

Annual Comprehensive Financial Report
Year Ended December 31, 2023

City of Brookings, South Dakota

Prepared by the Finance Department

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Introductory Section
Year Ended December 31, 2023
City of Brookings, South Dakota

BRING YOUR DREAMS.



July 1, 2024

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

We are pleased to submit to you the Annual Financial Report for the City of Brookings, South Dakota, for the fiscal year ended December 31, 2023.

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

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

The City's financial statements have been audited by Eide Bailly, LLP, a firm of certified public accountants authorized to conduct the City's audit by the State of South Dakota. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Brookings for the fiscal year ended December 31, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City of Brookings' financial statements for the fiscal year ending December 31, 2023, are fairly presented in all material respects in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the year ended December 31, 2022. The Certificate of Achievement for Excellence in Financial Reporting recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate, the government unit must establish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards established by the GFOA and satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. We believe our current report continues to conform to the Certificate program requirements and is being submitted to the GFOA for review.

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

Profile of the City of Brookings

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



Home to South Dakota State University (SDSU), Brookings boasts prime educational resources for small businesses and entrepreneurs. SDSU had an enrollment just over 11,500 students in 2023, making it the largest university in the state. SDSU offers Division 1-FCS college athletics, performing arts, theater, and a variety of cultural venues. SDSU is an integral part of the community and attracts many research and technology businesses which compliment core curriculum activities. A source of recognized research and innovation, SDSU supplies a young, educated workforce with skill and determination.

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

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

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

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

South Dakota Law requires the City of Brookings to adopt an ordinance as prescribed by the Department of Legislative Audit. The ordinance shows the legal level of budgetary control is at the department level within each fund. Departments are not allowed to exceed their total allocated budget or reallocate appropriations outside their department without approval of the governing body. The legal spending authority can only be obtained through contingency funds, expenditures carryover, or supplemental budget appropriations ordinances, all of which is approved by formal action of the City Council.

Economic Condition and Outlook

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

Local Economy

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

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

The labor force continued to grow from 2022 to 2023, going from 13,721 to 13,990, respectively. Likewise, the total employed went from 13,521 to 13,640. South Dakota unemployment averaged 2.5% in 2023 compared to approximately 3.6% nationwide.

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

During 2023, the city issued 664 building permits, a decrease from the 802 permits issued in 2022. The estimated construction value of residential and nonresidential construction was \$306 million in 2023; up 245% from the \$88.7 million in 2022. This significant increase was the result of several large-scale construction projects, including the Brookings Municipal Utilities Water Treatment Plant, construction on Medary and Hillcrest Elementary Schools, a new senior living facility, and a large manufacturing facility addition. Nonresidential construction accounted for 89.8% of the estimated construction value in 2023 compared to 43.2% in 2022.

Long-Term Planning and Major Initiatives

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

- A – Fiscal Responsibility

The City of Brookings will responsibly manage resources through transparency, efficiency, equity, and exceptional customer service.

- GOAL 1: Review and update financial policies, procedures, and processes.
- GOAL 2: Develop sustainable revenue and expenditure strategies.
- GOAL 3: Maintain financial integrity and transparency.

- B – Safe, Inclusive, and Connected Community

The City of Brookings will create an environment for inclusive programs, gathering places, and events where the community can safely live, work, and come together to participate in opportunities for learning, recreation, and enjoyment.

- GOAL 1: Identify and develop programs.
- GOAL 2: Identify and develop places.
- GOAL 3: Identify and develop community events.
- GOAL 4: Increase inclusive community communication and engagement.

- C – Service and Innovation Excellence

The City of Brookings will provide an accessible environment committed to ongoing innovation and outstanding service through listening and engagement.

- GOAL 1: Enhance and streamline community and operational engagement policies and processes.
- GOAL 2: Establish intergovernmental relationships for policy-shaping efforts.

- D – Sustainability

The City of Brookings will meet environmental, community, and economic desires and needs without compromising future generations' quality of life by strategically planning, implementing, and maintaining infrastructure and facilities.

- GOAL 1: Create and implement master plans that ensure sustainable operations, services, and programs.
- GOAL 2: Develop sustainable practices, policies, and training.

- E – Economic Growth

The City of Brookings will support effective diversified community investment and equitable opportunities for prosperity.

- GOAL 1: Support a dynamic economic development ecosystem.
- GOAL 2: Encourage continued development of commercial districts throughout the community.
- GOAL 3: Implement strategies to bolster downtown development.
- GOAL 4: Maximize potential of existing community assets to generate revenue.
- GOAL 5: Evaluate and enhance economic development policies.

Major Initiatives

2023 was a great year for the City of Brookings as a long-range outlook was taken while accomplishing day-to-day activities. The highlighted projects showcase the hard work and dedication of elected officials, staff, and members of advisory boards, commissions, and committees.

Fiscal Responsibility:

- Comprehensive review and analysis of reserves by fund
- Updated 10-year operating and capital plans
- Earned the Government Finance Officers Association Certificate of Excellence in Financial Reporting
- Completed a third-party internal audit review of cash handling policies and procedures

Safe, Inclusive, and Connected Community:

- Began planning process for Library and Activity Center renovations
- Advanced plans for a new Public Safety Facility
- Continued implementation of the Parks and Bicycle Master Plans
- Initiated Downtown Master Plan process

Service, Innovation, and Excellence:

- Biannual update of Brookings Insight performance dashboard
- Implemented the Center for Public Safety Management (CPSM) Study recommendations
- Continued preparation for the Police Department to meet requirements of the Commission on Accreditation for Law Enforcement Agencies (CALEA)

Sustainability:

- Implemented Solid Waste Master Plan
- Continued progress on Storm Drainage Master Plan

Economic Growth:

- Implemented the Economic Development Master Plan
- Initiated process to review Tax Increment Financing (TIF) application and review policy
- Transferred land for Marketplace development
- Reviewed Sales Tax Grant policy
- Increased consideration of Triple Bottom Line: People, Profit, Planet

Brookings Municipal Utilities (BMU)

Brookings Municipal Utilities' assets and deferred outflows exceeded its liabilities and deferred inflows or resources by \$261,794,727 (net position) for the calendar year reported.

Total net position is comprised of the following:

1. Net investment in capital assets of \$136,710,092 includes property and equipment, net of accumulated depreciation and amortization less outstanding liabilities related to the purchase or construction of capital assets.
2. Net position of \$41,214 is restricted by constraints imposed from outside of BMU by debt covenants, and \$1,110,664 is restricted for South Dakota Retirement System (SDRS) purposes.
3. Unrestricted net position of \$123,932,757 represents the portion available to maintain BMU's continuing obligations to customers and creditors.

BMU's activities reported total ending net position of \$261,794,727 this year compared to the prior year ending net position of \$230,373,228 showing an increase of \$31,421,499 during the calendar year. Revenues and expenses related to the sale of goods and services and nonoperating revenues and expenses resulted in income before contributions and transfers of \$18,218,944. This amount is similar to what a private business might report as net profit. The Electric, Water, and Wastewater Funds received contributions from developers accounting for \$1,018,180 (or 3.2%) of the increase in net position. These contributions related to the installation of streetlights and water and wastewater mains by private developers. In addition, the Water Fund recorded grant funds as capital contributions, accounting for \$14,739,375 (or 46.9%) of the increase in net position. Net position was reduced by \$2,555,000 as a result of BMU transfers to the general fund of the City of Brookings.

BMU's total outstanding long-term liabilities increased by \$19,298,478 ending the current fiscal year at \$44,473,132 in long-term liabilities. Principal payments on debt were made in the amount of \$9,837,048, in combination with a decrease in the current portion of debt of \$1,285,198 and State Revolving Fund (SRF) loan fund advances received of \$11,269,443, resulted in a net increase in long-term debt of \$2,717,593. The net change also included an increase to long-term liabilities due to an additional interfund loan from Telephone to Wastewater, ending 2023 with a total long-term balance of \$29,815,503. Other changes to long-term liabilities included an increase of \$34,284 to Pensions and Other Post Retirement Benefits (OPEB) and a decrease to the long-term portion of lease liabilities of \$12,003. In 2023, GASB Statement no. 96 was implemented requiring the recognition of subscription liabilities which increased long-term liabilities by \$1,855,667.

Health Care

Total operating revenues, nonoperating revenues, and capital grants and contributions of \$82,822,124 exceeded total expenses of \$67,328,150 for an increase in net position of \$15,493,974. Ending net position is \$120,696,631 which is 14.7% over 2022's net position of \$105,202,657.

Market improvement throughout 2023 helped account for investment income of \$6,440,119 which is a \$12.5M positive swing over the loss experienced in 2022.

Total acute patient days continued to remain much higher than seen in the past but did decrease very slightly by -2.0%, or 81 days lower. Included as part of the total acute patient days, obstetrics inpatient days saw an increase of 18.7% over 2022 volumes with a corresponding increase of 38 newborn deliveries over 2022. Outpatient services continued to see higher than expected volumes, specifically in surgical procedures and imaging diagnostic testing which saw a 16.9% and 15.5% increase, respectively, over 2022.

Civic Infrastructure

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

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

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

- Named National Micropolitan Success Story (Walton Family Foundation, 2018)
- Perfect MEI Score – 100, (Municipal Equality Index, HRC.org, 2018-2023)
- #1 Best Places to live in SD (Niche, 2018, 2017, 2016), (chamberofcommerce.org, 2021), (Affiliated Mortgage, 2021)
- #2 Best School Districts in SD (Niche, 2019, 2018, 2017)
- #2 Safest Cities in SD (Safewise.com, 2024)
- #7 Top 10 Most Arts-Vibrant Small Communities in the U.S. (SMU Data Arts, 2019)
- Outstanding Philanthropic Community (Association of Fundraising Professionals, 2020)
- Recognized as a Tree City USA by the Arbor Day Foundation for the 40th year in a row
- Brookings Health System was named as one of the top 20 Rural Community Hospitals in the United States in 2024.
- SDSU was named the Safest College Campus in the State of South Dakota by, Your Local Security: Safest College Campuses in America

Acknowledgments

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

Respectfully submitted,

CITY OF BROOKINGS



Paul Briseno, City Manager



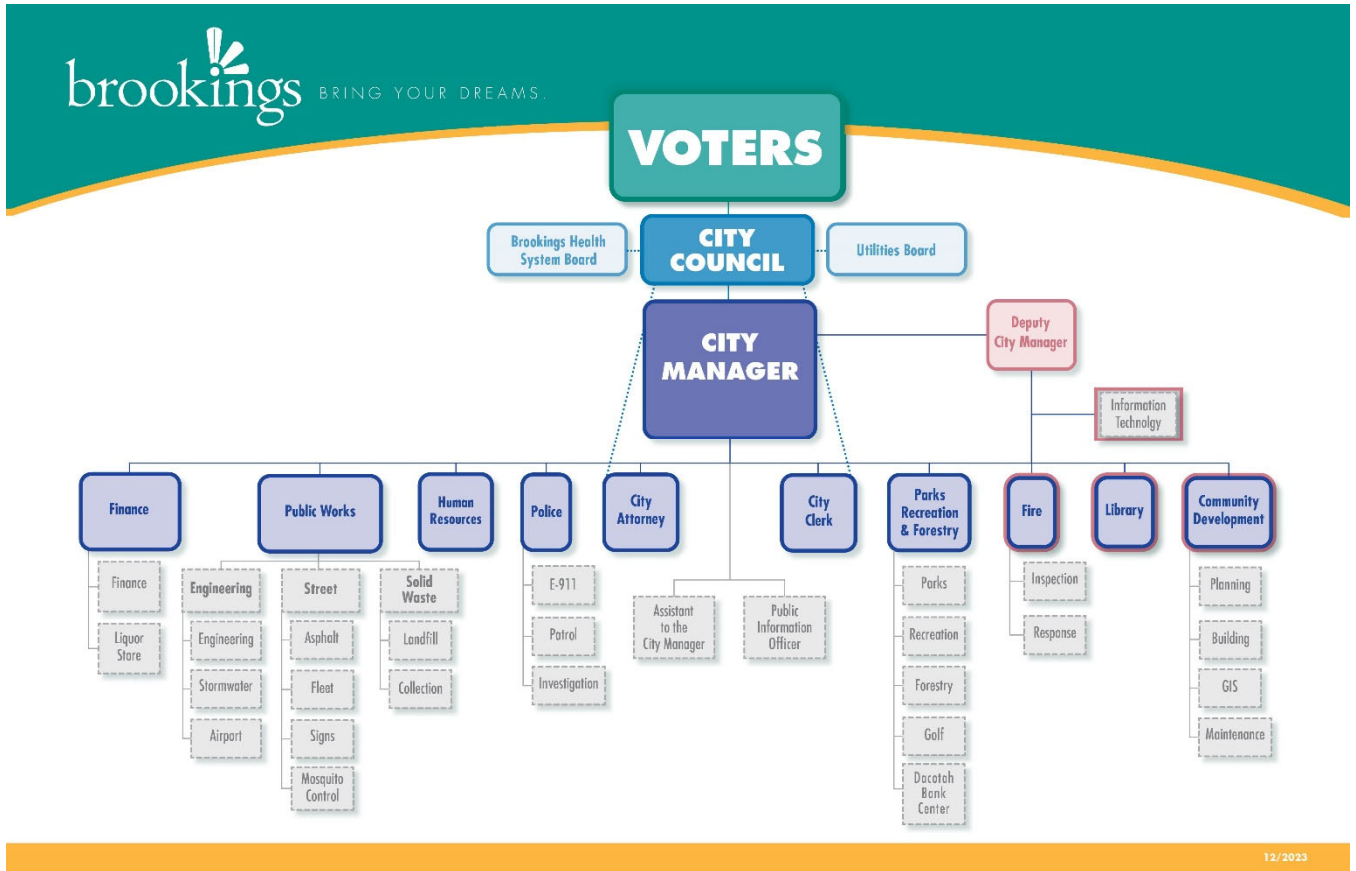
Ashley Rentsch, Finance Director

City of Brookings, South Dakota

Listing of City Officials

December 31, 2023

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Elected Officials		
Oepke "Ope" Niemeyer	Mayor	May 2024
Nick Wendell	Deputy Mayor	May 2024
Wayne Avery	Council Member	May 2024
Brianna Doran	Council Member	May 2025
Holly Tilton Byrne	Council Member	May 2025
Andrew Rasmussen	Council Member	May 2026
Bonny Specker	Council Member	May 2025
Appointed Officials		
Paul Briseno	City Manager	
Jacob Meshke	Deputy City Manager	
Steven Britzman	City Attorney	
Bonnie Foster	City Clerk	
Ashley Rentsch	Finance Director	
Mike Struck	Community Development Director	
Casey Bell	Human Resources Director	
Michael Logan	Dacotah Bank Center GM	
Ashia Gustafson	Library Director	
Kristin Zimmerman	Parks, Rec, and Forestry Director	
Sherry Fuller-Bordewyk	Public Information Officer	
John Thompson	Public Works Director	
Don Goff	IT Manager	
Michael Drake	Police Chief	
Pete Bolzer	Fire Chief	
Jason R. Merkley	Health System CEO	
Steve Meyer	Utilities EVP & GM	





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Brookings
South Dakota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morrill

Executive Director/CEO

Financial Section
Year Ended December 31, 2023
City of Brookings, South Dakota

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to the Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brookings, South Dakota (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Fargo, North Dakota
June 28, 2024

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, 2023. The information presented in this section should be considered in conjunction with that presented in the basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$587,836,237 (net position) for the calendar year reported.
- The City's total ending net position of \$587,836,237 reflects an increase of \$62,725,078 during the calendar year.
- Total net position is comprised of the following:
 - Net investment in capital assets of \$340,894,411 includes property and equipment, net of accumulated depreciation/amortization and reduced for outstanding debt related to the purchase or construction of capital assets.
 - Net position of \$7,218,371 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - Unrestricted net position of \$233,008,248 represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental activities reported a total ending net position of \$157,697,114 this year reflecting an increase of \$15,845,708 during the calendar year. Unrestricted net position of \$49,272,260 at December 31, 2023, represents 31.2% of total net position.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$9,753,347 or 48.7% of total General Fund expenditures.
- The City's business-type activities reported an increase in net position of \$46,879,370 or 74.7 percent compared to the previous year, ending the current year at \$430,139,123. This increase in business-type activities is somewhat similar to what a private business might report as net profit
- The City's total outstanding long-term liabilities increased by \$6,779,889, ending the current fiscal year at \$62,562,015.

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.

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 and recreation, conservation and development, and debt service. The business-type activities of the City include the enterprise activities of electric, water, sewer, telephone, hospital, liquor, solid waste, airport, golf course, and the research & technology facility.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintained 26 individual governmental funds for 2023. 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 and 2nd Penny Sales and Use Tax Fund, which are considered to be a major fund. Data from the other 21 governmental funds are combined into a single aggregated presentation. Fund data for each individual nonmajor governmental fund is provided in the form of combining statements following the required supplementary information.

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

Proprietary Funds

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

Internal service funds are the other type of proprietary funds. Internal service funds are used to accumulate and allocate costs internally among the City's various functions for self-insurance. Because the self-insurance funds predominately benefit the business-type functions, they have been included with the business-type activities portion of the presentation of the government-wide statements. Internal balances reflect an allocation of 35 percent of internal service fund balances to the governmental funds.

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position over time serves as a useful indicator of a government's financial position. At the close of 2022, assets and deferred outflows exceeded liabilities and deferred inflows by \$587,836,237. This reflects an increase in the City's combined net position of 11.9% between fiscal year 2022 and 2023.

The following table presents condensed financial information on the City's net position for the fiscal years ending December 31, 2023 and 2022. Amounts are shown in thousands.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 60,849,549	\$ 55,596,782	\$ 227,438,303	\$ 223,674,964	\$ 288,287,852	\$ 279,271,746
Capital assets	123,896,086	114,846,140	267,355,900	218,865,651	391,251,986	333,711,791
Total assets	184,745,635	170,442,922	494,794,203	442,540,615	679,539,838	612,983,537
Deferred Outflows of Resources	3,643,656	4,143,486	10,626,693	12,310,618	14,270,349	16,454,104
Liabilities						
Other liabilities	5,876,972	5,154,089	20,385,389	14,815,006	26,262,361	19,969,095
Long-term liabilities	21,751,679	23,990,663	40,810,336	40,757,332	62,562,015	64,747,995
Total liabilities	27,628,651	29,144,752	61,195,725	55,572,338	88,824,376	84,717,090
Deferred Inflows of Resources	3,063,526	3,590,250	14,086,048	16,019,142	17,149,574	19,609,392
Net position						
Net investment						
in capital assets	105,443,260	98,599,831	235,451,151	170,925,218	340,894,411	269,525,049
Restricted	2,981,594	1,195,001	10,951,984	9,559,237	13,933,578	10,754,238
Unrestricted	49,272,260	42,056,574	183,735,988	202,775,298	233,008,248	244,831,872
Total net position	\$ 157,697,114	\$ 141,851,406	\$ 430,139,123	\$ 383,259,753	\$ 587,836,237	\$ 525,111,159

The City elected not to restate the 2022 Financial Statements for GASB 96, as such the statements may not be comparable for right-of-use subscription IT assets.

The Statement of Net Position reports all financial and capital resources. The statement presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources in order of relative liquidity. The liabilities with maturities greater than one year are reported in two components: the amount due within one year and the amount due in more than one year. The long-term liabilities of the City, consisting primarily of compensated absences payable, sales tax revenue bonds payable, loans payable, and 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 (58.0%) of the City's net position is represented by \$340.9 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 1.2% of the total net position. These assets are subject to external restriction on how they may be used.

The remaining unrestricted balance of \$233.0 million (39.6%) may be used to meet the government's ongoing obligations to citizens and creditors. Certain balances within the unrestricted net position have internally imposed designations or limitations which may further limit the purpose for which such net position may be used.

Changes in Net Position

The growth in net position for 2023 was \$62,725,078. The governmental activities net position increased \$15,845,708 and the business-type activities net position increased \$46,879,370. The governmental activities net position increased in 2023 due to favorable sales tax performance and an increase in construction in progress for infrastructure projects including 22nd Avenue Reconstruction Phase II, University Boulevard, and a street maintenance and overlay project. The increase in business-type activities net position in 2023 compared to 2022 was due to positive net profits in the utilities funds, as well as contributions from developers and water fund grants for capital projects.

City of Brookings, South Dakota
Management's Discussion and Analysis
December 31, 2023

The following table presents condensed financial information on the City's changes in net position for the fiscal years ending December 31, 2023 and 2022. Amounts are shown in thousands.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 5,929,983	\$ 4,563,786	\$ 156,242,305	\$ 153,630,547	\$ 162,172,288	\$ 158,194,333
Operating grants and contributions	1,423,432	5,656,413	19,597	281,057	1,443,029	5,937,470
Capital grants and contributions	3,522,266	2,080,698	16,360,576	11,093,899	19,882,842	13,174,597
General revenues						
Taxes	28,636,861	26,255,420	-	-	28,636,861	26,255,420
State shared revenues	258,706	245,698	-	-	258,706	245,698
Unrestricted investment earnings (losses)	1,932,897	346,144	11,596,175	(4,712,118)	13,529,072	(4,365,974)
Miscellaneous	2,420,298	2,237,134	770,929	39,061	3,191,227	2,276,195
Total revenues	44,124,443	41,385,293	184,989,582	160,332,446	229,114,025	201,717,739
Expenses						
General government	8,344,311	4,682,100	-	-	8,344,311	4,682,100
Public safety	5,431,752	6,995,897	-	-	5,431,752	6,995,897
Public works	8,873,381	11,930,779	-	-	8,873,381	11,930,779
Health and welfare	203,596	114,115	-	-	203,596	114,115
Culture and recreation	6,686,316	8,604,916	-	-	6,686,316	8,604,916
Conservation and development	1,311,522	2,822,296	-	-	1,311,522	2,822,296
Interest and fiscal charges	466,650	505,000	-	-	466,650	505,000
Electric	-	-	25,493,188	24,716,075	25,493,188	24,716,075
Health system	-	-	67,834,662	69,417,081	67,834,662	69,417,081
Telephone	-	-	12,788,884	12,742,358	12,788,884	12,742,358
Liquor	-	-	13,352,938	12,919,462	13,352,938	12,919,462
Water	-	-	4,121,713	3,753,612	4,121,713	3,753,612
Wastewater	-	-	5,556,864	5,523,463	5,556,864	5,523,463
Airport	-	-	1,380,685	1,383,190	1,380,685	1,383,190
Golf	-	-	881,613	840,397	881,613	840,397
Solid waste	-	-	3,514,504	2,836,962	3,514,504	2,836,962
Research and technology	-	-	146,368	139,199	146,368	139,199
Total expenses	31,317,528	35,655,103	135,071,419	134,271,799	166,388,947	169,926,902
Excess before transfers	12,806,915	5,730,190	49,918,163	26,060,647	62,725,078	31,790,837
Transfers	3,038,793	3,099,023	(3,038,793)	(3,099,023)	-	-
Change in net position	15,845,708	8,829,213	46,879,370	22,961,624	62,725,078	31,790,837
Beginning net position	141,851,406	133,022,193	383,259,753	360,298,129	525,111,159	493,320,322
Ending net position	<u>\$ 157,697,114</u>	<u>\$ 141,851,406</u>	<u>\$ 430,139,123</u>	<u>\$ 383,259,753</u>	<u>\$ 587,836,237</u>	<u>\$ 525,111,159</u>

The City elected not to restate the 2022 Financial Statements for GASB 96, as such the statements may not be comparable.

Governmental Activities

Revenues for the City's governmental activities were \$44,124,443. Taxes accounted for 64.9% of the overall revenues generated in 2023 compared to 63.4% in 2022. Capital grants increased by \$1,441,568 to contributions received by BMU and South Dakota State University for street infrastructure projects, and operating grants received decreased by \$4,232,981 due to one-time American Rescue Plan Act funding that was recognized in 2022. Charges for services increased by \$1,366,197 from the previous year, primarily driven by insurance payouts for work related to the derecho damage in May 2022 that was completed in 2023. Revenues in the Recreation Department increased due to fee schedule changes and increased usage, and Public Works category revenues increased due to an influx of commercial building permits for large projects including a manufacturing facility addition, elementary school construction, water treatment plant, and a skilled nursing facility. Other revenue sources reflected a combination of increases and decreases with a minimal net effect.

The most significant source of revenue to the City is based on taxable retail sales in the community (sales and use tax). The City experienced an increase of \$1,729,442 or 9.1% in sales tax revenue compared to the prior year. The City's Ends policy takes a conservative approach to budgeting and provides that the City average the last five years' tax revenues and budget a 2.5% increase above that average. The net increase in sales and use tax revenue was reflected as follows: 8.9% or \$796,661 increase each in 1st and 2nd penny sales and use tax, and a 12.1% or \$136,117 increase in the 3rd penny Bed and Booze tax.

Governmental Activities expenses decreased by 13.9% or \$4,337,575 from 2022. This change was primarily due to the substantial completion of the 20th Street Interchange and Brookings Food Pantry projects in 2022.

Business-type Activities

Overall revenues of the City's Business-Type Activities increased 15.4% in 2023 which is higher than the 14.0% achieved in 2022. Charges for services increased \$2,611,758, or 1.7%, with the largest portion due to an increase in patient and resident volumes for the Health System.

Expenses increased by \$799,620 or 0.0% in 2023 compared to a 10.2% decrease in 2022. This is due to modest increases across all enterprise funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

General Fund

The General Fund is the primary operating fund of the City. The fund balance increased by \$3,177,411 or 12.8% from 2022. This increase is primarily due to sustained positive sales tax performance, as well as conservative budgeting and expenditure control.

In 2023, General Sales and Use Taxes increased by \$796,661 and property tax increased by \$90,692 keeping revenues relatively stable year over year. Miscellaneous revenue increased by \$923,427. Insurance payouts for expenditures related to repairs resulting from the May 2022 derecho were the main driver of this revenue. Overall revenues decreased by 4.6% or \$972,523 due to the American Rescue Plan Act funding recognized in 2022.

General Fund expenditures increased by \$2,207,130 or 12.4%. The change is mainly driven by increases across the board as service levels and budget capacity increased due to an inflationary adjustment to the tax base realized between 2021 and 2023.

2nd Penny Sales and Use Tax Fund

The 2nd Penny Sales and Use Tax Fund is used to account for the revenue and expenditures of the 2nd Penny Sales and Use Tax. Proceeds of this tax are committed by the City Council to be used for Capital Improvements which involve the construction and financing of public improvements.

In 2023, 2nd Penny Sales and Use Tax increased by \$796,661 or 8.9%. A total of \$3,510,391 in Surface Transportation Program grant funds from the State of South Dakota were recognized during the year for the second phase of 22nd Avenue reconstruction.

2nd Penny Sales and Use Tax Fund expenditures increased by \$5,559,264 or 75.0% in 2023, driven by Large projects including the second phase of 22nd Avenue reconstruction and a street overlay project on 20th Street South.

Proprietary (business-type) Funds

Electric Fund

The Electric Fund net position increased by \$5,383,170 in 2023 compared to an increase of \$4,954,808 in 2022. Operating revenues increased slightly by \$33,729 primarily due to an increase in residential and commercial sales. Kilowatt-hour sales were similar to the prior year, increasing 3.8% in 2023. Operating expenses increased by \$742,838. The cost of purchased power remains a considerable amount of all operating expenses (73%) for 2023. Nonoperating revenues increased by \$847,132 due to an increase in interest and dividend income. Capital Contributions of \$497,748 were received related to streetlights and poles installed for the new I-29 and 20th Street South interchange by a private developer in 2023. Operating transfers totaling \$2,355,000 were made from the Electric Fund to the General Fund in 2023.

Telephone Fund

The Telephone Fund net position increased by \$5,518,097 in 2023 compared to an increase of \$3,970,456 in 2022. Operating revenues decreased by \$290,216 and operating expenses increased by \$6,667 over the prior year. Nonoperating revenues increased by \$1,844,524 with better-than-expected returns on investments. On October 10, 2023, the BMU Board initiated a second interfund loan from Telephone Fund to Wastewater fund in the amount of \$16,000,000. Operating transfers totaling \$200,000 were made from the Telephone Fund to the General Fund in 2023.

Wastewater Fund

The Wastewater Fund net position increased by \$1,424,226 in 2023 compared to an increase of \$1,700,393 in 2022. Capital contributions of \$223,856 in 2023 and \$968,614 in 2022 were responsible for 15.7% and 57.0% of the increase in net position, respectively. Operating revenues increased by \$145,661 in 2023 compared to 2022. Operating expenses increased \$125,777 in 2023. Interest and dividend income from investments increased by \$374,154 in 2023. On October 10, 2023, the BMU Board initiated a second interfund loan from the Telephone Fund to the Wastewater Fund in the amount of \$16,000,000 to aid in the retirement of the State Revolving Funds (SRF) loan. The SRF loan was paid in full on October 15, 2023.

Water Fund

The Water Fund net position increased by \$19,096,006 in 2023 and \$10,698,778 in 2022. Capital contributions of \$15,035,951 in 2023 and \$7,542,272 in 2022 were responsible for 78.7% and 70.5% of the increase, respectively. Operating revenues increased by \$861,173 in 2023 compared to 2022. Operating expenses increased by \$332,834 in 2023. In 2022, the Water fund applied for funding to finance a new water treatment plant, and to extend and replace existing pipelines. An American Rescue Plan Act (ARPA) grant in the amount of \$21,039,300 was awarded for this project in 2022. BMU was also initiated loans from State Revolving Funds (SRF) totaling \$91,663,200 for the projects. Construction on the both the water treatment plant and pipeline projects began late Fall of 2022. The Water Fund received the first disbursement of funds from the SRF Loan in third quarter 2023 in the amount of \$11,269,443 and requested disbursement for an additional \$8,208,690 for construction costs incurred in 2023.

Health System Fund

Total operating revenues, nonoperating revenues, and capital grants and contributions of \$82,822,124 exceeded total expenses of \$67,328,150 for an increase in net position of \$15,493,974. Ending net position is \$120,696,631 which is 14.7% over 2022's net position of \$105,202,657. Market improvement throughout 2023 helped account for investment income of \$6,440,119 which is a \$12.5M positive swing over the loss experienced in 2022. Total acute patient days continued to remain much higher than seen in the past but did decrease very slightly by -2.0%, or 81 days lower. Included as part of the total acute patient days, obstetrics inpatient days saw an increase of 18.7% over 2022 volumes with a corresponding increase of 38 newborn deliveries over 2022. Outpatient services continued to see higher than expected volumes, specifically in surgical procedures and imaging diagnostic testing which saw a 16.9% and 15.5% increase, respectively, over 2022.

General Fund Budgetary Highlights

Over the course of the year, the City Council approved eleven budget amendments. Supplemental appropriations and contingency transfers were approved for unanticipated, yet necessary, expenses to provide for items necessary for the health and welfare of its citizens. The final General Fund expenditure budget reflects an increase to the original budget by \$5,618,216. Actual General Fund expenditures were \$4,358,436 less than the adjusted budget. This surplus was mainly driven by funds carried forward to the subsequent year for contracted services and equipment, as well as remaining funding allocations to community partners for redistribution of funds received through the American Rescue Plan Act. Overall, the departments held their spending in line with the adjusted budget for 2023. Actual General Fund revenues were \$2,398,699 more than the adjusted budget primarily due to higher-than-expected sales tax revenues and interest income.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The carrying value of the City's capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$391,251,986 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, infrastructure, buildings and improvements, equipment, right-of-use lease assets, and right-of-use subscription-based IT assets.

The following table presents a summary of capital assets, net of accumulated depreciation/amortization as of December 31, 2023 and 2022.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Capital assets (net of accumulated depreciation/amortization where applicable)						
Land	\$ 11,409,951	\$ 11,397,251	\$ 10,303,215	\$ 10,303,215	\$ 21,713,166	\$ 21,700,466
Construction in progress	8,515,208	771,115	37,337,214	10,745,870	45,852,422	11,516,985
Infrastructure	55,126,367	57,595,623	228,180	241,283	55,354,547	57,836,906
Buildings and improvements	37,625,780	36,395,634	202,323,119	182,807,506	239,948,899	219,203,140
Equipment	11,218,780	8,686,517	13,270,571	12,870,799	24,489,351	21,557,316
Right-of-use lease assets	-	-	1,735,351	1,896,977	1,735,351	1,896,977
Right-of-use subscription IT assets*	-	-	2,158,250	-	2,158,250	-
Total capital assets	<u>\$ 123,896,086</u>	<u>\$ 114,846,140</u>	<u>\$ 267,355,900</u>	<u>\$ 218,865,650</u>	<u>\$ 391,251,986</u>	<u>\$ 333,711,790</u>

*The City elected not to restate the 2022 Financial Statements for GASB 96, as such the statements may not be comparable for right-of-use subscription IT assets.

Major activity within the Governmental Activities in 2023 included the following:

- Main Building additions – Replaced exterior windows, chiller, and ceiling tiles at the Brookings Public Library, an overhead door and HVAC sensor controls at the Street Division facility, and made final payment for the Fire Training Tower.
- Main Equipment purchased – Fire Engine 2, motor grader, pay loader for the Street Division, Forestry boom truck.
- Key Infrastructure added – 22nd Avenue Reconstruction Phase II, 20th Street South overlay project, storm drainage and street improvements on University Boulevard.

Major activity in the Business-Type Activities in 2023 included the following:

- The Electric Fund used approximately \$3,600,000 of funds for the acquisition and construction of assets in 2023. The purchases of a directional boring machine, a trencher, and pickup truck and trailer accounted for \$255,000. The continued Automated Meter Reading (AMR) and the conversion of street light system to LED resulted in expenditures of \$65,000 and \$204,000, respectively. The balance was spent on distribution system facilities to meet the needs of customers.
- The Telephone Fund used approximately \$1,300,000 for the acquisition and construction of capital assets in 2023. Upgrades included the continuing deployment of fiber facilities, a variety of electronics and infrastructure improvements, and the continued deployment of broadband services.
- The Water Fund used approximately \$36,200,000 in 2023 for the acquisition and construction of assets. Construction of the new water treatment plant and replacement of pipelines projects accounted for approximately \$34,000,000. The balance was spent on the general improvements of structures and equipment. Grant funds receivable of \$6,299,925 recorded as capital contributions as of December 31, 2022, were received in 2023. An additional \$14,739,375 of grants funds were received in 2023 and recorded as capital contributions.
- The Wastewater fund used approximately \$8,700,000 for the acquisition and construction of capital assets in 2023. A majority of the funds were expended on phase 2 of the collector replacement project from 44th Street South to Main Avenue with a total cost of approximately \$5,000,000. The balance was spent in the general improvements of structures and equipment.
- The Health System cash outlay for the purchases of capital assets was \$2,312,046 in 2023. Purchases consisted of \$762,251 for a new CT Imaging machine; \$173,470 for upgrades to electricity in the original building; \$136,824 for replacement of IV pumps across multiple departments; \$130,281 for repair of the cooling system; \$68,438 for a new Ultrasound machine; \$60,180 replacement of a water heater and boiler at Brookhaven Estates; \$53,725 in Breast Biopsy equipment; \$51,527 in laptop/desktop computer replacements; and other various surgical and medical equipment.

Additional information on the City's capital assets can be found in Note 7 of this report.

Long Term Liabilities

At the end of the current fiscal year, the City had the following long-term liabilities:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Sales tax revenue bonds	\$ 11,936,051	\$ 13,174,561	\$ -	\$ -	\$ 11,936,051	\$ 13,174,561
State revolving fund bonds	2,755,111	2,952,788	11,269,443	9,837,048	14,024,554	12,789,836
Certificates of participation	-	-	17,198,692	19,339,216	17,198,692	19,339,216
Loans payable	3,666,668	4,583,334	-	-	3,666,668	4,583,334
Direct borrowings	94,996	118,960	841,172	1,131,638	936,168	1,250,598
Leases payable	-	-	1,858,652	1,969,470	1,858,652	1,969,470
Subscription-based IT agreements*	-	-	2,141,973	-	2,141,973	-
Medicare advanced payments	-	-	-	1,355,619	-	1,355,619
Amounts due under joint operating agreements	-	-	1,555,350	1,555,350	1,555,350	1,555,350
Landfill closure/postclosure	-	-	1,200,649	1,115,867	1,200,649	1,115,867
Compensated absences	1,030,133	1,079,726	1,955,600	1,691,561	2,985,733	2,771,287
Total OPEB liability	2,268,720	2,081,294	2,788,805	2,761,563	5,057,525	4,842,857
Total long-term liabilities	\$ 21,751,679	\$ 23,990,663	\$ 40,810,336	\$ 40,757,332	\$ 62,562,015	\$ 64,747,995

* The City elected not to restate the 2022 Financial Statements for GASB 96, as such the statements may not be comparable for right-of-use subscription IT assets

The City has outstanding Sales Tax Revenue Bonds in the amount of \$11,936,051 at the end of 2023. The bonds are secured by revenue generated from the 2nd Penny Sales & Use Tax Fund. The outstanding balance was issued to fund critical infrastructure projects such as sanitary, sewer and drinking water systems upgrades as well as the Larson Ice arena and Bob Shelden Park; the last of these bonds are scheduled to be retired in 2033.

In addition, the City has the following outstanding commitments:

- State Revolving Fund Bonds in the amounts of \$209,632, \$200,725, \$132,606, \$1,251,911, \$330,673, and \$827,241. These bonds are secured by Storm Drainage fees assessed to property owners. These bonds were issued to construct storm drainage projects in the Southland addition, Pheasant's Nest addition, Nelson addition, Camelot addition, Division Ave, and State Ave.
- Zero-interest outstanding loan in the amount of \$3,666,68. These loans are to be repaid from the 75% Sales and Use Tax and scheduled for completion in 2027.
- Capital acquisition lease for purchase of a scoreboard display to be paid using the Dacotah Bank Center funds in the amount of \$94,994.
- State Revolving Fund (SRF) Loan in the amount of \$11,269,443. The loan is secured by revenues of the water fund. This loan was issued to construct a new water treatment plant and the construction and replacement of water distribution lines. The interest rate on the loan is 1.875% with final maturity in 2055.
- Certificates of Participation for the construction of the skilled nursing facility in the amount of \$7,390,635.
- Certificates of Participation for the construction of the new medical office building and renovation of the existing hospital in the amount of \$2,099,230 and \$7,708,827 respectively.
- Lastly, the City is liable for the accrued compensated absences of \$1,030,133 within the Governmental Funds and \$1,796,438 within the Enterprise Funds payable to all full-time employees who have been employed for more than 6 months.

Economic Factors and Next Year's Budgets and Rates

2023 Sales & Use Tax revenues were up 8.9% from the 2022 revenue; this increase was consistent with the 9.1% increase experienced in the previous year. Due to strong economic performance and conservative budgeting practices, as required under the City's Ends Policy, the tax revenue was well over 2023's budgeted revenue. The 2024 1st and 2nd Penny Sales & Use Tax revenue was budgeted with an estimated 2.2% growth from the 2023 estimated revenue. The City's annual financial statements reflect sales tax in the month the tax was generated. For economic reporting purposes, the City shows sales tax in the month the reports are filed with the State of South Dakota.

The overall 2024 budget increased by 13.7% when compared to 2023 due to timing of capital projects, particularly due to increases in the Solid Waste Enterprise Fund expense budgets for improvements aligned with the Solid Waste Master Plan. The adopted budget for 2024 is \$70.4 million. The 2024 General Fund budget is balanced in that incoming revenues are equal to outgoing expenditures. The aggregate impact of the General Fund budgeting activity resulted in an overall budget of \$21,386,056, which is a net increase from the previous year's budget of \$2,215,672 or 11.6%. This increase is primarily driven by personnel services expenditures in line with the salary survey implemented on January 1, 2024. The budgeted increase also reflects an increased tax base due to inflation and associated sales tax performance, which exceeded expectations.

The Special Revenue Funds' budget was impacted by the following factors:

- Similar to the sustained year over year increases in 1st & 2nd Penny Sales and Use Tax, 3rd Penny Sales Tax experienced a higher-than-expected increase over budget in 2023. BID (Pillow) Tax revenues experienced a cooldown in the second half of 2023 and are modestly rebounding in the second quarter of 2024.
- All outside agency economic development and marketing efforts continue to be funded by 3rd Penny Sales Tax and Pillow Tax.
- Majority of outside agency economic development and marketing operations increased in line with projected inflation.

Property Tax levy increases are estimated based on growth and the Consumer Price Index (CPI). The property tax levy for 2023 (payable in 2024) increased by 4.7035%. In the last year, the taxable valuation for the City of Brookings has increased by \$208 million.

For 2023, the City budgeted substantial salary increase based on implementation of a salary survey of peer communities and the local market. At the time the budget was completed, due to our increased claims experience, health insurance premiums were budgeted to increase from 2023. Vision premiums remained virtually the same as 2023 as did dental coverage.

From a personnel perspective, the City General is budgeted to have 153 employees in 2024. It is the city's practice to re-evaluate positions as they come open to ensure alignment with the strategic objectives and operational needs.

The following table shows the comparison of the 2024 budget with the 2023 budget for all governmental funds.

ALL GOVERNMENTAL FUNDS			
	2023	2024	%
	BUDGET	BUDGET	CHANGE
Personnel & Benefits	\$14,473,968	\$15,776,588	9.0%
Operating Expenditure	7,348,697	10,621,601	44.5%
Subsidies / Appropriations	1,523,217	1,704,907	11.9%
Capital Expenditure	13,130,198	10,276,285	(21.7)%
Debt Service	2,783,930	2,275,475	(18.3)%
Transfers	3,281,020	4,473,039	36.3%

The increase in personnel services reflects the results of an updated salary survey to be implemented in 2024. An increase in health insurance rates was also a contributing factor. Budgeted operating expenditures increased year over year due to an increased focus on retention, recruitment, and training. Subsidies and appropriations increased primarily due to inflationary factors and support of the Downtown Brookings organization. The decrease in capital projects was due to the completion of the 22nd Avenue Reconstruction phase II project in 2023.

The following table shows the comparison of the 2024 budget with the 2023 budget for the Liquor, Airport, Solid Waste, Golf, and Research and Technology Funds.

ENTERPRISE FUNDS			
(Liquor-Airport-SWC-SWD- Golf -R&T Center)	2023	2024	% CHANGE
	BUDGET	BUDGET	
Personnel & Benefits	\$2,098,736	\$2,172,693	3.5%
Operating Expense	14,573,566	15,493,389	6.3%
Capital	1,390,600	6,584,500	373.5%
Transfers	1,047,668	1,091,842	4.2%

The increase in personnel services for the enterprise funds reflects the results of the salary survey to be implemented in 2024. Operating expenses increased mainly due to inflation, and the significant increase in capital expenses is due to implementation of the Solid Waste Master Plan recommendations.

Requests for Information

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 3rd Street Suite 230, Brookings, SD 57006.

City of Brookings, South Dakota
Statement of Net Position
December 31, 2023

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Health System Foundation
Assets				
Cash and cash equivalents	\$ 51,216,499	\$ 72,757,044	\$ 123,973,543	\$ 181,294
Investments	1,810,470	105,222,130	107,032,600	703,000
Receivables (net of allowance for uncollectibles):				
Interest	132,421	414,032	546,453	-
Taxes	37	-	37	-
Accounts	2,099,648	18,626,572	20,726,220	428,947
Special assessments	795,212	-	795,212	-
Intergovernmental	2,005,118	-	2,005,118	-
Unbilled receivables	-	1,555,029	1,555,029	-
Leases	-	5,628,261	5,628,261	-
Other	-	4,382,787	4,382,787	-
Internal balances	(833,389)	833,389	-	-
Inventories	178,303	6,668,725	6,847,028	-
Prepaid items	101,587	1,466,717	1,568,304	-
Prepaid bond insurance	8,911	-	8,911	-
Other assets	-	1,276,059	1,276,059	-
Property held for resale	2,630,000	-	2,630,000	-
Net pension asset	35,131	125,686	160,817	-
Restricted assets				
Cash and cash equivalents	669,601	8,481,872	9,151,473	-
Capital assets, net of accumulated depreciation/ amortization, where applicable				
Land	11,409,951	10,303,215	21,713,166	-
Construction in progress	8,515,208	37,337,214	45,852,422	-
Infrastructure	55,126,367	228,180	55,354,547	-
Buildings and improvements	37,625,780	202,323,119	239,948,899	-
Machinery and equipment	11,218,780	13,270,571	24,489,351	-
Right-of-use lease assets	-	1,735,351	1,735,351	-
Right-of-use subscription IT assets	-	2,158,250	2,158,250	-
Total assets	<u>184,745,635</u>	<u>494,794,203</u>	<u>679,539,838</u>	<u>1,313,241</u>
Deferred Outflows of Resources				
Other postemployment benefits	870,921	783,139	1,654,060	-
Pension plans	2,772,735	9,836,776	12,609,511	-
Excess consideration provided for acquisition	-	6,778	6,778	-
Total deferred outflows of resources	<u>3,643,656</u>	<u>10,626,693</u>	<u>14,270,349</u>	<u>-</u>

City of Brookings, South Dakota
Statement of Net Position
December 31, 2023

	Primary Government			Discretely Presented Component Unit Health System Foundation
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Accounts payable	2,767,096	17,166,579	19,933,675	993
Accrued taxes payable	-	1,466,407	1,466,407	-
Accrued wages payable	411,264	1,310,191	1,721,455	4,370
Accrued interest payable	45,776	152,114	197,890	-
Special assessments payable	20,732	-	20,732	-
Unearned revenue	2,632,104	6,858	2,638,962	-
Customer deposits	-	283,240	283,240	-
Debt				
Due within one year, other than OPEB	3,387,906	4,353,510	7,741,416	-
Due within one year, total OPEB liability	136,340	159,162	295,502	-
Due in more than one year, other than OPEB	16,095,053	33,508,859	49,603,912	-
Due in more than one year, total OPEB liability	2,132,380	2,788,805	4,921,185	-
Total liabilities	27,628,651	61,195,725	88,824,376	5,363
Deferred Inflows of Resources				
Other postemployment benefits	1,287,238	1,836,087	3,123,325	-
Pension plans	1,776,288	6,291,701	8,067,989	-
Lease related	-	5,305,708	5,305,708	-
Proceeds from the sale of future revenues	-	652,552	652,552	-
Total deferred outflows of resources	3,063,526	14,086,048	17,149,574	-
Net Position				
Net investment in capital assets	105,443,260	235,451,151	340,894,411	-
Restricted for				
Debt service and covenants	767,168	566,016	1,333,184	-
Other purposes (by donations)	52,277	-	52,277	519,254
SDRS pension purposes	1,031,578	3,670,761	4,702,339	-
Enabling legislation	1,130,571	-	1,130,571	-
Landfill closure and postclosure	-	6,715,207	6,715,207	-
Unrestricted	49,272,260	183,735,988	233,008,248	788,624
Total net position	\$ 157,697,114	\$ 430,139,123	\$ 587,836,237	\$ 1,307,878

City of Brookings, South Dakota
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Discretely Presented Component Unit Health System Foundation
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 8,344,311	\$ 2,206,630	\$ 956,527	\$ -	\$ (5,181,154)	\$ -	\$ (5,181,154)	\$ -
Public safety	5,431,752	77,080	356,675	-	(4,997,997)	-	(4,997,997)	-
Public works	8,873,381	515,783	7,460	3,510,391	(4,839,747)	-	(4,839,747)	-
Health and welfare	203,596	22,565	-	-	(181,031)	-	(181,031)	-
Culture and recreation	6,686,316	3,107,925	101,206	8,500	(3,468,685)	-	(3,468,685)	-
Conservation and development	1,311,522	-	1,564	3,375	(1,306,583)	-	(1,306,583)	-
Interest and fiscal charges	466,650	-	-	-	(466,650)	-	(466,650)	-
Total governmental activities	31,317,528	5,929,983	1,423,432	3,522,266	(20,441,847)	-	(20,441,847)	-
Business-type activities								
Electric	25,493,188	31,585,648	-	497,748	-	6,590,208	6,590,208	-
Health system	67,834,662	76,453,818	19,597	244,100	-	8,882,853	8,882,853	-
Telephone	12,788,884	15,866,296	-	-	-	3,077,412	3,077,412	-
Liquor	13,352,938	13,475,899	-	-	-	122,961	122,961	-
Water	4,121,713	7,451,559	-	15,035,951	-	18,365,797	18,365,797	-
Wastewater	5,556,864	6,304,628	-	223,856	-	971,620	971,620	-
Airport	1,380,685	63,477	-	304,539	-	(1,012,669)	(1,012,669)	-
Golf	881,613	824,790	-	-	-	(56,823)	(56,823)	-
Solid waste	3,514,504	4,095,711	-	54,382	-	635,589	635,589	-
Research and technology	146,368	120,479	-	-	-	(25,889)	(25,889)	-
Total business-type activities	135,071,419	156,242,305	19,597	16,360,576	-	37,551,059	37,551,059	-
Total primary government	166,388,947	162,172,288	1,443,029	19,882,842	(20,441,847)	37,551,059	17,109,212	-
Component unit								
Health System Foundation	\$ 319,234	\$ -	\$ 254,574	\$ -	-	-	-	(64,660)
General revenues								
Taxes								
Property taxes					6,432,193	-	6,432,193	-
Sales taxes					20,688,970	-	20,688,970	-
Other taxes					1,515,698	-	1,515,698	-
State shared revenues					258,706	-	258,706	-
Unrestricted investment earnings					1,932,897	11,596,175	13,529,072	-
Miscellaneous					2,420,298	770,929	3,191,227	-
Transfers					3,038,793	(3,038,793)	-	-
Total general revenue and transfers					36,287,555	9,328,311	45,615,866	-
Change in net position					15,845,708	46,879,370	62,725,078	(64,660)
Net position - beginning					141,851,406	383,259,753	525,111,159	1,372,538
Net position - ending					\$ 157,697,114	\$ 430,139,123	\$ 587,836,237	\$ 1,307,878

City of Brookings, South Dakota
Balance Sheet - Governmental Funds
December 31, 2023

	General	2nd Penny Sales and Use Tax	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 24,871,201	\$ 16,119,106	\$ 8,609,400	\$ 49,599,707
Investments	742,584	-	5,999	748,583
Restricted cash and cash equivalents	-	444,601	225,000	669,601
Receivables (net of allowance for uncollectibles)				
Interest	52,737	48,864	19,998	121,599
Storm drainage fees	-	-	37	37
Accounts	164,461	100,000	1,835,187	2,099,648
Special assessments	-	-	795,212	795,212
Intergovernmental	974,603	833,413	197,102	2,005,118
Due from other funds	7,071	-	152,581	159,652
Advances to other funds	936,416	60,500	-	996,916
Inventories	120,037	12,450	45,816	178,303
Prepaid items	58,156	-	43,431	101,587
Property held for resale	2,630,000	-	-	2,630,000
Total assets	\$ 30,557,266	\$ 17,618,934	\$ 11,929,763	\$ 60,105,963
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Accounts payable	\$ 1,878,949	\$ 288,411	\$ 517,859	\$ 2,685,219
Advances from other funds	-	276,353	1,254,253	1,530,606
Due to other funds	306,322	-	153,029	459,351
Accrued payroll	362,205	-	49,059	411,264
Due to other governments	2,611	-	18,121	20,732
Unearned revenue	-	636,714	1,995,390	2,632,104
Total liabilities	2,550,087	1,201,478	3,987,711	7,739,276
Deferred Inflows of Resources				
Unavailable revenue	-	-	795,248	795,248
Fund Balance (Deficit)				
Nonspendable	3,556,193	72,950	89,247	3,718,390
Restricted	52,277	-	1,897,739	1,950,016
Committed	5,810,142	16,344,506	2,843,940	24,998,588
Assigned	8,835,220	-	2,667,433	11,502,653
Unassigned	9,753,347	-	(351,555)	9,401,792
Total fund balance (deficit)	28,007,179	16,417,456	7,146,804	51,571,439
Total liabilities, deferred inflows of resources, and fund balances	\$ 30,557,266	\$ 17,618,934	\$ 11,929,763	\$ 60,105,963

City of Brookings, South Dakota
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 December 31, 2023

Total Fund Balances - Governmental Funds	\$ 51,571,439
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	123,896,086
Other assets are not available to pay for current-period expenditures and, therefore, are either not recognized as a receivable or are unearned in the funds.	795,248
Long-term assets from pensions reported in the governmental activities are not financial resources, and therefore, are not reported in the funds.	35,131
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.	580,130
Prepaid bond insurance costs are recorded as an expenditure in the fund statements, whereas in the statement of net position they are shown as an asset and amortized.	8,911
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities certain internal service funds are included in the governmental activities in the statement of net position.	2,607,624
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(21,797,455)</u>
Net Position of Governmental Activities	<u><u>\$ 157,697,114</u></u>

City of Brookings, South Dakota
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2023

	General	2nd Penny Sales and Use Tax	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
General property taxes	\$ 3,797,765	\$ -	\$ 2,634,428	\$ 6,432,193
Storm drainage taxes	-	-	1,137,934	1,137,934
General sales and use taxes	9,711,761	9,711,761	1,265,448	20,688,970
Other taxes	-	-	639,316	639,316
Special assessments	-	-	371,541	371,541
Licenses and permits	590,558	-	-	590,558
Intergovernmental	1,413,178	3,510,391	190,415	5,113,984
Charges for goods and services	491,008	-	2,681,693	3,172,701
Fines and forfeitures	60,460	-	20,440	80,900
Investment income	987,978	686,885	258,034	1,932,897
Miscellaneous	3,271,412	163,342	1,017,977	4,452,731
Total revenues	20,324,120	14,072,379	10,217,226	44,613,725
Expenditures				
Current				
General government	5,295,530	-	202,887	5,498,417
Public safety	5,493,542	-	910,328	6,403,870
Public works	3,699,764	-	280,003	3,979,767
Health and welfare	198,572	-	-	198,572
Culture and recreation	4,383,446	-	2,998,002	7,381,448
Conservation and development	419,719	100,000	1,092,452	1,612,171
Capital outlay	530,460	10,359,983	3,976,983	14,867,426
Debt service				
Principal	-	2,155,174	221,643	2,376,817
Interest and fiscal charges	-	353,720	118,101	471,821
Total expenditures	20,021,033	12,968,877	9,800,399	42,790,309
Excess of Revenues over Expenditures	303,087	1,103,502	416,827	1,823,416
Other Financing Sources (Uses)				
Transfers in	3,818,964	1,715,288	2,969,535	8,503,787
Transfers out	(963,490)	(1,221,697)	(3,279,807)	(5,464,994)
Sale of capital assets	18,850	-	-	18,850
Total other financing sources (uses)	2,874,324	493,591	(310,272)	3,057,643
Net Change in Fund Balance	3,177,411	1,597,093	106,555	4,881,059
Fund Balance, Beginning of Year	24,829,768	14,820,363	7,040,249	46,690,380
Fund Balance, End of Year	\$ 28,007,179	\$ 16,417,456	\$ 7,146,804	\$ 51,571,439

City of Brookings, South Dakota
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 4,881,059
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense.	9,160,717
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.	(110,771)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(502,353)
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	49,593
In the statement of activities OPEB is measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	(21,431)
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.	(138,886)
In the statement of activities interest expense is recognized as it accrues. In the governmental funds, however, the expenditure is measured by the amount of financial resources used.	5,171
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,376,817
Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The net revenue of certain internal service funds is reported within the governmental activities.	145,792
Change in Net Position of Governmental Activities	\$ 15,845,708

City of Brookings, South Dakota
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Taxes	\$ 3,852,862	\$ 3,852,862	\$ 3,797,765	\$ (55,097)
General sales and use taxes	8,520,246	8,520,246	9,711,761	1,191,515
Licenses and permits	293,350	293,350	590,558	297,208
Intergovernmental	32,400	404,888	1,413,178	1,008,290
Charges for goods and services	419,225	419,225	491,008	71,783
Fines and forfeitures	81,060	81,060	60,460	(20,600)
Investment income	61,668	61,668	987,978	926,310
Miscellaneous	1,640,559	3,394,984	3,271,412	(123,572)
Total revenues	<u>14,901,370</u>	<u>17,028,283</u>	<u>20,324,120</u>	<u>3,295,837</u>
Expenditures				
Current				
General government	4,075,723	6,603,921	5,295,530	1,308,391
Public safety	5,333,382	5,611,982	5,493,542	118,440
Public works	3,919,853	4,117,147	3,699,764	417,383
Public health and welfare	170,509	203,701	198,572	5,129
Culture and recreation	4,649,213	4,911,249	4,383,446	527,803
Conservation and development	-	2,200,000	419,719	1,780,281
Capital outlay	653,876	772,776	530,460	242,316
Total expenditures	<u>18,802,556</u>	<u>24,420,776</u>	<u>20,021,033</u>	<u>4,399,743</u>
Excess (Deficiency) of Revenues under Expenditures	(3,901,186)	(7,392,493)	303,087	7,695,580
Other Financing Sources (Uses)				
Transfers in	3,565,615	3,648,543	3,818,964	170,421
Transfers out	(453,490)	(963,490)	(963,490)	-
Sale of capital assets	20,000	20,000	18,850	(1,150)
Total other financing sources (uses)	<u>3,132,125</u>	<u>2,705,053</u>	<u>2,874,324</u>	<u>169,271</u>
Net Change in Fund Balances	<u>\$ (769,061)</u>	<u>\$ (4,687,440)</u>	3,177,411	<u>\$ 7,864,851</u>
Fund Balance, Beginning of Year			<u>24,829,768</u>	
Fund Balance, End of Year			<u>\$ 28,007,179</u>	

City of Brookings, South Dakota
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Major Special Revenue Fund – 2nd Penny Sales and Use Tax
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes				
General sales and use taxes	\$ 8,520,246	\$ 8,520,246	\$ 9,711,761	\$ 1,191,515
Intergovernmental	3,761,000	3,793,293	3,510,391	(282,902)
Investment income	40,000	40,000	686,885	646,885
Miscellaneous	-	158,035	163,342	5,307
Total revenues	<u>12,321,246</u>	<u>12,511,574</u>	<u>14,072,379</u>	<u>1,560,805</u>
Expenditures				
Current				
Conservation and development	100,000	100,000	100,000	-
Capital outlay	10,795,910	15,811,478	10,359,983	5,451,495
Debt service				
Principal	2,154,905	2,154,905	2,155,174	(269)
Interest and fiscal charges	357,990	357,990	353,720	4,270
Total expenditures	<u>13,408,805</u>	<u>18,424,373</u>	<u>12,968,877</u>	<u>5,455,496</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(1,087,559)	(5,912,799)	1,103,502	7,016,301
Other Financing Sources (Uses)				
Transfers in	1,378,494	1,872,454	1,715,288	(157,166)
Transfers out	(1,043,348)	(1,483,348)	(1,221,697)	261,651
Total other financing sources (uses)	<u>335,146</u>	<u>389,106</u>	<u>493,591</u>	<u>104,485</u>
Net Change in Fund Balances	<u>\$ (752,413)</u>	<u>\$ (5,523,693)</u>	1,597,093	<u>\$ 7,120,786</u>
Fund Balance, Beginning of Year			<u>14,820,363</u>	
Fund Balances, End of Year			<u>\$ 16,417,456</u>	

City of Brookings, South Dakota
Statement of Net Position
Proprietary Funds
December 31, 2023

	Enterprise Funds						Total Enterprise Funds	Internal Service Funds
	Electric	Wastewater	Health System	Telephone	Water	Nonmajor Funds		
Assets								
Current Assets								
Cash and cash equivalents	\$ 23,352,678	\$ 12,543,997	\$ 14,137,700	\$ 9,969,859	\$ 5,289,051	\$ 4,461,144	\$ 69,754,429	\$ 4,619,407
Investments	8,079,397	-	59,622,372	30,508,587	5,039,699	-	103,250,055	3,033,962
Receivables (net of allowance for uncollectibles):								
Interest	57,675	-	-	273,683	42,143	20,433	393,934	30,920
Accounts	2,343,986	757,234	12,377,924	1,276,578	790,808	1,080,042	18,626,572	-
Unbilled accounts	925,983	280,524	-	-	283,575	64,947	1,555,029	-
Current portion of leases receivable	-	-	-	79,120	69,325	47,738	196,183	-
Due from other funds	176,635	10,442	-	141,180	227,182	1,131	556,570	-
Current portion of advances to other funds	-	-	-	1,150,538	-	-	1,150,538	-
Inventories	1,714,177	76,238	1,431,120	1,780,182	626,221	1,040,787	6,668,725	-
Prepaid expenses	233,744	129,201	446,468	545,811	87,170	24,323	1,466,717	-
Total current assets	36,884,275	13,797,636	88,015,584	45,725,538	12,455,174	6,740,545	203,618,752	7,684,289
Noncurrent Assets								
Net pension asset	8,407	3,309	86,460	19,121	4,020	4,369	125,686	-
Advances to other funds	-	-	-	29,815,503	-	565,414	30,380,917	-
Leases receivable	-	-	22,145	3,577,728	1,619,560	212,645	5,432,078	-
Other receivables	-	-	4,382,787	-	-	-	4,382,787	-
Other assets	-	15,834	490,786	767,460	1,979	-	1,276,059	-
Restricted cash and cash equivalents	-	-	524,802	-	41,214	7,915,856	8,481,872	-
Capital assets								
Land	59,042	82,561	2,149,246	331,267	3,536,395	4,144,704	10,303,215	-
Construction in progress	887,802	321,285	-	20,472	35,980,831	126,824	37,337,214	-
Infrastructure	-	-	-	-	-	327,577	327,577	-
Buildings and other improvements	64,430,029	71,696,460	76,083,037	53,080,650	46,058,658	39,528,106	350,876,940	-
Machinery and equipment	3,131,460	1,593,537	25,978,227	3,733,098	906,790	9,039,066	44,382,178	-
Right of use lease assets	-	-	-	279,010	-	1,801,841	2,080,851	-
Right of use subscription based IT assets	28,942	13,797	169,299	2,062,347	13,797	-	2,288,182	-
Less accumulated depreciation/amortization	(30,104,079)	(21,714,657)	(50,409,727)	(45,183,454)	(10,012,204)	(22,816,136)	(180,240,257)	-
Total capital assets, net of accumulated depreciation/amortization	38,433,196	51,992,983	53,970,082	14,323,390	76,484,267	32,151,982	267,355,900	-
Total noncurrent assets	38,441,603	52,012,126	59,477,062	48,503,202	78,151,040	40,850,266	317,435,299	-
Total assets	75,325,878	65,809,762	147,492,646	94,228,740	90,606,214	47,590,811	521,054,051	7,684,289

City of Brookings, South Dakota
Statement of Net Position
Proprietary Funds
December 31, 2023

	Enterprise Funds						Total Enterprise Funds	Internal Service Funds
	Electric	Wastewater	Health System	Telephone	Water	Nonmajor Funds		
Deferred Outflows of Resources								
OPEB related deferred outflows of resources	21,044	11,409	507,098	86,800	13,043	143,745	783,139	-
Pension related deferred outflows of resources	609,711	261,311	6,673,188	1,669,704	278,121	344,741	9,836,776	-
Excess consideration provided for acquisition	-	-	6,778	-	-	-	6,778	-
Total deferred outflows of resources	630,755	272,720	7,187,064	1,756,504	291,164	488,486	10,626,693	-
Liabilities								
Current Liabilities								
Accounts payable	1,593,218	1,096,823	3,739,154	475,128	9,013,499	1,096,700	17,014,522	233,934
Due to other funds	5,047	21,428	45,352	143,824	32,663	8,557	256,871	-
Accrued taxes payable	129,017	231	1,261,536	29,284	458	45,881	1,466,407	-
Accrued wages payable	2,948	2,229	1,229,023	6,721	1,060	68,210	1,310,191	-
Accrued interest payable	107	50	99,457	9,364	35,267	7,869	152,114	-
Current portion of advances from other funds	-	1,150,538	-	-	-	-	1,150,538	-
Current portion of direct borrowings	-	-	2,495,291	-	-	-	2,495,291	-
Current portion of lease liabilities	-	-	-	12,003	-	171,783	183,786	-
Current portion of subscription liabilities	5,654	2,615	33,683	165,428	2,615	-	209,995	-
Current portion of compensated absences	99,504	29,309	1,035,387	128,429	21,222	150,587	1,464,438	-
Current portion of total OPEB liability	18,462	5,909	33,425	71,125	8,848	21,393	159,162	-
Unearned revenue	-	-	-	-	-	6,858	6,858	-
Customer deposits	175,880	-	42,677	49,663	-	15,020	283,240	-
Total current liabilities	2,029,837	2,309,132	10,014,985	1,090,969	9,115,632	1,592,858	26,153,413	233,934
Noncurrent Liabilities								
Advances from other funds	-	29,815,503	-	-	-	31,724	29,847,227	-
Landfill closure costs	-	-	-	-	-	1,200,649	1,200,649	-
Long-term debt, net of current portion								
Direct borrowings payable	-	-	15,544,573	-	-	-	15,544,573	-
Loans payable	-	-	-	-	11,269,443	-	11,269,443	-
Lease liabilities	-	-	-	244,278	-	1,430,588	1,674,866	-
Subscription liabilities	5,976	2,763	76,311	1,844,165	2,763	-	1,931,978	-
Compensated absences	-	-	332,000	-	-	-	332,000	-
Amount due under joint operating agreements	-	-	1,555,350	-	-	-	1,555,350	-
Total OPEB liability, net of current portion	209,474	67,040	1,270,306	806,993	100,390	334,602	2,788,805	-
Total noncurrent liabilities	215,450	29,885,306	18,778,540	2,895,436	11,372,596	2,997,563	66,144,891	-
Total liabilities	2,245,287	32,194,438	28,793,525	3,986,405	20,488,228	4,590,421	92,298,304	233,934

City of Brookings, South Dakota
Statement of Net Position
Proprietary Funds
December 31, 2023

	Enterprise Funds						Total Enterprise Funds	Internal Service Funds
	Electric	Wastewater	Health System	Telephone	Water	Nonmajor Funds		
Deferred Inflows of Resources								
OPEB related deferred inflows	194,916	110,096	839,599	381,494	103,080	206,902	1,836,087	-
Pension related deferred inflows	337,643	150,746	4,327,810	1,070,857	183,794	220,851	6,291,701	-
Lease related deferred inflows	-	-	22,145	3,426,280	1,601,194	256,089	5,305,708	-
Proceeds from the sale of future revenues	117,708	-	-	522,566	12,278	-	652,552	-
Total deferred inflows resources	650,267	260,842	5,189,554	5,401,197	1,900,346	683,842	14,086,048	-
Net Position								
Net investment in capital assets	38,421,566	51,987,605	35,794,819	12,057,516	65,209,446	31,980,199	235,451,151	-
Restricted for:								
Debt service	-	-	524,802	-	41,214	-	566,016	-
SDRS pension purposes	280,475	113,874	2,431,838	617,968	98,347	128,259	3,670,761	-
Landfill closure and postclosure	-	-	-	-	-	6,715,207	6,715,207	-
Unrestricted	34,359,038	(18,474,277)	81,945,172	73,922,158	3,159,797	3,981,369	178,893,257	7,450,355
Total net position	\$ 73,061,079	\$ 33,627,202	\$ 120,696,631	\$ 86,597,642	\$ 68,508,804	\$ 42,805,034	\$ 425,296,392	\$ 7,450,355
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time							4,842,731	
Net position of business-type activities							\$ 430,139,123	

City of Brookings, South Dakota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2023

	Enterprise Funds						Total Enterprise Funds	Internal Service Funds
	Electric	Wastewater	Health System	Telephone	Water	Nonmajor Funds		
Operating Revenues								
Charges for goods and services	\$ 30,691,540	\$ 6,168,579	\$ 74,679,360	\$ 14,271,300	\$ 7,239,600	\$ 18,580,356	\$ 151,630,735	\$ 3,939,244
Miscellaneous	894,108	136,049	1,774,458	1,594,996	211,959	-	4,611,570	-
Total operating revenues	<u>31,585,648</u>	<u>6,304,628</u>	<u>76,453,818</u>	<u>15,866,296</u>	<u>7,451,559</u>	<u>18,580,356</u>	<u>156,242,305</u>	<u>3,939,244</u>
Operating Expenses								
Personnel services	3,070,529	1,606,901	30,950,874	4,798,743	1,677,305	1,928,125	44,032,477	665,762
Other current expenses	20,161,844	1,493,999	30,127,729	4,488,484	1,606,761	3,109,523	60,988,340	-
Cost of goods sold	-	-	-	1,834,753	-	12,191,459	14,026,212	2,924,064
Insurance claims and expenses	-	-	454,400	-	-	-	454,400	-
Amortization	5,149	2,537	33,860	70,810	2,537	142,510	257,403	-
Depreciation	2,221,391	1,822,575	5,761,287	1,548,064	799,843	1,833,616	13,986,776	-
Total operating expenses	<u>25,458,913</u>	<u>4,926,012</u>	<u>67,328,150</u>	<u>12,740,854</u>	<u>4,086,446</u>	<u>19,205,233</u>	<u>133,745,608</u>	<u>3,589,826</u>
Operating Income (Loss)	<u>6,126,735</u>	<u>1,378,616</u>	<u>9,125,668</u>	<u>3,125,442</u>	<u>3,365,113</u>	<u>(624,877)</u>	<u>22,496,697</u>	<u>349,418</u>
Nonoperating Revenues (Expenses)								
Gain (loss) on disposal of assets	(34,168)	2,500	137,137	(13,674)	26,119	3,550	121,464	67,132
Investment income	1,140,598	450,087	6,440,119	2,640,472	559,123	365,776	11,596,175	-
Interest expense and fiscal charges	(107)	(630,852)	(506,512)	(34,356)	(35,267)	(70,875)	(1,277,969)	-
Contributions and donations	-	-	19,597	-	-	-	19,597	-
Miscellaneous revenue	7,364	19	33,865	213	144,967	144,437	330,865	-
Total nonoperating revenues (expenses)	<u>1,113,687</u>	<u>(178,246)</u>	<u>6,124,206</u>	<u>2,592,655</u>	<u>694,942</u>	<u>442,888</u>	<u>10,790,132</u>	<u>67,132</u>
Income (Loss) before Contributions and Transfers	<u>7,240,422</u>	<u>1,200,370</u>	<u>15,249,874</u>	<u>5,718,097</u>	<u>4,060,055</u>	<u>(181,989)</u>	<u>33,286,829</u>	<u>416,550</u>
Transfers in	-	-	-	-	-	563,875	563,875	-
Transfers out	(2,355,000)	-	-	(200,000)	-	(1,047,668)	(3,602,668)	-
Capital contributions from other governments	497,748	223,856	244,100	-	15,035,951	358,921	16,360,576	-
Change in Net Position	<u>5,383,170</u>	<u>1,424,226</u>	<u>15,493,974</u>	<u>5,518,097</u>	<u>19,096,006</u>	<u>(306,861)</u>		<u>416,550</u>
Net Position, Beginning of Year	<u>67,677,909</u>	<u>32,202,976</u>	<u>105,202,657</u>	<u>81,079,545</u>	<u>49,412,798</u>	<u>43,111,895</u>		<u>7,033,805</u>
Net Position, End of Year	<u>\$ 73,061,079</u>	<u>\$ 33,627,202</u>	<u>\$ 120,696,631</u>	<u>\$ 86,597,642</u>	<u>\$ 68,508,804</u>	<u>\$ 42,805,034</u>		<u>\$ 7,450,355</u>

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

	<u>270,758</u>
Change in net position of business-type activities	<u>\$ 270,758</u>

City of Brookings, South Dakota
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2023

	Enterprise Funds						Total Enterprise Funds	Internal Service Funds
	Electric	Wastewater	Health System	Telephone	Water	Nonmajor Funds		
Operating Activities								
Receipts from customers and users	\$ 31,909,100	\$ 4,173,819	\$ 73,042,989	\$ 14,849,403	\$ 4,669,857	\$ 18,339,266	\$ 146,984,434	\$ -
Cash received from customers pledged for debt retirement	-	2,031,501	-	-	3,171,681	-	5,203,182	-
Receipts from (payments to) other funds for services	1,856,900	155,649	-	1,690,466	(64,908)	-	3,638,107	3,939,244
Payments to suppliers for goods and services	(22,759,345)	(1,904,117)	(32,367,358)	(7,066,028)	(2,157,566)	(14,764,328)	(81,018,742)	(3,723,615)
Payments to and on behalf of employees	(3,037,813)	(1,600,204)	(29,629,576)	(4,805,859)	(1,665,742)	(1,882,590)	(42,621,784)	-
Other receipts	-	-	2,043,054	-	-	-	2,043,054	-
Net Cash from Operating Activities	7,968,842	2,856,648	13,089,109	4,667,982	3,953,322	1,692,348	34,228,251	215,629
Noncapital Financing Activities								
Transfers to other funds	(2,355,000)	-	-	(200,000)	-	(1,047,668)	(3,602,668)	-
Transfers from other funds	-	-	-	-	-	563,875	563,875	-
Interfund borrowing	-	16,000,000	-	(16,000,000)	-	-	-	-
Payments for interfund borrowing principal	-	(697,020)	-	697,020	-	215,074	215,074	-
Payments for interfund borrowing interest	-	(393,261)	-	393,261	-	-	-	-
Contributions to foundation	-	-	(202,220)	-	-	-	(202,220)	-
Noncapital grants and programs	-	-	19,597	-	-	-	19,597	-
Net Cash from (Used for) Noncapital Financing Activities	(2,355,000)	14,909,719	(182,623)	(15,109,719)	-	(268,719)	(3,006,342)	-
Capital and Related Financing Activities								
Proceeds from sale of assets	14,563	5,520	-	214	47,856	3,550	71,703	-
Receipts of lease principal	-	-	-	63,393	98,269	79,323	240,985	-
Receipts of lease interest	-	-	-	218,278	102,223	10,134	330,635	-
Long-term debt proceeds	-	-	-	-	11,269,443	-	11,269,443	-
Acquisition and construction of capital assets	(3,579,839)	(8,727,369)	(2,312,046)	(1,256,113)	(36,211,789)	(1,208,194)	(53,295,350)	-
Debt service								
Principal	(6,314)	(9,839,968)	(2,430,990)	(65,171)	(2,920)	(98,402)	(12,443,765)	-
Interest	-	(304,146)	(520,293)	(25,655)	-	(71,848)	(921,942)	-
Intergovernmental capital grants	-	-	242,100	-	21,039,300	354,699	21,636,099	-
Net Cash Used for Capital and Related Financing Activities	(3,571,590)	(18,865,963)	(5,021,229)	(1,065,054)	(3,657,618)	(930,738)	(33,112,192)	-

City of Brookings, South Dakota
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2023

	Enterprise Funds						Total Enterprise Funds	Internal Service Funds
	Electric	Wastewater	Health System	Telephone	Water	Nonmajor Funds		
Investing Activities								
Investments redeemed	8,205,879	-	34,502,578	36,306,526	7,154,437	-	86,169,420	233,510
Purchase of investments	(8,243,687)	-	(32,837,385)	(36,815,114)	(6,173,341)	-	(84,069,527)	-
Interest and dividends from investments	1,116,748	450,087	1,826,403	1,651,994	448,229	342,978	5,836,439	69,026
Distributions received	-	-	84,086	190,105	-	-	274,191	-
Net Cash from Investing Activities	<u>1,078,940</u>	<u>450,087</u>	<u>3,575,682</u>	<u>1,333,511</u>	<u>1,429,325</u>	<u>342,978</u>	<u>8,210,523</u>	<u>302,536</u>
Change in Cash and Cash Equivalents	3,121,192	(649,509)	11,460,939	(10,173,280)	1,725,029	835,869	6,320,240	518,165
Cash and Cash Equivalents, Beginning of Year	20,231,486	13,193,506	7,703,155	20,143,139	3,605,236	11,541,131	76,417,653	4,101,242
Cash and Cash Equivalents, End of Year	<u>\$ 23,352,678</u>	<u>\$ 12,543,997</u>	<u>\$ 19,164,094</u>	<u>\$ 9,969,859</u>	<u>\$ 5,330,265</u>	<u>\$ 12,377,000</u>	<u>\$ 82,737,893</u>	<u>\$ 4,619,407</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position								
Cash and cash equivalents	\$ 23,352,678	\$ 12,543,997	\$ 14,137,700	\$ 9,969,859	\$ 5,289,051	\$ 4,461,144	\$ 69,754,429	\$ 4,619,407
Restricted cash and cash equivalents	-	-	524,802	-	41,214	7,915,856	8,481,872	-
Brokerage cash included in investments	-	-	4,501,592	-	-	-	4,501,592	-
Total cash and cash equivalents, end of year	<u>\$ 23,352,678</u>	<u>\$ 12,543,997</u>	<u>\$ 19,164,094</u>	<u>\$ 9,969,859</u>	<u>\$ 5,330,265</u>	<u>\$ 12,377,000</u>	<u>\$ 82,737,893</u>	<u>\$ 4,619,407</u>

City of Brookings, South Dakota
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2023

	Enterprise Funds						Total Enterprise Funds	Internal Service Funds
	Electric	Wastewater	Health System	Telephone	Water	Nonmajor Funds		
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities								
Operating income (loss)	\$ 6,126,735	\$ 1,378,616	\$ 9,125,668	\$ 3,125,442	\$ 3,365,113	\$ (624,877)	\$ 22,496,697	\$ 349,418
Miscellaneous income	-	-	-	-	-	59,385	59,385	-
Adjustments to reconcile operating income (loss) to net cash from operating activities								
Depreciation/amortization	2,226,540	1,825,112	5,795,147	1,618,874	802,380	1,976,126	14,244,179	-
Provision for bad debts	-	-	5,406,028	-	-	-	5,406,028	-
Changes in assets and liabilities								
Accounts receivable	80,642	(250,525)	(5,574,335)	235,531	(319,978)	(290,292)	(6,118,957)	-
Unbilled receivables	101,843	3,111	-	19,533	(880)	-	123,607	-
Other receivables	-	-	100,690	-	-	-	100,690	-
Inventories	(189,667)	(26,587)	254,237	(290,447)	(71,538)	(16,625)	(340,627)	-
Prepaid expenses	(140,764)	(96,076)	(82,521)	(83,458)	(57,052)	140,738	(319,133)	-
Net pension asset	252	114	(2,331)	325	122	(194)	(1,712)	-
Other assets	-	(525)	-	(38,928)	(137)	-	(39,590)	-
Pension related deferred outflows	162,938	73,584	983,490	210,241	78,841	38,062	1,547,156	-
OPEB related deferred outflows	1,565	969	105,300	2,575	866	11,938	123,213	-
Accounts payable	(201,014)	16,870	(3,237,068)	101,721	224,483	328,915	(2,766,093)	(133,789)
Accrued taxes payable	(11,911)	(45)	258,514	(4,293)	(633)	(1,156)	240,476	-
Accrued wages payable	(2,151)	(953)	653,520	1,511	(609)	9,444	660,762	-
Other current liabilities	-	-	2,000	-	-	-	2,000	-
Compensated absences	6,692	(72)	53,728	(235)	613	20,792	81,518	-
Unearned revenue	-	-	-	-	-	(263)	(263)	-
Deposits payable	39,220	-	965	(1,118)	-	(9,920)	29,147	-
Landfill closure accruals	-	-	-	-	-	84,782	84,782	-
Total OPEB liability	8,979	5,559	120,434	14,777	4,969	31,686	186,404	-
Pension related deferred inflows	(105,155)	(47,490)	(590,683)	(135,682)	(50,882)	(26,194)	(956,086)	-
OPEB related deferred inflows	(40,404)	(25,014)	(283,674)	(66,490)	(22,356)	(39,999)	(477,937)	-
Proceeds from the sale of future revenues	(95,498)	-	-	(41,897)	-	-	(137,395)	-
Net cash from operating activities	<u>\$ 7,968,842</u>	<u>\$ 2,856,648</u>	<u>\$ 13,089,109</u>	<u>\$ 4,667,982</u>	<u>\$ 3,953,322</u>	<u>\$ 1,692,348</u>	<u>\$ 34,228,251</u>	<u>\$ 215,629</u>

City of Brookings, South Dakota
 Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2023

	Enterprise Funds						Total Enterprise Funds	Internal Service Funds
	Electric	Wastewater	Health System	Telephone	Water	Nonmajor Funds		
Supplemental Schedule of Noncash Investing and Financing Activities								
Acquisition of capital assets through capital contributions and donations	\$ 497,748	\$ 223,856	\$ -	\$ -	\$ 296,576	\$ -	\$ 1,018,180	\$ -
Acquisition of capital assets through debt	\$ 17,944	\$ 8,298	\$ 101,579	\$ 2,062,347	\$ 8,298	\$ -	\$ 2,198,466	\$ -
Accounts payable for capital assets	\$ 28,679	\$ 966,366	\$ 33,820	\$ 98,694	\$ 8,706,993	\$ -	\$ 9,834,552	\$ -

City of Brookings, South Dakota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	Custodial Funds
Assets	
Cash and cash equivalents	\$ 30,809
Accounts receivable	5,762
Total assets	36,571
Liabilities	
Accounts payable	1,897
Net Position	
Restricted for	
Section 125 plan	7,283
Rural fire department	27,391
Total net position	\$ 34,674

City of Brookings, South Dakota
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2023

	Custodial Funds
Additions	
Investment income	
Interest income	\$ 123
Contributions	83,304
Total additions	83,427
Deductions	
Benefit payments	82,195
Change in Net Position	1,232
Net Position, Beginning	33,442
Net Position, Ending	\$ 34,674

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the City of Brookings, South Dakota ("the City"):

Basis of Presentation

The financial statements of the City have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting. The City follows and implements all applicable GASB standards.

Reporting Entity

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

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

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

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

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

Government-Wide and Fund Financial Statements

The goal of government-wide financial statements is to present a broad overview of a government's finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. These two statements report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the government's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function or business-type activity and include 1) charges for services and 2) operating or capital grants and contributions that are restricted to a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are prepared for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The accrual period does not exceed one bill-paying cycle, and for the City, the length of that cycle is 45 days. The revenues which are accrued at December 31, 2023, are property taxes, storm drainage fees, and sales taxes.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major 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.

2nd Penny Sales and Use Tax Fund – The 2nd Penny Sales and Use Tax Fund is used to account for the revenue and expenditures of the 2nd penny sales tax. Proceeds of this tax are committed by the City Council to be used for capital improvements which involve the construction and financing of public improvements.

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.

The City reports the following major proprietary funds:

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

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

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

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

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

In addition, the City reports for the following fund type:

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the 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 for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds consist of custodial funds.

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

The City has the following custodial funds:

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

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

As a general rule, the City has eliminated the effect of interfund activity from the government-wide financial statements. Exceptions to this rule are when various charges exist between different functions of the government (i.e., water and sewer charges to other various functions of the City). Elimination of these charges would distort direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include the following: amounts received from those who purchase, use, or directly benefit from a program; amounts received from parties outside the City that are restricted to one or more specific programs; and earnings on investments that are legally restricted for a specific program. Revenues that do not meet the previous criteria are reported as general revenues, including all taxes.

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

Cash, Cash Equivalents and Investments

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

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

Restricted Cash and Cash Equivalents

Amounts included in restricted cash and cash equivalents represent funds required to be set aside by a covenant in an agreement with a lender for the payment of the loan.

Receivables and Payables

All outstanding balances between funds are reported as “due to/from other funds” (current portion) or “advances to/from other funds” (non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

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

Lease Receivables

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

Inventories and Prepaid Items

Inventory in the General Fund and Dacotah Bank 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.”

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.

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined.

Donated capital assets are valued at their acquisition value at the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of the capital asset are also capitalized.

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

Construction-period interest is not capitalized, 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.

Property, plant and equipment of the government with an historical cost of \$5,000 or greater is depreciated using the straight-line method over the following estimated useful lives:

Improvements other than buildings	10-25 years
Buildings	40-99 years
Machinery and equipment	3-25 years
Infrastructure	25-50 years
Utility property and improvements	10-50 years

Land and construction in progress are not depreciated.

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

Right to use subscription IT assets are recognized at the subscription commencement date and represent the City’s right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 10 years.

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.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis over the term of the related issue. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

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

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

Direct borrowing payables represent the City's obligation to make installment payments arising from the agreement. Direct borrowing payables are recognized at the agreement commencement date based on the present value of future lease payments expected to be made during the lease term.

Other Post-Employment Benefits (OPEB)

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

Pensions

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City's deferred outflows include the following: loss on debt refunding, represents the difference in the carrying value of refunded debt and its reacquisition price, which will be amortized into interest expense over the shorter of the life of the refunded or refunding debt; unrecognized items not yet charged to pension expense and OPEB expense contributions from the employer after the measurement date but before the end of the employer's reporting period, and excess consideration paid for a business acquisition.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City's deferred inflows include the following: unavailable revenues, represents certain receivables recorded by the City which are deferred as they are not received within the City's measurable period of 45 days, and are not considered measurable and available under the modified accrual basis of accounting; unrecognized items having not yet reduced pension or OPEB expense; and proceeds from the sale of future revenues. Another item is deferred inflows related to leases, where the City is the lessor and is reported in the statement of net position. The deferred inflows of resources related to leases are recognized as an inflow or resources (revenue) on the straight-line basis over the term of the lease.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements.

Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources or deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt also should be included in this component of net position. If there are unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted net position 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.

Unrestricted net position 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 Balance

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

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 Fund Balance – amounts that are not in spendable form (such as inventory and prepaid items) or are required to be maintained intact.

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

Committed Fund Balance – amounts constrained to specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and do not lapse at year-end.

Assigned Fund Balance – amounts the City intends to use for specific purposes that are neither considered restricted nor committed. City Council’s Governance and Ends policy gives the City Manager authority to assign fund balance.

Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

- Stabilization arrangement where a minimum of \$1,000,000 shall be committed and maintained for use in meeting unanticipated needs and or emergencies, such as an urgent event that affects the health, safety, or general welfare of the City, its residents, as well as public and private property. The urgent event could be an extreme blizzard, tornado, fire, flood, terrorist attack, bombing, explosions, train derailments, extreme straight-line winds/severe thunderstorm, hazardous materials incident, water contamination, failure of electrical grid, mass casualty/fatality or health epidemic. Once the City Manager or his/her designee has determined that it is necessary to draw down the fund balance, written communication shall be provided by the City Manager to the City Council, explaining the nature of the unanticipated need and/or emergency which shall require approval of the Council.

- 5% of the annual revenue of the 2nd Penny Sales and Use Tax should be committed for future economic development opportunities until a one million dollar balance is achieved.
- One-time sales of land will be added to the committed fund balance for future land purchases for industrial and economic development.

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

- Ordinance No. 19-016 commits use of 2nd Penny Sales tax for capital improvements which involve the construction and financing of public improvements designated by ordinance or resolution of the city council following a public hearing.
- Ordinance No. 21-10 commits funds to finance public storm drainage infrastructure improvements.
- Ordinance No 23-11 commits funds for retail economic development investment.
- Ordinance No 02-12 commits BID Fee funds to promotion and marketing of the City.

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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Health System Net Patient and Resident Service Revenue and Receivables

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

Patient and resident receivables are uncollateralized patient, resident, and third-party payor obligations. Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim. The carrying amount of patient and resident receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected from patients, residents, and third-party payors. Management reviews patient and resident receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients and residents due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision. Management also reviews accounts to determine if classification as charity care is appropriate.

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

Medicare - During 2009, the Health System began participation in the Centers for Medicare and Medicaid Services (CMS) Rural Community Hospital Demonstration Program (RCHD) as mandated under Section 410A of the Medicare Modernization Act. For inpatient services provided to patients under the RCHD program, the Health System is reimbursed on a cost-based methodology subject to retrospective settlement within prescribed limits compared to their initial year base costs under the program. The RCHD program concluded on September 30, 2015, but was extended for five additional years through federal legislation included in Section 15003 of the Cures Act, enacted on December 13, 2016. The RCHD was extended an additional 5 years in late December 2020 as a part of the Consolidated Appropriations Act of 2021.

The Health System is reimbursed for cost reimbursable services under the RCHD program at a tentative rate with final settlement determined after submission of annual cost reports by the Health System and audits thereof by the Medicare Administrative Contractor. The Health System's Medicare cost reports have been audited by the Medicare Administrative Contractor through the years ended December 31, 2019, and for the year ended December 31, 2021. The cost report for the December 31, 2020, period remains open, as well as the cost reports after 2021.

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

Blue Cross - Services rendered to Blue Cross subscribers are reimbursed under a prospectively determined methodology.

Nursing Home - The Health System is reimbursed for resident services at established billing rates which are determined based on historical costs adjusted annually for inflation and subject to certain limitations as prescribed by South Dakota Department of Social Services regulations. These rates are subject to retroactive adjustment by field audit. The Health System also participates in the Medicare program for which payment for resident services is made on a prospectively determined per diem rate which varies based on a case-mix resident classification system.

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

Concentration of gross revenues by major payor accounted for the following percentages of the Health System’s patient and resident service revenues for the year ended December 31,2023:

Medicare	42%
Medicaid	7%
Blue Cross	27%
Other third-party payors, patients, and residents	24%
	<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 and resident service revenue for the year ended December 31, 2023, increased by approximately \$347,000 due to differences between estimated and final settlements, removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

Medicare Advanced Payments

The Medicare Advanced Payments balance consists of unapplied advanced payments received from the Centers for Medicare and Medicaid services (CMS), in order to increase cash flow for Medicare Part A providers who were impacted by the COVID-19 pandemic. The Health System received \$8,706,914 in advanced payments during June 2020, which have started to and will continue to be recouped through processed Medicare claims. This recoupment process was originally scheduled to continue until the balance of the advanced payments had been recouped or for 365 days. Due to regulation modification during 2021, this recoupment process continues until the balance of the advanced payments has been recouped or for 29 months from the date that the advanced payments were issued, at which point any remaining unpaid balance is due. The advanced payments balance is non-interest bearing through the 29-month repayment period. The Medicare Advance Payments were fully recouped during the year ended December 31, 2023.

Charity Care

The Health System provides care to patients and residents who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Health System does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient and resident service revenue. The Health System maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The amount of charges foregone, based on established rates, was approximately \$1,290,000 for the year ended December 31, 2023. The direct and indirect costs related to these foregone charges was \$487,000 at December 31, 2023, based on the average ratio of cost to gross charges.

Implementation of GASB Statement No. 96

As of January 1, 2023, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. As a result of implementing this standard the Health System recognized a right to use subscription IT asset and subscription liability of \$140,935, the Electric Fund recognized a right to use subscription IT asset and subscription liability of \$17,944, the Telephone Fund recognized a right to use subscription IT asset and subscription liability of \$2,062,347, the Water Fund recognized a right to use subscription IT asset and subscription liability of \$8,298, and the Wastewater Fund recognized a right to use subscription IT asset and subscription liability of \$8,298 as of January 1, 2023. The impact to the 2022 was not deemed material so no adjustments to the 2022 net position, right to use subscription IT asset, and subscription liability were recorded as part of the implementation. The additional disclosures required by this standard are included in Notes 7 and 9.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government – wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

Bonds payable	\$ 14,691,162
Loans payable	3,666,668
Direct borrowings payable	94,996
Compensated absences	1,030,133
Accrued interest	45,776
Total OPEB liability	<u>2,268,720</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 21,797,455</u></u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.” The details of this difference are as follows:

Expenditures capitalized	\$ 14,484,273	
Plus: prior year construction in progress added as asset in current year	<u>700,666</u>	
Capital asset increases per Note 6		\$ 15,184,939
Less: assets disposed	(815,358)	
Less: prior year construction in progress added as asset in current year	<u>(700,666)</u>	
Capital asset decreases per Note 6		(1,516,024)
Depreciation expense		(5,323,556)
Accumulated depreciation on assets disposed		<u>704,587</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		<u><u>\$ 9,049,946</u></u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this difference are as follows:

Principal payments on bonded debt	\$ 1,436,187
Principal payments on loans payable	916,666
Principal payments on financed purchases payable	<u>23,964</u>
Net adjustment to net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 2,376,817</u></u>

Note 3 - Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

Expenditures in Excess of Appropriation

Expenditures exceeded budget in the following funds by the following amounts:

Nonmajor Funds		
BID Fee	\$	1,175
TIF-1 Innovation Campus		34,001
TIF-5 32nd Ave.		43,659
TIF-7 S. Main Ave.		25,000
TIF-8 Affordable Housing		60,904
Armory Upgrades		828

No remedial action is anticipated or required by the City regarding these excess expenditures.

Deficit Fund Balance

The following funds had a deficit fund balance at December 31, 2023:

Governmental Funds		
Nonmajor Funds		
Dacotah Bank Center	\$	260,039
20th Street Interchange		2,269

These deficits will be eliminated through future revenues, and if necessary, transfers from other funds.

Note 4 - Deposits and Investments**Deposits**

The City's cash deposits are made in qualified public depositories as defined by South Dakota Codified Law (SDCL) 4-6A-1, 7-20-1, 7-20-1.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Share Insurance (NCUA). In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

As of December 31, 2023, the carrying amount of the City's deposits was \$180,256,763 and the bank balance was \$179,146,325. The City's deposits were fully secured by FDIC coverage and pledged collateral.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2023, the City's deposits in financial institutions were fully insured or collateralized and were not exposed to custodial credit risk.

Investments

The City maintains pooled cash portfolios used by substantially all City funds using the pooled deposit and investment concept. These pools are governed by an investment policy.

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

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

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023.

As of December 31, 2023, the City had the following investments, maturities, and fair value measurements:

Investment or Cash Equivalent Type	Credit Rating	Fair Value	Maturities (in Years)			
			< 1	1 - 5	> 5 - 10	>10
General City:						
Money Market Fund: U.S Agencies	Not Rated	\$ 75,086,143	\$ 75,086,143	\$ -	\$ -	\$ -
Money Market Fund: U.S Agencies	AAA _m	28,982,284	28,982,284	-	-	-
U.S. Treasuries	AAA	1,233,000	1,233,000	-	-	-
		<u>\$ 105,301,427</u>	<u>\$ 105,301,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Brookings Health System Investment Authority:						
U.S. Treasury Bills	AAA	\$ 5,770,550	\$ 5,770,550	\$ -	\$ -	\$ -
U.S. Treasury Notes	AAA	5,626,096	2,730,325	2,895,771	-	-
Corporate Bonds	*	1,133,223	198,672	780,558	153,993	-
Equity Mutual Funds	N/A	24,030,165	24,030,165	-	-	-
Equities	N/A	18,434,232	18,434,232	-	-	-
Accrued Income		126,514	-	-	-	-
		<u>\$ 55,120,780</u>	<u>\$ 51,163,944</u>	<u>\$ 3,676,329</u>	<u>\$ 153,993</u>	<u>\$ -</u>

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

The following table presents the assets measure at fair value on a recurring basis, except those measured at cost as identified below, at December 31, 2023:

	Total	Level 1	Level 2	Level 3
General City:				
U.S. Treasuries	<u>\$ 1,233,000</u>	<u>\$ -</u>	<u>\$ 1,233,000</u>	<u>\$ -</u>
Brookings Health System Investment Authority:				
Corporate bonds	\$ 1,133,223	\$ -	\$ 1,133,223	\$ -
Mutual funds	24,030,165	24,030,165	-	-
Equities	18,434,232	18,434,232	-	-
	<u>\$ 43,597,620</u>	<u>\$ 42,464,397</u>	<u>\$ 1,133,223</u>	<u>\$ -</u>

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

General City Investment Policy

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

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits eligible investments for the City, as discussed above. The City has an investment policy that does not further limit its investment choices.

Custodial Credit Risk – Custodial credit risk is 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 \$1,304,255 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 \$75,086,143 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 \$28,899,386 are held in a safekeeping account with Wells Fargo Asset Management in Brookings, South Dakota.

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

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer. As of December 31, 2023, the City had investments in excess of 5% of the total investment portfolio: 71.3% of the City's investments are in money markets at First Bank & Trust Wealth Management Services, 27.4% are in money markets at Wells Fargo Asset Management.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has a formal investment policy that limits investment maturities to less than five years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Brookings Health System Investment Authority Policy

Credit Risk - The investments held by the Brookings Health System Investment Authority are not limited by the provisions of SDCL 4-5-6, and the composition of the portfolio is determined by management and the board of directors of the Authority. The entire investment portfolio of the Health System was held in the name of the Brookings Health System Investment Authority as of December 31, 2023.

Custodial Credit Risk – Deposits – South Dakota statutes require that all municipal deposits are made in qualified public depositories, and that these depositories maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as FDIC and NCUA. As of December 31, 2023, all of the Health System’s deposits were secured in accordance with these provisions.

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

The investments held by the Brookings Health System Investment Authority, with a fair value of \$55,120,780 are held by a custodial bank that is an agent of the City, the Health System or the Investment Authority.

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

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

Deposits and investments are included in the financial statements of the primary government as follows:

Cash and cash equivalents	
Statement of net position	\$ 123,973,543
Statement of fiduciary net position	30,809
Investments	
Statement of net position	107,032,600
Restricted cash and cash equivalents	
Statement of net position	9,151,473
	<u>\$ 240,188,425</u>
Deposits and cash on hand	\$ 133,155,825
Certificates of Deposit	47,809,180
Investments	59,223,420
	<u>\$ 240,188,425</u>

Note 5 - Receivables

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, 2023, the allowance for doubtful accounts in the Enterprise Funds were as follows:

Electric	\$	68,700
Wastewater		17,800
Health System		3,952,000
Telephone		11,200
Water		19,600
		4,069,300
	\$	4,069,300

Note 6 - Other Assets

Other assets at December 31, 2023, were as follows:

Telephone Fund		
South Dakota Network, LLC	\$	330,357
Express Communications, Inc.		11,895
DHE, LLC		72,039
Capital Credits		353,169
		767,460
Total telephone fund		767,460
Wastewater Fund - Capital Credits		15,834
Water Fund - Capital Credits		1,979
Health System Fund *		490,786
		490,786
Total other assets	\$	1,276,059

*See Note 16 - Investment in Joint Venture

There is an operating agreement between all of the members of South Dakota Network, LLC, (SDN) including the Telephone Fund, which requires a selling member to first offer to other members any units available for sale. The Telephone Fund owns 7.84% of this company. The Telephone Fund received distributions from SDN of \$156,771 in 2023. In the course of providing many of its network services, SDN uses the fiber network of its members. The members are compensated for the use of their networks through an agreed upon revenue sharing model. Payments to the Telephone Fund relating to these services were approximately \$616,000 in 2023 and are recorded as miscellaneous operating revenues in the statement of revenues, expenses and changes in net position. SDN also provides a variety of telecommunication services to its members. The services are covered by mutually agreed upon pricing and terms. Payments from the Telephone Fund to SDN related to these services were approximately \$384,000 in 2023.

There is a buy-sell agreement between all of the shareholders of Express Communications, Inc. including the Telephone Fund, which requires a selling shareholder to first offer to other shareholders any stock available for sale. The Telephone Fund owns 11,368 shares or 10.14% of Express Communications, Inc. There is an operating agreement between all of the members of DHE, LLC, (DHE), including the Telephone Fund, for the sole and exclusive benefit of the members and no third party shall have any rights under the agreement. The Telephone Fund owns 10.34% of this company as a Class I member.

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

Note 7 - Capital Assets

Governmental activities capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 11,397,251	\$ 12,700	\$ -	\$ 11,409,951
Construction in progress	771,115	8,444,759	700,666	8,515,208
Total capital assets, not being depreciated	<u>12,168,366</u>	<u>8,457,459</u>	<u>700,666</u>	<u>19,925,159</u>
Capital assets, being depreciated				
Infrastructure	100,555,929	-	-	100,555,929
Buildings and improvements	57,074,893	2,700,431	45,583	59,729,741
Equipment	23,244,820	4,027,049	769,775	26,502,094
Total capital assets, being depreciated	<u>180,875,642</u>	<u>6,727,480</u>	<u>815,358</u>	<u>186,787,764</u>
Less accumulated depreciation for				
Infrastructure	42,960,306	2,469,256	-	45,429,562
Buildings	20,679,259	1,424,702	-	22,103,961
Machinery and equipment	14,558,303	1,429,598	704,587	15,283,314
Total accumulated depreciation	<u>78,197,868</u>	<u>5,323,556</u>	<u>704,587</u>	<u>82,816,837</u>
Total capital assets, being depreciated, net	<u>102,677,774</u>	<u>1,403,924</u>	<u>110,771</u>	<u>103,970,927</u>
Governmental Activities Capital Assets, Net	<u>\$ 114,846,140</u>	<u>\$ 9,861,383</u>	<u>\$ 811,437</u>	<u>\$ 123,896,086</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities	
General government	\$ 2,403,447
Public safety	381,059
Public works	641,967
Public health and welfare	1,982
Culture and recreation	1,895,101
Total depreciation expense - governmental activities	<u>\$ 5,323,556</u>

Business-type activities capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated/amortized				
Land	\$ 10,303,215	\$ -	\$ -	\$ 10,303,215
Construction in progress	10,745,870	51,972,498	25,381,154	37,337,214
Total capital assets, not being depreciated/amortized	<u>21,049,085</u>	<u>51,972,498</u>	<u>25,381,154</u>	<u>47,640,429</u>
Capital assets, being depreciated				
Infrastructure	327,577	-	-	327,577
Buildings and improvements	321,902,520	30,307,648	1,333,228	350,876,940
Equipment	41,997,498	3,602,603	1,217,923	44,382,178
Total capital assets, being depreciated	<u>364,227,595</u>	<u>33,910,251</u>	<u>2,551,151</u>	<u>395,586,695</u>
Less accumulated depreciation for				
Infrastructure	86,294	13,103	-	99,397
Buildings and improvements	139,095,014	10,723,994	1,265,187	148,553,821
Equipment	29,126,699	3,181,664	1,196,756	31,111,607
Total accumulated depreciation	<u>168,308,007</u>	<u>13,918,761</u>	<u>2,461,943</u>	<u>179,764,825</u>
Total capital assets, being depreciated, net	<u>195,919,588</u>	<u>19,991,490</u>	<u>89,208</u>	<u>215,821,870</u>
Right-of-use leased assets being amortized	2,080,851	-	-	2,080,851
Less accumulated amortization	(183,874)	(161,626)	-	(345,500)
Total right-of-use leased assets being amortized, net	<u>1,896,977</u>	<u>(161,626)</u>	<u>-</u>	<u>1,735,351</u>
Right-of-use subscription IT assets	-	2,288,182	-	2,288,182
Less accumulated amortization	-	(129,932)	-	(129,932)
Total right-of-use subscription IT assets being amortized, net	<u>-</u>	<u>2,158,250</u>	<u>-</u>	<u>2,158,250</u>
Business-Type Activities Capital Assets, Net	<u>\$ 218,865,650</u>	<u>\$ 73,960,612</u>	<u>\$ 25,470,362</u>	<u>\$ 267,355,900</u>

Depreciation/amortization expense was charged to functions/programs of the government as follows:

Business-type activities	
Electric	\$ 2,226,540
Health System	5,761,287
Telephone	1,618,874
Liquor	129,360
Water	802,380
Wastewater	1,825,112
Airport	1,078,662
Golf	139,178
Solid Waste	577,135
Research and Technology Center	<u>51,791</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 14,210,319</u>

Note 8 - Leases

Lessor Activities

The City has accrued receivables for various towers, hangars, facilities, and land. The remaining receivable for these leases was \$5,628,261 for the year ended December 31, 2023. Interest revenue from leases was \$330,635 for the year ended December 31, 2023. Principal revenue of \$240,985 was recognized during the fiscal year. The interest rates on the leases range from 2.36% to 6.0%. Final receipt is expected in fiscal year 2052.

Lessee Activities

The City has entered into lease agreements for the use of various building spaces and office equipment. The City is required to make principal and interest payments through 2044. The lease liability was valued using discount rates of 3.99% to 6.0%. For leases with no interest rate stated, the City utilized its incremental borrowing rate for valuing the lease. These leases payable are liquidated by the telephone, liquor, and golf funds.

The future principal and interest lease payments as of December 31, 2023, are as follows:

<u>Years Ending December 31,</u>	Business-Type Activities	
	Principal	Interest
2024	\$ 183,786	\$ 7,505
2025	85,361	7,268
2026	98,412	7,152
2027	102,694	7,033
2028	112,525	6,902
2029-2033	707,509	31,626
2034-2038	425,361	25,370
2039-2043	70,124	16,397
2044	72,880	4,377
	\$ 1,858,652	\$ 113,630

Note 9 - Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into various SBITA contracts for utility and healthcare management platforms. The City is required to make principal and interest payments through September 2033. The subscription liability was valued using discount rates between 5.26% and 5.52% based on the rates from the State and Local Government Securities table, plus 150 basis points, for the nearest maturity to the noncancelable term of the agreement. SBITAs payable are liquidated by the electric, wastewater, health system, telephone, and water funds.

City of Brookings, South Dakota

Notes to Financial Statements

December 31, 2023

The annual amounts due for principal and interest on subscription liabilities are as follows:

Years Ending December 31,	Business-Type Activities	
	Principal	Interest
2024	\$ 209,995	\$ 108,299
2025	222,758	96,669
2026	218,970	84,813
2027	188,922	73,061
2028	198,914	63,026
2029-2033	1,102,414	141,120
	<u>\$ 2,141,973</u>	<u>\$ 566,988</u>

Note 10 - Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
Sales tax revenue bonds	\$ 13,174,561	\$ -	\$ 1,238,510	\$ 11,936,051	\$ 1,206,986
State revolving fund bonds	2,952,788	-	197,677	2,755,111	203,409
Total bonds payable	<u>16,127,349</u>	<u>-</u>	<u>1,436,187</u>	<u>14,691,162</u>	<u>1,410,395</u>
Loans payable	4,583,334	-	916,666	3,666,668	916,666
Direct borrowings	118,960	-	23,964	94,996	30,712
Compensated absences	1,079,726	750,814	800,407	1,030,133	1,030,133
	<u>\$ 21,909,369</u>	<u>\$ 750,814</u>	<u>\$ 3,177,224</u>	<u>\$ 19,482,959</u>	<u>\$ 3,387,906</u>
Business-Type Activities					
State revolving fund bonds payable	\$ 9,837,048	\$ 11,269,443	\$ 9,837,048	\$ 11,269,443	\$ -
Certificates of participation	19,339,216	-	2,140,524	17,198,692	2,196,736
Direct borrowings	1,131,638	-	290,466	841,172	298,555
Leases payable	1,969,470	-	110,818	1,858,652	183,786
Subscription-based IT agreements	-	2,237,822	95,849	2,141,973	209,995
Medicare advanced payments	1,355,619	-	1,355,619	-	-
Amounts due under joint operating agreement	1,555,350	-	-	1,555,350	-
Landfill closure/postclosure	1,115,867	84,782	-	1,200,649	-
Compensated absences	1,691,561	217,845	112,968	1,796,438	1,464,438
	<u>\$ 37,995,769</u>	<u>\$ 13,809,892</u>	<u>\$ 13,943,292</u>	<u>\$ 37,862,369</u>	<u>\$ 4,353,510</u>

Bonds Payable

At December 31, 2023, the City had the following bond issuances outstanding:

	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Principal Outstanding</u>
Governmental Activities:				
Sales Tax Revenue Bonds				
Series 2014A	12/1/2033	2.65%-3.25%	\$ 10,000,000	\$ 6,276,756
Series 2019	6/1/2029	2.97%	7,100,000	5,659,295
Total sales tax revenue bonds			<u>17,100,000</u>	<u>11,936,051</u>
South Dakota State Revolving Fund Bonds				
Bond #3	12/1/2033	3.00%	\$ 390,519	\$ 189,661
Bond #4	4/1/2033	3.00%	335,314	184,206
Bond #5	1/1/2033	3.00%	226,121	121,383
Bond #6	10/1/2032	3.00%	1,972,719	1,156,879
Bond #9	7/1/2035	3.00%	448,140	310,489
Bond #10	1/1/2042	3.00%	827,241	792,493
Total state revolving loan fund bonds			<u>\$ 4,200,054</u>	<u>\$ 2,755,111</u>
Total governmental activities			<u>\$ 21,300,054</u>	<u>\$ 14,691,162</u>
Business-Type Activities				
South Dakota State Revolving Fund Bonds				
Bond #11	1/1/2055	1.88%	<u>\$ 11,269,443</u>	<u>\$ 11,269,443</u>

Sales tax revenue bonds payable are liquidated by the 2nd Penny Sales and Use Tax Fund. State revolving loan fund bonds of the governmental activities are liquidated by the Storm Drainage Fund. State revolving loan fund bonds of the business-type activities are liquidated by the Water Fund.

The annual requirements to amortize the bonded debt outstanding for the governmental activities as of December 31, 2023, are as follows:

Years Ending December 31,	Revenue Bonds		State Revolving Loan Fund Bonds		Total Governmental Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,206,986	\$ 323,791	\$ 203,409	\$ 74,535	\$ 1,410,395	\$ 398,326
2025	1,250,252	281,007	209,310	68,634	1,459,562	349,641
2026	1,280,190	252,923	215,384	62,562	1,495,574	315,485
2027	1,315,118	216,170	221,632	56,311	1,536,750	272,481
2028	2,268,268	165,084	228,065	49,880	2,496,333	214,964
2029-2033	4,615,237	319,257	1,174,410	147,260	5,789,647	466,517
2034-2038	-	-	337,038	35,884	337,038	35,884
2039-2042	-	-	165,863	6,604	165,863	6,604
	<u>\$ 11,936,051</u>	<u>\$ 1,558,232</u>	<u>\$ 2,755,111</u>	<u>\$ 501,670</u>	<u>\$ 14,691,162</u>	<u>\$ 2,059,902</u>

The annual requirements to amortize the bonded debt outstanding for the business-type activities as of December 31, 2023, are as follows:

Years Ending December 31,	State Revolving Loan Fund Bonds	
	Principal	Interest
2024	\$ -	\$ 211,302
2025	211,519	212,407
2026	286,681	204,208
2027	292,094	198,774
2028	297,609	193,237
2029-2033	1,574,492	879,402
2034-2038	1,728,863	724,429
2039-2043	1,898,369	554,261
2044-2048	2,084,493	367,409
2049-2053	2,288,867	162,238
2054-2055	606,456	6,187
	<u>\$ 11,269,443</u>	<u>\$ 3,713,854</u>

Loans Payable

The City has entered into a loan agreement with a private citizen. Details of the amount outstanding are as follows:

	Final Maturity	Interest Rate	Original Issue	Principal Outstanding
Governmental Activities:				
Loan from private citizen	11/1/2027	0.00%	<u>\$ 5,500,000</u>	<u>\$ 3,666,668</u>

Payments are made from the Public Improvement Fund.

Annual requirements to amortize the outstanding loan payable are as follows:

Years Ending December 31,	Loans	
	Principal	Interest
2024	\$ 916,666	\$ -
2025	916,666	-
2026	916,666	-
2027	916,670	-
	<u>\$ 3,666,668</u>	<u>\$ -</u>

Direct Borrowings

Direct borrowing consists of financing agreements for the purchase of various pieces of machinery and equipment. Direct borrowings of the governmental activities are paid by the Dacotah Bank Center Fund. Financed purchases payable of the business-type activities are paid by the Health System Fund.

The annual requirements to amortize the financed purchases payable as of December 31, 2023, are as follows:

<u>Years Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 30,712	\$ 2,918	\$ 298,555	\$ 19,388
2025	31,656	1,975	306,869	11,073
2026	32,628	1,002	235,748	2,710
	<u>\$ 94,996</u>	<u>\$ 5,895</u>	<u>\$ 841,172</u>	<u>\$ 33,171</u>

Certificates of Participation

The City has issued certificates of participation to finance acquisition, renovation, and expansion of facilities and equipment. Details of certificates of participation outstanding at December 31, 2023, are as follows:

	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Outstanding</u>
Business-type Activities				
Certificates of Participation, Series 2012	10/1/2036	2.72%-3.19%	\$ 10,000,000	\$ 7,390,635
Certificates of Participation, Series 2015A	10/1/2037	2.62%	8,000,000	2,099,230
Certificates of Participation, Series 2015B	10/1/2037	2.72%	22,000,000	7,708,827
			<u>\$ 40,000,000</u>	<u>\$ 17,198,692</u>

Certificates of participation are liquidated by the Health System Fund.

The annual requirements to amortize the bonded debt outstanding for the governmental activities as of December 31, 2023, are as follows:

<u>Years Ending December 31,</u>	<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,196,736	\$ 436,605
2025	2,255,542	377,799
2026	2,315,438	317,903
2027	2,377,064	256,277
2028	2,439,884	193,457
2029-2033	3,365,592	578,926
2034-2037	2,248,436	118,275
	<u>\$ 17,198,692</u>	<u>\$ 2,279,242</u>

Leases Payable

Leases payable consists of long-term leases as described in Note 8.

Subscription-Based IT Agreements

Subscription-based IT agreements payable consists of subscription agreements as described in Note 9.

Amounts Due under Joint Operating Agreement

Amounts due under joint operating agreement are liquidated by the Health System Fund.

Landfill Closure/Postclosure

Landfill Closure/Postclosure liability consists of expected future obligations relating to the municipal landfill and is liquidated by the Solid Waste Fund. See Note 19 for additional information.

Compensated Absences

Compensated absences liability includes the amount owed by the City to employees for their accrued annual vacation and sick leave balances, including the City's share of payroll deductions. Compensated absences are liquidated by the fund to which the payroll expenditures are charged, which are the General Fund, E-911 Fund, and Storm Drainage Fund for governmental activities, and the electric, wastewater, health system, telephone, water, liquor, airport, golf, and solid waste funds for the business-type activities.

Note 11 - Other Post-Employments Benefit Plan

Plan Description

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

City General

For current and retired City General employees hired before January 1, 2010, the City pays 50% of the cost of premiums. For current and retired City General employees hired on or after January 1, 2010, the City pays 0% of the cost of premiums. As the rates being paid by retirees for benefits are typically lower than those had the retirees been rated as a separate group, the difference between these amounts is the implicit rate subsidy, which is considered other post-employment benefits in addition to the portion of premiums paid by the City for retired City General employees. Benefit provisions for City General employees represented by a collective bargaining agreement are established and amended through collective bargaining with the recognized bargaining agent for each group. Benefits and eligibility for administrators and those not covered by a collective bargaining agreement are established and amended by the City Council.

Brookings Municipal Utilities

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

Brookings Health System

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

Funding Policy

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

Plan Participation

At December 31, 2023, the following number of current and former employees were covered by the benefit terms:

	City	BMU	BHS	Total
Inactive Employees or Beneficiaries				
Currently Receiving Benefit Payments	24	12	3	39
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-	-	-	-
Active Employees	139	114	343	596
	<u>163</u>	<u>126</u>	<u>346</u>	<u>635</u>

Total OPEB Liability

The City's total OPEB liability of \$5,216,687 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions

The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary Increase	Graded scale based on merit and service
Discount Rate	3.26%
Healthcare Cost Trend Rate	5.50% - 3.80% over 51 years

Discount Rate

The discount rate used to measure the total OPEB liability was 3.26%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher as of the measurement date, as based on the Bond Buyer General Obligation 20 – Bond Municipal Index.

Mortality Rates

Pub-2010 Mortality Table with generational projection per the MP-2021 (prior: MP-2019) ultimate scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. The Public Safety variant was used for Public Safety. This assumption includes a margin for mortality improvement beyond the valuation date.

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

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

	<u>City</u>	<u>BMU</u>	<u>BHS</u>	<u>Total</u>
Balance at January 1, 2023	\$ 2,405,601	\$ 1,253,957	\$ 1,183,297	\$ 4,842,855
Changes from the Prior Year:				
Service cost	177,746	50,930	57,899	286,575
Interest cost	93,252	46,627	45,356	185,235
Assumption changes	102,725	40,659	61,442	204,826
Benefit payments	<u>(154,609)</u>	<u>(103,932)</u>	<u>(44,263)</u>	<u>(302,804)</u>
Total Net Changes	<u>219,114</u>	<u>34,284</u>	<u>120,434</u>	<u>373,832</u>
Balance at December 31, 2023	<u><u>\$ 2,624,715</u></u>	<u><u>\$ 1,288,241</u></u>	<u><u>\$ 1,303,731</u></u>	<u><u>\$ 5,216,687</u></u>

The total OPEB liability for the City General is comprised of Governmental Activities of \$2,268,720 and Business-Type Activities of \$2,947,967.

Changes of assumptions reflect a change in the discount rate from 3.72% in 2022 to 3.26% in 2023.

Sensitivity of the City’s Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.26%) or 1% higher (4.26%) than the current discount rate.

	<u>City</u>	<u>BMU</u>	<u>BHS</u>	<u>Total</u>
1% Decrease (2.72%)	\$ 2,863,992	\$ 1,380,970	\$ 1,449,586	\$ 5,694,548
Current Rate (3.72%)	\$ 2,624,715	\$ 1,288,241	\$ 1,303,731	\$ 5,216,687
1% Increase (4.72%)	\$ 2,407,134	\$ 1,201,528	\$ 1,174,443	\$ 4,783,105

Sensitivity of the City’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates (current trend rates are 5.90% trending down to 3.80%).

	<u>City</u>	<u>BMU</u>	<u>BHS</u>	<u>Total</u>
1% Decrease (4.90% to 2.80%)	\$ 2,282,762	\$ 1,148,978	\$ 1,126,182	\$ 4,557,922
Current Rate (5.90% to 3.80%)	\$ 2,624,715	\$ 1,288,241	\$ 1,303,731	\$ 5,216,687
1% Increase (6.90% to 4.80%)	\$ 3,034,181	\$ 1,452,033	\$ 1,516,635	\$ 6,002,849

OPEB Expense (Revenue) and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended December 31, 2023, the City recognized OPEB expense (revenue) as follows:

	<u>City</u>	<u>BMU</u>	<u>BHS</u>	<u>Total</u>
OPEB Expense (Revenue)	\$ 179,665	\$ (10,073)	\$ (13,677)	\$ 155,915

City of Brookings, South Dakota

Notes to Financial Statements

December 31, 2023

At December 31, 2023, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources			
	City	BMU	BHS	Total
Differences between expected and actual experience	\$ 801,651	\$ -	\$ 444,678	\$ 1,246,329
Changes in assumptions	213,015	132,296	62,420	407,731
Total deferred inflows of resources	<u>\$ 1,014,666</u>	<u>\$ 132,296</u>	<u>\$ 507,098</u>	<u>\$ 1,654,060</u>

The deferred outflows of resources for City General is comprised of Governmental Activities of \$870,921 and Business-Type Activities of \$783,139.

	Deferred Inflows of Resources			
	City	BMU	BHS	Total
Differences between expected and actual experience	\$ 484,325	\$ 361,944	\$ 51,828	\$ 898,097
Changes in assumptions	1,009,815	427,642	787,771	2,225,228
Total deferred inflows of resources	<u>\$ 1,494,140</u>	<u>\$ 789,586</u>	<u>\$ 839,599</u>	<u>\$ 3,123,325</u>

The deferred inflows of resources for City General is comprised of Governmental Activities of \$1,287,238 and Business Type Activities of \$1,836,087.

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

Years Ended December 31,	City	BMU	BHS	Total
2024	\$ (91,333)	\$ (107,630)	\$ (120,147)	\$ (319,110)
2025	(91,333)	(112,373)	(95,772)	(299,478)
2026	(112,916)	(125,455)	(89,679)	(328,050)
2027	(120,730)	(125,456)	(26,903)	(273,089)
2028	(44,341)	(109,931)	-	(154,272)
Thereafter	(18,821)	(76,445)	-	(95,266)

Note 12 - Defined Benefit Pension Plans**Plan Information**

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

Benefits Provided

SDRS has four classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be the increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.

- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be the increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

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

Contributions

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

The City's share of contributions to the SDRS for the fiscal years ended December 31, 2023, 2022, and 2021, equal to required contributions each year, were as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2023	\$ 2,573,226
2022	2,408,742
2021	2,441,371

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

At June 30, 2023, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System, for the City as of the measurement period ending June 30, 2023, and reported by the City as of December 31, 2023, are as follows:

Proportionate share of pension liability	\$ 238,753,433
Less proportionate share of net position restricted for pension benefits	<u>(238,914,250)</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (160,817)</u></u>

At December 31, 2023, the City reported an asset of \$160,817 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the City's proportion was 1.64763300%, which was a decrease of 0.0336180% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the City recognized pension expense of \$722,288. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,558,419	\$ -
Changes of assumptions	5,498,090	8,036,979
Net difference between projected and actual investment earnings on pension plan investments	1,070,660	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	203,560	31,010
City contributions subsequent to the measurement date	1,278,782	-
	<u>\$ 12,609,511</u>	<u>\$ 8,067,989</u>

The \$1,278,782 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2024	\$ 2,245,102
2025	(2,375,418)
2026	3,145,612
2027	247,444

Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Investment rate of return	6.50%, net of plan investment expense. This is composed of an average inflation rate 2.50% and real returns of 4.00%
Cost-of-living adjustments	1.91%

Mortality Rates: All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020.

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
	100.0%	

Discount Rate

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

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

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

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
City's proportionate share of the net pension liability (asset)	\$ 32,961,705	\$ (160,817)	\$ (27,248,720)

Pension Plan Fiduciary Net Position

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

Note 13 - Interfund Activity

Due to/Due from Other Funds

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. Amounts due to and from other funds are follows:

	Due from:								Total
	General Fund	Nonmajor Governmental Funds	Electric Fund	Health System Fund	Telephone Fund	Water Fund	Sewer Fund	Nonmajor Enterprise Funds	
Due to:									
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 7,071	\$ -	\$ -	\$ -	\$ 7,071
Nonmajor Governmental Funds	-	152,581	-	-	-	-	-	-	152,581
Electric Fund	73,828	201	1,479	31,683	12,624	30,865	17,944	8,011	176,635
Water Fund	221,367	-	211	3,951	166	87	1,400	-	227,182
Sewer Fund	6,424	-	90	3,664	111	27	126	-	10,442
Telephone Fund	4,703	247	3,026	6,054	123,764	1,618	1,222	546	141,180
Nonmajor Enterprise Funds	-	-	241	-	88	66	736	-	1,131
	<u>\$ 306,322</u>	<u>\$ 153,029</u>	<u>\$ 5,047</u>	<u>\$ 45,352</u>	<u>\$ 143,824</u>	<u>\$ 32,663</u>	<u>\$ 21,428</u>	<u>\$ 8,557</u>	<u>\$ 716,222</u>

Interfund Advances

Advances from other funds as of December 31, 2023, were as follows:

	Advanced from:				Total
	General Fund	2nd Penny Sales and Use Tax Fund	Telephone Fund	Nonmajor Enterprise Funds	
Advanced to:					
2nd Penny Sales and Use Tax Fund	\$ -	\$ -	\$ -	\$ 276,353	\$ 276,353
Nonmajor Governmental Funds	936,416	60,500	-	257,337	1,254,253
Wastewater Fund	-	-	30,966,041	-	30,966,041
Nonmajor Enterprise Funds	-	-	-	31,724	31,724
	<u>\$ 936,416</u>	<u>\$ 60,500</u>	<u>\$ 30,966,041</u>	<u>\$ 565,414</u>	<u>\$ 32,528,371</u>

Details of the significant advance between the Wastewater and Telephone Funds are as follows:

	Estimated Principal Due in 2024	Noncurrent Interfund Advances	Total Principal
Interfund advances to wastewater fund from:			
Telephone fund 2.0% interest due through 2027	\$ 561,505	\$ 14,551,061	\$ 15,112,566
Telephone fund 2.0% interest due through 2028	589,033	15,264,442	15,853,475
Total interfund advances	<u>\$ 1,150,538</u>	<u>\$ 29,815,503</u>	<u>\$ 30,966,041</u>

City of Brookings, South Dakota

Notes to Financial Statements

December 31, 2023

Advances from other funds are properly authorized loans with specified repayment requirements. The change in the advances from other funds is as follows for the year ended December 31, 2023:

	<u>Beginning</u>	<u>Advances</u>	<u>Payments</u>	<u>Ending</u>
Interfund advances to wastewater fund from:				
Telephone fund 2.0% interest due through 2027	\$ 15,663,061	\$ -	\$ (550,495)	\$ 15,112,566
Telephone fund 2.0% interest due through 2028	-	16,000,000	(146,525)	15,853,475
 Total interfund advances	 <u>\$ 15,663,061</u>	 <u>\$ 16,000,000</u>	 <u>\$ (697,020)</u>	 <u>\$ 30,966,041</u>

The annual amounts due for principal and future interest on advances from other funds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
2024	\$ 1,150,538	\$ 619,321	\$ 1,769,859
2025	1,173,548	596,310	1,769,858
2026	1,197,019	572,839	1,769,858
2027	14,019,224	481,928	14,501,152
2028	13,425,712	201,386	13,627,098
	 <u>\$ 30,966,041</u>	 <u>\$ 2,471,784</u>	 <u>\$ 33,437,825</u>

Pursuant to SDCL 9-25-12, interfund loans are limited to a maximum period of five years. If it is intended for the note to be paid over a longer period, the note may be renewed at the end of the five years. It is the intention of BMU to repay the loan from the Telephone Fund to the Wastewater Fund through 2045.

Interfund Transfers

Transfers are made for funding various projects, meeting debt service requirements, and for capital infrastructure. Interest earned on Debt fund residuals and reported as revenue in the Debt fund is periodically transferred to the General Fund.

The following interfund transfers occurred during the year ended December 31, 2023:

	<u>General Fund</u>	<u>Transfers In</u>			<u>Total</u>
		<u>2nd Penny Sales and Use Tax</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	
Transfers Out					
General Fund	\$ -	\$ 539,409	\$ 424,081	\$ -	\$ 963,490
2nd Penny Sales and Use Tax	114,394	-	882,428	224,875	1,221,697
Nonmajor Governmental Funds	440,902	1,175,879	1,663,026	-	3,279,807
Electric	2,355,000	-	-	-	2,355,000
Telephone	200,000	-	-	-	200,000
Nonmajor Enterprise Funds	708,668	-	-	339,000	1,047,668
 Total	 <u>\$ 3,818,964</u>	 <u>\$ 1,715,288</u>	 <u>\$ 2,969,535</u>	 <u>\$ 563,875</u>	 <u>\$ 9,067,662</u>

Note 14 - Net Position and Fund Balances

Restricted net position at December 31, 2023, consists of the following:

<u>Type</u>	<u>Restricted by</u>	<u>Amount</u>
Governmental Activities:		
Debt service and covenants		
Tif-1 innovation campus	Covenant	\$ 17,168
Tif-11	Covenant	750,000
Total debt service and covenants		<u>767,168</u>
Other purposes (by donations)		
Library	Donors	52,277
SDRS pension purposes:		
Governmental funds - pension purposes	Standard	1,031,578
Enabling legislation		
Enhanced 911	Law	259,383
Library fines	Law	36,838
Bed & booze tax	Law	834,350
Total enabling legislation		<u>1,130,571</u>
Total Governmental Activities Restricted Net Position		<u><u>\$ 2,981,594</u></u>
Business-type Activities		
Debt service and covenants		
Health system - debt service	Covenant	\$ 524,802
Water fund - debt service	Covenant	41,214
Total debt service and covenants		<u>566,016</u>
SDRS pension purposes:		
Enterprise funds - pension purposes	Standard	3,670,761
Enabling legislation		
Solid waste fund - landfill closure/postclosure	Law	6,715,207
Total Business-type Activities Restricted Net Position		<u><u>\$ 10,951,984</u></u>

City of Brookings, South Dakota

Notes to Financial Statements

December 31, 2023

The City classified fund balances within the governmental funds as follows at December 31, 2023:

	General Fund	2nd Penny Sales and Use Tax Fund	Other Governmental Funds	Total
Fund Balances				
Nonspendable				
Inventory	\$ 120,037	\$ 12,450	\$ 45,816	\$ 178,303
Prepaid items	58,156	-	43,431	101,587
Property held for resale	1,600,000	-	-	1,600,000
Advances	1,778,000	60,500	-	1,838,500
Total nonspendable	3,556,193	72,950	89,247	3,718,390
Restricted				
Donor purposes	52,277	-	-	52,277
Debt service	-	-	767,168	767,168
Library	-	-	36,838	36,838
E-911	-	-	259,383	259,383
City promotion	-	-	834,350	834,350
Total restricted	52,277	-	1,897,739	1,950,016
Committed				
Industrial park development	2,823,414	-	-	2,823,414
Emergency financial stabilization	1,059,303	-	-	1,059,303
Retail development	1,873	-	-	1,873
Police and fire capital and other	-	16,133,573	-	16,133,573
Economic development	-	210,933	-	210,933
Promotion and marketing of City	-	-	366,828	366,828
Special assessment projects	-	-	393,023	393,023
Storm drainage	-	-	2,084,089	2,084,089
Community partner grants	1,753,844	-	-	1,753,844
Public art	171,708	-	-	171,708
Total committed	5,810,142	16,344,506	2,843,940	24,998,588
Assigned				
Capital project carryover	2,215,354	-	2,667,433	4,882,787
Future capital	2,497,490	-	-	2,497,490
Emergency financial stabilization	3,177,908	-	-	3,177,908
Economic development	944,468	-	-	944,468
Total assigned	8,835,220	-	2,667,433	11,502,653
Unassigned	9,753,347	-	(351,555)	9,401,792
Total Fund Balances	\$ 28,007,179	\$ 16,417,456	\$ 7,146,804	\$ 51,571,439

Note 15 - Segment Information for Enterprise Funds

Wastewater Fund

The State Revolving Fund Loan was issued by the South Dakota Board of Water and Natural Resources. The proceeds are being used for the improvement of the wastewater treatment facilities and collection system. The rates and charges relating to the improvements will be in the form of a surcharge for wastewater utility service. The loan is secured by gross revenues derived solely from the revenues of the wastewater surcharge and is not a general obligation of the City of Brookings or any political subdivision. This loan was retired and paid in full on October 15, 2023.

Water Fund

The State Revolving Fund Loan was issued by the South Dakota Board of Water and Natural Resources. The proceeds are being used for the construction of a new water treatment plant and the construction and replacement of water distribution lines. The rates and charges relating to the improvements will be in the form of a surcharge for water utility service. The loan is secured by gross revenues derived solely from the revenues of the water surcharge and is not a general obligation of the City of Brookings or any political subdivision.

Segment information for these separately identifiable activities that have debt instruments outstanding with a revenue stream pledged in support of that debt, as well as a requirement to account for the activity's revenues, expenses, gains, and losses, assets, and liabilities apart from other activities within the same fund or in different funds is as follows.

Condensed Statement of Net Position of the Wastewater Fund as of December 31, 2023:

Condensed Statement of Revenues, Expenses, and Changes in Net Position of the Wastewater Fund for the year ended December 31, 2023:

	Unsecured Operations	State Revolving Fund Loan	Total Wastewater Fund
Assets			
Current assets	\$ 8,932,299	\$ 4,854,895	\$ 13,787,194
Due from other funds	10,442	-	10,442
Noncurrent assets, excluding capital assets	19,143	-	19,143
Capital assets	28,012,400	23,980,583	51,992,983
Total assets	36,974,284	28,835,478	65,809,762
Deferred outflows of resources	272,720	-	272,720
Total assets and deferred outflows of resources	\$ 37,247,004	\$ 28,835,478	\$ 66,082,482
Liabilities			
Current liabilities	\$ 1,388,959	\$ 892,836	\$ 2,281,795
Due to other funds	21,428	-	21,428
Noncurrent liabilities	6,753,905	23,137,310	29,891,215
Total liabilities	8,164,292	24,030,146	32,194,438
Deferred inflows of resources	260,842	-	260,842
Net Position			
Net investment in capital assets	28,007,022	23,980,583	51,987,605
Restricted	113,874	-	113,874
Unrestricted	700,974	(19,175,251)	(18,474,277)
Total net position	28,821,870	4,805,332	33,627,202
Total liabilities, deferred inflows of resources, and net position	\$ 37,247,004	\$ 28,835,478	\$ 66,082,482

Condensed Statement of Revenues, Expenses, and Changes in Net Position of the Wastewater Fund for the year ended December 31, 2023:

	Unsecured Operations	State Revolving Fund Loan	Total Wastewater Fund
Operating revenues	\$ 4,240,829	\$ 2,063,799	\$ 6,304,628
Depreciation and amortization expense	(823,028)	(1,002,084)	(1,825,112)
Other operating expenses	(2,752,681)	(348,219)	(3,100,900)
Operating income	<u>665,120</u>	<u>713,496</u>	<u>1,378,616</u>
Nonoperating revenue (expense)			
Interest income	446,166	3,921	450,087
Interest expense	(35,050)	(595,802)	(630,852)
Other	2,519	-	2,519
Capital contributions	223,856	-	223,856
Change in net position	<u>1,302,611</u>	<u>121,615</u>	<u>1,424,226</u>
Beginning net position	<u>27,519,259</u>	<u>4,683,717</u>	<u>32,202,976</u>
Ending net position	<u>\$ 28,821,870</u>	<u>\$ 4,805,332</u>	<u>\$ 33,627,202</u>

Condensed Statement of Cash Flows of the Wastewater Fund for the year ended December 31, 2023:

	Unsecured Operations	State Revolving Fund Loan	Total Wastewater Fund
Net cash provided by (used in)			
Operating activities	\$ 1,137,147	\$ 1,719,501	\$ 2,856,648
Noncapital financing activities	6,900,896	8,008,823	14,909,719
Capital and related financing activities	(8,724,770)	(10,141,193)	(18,865,963)
Investing activities	450,087	-	450,087
Net change	<u>(236,640)</u>	<u>(412,869)</u>	<u>(649,509)</u>
Beginning cash and cash equivalents	<u>7,925,742</u>	<u>5,267,764</u>	<u>13,193,506</u>
Ending cash and cash equivalents	<u>\$ 7,689,102</u>	<u>\$ 4,854,895</u>	<u>\$ 12,543,997</u>

Condensed Statement of Net Position of the Water Fund as of December 31, 2023:

	Unsecured Operations	State Revolving Fund Loan	Total Water Fund
Assets			
Current assets	\$ 8,804,532	\$ 3,423,460	\$ 12,227,992
Due from other funds	227,182	-	227,182
Noncurrent assets, excluding capital assets	1,625,559	41,214	1,666,773
Capital assets	35,988,081	40,496,186	76,484,267
Total assets	<u>46,645,354</u>	<u>43,960,860</u>	<u>90,606,214</u>
Deferred outflows of resources	291,164	-	291,164
Total assets and deferred outflows of resources	<u>\$ 46,936,518</u>	<u>\$ 43,960,860</u>	<u>\$ 90,897,378</u>
Liabilities			
Current liabilities	\$ 593,223	\$ 8,480,898	\$ 9,074,121
Due to other funds	32,663	-	32,663
Noncurrent liabilities	112,001	11,269,443	11,381,444
Total liabilities	<u>737,887</u>	<u>19,750,341</u>	<u>20,488,228</u>
Deferred inflows of resources	1,900,346	-	1,900,346
Net Position			
Net investment in capital assets	35,982,703	29,226,743	65,209,446
Restricted	98,347	41,214	139,561
Unrestricted	8,217,235	(5,057,438)	3,159,797
Total net position	<u>44,298,285</u>	<u>24,210,519</u>	<u>68,508,804</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 46,936,518</u>	<u>\$ 43,960,860</u>	<u>\$ 90,897,378</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position of the Water Fund for the year ended December 31, 2023:

	Unsecured Operations	State Revolving Fund Loan	Total Water Fund
Operating revenues	\$ 4,223,876	\$ 3,227,683	\$ 7,451,559
Depreciation and amortization expense	(781,133)	(21,247)	(802,380)
Other operating expenses	(3,284,066)	-	(3,284,066)
Operating income	<u>158,677</u>	<u>3,206,436</u>	<u>3,365,113</u>
Nonoperating revenue (expense)			
Interest income	559,123	-	559,123
Interest expense	(50)	(35,217)	(35,267)
Other	171,086	-	171,086
Capital contributions	296,576	14,739,375	15,035,951
Change in net position	<u>1,185,412</u>	<u>17,910,594</u>	<u>19,096,006</u>
Beginning net position	<u>43,112,873</u>	<u>6,299,925</u>	<u>49,412,798</u>
Ending net position	<u>\$ 44,298,285</u>	<u>\$ 24,210,519</u>	<u>\$ 68,508,804</u>

Condensed Statement of Cash Flows of the Water Fund for the year ended December 31, 2023:

	Unsecured Operations	State Revolving Fund Loan	Total Water Fund
Net cash provided by (used in)			
Operating activities	\$ (6,016,016)	\$ 9,969,338	\$ 3,953,322
Noncapital financing activities	-	-	-
Capital and related financing activities	(1,748,852)	(1,908,766)	(3,657,618)
Investing activities	<u>1,429,325</u>	<u>-</u>	<u>1,429,325</u>
Net change	<u>(6,335,543)</u>	<u>8,060,572</u>	<u>1,725,029</u>
Beginning cash and cash equivalents	<u>8,201,134</u>	<u>(4,595,898)</u>	<u>3,605,236</u>
Ending cash and cash equivalents	<u>\$ 1,865,591</u>	<u>\$ 3,464,674</u>	<u>\$ 5,330,265</u>

Note 16 - Investment in Joint Venture

The Health System is a 50% investor in Avera Home Medical Equipment of Brookings, LLC. This investment is included in other assets on the statement of net position. Based on the Health System's ownership percentage, the joint venture investment and allocated earnings for the year ended December 31, 2023, are as follows:

	Investment	Share of Income
Avera Home Medical Equipment of Brookings, LLC	<u>\$ 490,786</u>	<u>\$ 236,085</u>

Note 17 - 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, 2023, the City managed its risks as follows:

Employee Health Insurance

During the fiscal year 1997, the City of Brookings (City General and BMU) established a Medical Self Insurance Fund (an internal service fund) to account for and finance its health risks of loss. Under this program, the Medical Self Insurance Fund pays the first \$90,000 per person and is reinsured for any remaining loss for that person. The Plan also has aggregate stop loss coverage for the group which pays 100% of the group’s claims beyond the aggregate limits (125% of expected claims). Settled claims resulting from these risks have not exceeded the liability coverage in any of the past three fiscal years. During 2023, \$2,805,936 was paid in claims, net of any stop loss reimbursements.

During the fiscal year 2020, the City of Brookings (City General) established a Dental Self Insurance Fund (an internal service fund) to account for and finance its dental risks of loss. Under this program, the Dental Self Insurance Fund pays up to \$1,000 per person per year. During 2023, \$118,128 was paid in claims.

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

The Health System expenses amounts representing the employer’s portion of actual claims paid, adjusted for the estimates of liabilities relating to claims resulted from services provided prior to the year-end not to exceed the annual aggregate expense. The estimated liability of \$697,876 as of December 31, 2023, is included in accrued payable in the financial statements. These amounts have been estimated based on historical trends and actuarial analysis. Changes in the balance of claims liabilities during the past year are as follows:

Year	Beginning Liability	Current Year Net Claims and Changes in Estimates	Claim Payments	Ending Liability
2023	\$ 555,779	\$ 3,004,993	\$ (2,862,896)	\$ 697,876

Property and Liability Insurance

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

The City joined the South Dakota Public Assurance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program from South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The City's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the City. The City pays a Members' Annual Operating Contribution, to provide liability coverage under an occurrence-based policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The City pays an annual premium to the pool for this coverage.

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed.

The prior policy provided the departing Member with such a partial refund because the departing Member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing Member pursuant to the revised IGC.

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

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

The Health System has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an annual aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. The Health System is also insured under a claims-made excess umbrella policy with a limit of \$4 million.

Workers' Compensation

In 2023, the City utilized the Workers Compensation Program with Travelers Insurance, one of the leading Public Entity Workers Compensation providers in the United States. Travelers provides extensive services to mitigate the occurrences of claims and manage the claim if they do occur. Coverage limits meet all state statutes. There is not a per individual claim limit.

Unemployment Benefits

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

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

During the year ended December 31, 2023, the City did not experience any significant claims or refunds.

Note 18 - Litigation

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. In the opinion of City Counsel and management, such claims against the City not covered by insurance, would not materially affect the financial condition of the City at December 31, 2023.

Note 19 - Commitments and Contingencies

Grants and Grants Receivable

Amounts received or receivables from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time.

Construction Commitments

The City had the following significant project commitments at December 31, 2023, as follows:

Project Description	Authorized	Expended or Accrued as of 12/31/2023	Committed
Governmental Activities			
University Blvd.	\$ 2,168,345	\$ 1,077,972	\$ 1,090,373
Street Maintenance & Overlay	2,760,200	2,326,484	433,716
22nd Avenue Reconstruction	4,883,371	4,330,724	552,647
Total governmental activities	<u>\$ 9,811,916</u>	<u>\$ 7,735,180</u>	<u>\$ 2,076,736</u>

Project Description	Authorized	Expended or Accrued as of 12/31/2023	Committed
Water Fund			
Water Treatment Plant	\$ 64,384,000	\$ 32,267,644	\$ 32,116,356
Raw/Treated Water Pipelines Phase 2	11,426,514	10,926,266	500,248
Raw/Treated Water Pipelines Phase 3	9,070,089	4,499,184	4,570,905
Lime Sludge Disposal	65,625	54,600	11,025
Wastewater Fund			
SW and SE Interceptor Replacement Phase 2	6,126,835	5,966,488	160,347
Manhole Rehabilitation	457,480	294,101	163,379
Combined	\$ 91,530,543	\$ 54,008,283	\$ 37,522,260

Municipal Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require Municipalities to place a final cover on their municipal landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Municipality reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,200,649 reported as landfill closure and post-closure care liability at December 31, 2023, represents the cumulative amount reported to date based on the use of 32.1% of the estimated capacity of the landfill. The Municipality will recognize the remaining estimated cost of closure and post-closure care of \$2,540,095 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2023. The Municipality expects to close the landfill in the year of 2061. 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, 2023, investments of \$1,606,397 are held for these purposes. These are reported as restricted assets on the statement of net position. The Municipality expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by increased fees to future landfill users or from future tax revenue.

Note 20 - Subsequent Events

Change Healthcare – Security Breach

After year-end, Change Healthcare experienced a material data breach which has caused significant disruption in the ability of healthcare providers across the United States to bill and collect outstanding claims, as well as other operational impacts. The Health System continues to monitor the developments associated with the breach and is currently assessing the impact of this incident on its operations. Given the inherent uncertainty surrounding such events, the ultimate impact on the Health System’s financial statements cannot be reasonably estimated at this time.

Required Supplementary Information
December 31, 2023

City of Brookings, South Dakota

City of Brookings, South Dakota
 Schedule of Changes in the City's Total OPEB Liability and Related Ratios
 December 31, 2023

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios
 Last 10 Fiscal Years***

	2023	2022	2021	2020	2019	2018
Service cost	\$ 286,575	\$ 616,846	\$ 386,643	\$ 352,995	\$ 299,552	\$ 329,850
Interest cost	185,235	134,513	128,090	190,576	242,003	207,797
Differences between expected and actual experiences	-	1,409,060	-	(1,370,970)	-	-
Changes in assumptions	204,826	(3,071,237)	32,354	148,092	756,243	(339,559)
Benefit payments	(302,804)	(316,738)	(262,625)	(272,412)	(322,929)	(289,617)
Net change in total OPEB liability	373,832	(1,227,556)	284,462	(951,719)	974,869	(91,529)
Total OPEB liability, beginning	4,842,855	6,070,411	5,785,949	6,737,668	5,762,799	5,854,328
Total OPEB liability, ending	<u>\$ 5,216,687</u>	<u>\$ 4,842,855</u>	<u>\$ 6,070,411</u>	<u>\$ 5,785,949</u>	<u>\$ 6,737,668</u>	<u>\$ 5,762,799</u>

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Notes to the Schedule of Changes in the City's Total OPEB Liability and Related Ratios

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

Changes in Benefit Terms

There were no significant changes in benefit terms.

Changes in Assumptions:

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

Year ended December 31, 2023	3.26%
Year ended December 31, 2022	3.72%
Year ended December 31, 2021	2.12%
Year ended December 31, 2020	2.12%
Year ended December 31, 2019	2.74%
Year ended December 31, 2018	2.12%

City of Brookings, South Dakota
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
December 31, 2023

2023 Changes in the Total OPEB Liability

	City	BMU	BHS	Total
Changes from the Prior Year:				
Service cost	\$ 177,746	\$ 50,930	\$ 57,899	\$ 286,575
Interest cost	93,252	46,627	45,356	185,235
Assumption changes	102,725	40,659	61,442	204,826
Benefit payments	<u>(154,609)</u>	<u>(103,932)</u>	<u>(44,263)</u>	<u>(302,804)</u>
Total Net Changes	<u>219,114</u>	<u>34,284</u>	<u>120,434</u>	<u>373,832</u>
Balance at December 31, 2023	<u>\$ 2,624,715</u>	<u>\$ 1,288,241</u>	<u>\$ 1,303,731</u>	<u>\$ 5,216,687</u>
Covered Payroll	\$2,098,973	\$1,314,656	\$ 8,618,169	\$ 12,031,798
Total OPEB Liability as a percentage of covered payroll	125%	98%	15%	43%

2022 Changes in the Total OPEB Liability

	City	BMU	BHS	Total
Changes from the Prior Year:				
Service cost	\$ 380,465	\$ 93,043	\$ 143,338	\$ 616,846
Interest cost	54,785	44,318	35,410	134,513
Differences between expected and actual experience	1,040,951	(346,071)	714,180	1,409,060
Assumption changes	(1,258,575)	(547,453)	(1,265,209)	(3,071,237)
Benefit payments	<u>(181,038)</u>	<u>(95,897)</u>	<u>(39,803)</u>	<u>(316,738)</u>
Total Net Changes	<u>36,588</u>	<u>(852,060)</u>	<u>(412,084)</u>	<u>(1,227,556)</u>
Balance at December 31, 2022	<u>\$ 2,405,601</u>	<u>\$ 1,253,957</u>	<u>\$ 1,183,297</u>	<u>\$ 4,842,855</u>
Covered Payroll	\$ 9,045,961	\$ 9,005,241	\$ 20,852,081	\$ 38,903,283
Total OPEB Liability as a percentage of covered payroll	27%	14%	6%	12%

2021 Changes in the Total OPEB Liability

	City	BMU	BHS	Total
Changes from the Prior Year:				
Service cost	\$176,259	\$115,814	\$94,570	\$ 386,643
Interest cost	50,296	44,531	33,263	128,090
Assumption changes	12,422	9,519	10,413	32,354
Benefit payments	<u>(131,639)</u>	<u>(96,615)</u>	<u>(34,371)</u>	<u>(262,625)</u>
Total Net Changes	<u>107,338</u>	<u>73,249</u>	<u>103,875</u>	<u>284,462</u>
Balance at December 31, 2021	<u>\$ 2,369,013</u>	<u>\$ 2,106,017</u>	<u>\$ 1,595,381</u>	<u>\$ 6,070,411</u>
Covered Payroll	\$ 9,023,616	\$ 9,065,861	\$ 19,971,193	\$ 38,060,670
Total OPEB Liability as a percentage of covered payroll	26%	23%	8%	16%

City of Brookings, South Dakota
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
December 31, 2023

2020 Changes in the Total OPEB Liability

	City	BMU	BHS	Total
Changes from the Prior Year:				
Service cost	\$ 163,297	\$ 102,717	\$ 86,981	\$ 352,995
Interest cost	86,673	59,261	44,642	190,576
Differences between expected and actual experience	(934,861)	(211,525)	(224,584)	(1,370,970)
Assumption changes	17,173	77,660	53,259	148,092
Benefit payments	(140,204)	(110,205)	(22,003)	(272,412)
Total Net Changes	(807,922)	(82,092)	(61,705)	(951,719)
Balance at December 31, 2020	\$ 2,261,675	\$ 2,032,768	\$ 1,491,506	\$ 5,785,949
Covered Payroll	\$ 8,785,102	\$ 10,747,836	\$ 19,971,193	\$ 39,504,131
Total OPEB Liability as a percentage of covered payroll	26%	19%	7%	15%

2019 Changes in the Total OPEB Liability

	City	BMU	BHS	Total
Changes from the Prior Year:				
Service cost	\$ 153,712	\$ 83,103	\$ 62,737	\$ 299,552
Interest cost	110,686	77,654	53,663	242,003
Assumption changes	350,756	201,322	204,165	756,243
Benefit payments	(181,171)	(115,073)	(26,685)	(322,929)
Total Net Changes	433,983	247,006	293,880	974,869
Balance at December 31, 2019	\$ 3,069,597	\$ 2,114,860	\$ 1,553,211	\$ 6,737,668
Covered Payroll	\$ 8,610,689	\$ 10,635,845	\$ 19,058,624	\$ 38,305,158
Total OPEB Liability as a percentage of covered payroll	36%	20%	8%	18%

2018 Changes in the Total OPEB Liability

	City	BMU	BHS	Total
Changes from the Prior Year:				
Service cost	\$ 168,260	\$ 91,239	\$ 70,351	\$ 329,850
Interest cost	95,498	67,064	45,235	207,797
Assumption changes	(156,482)	(93,071)	(90,006)	(339,559)
Benefit payments	(157,664)	(110,376)	(21,577)	(289,617)
Total Net Changes	(50,388)	(45,144)	4,003	(91,529)
Balance at December 31, 2018	\$ 2,635,614	\$ 1,867,854	\$ 1,259,331	\$ 5,762,799
Covered Payroll	\$ 8,047,014	\$ 10,333,541	\$ 18,410,492	\$ 36,791,047
Total OPEB Liability as a percentage of covered payroll	33%	18%	7%	16%

City of Brookings, South Dakota
Schedule of Employer's Share of Net Pension Liability (Asset) and Schedule of Employer's Contributions
South Dakota Retirement System Pension Plan
December 31, 2023

**Schedule of Employer's Share of Net Pension Liability (Asset)
Last 10 Fiscal Years**

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
6/30/2023	1.65%	\$ (160,817)	\$ 40,455,580	0.40%	100.07%
6/30/2022	1.68%	\$ (158,890)	\$ 38,263,177	0.42%	100.10%
6/30/2021	1.79%	\$ (13,733,502)	\$ 38,638,175	35.54%	105.53%
6/30/2020	1.88%	\$ (81,555)	\$ 39,123,163	0.21%	100.04%
6/30/2019	1.83%	\$ (193,879)	\$ 36,922,862	0.53%	100.09%
6/30/2018	1.84%	\$ (42,978)	\$ 36,418,929	0.12%	100.00%
6/30/2017	1.79%	\$ 162,889	\$ 34,849,490	0.47%	100.10%
6/30/2016	1.85%	\$ 6,257,168	\$ 33,668,846	18.58%	96.89%
6/30/2015	1.87%	\$ 7,930,006	\$ 32,688,130	24.26%	104.10%
6/30/2014	1.90%	\$ 13,709,855	\$ 32,786,489	41.82%	107.30%

**Schedule of Employer's Contributions
Last 10 Fiscal Years***

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Payroll (c)	Contributions as a Percentage of Covered-Payroll (b/c)
12/31/2023	\$ 2,573,226	\$ 2,573,226	\$ -	\$ 40,678,088	6.33%
12/31/2022	\$ 2,408,742	\$ 2,408,742	\$ -	\$ 39,263,284	6.13%
12/31/2021	\$ 2,441,371	\$ 2,441,371	\$ -	\$ 38,051,089	6.42%
12/31/2020	\$ 2,493,420	\$ 2,493,420	\$ -	\$ 39,504,131	6.31%
12/31/2019	\$ 2,420,753	\$ 2,420,753	\$ -	\$ 38,305,158	6.32%
12/31/2018	\$ 2,316,039	\$ 2,316,039	\$ -	\$ 36,791,047	6.30%
12/31/2017	\$ 2,235,945	\$ 2,235,945	\$ -	\$ 35,680,103	6.27%
12/31/2016	\$ 2,096,488	\$ 2,096,488	\$ -	\$ 34,066,020	6.15%
12/31/2015	\$ 2,069,087	\$ 2,069,087	\$ -	\$ 32,960,950	6.28%
12/31/2014	\$ 2,010,973	\$ 2,010,973	\$ -	\$ 32,580,616	6.17%

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

Changes from Prior Valuation

The June 30, 2023 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2022 Actuarial Valuation. The details of the changes since the last valuation are as follows:

Benefit Provision Changes

During the 2023 Legislative Session no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety Members.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2022, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

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

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.

Other Supplementary Information
December 31, 2023

City of Brookings, South Dakota

City of Brookings, South Dakota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,239,100	\$ 1,669,243	\$ 2,701,057	\$ 8,609,400
Investments	5,999	-	-	5,999
Restricted cash and cash equivalents	225,000	-	-	225,000
Receivables (net of allowance for uncollectibles)				
Interest	11,631	-	8,367	19,998
Storm drainage fees	37	-	-	37
Accounts	1,770,632	-	64,555	1,835,187
Special assessments	795,212	-	-	795,212
Intergovernmental	197,102	-	-	197,102
Due from other funds	152,581	-	-	152,581
Inventories	45,816	-	-	45,816
Prepaid items	43,431	-	-	43,431
Total assets	\$ 7,486,541	\$ 1,669,243	\$ 2,773,979	\$ 11,929,763
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Accounts payable	\$ 365,385	\$ 43,659	\$ 108,815	\$ 517,859
Advances from other funds	395,837	858,416	-	1,254,253
Due to other funds	153,029	-	-	153,029
Accrued payroll	49,059	-	-	49,059
Due to other governments	18,121	-	-	18,121
Unearned revenue	1,995,390	-	-	1,995,390
Total liabilities	2,976,821	902,075	108,815	3,987,711
Deferred Inflows of Resources				
Unavailable revenue	795,248	-	-	795,248
Fund Balance (Deficit)				
Nonspendable	89,247	-	-	89,247
Restricted	1,130,571	767,168	-	1,897,739
Committed	2,843,940	-	-	2,843,940
Assigned	-	-	2,667,433	2,667,433
Unassigned	(349,286)	-	(2,269)	(351,555)
Total fund balance (deficit)	3,714,472	767,168	2,665,164	7,146,804
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,486,541	\$ 1,669,243	\$ 2,773,979	\$ 11,929,763

City of Brookings, South Dakota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended December 31, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes				
General property taxes	\$ -	\$ 2,634,428	\$ -	\$ 2,634,428
Storm drainage taxes	1,137,934	-	-	1,137,934
General sales and use taxes	1,265,448	-	-	1,265,448
Other taxes	639,316	-	-	639,316
Special assessments	371,541	-	-	371,541
Intergovernmental	187,040	-	3,375	190,415
Charges for goods and services	2,617,138	-	64,555	2,681,693
Fines and forfeitures	20,440	-	-	20,440
Investment income (loss)	145,858	-	112,176	258,034
Miscellaneous	40,549	-	977,428	1,017,977
Total revenues	<u>6,425,264</u>	<u>2,634,428</u>	<u>1,157,534</u>	<u>10,217,226</u>
Expenditures				
Current				
General government	5,175	68,659	129,053	202,887
Public safety	910,328	-	-	910,328
Public works	219,099	60,904	-	280,003
Culture and recreation	2,998,002	-	-	2,998,002
Conservation and development	1,092,452	-	-	1,092,452
Capital outlay	1,666,943	-	2,310,040	3,976,983
Debt service				
Principal	221,643	-	-	221,643
Interest and fiscal charges	84,100	34,001	-	118,101
Total expenditures	<u>7,197,742</u>	<u>163,564</u>	<u>2,439,093</u>	<u>9,800,399</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(772,478)	2,470,864	(1,281,559)	416,827
Other Financing Sources (Uses)				
Transfers in	1,159,094	750,000	1,060,441	2,969,535
Transfers out	(1,252,116)	(2,026,519)	(1,172)	(3,279,807)
Total other financing sources (uses)	<u>(93,022)</u>	<u>(1,276,519)</u>	<u>1,059,269</u>	<u>(310,272)</u>
Net Change in Fund Balance	(865,500)	1,194,345	(222,290)	106,555
Fund Balance (Deficit), Beginning of Year	<u>4,579,972</u>	<u>(427,177)</u>	<u>2,887,454</u>	<u>7,040,249</u>
Fund Balance, End of Year	<u>\$ 3,714,472</u>	<u>\$ 767,168</u>	<u>\$ 2,665,164</u>	<u>\$ 7,146,804</u>

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The City utilizes the following special revenue funds:

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.

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

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

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

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

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

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

City of Brookings, South Dakota
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2023

	<u>Enhanced 911</u>	<u>Dacotah Bank Center</u>	<u>Library Fines</u>	<u>Special Assessment</u>
Assets				
Cash and cash equivalents	\$ 184,758	\$ 453,625	\$ 30,924	\$ 452,122
Investments	-	-	5,999	-
Restricted cash and cash equivalents	25,000	-	-	-
Receivables (net of allowance for uncollectibles)				
Interest	572	-	4	1,400
Storm drainage fees	-	-	-	-
Accounts	-	1,754,469	-	-
Special assessments	-	-	-	795,212
Intergovernmental	91,586	-	-	-
Due from other funds	-	152,581	-	-
Inventories	-	45,816	-	-
Prepaid items	-	43,431	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 301,916</u>	<u>\$ 2,449,922</u>	<u>\$ 36,927</u>	<u>\$ 1,248,734</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Accounts payable	\$ 3,944	\$ 350,195	\$ 89	\$ -
Advances from other funds	-	335,337	-	60,500
Due to other funds	448	-	-	-
Accrued payroll	38,141	10,918	-	-
Due to other governments	-	18,121	-	-
Unearned revenue	-	1,995,390	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>42,533</u>	<u>2,709,961</u>	<u>89</u>	<u>60,500</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	795,211
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance (Deficit)				
Nonspendable	-	89,247	-	-
Restricted	259,383	-	36,838	-
Committed	-	-	-	393,023
Unassigned	-	(349,286)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance (deficit)	<u>259,383</u>	<u>(260,039)</u>	<u>36,838</u>	<u>393,023</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 301,916</u>	<u>\$ 2,449,922</u>	<u>\$ 36,927</u>	<u>\$ 1,248,734</u>

City of Brookings, South Dakota
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2023

	<u>Storm Drainage</u>	<u>Bed and Booze Tax</u>	<u>BID Fee</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets				
Cash and cash equivalents	\$ 2,086,551	\$ 780,578	\$ 250,542	\$ 4,239,100
Investments	-	-	-	5,999
Restricted cash and cash equivalents	-	100,000	100,000	225,000
Receivables (net of allowance for uncollectibles)				
Interest	6,462	2,417	776	11,631
Storm drainage fees	37	-	-	37
Accounts	395	-	15,768	1,770,632
Special assessments	-	-	-	795,212
Intergovernmental	1,580	103,936	-	197,102
Due from other funds	-	-	-	152,581
Inventories	-	-	-	45,816
Prepaid items	-	-	-	43,431
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,095,025</u>	<u>\$ 986,931</u>	<u>\$ 367,086</u>	<u>\$ 7,486,541</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Accounts payable	\$ 10,899	\$ -	\$ 258	\$ 365,385
Advances from other funds	-	-	-	395,837
Due to other funds	-	152,581	-	153,029
Accrued payroll	-	-	-	49,059
Due to other governments	-	-	-	18,121
Unearned revenue	-	-	-	1,995,390
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>10,899</u>	<u>152,581</u>	<u>258</u>	<u>2,976,821</u>
Deferred Inflows of Resources				
Unavailable revenue	37	-	-	795,248
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance (Deficit)				
Nonspendable	-	-	-	89,247
Restricted	-	834,350	-	1,130,571
Committed	2,084,089	-	366,828	2,843,940
Unassigned	-	-	-	(349,286)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance (deficit)	<u>2,084,089</u>	<u>834,350</u>	<u>366,828</u>	<u>3,714,472</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,095,025</u>	<u>\$ 986,931</u>	<u>\$ 367,086</u>	<u>\$ 7,486,541</u>

City of Brookings, South Dakota
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	<u>Enhanced 911</u>	<u>Dacotah Bank Center</u>	<u>Library Fines</u>	<u>Special Assessment</u>
Revenues				
Taxes				
Storm drainage taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Other taxes	377,764	-	-	-
Special assessments	-	-	-	371,541
Intergovernmental	187,040	-	-	-
Charges for goods and services	-	2,617,138	-	-
Fines and forfeits	-	-	20,440	-
Investment income	8,201	-	42	12,836
Miscellaneous	3,549	-	-	-
	<u>576,554</u>	<u>2,617,138</u>	<u>20,482</u>	<u>384,377</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	910,328	-	-	-
Public works	-	-	-	-
Culture and recreation	-	2,990,305	7,697	-
Conservation and development	-	-	-	-
Capital outlay	36,394	1,418,137	-	162,001
Debt service				
Principal	-	23,965	-	-
Interest and fiscal charges	-	3,834	-	-
	<u>946,722</u>	<u>4,436,241</u>	<u>7,697</u>	<u>162,001</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(370,168)	(1,819,103)	12,785	222,376
Other Financing Sources (Uses)				
Transfers in	374,081	726,977	-	5,804
Transfers out	-	(230,581)	-	-
	<u>374,081</u>	<u>496,396</u>	<u>-</u>	<u>5,804</u>
Net Change in Fund Balances	3,913	(1,322,707)	12,785	228,180
Fund Balance, Beginning of Year	<u>255,470</u>	<u>1,062,668</u>	<u>24,053</u>	<u>164,843</u>
Fund Balances, End of Year	<u>\$ 259,383</u>	<u>\$ (260,039)</u>	<u>\$ 36,838</u>	<u>\$ 393,023</u>

City of Brookings, South Dakota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	<u>Storm Drainage</u>	<u>Bed and Booze Tax</u>	<u>BID Fee</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues				
Taxes				
Storm drainage taxes	\$ 1,137,934	\$ -	\$ -	\$ 1,137,934
General sales and use taxes	-	1,265,448	-	1,265,448
Other taxes	-	-	261,552	639,316
Special assessments	-	-	-	371,541
Intergovernmental	-	-	-	187,040
Charges for goods and services	-	-	-	2,617,138
Fines and forfeits	-	-	-	20,440
Investment income	82,647	29,854	12,278	145,858
Miscellaneous	-	37,000	-	40,549
	<u>1,220,581</u>	<u>1,332,302</u>	<u>273,830</u>	<u>6,425,264</u>
Expenditures				
Current				
General government	-	-	5,175	5,175
Public safety	-	-	-	910,328
Public works	219,099	-	-	219,099
Culture and recreation	-	-	-	2,998,002
Conservation and development	-	849,377	243,075	1,092,452
Capital outlay	50,411	-	-	1,666,943
Debt service				
Principal	197,678	-	-	221,643
Interest and fiscal charges	80,266	-	-	84,100
	<u>547,454</u>	<u>849,377</u>	<u>248,250</u>	<u>7,197,742</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	673,127	482,925	25,580	(772,478)
Other Financing Sources (Uses)				
Transfers in	2,232	50,000	-	1,159,094
Transfers out	(493,960)	(527,575)	-	(1,252,116)
	<u>(491,728)</u>	<u>(477,575)</u>	<u>-</u>	<u>(93,022)</u>
Net Change in Fund Balances	181,399	5,350	25,580	(865,500)
Fund Balance, Beginning of Year	<u>1,902,690</u>	<u>829,000</u>	<u>341,248</u>	<u>4,579,972</u>
Fund Balances, End of Year	<u>\$ 2,084,089</u>	<u>\$ 834,350</u>	<u>\$ 366,828</u>	<u>\$ 3,714,472</u>

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	Enhanced 911				Dacotah Bank Center			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Taxes								
Storm drainage taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-	-	-	-	-
Other taxes	407,553	407,553	377,764	(29,789)	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental	-	-	187,040	187,040	-	-	-	-
Charges for goods and services	-	-	-	-	2,583,644	2,583,644	2,617,138	33,494
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	-	-	8,201	8,201	-	-	-	-
Miscellaneous	-	-	3,549	3,549	-	-	-	-
Total revenues	<u>407,553</u>	<u>407,553</u>	<u>576,554</u>	<u>169,001</u>	<u>2,583,644</u>	<u>2,583,644</u>	<u>2,617,138</u>	<u>33,494</u>
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	949,918	978,579	910,328	68,251	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	2,826,053	2,826,053	2,990,305	(164,252)
Conservation and development	-	-	-	-	-	-	-	-
Capital outlay	26,800	51,800	36,394	15,406	567,077	1,818,170	1,418,137	400,033
Debt service								
Principal	-	-	-	-	-	-	23,965	(23,965)
Interest and fiscal charges	-	-	-	-	-	-	3,834	(3,834)
Total expenditures	<u>976,718</u>	<u>1,030,379</u>	<u>946,722</u>	<u>83,657</u>	<u>3,393,130</u>	<u>4,644,223</u>	<u>4,436,241</u>	<u>207,982</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(569,165)	(622,826)	(370,168)	252,658	(809,486)	(2,060,579)	(1,819,103)	241,476
Other Financing Sources (Uses)								
Transfers in	374,081	374,081	374,081	-	809,486	809,486	726,977	(82,509)
Transfers out	-	-	-	-	-	-	(230,581)	(230,581)
Total other financing sources (uses)	<u>374,081</u>	<u>374,081</u>	<u>374,081</u>	<u>-</u>	<u>809,486</u>	<u>809,486</u>	<u>496,396</u>	<u>(313,090)</u>
Net Change in Fund Balances	<u>\$ (195,084)</u>	<u>\$ (248,745)</u>	<u>3,913</u>	<u>\$ 252,658</u>	<u>\$ -</u>	<u>\$ (1,251,093)</u>	<u>(1,322,707)</u>	<u>\$ (71,614)</u>
Fund Balance, Beginning of Year			<u>255,470</u>				<u>1,062,668</u>	
Fund Balances, End of Year			<u>\$ 259,383</u>				<u>\$ (260,039)</u>	

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	Library Fines				Special Assessment			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Taxes								
Storm drainage taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	200,728	200,728	371,541	170,813
Intergovernmental	-	-	-	-	-	-	-	-
Charges for goods and services	-	-	-	-	-	-	-	-
Fines and forfeits	35,000	35,000	20,440	(14,560)	-	-	-	-
Investment income	-	-	42	42	1,000	1,000	12,836	11,836
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>20,482</u>	<u>(14,518)</u>	<u>201,728</u>	<u>201,728</u>	<u>384,377</u>	<u>182,649</u>
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Culture and recreation	30,000	30,000	7,697	22,303	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	346,000	356,000	162,001	193,999
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>7,697</u>	<u>22,303</u>	<u>346,000</u>	<u>356,000</u>	<u>162,001</u>	<u>193,999</u>
Excess (Deficiency) of Revenues over (under) Expenditures	5,000	5,000	12,785	7,785	(144,272)	(154,272)	222,376	376,648
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	140,710	140,710	5,804	(134,906)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,710</u>	<u>140,710</u>	<u>5,804</u>	<u>(134,906)</u>
Net Change in Fund Balances	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>12,785</u>	<u>\$ 7,785</u>	<u>\$ (3,562)</u>	<u>\$ (13,562)</u>	<u>228,180</u>	<u>\$ 241,742</u>
Fund Balance, Beginning of Year			<u>24,053</u>				<u>164,843</u>	
Fund Balances, End of Year			<u>\$ 36,838</u>				<u>\$ 393,023</u>	

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	Storm Drainage				Bed and Booze Tax			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Taxes								
Storm drainage taxes	\$ 1,313,425	\$ 1,313,425	\$ 1,137,934	\$ (175,491)	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-	1,154,296	1,154,296	1,265,448	111,152
Other taxes	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental	-	75,000	-	(75,000)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Investment income	3,568	3,568	82,647	79,079	1,000	1,000	29,854	28,854
Miscellaneous	-	-	-	-	-	-	37,000	37,000
Total revenues	<u>1,316,993</u>	<u>1,391,993</u>	<u>1,220,581</u>	<u>(171,412)</u>	<u>1,155,296</u>	<u>1,155,296</u>	<u>1,332,302</u>	<u>177,006</u>
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	383,309	518,798	219,099	299,699	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	781,375	980,175	849,377	130,798
Capital outlay	689,005	747,261	50,411	696,850	-	-	-	-
Debt service								
Principal	193,154	193,154	197,678	(4,524)	-	-	-	-
Interest and fiscal charges	77,881	77,881	80,266	(2,385)	-	-	-	-
Total expenditures	<u>1,343,349</u>	<u>1,537,094</u>	<u>547,454</u>	<u>989,640</u>	<u>781,375</u>	<u>980,175</u>	<u>849,377</u>	<u>130,798</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(26,356)	(145,101)	673,127	818,228	373,921	175,121	482,925	307,804
Other Financing Sources (Uses)								
Transfers in	1,426	1,426	2,232	806	50,000	50,000	50,000	-
Transfers out	-	(493,960)	(493,960)	-	(292,066)	(374,994)	(527,575)	(152,581)
Total other financing sources (uses)	<u>1,426</u>	<u>(492,534)</u>	<u>(491,728)</u>	<u>806</u>	<u>(242,066)</u>	<u>(324,994)</u>	<u>(477,575)</u>	<u>(152,581)</u>
Net Change in Fund Balances	<u>\$ (24,930)</u>	<u>\$ (637,635)</u>	<u>181,399</u>	<u>\$ 819,034</u>	<u>\$ 131,855</u>	<u>\$ (149,873)</u>	<u>5,350</u>	<u>\$ 155,223</u>
Fund Balance, Beginning of Year			<u>1,902,690</u>				<u>829,000</u>	
Fund Balances, End of Year			<u>\$ 2,084,089</u>				<u>\$ 834,350</u>	

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	BID Fee			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes				
Storm drainage taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Other taxes	500,000	500,000	261,552	(238,448)
Special assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Investment income	500	500	12,278	11,778
Miscellaneous	-	-	-	-
Total revenues	<u>500,500</u>	<u>500,500</u>	<u>273,830</u>	<u>(226,670)</u>
Expenditures				
Current				
General government	4,000	4,000	5,175	(1,175)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	243,075	243,075	243,075	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>247,075</u>	<u>247,075</u>	<u>248,250</u>	<u>(1,175)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	253,425	253,425	25,580	(227,845)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 253,425</u>	<u>\$ 253,425</u>	25,580	<u>\$ (227,845)</u>
Fund Balance, Beginning of Year			<u>341,248</u>	
Fund Balances, End of Year			<u>\$ 366,828</u>	

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

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

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

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

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

TIF-9 Industrial Park Fund - To account for the revenues and expenditures of the Tax Increment District (TID) #9. This TID was created to capture the incremental tax generated by an industrial park in the north portion of the community to expand the street network and infrastructure within the district and to pay the debt incurred on the infrastructure improvements.

TIF-10 15th & 7th Fund - To account for the revenues and expenditures of the Tax Increment District (TID) #10. This TID was created to capture the incremental tax generated by a workforce housing development at 15th Street South and 7th Avenue South and to pay the debt incurred on the infrastructure improvements.

TIF-11 Tallgrass & Sweetgrass Fund - To account for the revenues and expenditures of the Tax Increment District (TID) #11. This TID was created to capture the incremental tax generated by commercial development north and west of Tallgrass Parkway and Sweetgrass Drive and to pay the debt incurred on the infrastructure improvements.

City of Brookings, South Dakota
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2023

	<u>TIF-1 Innovation Campus</u>	<u>TIF-5 32nd Ave</u>	<u>TIF-6 Digester</u>	<u>TIF-7 S. Main Ave</u>
Assets				
Cash and cash equivalents	<u>\$ 875,584</u>	<u>\$ 43,659</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ -	\$ 43,659	\$ -	\$ -
Advances from other funds	<u>858,416</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>858,416</u>	<u>43,659</u>	<u>-</u>	<u>-</u>
Fund Balance				
Restricted	<u>17,168</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 875,584</u>	<u>\$ 43,659</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brookings, South Dakota
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2023

	<u>TIF-8 Affordable Housing</u>	<u>TIF-9 Industrial Park</u>	<u>TIF-10 15th & 7th</u>	<u>TIF-11 Tallgrass & Sweetgrass</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets					
Cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ 1,669,243</u>
Liabilities and Fund Balance					
Liabilities					
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,659</u>
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>858,416</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>902,075</u>
Fund Balance					
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>767,168</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ 1,669,243</u>

City of Brookings, South Dakota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2023

	<u>TIF-1 Innovation Campus</u>	<u>TIF-5 32nd Ave</u>	<u>TIF-6 Digester</u>	<u>TIF-7 S. Main Ave</u>
Revenues				
Taxes				
General property taxes	\$ 609,470	\$ 201,527	\$ 386,016	\$ 1,309,172
Expenditures				
Current				
General government	-	43,659	-	25,000
Public works	-	-	-	-
Debt service				
Interest and fiscal charges	34,001	-	-	-
Total expenditures	<u>34,001</u>	<u>43,659</u>	<u>-</u>	<u>25,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	575,469	157,868	386,016	1,284,172
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>(122,850)</u>	<u>(157,868)</u>	<u>(386,016)</u>	<u>(1,285,306)</u>
Total other financing sources (uses)	<u>(122,850)</u>	<u>(157,868)</u>	<u>(386,016)</u>	<u>(1,285,306)</u>
Net Change in Fund Balances	452,619	-	-	(1,134)
Fund Balance, Beginning of Year	<u>(435,451)</u>	<u>-</u>	<u>-</u>	<u>1,134</u>
Fund Balances, End of Year	<u>\$ 17,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brookings, South Dakota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2023

	TIF-8 Affordable Housing	TIF-9 Industrial Park	TIF-10 15th & 7th	TIF-11 Tallgrass & Sweetgrass	Total Nonmajor Debt Service Funds
Revenues					
Taxes					
General property taxes	\$ 98,189	\$ 20,251	\$ 9,803	\$ -	\$ 2,634,428
Expenditures					
Current					
General government	-	-	-	-	68,659
Public works	60,904	-	-	-	60,904
Debt service					
Interest and fiscal charges	-	-	-	-	34,001
Total expenditures	60,904	-	-	-	163,564
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,285	20,251	9,803	-	2,470,864
Other Financing Sources (Uses)					
Transfers in	-	-	-	750,000	750,000
Transfers out	(44,425)	(20,251)	(9,803)	-	(2,026,519)
Total other financing sources (uses)	(44,425)	(20,251)	(9,803)	750,000	(1,276,519)
Net Change in Fund Balances	(7,140)	-	-	750,000	1,194,345
Fund Balance, Beginning of Year	7,140	-	-	-	(427,177)
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ 750,000	\$ 767,168

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Debt Service Funds
Year Ended December 31, 2023

	TIF-1 Innovation Campus				TIF-5 32nd Ave.			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Taxes								
General property taxes	\$ -	\$ -	\$ 609,470	\$ 609,470	\$ 130,884	\$ 130,884	\$ 201,527	\$ 70,643
Expenditures								
Current								
General government	-	-	-	-	-	-	43,659	(43,659)
Public works	-	-	-	-	-	-	-	-
Debt service								
Interest and fiscal charges	-	-	34,001	(34,001)	-	-	-	-
Total expenditures	-	-	34,001	(34,001)	-	-	43,659	(43,659)
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	575,469	575,469	130,884	130,884	157,868	26,984
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(122,850)	(122,850)	(130,884)	(130,884)	(157,868)	(26,984)
Total other financing sources (uses)	-	-	(122,850)	(122,850)	(130,884)	(130,884)	(157,868)	(26,984)
Net Change in Fund Balances	\$ -	\$ -	452,619	\$ 452,619	\$ -	\$ -	-	\$ -
Fund Balance, Beginning of Year			(435,451)				-	
Fund Balances, End of Year			\$ 17,168				\$ -	

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Debt Service Funds
Year Ended December 31, 2023

	TIF-6 Digester				TIF-7 S. Main Ave.			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Taxes								
General property taxes	\$ 375,738	\$ 375,738	\$ 386,016	\$ 10,278	\$ 950,000	\$ 950,000	\$ 1,309,172	\$ 359,172
Expenditures								
Current								
General government	-	-	-	-	-	-	25,000	(25,000)
Public works	-	-	-	-	-	-	-	-
Debt service								
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	25,000	(25,000)
Excess (Deficiency) of Revenues over (under) Expenditures	375,738	375,738	386,016	10,278	950,000	950,000	1,284,172	334,172
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(375,738)	(375,738)	(386,016)	(10,278)	(950,000)	(950,000)	(1,285,306)	(335,306)
Total other financing sources (uses)	(375,738)	(375,738)	(386,016)	(10,278)	(950,000)	(950,000)	(1,285,306)	(335,306)
Net Change in Fund Balances	\$ -	\$ -	-	\$ -	\$ -	\$ -	(1,134)	\$ (1,134)
Fund Balance, Beginning of Year			-				1,134	
Fund Balances, End of Year			\$ -				\$ -	

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Debt Service Funds
Year Ended December 31, 2023

	TIF-8 Affordable Housing				TIF-9 Industrial Park			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Taxes								
General property taxes	\$ 23,347	\$ 23,347	\$ 98,189	\$ 74,842	\$ 6,441	\$ 6,441	\$ 20,251	\$ 13,810
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Public works	-	-	60,904	(60,904)	-	-	-	-
Debt service								
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	-	-	60,904	(60,904)	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	23,347	23,347	37,285	13,938	6,441	6,441	20,251	13,810
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(23,347)	(23,347)	(44,425)	(21,078)	(6,441)	(6,441)	(20,251)	(13,810)
Total other financing sources (uses)	(23,347)	(23,347)	(44,425)	(21,078)	(6,441)	(6,441)	(20,251)	(13,810)
Net Change in Fund Balances	\$ -	\$ -	(7,140)	\$ (7,140)	\$ -	\$ -	-	\$ -
Fund Balance, Beginning of Year			7,140				-	
Fund Balances, End of Year			\$ -				\$ -	

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Debt Service Funds
Year Ended December 31, 2023

	TIF-10 15th & 7th				TIF-11 Tallgrass & Sweetgrass			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Taxes								
General property taxes	\$ 5,705	\$ 5,705	\$ 9,803	\$ 4,098	\$ -	\$ -	\$ -	\$ -
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Debt service								
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	5,705	5,705	9,803	4,098	-	-	-	-
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	750,000	750,000
Transfers out	(5,705)	(5,705)	(9,803)	(4,098)	-	-	-	-
Total other financing sources (uses)	(5,705)	(5,705)	(9,803)	(4,098)	-	-	750,000	750,000
Net Change in Fund Balances	\$ -	\$ -	-	\$ -	\$ -	\$ -	750,000	\$ 750,000
Fund Balance, Beginning of Year			-				-	
Fund Balances, End of Year			\$ -				\$ 750,000	

Capital projects funds are used to account for financial resources used for the acquisition or construction of capital facilities.

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

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

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

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

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

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

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

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

TIF 9 Detention Basin - to account for the financial resources used to construct a detention basin to benefit storm drainage in an industrial park located in the north portion of the community.

City of Brookings, South Dakota
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2023

	<u>TIF 1 Project Innovation</u>	<u>Gateway</u>	<u>Bob Shelden</u>	<u>20th Street Interchange</u>	<u>15th & 7th</u>
Assets					
Cash and cash equivalents	\$ 1,511,953	\$ -	\$ -	\$ -	\$ 278,392
Receivables (net of allowance for uncollectibles)					
Interest	4,682	2	1	-	862
Accounts	64,555	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,581,190</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 279,254</u>
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 473	\$ -	\$ -	\$ 2,269	\$ -
Fund Balance (Deficit)					
Assigned	1,580,717	2	1	-	279,254
Unassigned	-	-	-	(2,269)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance (deficit)	<u>1,580,717</u>	<u>2</u>	<u>1</u>	<u>(2,269)</u>	<u>279,254</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,581,190</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 279,254</u>

City of Brookings, South Dakota
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2023

	Public Safety Center	Armory Upgrades	Brookings County Food Pantry	TIF 9 Detention Basin	Total Nonmajor Capital Projects Funds
Assets					
Cash and cash equivalents	\$ 392,771	\$ 16,715	\$ -	\$ 501,226	\$ 2,701,057
Receivables (net of allowance for uncollectibles)					
Interest	1,216	52	-	1,552	8,367
Accounts	-	-	-	-	64,555
	<u>393,987</u>	<u>16,767</u>	<u>-</u>	<u>502,778</u>	<u>2,773,979</u>
Total assets	\$ 393,987	\$ 16,767	\$ -	\$ 502,778	\$ 2,773,979
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 106,073	\$ 108,815
Fund Balance (Deficit)					
Assigned	393,987	16,767	-	396,705	2,667,433
Unassigned	-	-	-	-	(2,269)
	<u>393,987</u>	<u>16,767</u>	<u>-</u>	<u>396,705</u>	<u>2,665,164</u>
Total fund balance (deficit)	393,987	16,767	-	396,705	2,665,164
Total liabilities and fund balances	\$ 393,987	\$ 16,767	\$ -	\$ 502,778	\$ 2,773,979

City of Brookings, South Dakota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2023

	TIF 1 Project Innovation	Gateway	Bob Shelden Complex	20th Street Interchange	15th & 7th
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for goods and services	64,555	-	-	-	-
Investment income	57,688	774	401	10,742	10,959
Miscellaneous	-	-	-	953,612	-
Total revenues	<u>122,243</u>	<u>774</u>	<u>401</u>	<u>964,354</u>	<u>10,959</u>
Expenditures					
Current					
General government	-	-	-	-	-
Capital outlay	597,299	-	-	1,560,871	-
Total expenditures	<u>597,299</u>	<u>-</u>	<u>-</u>	<u>1,560,871</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(475,056)	774	401	(596,517)	10,959
Other Financing Sources (Uses)					
Transfers in	440,000	-	-	102,662	-
Transfers out	-	(772)	(400)	-	-
Total other financing sources (uses)	<u>440,000</u>	<u>(772)</u>	<u>(400)</u>	<u>102,662</u>	<u>-</u>
Net Change in Fund Balances	(35,056)	2	1	(493,855)	10,959
Fund Balance, Beginning of Year	<u>1,615,773</u>	<u>-</u>	<u>-</u>	<u>491,586</u>	<u>268,295</u>
Fund Balances, End of Year	<u>\$ 1,580,717</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ (2,269)</u>	<u>\$ 279,254</u>

City of Brookings, South Dakota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2023

	Public Safety Center	Armory Upgrades	Brookings County Food Pantry	TIF-9 Detention Basisn	Total Nonmajor Capital Projects Funds
Revenues					
Intergovernmental	\$ -	\$ -	\$ 3,375	\$ -	\$ 3,375
Charges for goods and services	-	-	-	-	64,555
Investment income	15,748	680	254	14,930	112,176
Miscellaneous	-	-	23,816	-	977,428
Total revenues	<u>15,748</u>	<u>680</u>	<u>27,445</u>	<u>14,930</u>	<u>1,157,534</u>
Expenditures					
Current					
General government	-	828	-	128,225	129,053
Capital outlay	<u>20,892</u>	<u>-</u>	<u>130,978</u>	<u>-</u>	<u>2,310,040</u>
Total expenditures	<u>20,892</u>	<u>828</u>	<u>130,978</u>	<u>128,225</u>	<u>2,439,093</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,144)	(148)	(103,533)	(113,295)	(1,281,559)
Other Financing Sources (Uses)					
Transfers in	-	-	7,779	510,000	1,060,441
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,172)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>7,779</u>	<u>510,000</u>	<u>1,059,269</u>
Net Change in Fund Balances	(5,144)	(148)	(95,754)	396,705	(222,290)
Fund Balance, Beginning of Year	<u>399,131</u>	<u>16,915</u>	<u>95,754</u>	<u>-</u>	<u>2,887,454</u>
Fund Balances, End of Year	<u>\$ 393,987</u>	<u>\$ 16,767</u>	<u>\$ -</u>	<u>\$ 396,705</u>	<u>\$ 2,665,164</u>

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Capital Projects Funds
Year Ended December 31, 2023

	TIF 1 Project Innovation				Gateway			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for goods and services	-	565,455	64,555	(500,900)	-	-	-	-
Investment income	-	-	57,688	57,688	-	-	774	774
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	-	565,455	122,243	(443,212)	-	-	774	774
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Capital outlay	-	2,168,345	597,299	1,571,046	-	-	-	-
Total expenditures	-	2,168,345	597,299	1,571,046	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	(1,602,890)	(475,056)	1,127,834	-	-	774	774
Other Financing Sources (Uses)								
Transfers in	-	440,000	440,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(772)	(772)
Total other financing sources (uses)	-	440,000	440,000	-	-	-	(772)	(772)
Net Change in Fund Balances	\$ -	\$ (1,162,890)	(35,056)	\$ 1,127,834	\$ -	\$ -	2	\$ 2
Fund Balance, Beginning of Year			1,615,773				-	
Fund Balances, End of Year			\$ 1,580,717				\$ 2	

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Capital Projects Funds
Year Ended December 31, 2023

	Bob Shelden Complex				20th Street Interchange			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for goods and services	-	-	-	-	-	-	-	-
Investment income	-	-	401	401	-	-	10,742	10,742
Miscellaneous	-	-	-	-	-	1,655,469	953,612	(701,857)
Total revenues	-	-	401	401	-	1,655,469	964,354	(691,115)
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	2,140,700	1,560,871	579,829
Total expenditures	-	-	-	-	-	2,140,700	1,560,871	579,829
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	401	401	-	(485,231)	(596,517)	(111,286)
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	102,662	102,662
Transfers out	-	-	(400)	(400)	-	-	-	-
Total other financing sources (uses)	-	-	(400)	(400)	-	-	102,662	102,662
Net Change in Fund Balances	\$ -	\$ -	1	\$ 1	\$ -	\$ (485,231)	(493,855)	\$ (8,624)
Fund Balance, Beginning of Year			-				491,586	
Fund Balances, End of Year			\$ 1				\$ (2,269)	

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Capital Projects Funds
Year Ended December 31, 2023

	15th & 7th				Public Safety Center			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for goods and services	-	-	-	-	-	-	-	-
Investment income	-	-	10,959	10,959	-	-	15,748	15,748
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	-	-	10,959	10,959	-	-	15,748	15,748
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	395,628	20,892	374,736
Total expenditures	-	-	-	-	-	395,628	20,892	374,736
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	10,959	10,959	-	(395,628)	(5,144)	390,484
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ -	\$ -	10,959	\$ 10,959	\$ -	\$ (395,628)	(5,144)	\$ 390,484
Fund Balance, Beginning of Year			268,295				399,131	
Fund Balances, End of Year			\$ 279,254				\$ 393,987	

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Capital Projects Funds
Year Ended December 31, 2023

	Armory Upgrades				Brookings County Food Pantry			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,375	\$ 3,375
Charges for goods and services	-	-	-	-	-	-	-	-
Investment income	-	-	680	680	-	-	254	254
Miscellaneous	-	-	-	-	-	95,000	23,816	(71,184)
Total revenues	-	-	680	680	-	95,000	27,445	(67,555)
Expenditures								
Current								
General government	-	-	828	(828)	-	-	-	-
Capital outlay	-	-	-	-	-	192,162	130,978	61,184
Total expenditures	-	-	828	(828)	-	192,162	130,978	61,184
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	(148)	(148)	-	(97,162)	(103,533)	(6,371)
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	7,779	7,779
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	7,779	7,779
Net Change in Fund Balances	\$ -	\$ -	(148)	\$ (148)	\$ -	\$ (97,162)	(95,754)	\$ 1,408
Fund Balance, Beginning of Year			16,915				95,754	
Fund Balances, End of Year			\$ 16,767				\$ -	

City of Brookings, South Dakota
Schedule of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual
Nonmajor Capital Projects Funds
Year Ended December 31, 2023

	TIF 9 Detention Basin			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for goods and services	-	-	-	-
Investment income	-	-	14,930	14,930
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>14,930</u>	<u>14,930</u>
Expenditures				
Current				
General government	-	510,000	128,225	381,775
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>510,000</u>	<u>128,225</u>	<u>381,775</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	(510,000)	(113,295)	396,705
Other Financing Sources (Uses)				
Transfers in	-	510,000	510,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>510,000</u>	<u>510,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>396,705</u>	<u>\$ 396,705</u>
Fund Balance, Beginning of Year			<u>-</u>	
Fund Balances, End of Year			<u>\$ 396,705</u>	

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

The City operates the following nonmajor enterprise funds:

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

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

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

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

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

City of Brookings, South Dakota
Combining Balance Sheet
Nonmajor Enterprise Funds
December 31, 2023

	Liquor	Airport	Golf	Solid Waste	Research and Technology Center	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 882,683	\$ 565,158	\$ 621,990	\$ 2,265,106	\$ 126,207	\$ 4,461,144
Receivables (net of allowance for uncollectibles):						
Interest	2,721	6,231	2,877	8,213	391	20,433
Accounts	623,070	43,519	17,000	396,453	-	1,080,042
Intergovernmental	-	-	-	64,947	-	64,947
Current portion of leases receivable		6,419	13,269	28,050	-	47,738
Due from other funds	-	-	-	1,131	-	1,131
Inventories	979,049	-	-	61,738	-	1,040,787
Prepaid expenses	24,323	-	-	-	-	24,323
Total current assets	2,511,846	621,327	655,136	2,825,638	126,598	6,740,545
Noncurrent Assets						
Net pension asset	783	486	419	2,681	-	4,369
Advances to other funds	31,724	-	-	533,690	-	565,414
Leases receivable		103,766	82,443	26,436	-	212,645
Restricted cash and cash equivalents	-	-	-	7,915,856	-	7,915,856
Capital assets						
Land	-	1,923,340	50,000	496,364	1,675,000	4,144,704
Construction in progress	-	126,824	-	-	-	126,824
Infrastructure	-	-	327,577	-	-	327,577
Buildings and other improvements	281,077	28,792,786	1,448,314	6,887,317	2,118,612	39,528,106
Machinery and equipment	378,434	1,160,692	901,163	6,598,777	-	9,039,066
Right of use lease assets	1,651,825	-	150,016	-	-	1,801,841
Less accumulated depreciation/amortization	(833,453)	(11,187,056)	(1,560,634)	(8,132,036)	(1,102,957)	(22,816,136)
Total capital assets, net of accumulated depreciation/amortization	1,477,883	20,816,586	1,316,436	5,850,422	2,690,655	32,151,982
Total noncurrent assets	1,510,390	20,920,838	1,399,298	14,329,085	2,690,655	40,850,266
Total assets	4,022,236	21,542,165	2,054,434	17,154,723	2,817,253	47,590,811

City of Brookings, South Dakota
Combining Balance Sheet
Nonmajor Enterprise Funds
December 31, 2023

	Liquor	Airport	Golf	Solid Waste	Research and Technology Center	Total
Deferred Outflows of Resources						
OPEB related deferred outflows of resources	21,833	15,102	10,270	96,540	-	143,745
Pension related deferred outflows of resources	61,774	38,375	33,017	211,575	-	344,741
Total deferred outflows of resources	<u>83,607</u>	<u>53,477</u>	<u>43,287</u>	<u>308,115</u>	<u>-</u>	<u>488,486</u>
Liabilities						
Current Liabilities						
Accounts payable	749,975	28,740	104,429	210,815	2,741	1,096,700
Due to other funds	1,872	1,422	1,154	573	3,536	8,557
Accrued taxes payable	43,092	-	31	2,758	-	45,881
Accrued wages payable	20,405	3,912	2,782	41,111	-	68,210
Accrued interest payable	5,341	-	2,528	-	-	7,869
Current portion of lease liabilities	78,123	-	93,660	-	-	171,783
Current portion of compensated absences	25,582	31,225	13,347	80,433	-	150,587
Current portion of total OPEB liability	4,752	2,335	2,208	12,098	-	21,393
Unearned revenue	6,858	-	-	-	-	6,858
Customer deposits	14,000	1,020	-	-	-	15,020
Total current liabilities	<u>950,000</u>	<u>68,654</u>	<u>220,139</u>	<u>347,788</u>	<u>6,277</u>	<u>1,592,858</u>
Noncurrent Liabilities						
Advances from other funds	-	-	31,724	-	-	31,724
Landfill closure costs	-	-	-	1,200,649	-	1,200,649
Long-term debt, net of current portion						
Lease liabilities	1,430,588	-	-	-	-	1,430,588
Total OPEB liability, net of current portion	<u>74,324</u>	<u>36,518</u>	<u>34,539</u>	<u>189,221</u>	<u>-</u>	<u>334,602</u>
Total noncurrent liabilities	<u>1,504,912</u>	<u>36,518</u>	<u>66,263</u>	<u>1,389,870</u>	<u>-</u>	<u>2,997,563</u>
Total liabilities	<u>2,454,912</u>	<u>105,172</u>	<u>286,402</u>	<u>1,737,658</u>	<u>6,277</u>	<u>4,590,421</u>

City of Brookings, South Dakota
Combining Balance Sheet
Nonmajor Enterprise Funds
December 31, 2023

	<u>Liquor</u>	<u>Airport</u>	<u>Golf</u>	<u>Solid Waste</u>	<u>Research and Technology Center</u>	<u>Total</u>
Deferred Inflows of Resources						
OPEB related deferred inflows	37,927	19,665	19,389	129,921	-	206,902
Pension related deferred inflows	39,574	24,584	21,152	135,541	-	220,851
Lease related deferred inflows	-	108,550	93,021	54,518	-	256,089
Total deferred inflows resources	<u>77,501</u>	<u>152,799</u>	<u>133,562</u>	<u>319,980</u>	<u>-</u>	<u>683,842</u>
Net Position						
Net investment in capital assets	1,399,760	20,816,586	1,222,776	5,850,422	2,690,655	31,980,199
Restricted for:						
SDRS pension purposes	22,983	14,277	12,284	78,715	-	128,259
Landfill closure and postclosure	-	-	-	6,715,207	-	6,715,207
Unrestricted	<u>150,687</u>	<u>506,808</u>	<u>442,697</u>	<u>2,760,856</u>	<u>120,321</u>	<u>3,981,369</u>
Total net position	<u>\$ 1,573,430</u>	<u>\$ 21,337,671</u>	<u>\$ 1,677,757</u>	<u>\$ 15,405,200</u>	<u>\$ 2,810,976</u>	<u>\$ 42,805,034</u>

City of Brookings, South Dakota
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended December 31, 2023

	Liquor	Airport	Golf	Solid Waste	Technology Center	Total
Operating Revenues						
Charges for goods and services	\$ 13,475,899	\$ 63,477	\$ 824,790	\$ 4,095,711	\$ 120,479	\$ 18,580,356
Operating Expenses						
Personnel services	456,441	211,906	227,102	1,032,676	-	1,928,125
Other current expenses	509,224	90,117	511,162	1,904,443	94,577	3,109,523
Cost of goods sold	12,191,459	-	-	-	-	12,191,459
Amortization	117,507	-	25,003	-	-	142,510
Depreciation	11,853	1,078,662	114,175	577,135	51,791	1,833,616
Total operating expenses	13,286,484	1,380,685	877,442	3,514,254	146,368	19,205,233
Operating Income (Loss)	189,415	(1,317,208)	(52,652)	581,457	(25,889)	(624,877)
Nonoperating Revenues (Expenses)						
Gain on disposal of assets	-	-	-	3,550	-	3,550
Investment income	34,849	23,130	25,776	277,972	4,049	365,776
Interest expense and fiscal charges	(66,454)	-	(4,171)	(250)	-	(70,875)
Miscellaneous revenue	1,610	42,572	31,994	32,832	35,429	144,437
Total nonoperating revenues (expenses)	(29,995)	65,702	53,599	314,104	39,478	442,888
Income (Loss) before Contributions and Transfers	159,420	(1,251,506)	947	895,561	13,589	(181,989)
Transfers in	-	315,875	248,000	-	-	563,875
Transfers out	(445,000)	-	-	(563,167)	(39,501)	(1,047,668)
Capital contributions from other governments	-	304,539	-	54,382	-	358,921
Change in Net Position	(285,580)	(631,092)	248,947	386,776	(25,912)	(306,861)
Net Position, Beginning of Year	1,859,010	21,968,763	1,428,810	15,018,424	2,836,888	43,111,895
Net Position, End of Year	\$ 1,573,430	\$ 21,337,671	\$ 1,677,757	\$ 15,405,200	\$ 2,810,976	\$ 42,805,034

City of Brookings, South Dakota
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2023

	Liquor	Airport	Golf	Solid Waste	Technology Center	Total
Operating Activities						
Receipts from customers and users	\$ 13,249,564	\$ 20,302	\$ 826,860	\$ 4,074,137	\$ 168,403	\$ 18,339,266
Payments to suppliers for goods and services	(12,402,373)	(61,958)	(472,486)	(1,732,469)	(95,042)	(14,764,328)
Payments to and on behalf of employees	(443,738)	(190,122)	(226,611)	(1,022,119)	-	(1,882,590)
Net cash from (used for) Operating Activities	403,453	(231,778)	127,763	1,319,549	73,361	1,692,348
Noncapital Financing Activities						
Transfers to other funds	(445,000)	-	-	(563,167)	(39,501)	(1,047,668)
Transfers from other funds	-	315,875	248,000	-	-	563,875
Payments for interfund borrowing principal	23,267	90	(22,961)	214,396	282	215,074
Net Cash from (Used for) Noncapital Financing Activities	(421,733)	315,965	225,039	(348,771)	(39,219)	(268,719)
Capital and Related Financing Activities						
Proceeds from sale of assets	-	-	-	3,550	-	3,550
Receipts of lease principal	-	39,778	12,331	27,214	-	79,323
Receipts of lease interest	-	3,626	4,012	2,496	-	10,134
Acquisition of capital assets	-	(379,736)	(104,024)	(724,434)	-	(1,208,194)
Debt service						
Principal	(71,681)	-	(26,721)	-	-	(98,402)
Interest	(66,706)	-	(4,892)	(250)	-	(71,848)
Intergovernmental capital grants	-	304,539	-	50,160	-	354,699
Net Cash Used for Capital and Related Financing Activities	(138,387)	(31,793)	(119,294)	(641,264)	-	(930,738)
Investing Activities						
Interest and dividends from investments	32,128	18,189	19,961	269,042	3,658	342,978

City of Brookings, South Dakota
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2023

	<u>Liquor</u>	<u>Airport</u>	<u>Golf</u>	<u>Solid Waste</u>	<u>Research and Technology Center</u>	<u>Total</u>
Change in Cash and Cash Equivalents	(124,539)	70,583	253,469	598,556	37,800	835,869
Cash and Cash Equivalents, Beginning of Year	<u>1,007,222</u>	<u>494,575</u>	<u>368,521</u>	<u>9,582,406</u>	<u>88,407</u>	<u>11,541,131</u>
Cash and Cash Equivalents, End of Year	<u>\$ 882,683</u>	<u>\$ 565,158</u>	<u>\$ 621,990</u>	<u>\$ 10,180,962</u>	<u>\$ 126,207</u>	<u>\$ 12,377,000</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position						
Cash and cash equivalents	\$ 882,683	\$ 565,158	\$ 621,990	\$ 2,265,106	\$ 126,207	4,461,144
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,915,856</u>	<u>-</u>	<u>7,915,856</u>
Total cash and cash equivalents, end of year	<u>\$ 882,683</u>	<u>\$ 565,158</u>	<u>\$ 621,990</u>	<u>\$ 10,180,962</u>	<u>\$ 126,207</u>	<u>\$ 12,377,000</u>

City of Brookings, South Dakota
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2023

	<u>Liquor</u>	<u>Airport</u>	<u>Golf</u>	<u>Solid Waste</u>	<u>Research and Technology Center</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to						
Net cash from (used for) Operating Activities						
Operating income (loss)	\$ 189,415	\$ (1,317,208)	\$ (52,652)	\$ 581,457	\$ (25,889)	\$ (624,877)
Miscellaneous income	1,610	-	18,167	4,179	35,429	59,385
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities						
Depreciation/amortization	129,360	1,078,662	139,178	577,135	51,791	1,976,126
Landfill closure accruals	-	-	-	84,782	-	84,782
Changes in assets and liabilities						
Accounts receivable	(217,322)	(43,255)	(16,457)	(25,753)	12,495	(290,292)
Inventories	(13,631)	-	-	(2,994)	-	(16,625)
Prepaid expenses	(5,490)	-	-	146,228	-	140,738
Net pension asset	39	(25)	55	(263)	-	(194)
Pension related deferred outflows	13,605	3,882	10,453	10,122	-	38,062
OPEB related deferred outflows	1,805	1,783	404	7,946	-	11,938
Vouchers payable	317,641	28,159	39,824	(56,244)	(465)	328,915
Accrued taxes payable	(210)	-	(1,148)	202	-	(1,156)
Accrued wages payable	2,003	27	(85)	7,499	-	9,444
Compensated absences	5,580	20,046	(3,153)	(1,681)	-	20,792
Unearned revenue	(623)	-	360	-	-	(263)
Deposits payable	(10,000)	80	-	-	-	(9,920)
Net OPEB liability	4,792	4,733	1,072	21,089	-	31,686
Pension related deferred inflows	(9,072)	(2,687)	(6,902)	(7,533)	-	(26,194)
OPEB related deferred inflows	(6,049)	(5,975)	(1,353)	(26,622)	-	(39,999)
Net cash from (used for) Operating Activities	<u>\$ 403,453</u>	<u>\$ (231,778)</u>	<u>\$ 127,763</u>	<u>\$ 1,319,549</u>	<u>\$ 73,361</u>	<u>\$ 1,692,348</u>

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.

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

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

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City of Brookings, South Dakota
Combining Statement of Net Position
Internal Service Funds
December 31, 2023

	<u>Medical Insurance</u>	<u>Dental Insurance</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 4,570,284	\$ 49,123	\$ 4,619,407
Investments	3,033,962	-	3,033,962
Receivables (net of allowance for uncollectibles):			
Interest	30,920	-	30,920
Total assets	<u>7,635,166</u>	<u>49,123</u>	<u>7,684,289</u>
Liabilities			
Accounts payable	<u>218,252</u>	<u>15,682</u>	<u>233,934</u>
Net Position			
Unrestricted	<u>\$ 7,416,914</u>	<u>\$ 33,441</u>	<u>\$ 7,450,355</u>

City of Brookings, South Dakota
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2023

	<u>Medical Insurance</u>	<u>Dental Insurance</u>	<u>Total</u>
Operating Revenues			
Charges for goods and services	<u>\$ 3,787,854</u>	<u>\$ 151,390</u>	<u>\$ 3,939,244</u>
Operating Expenses			
Other current expenses	655,480	10,282	665,762
Insurance claims and expenses	<u>2,805,936</u>	<u>118,128</u>	<u>2,924,064</u>
Total operating expenses	<u>3,461,416</u>	<u>128,410</u>	<u>3,589,826</u>
Operating Income	<u>326,438</u>	<u>22,980</u>	<u>349,418</u>
Nonoperating Revenues			
Investment income	<u>67,107</u>	<u>25</u>	<u>67,132</u>
Change in Net Position	393,545	23,005	416,550
Net Position, Beginning of Year	<u>7,023,369</u>	<u>10,436</u>	<u>7,033,805</u>
Net Position, End of Year	<u><u>\$ 7,416,914</u></u>	<u><u>\$ 33,441</u></u>	<u><u>\$ 7,450,355</u></u>

City of Brookings, South Dakota
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2023

	Medical Insurance	Dental Insurance	Total
Operating Activities			
Receipts from customers and users	\$ 3,787,854	\$ 151,390	\$ 3,939,244
Payments to suppliers	(3,598,156)	(125,459)	(3,723,615)
Net cash from Operating Activities	189,698	25,931	215,629
Investing Activities			
Investments redeemed	233,510	-	233,510
Interest and dividends from investments	69,001	25	69,026
Net Cash from Investing Activities	302,511	25	302,536
Change in Cash and Cash Equivalents	492,209	25,956	518,165
Cash and Cash Equivalents, Beginning of Year	4,078,075	23,167	4,101,242
Cash and Cash Equivalents, End of Year	\$ 4,570,284	\$ 49,123	\$ 4,619,407
Reconciliation of Operating Income to Net cash from Operating Activities			
Operating income	\$ 326,438	\$ 22,980	\$ 349,418
Changes in assets and liabilities Accounts payable	(136,740)	2,951	(133,789)
Net cash from Operating Activities	\$ 189,698	\$ 25,931	\$ 215,629

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

The City has the following custodial funds:

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

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

City of Brookings, South Dakota
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2023

	Section 125 Fund	Rural Fire Fund	Total
Assets			
Cash and cash equivalents	\$ 1,521	\$ 29,288	\$ 30,809
Receivables (net of allowance for uncollectibles):			
Accounts	5,762	-	5,762
Total assets	7,283	29,288	36,571
Liabilities			
Accounts payable	-	1,897	1,897
Net Position			
Restricted for			
Section 125 plan	7,283	-	7,283
Rural fire department	-	27,391	27,391
Total net position	\$ 7,283	\$ 27,391	\$ 34,674

City of Brookings, South Dakota
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
December 31, 2023

	<u>Section 125 Fund</u>	<u>Rural Fire Fund</u>	<u>Total</u>
Additions			
Investment income			
Interest income	\$ 6	\$ 117	\$ 123
Contributions	<u>83,304</u>	<u>-</u>	<u>83,304</u>
Total additions	<u>83,310</u>	<u>117</u>	<u>83,427</u>
Deductions			
Benefit payments	<u>82,195</u>	<u>-</u>	<u>82,195</u>
Change in Net Position	1,115	117	1,232
Net Position, Beginning	<u>6,168</u>	<u>27,274</u>	<u>33,442</u>
Net Position, Ending	<u><u>\$ 7,283</u></u>	<u><u>\$ 27,391</u></u>	<u><u>\$ 34,674</u></u>

Statistical Section

Year Ended December 31, 2023

City of Brookings, South Dakota

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

Financial Trends – These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess two of the government's significant local revenue sources: property and sales tax.

Debt Capacity – 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 debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment in which the government's financial activities take place.

Operating Information – 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.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Brookings, South Dakota
Table 1: Components of Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$ 56,625,781	\$ 64,579,729	\$ 72,145,788	\$ 76,993,653	\$ 79,953,311	\$ 84,969,255	\$ 94,815,128	\$ 96,652,905	\$ 98,599,831	\$ 105,443,260
Restricted	3,156,857	5,013,005	4,886,747	4,537,648	3,572,368	2,815,166	1,872,953	6,995,992	1,195,001	2,981,594
Unrestricted	20,309,859	22,424,600	20,064,256	16,898,022	19,508,946	22,975,842	26,603,557	29,373,296	42,056,574	49,272,260
Total Governmental Activities Net Position	\$ 80,092,497	\$ 92,017,334	\$ 97,096,791	\$ 98,429,323	\$ 103,034,625	\$ 110,760,263	\$ 123,291,638	\$ 133,022,193	\$ 141,851,406	\$ 157,697,114
Business-Type Activities										
Net investment in capital assets	\$ 104,777,360	\$ 114,205,616	\$ 136,023,245	\$ 136,462,888	\$ 138,103,929	\$ 139,415,546	\$ 147,989,715	\$ 156,555,939	\$ 170,925,218	\$ 235,451,151
Restricted	4,717,291	13,109,068	7,771,643	12,954,510	14,150,261	6,101,737	6,436,784	15,524,423	9,559,237	10,951,984
Unrestricted	89,517,138	98,824,153	94,982,598	104,848,871	110,623,099	133,162,139	149,268,072	188,217,767	202,775,298	183,735,988
Total Business-Type Activities Net Position	\$ 199,011,789	\$ 226,138,837	\$ 238,777,486	\$ 254,266,269	\$ 262,877,289	\$ 278,679,422	\$ 303,694,571	\$ 360,298,129	\$ 383,259,753	\$ 430,139,123
Primary Government										
Net investment in capital assets	\$ 161,403,141	\$ 178,785,345	\$ 208,169,033	\$ 213,456,541	\$ 218,057,240	\$ 224,384,801	\$ 242,804,843	\$ 253,208,844	\$ 269,525,049	\$ 340,894,411
Restricted	7,874,148	18,122,073	12,658,390	17,492,158	17,722,629	8,916,903	8,309,737	22,520,415	10,754,238	13,933,578
Unrestricted	109,826,997	121,248,753	115,046,854	121,746,893	130,132,045	156,137,981	175,871,629	217,591,063	244,831,872	233,008,248
Total Primary Government Net Position	\$ 279,104,286	\$ 318,156,171	\$ 335,874,277	\$ 352,695,592	\$ 365,911,914	\$ 389,439,685	\$ 426,986,209	\$ 493,320,322	\$ 525,111,159	\$ 587,836,237

City of Brookings, South Dakota
Table 2: Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
General government	\$ 3,017,290	\$ 2,865,778	\$ 3,105,729	\$ 2,683,335	\$ 2,647,096	\$ 3,100,823	\$ 3,891,685	\$ 3,697,969	\$ 4,682,100	\$ 8,344,311
Public safety	5,036,493	5,054,020	5,565,159	4,982,599	3,751,634	1,045,554	6,634,204	470,457	6,995,897	5,431,752
Public works	7,410,926	5,934,626	6,743,700	6,135,577	7,826,805	8,781,586	6,961,151	13,352,554	11,930,779	8,873,381
Health and welfare	112,621	101,042	109,111	62,421	112,288	361,670	296,258	144,386	114,115	203,596
Culture and recreation	7,168,741	7,400,596	7,506,553	8,020,666	7,878,881	7,989,691	7,475,475	7,526,172	8,604,916	6,686,316
Conservation and development	1,939,064	1,209,287	901,572	6,761,176	3,126,428	5,075,005	726,066	683,221	2,822,296	1,311,522
Interest and fiscal charges	808,496	734,534	826,085	737,456	691,513	638,665	1,177,732	812,306	505,000	466,650
Total governmental activities expenses	<u>25,493,631</u>	<u>23,299,883</u>	<u>24,757,909</u>	<u>29,383,230</u>	<u>26,034,645</u>	<u>26,992,994</u>	<u>27,162,571</u>	<u>26,687,065</u>	<u>35,655,103</u>	<u>31,317,528</u>
Business-Type Activities										
Electric	21,175,715	22,650,657	24,525,853	24,515,516	25,453,375	24,763,773	22,967,667	23,222,080	24,716,075	25,493,188
Health System	52,211,048	54,370,009	57,019,809	60,558,629	69,543,974	73,126,615	73,554,617	64,040,798	69,417,081	67,834,662
Telephone	33,929,866	30,598,739	30,825,559	29,219,330	30,588,645	31,994,685	28,097,557	13,574,794	12,742,358	12,788,884
Liquor	3,664,576	3,608,454	3,859,242	3,678,655	3,781,087	3,996,363	3,827,891	12,165,414	12,919,462	13,352,938
Water	2,641,459	2,964,843	2,952,599	2,888,204	3,313,377	3,548,165	3,624,238	3,536,211	3,753,612	4,121,713
Waste water	3,124,572	3,704,292	3,973,778	4,584,074	5,057,364	5,358,562	5,392,789	5,018,852	5,523,463	5,556,864
Airport	383,714	839,807	1,252,509	1,195,489	1,196,653	1,266,013	1,228,299	1,047,388	1,383,189	1,380,685
Golf	552,028	561,156	609,864	558,579	617,329	720,382	635,773	816,962	840,397	881,613
Solid waste	2,410,877	2,168,527	2,444,615	2,188,944	2,543,324	2,729,960	2,723,993	2,736,232	2,836,962	3,514,504
Research and technology	181,122	119,473	129,354	134,559	199,973	95,993	165,585	97,992	139,199	146,368
Total business-type activities expenses	<u>120,274,977</u>	<u>121,585,957</u>	<u>127,593,182</u>	<u>129,521,979</u>	<u>142,295,101</u>	<u>147,600,511</u>	<u>142,218,409</u>	<u>126,256,723</u>	<u>134,271,798</u>	<u>135,071,419</u>
Total Primary Government Expenses	<u>\$ 145,768,608</u>	<u>\$ 144,885,840</u>	<u>\$ 152,351,091</u>	<u>\$ 158,905,209</u>	<u>\$ 168,329,746</u>	<u>\$ 174,593,505</u>	<u>\$ 169,380,980</u>	<u>\$ 152,943,788</u>	<u>\$ 169,926,901</u>	<u>\$ 166,388,947</u>

City of Brookings, South Dakota
Table 2: Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues										
Governmental Activities										
Charges for services										
General government	\$ 103,908	\$ 106,379	\$ 108,943	\$ 109,310	\$ 228,638	\$ 207,378	\$ 127,946	\$ 50,314	\$ 1,222,516	\$ 2,206,630
Public safety	97,099	99,666	101,069	96,173	91,015	92,323	57,731	76,631	80,117	77,080
Public works	927,311	2,638,528	672,785	161,414	193,102	216,335	212,732	17,630	286,991	515,783
Health and welfare	11,848	10,735	12,965	12,240	8,245	8,385	7,175	6,360	24,107	22,565
Culture and recreation	2,186,594	2,419,523	2,552,726	2,338,974	2,639,300	2,482,252	1,992,848	1,867,974	2,950,055	3,107,925
Operating grants and contributions	881,030	249,049	255,425	344,154	1,196,236	3,402,511	5,137,166	3,053,017	5,656,413	1,423,432
Capital grants and contributions	221,332	5,418,303	1,822,082	2,283,328	1,367,148	531,055	4,448,295	920,807	2,080,698	3,522,266
Total governmental activities program revenues	<u>4,429,122</u>	<u>10,942,183</u>	<u>5,525,995</u>	<u>5,345,593</u>	<u>5,723,684</u>	<u>6,940,239</u>	<u>11,983,893</u>	<u>5,992,733</u>	<u>12,300,897</u>	<u>10,875,681</u>
Business-Type Activities										
Charges for services										
Electric	25,314,931	26,341,321	27,779,114	28,502,743	30,354,463	30,725,604	30,115,105	30,605,847	31,551,919	31,585,648
Health System	53,809,700	61,882,772	59,598,490	65,773,982	67,205,567	73,432,103	70,860,789	73,794,228	75,101,015	76,453,818
Telephone	37,007,090	34,313,078	32,311,864	31,162,913	30,846,434	33,711,084	31,664,281	16,720,477	16,156,512	15,866,296
Liquor	3,986,650	4,169,571	4,340,680	4,132,486	4,169,811	4,101,303	4,069,616	12,439,465	13,117,601	13,475,899
Water	4,188,992	5,004,185	5,151,101	5,394,391	5,538,265	5,335,695	6,026,269	6,559,572	6,590,386	7,451,559
Waste water	4,102,822	4,816,146	4,963,644	5,537,130	5,667,674	5,658,116	5,685,854	6,148,600	6,158,968	6,304,628
Airport	25,669	34,459	33,153	47,299	52,667	42,681	51,823	54,364	57,841	63,477
Golf	304,314	316,181	380,066	385,897	378,017	457,412	511,101	661,886	714,248	824,790
Solid waste	3,485,365	3,703,602	3,771,061	3,721,235	3,748,244	3,891,541	3,848,560	3,793,392	4,063,951	4,095,711
Research and technology	193,430	176,524	189,248	168,312	157,616	133,536	123,642	48,428	118,106	120,479
Operating grants and contributions	405,059	20,112	20,766	19,988	-	135,639	8,217,128	7,057,625	281,057	19,597
Capital grants and contributions	11,935,303	2,210,269	3,246,363	2,847,446	1,511,754	1,597,975	3,790,599	1,624,955	11,093,899	16,360,576
Total business-type activities program revenues	<u>144,759,325</u>	<u>142,988,220</u>	<u>141,785,550</u>	<u>147,693,822</u>	<u>149,630,512</u>	<u>159,222,689</u>	<u>164,964,767</u>	<u>159,508,839</u>	<u>165,005,503</u>	<u>172,622,478</u>
Total Primary Government Program Revenues	<u>\$ 149,188,447</u>	<u>\$ 153,930,403</u>	<u>\$ 147,311,545</u>	<u>\$ 153,039,415</u>	<u>\$ 155,354,196</u>	<u>\$ 166,162,928</u>	<u>\$ 176,948,660</u>	<u>\$ 165,501,572</u>	<u>\$ 177,306,400</u>	<u>\$ 183,498,159</u>
Net Revenue (Expense)										
Governmental Activities	\$ (21,064,509)	\$ (12,357,700)	\$ (19,231,914)	\$ (24,037,637)	\$ (20,310,961)	\$ (20,052,755)	\$ (15,178,678)	\$ (20,694,332)	\$ (23,354,206)	\$ (20,441,847)
Business-Type Activities	24,484,348	21,402,263	14,192,368	18,171,843	7,335,411	11,622,178	22,746,358	33,252,116	30,733,705	37,551,059
Total Primary Government Net Revenue (Expense)	<u>\$ 3,419,839</u>	<u>\$ 9,044,563</u>	<u>\$ (5,039,546)</u>	<u>\$ (5,865,794)</u>	<u>\$ (12,975,550)</u>	<u>\$ (8,430,577)</u>	<u>\$ 7,567,680</u>	<u>\$ 12,557,784</u>	<u>\$ 7,379,499</u>	<u>\$ 17,109,212</u>

City of Brookings, South Dakota
Table 2: Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 4,230,428	\$ 4,397,088	\$ 4,729,382	\$ 5,181,164	\$ 4,710,575	\$ 5,075,216	\$ 5,379,861	\$ 7,980,481	\$ 5,808,596	\$ 6,432,193
Sales taxes	13,163,848	13,475,972	14,160,915	14,164,131	14,687,019	15,693,162	15,093,694	16,463,176	18,959,530	20,688,970
Other taxes	351,187	354,971	357,367	361,246	1,361,492	1,465,982	1,432,906	1,586,599	1,487,294	1,515,698
State shared revenue	210,750	208,033	220,472	189,586	176,729	194,899	220,596	226,796	245,698	258,706
Unrestricted investment earnings (losses)	287,430	162,862	126,700	116,358	428,667	596,688	301,724	-	346,144	1,932,897
Gain on disposal of capital asset	104,521	-	-	-	2,767	43,185	570,114	(2,072)	24,277	-
Miscellaneous	1,853,211	1,508,487	1,906,424	1,548,447	1,613,764	1,691,530	1,551,984	1,541,478	2,212,857	2,420,298
Transfers	1,221,145	2,406,167	2,810,111	3,809,237	2,880,230	3,066,109	3,159,175	3,085,486	3,099,023	3,038,793
Change in accounting estimate	-	-	-	-	-	-	-	(457,058)	-	-
Total governmental activities	<u>21,422,520</u>	<u>22,513,580</u>	<u>24,311,371</u>	<u>25,370,169</u>	<u>25,861,243</u>	<u>27,826,771</u>	<u>27,710,054</u>	<u>30,424,886</u>	<u>32,183,419</u>	<u>36,287,555</u>
Business-Type Activities										
Unrestricted investment earnings (losses)	705,244	550,280	473,140	879,148	856,049	6,270,358	4,573,388	5,178,540	(4,712,117)	11,596,175
Gain on disposal of capital asset	5,047	175,464	12,397	327	37,299	6,519	1,842	22,003,027	33,634	-
Miscellaneous	174,770	192,028	770,855	246,702	5,487,728	969,189	852,736	(301,424)	5,427	770,929
Transfers	(1,221,145)	(2,406,167)	(2,810,111)	(3,809,237)	(2,880,230)	(3,066,109)	(3,159,175)	(3,085,486)	(3,099,023)	(3,038,793)
Total business-type activities	<u>(336,084)</u>	<u>(1,488,395)</u>	<u>(1,553,719)</u>	<u>(2,683,060)</u>	<u>3,500,846</u>	<u>4,179,957</u>	<u>2,268,791</u>	<u>23,794,657</u>	<u>(7,772,079)</u>	<u>9,328,311</u>
Total Primary Government	<u>\$ 21,086,436</u>	<u>\$ 21,025,185</u>	<u>\$ 22,757,652</u>	<u>\$ 22,687,109</u>	<u>\$ 29,362,089</u>	<u>\$ 32,006,728</u>	<u>\$ 29,978,845</u>	<u>\$ 54,219,543</u>	<u>\$ 24,411,340</u>	<u>\$ 45,615,866</u>
Change in Net Position										
Governmental Activities	\$ 358,011	\$ 10,155,880	\$ 5,079,457	\$ 1,332,532	\$ 5,550,282	\$ 7,774,016	\$ 12,531,376	\$ 9,730,554	\$ 8,829,213	\$ 15,845,708
Business-Type Activities	24,148,264	19,913,868	12,638,649	15,488,783	10,836,257	15,802,135	25,015,149	57,046,773	22,961,626	46,879,370
Total Primary Government Change in Net Position	<u>\$ 24,506,275</u>	<u>\$ 30,069,748</u>	<u>\$ 17,718,106</u>	<u>\$ 16,821,315</u>	<u>\$ 16,386,539</u>	<u>\$ 23,576,151</u>	<u>\$ 37,546,525</u>	<u>\$ 66,777,327</u>	<u>\$ 31,790,839</u>	<u>\$ 62,725,078</u>

City of Brookings, South Dakota
Table 3: Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 3,907,467	\$ 3,606,784	\$ 3,220,395	\$ 3,263,418	\$ 2,743,864	\$ 2,729,473	\$ 2,238,814	\$ 2,055,124	\$ 3,726,013	\$ 3,556,193
Restricted	68,104	849,383	83,215	59,925	56,532	43,074	36,979	2,219,383	43,288	52,277
Committed	3,609,682	3,609,682	3,918,640	3,973,356	4,022,621	3,918,640	3,676,972	2,821,073	6,274,091	5,810,142
Assigned	1,328,102	1,528,508	1,629,181	2,111,523	1,868,278	1,655,915	4,306,181	5,430,333	7,220,426	8,835,220
Unassigned	7,391,078	5,242,679	5,820,728	6,333,144	8,072,334	9,799,639	11,886,955	8,731,692	7,565,950	9,753,347
Total General Fund	\$ 16,304,433	\$ 14,837,036	\$ 14,672,159	\$ 15,741,366	\$ 16,763,629	\$ 18,146,741	\$ 22,145,901	\$ 21,257,605	\$ 24,829,768	\$ 28,007,179
All Other Governmental Funds										
Nonspendable	\$ 114,912	\$ 42,111	\$ 37,709	\$ 40,224	\$ 37,656	\$ 59,033	\$ 46,628	\$ 27,779	\$ 65,308	\$ 162,197
Restricted	2,732,901	1,786,616	2,880,425	1,364,894	1,065,733	2,294,142	1,361,983	1,874,951	1,116,797	1,897,739
Committed	4,549,043	5,574,697	6,590,061	6,745,577	8,540,497	9,897,600	12,641,410	12,460,324	17,223,269	19,188,446
Assigned	1,834,118	2,726,334	664,484	1,992,551	1,694,206	1,138,714	1,833,952	5,790,076	2,887,454	2,667,433
Unassigned	(2,633,850)	(1,495,895)	(2,559,229)	(1,899,178)	(1,249,220)	(1,091,346)	(4,175,979)	(2,293,117)	567,784	(351,555)
Total All Other Governmental Funds	\$ 6,597,124	\$ 8,633,863	\$ 7,613,450	\$ 8,244,068	\$ 10,088,872	\$ 12,298,143	\$ 11,707,994	\$ 17,860,013	\$ 21,860,612	\$ 23,564,260

City of Brookings, South Dakota

Table 4: Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes										
General property taxes	\$ 3,376,885	\$ 3,543,269	\$ 3,866,409	\$ 4,262,451	\$ 4,707,840	\$ 5,064,083	\$ 5,383,033	\$ 5,797,455	\$ 5,808,596	\$ 6,432,193
Storm drainage taxes	854,150	854,955	859,563	917,714	989,359	1,086,278	1,043,517	1,188,986	1,125,727	1,137,934
General sales and use tax	13,163,848	13,475,972	14,160,915	14,164,131	14,687,019	15,693,162	15,093,694	16,463,176	18,959,530	20,688,970
Other taxes	352,603	356,459	358,927	362,782	372,133	379,704	389,389	397,613	361,567	639,316
Special assessments										
Licenses and permits	239,343	278,742	303,644	268,969	345,587	270,442	273,392	165,309	414,311	590,558
Intergovernmental	1,418,147	1,763,471	945,470	936,325	1,177,296	3,970,162	5,364,146	1,126,390	6,050,301	5,113,984
Charges for goods and services	2,148,309	2,381,029	2,515,301	2,306,130	2,611,715	2,456,733	1,964,584	1,840,095	2,942,073	3,172,701
Fines and forfeitures	119,012	114,370	117,509	109,053	103,113	104,950	65,478	84,427	88,589	80,900
Investment income (losses)										1,932,897
Miscellaneous	2,068,555	2,410,762	2,302,836	2,442,085	2,345,704	2,637,665	1,954,579	2,495,561	5,610,331	4,452,731
Total revenues	23,740,852	25,179,029	25,430,574	25,769,640	27,339,766	31,663,179	31,531,812	29,559,012	41,361,025	44,613,725
Expenditures										
General government	2,589,569	2,597,446	2,700,095	2,630,111	2,645,216	2,855,206	3,467,373	3,541,113	4,420,811	5,498,417
Public safety	4,145,744	4,368,472	4,590,036	4,706,909	4,763,325	5,326,205	5,478,874	5,596,525	6,144,985	6,403,870
Public works	3,662,177	3,535,346	4,660,597	2,977,358	3,076,864	3,896,994	3,815,230	3,932,553	3,899,314	3,979,767
Health and welfare	97,919	93,827	96,325	96,106	101,306	153,606	152,334	138,334	122,561	198,572
Culture and recreation	5,869,280	5,861,992	6,020,065	6,239,403	6,729,733	6,450,287	5,438,652	5,833,083	6,937,141	7,381,448
Conservation and development	1,951,862	1,238,578	901,572	6,761,176	1,473,168	1,414,749	726,066	673,221	935,239	1,612,171
Capital outlay	8,585,567	6,832,674	7,538,729	7,612,708	5,340,886	12,456,908	9,234,893	7,589,210	11,229,410	14,867,426
Debt service										
Principal	6,602,213	1,892,589	2,232,399	2,429,006	2,605,454	2,374,750	2,461,021	2,526,433	2,717,104	2,376,817
Interest and fiscal charges	750,036	808,782	753,345	679,705	620,672	569,498	1,084,964	499,946	505,000	471,821
Total expenditures	34,254,367	27,229,706	29,493,163	34,132,482	27,356,624	35,498,203	31,859,407	30,330,418	36,911,565	42,790,309

City of Brookings, South Dakota

Table 4: Changes in Fund Balances of Governmental Funds (continued)

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess (Deficiency) of Revenues over (under) Expenditures	(10,513,515)	(2,050,677)	(4,062,589)	(8,362,842)	(16,858)	(3,835,024)	(327,595)	(771,406)	4,449,460	1,823,416
Other Financing Sources (Uses)										
Transfers in	4,319,909	14,486,415	10,044,081	9,362,226	5,337,859	5,071,661	10,257,969	11,545,517	11,205,485	8,503,787
Transfers out	(3,098,764)	(12,080,248)	(7,233,970)	(5,552,989)	(2,457,630)	(2,005,552)	(7,098,795)	(8,460,031)	(8,106,462)	(5,464,994)
Proceeds of long term debt	12,118,405	187,274	32,515	6,194,600	-	4,297,500	-	3,724,468	-	-
Sale of capital assets	144,667	26,578	34,673	58,830	3,700	63,797	577,430	(2,072)	24,277	18,850
Total other financing sources (uses)	13,484,217	2,620,019	2,877,299	10,062,667	2,883,929	7,427,406	3,736,604	6,807,882	3,123,300	3,057,643
Change in Accounting Estimate	-	-	-	-	-	-	-	(457,058)	-	-
Net Change in Fund Balances	\$ 2,970,702	\$ 569,342	\$ (1,185,290)	\$ 1,699,825	\$ 2,867,071	\$ 3,592,382	\$ 3,409,009	\$ 5,579,418	\$ 7,572,760	\$ 4,881,059
Debt Service as a Percentage of Noncapital Expenditures	24.5%	12.6%	12.4%	11.6%	14.8%	9.8%	17.9%	13.0%	12.2%	10.1%

City of Brookings, South Dakota
 Table 5: Assessed and Actual Value of Taxable Property
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Agricultural</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2023	\$ 423,800	\$ 986,465,460	\$ 778,713,286	\$ 1,765,602,546	2.26	\$ 2,032,004,926	87%
2022	413,700	885,688,055	670,637,999	1,556,739,754	2.45	1,802,571,339	86%
2021	411,655	814,943,485	629,869,719	1,445,224,859	2.53	1,717,341,084	84%
2020	438,090	755,225,510	634,738,218	1,390,401,818	2.52	1,631,260,928	85%
2019	616,420	704,070,250	597,710,647	1,302,397,317	2.60	1,558,833,361	84%
2018	611,830	677,716,410	574,716,993	1,253,045,233	2.59	1,504,932,503	83%
2017	710,090	649,977,680	569,081,239	1,219,769,009	2.55	1,427,426,106	85%
2016	1,204,840	626,344,925	551,781,913	1,179,331,678	2.55	1,361,245,510	87%
2015	1,117,070	601,728,500	520,802,468	1,123,648,038	2.61	1,266,747,083	89%
2014	1,001,010	572,896,960	497,095,358	1,070,993,328	2.64	1,220,195,094	88%

Source: Deputy Director of Brookings County Board of Equalization

City of Brookings, South Dakota
Table 6: Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Rate**	County Rate	Overlapping rates			Total Direct and Overlapping Rates
			Brookings School District*			
			Operating	Debt Service	Total School	
2023	2.26	4.00	7.61	1.55	9.16	15.42
2022	2.45	4.16	7.93	1.62	9.55	16.16
2021	2.53	4.20	8.21	0.81	9.02	15.75
2020	2.52	4.18	8.28	0.84	9.12	15.82
2019	2.60	4.20	8.32	0.89	9.21	16.01
2018	2.59	4.15	8.36	0.94	9.30	16.04
2017	2.55	4.16	8.21	0.97	9.18	15.89
2016	2.55	4.07	8.67	1.01	9.68	16.30
2015	2.61	4.30	9.29	1.05	10.34	17.25
2014	2.64	4.51	9.56	1.07	10.63	17.78

Source: County Finance Officer

* School District amount varies based on class of property; this table uses owner occupied.

** The City's direct rate is a single component.

City of Brookings, South Dakota
Table 7: Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Dakotronics	\$ 31,818,400	1	1.80%	\$ 30,232,300	1	2.48%
Bel Brands USA Inc	22,050,100	2	1.25%	19,463,300	2	1.60%
Innovation Village I LLC	20,157,500	3	1.14%	14,038,700	4	1.15%
Individual	19,534,900	4	1.11%	17,640,000	3	1.45%
3M	17,824,100	5	1.01%	11,323,200	5	0.93%
Southland Apartments LLC	14,178,000	6	0.80%	-	N/A	N/A
Fusion Developers LLC	13,237,500	7	0.75%	-	N/A	N/A
Wal-Mart	11,722,500	8	0.66%	8,980,700	8	0.74%
First Bank & Trust	11,608,400	9	0.66%	8,291,200	10	0.68%
Global Properties LLC	11,524,000	10	0.65%	10,633,500	6	0.87%
Larson Manufacturing Co.	-	N/A	N/A	9,663,500	7	0.79%
Den -Will	-	N/A	N/A	8,396,100	9	0.69%
Total attributable to top taxpayers	173,655,400		9.83%	138,662,500		11.38%
Total of all other properties	1,591,947,146		90.17%	1,081,532,594		88.62%
	<u>\$ 1,765,602,546</u>		<u>100.00%</u>	<u>\$ 1,220,195,094</u>		<u>100.00%</u>

Source: Brookings County Board of Equalization

City of Brookings, South Dakota
Table 8: Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 3,993,799	*	N/A	\$ -	\$ -	0.00%
2022	3,814,157	3,807,570	99.83%	59	3,807,629	99.83%
2021	3,654,587	3,652,166	99.93%	3	3,652,169	99.93%
2020	3,505,625	3,584,893	102.26%	326	3,585,219	102.27%
2019	3,390,015	3,389,856	100.00%	1,004	3,390,860	100.02%
2018	3,251,533	3,246,302	99.84%	1,669	3,247,971	99.89%
2017	3,112,984	3,108,533	99.86%	1,140	3,109,673	99.89%
2016	3,010,404	3,009,134	99.96%	-	3,009,134	99.96%
2015	2,933,514	2,930,670	99.90%	1,957	2,932,627	99.97%
2014	2,829,351	2,827,356	99.93%	1,524	2,828,880	99.98%

* The year shown on this table indicates the year of the levy for collection in the next year. The 2023 tax levy will be collected in the year 2024, so such information is not available at the time of preparing this table.

Note: Collections in excess of levied amounts are the result of the decertification of Tax increment Districts 3 and 4 and redistributing the excess increment collected to the taxing jurisdictions

City of Brookings, South Dakota
 Table 9: Historical Sales and Use Tax Receipts
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Sales Tax</u>	<u>Second Penny Sales Tax</u>	<u>Bed and Booze Tax*</u>
2023	\$ 9,711,761	\$ 9,711,761	\$ 1,265,448
2022	8,888,789	8,888,789	1,132,585
2021	7,697,851	7,699,876	1,065,449
2020	7,134,701	7,111,368	847,625
2019	7,112,056	7,158,724	1,052,364
2018	6,900,623	6,868,310	917,773
2017	6,642,103	6,607,370	914,658
2016	6,630,466	6,595,427	935,022
2015	6,327,828	6,295,374	852,770
2014	6,180,988	6,148,462	834,398

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

City of Brookings, South Dakota
Table 10: Taxable Sales by Category
Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture, Forestry, Fishing, and Mining	\$ 4,774,773	\$ 4,817,812	\$ 5,854,829	\$ 5,981,653	\$ 6,919,546	\$ 7,705,357	\$ 7,704,195	\$ 8,790,980	\$ 9,779,627	\$ 12,224,798
Construction	49,954,176	23,198,279	17,709,994	19,042,533	15,102,290	18,668,880	17,497,752	16,842,057	15,289,221	18,225,703
Manufacturing	66,460,875	68,317,602	65,649,247	75,424,180	82,368,915	76,553,010	62,672,720	34,149,061	52,935,405	66,649,122
Transportation and Public Utilities	61,757,973	63,736,072	64,423,894	66,146,585	67,980,706	70,687,681	68,020,720	57,990,830	59,480,960	57,979,923
Wholesale Trade	35,228,991	32,972,756	39,311,898	35,267,841	36,223,105	41,697,122	130,609,920	74,196,651	78,552,608	94,563,581
Retail Trade	388,986,776	403,696,421	424,518,776	434,648,788	435,700,335	460,506,278	394,622,227	433,783,061	476,682,400	534,394,969
Finance, Insurance, and Real Estate	7,037,098	7,289,425	8,777,732	10,686,280	8,594,283	10,264,918	10,642,598	11,740,314	13,884,217	16,789,813
Services	98,365,125	103,652,639	110,379,441	117,919,260	122,176,165	120,898,257	114,492,457	97,109,085	114,098,875	127,142,799
Other	243,507	31,605	30,827	1,308	2,254	155,873	192,885	2,452	19,844	3,565
Total	<u>\$ 712,809,294</u>	<u>\$ 707,712,611</u>	<u>\$ 736,656,638</u>	<u>\$ 765,118,428</u>	<u>\$ 775,067,599</u>	<u>\$ 807,137,376</u>	<u>\$ 806,455,474</u>	<u>\$ 734,604,491</u>	<u>\$ 820,723,157</u>	<u>\$ 927,974,273</u>

Source: South Dakota Department of Revenue & Regulation

City of Brookings, South Dakota
Table 11: Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Direct Rate*</u>	<u>City Direct Rate**</u>	<u>State Rate</u>	<u>Total Tax Rate</u>
2023	2.00%	1.00%	4.20%	7.20%
2022	2.00%	1.00%	4.50%	7.50%
2021	2.00%	1.00%	4.50%	7.50%
2020	2.00%	1.00%	4.50%	7.50%
2019	2.00%	1.00%	4.50%	7.50%
2018	2.00%	1.00%	4.50%	7.50%
2017	2.00%	1.00%	4.50%	7.50%
2016	2.00%	1.00%	4.50%	7.50%
2015	2.00%	1.00%	4.00%	7.00%
2014	2.00%	1.00%	4.00%	7.00%

Source: South Dakota Department of Revenue and Regulations

* General Rate

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

City of Brookings, South Dakota
 Table 12: Ratio of Net General Bonded Debt
 Last Ten Fiscal Years

<u>Year</u>	<u>Sales Tax Revenue Bonds</u>	<u>Total Taxable Sales</u>	<u>Percentage of Actual Taxable Sales</u>	<u>Per Capita</u>
2023	\$ 11,936,051	\$ 927,974,273	1.29%	366.16
2022	13,174,561	820,723,156	1.61%	405.28
2021	14,065,539	734,604,490	1.91%	574.81
2020	14,034,043	806,455,475	1.74%	604.26
2019	16,118,896	807,137,377	2.00%	694.03
2018	14,219,851	775,067,599	1.83%	612.26
2017	16,168,893	765,118,426	2.11%	696.18
2016	18,075,077	736,656,639	2.45%	778.26
2015	19,936,067	707,712,611	2.82%	858.39
2014	21,343,250	712,809,294	2.99%	918.98

City of Brookings, South Dakota
Table 13: Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year	Governmental Activities			Business-type Activities					Total Primary Government	Percentage of Personal Income**	Per Capita**
	Bonds Payable	Notes and Loans Payable	Direct Borrowings	Bonds Payable	Notes and Loans Payable	Direct Borrowings	Leases Payable*	SBITAs Payable*			
2023	\$ 14,691,162	\$ 3,666,668	\$ 94,996	\$ -	\$ 11,269,443	\$ 18,039,864	\$ 1,858,652	2,141,973	\$ 51,762,758	2.60%	\$ 1,439
2022	16,127,349	4,583,334	118,960	-	9,837,048	20,470,854	1,969,470	-	53,107,015	2.74%	1,497
2021	17,911,396	5,500,000	147,868	-	25,674,927	22,838,678	-	-	72,072,869	4.11%	2,952
2020	16,495,169	5,700,000	175,915	4,848,003	30,826,747	26,618,345	-	-	84,664,179	5.05%	3,622
2019	18,740,963	5,900,000	203,125	5,199,536	27,131,004	39,599,277	-	-	96,773,905	6.58%	3,949
2018	17,103,800	5,600,000	229,525	5,536,946	27,824,448	41,479,390	-	-	97,774,109	6.64%	3,989
2017	19,487,859	5,800,000	260,970	5,865,471	28,495,805	43,297,098	-	-	103,207,203	7.01%	4,319
2016	21,795,220	-	-	6,185,336	29,143,534	26,696,924	-	-	83,821,014	5.64%	3,543
2015	24,006,034	-	-	9,816,751	24,064,478	22,484,843	-	-	80,372,106	5.83%	3,461
2014	25,571,694	-	151,640	10,809,915	20,593,606	24,784,739	-	-	81,911,594	5.80%	3,527

Source:

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

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

City of Brookings, South Dakota

Table 14: Computation of Direct and Overlapping Debt
Last Ten Fiscal Years

Taxing Entity	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt*
City of Brookings	\$ 18,452,826	100.00%	\$ 18,452,826
Brookings School District	51,396,387	76.00%	39,061,254
Total Direct and Overlapping Debt	\$ 69,849,213		\$ 57,514,080

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.

* 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, South Dakota
Table 15: Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 53,549,666	\$ 56,182,402	\$ 58,966,584	\$ 61,005,575	\$ 62,652,262	\$ 65,119,866	\$ 69,520,091	\$ 72,261,243	\$ 77,836,988	\$ 88,280,127
Total net debt applicable to limit	<u>25,399,103</u>	<u>23,922,139</u>	<u>21,723,310</u>	<u>19,427,934</u>	<u>17,103,798</u>	<u>18,740,963</u>	<u>16,495,169</u>	<u>17,899,411</u>	<u>16,127,349</u>	<u>14,691,162</u>
Legal debt margin	<u>\$ 28,150,563</u>	<u>\$ 32,260,263</u>	<u>\$ 37,243,274</u>	<u>\$ 41,577,641</u>	<u>\$ 45,548,464</u>	<u>\$ 46,378,903</u>	<u>\$ 53,024,922</u>	<u>\$ 54,361,832</u>	<u>\$ 61,709,639</u>	<u>\$ 73,588,965</u>
Total net debt applicable to the limit as a percentage of debt limit	47.43%	42.58%	36.84%	31.85%	27.30%	28.78%	23.73%	24.77%	20.72%	16.64%

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, South Dakota
 Legal Debt Margin Calculation
 Fiscal Year 2023

		<u>"No Limit" Debt</u>	<u>Debt Capacity at 5% (unrestricted)</u>	<u>Additional 10% Debt Capacity (Water/Sewer)</u>
2023 Assessed Value	<u>\$ 1,765,602,546</u>			
Maximum Debt Capacity			\$ 88,280,127	\$ 176,560,255
Existing Bonds				
2014A Sales Tax Revenue Bonds		\$ -	6,276,756	-
2019 Sales Tax Revenue Bond		-	5,659,295	-
SRF Loan No.2 Bond TIF 1 (3%)		-	189,661	-
SRF Loan No.3 Bond (3%)		-	184,206	-
SRF Loan No. 4 Bond (3%)		-	121,383	-
SRF Loan No. 5 Bond (3%)		-	1,156,879	-
SRF Loan No. 7 Bond (3.25)		11,269,443	-	-
SRF Loan No. 9 Bond (3%)		-	310,489	-
SRF Loan No. 10 Bond (3%)		-	792,493	-
Total Bonded Debt		<u>\$ 11,269,443</u>	<u>\$ 14,691,162</u>	<u>\$ -</u>
Other Debt				
Direct borrowing - scoreboard		94,996	-	-
Direct borrowing - Hospital		841,172	-	-
Loan		3,666,668	-	-
2012 Certificate of Participation		7,390,635	-	-
2015A Certificates of Participation		2,099,230	-	-
2015B Certificates of Participation		7,708,827	-	-
Total other debt		<u>21,801,528</u>	<u>-</u>	<u>-</u>
Total Debt		<u>33,070,971</u>	<u>14,691,162</u>	<u>-</u>
Available Debt Capacity		<u>N/A</u>	<u>\$ 73,588,965</u>	<u>\$ 176,560,255</u>

City of Brookings, South Dakota

Table 16: Pledged Revenue Coverage – Governmental Activities

Last Ten Fiscal Years

Governmental Activities

Year	Sales Tax Revenue Bonds				Coverage
	Sales Tax Collections	Debt Service		Total	
		Principal	Interest		
2023	\$ 9,711,761	\$ 2,155,174	\$ 353,720	\$ 2,508,894	3.87
2022	8,915,100	2,123,091	406,863	2,529,954	3.52
2021	7,699,876	2,312,389	403,624	2,716,013	2.83
2020	7,111,368	2,253,288	382,630	2,635,918	2.70
2019	7,329,098	2,596,165	443,255	3,039,420	2.41
2018	6,868,467	2,121,244	472,293	2,593,537	2.65
2017	6,607,370	1,877,326	518,723	2,396,049	2.76
2016	6,595,427	1,832,981	560,873	2,393,854	2.76
2015	6,295,374	1,355,000	278,442	1,633,442	3.85
2014	6,148,462	1,340,000	305,542	1,645,542	3.74

City of Brookings, South Dakota

Table 16: Pledged Revenue Coverage

Last Ten Fiscal Years

Business Type Activities

2005 Utility Revenue Bonds							
Year	Utility Service Charge	Less: Operating Expense	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2022	-	-	-	-	-	-	N/A
2021	-	-	-	-	-	-	N/A
2020	330,696	54,449	276,247	71,532	42,965	114,497	2.41
2019	338,826	41,949	296,877	67,410	47,087	114,497	2.59
2018	334,201	42,558	291,643	63,525	50,972	114,497	2.55
2017	321,144	40,539	280,605	59,865	54,632	114,497	2.45
2016	332,196	43,596	288,600	56,415	58,082	114,497	2.52
2015	329,171	41,926	287,245	53,164	61,333	114,497	2.51
2014	313,842	42,521	271,321	50,100	64,397	114,497	2.37

2011 Utility Revenue Bonds							
Year	Utility Service Charge	Less: Operating Expense	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2022	-	-	-	-	-	-	N/A
2021	-	-	-	-	-	-	N/A
2020	628,945	-	628,945	280,000	156,976	436,976	1.44
2019	653,487	-	653,487	270,000	163,535	433,535	1.51
2018	668,406	-	668,406	265,000	169,298	434,298	1.54
2017	636,743	176,929	459,814	260,000	174,301	434,301	1.06
2016	629,302	-	629,302	255,000	179,047	434,047	1.45
2015	627,635	-	627,635	255,000	182,745	437,745	1.43
2014	619,932	-	619,932	250,000	185,266	435,266	1.42

City of Brookings, South Dakota
Table 17: Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	Per Capita Income (2)	Total Personal Income (thousands of dollars) (2)	K-12 Public School Enrollment (3)	Unemployment Rate (4)
2023	35,980	\$ 56,045	\$ 1,988,715	3,446	1.6%
2022	35,484	\$ 53,860	\$ 1,865,655	3,442	2.1%
2021	24,415	\$ 49,278	\$ 1,754,451	3,337	3.3%
2020	23,377	\$ 47,782	\$ 1,676,045	3,345	4.5%
2019	24,509	\$ 46,302	\$ 1,631,329	3,408	3.4%
2018	24,509	\$ 44,774	\$ 1,533,749	3,396	3.1%
2017	23,895	\$ 43,111	\$ 1,471,603	3,421	3.5%
2016	23,657	\$ 43,815	\$ 1,485,181	3,342	2.7%
2015	23,225	\$ 41,416	\$ 1,379,745	3,400	2.6%
2014	23,225	\$ 42,862	\$ 1,413,079	3,275	2.6%

(1) Source – U.S. Census Bureau

(2) Source - BU.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 years 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, South Dakota

Table 18: Principal Employers
Current Year and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
South Dakota State Univ.	3,973	1	11.04%	4,463	1	18.87%
Daktronics	1,329	2	3.69%	1,600	2	6.76%
3M	1,156	3	3.21%	1,100	3	4.65%
Wal-Mart	538	4	1.50%	425	7	1.80%
Brookings Health System	496	5	1.38%	500	5	2.11%
Brookings School District	492	6	1.37%	400	8	1.69%
Hy-Vee Food Store	450	7	1.25%	450	6	1.90%
Larson Manufacturing	448	8	1.25%	557	4	2.35%
Aramark	384	9	1.07%	405	9	1.71%
Dacotah Bank Center	355	10	0.99%	N/A	-	N/A
Twin City Fan	N/A	-	N/A	299	10	1.26%
Total	9,621		26.75%	10,199		43.10%

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

City of Brookings, South Dakota

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Mayor/City Council	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
City Clerk	3.0	3.0	3.0	3.0	2.0	1.0	1.0	1.5	2.0	2.0
City Manager	1.0	1.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0	5.0
Human Resources	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Finance	5.0	4.0	4.0	4.0	3.0	4.0	4.0	4.0	4.0	3.0
Information Technology	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Community Development	5.0	4.8	4.4	4.4	4.0	4.0	8.0	8.5	9.0	8.0
Engineering	5.0	5.2	4.6	4.6	4.0	5.0	3.0	2.0	3.0	3.0
Public safety										
Police	35.0	36.0	35.0	36.0	36.0	40.0	36.0	38.0	38.0	39.0
Fire	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	3.0
E-911	9.0	9.0	9.0	9.0	7.0	10.0	9.0	9.0	12.0	10.0
Public works										
Streets	14.0	14.0	14.0	14.0	14.0	14.0	12.0	13.0	13.0	12.0
Health and Welfare										
Animal Control	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	1.0
Recreation & culture										
Aquatic Center	1.0	-	-	-	-	-	-	-	-	-
Recreation	1.0	3.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	4.0
Park	9.0	10.0	11.0	12.0	12.0	13.0	10.0	12.0	9.0	12.0
Ice Arena	2.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Forestry	5.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	4.0	4.0
Library	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Storm Drainage	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	1.0	1.0
Liquor	5.0	5.0	5.0	5.0	6.0	5.0	4.0	4.0	3.0	4.0
Water	10.0	10.0	10.0	10.0	10.0	10.0	11.0	11.0	11.0	11.0
Electric	35.0	36.0	35.0	33.0	36.0	34.0	39.0	42.0	40.0	41.0
Wastewater	12.0	12.0	12.0	12.0	14.0	13.0	15.0	12.0	14.0	13.0
Telephone	102.0	100.0	98.0	99.0	98.0	94.0	82.0	49.0	47.0	44.0
Hospital	225.0	220.0	236.0	236.0	222.0	225.0	234.0	214.0	214.0	224.0
Golf Course	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Airport	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0
Solid Waste Collection	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0
Solid Waste Disposal	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	6.0
Total	526.0	521.0	532.0	533.0	519.0	526.0	525.0	475.0	472.0	483.0

City of Brookings, South Dakota
Table 20: Operating Indicators by Function/Program
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Dispatch										
Total number of 911 calls	9,265	9,962	8,043	7,842	8,425	10,409	8,256	8,712	8,271	8,513
Total number of animals impounded	434	390	455	450	405	417	441	332	414	498
Fire										
Fire calls	237	202	231	212	240	252	258	238	360	290
Average response time (min:sec)	5:53	6:47	6:02	4:56	4:15	4:53	4:09	5:49	5:50	5:46
Public Works										
Community development										
Number of code enforcement investigations	1,262	936	1,648	1,543	1,725	1,252	1,473	1,530	1,416	1,243
Percent of rental units inspected and licensed	19%	29%	36%	32%	21%	31%	24%	28%	17%	25%
Engineering										
Building permits issued:										
Single family	79	88	78	54	63	72	77	68	63	61
Townhomes	5	7	4	5	2	1	1	2	1	1
Duplexes	2	2	-	-	2	3	3	8	8	6
Apartments	3	8	6	5	4	2	1	15	6	12
Solid Waste										
Number of households collected	4,901	4,939	5,060	5,264	5,355	5,385	5,445	5,596	5,721	5,804
Tons of recycling collected	822	827	837	836	886	880	876	846	814	792
Tons of refuse collected	4,464	4,553	4,738	4,787	4,893	4,893	5,045	4,766	4,678	4,528
Tons of yard waste collected	589	710	752	696	661	813	737	1,267	1,365	1,296
Street										
Total lane miles swept	-	244.13	246.31	248.06	249.06	251.99	258.22	263.10	261.16	262.96
Total miles swept	2,500*	2,500.00*	2,500.00	2,523.00	2,408.00	2,140.00	2,218.00	2,855.50	2,917.50	2,932.50
Culture and Recreation										
Park & Recreation										
Number of season passes sold for pool	1,559	1,559	1,420	1,343	1,267	1,736	-	1,377	1,296	1,130
Number of season passes sold for golf	198	233	318	341	320	513	271	337	413	597
Number of paid golf rounds played:										
9-holes	2,783	4,729	6,214	6,244	5,123	3,098	3,964	4,531	3,638	4,685
18-holes	2,403	2,673	1,908	1,989	1,381	1,134	2,096	1,920	1,429	2,499
Library										
Participants in children's programs	22,216	37,838	15,679	16,536	21,636	18,708	5,645	8,349	22,119	18,058
Use of electronic databases	5,184	8,713	8,891	5,033	5,278	5,194	5,971	4,283	4,658	3,139
Total circulation	278,588	274,733	208,255	218,775	197,724	198,135	165,354	219,319	246,677	219,610
Dacotah Bank Center										
Number of events held	256	213	262	285	298	278	141	180	201	194

Source: City Departments

City of Brookings, South Dakota
Table 21: Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Buildings	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Refuse Collection										
Collection Trucks	7	7	7	7	7	7	7	8	8	8
Public Works										
Miles of paved streets	236.90	244.13	246.13	248.06	249.06	251.99	258.22	263.10	263.10	236.10
Number of street lights	3,025	3,025	3,165	3,157	3,155	3,179	3,238	3,312	3,329	3,329
Traffic signals	130	118	122	122	132	31	31	31	32	32
Parks and Recreation										
Acreage	664.80	664.80	665.55	662.17	662.17	662.17	662.17	662.17	662.17	662.17
Playgrounds	13	13	14	15	15	15	15	15	15	15
Baseball/softball fields	21	21	21	21	21	21	21	21	21	21
Soccer/football fields	11	11	11	11	11	11	11	11	11	11
Recreation centers	1	1	1	1	1	1	1	1	1	1
Airport										
Runways	2	2	2	2	2	2	2	2	2	2
Water										
Miles of water mains	121.87	122.20	124.02	124.02	126.96	120.66	130.00	131.00	132.69	140.68



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2023
City of Brookings

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

Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 3

Schedule of Expenditures of Federal Awards 7

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City'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 purposes. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota
June 28, 2024



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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Brookings’s (the “City”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended December 31, 2023. 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 28, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Fargo, North Dakota
June 28, 2024

City of Brookings
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Department of Interior			
Direct			
Historic Preservation Funds Grants-In-Aid	15.904		\$ 13,267
Department of Justice			
Direct			
Bulletproof Vest Partnership Program	16.607		5,167
Department of Transportation			
Passed through the South Dakota Department of Transportation			
Airport Improvement Program	20.106	3-46-005-38-2023	304,099
Passed through the South Dakota Department of Public Safety, Office of Highway Safety			
Highway Safety Cluster			
State & Community Highway Safety Program	20.600	HS-2023-00101	149
State & Community Highway Safety Program	20.600	HS-2023-00120	425
State & Community Highway Safety Program	20.600	HS-2023-00175	341
State & Community Highway Safety Program	20.600	HS-2023-00217	4,874
State & Community Highway Safety Program	20.600	HS-2023-00252	362
State & Community Highway Safety Program	20.600	HS-2023-00302	156
State & Community Highway Safety Program	20.600	HS-2023-00304	1,084
State & Community Highway Safety Program	20.600	HS-2023-00305	578
State & Community Highway Safety Program	20.600	HS-2023-00337	819
State & Community Highway Safety Program	20.600	HS-2023-00376	930
State & Community Highway Safety Program	20.600	HS-2023-00385	815
			<u>10,533</u>
National Priority Safety Program	20.616	HS-2023-00100	305
National Priority Safety Program	20.616	HS-2023-00119	162
National Priority Safety Program	20.616	HS-2023-00194	436
National Priority Safety Program	20.616	HS-2023-00195	358
National Priority Safety Program	20.616	HS-2023-00303	156
National Priority Safety Program	20.616	HS-2023-00253	389
National Priority Safety Program	20.616	HS-2023-00338	1,779
National Priority Safety Program	20.616	HS-2023-00373	2,027
National Priority Safety Program	20.616	HS-2023-00375	167
National Priority Safety Program	20.616	HS-2023-00386	228
National Priority Safety Program	20.616	HS-2023-00387	41
			<u>6,048</u>
Total Highway Safety Cluster			<u>16,581</u>
Total Department of Transportation			<u>320,680</u>

City of Brookings
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Department of Treasury			
Passed through the South Dakota Department of Agriculture and Natural Resources COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2023G-ARP-117	<u>14,739,375</u>
Department of Health and Human Services			
Passed through the State of South Dakota Department of Health and Human Services Small Rural Hospital Improvement Grant Program	93.301	23SC093104	13,011
LTC Facility Strike Team and Infrastructure Funding	93.323	22SC093204	20,000
Breastfeeding Friendly Business Initiative	93.994	23SC090938	2,000
Community Health Worker (CHW) FY 2024	93.391	23SC090726	20,578
Community Health Worker (CHW) FY 2023	93.391	23SC090726	<u>31,438</u>
			<u>52,016</u>
Total Department of Health and Human Services			<u>87,027</u>
Department of Homeland Security			
Passed through the South Dakota Department of Public Safety Disaster Grants-Public Assistance	97.036	DR04656-SD	523,075
Passed through the State of South Dakota Office of Emergency Management FEMA Public Assistance Grant	97.036	DSR4656 PW 128	<u>14,202</u>
			<u>537,277</u>
Total Department of Homeland Security			<u>537,277</u>
Total Federal Financial Assistance			<u>\$ 15,702,793</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Brookings (the City) under programs of the federal government for the year ended December 31, 2023. The information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

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

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Our audit disclosed no findings required to be reported.

Section III – Federal Award Findings and Questioned Costs

Our audit disclosed no findings required to be reported.

BRING YOUR DREAMS.



Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
December 31, 2023

Prepared by Management of

City of Brookings, South Dakota

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

Initial Fiscal Year Finding Occurred: 2022

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

Status: Corrected.

Corrective Action Plan

No findings reported for the year ended December 31, 2023.