



BROOKINGS
municipal utilities

ANNUAL REPORT

BROOKINGS MUNICIPAL UTILITIES

of the CITY OF BROOKINGS, SOUTH DAKOTA

FOR THE YEAR ENDED DECEMBER 31, 2007



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**Annual Report
Municipal Electric, Telemarketing, Telephone,
Wastewater & Water Utilities
of the City of Brookings, South Dakota
For the Year Ended December 31, 2007
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TELEPHONE FUND
COMPARATIVE BALANCE SHEET
FOR THE YEARS ENDING DECEMBER 31, 2007 & 2006

	12/31/2007	12/31/2006	Increase(Decrease) Preceding Year
ASSETS			
CURRENT ASSETS:			
Cash in Banks	\$2,069,879.58	\$1,210,740.90	\$859,138.68
Petty Cash	2,155.00	1,555.00	\$600.00
Petty Cash-Refunds	500.00	500.00	\$0.00
Cash-Cafeteria Trust	15,569.64	14,632.74	\$936.90
Cash BMU Payroll Account	1,006.99	1,000.00	\$6.99
Certificates of Deposit	14,850,000.00	10,936,727.31	\$3,913,272.69
Restricted Assets:			
Customer Deposits	38,334.08	37,987.08	\$347.00
Reserve Account-98, 99 Issue	2,143,016.77	2,143,016.77	\$0.00
Reserve Account-Revenue Bond 00 Issue	1,022,211.51	0.00	\$1,022,211.51
Lease Payment Account-98, 99 Issue	27,072.07	30,018.54	(\$2,946.47)
Revenue Bond Account-00 Issue	1,750.29	0.00	\$1,750.29
Construction Account-06 Issue	1,156.72	4,002,139.18	(\$4,000,982.46)
Receivables:			
Interest	72,853.61	50,525.18	\$22,328.43
Miscellaneous	392,227.54	994,627.65	(\$602,400.11)
Consumers Accounts	2,316,238.11	1,893,588.19	\$422,649.92
Unbilled Receivables	817,442.59	687,059.76	\$130,382.83
Estimated Uncollectible Receivables	(208,600.00)	(99,900.00)	(\$108,700.00)
Due from Other Funds	69,975.02	163,854.18	(\$93,879.16)
Carriers Access Receivable	796,653.85	725,398.09	\$71,255.76
INS Receivable	32,511.49	45,516.93	(\$13,005.44)
Prepays	491,098.75	479,608.37	\$11,490.38
Materials & Supplies	1,287,067.75	1,169,731.78	\$117,335.97
Total Current Assets	\$26,240,121.36	\$24,488,327.65	\$1,751,793.71
NONCURRENT ASSETS:			
Investments Other:			
PCS Investment	1,697,932.71	1,197,949.82	\$499,982.89
Unamortized Debt Issuance Expense	883,515.01	734,152.97	\$149,362.04
South Dakota Network Stock	330,357.12	330,357.12	\$0.00
Express Stock	11,895.29	11,895.29	\$0.00
Capital Credits	17,970.20	15,062.85	\$2,907.35
Deferred Charges	189,187.50	214,412.50	(\$25,225.00)
Total Noncurrent Assets	3,130,857.83	2,503,830.55	\$627,027.28
CAPITAL ASSETS:			
Land & Improvements	\$268,987.48	\$218,976.14	\$50,011.34
Buildings & Structures	4,749,855.37	3,593,964.39	\$1,155,890.98
(Accumulated Depreciation)	(1,724,031.74)	(1,378,033.39)	(\$345,998.35)
Furniture & Equipment	1,944,178.21	2,008,230.87	(\$64,052.66)
(Accumulated Depreciation)	(1,541,870.97)	(1,615,776.48)	\$73,905.51
Machinery & Automotive Equipment	1,401,441.28	1,384,046.60	\$17,394.68
(Accumulated Depreciation)	(1,173,553.33)	(1,137,795.59)	(\$35,757.74)
Other Equipment	53,210,215.75	39,638,910.57	\$13,571,305.18
(Accumulated Depreciation)	(31,262,236.49)	(26,584,055.98)	(\$4,678,180.51)
Construction in Progress	130,763.05	5,105,455.91	(\$4,974,692.86)
Total Capital Assets	\$26,003,748.61	\$21,233,923.04	\$4,769,825.57
TOTAL ASSETS	\$55,374,727.80	\$48,226,081.24	\$7,148,646.56

TELEPHONE FUND
COMPARATIVE BALANCE SHEET
FOR THE YEARS ENDING DECEMBER 31, 2007 & 2006

	12/31/2007	12/31/2006	Increase(Decrease) Preceding Year
LIABILITIES & EQUITY			
CURRENT LIABILITIES:			
Accounts Payable	\$2,040,229.49	\$1,616,082.78	\$424,146.71
ATT Payable	\$6,131.61	\$8,146.43	(\$2,014.82)
Express Communications Payable	\$9,234.96	\$9,406.11	(\$171.15)
Verisign Payable	\$18,927.43	\$7,887.46	\$11,039.97
Benefits Payable	136,819.05	124,052.65	\$12,766.40
Sales Tax Payable	306,856.76	259,514.24	\$47,342.52
Wages Payable	23,324.27	52,459.81	(\$29,135.54)
Due to General Fund	0.00	990.00	(\$990.00)
Due to Other Funds	66,435.23	53,361.86	\$13,073.37
Interest Payable on Lease Purchase Agreements 98, 99 Iss	75,613.12	79,998.42	(\$4,385.30)
Interest Payable on Revenue Bond-00 Issue	47,588.55	0.00	\$47,588.55
Interest Payable on Lease Purchase Agreements 06 Issue	15,378.13	2,110.28	\$13,267.85
Current Lease Purchase Agreements Payable-98, 99 Issues	1,225,626.80	1,174,231.79	\$51,395.01
Current Revenue Bond Payable-00 Issue	425,000.00	0.00	\$425,000.00
Current Lease Purchase Agreements Payable-06 Issue	130,000.00	115,000.00	\$15,000.00
Current Payable Interfund Loan from Electric	647,684.15	613,283.49	\$34,400.66
Current Payable Interfund Loan from Wastewater	35,009.57	33,342.45	\$1,667.12
Customer Deposits Payable	38,334.08	37,987.08	\$347.00
Customer Deposits Payable-PCS	16,795.00	13,863.75	\$2,931.25
Deferred Revenue	712,826.97	436,672.19	\$276,154.78
Total Current Liabilities	\$5,977,815.17	\$4,638,390.79	\$1,339,424.38
LONG TERM LIABILITIES:			
Loan Payable to Electric Fund	\$1,611,119.67	\$2,258,803.82	(\$647,684.15)
Loan Payable to Wastewater Fund	\$869,650.67	\$904,660.25	(\$35,009.58)
Lease Purchase Agreement Payable-98, 99 Issues	\$16,769,137.26	\$17,994,764.07	(\$1,225,626.81)
Revenue Bond Payable-00 Issue	\$7,255,000.00	\$0.00	\$7,255,000.00
Lease Purchase Agreement Payable-06 Issue	\$3,755,000.00	\$3,885,000.00	(\$130,000.00)
Total Long Term Liabilities	\$30,259,907.60	\$25,043,228.14	\$5,216,679.46
EQUITY:			
Unrestricted	\$19,137,005.03	\$18,544,462.31	\$592,542.72
Total Equity	\$19,137,005.03	\$18,544,462.31	\$592,542.72
TOTAL LIABILITES & EQUITY	\$55,374,727.80	\$48,226,081.24	\$7,148,646.56

TELEPHONE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2007
WITH VARIANCES FROM BUDGET

	Actual 2007	Budget 2007	Variance from Budget favorable (unfavorable)
OPERATING REVENUES:			
Charges for Goods & Services	\$7,293,984.77	\$6,909,597	\$384,387.77
Other:			
Directory Advertising	\$818,006.51	\$834,435	(\$16,428.49)
Installations	\$50,101.79	\$47,259	\$2,842.79
Lease Facility Revenue	\$723,258.88	\$505,544	\$217,714.88
Miscellaneous	\$18,111.26	\$10,500	\$7,611.26
Total Operating Revenues	\$8,903,463.21	\$8,307,335	\$596,128.21
OPERATING EXPENSES:			
Personal Services	\$2,800,832.93	\$3,199,960	\$399,127.07
Contractual Services	\$164,511.52	\$75,000	(\$89,511.52)
Repairs and Maintenance	\$973,530.61	\$1,004,950	\$31,419.39
Other Current Expense	\$1,009,455.21	\$1,149,890	\$140,434.79
Bad Debt Expense	\$66,810.60	\$15,000	(\$51,810.60)
Depreciation	\$1,261,373.11	\$1,406,000	\$144,626.89
Amortization	\$20,077.14	\$17,452	(\$2,625.14)
Total Operating Expense	\$6,296,591.12	\$6,868,252	\$571,660.88
Operating Income	\$2,606,872.09	\$1,439,083	\$1,167,789.09
NON-OPERATING REVENUE(EXPENSE):			
Interest Income on Investments	\$748,595.82	\$723,595	\$25,000.82
Interest Income from Restricted Cash	\$95,096.44	\$20,000	\$75,096.44
Interest Expense on Lease Purchase Agreements	(\$488,772.45)	(\$519,227)	\$30,454.55
Interest Expense on Interfund Loans	(\$202,399.98)	(\$202,400)	\$0.02
SDN Dividends	\$168,206.00	\$60,000	\$108,206.00
Gain/Loss on Disposal of Fixed Assets	(\$3,687.10)	\$0	(\$3,687.10)
Unregulated Activities Income (Expense)	\$1,498,831.47	\$2,057,223	(\$558,391.53)
Miscellaneous	\$2,105.49	\$0	\$2,105.49
Total Non-operating Revenue(Expense)	\$1,817,975.69	\$2,139,191	(\$321,215.31)
Income before Transfers	\$4,424,847.78	\$3,578,274	\$846,573.78
Transfers to Other Funds			
Transfer in from Wastewater Fund	\$50,000.00	\$50,000	\$0.00
Transfer in from Water Fund	\$50,000.00	\$50,000	\$0.00
General Fund Transfer	(\$825,000.00)	(\$800,000)	(\$25,000.00)
Total Transfers to Other Funds	(\$725,000.00)	(\$700,000)	(\$25,000.00)
Net Income	\$3,699,847.78	\$2,878,274	\$821,573.78
Fund Equity Beginning of Year	\$18,544,462.31		
Beresford Termination Agreement	(\$2,481,745.59)		
Transfer of SC Joint PCS Fund Accumulated Deficit	(\$625,559.47)		
Fund Equity End of Year	\$19,137,005.03		

TELEPHONE FUND
COMPARATIVE BALANCE SHEET-FCC PART 32
FOR THE YEARS ENDING DECEMBER 31, 2007 & 2006

	12/31/2007	12/31/2006	Increase(Decrease) Preceding Year
ASSETS			
CURRENT ASSETS:			
Cash in Banks	\$2,069,879.58	\$1,210,740.90	\$859,138.68
Petty Cash	2,155.00	1,555.00	\$600.00
Petty Cash-Refunds	500.00	500.00	\$0.00
Cash Cafeteria Trust	15,569.64	14,632.74	\$936.90
Cash BMU Payroll Account	1,006.99	1,000.00	\$6.99
Certificates of Deposit	14,850,000.00	10,936,727.31	\$3,913,272.69
Restricted Assets:			
Customer Deposits	38,334.08	37,987.08	\$347.00
Reserve Account-98, 99 Issues	2,143,016.77	2,143,016.77	\$0.00
Reserve Account-Revenue Bond 00 Issue	1,022,211.51	0.00	\$1,022,211.51
Lease Payment Account-98, 99 Issues	27,072.07	30,018.54	(\$2,946.47)
Revenue Bond Account-00 Issue	1,750.29	0.00	\$1,750.29
Construction Account-06 Issue	1,156.72	4,002,139.18	(\$4,000,982.46)
Receivables:			
Interest	72,853.61	50,525.18	\$22,328.43
Miscellaneous	392,227.54	994,627.65	(\$602,400.11)
Consumers Accounts	2,316,238.11	1,893,588.19	\$422,649.92
Unbilled Receivables	817,442.59	687,059.76	\$130,382.83
Estimated Uncollectible Receivables	(208,600.00)	(99,900.00)	(\$108,700.00)
Due from Other Funds	69,975.02	163,854.18	(\$93,879.16)
Carriers Access Receivable	796,653.85	725,398.09	\$71,255.76
INS Receivable	32,511.49	45,516.93	(\$13,005.44)
Materials & Supplies	343,865.89	447,576.59	(\$103,710.70)
Prepays	491,098.75	479,608.37	\$11,490.38
Total Current Assets	<u>\$25,296,919.50</u>	<u>\$23,766,172.46</u>	<u>\$1,530,747.04</u>
NONCURRENT ASSETS:			
Investments Other:			
PCS Investment	1,697,932.71	1,197,949.82	\$499,982.89
Unamortized Debt Issuance Expense	883,515.01	734,152.97	\$149,362.04
South Dakota Network Stock	330,357.12	330,357.12	\$0.00
Express Stock	11,895.29	11,895.29	\$0.00
Unregulated:			
Permanent Investments	340,761.13	317,177.76	\$23,583.37
Materials & Supplies	292,884.34	170,098.96	\$122,785.38
Permanent Investments-PCS	11,671,043.38	8,134,409.06	\$3,536,634.32
Materials & Supplies-PCS	650,317.52	552,056.23	\$98,261.29
Capital Credits	17,970.20	15,062.85	\$2,907.35
Deferred Charges	189,187.50	214,412.50	(\$25,225.00)
Total Noncurrent Assets	<u>16,085,864.20</u>	<u>11,677,572.56</u>	<u>\$4,408,291.64</u>
CAPITAL ASSETS:			
Land & Improvements	\$133,244.60	\$133,244.60	\$0.00
Buildings & Structures	2,837,886.63	2,565,074.66	\$272,811.97
(Accumulated Depreciation)	(1,241,531.51)	(1,146,976.64)	(\$94,554.87)
Furniture & Equipment	952,218.02	1,133,046.18	(\$180,828.16)
(Accumulated Depreciation)	(769,985.51)	(924,072.87)	\$154,087.36
Machinery & Automotive Equipment	1,295,974.12	1,288,815.03	\$7,159.09
(Accumulated Depreciation)	(1,100,029.19)	(1,068,176.74)	(\$31,852.45)
Other Equipment	32,788,857.15	25,757,307.27	\$7,031,549.88
(Accumulated Depreciation)	(21,035,453.26)	(20,061,381.18)	(\$974,072.08)
Construction in Progress	130,763.05	5,105,455.91	(\$4,974,692.86)
Total Capital Assets	<u>\$13,991,944.10</u>	<u>\$12,782,336.22</u>	<u>\$1,209,607.88</u>
TOTAL ASSETS	<u><u>\$55,374,727.80</u></u>	<u><u>\$48,226,081.24</u></u>	<u><u>\$7,148,646.56</u></u>

TELEPHONE FUND
 COMPARATIVE BALANCE SHEET-FCC PART 32
 FOR THE YEARS ENDING DECEMBER 31, 2007 & 2006

	12/31/2007	12/31/2006	Increase(Decrease) Preceding Year
LIABILITIES & EQUITY			
CURRENT LIABILITIES:			
Accounts Payable	\$2,040,229.49	\$1,616,082.78	\$424,146.71
ATT Payable	\$6,131.61	\$8,146.43	(\$2,014.82)
NECA Payable	\$0.00	\$0.00	\$0.00
Express Communications Payable	\$9,234.96	\$9,406.11	(\$171.15)
Verisign Payable	\$18,927.43	\$7,887.46	\$11,039.97
Benefits Payable	136,819.05	124,052.65	\$12,766.40
Sales Tax Payable	306,856.76	259,514.24	\$47,342.52
Wages Payable	23,324.27	52,459.81	(\$29,135.54)
Due to Other Funds	176.41	176.40	\$0.01
Due to General Fund	45.00	990.00	(\$945.00)
Due to Telephone Fund	56,660.65	44,417.11	\$12,243.54
Due to Electric Fund	9,373.83	8,596.38	\$777.45
Due to Wastewater Fund	84.69	85.05	(\$0.36)
Due to Water Fund	94.65	86.92	\$7.73
Interest Payable on Lease Purchase Agreements 98, 99 Issues	75,613.12	79,998.42	(\$4,385.30)
Interest Payable on Revenue Bond-00 Issues	47,588.55	0.00	\$47,588.55
Interest Payable on Lease Purchase Agreement 06 Issue	15,378.13	2,110.28	\$13,267.85
Current Lease Purchase Agreements Payable-98,99 Issues	1,225,626.80	1,174,231.79	\$51,395.01
Current Revenue Bond Payable-00 Issue	425,000.00	0.00	\$425,000.00
Current Lease Purchase Agreements Payable-06 Issue	130,000.00	115,000.00	\$15,000.00
Current Payable on Interfund Loan from Electric	647,684.15	613,283.49	\$34,400.66
Current Payable on Interfund Loan from Wastewater	35,009.57	33,342.45	\$1,667.12
Customer Deposits Payable	38,334.08	37,987.08	\$347.00
Customer Deposits Payable-PCS	16,795.00	13,863.75	\$2,931.25
Deferred Revenue	712,826.97	436,672.19	\$276,154.78
Total Current Liabilities	\$5,977,815.17	\$4,638,390.79	\$1,339,424.38
LONG TERM LIABILITIES:			
Loan Payable to Electric Fund	1,611,119.67	2,258,803.82	(\$647,684.15)
Loan Payable to Wastewater Fund	869,650.67	904,660.25	(\$35,009.58)
Lease Purchase Agreements Payable-98, 99 Issues	16,769,137.26	17,994,764.07	(\$1,225,626.81)
Revenue Bond Payable-00 Issue	7,255,000.00	0.00	\$7,255,000.00
Lease Purchase Agreement Payable-06 Issue	3,755,000.00	3,885,000.00	(\$130,000.00)
	\$30,259,907.60	\$25,043,228.14	\$5,216,679.46
EQUITY:			
Unrestricted	\$19,137,005.03	\$18,544,462.31	\$592,542.72
Total Equity	\$19,137,005.03	\$18,544,462.31	\$592,542.72
TOTAL LIABILITIES & EQUITY	\$55,374,727.80	\$48,226,081.24	\$7,148,646.56

TELEPHONE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2007
WITH VARIANCES FROM BUDGET
FCC PART 32

	Actual 2007	Budget 2007	Variance from Budget favorable (unfavorable)
OPERATING REVENUES:			
Local Service	\$2,714,282.47	\$2,397,449	\$316,833.47
Toll - Inter	\$3,375,860.37	\$3,281,842	\$94,018.37
Toll - Intra	\$1,203,841.93	\$1,230,306	(\$26,464.07)
Directory Advertising	\$818,006.51	\$834,435	(\$16,428.49)
Installations	\$50,101.79	\$47,259	\$2,842.79
Lease Facility Revenue	\$723,258.88	\$505,544	\$217,714.88
Miscellaneous	\$18,111.26	\$10,500	\$7,611.26
Total Operating Revenues	<u>\$8,903,463.21</u>	<u>\$8,307,335</u>	<u>\$596,128.21</u>
OPERATING EXPENSES:			
Plant Specific Operations	\$1,809,409.22	\$1,938,490	\$129,080.78
Plant Non-Specific Operations	\$697,959.72	\$785,400	\$87,440.28
Customer Operations	\$1,039,347.52	\$1,292,850	\$253,502.48
Corporate Operations	\$1,401,613.81	\$1,413,060	\$11,446.19
Bad Debts	\$66,810.60	\$15,000	(\$51,810.60)
Depreciation	\$1,261,373.11	\$1,406,000	\$144,626.89
Amortization	\$20,077.14	\$17,452	(\$2,625.14)
Total Operating Expense	<u>\$6,296,591.12</u>	<u>\$6,868,252</u>	<u>\$571,660.88</u>
OPERATING INCOME:	\$2,606,872.09	\$1,439,083	\$1,167,789.09
NON-OPERATING REVENUE(EXPENSE):			
Interest Income on Investments	\$748,595.82	\$723,595	\$25,000.82
Interest Expense on Interfund Loans	(\$202,399.98)	(\$202,400)	\$0.02
Interest Income from Restricted Cash	\$95,096.44	\$20,000	\$75,096.44
Interest Expense on Lease Purchase Agreements	(\$488,772.45)	(\$519,227)	\$30,454.55
SDN Dividends	\$168,206.00	\$60,000	\$108,206.00
Gain/Loss on Disposal of Fixed Assets	(\$3,687.10)	\$0	(\$3,687.10)
Unregulated Activities Income (Expense)	\$1,498,831.47	\$2,057,223	(\$558,391.53)
Miscellaneous	\$2,105.49	\$0	\$2,105.49
Total Non-operating Revenue(Expense)	<u>\$1,817,975.69</u>	<u>\$2,139,191</u>	<u>(\$321,215.31)</u>
TRANSFERS			
Transfer In from Wastewater Fund	\$50,000.00	\$50,000	\$0
Transfer In from Water Fund	\$50,000.00	\$50,000	\$0
General Fund Transfer	(\$825,000.00)	(\$800,000)	(\$25,000.00)
Total Transfers	<u>(\$725,000.00)</u>	<u>(\$700,000)</u>	<u>(\$25,000.00)</u>
NET INCOME	\$3,699,847.78	\$2,878,274	\$821,573.78
Fund Equity Beginning of Year	\$18,544,462.31		
Beresford Termination Agreement	(\$2,481,745.59)		
Transfer of Sioux City Joint PCS Fund Accumulated Deficit	(\$625,559.47)		
Fund Equity End of Year	\$19,137,005.03		