,335
Research and Technology	176,524	193,430	148,490
Operating Grants and Contributions	20,112	405,059	34,994
Capital Grants and Contributions	<u>2,210,269</u>	<u>11,935,303</u>	<u>7,680,056</u>
Total Business-type Activities Program Revenues	<u>142,988,220</u>	<u>144,759,325</u>	<u>126,852,855</u>
<b>Total Primary Government Program Revenues</b>	<u>153,930,403</u>	<u>149,188,447</u>	<u>135,134,637</u>
<b>Net (Expense)/Revenue</b>			
Governmental Activities	(12,357,700)	(21,064,509)	(17,877,037)
Business-type Activities	<u>21,402,263</u>	<u>24,484,348</u>	<u>17,893,031</u>
Total Primary Government Net Expense	<u>9,044,563</u>	<u>3,419,839</u>	<u>15,994</u>
<b>General Revenue and Transfers</b>			
Governmental Activities:			
Taxes			
Property Tax	4,397,088	4,230,428	3,848,367
Sales Tax	13,475,972	13,163,848	12,806,189
Other Tax	354,971	351,187	355,141
State Shared Revenues	208,033	210,750	189,336
Unrestricted Investment Earnings (Loss)	162,862	287,430	(13,967)
Gain on Disposition Of Capital Assets	-	104,521	12,233
Miscellaneous Revenue, Net	1,508,487	1,853,211	645,650
Transfers	<u>2,406,167</u>	<u>1,221,145</u>	<u>2,552,122</u>
Total Governmental Activities General Revenues	<u>\$ 22,513,580</u>	<u>\$ 21,422,520</u>	<u>\$ 20,395,071</u>

City of Brookings  
Comprehensive Annual Financial Report  
December 31, 2015

**Statistics (Unaudited)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	22,536,286	\$ 21,971,749	\$ 20,843,620	\$ 18,961,413	\$ 17,450,757	\$ 16,198,651	\$ 14,584,035
	37,778,186	33,206,801	30,634,289	30,768,105	29,132,073	27,306,264	25,663,614
	33,721,116	31,795,176	31,308,878	28,811,968	31,710,534	34,693,699	27,642,945
	-	-	-	-	-	1,273,886	7,468,302
	9,971,319	9,524,345	9,102,921	8,833,238	8,518,713	7,953,519	7,238,017
	4,026,895	3,345,211	2,931,954	2,912,247	2,764,407	2,536,785	2,270,345
	3,238,910	2,937,624	2,733,661	2,627,272	2,475,986	2,350,354	2,201,480
	70,845	38,577	50,292	29,685	28,774	45,436	69,070
	377,663	324,398	330,926	318,158	-	-	-
	3,057,700	2,893,545	3,034,242	2,954,547	2,742,602	2,792,048	2,608,938
	99,363	181,972	195,616	196,776	203,700	188,596	177,054
	105,083	84,057	38,753	78,557	172,380	81,997	23,695
	<u>2,516,752</u>	<u>902,745</u>	<u>679,348</u>	<u>1,350,487</u>	<u>1,523,419</u>	<u>735,885</u>	<u>2,056,923</u>
	<u>117,500,118</u>	<u>107,206,200</u>	<u>101,884,500</u>	<u>97,842,453</u>	<u>96,723,345</u>	<u>96,157,120</u>	<u>92,004,418</u>
	<u>122,702,695</u>	<u>114,038,676</u>	<u>107,468,633</u>	<u>103,057,519</u>	<u>101,179,605</u>	<u>99,630,510</u>	<u>96,191,397</u>
	(16,314,295)	(12,142,773)	(13,758,003)	(13,494,124)	(11,957,580)	(10,807,874)	(11,204,363)
	<u>13,598,606</u>	<u>10,130,379</u>	<u>7,521,972</u>	<u>5,756,554</u>	<u>9,572,460</u>	<u>9,760,478</u>	<u>12,603,051</u>
	<u>(2,715,689)</u>	<u>(2,012,394)</u>	<u>(6,236,031)</u>	<u>(7,737,570)</u>	<u>(2,385,120)</u>	<u>(1,047,396)</u>	<u>1,398,688</u>
	3,666,358	3,466,805	3,208,774	2,743,170	2,529,446	2,346,486	1,973,794
	11,423,187	10,869,687	10,516,247	10,405,659	10,675,328	10,574,365	9,560,754
	311,280	362,092	491,212	170,218	170,816	150,000	141,365
	173,383	154,794	174,797	184,959	174,655	187,654	187,334
	201,966	417,244	133,621	230,000	353,647	565,739	467,644
	(67,947)	175,188	153,249	(277,447)	(42,581)	(193,468)	(51,784)
	717,957	504,890	731,405	707,411	1,919,560	620,650	301,606
	<u>2,938,647</u>	<u>2,984,124</u>	<u>1,543,322</u>	<u>2,550,138</u>	<u>2,739,139</u>	<u>2,839,500</u>	<u>2,392,000</u>
\$	<u>19,364,831</u>	<u>18,934,824</u>	<u>16,952,627</u>	<u>16,714,108</u>	<u>18,520,010</u>	<u>17,090,926</u>	<u>14,972,713</u>

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

**Table 2 (continued)**

**Changes in Net Position (accrual basis of accounting)**

**Last Ten Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Business-type Activities			
Other Tax	\$ -	\$ -	\$ -
Unrestricted Investment Earnings	550,280	705,244	344,479
Gain on Disposition of Capital Assets	175,464	5,047	-
Minority Interest Payment	-	-	-
Miscellaneous Revenue, Net	192,028	174,770	168,312
Transfers	<u>(2,406,167)</u>	<u>(1,221,145)</u>	<u>(2,552,122)</u>
Total Business-type Activities General Revenues	<u>(1,488,395)</u>	<u>(336,084)</u>	<u>(2,039,331)</u>
<b>Total Primary Government General Revenues</b>	<u>21,025,185</u>	<u>21,086,436</u>	<u>18,355,740</u>
<b>Change in Net Position</b>			
Governmental Activities	10,155,880	358,011	2,518,034
Business-type Activities	<u>19,913,868</u>	<u>24,148,264</u>	<u>15,853,700</u>
<b>Total Primary Government</b>	<u>\$ 30,069,748</u>	<u>\$ 24,506,275</u>	<u>\$ 18,371,734</u>

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

---

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ -	\$ -	\$ 8,544	\$ 5,303	\$ -	\$ -
687,850	1,004,282	761,254	1,151,930	2,032,135	2,669,261	2,065,144
(102,132)	(121,605)	(115,988)	31,046	(12,290)	(694)	(512,467)
(573,316)	(332,836)	(345,268)	(184,022)	(304,943)	(2,828,288)	(1,000,000)
138,458	1,344,008	84,045	125,333	128,231	84,883	120,045
<u>(2,938,647)</u>	<u>(2,984,124)</u>	<u>(1,543,322)</u>	<u>(2,550,138)</u>	<u>(2,739,139)</u>	<u>(2,839,500)</u>	<u>(2,392,000)</u>
<u>(2,787,787)</u>	<u>(1,090,275)</u>	<u>(1,159,279)</u>	<u>(1,417,307)</u>	<u>(890,703)</u>	<u>(2,914,338)</u>	<u>(1,719,278)</u>
<u>16,577,044</u>	<u>17,844,549</u>	<u>15,793,348</u>	<u>15,296,801</u>	<u>17,629,307</u>	<u>14,176,588</u>	<u>13,253,435</u>
3,050,536	6,792,051	3,194,624	3,219,984	6,562,430	6,283,052	3,768,350
<u>10,810,819</u>	<u>9,040,104</u>	<u>6,362,693</u>	<u>4,339,247</u>	<u>8,681,757</u>	<u>6,846,140</u>	<u>10,883,773</u>
<u>\$ 13,861,355</u>	<u>\$ 15,832,155</u>	<u>\$ 9,557,317</u>	<u>\$ 7,559,231</u>	<u>\$ 15,244,187</u>	<u>\$ 13,129,192</u>	<u>\$ 14,652,123</u>

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

**Table 3**

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>General Fund</b>			
Reserved	\$ -	\$ -	\$ -
Unreserved, Designated	-	-	-
Unreserved	-	-	-
Nonspendable	3,606,784	3,907,467	2,528,342
Restricted	849,383	68,104	70,892
Committed	3,609,682	3,609,682	3,496,014
Assigned	1,528,508	1,328,102	1,237,505
Unassigned	<u>5,242,679</u>	<u>7,391,078</u>	<u>5,387,268</u>
<b>Total General Fund</b>	<b><u>14,837,036</u></b>	<b><u>16,304,433</u></b>	<b><u>12,720,021</u></b>
<b>All Other Governmental Funds</b>			
Reserved	-	-	-
Unreserved, Designated	-	-	-
Unreserved, reported in Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Nonspendable	42,111	114,912	69,673
Restricted	1,786,616	2,732,901	2,442,979
Committed	5,574,697	4,549,043	7,330,753
Assigned	2,726,334	1,834,118	-
Unassigned	<u>(1,495,895)</u>	<u>(2,633,850)</u>	<u>(3,322,382)</u>
<b>Total All Other Governmental Funds</b>	<b><u>\$ 8,633,863</u></b>	<b><u>\$ 6,597,124</u></b>	<b><u>\$ 6,521,023</u></b>

Note: In 2011, reporting of fund balance was changed to meet the requirements of GASB 54.

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ -	\$ 2,450,478	\$ 870,836	\$ 503,209	\$ 852,087	\$ 881,478
-	-	667,158	2,779,067	2,319,265	4,650,025	-
-	-	5,373,043	4,115,965	4,568,066	2,394,795	5,524,685
2,634,912	2,616,277	-	-	-	-	-
58,954	66,553	-	-	-	-	-
3,445,058	4,498,922	-	-	-	-	-
1,542,554	1,509,153	-	-	-	-	-
3,662,265	2,509,943	-	-	-	-	-
<u>11,343,743</u>	<u>11,200,848</u>	<u>8,490,679</u>	<u>7,765,868</u>	<u>7,390,540</u>	<u>7,896,907</u>	<u>6,406,163</u>
-	-	1,625,518	3,699,446	4,215,796	3,515,069	3,104,234
-	-	-	3,720,000	4,410,374	3,325,500	-
-	-	-	-	-	-	-
-	-	7,089,328	3,069,328	2,139,063	4,002,508	6,366,871
-	-	4,090,906	164,784	1,103,407	-	80,930
57,008	56,944	-	-	-	-	-
3,398,017	6,305,790	-	-	-	-	-
5,857,965	6,102,802	-	-	-	-	-
-	-	-	-	-	-	-
(2,159,902)	(1,800,429)	-	-	-	-	-
<u>\$ 7,153,088</u>	<u>\$ 10,665,107</u>	<u>\$ 12,805,752</u>	<u>\$ 10,653,558</u>	<u>\$ 11,868,640</u>	<u>\$ 10,843,077</u>	<u>\$ 9,552,035</u>

**City of Brookings**  
**Comprehensive Annual Financial Report**  
**December 31, 2015**

**Statistics (Unaudited)**

**Table 4**

**Changes in Fund Balances of Governmental Funds** (modified accrual basis of accounting)

**Last Ten Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>			
Taxes			
General Property Taxes	\$ 3,543,269	\$ 3,376,885	\$ 3,016,469
Storm Drainage Taxes	854,955	854,150	829,337
General Sales and Use Tax	13,475,972	13,163,848	12,806,189
Other Taxes	356,459	352,603	356,617
Licenses and Permits	278,742	239,343	278,460
Intergovernmental	1,763,471	1,418,147	2,264,557
Charges for Goods and Services	2,381,029	2,148,309	1,966,908
Fines and Forfeitures	114,370	119,012	131,109
Miscellaneous Revenue	2,410,762	2,068,555	868,679
<b>Total Revenue</b>	<u>25,179,029</u>	<u>23,740,852</u>	<u>22,518,325</u>
<b>Expenditures</b>			
General Government	2,597,446	2,589,569	2,028,213
Public Safety	4,368,472	4,145,744	4,010,385
Public Works	3,535,346	3,662,177	8,053,705
Health and Welfare	93,827	97,919	145,749
Culture and Recreation	5,861,992	5,869,280	5,144,313
Conservation and Development	1,238,578	1,951,862	990,262
Debt Service			
Principal	1,892,589	6,602,213	1,709,729
Interest	808,782	750,036	551,795
Capital Outlay	6,832,674	8,585,567	4,955,184
<b>Total Expenditures</b>	<u>27,229,706</u>	<u>34,254,367</u>	<u>27,589,335</u>
<b>Deficiency of Revenues under Expenditures</b>	(2,050,677)	(10,513,515)	(5,071,010)
<b>Other Financing Sources (Uses)</b>			
Transfers In	14,486,415	4,319,909	9,361,323
Transfers Out	(12,080,248)	(3,098,764)	(6,809,201)
Proceeds From Long Term Debt	187,274	12,118,405	3,081,110
Refunding Bonds Issued	-	-	-
Premium (Discount) on Bonds Issued	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Sale of Capital Assets	26,578	144,667	181,991
Insurance Recoveries	-	689,811	-
<b>Total Other Financing Sources</b>	<u>2,620,019</u>	<u>14,174,028</u>	<u>5,815,223</u>
<b>Net Change in Fund Balances</b>	<u>\$ 569,342</u>	<u>\$ 3,660,513</u>	<u>\$ 744,213</u>
Debt service as a percentage of noncapital expenditures	12.36%	25.79%	9.69%

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	2,841,272	\$ 2,652,942	\$ 2,386,777	\$ 2,195,782	\$ 2,014,817	\$ 1,852,440	\$ 1,712,943
	824,933	828,081	811,791	544,121	522,267	485,253	259,486
	11,423,187	10,869,687	10,516,247	10,405,658	10,675,328	10,574,365	9,560,755
	312,756	362,092	491,212	173,839	172,496	151,824	143,117
	415,398	221,132	158,086	226,109	258,130	221,929	57,040
	1,158,203	924,513	1,349,720	628,583	897,928	995,230	518,917
	1,660,204	2,018,029	1,585,429	1,740,750	1,900,111	2,135,782	2,802,007
	125,436	127,095	90,867	97,690	106,023	96,235	83,026
	<u>1,151,440</u>	<u>4,355,357</u>	<u>1,511,361</u>	<u>1,802,263</u>	<u>2,561,074</u>	<u>1,200,440</u>	<u>1,514,701</u>
	<u>19,912,829</u>	<u>22,358,928</u>	<u>18,901,490</u>	<u>17,814,795</u>	<u>19,108,174</u>	<u>17,713,498</u>	<u>16,651,992</u>
	1,912,768	1,812,771	1,678,891	1,677,392	1,642,248	1,587,536	1,430,745
	3,766,245	3,580,331	3,459,678	3,307,418	3,206,549	2,995,551	2,796,566
	3,969,147	3,171,773	3,018,999	2,707,472	2,537,756	2,382,443	2,197,199
	83,015	87,768	85,601	85,436	83,448	81,045	73,261
	5,128,429	5,752,280	5,065,207	4,725,144	4,908,885	4,923,233	4,913,084
	1,916,933	870,748	696,405	1,275,895	654,175	789,464	1,652,739
	2,104,628	2,067,011	610,019	1,823,340	1,901,308	1,774,883	1,405,653
	701,867	574,969	933,626	734,131	805,499	861,970	807,851
	<u>9,131,820</u>	<u>7,190,357</u>	<u>6,414,053</u>	<u>6,188,877</u>	<u>6,689,546</u>	<u>2,788,326</u>	<u>4,930,470</u>
	<u>28,714,852</u>	<u>25,108,008</u>	<u>21,962,479</u>	<u>22,525,105</u>	<u>22,429,414</u>	<u>18,184,451</u>	<u>20,207,568</u>
	(8,802,023)	(2,749,080)	(3,060,989)	(4,710,310)	(3,321,240)	(470,953)	(3,555,576)
	7,385,314	7,738,544	6,046,458	5,396,083	7,354,896	4,473,911	4,219,172
	(4,446,667)	(4,754,420)	(4,117,803)	(2,845,945)	(4,615,757)	(1,634,411)	(1,827,172)
	2,362,261	128,394	6,922,220	1,244,986	399,073	-	3,129,547
	-	-	10,735,000	-	-	-	-
	-	-	143,820	-	-	-	-
	-	-	(13,967,350)	-	-	-	-
	131,991	206,086	175,649	75,432	25,000	800	209,195
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,432,899</u>	<u>3,318,604</u>	<u>5,937,994</u>	<u>3,870,556</u>	<u>3,163,212</u>	<u>2,840,300</u>	<u>5,730,742</u>
\$	<u><u>(3,369,124)</u></u>	<u><u>569,524</u></u>	<u><u>2,877,005</u></u>	<u><u>(839,754)</u></u>	<u><u>(158,028)</u></u>	<u><u>2,369,347</u></u>	<u><u>2,175,166</u></u>
	13.61%	14.75%	9.93%	15.66%	17.20%	17.13%	14.49%

City of Brookings  
Comprehensive Annual Financial Report  
December 31, 2015

**Statistics (Unaudited)**

**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
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%
2012	922,725	531,622,005	450,729,874	983,274,604	2.65	1,127,965,599	87%
2011	802,040	536,924,455	441,438,513	979,165,008	2.58	1,088,200,532	90%
2010	658,740	531,010,785	418,790,992	950,460,517	2.56	1,057,327,279	90%
2009	1,193,330	519,390,380	404,030,050	924,613,760	2.54	1,016,293,745	91%
2008	1,276,785	481,112,678	371,310,852	853,700,315	2.54	910,434,341	94%
2007	1,034,120	438,906,975	337,813,791	777,754,886	2.57	837,500,441	93%
2006	917,860	402,262,660	307,040,591	710,221,111	2.61	787,544,821	90%

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	Overlapping Rates				Total Direct & Overlapping Rates
		County Rate	Brookings School District (1)			
			Operating	Debt Service	Total School	
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	10.61	18.07
2012	2.65	4.73	9.25	0.94	10.19	17.57
2011	2.58	4.63	9.17	0.94	10.11	17.32
2010	2.56	4.68	9.17	0.99	10.16	17.40
2009	2.54	4.70	9.23	1.04	10.27	17.51
2008 (2)	2.54	4.71	n/a	n/a	10.51	17.76
2007(2)	2.57	4.83	n/a	n/a	10.77	18.17
2006(2)	2.61	4.91	n/a	n/a	11.00	18.52

Source: County Finance Officer

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

(2) Separate operating rate and debt service rate not available for 2006-2008.

City of Brookings  
Comprehensive Annual Financial Report  
December 31, 2015

**Statistics (Unaudited)**

**Table 7**

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

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Dakotronics	\$ 30,696,500	1	2.73%	\$ 7,565,910	5	1.07%
Bel Brands USA Inc	19,720,400	2	1.76%	-		
Individual	17,902,800	3	1.59%	10,020,275	2	1.41%
Innovation Village I LLC	15,145,800	4	1.35%	-		
3M	11,969,400	5	1.07%	8,798,440	3	1.24%
Global Properties LLC	10,945,600	6	0.97%	-		
Larson Manufacturing	10,013,200	7	0.89%	6,054,345	6	0.85%
Wal-Mart	9,090,000	8	0.81%	3,588,120	9	
First Bank & Trust	8,588,100	9	0.76%	-		0.00%
PrairieLand Partners Comm	8,147,500	10	0.73%	-		
RPS Prop of Brookings	-		-	14,168,570	1	1.99%
Northern Border Pipeline	-		-	7,609,627	4	1.07%
Den-Will	-		-	3,901,600	7	0.55%
Park Place	-		-	3,736,530	8	0.53%
MPM Properties LLC	-		-	3,378,485	10	0.48%
<b>Totals</b>	<b>\$ 142,219,300</b>		<b>12.66%</b>	<b>\$ 68,821,902</b>		<b>9.18%</b>

Source : Brookings County Board of Equalization

**Table 8**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended Dec. 31	Taxes Levied for the Fiscal Year	Actual Amount	Percent of Levy Collected	Collections in Subsequent Years	Total Collection to Date	
					Amount	Percentage of Levy
2015	\$ 2,933,514	(see note below)				
2014	2,829,351	\$ 2,827,356	99.93%	\$ -	\$ 2,827,356	99.93%
2013	2,725,609	2,724,004	99.94%	1,549	2,725,553	100.00%
2012	2,610,007	2,606,943	99.88%	3,064	2,610,007	100.00%
2011	2,525,000	2,522,853	99.91%	2,147	2,525,000	100.00%
2010	2,435,050	2,431,149	99.84%	3,901	2,435,050	100.00%
2009	2,351,611	2,338,232	99.43%	13,379	2,351,611	100.00%
2008	2,145,259	2,137,070	99.62%	8,189	2,145,259	100.00%
2007	1,998,830	1,992,120	99.66%	6,710	1,998,830	100.00%
2006	1,853,677	1,839,572	99.24%	14,105	1,853,677	100.00%

**Note :** The year shown on this table indicates the year of the levy for collection in the next year, the 2015 tax levy will be collected in the year 2016, so such information is not available at the time of preparing this table.

City of Brookings  
Comprehensive Annual Financial Report  
December 31, 2015

**Statistics (Unaudited)**

**Table 9**

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

Year	General Sales Tax	Second Penny	Bed and Booze
		Sales Tax	Tax (1)
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
2012	5,353,119	5,324,296	745,772
2011	5,083,364	5,055,937	730,386
2010	4,930,652	4,904,535	681,060
2009	4,883,575	4,852,351	669,732
2008	5,034,114	5,023,927	617,287
2007	4,953,567	4,944,944	675,854
2006	4,527,049	4,518,636	515,070

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

**Table 10**

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Agriculture, Forestry, Fishing, And Mining	\$ 4,817,812	\$ 4,774,773	\$ 3,162,548	\$ 3,091,160
Construction	23,198,279	49,954,176	18,793,981	10,474,771
Manufacturing	68,317,602	66,460,875	45,156,711	41,645,668
Transportation and Public Utilities	63,736,072	61,757,973	58,710,762	53,122,067
Wholesale Trade	32,972,756	35,228,991	36,436,419	29,170,715
Retail Trade	403,696,421	388,986,776	374,772,056	353,040,255
Finance, Insurance, and Real Estate	7,289,425	7,037,098	8,502,522	7,617,294
Services	103,652,639	98,365,125	94,689,688	87,868,632
Other	31,605	243,507	1,748,854	343,496
	<b>\$ 707,712,611</b>	<b>\$ 712,809,294</b>	<b>\$ 641,973,541</b>	<b>\$ 586,374,058</b>

Source: South Dakota Department of Revenue & Regulation

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

---



---

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	3,087,586	\$ 3,181,788	\$ 3,039,659	\$ 3,440,586	\$ 3,638,773	\$ 3,605,787
	8,618,867	18,999,179	13,245,268	177,826	164,528	121,413
	38,728,774	39,870,007	44,800,267	51,595,198	54,333,786	49,164,261
	55,683,634	57,591,566	56,626,863	67,311,733	97,167,667	64,131,772
	28,177,927	28,070,480	28,379,271	17,383,415	17,746,050	16,343,978
	341,146,735	337,595,550	325,909,561	279,837,198	264,591,551	241,697,520
	7,383,082	7,198,463	7,975,351	6,457,586	7,000,195	6,242,834
	93,746,109	73,790,455	73,659,678	62,530,126	47,416,809	48,845,716
	299,735	62,855	156,915	-	-	-
<b>\$</b>	<b><u>576,872,449</u></b>	<b><u>566,360,343</u></b>	<b><u>553,792,833</u></b>	<b><u>488,733,668</u></b>	<b><u>492,059,359</u></b>	<b><u>430,153,281</u></b>

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

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

<b>Fiscal Year</b>	<b>City Direct Rate (1)</b>	<b>City Direct Rate (2)</b>	<b>State Rate</b>	<b>Total Tax Rate</b>
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%
2012	2.00%	1.00%	4.00%	7.00%
2011	2.00%	1.00%	4.00%	7.00%
2010	2.00%	1.00%	4.00%	7.00%
2009	2.00%	1.00%	4.00%	7.00%
2008	2.00%	1.00%	4.00%	7.00%
2007	2.00%	1.00%	4.00%	7.00%
2006	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**

<b>Fiscal Year</b>	<b>Sales Tax Revenue</b>		<b>Total Taxable</b>		<b>Percentage</b>	<b>Per Capita</b>
	<b>Bonds</b>		<b>Sales</b>		<b>of Actual Taxable Sales</b>	
<b>2015</b>	\$	19,936,067	\$	707,712,611	2.82%	858.39
<b>2014</b>		21,343,250		712,809,294	2.99%	918.98
<b>2013</b>		12,724,633		641,973,541	1.98%	563.26
<b>2012</b>		14,090,239		586,374,058	2.40%	623.71
<b>2011</b>		15,805,091		576,872,449	2.74%	711.04
<b>2010</b>		17,405,091		566,360,343	3.07%	789.13
<b>2009</b>		13,768,040		553,792,833	2.49%	682.13
<b>2008</b>		14,815,000		488,733,668	3.03%	745.78
<b>2007</b>		16,145,000		492,059,359	3.28%	829.52
<b>2006</b>		17,415,000		430,153,281	4.05%	926.23

City of Brookings  
Comprehensive Annual Financial Report  
December 31, 2015

**Statistics (Unaudited)**

**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 (1)	Per Capita (1)
	Capital Leases	Revenue Bonds	Notes and Loans	Revenue Bonds	Loans	Capital Leases			
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
2012	486,185	17,993,436	380,000	12,642,228	54,166	23,763,569	55,319,584	3.98%	2,449
2011	652,465	17,681,550	148,123	13,491,721	-	21,505,000	53,478,859	3.91%	2,406
2010	811,476	19,153,156	456,123	7,553,650	-	23,455,000	51,429,405	4.26%	2,332
2009	963,495	14,940,935	764,123	8,078,162	-	25,309,999	50,056,714	4.45%	2,480
2008	1,108,835	15,214,073	924,000	8,570,398	70,412	27,085,000	52,972,718	4.62%	2,667
2007	1,372,143	16,145,000	1,232,000	9,030,488	208,639	28,775,000	56,763,270	5.52%	2,916
2006	1,459,027	17,415,000	1,540,000	9,463,555	343,474	30,375,000	60,596,056	6.71%	3,223

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

**Table 14**

**Direct and Overlapping Governmental Activities Debt  
As of December 31, 2015**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt (1)
<b>Debt repaid with property taxes:</b>			
School District	\$ 25,220,000.00	76%	\$ 19,167,200
<b>Subtotal, overlapping debt</b>			19,167,200
<b>City of Brookings direct debt</b>			24,006,034
<b>Total direct and overlapping debt</b>			<u>\$ 43,173,234</u>

**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.

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

**Table 15**

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

	Fiscal year				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit (5% limit)	\$ 56,182,402	\$ 53,549,666	\$ 50,928,781	\$ 49,163,730	\$ 48,958,250
Total Net Debt applicable to Limit	<u>23,922,139</u>	<u>25,399,103</u>	<u>20,111,263</u>	<u>18,649,493</u>	<u>17,829,673</u>
Legal Debt Margin	<u>\$ 32,260,263</u>	<u>\$ 28,150,563</u>	<u>\$ 30,817,518</u>	<u>\$ 30,514,237</u>	<u>\$ 31,128,577</u>
 Total Net Debt applicable to the Limit as a Percentage of Debt Limit	 42.6%	 47.4%	 39.5%	 37.9%	 36.4%

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.

City of Brookings  
Comprehensive Annual Financial Report  
December 31, 2015

Statistics (Unaudited)

Table 15 (cont)

Legal Debt Margin Information  
Last Ten Fiscal Years

Fiscal year				
2010	2009	2008	2007	2006
\$ 47,523,026	\$ 46,230,688	\$ 42,685,016	\$ 38,887,744	\$ 35,511,056
19,609,279	15,705,058	16,208,485	17,585,639	19,298,474
<u>\$ 27,913,747</u>	<u>\$ 30,525,630</u>	<u>\$ 26,476,531</u>	<u>\$ 21,302,105</u>	<u>\$ 16,212,582</u>
41.3%	34.0%	38.0%	45.2%	54.3%

Legal Debt Margin Calculation for Fiscal Year 2015

	"No Limit" Debt	Debt Capacity at 5% (unrestricted)	Additional 10% Debt Capacity (Water/Sewer)
2015 Assessed Value	\$ 1,123,648,038		
Maximum Debt Capacity		\$ 56,182,402	\$ 112,364,804
Existing Bonds:			
2014A Sales Tax Revenue Bonds (3.15%)	-	9,370,000	-
2010A Sales Tax Revenue Bonds (1.25% to 3.15%)	-	10,000,000	-
SDHDA TIF 3 (5%)	-	635,517	-
SRF Loan No.2 Bond TIF 1 (3%)	-	566,067	-
SRF Loan No.3 Bond (3%)	-	333,900	-
SRF Loan No. 4 Bond (3%)	-	303,513	-
SRF Loan No. 5 Bond (3%)	-	202,442	-
SRF Loan No. 6 Bond (3%)	-	1,843,231	-
SRF Loan No. 7 Bond (3.25)	24,064,478	-	-
SRF Loan No. 9 Bond (3%)	-	415,625	-
Revenue Note TIF 4 (7.5%)	-	251,844	-
2000 Series Utility Revenue Bonds (6.50% to 7.75%)	3,320,000	-	-
2005 Series Electric Utility Revenue Bonds (5.95%)	1,001,751	-	-
2011 Series electric Utility Revenue Bonds (.65% to 339%)	5,495,000	-	-
Total Bonded Debt	33,881,229	23,922,139	
Other Debt:			
Series 1998 Capital Lease - Utility Equipment	4,640,000	-	-
Series 1999 Capital Lease - Utility Equipment	2,755,000	-	-
Series 2006 Capital Lease - Utility Equipment	5,300,000	-	-
Series 2012 COP - Skilled Nursing Facility	9,509,843	-	-
Series 2015A Capital Lease - Hospital Renovatino/addition	79,400	-	-
Series 2015B Capital Lease - Hospital Renovation/addition	200,600	-	-
Total Other Debt	22,484,843	-	-
Total Debt	56,366,072	23,922,139	-
Available Debt Capacity	N/A	\$ 32,260,263	\$ 112,364,804

City of Brookings  
Comprehensive Annual Financial Report  
December 31, 2015

Statistics (Unaudited)

Table 16  
Pledged-Revenue Coverage  
Last Ten Years

Fiscal Year	Sales Tax Revenue Bonds				State Revolving Fund Bond #3					
	Sales Tax Revenue	Debt Service		Coverage	Utility Service Charge	Less Operating Expense	Net Available Revenue	Debt Service		
		Principal	Interest					Principal	Interest	Coverage
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	-	-	-	-	-	-
2012	5,324,296	1,690,000	356,093	2.60	745,772	336,234	409,538	10,822	18,788	13.83
2011	5,055,937	1,600,000	470,023	2.44	-	-	-	-	-	-
2010	4,904,535	1,415,000	588,634	2.45	-	-	-	-	-	-
2009	4,852,351	1,370,000	636,508	2.42	-	-	-	-	-	-
2008	5,023,927	1,330,000	682,434	2.50	-	-	-	-	-	-
2007	4,944,944	1,270,000	725,389	2.48	-	-	-	-	-	-
2006	4,518,636	1,245,000	760,625	2.25	-	-	-	-	-	-

**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 #3 shown is backed by storm sewer fees.

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.

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

**Table 16 (continued)**

**Pledged-Revenue Coverage  
 Last Ten Years**

**2005 Utility Revenue Bonds**

Utility Service Charge	Less Operating Expense	Net Available Revenue	Debt Service		
			Principal	Interest	Coverage
\$ 371,097	\$ 41,926	\$ 329,171	\$ 53,164	\$ 61,333	2.87
356,363	42,521	313,842	50,100	64,397	2.74
348,697	40,065	308,632	47,213	67,284	2.70
347,600	44,932	302,668	44,493	70,005	2.64
348,751	44,136	304,615	41,929	72,569	2.66
345,196	49,621	295,575	39,513	74,985	2.58
310,932	43,753	267,179	37,236	77,262	2.33
312,012	40,359	271,653	35,090	79,407	2.37
327,272	56,263	271,009	33,068	81,429	2.37
255,552	43,017	212,535	216,445	93,907	0.68

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

**Table 16 (continued)**

**Pledged-Revenue Coverage  
 Last Ten Years**

**2011 Utility Revenue Bonds**

Utility Service Charge	Less Operating Expense	Net Available Revenue	Debt Service		
			Principal	Interest	Coverage
\$ 627,635	\$ -	\$ 627,635	\$ 255,000	\$ 182,745	1.43
619,932	-	619,932	250,000	185,266	1.42
599,627	-	599,627	250,000	187,557	1.37
570,484	-	570,484	250,000	185,688	1.31
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

**Table 17**

**Demographic and Economic Statistics**

**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Per Capita Income (2)	Total Personal Income		School Enrollment (3)	Unemploy- ment Rate (4)
			(thousands of dollars) (2)			
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%
2012	22,591	42,615	1,390,472		2,983	3.3%
2011	22,228	42,622	1,369,025		2,929	4.2%
2010	22,056	37,693	1,207,146		2,853	4.4%
2009	20,184	35,447	1,124,713		2,794	3.9%
2008	19,865	36,545	1,146,155		2,745	2.4%
2007	19,463	33,337	1,027,816		2,700	2.2%
2006	18,802	29,790	903,311		2,676	2.4%

- 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.

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

**Table 18**

**Principal Employers**

**Current Year and Four Years Ago**

<u>Employer</u>	<u>2015</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employed</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employed</u>
South Dakota State Univ.	3,900	1	16.79%	2,121	1	11.28%
Daktronics	1,605	2	6.91%	1,655	2	8.80%
3M	975	3	4.20%	796	3	4.23%
Larson Manufacturing	465	4	2.00%	551	4	2.93%
Brookings Health System	433	5	1.86%	405	7	2.15%
Wal-Mart	425	6	1.83%	425	6	2.26%
Twin City Fan	414	7	1.78%	257	9	1.37%
Brookings School District	400	8	1.72%	316	8	1.68%
Hy-Vee Food Store	382	9	1.64%	443	5	2.36%
City of Brookings	319	10	1.37%			
Fishback Financial Corp.	-			455	10	2.42%
<b>Total</b>	<u>9,318</u>		<u>23.33%</u>	<u>5,303</u>		<u>28.20%</u>

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

**Note:** The employment survey is not conducted annually by the Brookings Economic Development Corporation. The data from 10 years ago is not available.



**Statistics (Unaudited)**

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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Public Safety</b>										
Dispatch										
Total number of 911 calls	9,962	9,265	8,069	7,528	7,859	7,115	6,948	7,112	7,231	6,385
Total number of animals impounded	390	434	426	483	420	459	455	533	648	600
Fire										
Fire calls	202	237	203	178	180	198	185	145	190	150
Average response time (min:sec)	6:47	5:53	6:08	4:33	6:05	6:20	6:03	6:03	5:36	6:12
<b>Public Works</b>										
Community Development										
Number of code enforcement investigations	936	1,262	1,685	1,325	1,349	1,774	1,565	800	225	**
Percent of rental units inspected & Licensed	29%	19%	35%	23%	24%	19%	37%	35%	18%	0%
Engineering										
Number of building permits issued:										
Single family	88	79	70	71	60	75	114	89	113	106
Townhomes	7	5	3	6	2	2	10	9	12	15
Duplexes	-	2	-	3	-	1	2	5	9	2
Apartments	8	3	10	16	4	-	7	8	7	-
Solid Waste										
Number of households collected	4,939	4,901	4,758	4,703	4,677	4,655	4,580	4,521	4,390	4,277
Tons of recycling collected	827	822	712	584	565	575	544	517	429	432
Tons of refuse collected	4,553	4,464	4,406	4,427	4,440	4,577	4,431	4,549	4,622	4,422
Tons of yard waste collected	710	589	598	519	514	566	518	397	410	420
Street										
Total lane miles swept	244.13	-	231.44	208.00	208.00	208.00	208	197.7	197.70	197.70
Total miles swept	2,500.00*	2,500.00*	**	**	**	**	**	**	**	**
<b>Culture and Recreation</b>										
Park & Recreation										
Number of season passes sold for pool	1,559	1,559	1,410	1,828	1,721	1,861	1,659	1,405	1,567	1,481
Number of season passes sold for golf	233	198	271	329	313	329	332	282	298	321
Number of paid golf rounds played										
9-holes	4,729	2,783	3,884	4,735	4,179	4,673	5,295	4,903	4,792	4,747
18-holes	2,673	2,403	2,190	2,600	2,266	2,593	2,427	2,125	2,212	1,767
Library										
Participants in children's programs	37,838	22,216	21,033	20,940	20,695	20,084	22,384	13,355	14,861	13,655
Use of electronic databases	8,713	5,184	5,120	3,219	2,849	3,636	1,711	2,865	1,759	3,811
Total circulation	274,733	278,588	286,892	286,548	297,798	301,802	297,940	275,418	254,618	247,541
Swiftel										
Events Held at Swiftel Center	213	256	249	225	240	208	200	209	276	335

Source: City Departments

Notes:

- \* adjusted method of measuring
- \*\*Indicates information not available

City of Brookings  
 Comprehensive Annual Financial Report  
 December 31, 2015

**Statistics (Unaudited)**

**Table 21**

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

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>General Government</b>										
General Government Buildings	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	7	7	7	7	6	6	6	6	6	5
<b>Other Public Works</b>										
Paved Streets (miles)	244.13	236.90	231.44	229.89	228.8	227.97	227.34	227.21	226.93	226.67
Street lights	3,025	3,025	3,004	2,990	2,933	2,881	2,746	2,664	2,645	2,573
Traffic signals	118	130	126	126	126	126	118	118	118	118
<b>Parks and Recreation</b>										
Acreage	664.8	664.8	664.8	664.8	664.8	664.8	664.8	664.8	664.8	664.8
Playgrounds	14	13	13	13	13	13	13	12	12	12
Baseball/Softball Fields	21	21	21	21	21	21	21	20	20	20
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	124.02	124.02	122.2	121.87	121.33	121.18	119.51	118.3	114.21	113.7



brookings  
SOUTH DAKOTA

BRING YOUR DREAMS.

**CITY OF BROOKINGS, SOUTH DAKOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Transportation</b>				
Direct Funding:				
* Airport Improvement Program	20.106	3-46-0005-25-2012	\$ -	\$ 24,413
	20.106	3-46-0005-26-2013	-	1,202,701
	20.106	3-46-0005-27-2015	-	<u>131,400</u>
				\$ 1,358,514
Pass-Through the South Dakota Department of Public Safety, Office of Highway Safety:				
Highway Safety Cluster				
Alcohol Impaired Driving Countermeasures Incentive Grants I				
	20.601	2014-27-08	-	1,901
State and Community Highway Safety				
	20.600	2014-27-08	-	<u>5,642</u> 7,543
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
	20.608	2014-27-08	-	<u>845</u>
Total U.S. Department of Transportation				<u>1,366,902</u>
<b>U.S. Department of Health and Human Services</b>				
Direct Funding:				
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program				
	93.912	H9CRH22855	-	52,539
Pass-Through the South Dakota Department of Health: Public Health Emergency Preparedness				
	93.889	15PHP45	-	4,500
Pass-Through the State of South Dakota Department of Rural Health: Small Rural Hospital Improvement Grant Program				
	93.301	*****	-	<u>9,360</u>
Total U.S. Department of Health and Human Services				<u>66,399</u>
<b>General Services Administration</b>				
Pass-Through the South Dakota Federal Property Agency: Donation of Federal Surplus Personal Property (Note 3)				
	39.003	*****	-	<u>575</u>
Total General Service Administration				<u>575</u>
<b>U.S. Department of Interior</b>				
Pass-Through the South Dakota State Historic Preservation Office: Historic Preservation Fund Grants-In-Aid				
	15.904	12054336 01	-	7,292
Pass-Through the South Dakota Department Game Fish & Parks Outdoor Recreation Acquisition, Development and Planning				
	15.916	*****	-	<u>45,000</u>
Total U.S. Department of Interior				<u>52,292</u>

**CITY OF BROOKINGS, SOUTH DAKOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**U.S. Department of Justice**

## Direct Funding:

Bureau of Justice Assistance,

Bulletproof Vest Partnership Program

16.607

\*\*\*\*\*

-

682

Total U.S. Department of Justice

682**U.S. Department of Housing and Urban Development**

Pass-Through the Governor's Office Federal Funds

Community Development Block Grants

14.228

782871227

52,770

52,770

Total U.S. Department of Housing and Urban Development

52,770**U.S. Environmental Protection Agency**Pass-Through the State of South Dakota Department of Environment  
and Natural Resources

Clean Water State Revolving Fund Cluster

Capitalization Grants for Clean Water State Revolving Funds

66.468

-

187,274

187,274

Total U.S. Environmental Protection Agency

187,274**Total Federal Awards**\$ 52,770\$ 1,726,894

\*\*\*\*\* No Pass-through entity identifying number available

Note 1: The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Brookings, South Dakota (the "City") under programs of the federal government for the year ended December 31, 2015. The accompanying notes are an integral part of this Schedule. The information in this Schedule 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 cash flows, where applicable, of the City of Brookings, South Dakota.

Note 2: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the municipality. (Original acquisition cost is provided by Federal Surplus Property. It is not what the City actually paid for the items.)

Note 4: In accordance with Uniform Guidance, major programs are determined using a risk-based approach. Programs in the above schedule denoted with an asterisk (\*) are determined by the independent auditor to be major programs.

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards***

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 9, 2016, which contained a reference to the reports of other auditors and an "Emphasis of Matter" paragraph regarding a change in accounting principle. Our report includes a reference to other auditors who audited the financial statements of the Brookings Health System Fund, the Brookings Municipal Utilities Telephone, Electric, Water and Wastewater Funds, and the Brookings Health System Foundation, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### ***Internal Control Over Financial Reporting***

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the City's internal control to determine the 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 City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

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

We noted a certain matter that we reported to the City's management in a separate letter dated May 9, 2016.

***Purpose of this Report***

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

Handwritten signature of BKD, LLP in black ink.

Lincoln, Nebraska  
May 9, 2016

## Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

### Independent Auditor's Report

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

#### Report on Compliance for the Major Federal Program

We have audited the City of Brookings, South Dakota's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2015. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

#### **Opinion on the Major Federal Program**

In our opinion, the City of Brookings, South Dakota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

## Report on Internal Control Over Compliance

Management of the City of Brookings, South Dakota is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

*BKD, LLP*

Lincoln, Nebraska

May 9, 2016

**City of Brookings, South Dakota**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2015**

**Summary of Auditor's Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
- Unmodified       Qualified       Adverse       Disclaimer
2. The independent auditor's report on internal control over financial reporting disclosed:
- Significant deficiency(ies)?       Yes       None reported
- Material weakness(es)?       Yes       No
3. Noncompliance considered material to the financial statements was disclosed by the audit?       Yes       No

*Federal Awards*

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
- Significant deficiency(ies)?       Yes       None reported
- Material weakness(es)?       Yes       No
5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:
- Unmodified       Qualified       Adverse       Disclaimer
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?       Yes       No
7. The City's major program was:

Cluster/Program	CFDA Number
Airport Improvement Program	20.106

**City of Brookings, South Dakota**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2015**

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The City qualified as a low-risk auditee?  Yes  No

**City of Brookings, South Dakota**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2015**

**Findings Required to be Reported by *Government Auditing Standards***

<b>Reference Number</b>	<b>Finding</b>	<b>Questioned Costs</b>
-----------------------------	----------------	-----------------------------

---

No matters are reportable.

**Findings Required to be Reported by the Uniform Guidance**

<b>Reference Number</b>	<b>Finding</b>	<b>Questioned Costs</b>
-----------------------------	----------------	-----------------------------

---

No matters are reportable.

**City of Brookings, South Dakota**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2015**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
-----------------------------	---------------------------	---------------

---

No matters are reportable.