

**CITY OF BRANDON**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2010**

**CITY OF BRANDON  
MUNICIPAL OFFICIALS  
DECEMBER 31, 2010**

Mayor

Larry Beesley

Governing Board

Brett Karber

Mindy Hansen

Don Hammond

Daniel Mostek

Bob Bruning

Roger Brooks

Blaine Jones

Barb Fish

Finance Officer & Assistant City Administrator

Dennis Olson

City Administrator:

Bryan Read

Attorney:

Lisa Marso

CITY OF BRANDON  
TABLE OF CONTENTS

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3
Schedule of Prior Audit Findings and Questioned Costs	5
Schedule of Current Audit Findings and Questioned Costs	6
Independent Auditor's Report	9
Management's Discussion and Analysis	11
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	23
Statement of Activities	24
Fund Financial Statements:	
Balance Sheets – Governmental Funds	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	27
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities	31
Balance Sheet – Proprietary Funds	32
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	33
Statement of Cash Flows – Proprietary Funds	34
Notes to the Financial Statements	36
Required Supplementary Information	
Budgetary Comparison Schedules:	
General Fund	51
Notes to the Required Supplementary Information	53

## Supplementary Information

Combining Balance Sheet-Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Governmental Funds	55
Combining Balance Sheet-Special Revenue Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances of Special Revenue Nonmajor Governmental Funds	57
Combining Balance Sheet-Debt Service Nonmajor Governmental Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances of Debt Service Nonmajor Governmental Funds	59
Combining Balance Sheet-Capital Projects Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances of Capital Projects Nonmajor Governmental Funds	61
Schedule of Expenditures of Federal Awards	62
Corrective Action Plan	64

# QUAM & BERGLIN

CERTIFIED PUBLIC ACCOUNTANTS  
110 WEST MAIN - P.O. BOX 426  
BRANDON, SOUTH DAKOTA 57025

---  
(605) 356-3374

## **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***

City Council  
The City of Brandon  
Minnehaha County, South Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brandon, South Dakota, as of December 31, 2010, and for the year then ended which collectively comprise the City of Brandon's basic financial statements and have issued our report thereon dated September 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 of Brandon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Brandon's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies and material weaknesses have been identified. However, as described in the accompanying Schedule of Current Audit Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item 2010-01 to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Brandon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, and which are described in finding number 2010-02 and 2010-03.

The City of Brandon's response to the findings identified in our audit is on page 64. We did not audit the City's response, and, accordingly, we express no opinion on it.

We noted certain matters that we reported to the management of the City of Brandon in a separate letter dated September 28, 2011.

This report is intended solely for the information and use of the South Dakota Legislature, the governing board and management of the City of Brandon and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 §-320(a), this report is a matter of public record and its distribution is not limited.



Quam and Berglin  
Certified Public Accountants

September 28, 2011

# QUAM & BERGLIN

CERTIFIED PUBLIC ACCOUNTANTS  
110 WEST MAIN – P.O. BOX 426  
BRANDON, SOUTH DAKOTA 57025

---  
(605) 356-3374

## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### INDEPENDENT AUDITOR'S REPORT

City Council  
City of Brandon  
Brandon, South Dakota

#### Compliance

We have audited the compliance of the City of Brandon, South Dakota with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Brandon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

#### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, the governing board and management of the City of Brandon and is not intended to be and should not be used by anyone other than these specified parties. However, as required by OMB Circular A-133-§.320 and by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Quam and Berglin  
Certified Public Accountants

September 28, 2011

**CITY OF BRANDON  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2010**

**PRIOR OTHER AUDIT FINDINGS AND QUESTIONED COSTS**

**STATUS OF PRIOR AUDIT RECOMMENDATIONS:**

The prior audit recommendations 2009-01, 2009-02 and 2009-03 have not been corrected and are restated as Current Audit Finding Numbers 2010-01, 2010-02 and 2010-03.

**CITY OF BRANDON  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2010**

**SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:**

***Financial Statements***

- a. An unqualified opinion was issued on the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.
- b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues as discussed in finding number 2010-01.
- c. Our audit disclosed a noncompliance which was material to the financial statements; see finding number 2010-03.

***Federal Awards***

- d. An unqualified opinion was issued on compliance with the requirements applicable to the major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
- f. The federal awards tested as major programs were:

EDA Financial Assistance Award, Recovery Act	11.300
Capitalization Grants for Clean Water State Revolving Funds	66.458

- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- h. The City did not qualify as a low-risk entity.

**CITY OF BRANDON  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2010**

**STATUS OF PRIOR AUDIT RECOMMENDATIONS:**

The prior audit recommendations 2009-01, 2009-02 and 2009-03 have not been corrected and are restated as Current Audit Finding Numbers 2010-01, 2010-02 and 2010-03.

**CURRENT AUDIT FINDINGS:**

**AUDIT FINDING NUMBER 2010-01:**

The City of Brandon does not have an adequate segregation of duties for revenues and expenditures, resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

**ANALYSIS:**

In order to achieve proper internal control, it is necessary to have segregation of duties provided between performance, review and record keeping of the tasks related to revenue and expenditures. Lack of this segregation could adversely affect the organization's ability to record, process, summarize and report financial data consistent with management assertions.

**RECOMMENDATION:**

We recommend that the City of Brandon officials be cognizant of this lack of segregation of duties for revenues and expenditures and attempt to provide compensating internal controls whenever and wherever possible and practical.

**AUDIT FINDING NUMBER 2010-02:**

The City failed to prepare, publish or file with the Department of Legislative Audit the annual financial reports for the year ended December 31, 2010 within the required time frame in violation of SDCL 9-22-21.

**Analysis:**

SDCL 9-22-21 states:

The auditor, financial officer, or clerk shall report to the governing body at the first regular meeting of March of each year, the receipts, expenses and financial condition of the City, including the amount of funds in the treasury at the time of making the report and where and in what amounts the funds are deposited or invested. The report shall be published within thirty days thereafter or upon completion of an annual audit in the official newspaper, or other newspaper as the governing body may direct. Immediately after the report to the governing body, the auditor, financial officer, or clerk, of municipalities of the first and second class, shall file a copy of the report with the State Department of Legislative Audit.

**Recommendation:**

We recommend that the City of Brandon annual financial reports be properly prepared, published and filed with the Department of Legislative Audit in the time frame required by SDCL 9-22-21.

**AUDIT FINDING NUMBER 2010-03:**

The City exceeded budgeted expenditures in several funds for the current year and in prior years in violation of SDCL 9-21-9 and failed to authorize transfers to cover such excess spending in 1 Special Revenue Fund, 3 Debt Service Funds, 4 Capital Project Funds and 1 Proprietary Fund for the year ended December 31, 2010 in violation of SDCL 9-21-26.1.

**Analysis:**

SDCL 9-21-9 states that amounts spent for any purpose or any department may not exceed the amount appropriated for such purpose. SDCL 9-21-7 allows for supplemental appropriations to be adopted as deemed necessary for indispensable functions. SDCL 9-21-26.1 states that the City may by a two-thirds vote transfer surplus money in any of several funds to any other fund. No money in any fund may be transferred unless a sufficient amount is left to pay all outstanding warrants drawn on the fund, together with any other indebtedness for the current fiscal year.

**Recommendation:**

We recommend that the City of Brandon's governing body appropriate sufficient funds to cover projected expenses for all departments and purposes and authorize transfers to cover overdrawn funds when necessary.

# QUAM & BERGLIN

CERTIFIED PUBLIC ACCOUNTANTS  
110 WEST MAIN - P.O. BOX 426  
BRANDON, SOUTH DAKOTA 57025

---  
(605) 356-3374

## INDEPENDENT AUDITOR'S REPORT

City Council  
City of Brandon  
Minnehaha County, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Brandon, South Dakota, as of December 31, 2010 and for the year then ended, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Brandon's management. Our responsibility is to express opinions on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Brandon as of December 31, 2010 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2011, on our consideration of the City of Brandon's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison schedules as listed on the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Combining Nonmajor Fund Financial Statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Quam and Berglin  
Certified Public Accountants

September 28, 2011

**City of Brandon**  
**305 Main Avenue**  
PO Box 95  
Brandon, SD 57005  
(605) 582-6515

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City of Brandon's annual financial report presents our discussion and analysis of the City of Brandon financial performance during the fiscal year ending December 31, 2010. Please read it in conjunction with the City of Brandon financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS**

During the year, the City of Brandon revenues generated from charges for services, taxes and other revenues of the governmental programs were \$1,808,166 more than the \$6,964,148 governmental and business-type program expenditures.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, including related notes, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Municipality:

1. The first two statements are government-wide financial statements that provide both long-term and short-term information about the overall financial status of the City of Brandon.
2. The remaining statements are fund financial statements that focus on individual parts of Municipal government, reporting the Municipality's operations in more detail than the government-wide statements.
  - A. The governmental fund statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
  - B. Proprietary fund statements offer short- and long-term financial information about the activities that the Municipality operates like businesses. The City has four proprietary funds – the Water Fund, the Sewer Fund, the Golf Course Fund and the Electrical Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to the required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and presented in a single column in the basic financial statements.

Figure A-2 summarizes the major features of the City of Brandon's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2**

Major Features of the City of Brandon's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds and the fiduciary component units)	The activities of the City that is not proprietary or fiduciary, such as finance office, police, fire and parks.	Activities the City operates similar to private businesses are the water and sewer systems and the golf course.
Required Financial Statements	*Statement of Net Assets *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balance Sheet *Statement of Revenues, Expenses and Changes in Net Assets *Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City of Brandon's net assets and how they have changed. A net asset – the difference between the City of Brandon's assets and liabilities – is one way to measure the City of Brandon's financial health or position.

1. Increases or decreases in the City of Brandon's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
2. To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City of Brandon's property tax base and changes in the sales tax revenue base.

The government-wide financial statements of the City are reported in two categories:

1. **Governmental Activities** -- This category includes the most of the City of Brandon's basic services, such as police, fire, public works, parks department and general administration. Property taxes, sales taxes, charges for services, state and federal grants and interest earnings finance most of these activities.
2. **Business-type Activities** -- The City charges a fee to customers to help cover the costs of certain services it provides. The City of Brandon's water, sewer, golf course and electrical accounts are included here.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the City of Brandon's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

1. State Law requires some of the funds.
2. The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has two kinds of funds:

1. **Governmental Funds** – Most of the City of Brandon's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City of Brandon's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
2. **Proprietary Funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The City of Brandon's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

	Governmental Activities		Business-Type Activities		Totals	
	2009	2010	2009	2010	2009	2010
Current and Other Assets	\$ 5,242,193	\$ 3,696,763	\$ 1,859,889	\$ 2,693,768	\$ 7,102,082	\$ 6,390,531
Capital Assets	17,239,569	18,691,869	17,386,989	17,204,185	34,626,558	35,896,054
Total Assets	<u>22,481,762</u>	<u>22,388,632</u>	<u>19,246,878</u>	<u>19,897,953</u>	<u>41,728,640</u>	<u>42,286,585</u>
Long-Term Debt						
Outstanding	8,942,628	8,358,725	3,025,677	2,658,404	11,968,305	11,017,129
Other Liabilities	799,761	553,580	239,244	186,380	1,039,005	739,960
	<u>9,742,389</u>	<u>8,912,304</u>	<u>3,264,921</u>	<u>2,844,785</u>	<u>13,007,310</u>	<u>11,757,089</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	8,401,990	10,427,461	14,464,652	14,653,532	22,866,642	25,080,993
Restricted	2,697,525	1,834,713	25,000		2,722,525	1,834,713
Unrestricted	1,639,858	1,214,153	1,492,305	2,399,637	3,132,163	3,613,790
Total Net Assets	<u>\$ 12,739,373</u>	<u>\$ 13,476,327</u>	<u>\$ 15,981,957</u>	<u>\$ 17,053,169</u>	<u>\$ 28,721,330</u>	<u>\$ 30,529,496</u>
Beginning Net Assets	<u>\$ 12,468,595</u>	<u>\$ 12,739,373</u>	<u>\$ 15,325,859</u>	<u>\$ 15,981,957</u>	<u>\$ 27,794,454</u>	<u>\$ 28,721,330</u>
Increase (Decrease) in Net Assets	<u>\$ 270,778</u>	<u>\$ 736,954</u>	<u>\$ 656,098</u>	<u>\$ 1,071,212</u>	<u>\$ 926,876</u>	<u>\$ 1,808,166</u>
Percentage of Increase (Decrease) in Net Assets	2.17%	5.78%	4.28%	6.70%	3.33%	6.30%

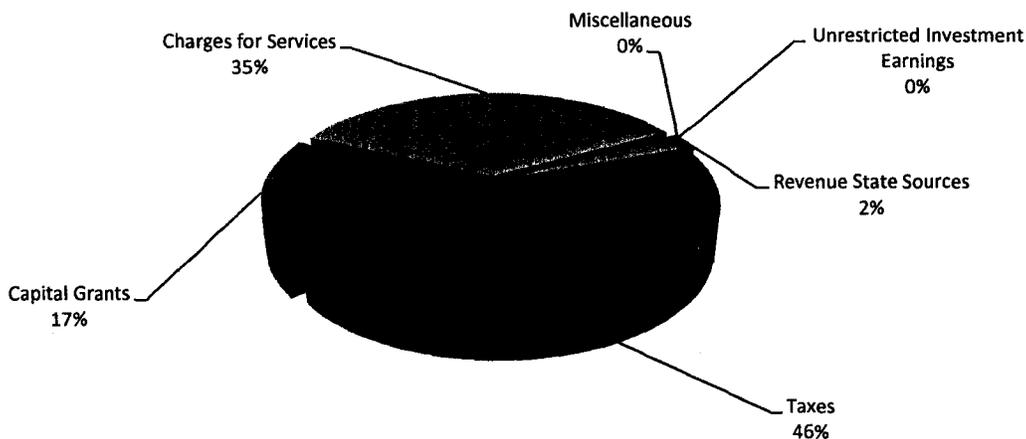
This section explains the differences between the current and prior years' assets, liabilities, and changes in net assets.

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average 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 of compensated absences payable, sales tax revenue bonds payable, water and revenue bonds payable, and special assessment bonds with governmental commitment have been reported in this manner on the Statement of Net Assets. The difference between the City of Brandon's assets and liabilities is its net assets.

## CHANGES IN NET ASSETS

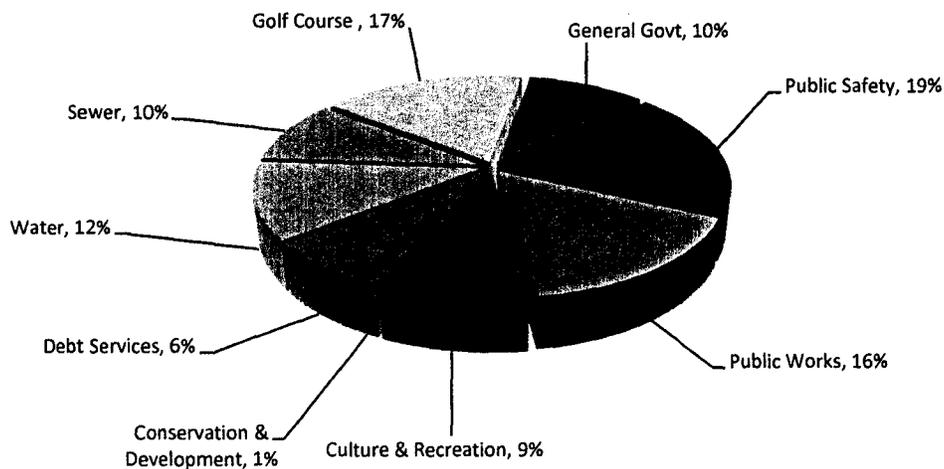
The City of Brandon's total revenues (excluding special items) totaled \$8,772,314. (See Table A-2.) Well over half of the City of Brandon's revenue comes from charges for services and taxes; with 35 cents of every dollar raised coming from charges for services and 46 cents of every dollar raised comes from some type of tax. (See Figure A-3). Another 19 cents come from operating and capital grants and contributions and the balance comes from unrestricted investment earnings, state shared revenue and miscellaneous.

### FIGURE A-3 SOURCE OF REVENUES



The City of Brandon expenses cover a range of services with 12% from water services and 10% from sewer services, 17% from the golf course. The cost of Public Safety was 19% and Public Works was 16%. Culture and Recreation costs were 9%. General Government costs were 10% and debt service was 6%. Conservation and Development and Health and Welfare are the remaining balance of less than 1%. (See Figure A-4)

### FIGURE A-4 SOURCE OF EXPENSES



**TABLE A-2**  
**City of Brandon**  
**CHANGES IN NET ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
<b>REVENUE:</b>						
Program Revenues:						
Charges for Services	\$262,164	\$295,052	\$2,720,504	\$2,781,825	\$2,982,668	\$3,076,877
Capital Grants and Contributions	729,383	1,337,356		169,947	729,383	1,507,302
General Revenues:						
Taxes	3,806,808	3,972,831			3,806,808	3,972,831
Revenue State Sources	174,719	167,185			174,719	167,185
Unrestricted Investment Earnings	37,392	15,223	14,685	8,078	52,077	23,300
Miscellaneous	30,715	9,967	61,879	14,852	92,594	24,819
<b>TOTAL REVENUES</b>	<b>5,041,181</b>	<b>5,797,612</b>	<b>2,797,068</b>	<b>2,974,702</b>	<b>7,838,249</b>	<b>8,772,314</b>
<b>EXPENSES:</b>						
General Government	635,996	696,824			635,996	696,824
Public Safety	1,234,875	1,340,289			1,234,875	1,340,289
Public Works	1,133,060	1,103,200			1,133,060	1,103,200
Health & Welfare	4,018	8,049			4,018	8,049
Culture and Recreation	587,143	597,860			587,143	597,860
Conservation & Development	78,672	90,417			78,672	90,417
Unallocated Depreciation Expense	14,710	15,519			14,710	15,519
Debt Services	507,821	409,198			507,821	409,198
Water Services			846,711	826,305	846,711	826,305
Sewer Services			649,964	668,522	649,964	668,522
Golf Course Services			1,209,861	1,198,341	1,209,861	1,198,341
Electric			8,542	9,623	8,542	9,623
<b>TOTAL EXPENSES</b>	<b>4,196,295</b>	<b>4,261,356</b>	<b>2,715,078</b>	<b>2,702,792</b>	<b>6,911,373</b>	<b>6,964,148</b>
Excess (deficiency) Before Transfers	844,887	1,536,256	81,989	271,910	926,876	1,808,166
Transfers	(574,109)	(799,302)	574,109	799,302		
Change in Net Assets	270,778	736,954	656,098	1,071,212	926,876	1,808,166
Beginning Net Assets	12,468,595	12,739,373	15,325,859	15,981,957	27,794,454	28,721,330
<b>NET ASSETS-ENDING</b>	<b>\$12,739,373</b>	<b>\$13,476,327</b>	<b>\$15,981,957</b>	<b>\$17,053,169</b>	<b>\$28,721,330</b>	<b>\$30,529,496</b>

### FINANCIAL ANALYSIS OF THE CITY OF BRANDON FUNDS

The financial analysis of the City of Brandon funds mirror those highlighted in the analysis of governmental and business-type activities presented above. The City maintains twenty governmental funds – General Fund; 2<sup>nd</sup> Cent Sales Tax; 3<sup>rd</sup> Cent Sales Tax; 2006 TIF #2(BID) Special Revenue Fund; Brandon Revolving Loan Fund; 2002 S.A. North Sioux Blvd; TIF#1 Debt Service; S.A Park St; S.A Chestnut Blvd; S.A Chestnut Middle Blvd; S.A. Express Ave/French Cr Lift; TIF #2 Convention Center Debt Service; S.A Country Club Drainage; TIF Hemlock Blvd Debt Service Fund; Bethany Drainage Capital Project Fund; West Holly St Project; Aspen Blvd Project; TIF #3 Hemlock Capital Project. The City has four business type funds - Water; Sewer; Golf Course and Electrical.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

## CAPITAL ASSET ADMINISTRATION

By the end of 2010, the City had \$35,896,055 in a broad range of capital assets, including, land, buildings, and various machinery and equipment. (See Table A-3.) This amount represents a net increase (including additions and deductions) of \$1,269,499 at 4% increase, over the last year with most of the increase being in improvement other than buildings.

**Table A-3**  
**Capital Assets**  
**(Net of depreciation)**

	Governmental Activities		Business-Type Activities		Total Dollar	Total %
	2009	2010	2009	2010	Change	Change
Land	\$ 760,545	\$ 1,127,352	\$ 1,719,941	\$ 1,719,941	\$ 366,807.10	13%
Buildings	3,421,703	3,664,103	3,043,940	2,946,709	145,169	2%
Improv Other Than Buildings	9,760,694	12,425,944	11,635,019	11,719,759	2,749,990	11%
Machinery & Equipment	1,053,564	1,012,270	983,737	817,777	(207,254)	-11%
Construction in Progress	2,243,062	462,200	4,351	-	(1,785,213)	-386%
Total Capital Assets(net)	17,239,568	18,691,869	17,386,988	17,204,186	1,269,499	4%

Below are some projects and purchases that were made in 2010:

New equipment was purchased which included; 2010 Chevy Tahoe, 2010 Ford Truck and a 2010 Case 570MXT Tractor Loader.

In order to keep our streets maintained, chip sealing was done in 2010 to improve street quality at the cost of \$120,864. A section of town is done every year, with the whole town being complete in about eight years.

Parks were improved over the year, with Aspen Park on its fourth year of a five year renovation plan to improve our city ballpark. The cost for 2010 was around 85,497. Land was purchased for a new park in the Country Club area, Sunrise Park. The Ice Skating Rink was relocated in 2010 to McHardy Park, with the total cost for the project running about 37,695. The McHardy Park Soccer Field finished up in 2010 with a total of expenses around 240,502 in 2010 with the finished project including a concession building, playground equipment and soccer fields. The finished project came in at about 914,000 to complete all three items.

A few other major projects for the town were: Bethany Drainage Project with around 357,000 in expenditures for 2010 to help improve the drainage in this area with a total project cost of 593,000; Golf Course Pond Liner done to pond #11 with a cost of about 21,000; improvements were made to Needles Dr/Sylvan Cir(Phase I) area to the water and sewer lines with a cost of around 360,000(this is going to be an ongoing project in this area which is being done in phases); and the Hemlock Boulevard Project finished up in 2010 to help construct a road and lighting at the cost of around 752,000 in 2010 and a total project cost of around 1,625,000.

Some other minor projects done were: Lighting projects done at Aspen Boulevard and on Sioux Boulevard; Drainage improvements done at Fleetwood Circle and at the intersection of Redwood and Hwy 11; and a bus barn was constructed for our Transit Bus Service.

**LONG-TERM DEBT**

At the end of the year the City has \$11,017,130 in Sales Tax Revenue Bonds, Water Revenue Bonds and Sewer revenue Bonds and other long term obligations. This is a decrease of almost 8% from the previous year as shown on Table A-4 below.

**Table A-4  
Outstanding Debt and Obligations  
(Net of depreciation)**

	Governmental Activities		Business-Type Activities		Total Dollar	Total %
	2009	2010	2009	2010	Change	Change
Compensated Absences	\$ 105,049	\$ 94,317	\$ 103,340	\$ 107,752	\$ (6,320)	-3.03%
Special Assessment Bonds	1,712,789	1,435,083			(277,706)	-16.21%
Sales Tax Revenue bonds	3,988,470	3,651,495			(336,975)	-8.45%
State Revolving Funds		344,925			344,925	100.00%
Tax Increment Financing Bonds	2,350,704	2,191,463			(159,241)	-6.77%
Water Revenue bonds			1,375,072	1,166,529	(208,543)	-15.17%
Golf Course Revenue bonds			1,347,454	1,262,309	(85,145)	-6.32%
City Share-Special Assessment	785,617	641,443			(144,174)	-18.35%
Notes Payable			199,811	121,816	(77,995)	-39.03%
<b>Total Outstanding Debt &amp; Obligations</b>	<b>\$ 8,942,629</b>	<b>\$ 8,358,725</b>	<b>\$ 3,025,677</b>	<b>\$ 2,658,404</b>	<b>\$ (951,176)</b>	<b>-7.95%</b>

The City of Brandon had a significant decrease in long-term debt, which was due to retiring over 1.3 million dollars in debt.

**REVENUE BONDS AT THE END OF 2010**

**\$1,900,000 - 2001 Golf Course Certificates of Participation** issued to re-fund the addition of nine holes at the Brandon Municipal Golf Course and the construction of a clubhouse facility. Payment is over 20 years with principle payments starting at \$58,071 in 2002 to \$144,109 in 2021. The net interest cost is 4.9%. Payment will come from revenue from the Golf Course and are due June 1 and December 1 of each year and are taken automatically by the First National Bank Trust Department.

Principal balance, as of 12-31-10..... \$1,262,309

**\$1,877,375 - 2000 (SRF) Water Treatment Plant Loan** to construct a water treatment plant. Payments will be due quarterly over a fifteen year period at a 4.75% interest rate. Payments are \$175,708 per year. Bonds are being retired with revenues of the Water Enterprise Fund and are taken automatically by the First National Bank Trust Department.

Principal balance, as of 12-31-10.....\$ 672,611

**\$780,000 - 2002 Westside Utility Project** to extend water and sewer facilities to the west of Brandon. Payment is over ten years with principle payments starting at \$32,182 in 2003 to \$46,666 in 2012. The net interest cost is 3.95%. Payment will come from revenue from the debt retirement (sales tax) account and are due May 1 and November 1 of each year. Funds are taken automatically by the First National Bank Trust Dept from the non interest savings account.

Principal balance, as of 12-31-10.....\$ 182,725

**\$775,000 - 2003 Eastside Utility Project** to extend water and sewer facilities to the east of Brandon. Payment is over ten years with principle payments starting at \$31,501 in 2004 to \$46,972 in 2013. The net interest cost is 4.25%. Payment will come from revenue from the debt retirement (sales tax) account and are due June 1 and December 1 of each year. Funds are taken automatically by the First National Bank Trust Dept from the non interest savings account.

Principal balance, as of 12-31-10.....\$ 267,551

**\$560,000.00 - 2005 Fire Hall Project (Rural Development)** to construct a new fire hall. Half is financed with Rural Development the other from the First National Bank. Payment is over thirty years with principle payments beginning at \$9,576 and interest payments beginning at \$23,800. The net interest cost is 4.25%. Payment will come from revenue from the Second Cent Sales Tax Fund and are due October 12<sup>th</sup> of each year. Funds are taken automatically from the non interest savings account.

Principal balance, as of 12-31-10.....\$ 507,024

**\$560,000 - 2005 Fire Hall Project (First National Bank)** to construct a new fire hall. Half is financed with Rural Development the other from the First National Bank. Payment is over thirty years with principle payments starting at \$4,118 in 2006 to \$17,676 in 2035. The net interest cost is 5%. Payment will come from revenue from the Second Cent Sales Tax Fund and are due March 1<sup>st</sup> and September 1<sup>st</sup> of each year. Funds are taken automatically by the First National Bank Trust Department from the non interest savings account.

Principal balance, as of 12-31-10.....\$ 513,866

**\$2,500,000 – 2007 Sales Tax Revenue Bond** to construct the Holly Blvd Project. Payment is due in annual installments of \$118,482 through 2023 at a 5.5% interest rate. These bonds are being retired with collections from proceeds of Sales Tax. Payments are due on March 1 and September 1 of each year. Funds are taken automatically by the First National Bank Trust Department from the non-interest savings account.

Principal balance, as of 12-31-10..... \$ 2,180,328

**\$585,000 – 2008 Stone Ridge Booster Station** to construct a booster station in the stone ridge development. Payments are due in annual installments of \$68,112 in 2009 and \$78,642 in 2010-2018 at a 6% interest rate. These bonds are being retired with Water funds revenue. Payments are due on March 1 and September 1 of each year. Funds are taken automatically by the First National Bank Trust Department from the non-interest savings account.

Principal balance, as of 12-31-10..... \$ 493,917

**\$344,925 - 2010 Clean Water Revenue Borrower Bond(SRF) for Bethany Meadows Project** to construct a drainage way are due in quarterly payments of \$9,653.70 2011 through 2021 at a 2.25% interest rate. Payments will come from revenue from the Debt Retirement(Sales Tax) fund for drainage improvements. Payments are due on January 15, April 15, July 15, and October 15 of each year. Funds are taken automatically by the First National Bank Trust Department from the non-interest checking account.

Principal balance, as of 12-31-10.....\$344,925

#### **SPECIAL ASSESSMENT BONDS**

**\$535,000 - 2002 North Sioux Boulevard Street Improvement Bonds** due in annual installments of \$69,285 through 2012 at a 5% interest rate. These bonds are being retired with collections from property owners through Debt Service Funds for curb, gutter and utility improvements to North Sioux Boulevard. Payments are due on March 1 and September 1 of each year. The City obligation is \$405,936 to be paid over ten years. Funds are taken automatically by the First National Bank Trust Dept. from the non-interest savings account.

Principal balance, as of 12-31-10.....\$128,829

**\$325,000 - 2004 Park Street and Park Street Drainage Improvement Bonds** due in annual installments of \$40,070 through 2014 at a 4% interest rate. These bonds are being retired with collections from property owners through Debt Service Funds for street improvements from Sioux Boulevard to the city limits and drainage improvements from Parkview Addition through the school property and south. Payments are due March 1 and September 1 of each year. The City obligation is \$231,646 to be paid over ten years. Funds are taken automatically by the First National Bank Trust Department from the non-interest savings account.

Principal balance, as of 12-31-10.....\$ 145,448

**\$500,000 - 2006 Chestnut Boulevard Street Improvement Bonds** due in annual installments of \$61,750 through 2016 at a 5.05% interest rate. These bonds are being retired with collections from property owners through Debt Service Funds for curb, gutter and utility improvements to Chestnut Boulevard. Payments are due on March 1 and September 1 of each year. The City obligation is \$272,322 to be paid over ten years. Funds are taken automatically by the First National Bank Trust Department from the non-interest savings account.

Principal balance, as of 12-31-10.....\$ 305,000

**\$550,000 – 2007 Chestnut Boulevard Street Improvement Bonds** due in annual installments of \$35,281 through 2017 at a 5% interest rate. These bonds are being retired with collections from property owners through Debt Service Funds for curb, gutter and utility improvements to Chestnut Boulevard. Payments are due on March 1 and September 1 of each year. The City obligation is \$236,096 to be paid over ten years. Funds are taken automatically by the First National Bank Trust Department from the non-interest savings account.

Principal balance, as of 12-31-10..... \$ 412,466

**\$ 225,000 – 2008 NE Lift Station and Express Avenue Bonds** due in annual installments through 2018 at a 4.5% interest rate. These bonds are being retired with collections from property owners through Debt Service Funds. Payments are due on March 1 and September 1 of each year. There is no city obligation on this bond. Funds are taken automatically by the First National Bank Trust Department from the non-interest checking account.

Principal balance, as of 12-31-10.....\$ 187,556

**\$ 280,000 – 2009 Country Club Drainage Project** due in annual installments of 15,858 the first year and 18,273 the following years through 2019. These bonds are being retired with collections from property owners through special assessment collections. Payments are due March 1 and September 1 of each year. The city obligation on this bond is 51,284 to be paid over 10 years. Funds are taken automatically by First National Bank from the non-interest checking account.

Principal balance, as of 12-31-10..... \$ 255,784

## **NOTES PAYABLE**

**\$148,400 - 2009 Golf Cart Promissory Note.** Interest rate is 5.3%. Payments are made on a monthly basis at 2,826 per month. This note was for 50 new golf carts purchased by the Brandon Golf course. Funds are taken automatically by First National Bank from the non-interest checking account.

Principal balance, as of 12-31-10.....\$ 121,816

**\$120,000 - 2009 Volvo L90F Loader Promissory Note.** Interest rate is 5.75%. Payments are made on January 16, 2010 and January 16, 2011. Payment is made to First National Bank from the non-interest checking account. Payments are from the Debt Retirement Fund.

Principal balance, as of 12-31-10.....\$ 61,699

**SPECIAL LOANS**

\$250,000.00 - **2004 TIF #1 Note Payable** - Interest rate is 6.5 % interest. Payments are made annually in December of each year. Interest only for the first three years. Annual interest payments begin at \$16,500 with principle payment beginning at \$14,400 and increasing in successive years with a balloon payment in 2009 of 221,061.01. Payments are made by check to the First National Bank in Brandon.

Principal balance, as of 12-31-10.....\$ 202,674

\$1,377,900 - **2006 TIF #2 Note**-due in annual installments of \$138,025 per year through 2025 at a 7.41% interest rate. These bonds are being retired with collections from a TIF #2 and a BID. This bond is for the construction of the Conference Center. Payments are due on March 1 and September 1 of each year.

Principal balance, as of 12-31-10..... \$1,214,129

\$750,000 – **2009 TIF #3 Tax Increment Revenue Bond** due in annual installments of 69,289 the first year and 68,165 in years 2011 thru 2024. Interest rate is at 4.15%. This bond was for construction of Hemlock Boulevard. Payments are due June 15 of each year.

Principal balance, as of 12-31-10.....\$712,960

**SPECIAL ASSESSMENTS OWED BY THE CITY OF BRANDON AT END OF 2010**

2003 North Sioux Boulevard Street Improvements. Balance due is \$81,187 to be paid over the next two years at a 5% interest rate.

2005 Park Street Improvements. Balance due is \$190,956 to be paid over the next seven years at a 5.0% interest rate.

2006 Chestnut Boulevard Street Improvements. Balance due is 157,892 to be paid over the next six years at a 5.05% interest rate.

2007 Chestnut Boulevard Street Middle Improvements. Balance due is 165,252 to be paid over the next seven years at a 7% interest rate.

2009 Country Club Drainage Improvement. Balance due is 46,156 to be paid over the next nine years at a 7% interest rate.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City of Brandon continued to experience additional revenues in property taxes from new construction with percentage growth of 5.59% in 2010. Under the state mandated property tax freeze, property taxes are 3.00% for 2010 which was based on the Consumer Price Index (CPI).

One of the primary sources of revenue to the City is based on taxable retail sales in the community (sales tax). The City has experienced a decrease in taxable sales of about 0.5% over the prior year due to the economy downturn.

The City of Brandon has adopted a General Fund budget for the 2011 fiscal year which will have an additional 5.6% in expenditures for a total of \$4,643,302. The decrease is due in part to large projects that came to a close in 2010 and having to tighten the budget due to the economy.

## **CONTACTING THE CITY OF BRANDON FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Brandon's finances and to demonstrate the City of Brandon's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Brandon's Finance Office; PO Box 95-304 Main Ave, Brandon, SD 57005.

**CITY OF BRANDON  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2010**

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,484,590.31	\$ 1,565,791.89	\$ 3,050,382.20
Taxes Receivable	30,378.56		30,378.56
Special Assessment Receivable	258,070.81	1,001.26	259,072.07
Accounts Receivable	36,777.30	1,223.22	38,000.52
Utilities Receivable, Net		211,046.98	211,046.98
Notes Receivable	12,767.85		12,767.85
Due From Government	143,425.29	1,250.13	144,675.42
Internal Balances	(69,289.21)	69,289.21	
Inventories	26,089.86	35,623.43	61,713.29
Investments	740,761.33	762,485.67	1,503,247.00
<b>Restricted Assets:</b>			
Restricted Cash		25,000.00	25,000.00
Restricted Deposits	35,276.56		35,276.56
<b>Noncurrent Assets:</b>			
Special Assessment Receivable	828,999.67	7,008.42	836,008.09
Notes Receivable	115,668.80		115,668.80
Deferred Charges	53,246.00	14,048.10	67,294.10
<b>Capital Assets:</b>			
Land and Construction in Progress	1,589,552.25	1,719,941.10	3,309,493.35
Other Capital Assets, Net of Depreciation	17,102,316.55	15,484,244.05	32,586,560.60
<b>TOTAL ASSETS</b>	<u>22,388,631.93</u>	<u>19,897,953.46</u>	<u>42,286,585.39</u>
<b>LIABILITIES :</b>			
Accounts Payable	51,761.29	22,486.67	74,247.96
Other Current Liabilities	501,818.30	163,893.47	665,711.77
<b>Noncurrent Liabilities:</b>			
Due Within One Year	892,970.99	340,386.72	1,233,357.71
Due in More than One Year	7,465,754.20	2,318,017.62	9,783,771.82
<b>TOTAL LIABILITIES</b>	<u>8,912,304.78</u>	<u>2,844,784.48</u>	<u>11,757,089.26</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	10,427,460.71	14,653,532.33	25,080,993.04
<b>Restricted for:</b>			
Debt Service	1,060,180.25	25,000.00	1,085,180.25
Capital Improvement and Debt Service	67,665.49		67,665.49
Community Development	671,591.20		671,591.20
SDPAA Insurance Pool Contribution	35,276.56		35,276.56
Unrestricted (Deficit)	1,214,152.94	2,374,636.65	3,588,789.59
<b>TOTAL NET ASSETS</b>	<u>\$ 13,476,327.15</u>	<u>\$ 17,053,168.98</u>	<u>\$ 30,529,496.13</u>

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

**CITY OF BRANDON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 696,823.67	\$ 1,480.00	\$	\$	\$ (695,343.67)	\$	\$ (695,343.67)
Public Safety	1,340,289.04	131,913.07			(1,208,375.97)		(1,208,375.97)
Public Works	1,103,200.13	2,388.50	216,214.64		(884,596.99)		(884,596.99)
Health and Welfare	8,048.92	512.18			(7,536.74)		(7,536.74)
Culture and Recreation	597,860.19	95,664.13			(502,196.06)		(502,196.06)
Conservation and Development	90,417.08	63,893.91	3,816.00		(22,707.17)		(22,707.17)
Miscellaneous			65,775.00	262,541.29	328,316.29		328,316.29
*Interest on Long Term Debt	424,396.08				(424,396.08)		(424,396.08)
**Depreciation Expense - Unallocated	15,518.79				(15,518.79)		(15,518.79)
<b>Total Governmental Activities</b>	<b>4,276,553.90</b>	<b>295,851.79</b>	<b>285,805.64</b>	<b>262,541.29</b>	<b>(3,432,355.18)</b>		<b>(3,432,355.18)</b>
Business-type Activities:							
Water	826,304.85	1,006,413.50		110,830.38		290,939.03	290,939.03
Sewer	668,522.39	644,448.15		59,116.31		35,042.07	35,042.07
Golf Course	1,198,341.15	1,125,107.55				(73,233.60)	(73,233.60)
Electric	9,623.18	5,856.00				(3,767.18)	(3,767.18)
<b>Total Business-type Activities</b>	<b>2,702,791.57</b>	<b>2,781,825.20</b>		<b>169,946.69</b>		<b>248,980.32</b>	<b>248,980.32</b>
<b>Total Primary Government</b>	<b>\$ 6,979,345.47</b>	<b>\$ 3,077,676.99</b>	<b>\$ 285,805.64</b>	<b>\$ 432,487.98</b>	<b>(3,432,355.18)</b>	<b>248,980.32</b>	<b>(3,183,374.86)</b>
<b>General Revenues:</b>							
Taxes:							
					1,931,067.65		1,931,067.65
					1,992,880.90		1,992,880.90
					52,602.00		52,602.00
					167,185.03		167,185.03
					799,686.39		799,686.39
					15,222.58	8,077.87	23,300.45
					9,966.72	14,851.81	24,818.53
					(799,301.77)	799,301.77	
					4,169,309.50	822,231.45	4,991,540.95
					736,954.32	1,071,211.77	1,808,166.09
					12,739,372.83	15,981,957.21	28,721,330.04
					<b>\$ 13,476,327.15</b>	<b>\$ 17,053,168.98</b>	<b>\$ 30,529,496.13</b>

\* The Municipality does not have interest expense related to functions presented above. This amount includes indirect interest expense on general long-term debt.

\*\*This amount excludes the depreciation that is included in the direct expenses of the various functions.

See Note Number 7.

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

**CITY OF BRANDON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	General Fund	Park Street Special Assessment Debt Service Fund	Bethany Meadows Drainage Capital Project Fund	TIF #3 Corson- Hemlock Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 3,829.58	\$	\$	\$	\$ 1,480,760.73	\$ 1,484,590.31
Taxes Receivable--Delinquent	30,378.56					30,378.56
Accounts Receivable	33,457.46				2,968.00	36,425.46
Special Assessments Receivable--Current	80,211.60	28,049.48			149,809.73	258,070.81
Special Assessments Receivable--Delinquent	1,535.95				2,091.28	3,627.23
Special Assessments Receivable--Deferred		168,296.88			657,075.56	825,372.44
Notes Receivable-Current					12,767.85	12,767.85
Notes Receivable-Noncurrent					115,668.80	115,668.80
Restricted Deposits	35,276.56					35,276.56
Due from Other Funds	834,312.07					834,312.07
Due from Other Governments	55,021.61			84,369.95	4,033.73	143,425.29
Inventory	26,089.86					26,089.86
Investments	555,517.28				185,244.05	740,761.33
Prepaid Expenses	351.84					351.84
<b>TOTAL ASSETS</b>	<u>\$ 1,655,982.37</u>	<u>\$ 196,346.36</u>	<u>\$</u>	<u>\$ 84,369.95</u>	<u>\$ 2,610,419.73</u>	<u>\$ 4,547,118.41</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Accounts Payable	\$ 41,522.68	\$	\$ 2,755.11	\$	\$ 7,483.50	\$ 51,761.29
Wages Payable	41,781.54					41,781.54
Taxes Payable	6,003.29					6,003.29
Due to Water Fund					69,289.21	69,289.21
Due to General Fund		139,702.76	254,050.55	301,482.20	139,076.56	834,312.07
Deferred Revenue	139,568.04	196,346.36			808,976.57	1,144,890.97
<b>Total Liabilities</b>	<u>228,875.55</u>	<u>336,049.12</u>	<u>256,805.66</u>	<u>301,482.20</u>	<u>1,024,825.84</u>	<u>2,148,038.37</u>

**CITY OF BRANDON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	General Fund	Park Street Special Assessment Debt Service Fund	Bethany Meadows Drainage Capital Project Fund	TIF #3 Corson- Hemlock Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Reserved For:						
Special Assessment Bond Guarantee					303,791.96	303,791.96
SDPAA Insurance Pool Contribution	35,276.56					35,276.56
Unreserved Fund Balances:						
Designated for Next Year's Appropriation	244,389.00					244,389.00
Designated for Business Development					671,591.20	671,591.20
Special Revenue Funds					712,739.42	712,739.42
Debt Service Funds					(71,075.43)	(71,075.43)
Capital Projects Funds					(31,453.26)	(31,453.26)
Undesignated	<u>1,147,441.26</u>	<u>(139,702.76)</u>	<u>(256,805.66)</u>	<u>(217,112.25)</u>		<u>533,820.59</u>
Total Fund Balances	<u>1,427,106.82</u>	<u>(139,702.76)</u>	<u>(256,805.66)</u>	<u>(217,112.25)</u>	<u>1,585,593.89</u>	<u>2,399,080.04</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,655,982.37</u>	 <u>\$ 196,346.36</u>	 <u>\$</u>	 <u>\$ 84,369.95</u>	 <u>\$ 2,610,419.73</u>	 <u>\$ 4,547,118.41</u>

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

**CITY OF BRANDON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2010**

Total Fund Balances - Governmental Funds \$ 2,399,080.04

Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the  
funds.

Cost of Capital Assets	\$ 22,733,781.58	
Accumulated Depreciation	<u>(4,041,912.78)</u>	18,691,868.80

Long-term liabilities are not due and payable in the  
current period and therefore are not reported in the  
funds.

(8,358,725.19)

Assets such as taxes receivable ( delinquent) and  
special assessments receivable (delinquent and  
deferred) are not available to pay for current period  
expenditures and therefore are deferred in the funds.

859,378.23

Accrued interest payable which is not accounted for in  
the modified accrual basis of accounting but is  
accounted for in the statement of net assets.

(168,520.73)

Deferred charges are recorded as an asset in the  
statement of net assets, but are recorded as an  
expenditure in the funds.

53,246.00

Net Assets- Governmental Funds

\$13,476,327.15

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

**CITY OF BRANDON  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General Fund	Park Street Special Assessment Debt Service Fund	Bethany Meadows Drainage Capital Project Fund	TIF #3 Corson- Hemlock Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
<b>Taxes:</b>						
General Property Taxes	\$ 1,811,187.45	\$	\$	\$	\$ 108,593.07	\$ 1,919,780.52
General Sales and Use Tax	1,818,827.39				174,053.51	1,992,880.90
Gross Receipts Business Tax					52,602.00	52,602.00
Amusement Taxes	768.00					768.00
Penalties and Interest on Delinquent Taxes	2,719.22					2,719.22
Licenses and Permits	60,184.64					60,184.64
<b>Intergovernmental Revenue:</b>						
Federal Grants	97,762.28		38,325.00	663,599.11		799,686.39
State Grants	3,816.00					3,816.00
<b>State Shared Revenue:</b>						
Bank Franchise Tax	58,983.02					58,983.02
Liquor Tax Reversion	34,667.46					34,667.46
Motor Vehicle Licenses (5%)	23,933.12					23,933.12
Local Government Highway and Bridge Fund	37,516.37					37,516.37
Other	3,821.20					3,821.20
<b>County Shared Revenue:</b>						
County Wheel Tax	8,263.86					8,263.86
<b>Charges for Goods and Services:</b>						
General Government	1,480.00					1,480.00
Public Safety	57,051.16					57,051.16
Sanitation	2,388.50					2,388.50
Health	512.18					512.18
Culture and Recreation	95,664.13					95,664.13
Other	63,893.91					63,893.91
<b>Fines and Forfeits:</b>						
Court Fines and Costs	14,677.27					14,677.27

<b>Miscellaneous Revenue:</b>						
Interest Income	5,914.23				9,308.35	15,222.58
Rentals	95.00					95.00
Special Assessments	79,094.23	39,223.55			380,032.66	498,350.44
Contributions/Donations from Private Sources	65,775.00					65,775.00
Other	20,930.91					20,930.91
<b>Total Revenue</b>	<u>4,369,926.53</u>	<u>39,223.55</u>	<u>38,325.00</u>	<u>663,599.11</u>	<u>724,589.59</u>	<u>5,835,663.78</u>

**Expenditures:**

**General Government:**

Legislative	68,387.38					68,387.38
Executive	247,788.42					247,788.42
Elections	693.95					693.95
Financial Administration	204,136.83					204,136.83
Other	47,720.65				115,550.20	163,270.85

**Public Safety:**

Police	911,079.92					911,079.92
Fire	143,439.54					143,439.54
Protective Inspection	131,907.77					131,907.77
Other Protection	6,433.32					6,433.32

**Public Works:**

Highways and Streets	538,156.24					538,156.24
Sanitation	4,066.06					4,066.06
Transit	132,083.86					132,083.86

**Health and Welfare:**

Health	8,048.92					8,048.92
--------	----------	--	--	--	--	----------

**Culture and Recreation:**

Recreation	166,000.20					166,000.20
Parks	276,664.94					276,664.94
Libraries	7.16					7.16

**Conservation and Development:**

Economic Development and Assistance	75,307.08				15,110.00	90,417.08
-------------------------------------	-----------	--	--	--	-----------	-----------

Debt Service	750,390.95	40,069.55			569,163.30	1,359,623.80
--------------	------------	-----------	--	--	------------	--------------

Capital Outlay	922,337.62		357,004.41	752,311.22	9,250.20	2,040,903.45
----------------	------------	--	------------	------------	----------	--------------

<b>Total Expenditures</b>	<u>4,634,650.81</u>	<u>40,069.55</u>	<u>357,004.41</u>	<u>752,311.22</u>	<u>709,073.70</u>	<u>6,493,109.69</u>
---------------------------	---------------------	------------------	-------------------	-------------------	-------------------	---------------------

<b>Excess of Revenue Over (Under) Expenditures</b>	<u>(264,724.28)</u>	<u>(846.00)</u>	<u>(318,679.41)</u>	<u>(88,712.11)</u>	<u>15,515.89</u>	<u>(657,445.91)</u>
--	---------------------	-----------------	---------------------	--------------------	------------------	---------------------

**CITY OF BRANDON  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General Fund	Park Street Special Assessment Debt Service Fund	Bethany Meadows Drainage Capital Project Fund	TIF #3 Corson- Hemlock Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):						
Transfer In (Out)	(209,926.58)				(532,640.39)	(742,566.97)
Compensation for Loss/Damage to Capital Assets	1,493.90					1,493.90
Sale of Municipal Property	5,917.52					5,917.52
Proceeds of General Long-Term Debt Issued			344,925.00			344,925.00
Total Other Financing Sources (Uses):	<u>(202,515.16)</u>		<u>344,925.00</u>		<u>(532,640.39)</u>	<u>(390,230.55)</u>
Net Change in Fund balance	(467,239.44)	(846.00)	26,245.59	(88,712.11)	(517,124.50)	(1,047,676.46)
Net Change in Fund Balance Reserves	5,632.11					5,632.11
Fund Balance - Beginning Balance	<u>1,888,714.15</u>	<u>(138,856.76)</u>	<u>(283,051.25)</u>	<u>(128,400.14)</u>	<u>2,102,718.39</u>	<u>3,441,124.39</u>
FUND BALANCE- ENDING	<u>\$ 1,427,106.82</u>	<u>\$ (139,702.76)</u>	<u>\$ (256,805.66)</u>	<u>\$ (217,112.25)</u>	<u>\$ 1,585,593.89</u>	<u>\$ 2,399,080.04</u>

**CITY OF BRANDON  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Net Change in Fund Balances - Total Governmental Funds \$ (1,047,676.46)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount by which capital outlays exceed depreciation expense in the period.

Investment in Capital Assets	\$ 2,040,903.45	
Depreciation Expense	<u>(775,939.43)</u>	1,264,964.02

Governmental funds report property taxes as revenue when they meet the available criteria. Because some property taxes will not be collected for several months after the district's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues decreased by this amount this year. (274,335.89)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 918,096.17

In the statement of activities, contributed assets are reported, whereas this amount is not reported in the governmental fund financial statements. 262,541.29

Capital Assets purchased by the governmental funds and then transferred to the enterprise funds are reported as a transfer in the statement of activities. (56,734.80)

Issuance of Long-Term Debt is recorded as a revenue in the Fund Financial Statements but is an increase in Long-Term Liabilities on the Government-wide Financial Statements. (344,925.00)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental

Change in accrued leave		10,731.94
Change in deferred charges		2,285.56

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the change in the amounts accrued. 14,845.99

Supplies acquired are an expenditure on the fund statements when purchased but are expensed on the statement of activities when consumed. 5,632.11

In the statement of activities, loss on disposal of assets is reported, whereas in the governmental funds, the proceeds from the disposal of fixed assets is reflected. (18,470.61)

Change in Net Assets of Governmental Activities \$ 736,954.32

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

**CITY OF BRANDON  
BALANCE SHEET  
PROPRIETARY FUNDS  
DECEMBER 31, 2010**

	Water Fund	Sewer Fund	Golf Course Fund	Non Major Enterprise Fund	Totals
<b>ASSETS:</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,004,845.76	\$ 557,596.13	\$ 3,350.00	\$	\$ 1,565,791.89
Accounts Receivable, Net	108.76		1,114.46		1,223.22
Utilities Receivable, Net	113,800.07	96,532.05		714.86	211,046.98
Special Assessments Receivable--Current		1,001.26			1,001.26
Due From Other Funds	84,994.95				84,994.95
Due From Government	568.96	300.44	380.73		1,250.13
Inventory of Supplies	6,147.61				6,147.61
Inventory of Stores Purchased for Resale			29,475.82		29,475.82
Investments	583,996.86	178,488.81			762,485.67
<b>Total Current Assets</b>	<u>1,794,462.97</u>	<u>833,918.69</u>	<u>34,321.01</u>	<u>714.86</u>	<u>2,663,417.53</u>
Noncurrent Assets:					
Restricted Cash	25,000.00				25,000.00
Special Assessments Receivable--Deferred		7,008.42			7,008.42
Deferred Charges	4,041.66	279.97	9,726.47		14,048.10
Capital Assets:					
Land	83,986.18	381,304.99	1,254,649.93		1,719,941.10
Buildings	2,431,511.83	281,921.08	1,458,631.69		4,172,064.60
Improvements Other Than Buildings	7,362,078.84	7,441,194.35	860,418.30		15,663,691.49
Machinery and Equipment	1,133,981.57	350,940.93	659,704.12		2,144,626.62
Less: Accumulated Depreciation	<u>(2,958,211.40)</u>	<u>(2,317,921.33)</u>	<u>(1,220,005.93)</u>		<u>(6,496,138.66)</u>
<b>Total Noncurrent Assets</b>	<u>8,082,388.68</u>	<u>6,144,728.41</u>	<u>3,023,124.58</u>		<u>17,250,241.67</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,876,851.65</u>	<u>\$ 6,978,647.10</u>	<u>\$ 3,057,445.59</u>	<u>\$ 714.86</u>	<u>\$ 19,913,659.20</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable	\$ 3,102.73	\$ 14,111.08	\$ 4,800.52	\$ 472.34	\$ 22,486.67
Due to Water Fund				15,705.74	15,705.74
Due to State			2,128.07		2,128.07
Accrued Interest Payable	17,865.61		5,154.43		23,020.04
Accrued Wages Payable	5,505.73	4,794.56	17,045.33		27,345.62
Accrued Taxes Payable	976.52	654.45	7,369.60		9,000.57
Current Portion of Long Term Debt	204,412.58	3,133.37	132,840.77		340,386.72
Revenue Collected in Advance			102,399.17		102,399.17
<b>Total Current Liabilities</b>	<u>231,863.17</u>	<u>22,693.46</u>	<u>271,737.89</u>	<u>16,178.08</u>	<u>542,472.60</u>
Noncurrent Liabilities:					
Bonds Payable:					
Revenue	970,446.41		1,172,990.91		2,143,437.32
Other Long-Term Debt	24,993.00	9,400.00	140,187.30		174,580.30
<b>Total Noncurrent Liabilities</b>	<u>995,439.41</u>	<u>9,400.00</u>	<u>1,313,178.21</u>		<u>2,318,017.62</u>
<b>NET ASSETS:</b>					
Invested in Capital Assets, Net of Related Debt	6,886,818.42	6,137,440.02	1,629,273.89		14,653,532.33
Restricted for Revenue Bond Debt Service	25,000.00				25,000.00
Unrestricted Net Assets	<u>1,737,730.65</u>	<u>809,113.62</u>	<u>(156,744.40)</u>	<u>(15,463.22)</u>	<u>2,374,636.65</u>
<b>Total Net Assets</b>	<u>8,649,549.07</u>	<u>6,946,553.64</u>	<u>1,472,529.49</u>	<u>(15,463.22)</u>	<u>17,053,168.98</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 9,876,851.65</u>	<u>\$ 6,978,647.10</u>	<u>\$ 3,057,445.59</u>	<u>\$ 714.86</u>	<u>\$ 19,913,659.20</u>

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

**CITY OF BRANDON**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Enterprise Funds				Totals
	Water Fund	Sewer Fund	Golf Course Fund	Non Major Fund	
<b>Operating Revenue:</b>					
Charges for Goods and Services	\$	\$ 644,448.15	\$	\$ 5,856.00	\$ 650,304.15
(Revenues Securing Bond Issues)	1,006,413.50		1,125,107.55		2,131,521.05
Other Income	14,832.00				14,832.00
<b>Total Operating Revenue</b>	<u>1,021,245.50</u>	<u>644,448.15</u>	<u>1,125,107.55</u>	<u>5,856.00</u>	<u>2,796,657.20</u>
<b>Operating Expenses:</b>					
Personal Services	226,894.57	182,867.91	505,313.35		915,075.83
Other Current Expense	254,947.21	254,596.89	301,030.81	4,005.87	814,580.78
Materials (Cost of Goods Sold)			176,211.77	5,617.31	181,829.08
Depreciation	277,937.01	230,804.80	141,365.16		650,106.97
<b>Total Operating Expenses</b>	<u>759,778.79</u>	<u>668,269.60</u>	<u>1,123,921.09</u>	<u>9,623.18</u>	<u>2,561,592.66</u>
<b>Operating Income (Loss)</b>	<u>261,466.71</u>	<u>(23,821.45)</u>	<u>1,186.46</u>	<u>(3,767.18)</u>	<u>235,064.54</u>
<b>Nonoperating Revenue (Expense):</b>					
Investment Earnings	5,261.44	2,816.43			8,077.87
Interest Expense and Fiscal Charges	(66,526.06)	(252.79)	(74,420.06)		(141,198.91)
Gain (Loss) on Disposition of Assets	(683.96)	1,162.75	(458.98)		19.81
<b>Total Nonoperating Revenue (Expense)</b>	<u>(61,948.58)</u>	<u>3,726.39</u>	<u>(74,879.04)</u>		<u>(133,101.23)</u>
<b>Income (Loss) Before Transfers and Contributions</b>	<u>199,518.13</u>	<u>(20,095.06)</u>	<u>(73,692.58)</u>	<u>(3,767.18)</u>	<u>101,963.31</u>
Transfers In (Out)			742,566.97		742,566.97
Capital Contributions	136,750.08	89,931.41			226,681.49
<b>Change in Net Assets</b>	<u>336,268.21</u>	<u>69,836.35</u>	<u>668,874.39</u>	<u>(3,767.18)</u>	<u>1,071,211.77</u>
<b>Net Assets - January 1, 2010</b>	<u>8,313,280.86</u>	<u>6,876,717.29</u>	<u>803,655.10</u>	<u>(11,696.04)</u>	<u>15,981,957.21</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 8,649,549.07</u>	<u>\$ 6,946,553.64</u>	<u>\$ 1,472,529.49</u>	<u>\$ (15,463.22)</u>	<u>\$ 17,053,168.98</u>

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

**CITY OF BRANDON  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Course Fund</u>	<u>Non Major Fund</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Receipts from Customers	\$ 962,154.11	\$ 605,025.52	\$ 1,137,147.88	\$ 5,836.97	\$ 2,710,164.48
Internal Activity-Receipts from Other Funds	4,759.61	4,625.04			9,384.65
Cash Payments to Employees for Services	(230,512.87)	(180,808.68)	(499,343.18)		(910,664.73)
Cash Payments to Suppliers of Goods and Services	(301,683.60)	(271,905.96)	(467,580.42)	(9,593.48)	(1,050,763.46)
Cash Payments for Interfund Services			(2,995.88)		(2,995.88)
Other Receipts (Payments)	14,832.00				14,832.00
Net Cash Provided (Used) by Operating Activities	<u>449,549.25</u>	<u>156,935.92</u>	<u>167,228.40</u>	<u>(3,756.51)</u>	<u>769,957.06</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Cash Loaned to Other Funds	622,865.25				622,865.25
Cash Received from Other Funds			(695,910.97)	3,756.51	(692,154.46)
Operating Transfers			742,566.97		742,566.97
Net Cash Provided (Used) by Operating Activities	<u>622,865.25</u>		<u>46,656.00</u>	<u>3,756.51</u>	<u>673,277.76</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchase of Capital Assets	(203,038.10)	(185,301.54)	(23,464.83)		(411,804.47)
Capital Contributions	110,830.38	59,116.31			169,946.69
Proceeds from Sale of Capital Assets		1,162.75	93.02		1,255.77
Principal Paid on Capital Debt	(208,543.28)	(51,410.57)	(111,730.07)		(371,683.92)
Interest Paid on Capital Debt	(69,127.48)	(3,033.43)	(75,432.52)		(147,593.43)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(369,878.48)</u>	<u>(179,466.48)</u>	<u>(210,534.40)</u>		<u>(759,879.36)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of Investment Securities	(4,561.64)	(2,442.15)			(7,003.79)
Interest Earnings	5,261.44	2,816.43			8,077.87
Net Cash Provided (Used) by Investing Activities	<u>699.80</u>	<u>374.28</u>			<u>1,074.08</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 703,235.82</u>	<u>\$ (22,156.28)</u>	<u>\$ 3,350.00</u>	<u>\$ 0.00</u>	<u>\$ 684,429.54</u>
Cash and Cash Equivalents at Beginning of Year	\$ 326,609.94	\$ 579,752.41	\$ 0.00	\$ 0.00	\$ 906,362.35
Cash and Cash Equivalents at End of Year	<u>1,029,845.76</u>	<u>557,596.13</u>	<u>3,350.00</u>	<u>0.00</u>	<u>1,590,791.89</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 703,235.82</u>	<u>\$ (22,156.28)</u>	<u>\$ 3,350.00</u>	<u>\$ 0.00</u>	<u>\$ 684,429.54</u>

**MUNICIPALITY OF BRANDON  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Golf Course Fund</b>	<b>Non Major Fund</b>	<b>Totals</b>
Operating Income (Loss)	\$ 261,466.71	\$ (23,821.45)	\$ 1,186.46	\$ (3,767.18)	\$ 235,064.54
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation/Amortization Expense	277,937.01	230,804.80	141,365.16	0.00	650,106.97
Change in Assets and Liabilities:					
Receivables and Other Receivables	(39,499.78)	(34,797.59)	(610.96)	(19.03)	(74,927.36)
Inventories	1,153.57		617.19		1,770.76
Accounts and Other Payables	(47,889.96)	(17,309.07)	6,049.09	29.70	(59,120.24)
Accrued Leave Payable	(3,618.30)	2,059.23	5,970.17		4,411.10
Revenues Collected in Advance			12,651.29		12,651.29
Net Cash Provided (Used) by Operating Activities	<u>\$ 449,549.25</u>	<u>\$ 156,935.92</u>	<u>\$ 167,228.40</u>	<u>\$ (3,756.51)</u>	<u>\$ 769,957.06</u>
Noncash Investing, Capital and Financing Activities:					
Capital Contributions	\$ 25,919.70	\$ 30,815.00			\$ 56,734.70
Loss on Disposal of Capital Assets Not Affecting Operating Income	683.96		552.00		1,235.96

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

CITY OF BRANDON  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

a. Financial Reporting Entity

The reporting entity of the City of Brandon 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 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 Brandon Revolving Loan Foundation of Brandon, South Dakota (Foundation) is a blended component unit of the City of Brandon. That is, the Foundation's financials are reported in the primary government (City of Brandon). The Foundation consists of six board members who are appointed by the Mayor. The major purpose for the Foundation is to promote the interests of the City of Brandon by the assistance of commercial, industrial and economic development through grants, loans and other economic development activities.

b. Basis of Presentation:

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

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

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

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

### **GOVERNMENTAL FUNDS**

General Fund - The General Fund is the general operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

The Special Revenue Funds are not considered major funds: Second Cent Sales Tax Fund, Third Penny Sales Tax Fund, 2006 TIF Special Revenue Fund and Brandon Revolving Loan Fund. These funds are reported on the fund financial statements as “Other Governmental Funds” and are detailed in the combining statement section.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Park Street Special Assessment Debt Service Fund - to account for special assessments taxes, which may be used only for the payment of the debt principal, interest, and related costs. This is a major fund.

The remaining Debt Service Funds are not considered major funds: The 2002 North Sioux Boulevard Special Assessment, Tax Increment District, Chestnut Boulevard Special Assessment, Chestnut Boulevard Middle Special Assessment, Express Avenue/French Creek Special Assessment, TIF Convention Center Debt Service Fund, Country Club (CC) Heights Debt Service Fund and TIF #3 Hemlock Blvd Debt Service Fund. These funds are reported on the fund financial statements as “Other Governmental Funds” and are detailed in the combining statement section.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Bethany Meadows Drainage Capital Project Fund- to account for the financial resources to be used for the construction of the Bethany Meadow Drainage Project. This is a major fund.

TIF #3 Corson-Hemlock Capital Project Fund-to account for the financial resources to be used for the construction of the Corson-Hemlock Project. This is a major fund.

The remaining Capital Project Funds are not considered major funds: West Holly Street Project and Aspen Blvd Project. These funds are reported on the fund financial statements as “Other Governmental Funds” and are detailed in the combining statement section.

## **PROPRIETARY FUNDS**

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

**Water Fund** - financed primarily by user charges, this fund accounts for the construction and operation of the municipal waterworks system and related facilities. (SDCL 9-47-1) This is a major fund.

**Sewer Fund** - financed primarily by user charges, this fund accounts for the construction and operation of the municipal sanitary sewer system and related facilities. (SDCL 9-48-2) This is a major fund.

**Golf Course Fund** - financed by user charges, this fund accounts for the operations of the golf course services. This is a major fund.

**Electric Fund** - financed by user charges, this fund accounts for the operations of the electric services. This is not a major fund.

### **c. Measurement Focus and Basis of Accounting:**

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

**Measurement Focus:**

*Government-wide Financial Statements:*

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

*Fund Financial Statements:*

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

**Basis of Accounting:**

*Government-wide Financial Statements:*

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

*Fund Financial Statements:*

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means

resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the City of Brandon, the length of that cycle is 30 days. The revenues which are accrued at December 31, 2010 are amounts due from other governments and customer receivables.

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

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

All proprietary and fiduciary funds 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 enterprise funds and business-type activities do not apply any FASB Statements and Interpretations issued after November 30, 1989.

d. Interfund Eliminations and Reclassifications:

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

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

e. 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 significantly greater number of years than most capital assets.

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

*Government-Wide Statements:*

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

The total December 31, 2010 balance of governmental activities capital assets includes approximately 8.3% for which the costs were determined by estimates of original costs. The total of December 31, 2010 balance of business-type capital assets includes approximately 5.8% for which the costs were determined by estimates of original costs. These estimated costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon.

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, 2003, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 2003 are recorded at cost, and classified as "Improvements Other than Buildings."

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

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 Assets. Accumulated depreciation is reported on the government-wide Statement of Net Assets and on each proprietary fund's Statement of Net Assets/Balance Sheet.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Threshold	Method	Useful Life
Land and land rights	All	NA	NA
Improvements other than buildings	\$ 2,000.00	Straight Line	25-75 yrs
Buildings	25,000.00	Straight Line	25-75 yrs
Machinery and Equipment	2,000.00	Straight Line	7-10 yrs
Furniture	2,000.00	Straight Line	7-10 yrs
Infrastructure	All	Straight Line	25-75 yrs

Land is an inexhaustible capital asset and is not depreciated.

*Fund Financial Statements:*

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

f. Long-Term Liabilities:

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

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

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

g. Program Revenues:

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

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

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses, and Changes in Net Assets, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

i. Cash and Cash Equivalents:

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.

j. Equity Classifications:

*Government-wide Statements:*

Equity is classified as net assets and is displayed in three components:

1. Invested in capital assets, net of related debt - 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.
2. Restricted net assets - Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net assets held in trust for other purposes.

k. Application of Net Assets:

It is the City's policy to first use restricted net assets, prior to the use of unrestricted net assets, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2 - Deficit Fund Balances/Fund Net Assets:

As of December 31, 2010, the following funds had deficit fund balances/ retained earnings in the amounts shown:

2006 TIF Special Revenue Fund	\$ (83,734.19)
Park Street Special Assessment Debt Service Fund	(139,702.76)
TIF Convention Debt Service Service	(20,921.11)
TIF Hemlock Blvd Debt Service Fund	(69,289.21)
Bethany Meadows Drainage Capital Project Fund	(256,805.66)
TIF #3 Corson-Hemlock Capital Project Fund	(217,112.25)
West Holly Street Capital Project Fund	(27,203.06)
Aspen Blvd. Capital Project Fund	(4,250.20)
Electric Proprietary Fund	<u>(15,463.22)</u>
Total Deficit Balances	<u>\$ (834,481.66)</u>

In the future, the Governing Board plans to transfer money from the General Fund and the Second Cent Sales Tax Revenue Fund to correct negative fund balances.

NOTE 3 - Deposits and Investments Credit Risk, Concentrations of Credit Risk and Interest Rate Risk:

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Statutes impose various restrictions on deposits and investments. These restrictions are summarized below:

Deposits - The City's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 7-20-1, 7-20-1.1 and 7-20-1.2, 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 FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments - In general, SDCL 4-5-6 permits City funds to be invested only 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) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Credit Risk - State law limits eligible investments for the City, as discussed above. The City has no investment policy that would further limit its investment choices.

Interest Rate Risk - The City 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.

Concentration of Investment -The City places no limit on the amount that may be invested in any one issuer.

Deposits are reported at cost, plus interest, if the account is of the add-on type.

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 deposits and investments to the fund making the investment.

NOTE 4 - Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year, except for \$115,668.80 of receivables related to economic development loans to qualifying businesses reported in the General Fund. This is a summary of Economic Development Loans receivable as of December 31, 2010.

Year Ended Dec 31,	D-Rail LLC	R & T Unit Can	Total
	2005	2008	
	Revolving Loan Fund	Revolving Loan Fund	
2011	7,133.10	5,634.75	12,767.85
2012	7,442.26	5,806.14	13,248.40
2013	7,764.78	5,982.72	13,747.50
2014	8,101.30	73,552.35	81,653.65
2015	7,019.25		7,019.25
Total	<u>\$ 37,460.69</u>	<u>\$ 90,975.96</u>	<u>\$ 128,436.65</u>

NOTE 5 - Inventory

Inventory acquired for resale in the proprietary funds is recorded as an asset when acquired. The consumption of inventories held for resale is charged to expense as it is consumed. Inventories held for resale are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption.

*Government-wide Financial Statements:*

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed.

In the government-wide financial statements and proprietary fund financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the fund financial statements, inventories in the General Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased.

NOTE 6 – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1 and payable in two installments on or before April 30 and October 31 of the following 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.

**NOTE 7 – Changes in Capital Assets**

A summary of changes in general fixed assets for the year ended December 31, 2010 are as follows:

<i>* restated</i>	Balance			Balance
Governmental Activities:	01/01/10	Increases	Decreases	12/31/10
Capital Assets, not being Depreciated:				
Land	\$ 760,545.33	\$ 366,807.09	\$	\$ 1,127,352.42
Construction Work in Progress	2,243,062.44	93,947.05	(1,874,809.66)	462,199.83
Total Capital Assets, not being Depreciated	<u>3,003,607.77</u>	<u>460,754.14</u>	<u>(1,874,809.66)</u>	<u>1,589,552.25</u>
Capital Assets, being Depreciated:				
Buildings	4,000,154.18	333,484.32		4,333,638.50
Improvements Other than Buildings	11,603,848.69	3,176,666.14		14,780,514.83
Machinery and Equipment*	1,961,299.82	150,615.00	(81,838.82)	2,030,076.00
TOTAL	<u>17,565,302.69</u>	<u>3,660,765.46</u>	<u>(81,838.82)</u>	<u>21,144,229.33</u>
Less Accumulated Depreciation for:				
Buildings	578,450.83	91,084.86		669,535.69
Improvements Other Than Buildings	1,843,154.51	511,416.12		2,354,570.63
Machinery and Equipment	907,736.22	173,438.45	(63,368.21)	1,017,806.46
Total Accumulated Depreciation	<u>3,329,341.56</u>	<u>775,939.43</u>	<u>(63,368.21)</u>	<u>4,041,912.78</u>
Total Governmental Activities Capital Assets being Depreciated, Net	<u>14,235,961.13</u>		<u>(18,470.61)</u>	<u>17,102,316.55</u>
<b>Governmental Activities Capital Assets, Net</b>	<b><u>\$ 17,239,568.90</u></b>			<b><u>\$ 18,691,868.80</u></b>

Depreciation Expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 23,278.18
Public Safety	147,428.49
Public Works	434,526.08
Culture and Recreation	155,187.89
Depreciation-Unallocated	15,518.79
Total Depreciation Expense-Governmental Activities	<u>\$ 775,939.43</u>

Business-Type Activities:	Balance 01/01/10	Increases	Decreases	Balance 12/31/10
<b>Capital Assets, not being Depreciated:</b>				
Land	\$ 1,719,941.10	\$	\$	\$ 1,719,941.10
CWIP	4,350.90		(4,350.90)	
<b>Total Capital Assets, not being Depreciated</b>	<u>1,724,292.00</u>		<u>(4,350.90)</u>	<u>1,719,941.10</u>
<b>Capital Assets, being Depreciated:</b>				
Buildings	4,215,103.84		(43,039.24)	4,172,064.60
Improvements Other than Buildings	15,221,535.78	442,155.71		15,663,691.49
Machinery and Equipment	2,209,807.61	30,734.46	(95,915.45)	2,144,626.62
<b>TOTAL</b>	<u>21,646,447.23</u>	<u>472,890.17</u>	<u>(138,954.69)</u>	<u>21,980,382.71</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	1,171,163.36	97,231.34	(43,039.24)	1,225,355.46
Improvements Other Than Buildings	3,586,516.84	357,416.11		3,943,932.95
Machinery and Equipment	1,226,070.22	195,459.30	(94,679.49)	1,326,850.03
<b>Total Accumulated Depreciation</b>	<u>5,983,750.42</u>	<u>650,106.75</u>	<u>(137,718.73)</u>	<u>6,496,138.44</u>
<b>Total Business-Type Activities Capital Assets being Depreciated, Net</b>	<u>15,662,696.81</u>		<u>(1,235.96)</u>	<u>15,484,244.27</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u><b>\$ 17,386,988.81</b></u>			<u><b>\$ 17,204,185.37</b></u>

Depreciation Expense was charged to functions as follows:

<b>Business-Type Activities:</b>	
Water	\$ 277,937.05
Sewer	230,804.83
Golf Course	141,364.87
<b>Total Depreciation Expense-Business-Type Activities</b>	<u><b>\$ 650,106.75</b></u>

Construction Work in Progress at December 31, 2010 is composed of the following:

Project Name	Project Authorization	Expended through 12/31/10	Committed	Required Future Financing
<b><u>Governmental Activities</u></b>				
West Holly Blvd Project	\$ 33,800.00	\$ 33,585.43	\$ 214.57	
Aspen Blvd Street Improvements	4,300.00	4,250.20	49.80	
Aspen Park Improvements	219,290.00	216,976.43	2,313.57	
Aspen Park Lighting	165,000.00	162,547.46	2,452.54	
Van Buskirk Park	62,000.00	44,840.31	17,159.69	
<b>Total Governmental Activities</b>	<u><b>\$ 484,390.00</b></u>	<u><b>\$ 462,199.83</b></u>	<u><b>\$ 22,190.17</b></u>	

## NOTE 8 - CHANGES IN LONG-TERM DEBT

A summary of the changes in long-term debt for the year ended December 31, 2010 is as follows:

	01/01/10 Beginning Balance	Additions	Retired	12/31/10 Ending Balance	Due within One Year
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Bonds Payable - Revenue	\$ 3,988,469.55	\$	\$ 336,974.98	\$ 3,651,494.57	\$ 316,390.54
State Revolving Funds		344,925.00		344,925.00	23,270.91
Note Payable	2,350,703.76		159,241.21	2,191,462.55	168,832.86
Special Assessments:	1,712,789.41		277,706.25	1,435,083.16	237,971.12
Other Long Term Liabilities	785,616.54		144,173.73	641,442.81	122,926.46
Accrued Compensated Absences- Governmental Funds	105,049.04	94,317.10	105,049.04	94,317.10	23,579.10
<b>Total Governmental Activities</b>	<b>8,942,628.30</b>	<b>439,242.10</b>	<b>1,023,145.21</b>	<b>8,358,725.19</b>	<b>892,970.99</b>
<b>Business-Type Activities:</b>					
Bonds Payable - Revenue Financing (Capital (Acquisition) Lease	1,375,071.88		208,543.28	1,166,528.60	196,082.19
Notes Payable	51,410.57		51,410.57	0.00	
Certificates of Participation	148,400.00		26,584.45	121,815.55	28,049.25
Accrued Compensated Absences- Business-Type Funds	1,347,454.29		85,145.62	1,262,308.67	89,317.76
	103,340.42	8,029.40	3,618.30	107,751.52	26,937.52
<b>Total Business-Type Activities</b>	<b>3,025,677.16</b>	<b>8,029.40</b>	<b>375,302.22</b>	<b>2,658,404.34</b>	<b>340,386.72</b>
<b>Total Primary Government</b>	<b>\$ 11,968,305.46</b>	<b>\$ 447,271.50</b>	<b>\$ 1,398,447.43</b>	<b>\$ 11,017,129.53</b>	<b>\$ 1,233,357.71</b>

Debt payable at December 31, 2010 is comprised of the following:

	General Long-Term Debt	Enterprise Funds
<u>Certificates of Participation</u>		
2002 Golf Course Improvement Certificates--with a varying interest rate of 3.95% to 6.25% depending on time to maturity. Final Maturity Date of December 2021, Retired by the Golf Course Fund.		<u>\$ 1,262,308.67</u>
<u>Revenue Bonds</u>		
West Side Utilities Sales Tax Revenue Bond--Series 2002, 3.95% interest, Final Maturity Date of November 2012, Retired by the General Fund.	\$ 182,724.88	
Utility Revenue Bond--Series 2003, 4.25% interest, Final Maturity Date of December 2013, 78.35% is retired from General Fund.	267,551.45	
Sales Tax Revenue Bond--Series 2005A, 5.00% interest, Final Maturity Date of September 2035, Retired by the General Fund.	513,865.59	
Sales Tax Revenue Bond--Series 2005B, 4.25% interest, Final Maturity Date of October 2035, Retired by the General Fund.	507,024.29	
Sales Tax Revenue Bond--Series 2007, 6.00% interest, Final Maturity Date of September 2023, Retired by the General Fund.	2,180,328.36	
Water Improvement Revenue Bonds--Series 1999, 5.0% interest, Final Maturity Date of December 2015, Retired by Water Fund.		672,611.13
Sales Tax Revenue Bond--Series 2008, 6.00% interest, Final Maturity Date of September 2018, Retired by the Water Fund.		493,917.47
<b>TOTAL REVENUE BONDS</b>	<b>\$ 3,651,494.57</b>	<b>\$ 1,166,528.60</b>

	General Long-Term Debt	Enterprise Funds
<u>State Revolving Loan:</u>		
State Revolving Fund Loan; 2.25% Interest, Final Maturity Date of January 15, 2021; Retired by the General Fund.	\$ 344,925.00	
<u>Special Assessment Bonds</u>		
N. Sioux Blvd, Special Assessment Bond-Series 2002, 5.0% interest. Final Maturity date of September 2012, Retired by Debt Service Fund	\$ 128,829.16	
Park Street Special Assessment Bond-Series 2004, 4.0% interest. Final Maturity date of September 2014, Retired by Debt Service Fund	145,448.30	
Chestnut Blvd. Special Assessment Bond-Series 2006, 5.0% interest. Final Maturity date of September 2016, Retired by Debt Service Fund	305,000.00	
Chestnut Blvd. 2007 Sp. Assessment Bond-Series 2007, 5.0% interest. Final Maturity date of September 2017, Retired by Debt Service Fund	412,466.15	
NE Lift & Express 2008 Sp. Assessment Bond-Series 2008, 4.5% interest. Final Maturity date of September 2018, Retired by Debt Service Fund	187,555.57	
Country Club Heights Sp. Assessment Bond-Series 2009, 4.75% interest. Final Maturity date of March 2019, Retired by Debt Service Fund	255,783.98	
<b>TOTAL SPECIAL ASSESSMENT BONDS</b>	<b>\$ 1,435,083.16</b>	

The Municipality of Brandon agrees that it will, at the expiration of the terms of these issues, or upon earlier call, retire any bonds not normally retired from the proceeds of the special assessments pledged for the retirement of the bonds.

	General Long-Term Debt	Enterprise Funds
<u>Other Long-Term Liabilities</u>		
City's Portion of North Sioux Blvd. Special Assessment Bonds--5.0% interest, Final Maturity Date of January 1, 2012, Retired by General Fund	\$ 81,187.20	
City's Portion of Park Street Oversize Special Assessment Bonds--4.0% interest, Final Maturity Date of 2012, Retired by General Fund	162,152.47	
City's Portion of Park Street Pond Special Assessment Bonds--4.0% interest, Final Maturity Date of 2012, Retired by General Fund	20,803.23	
City's Portion of Park Street Drainage Special Assessment Bonds--4.0% interest, Final Maturity Date of 2012, Retired by General Fund	8,000.65	
City's Portion of South Chestnut Boulevard Special Assessment Bonds--5.0% interest, Final Maturity Date of 2016, Retired by General Fund	157,891.80	
City's Portion of Brandon Oversize Special Assessment Bonds--7.0% interest, Final Maturity Date of 2017, Retired by General Fund	165,251.50	
City's Portion of Brandon Country Club Heights Special Assessment Bonds--4.75% interest, Final Maturity Date of 2019, Retired by General Fund	46,155.96	
<b>TOTAL OF CITY'S SPECIAL ASSESSMENT PORTION</b>	<b>\$ 641,442.81</b>	
<u>Note Payable</u>		
2006 TIF Note --4% interest rate, Final date of maturity December 2025, Retired from TIF Special Revenue and Debt Service Funds.	\$ 1,214,129.35	
2009 TIF Note --4.15% interest rate, Final date of maturity June 2024, Retired from TIF Special Revenue and Debt Service Funds.	712,959.75	
2009 TIF Note --5.45% interest rate, Final date of maturity December 2014, Retired from TIF Debt Service Fund.	202,674.03	
2009 Promissory Note --5.75% interest rate, Final date of maturity January 2011, Retired from General Fund.	61,699.42	
2009 Promissory Note --5.38% interest rate, Final date of maturity December 2014, Retired from Golf Course Fund.		121,815.55
<b>TOTAL OF NOTES PAYABLE</b>	<b>\$ 2,191,462.55</b>	<b>\$ 121,815.55</b>

	<u>General Long-Term Debt</u>	<u>Enterprise Funds</u>
<u>Compensated Absences</u>		
Accumulated Liability for Unused Vacation and Sick Leave. Payments to be made by the funds that payroll expenditures are charged to.	\$ 94,317.10	\$ 107,751.52

The annual requirements to amortize all debt outstanding as of December 31, 2010, except for compensated absences, but including interest payments of \$3,714,594 are as follows:

Year Ended Dec 31,	Revenue Bonds		State Revolving Loan		Special Assessments	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	512,473	237,462	23,271	5,691	237,971	63,738
2012	537,428	212,507	31,643	6,971	247,095	58,605
2013	467,489	187,252	32,361	6,253	192,368	43,611
2014	394,211	164,609	33,096	5,519	198,918	34,515
2015	281,571	145,468	33,847	4,768	170,701	25,113
2016-2020	1,240,795	517,483	181,107	11,967	388,030	27,584
2021-2025	842,555	205,869	9,600	54		
2026-2030	241,775	95,759				
2031-2035	299,726	38,317				
<b>Total</b>	<b>\$ 4,818,023</b>	<b>\$ 1,804,725</b>	<b>\$ 344,925</b>	<b>\$ 41,224</b>	<b>\$ 1,435,083</b>	<b>\$ 253,166</b>

Year Ended Dec 31,	Certificates of Participation		Note Payable		Other Long-Term Liabilities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	89,318	61,853	196,882	138,863	122,926	35,064	1,182,840	542,671
2012	93,694	57,477	143,093	127,653	122,926	28,808	1,175,880	492,021
2013	98,285	52,886	151,491	119,256	82,333	20,522	1,024,327	429,780
2014	103,101	48,070	160,408	110,337	94,677	17,495	984,411	380,545
2015	108,153	43,018	228,471	101,713	78,218	11,469	900,961	331,549
2016-2020	625,647	130,207	666,274	364,678	140,362	11,935	3,242,215	1,063,853
2021-2025	144,109	7,061	718,074	127,114			1,714,338	340,098
2026-2030			48,586				290,361	95,759
2031-2035							299,726	38,317
<b>Total</b>	<b>\$ 1,262,308</b>	<b>\$ 400,571</b>	<b>\$ 2,313,279</b>	<b>\$ 1,089,614</b>	<b>\$ 641,442</b>	<b>\$ 125,293</b>	<b>\$ 10,815,060</b>	<b>\$ 3,714,594</b>

**NOTE 9 – Wastewater Agreement**

In November 1994, the City of Brandon entered into a 20-year agreement with the City of Sioux Falls to obtain wastewater treatment services. An annual administrative fee of \$2,000 is paid by the City of Brandon to the City of Sioux Falls along with a charge of \$0.79 per 1000 gallons of volume of wastewater discharged from the sewer system of Brandon into the Sioux Falls Wastewater Treatment Facility. The annual administrative fee is for the role of implementation and enforcement of an Industrial Pretreatment Program on industrial users in Brandon. Payments are made from the city's Sewer Fund.

**NOTE 10 – Restricted Net Assets**

Restricted net assets for the year ended December 31, 2010 were as follows:

Debt Service Funds	\$ 1,085,180.25
Capital Improvement and Debt Service Funds	67,665.49
Community Development	671,591.20
SDPAA Contribution	35,276.56
<b>Total Restricted Net Assets</b>	<b>\$ 1,859,713.50</b>

These balances are restricted due to federal grant and statutory requirements.

#### NOTE 11 – Retirement Plan

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor's benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The city's share of contributions to the SDRS for the fiscal years ended December 31, 2010, 2009, and 2008 were \$107,960.87, \$104,432.91 and \$94,750, respectively, equal to the required contributions each year.

#### NOTE 12 – Risk Management

The city is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2010, the city managed its risks as follows:

##### Employee Health Insurance:

The city purchases health insurance for its employees from a commercial insurance carrier. Settled results from these risks have not exceeded the liability coverage during the past three years.

##### Liability Insurance:

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

being made by or against the City. The City pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The City pays an annual premium to the pool to provide coverage for torts, auto liability, and physical damage; and errors and omissions of public officials.

The agreement with the South Dakota Public Assurance Alliance provides that the above coverage will be provided to varying limits. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 to the upper limit. The City carries a \$ 1,000 deductible for the official's liability coverage and \$500 deductible for property coverage. The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

##### Workmen's Compensation:

The city joined the South Dakota Municipal League Worker's Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on the behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety

program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance, which covers up to an additional \$2,000,000 per individual per incident.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

**Unemployment Benefits**

The city provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

**NOTE 13 – Interfund Transfers**

Interfund transfers for the year ended December 31, 2010 were as follows:

<b><u>Transfers From:</u></b>	<b><u>Transfers To:</u></b>
Major Funds:	Golf Course Fund
General Fund	\$ 209,926.58
Aggregate Other Governmental Funds	<u>532,640.39</u>
	<u>\$ 742,566.97</u>

The City typically budgets transfers of money to conduct the indispensable functions of the City and to close out old debt service and capital project funds.

**NOTE 14 – Significant Contingencies-Litigation**

At December 31, 2010, the City was involved in a wrongful death lawsuit. No determination can be made at this time regarding the potential outcome of the lawsuit; however, the City has liability coverage for compensatory damages with a commercial carrier. Therefore, no material effects are anticipated to the City as a result of the potential outcome of the lawsuit.

**REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF BRANDON  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
General Property Taxes	\$ 1,964,329.00	\$ 1,964,329.00	\$ 1,811,187.45	\$ (153,141.55)
General Sales and Use Taxes	2,230,000.00	2,230,000.00	1,818,827.39	(411,172.61)
Amusement Taxes	1,600.00	1,600.00	768.00	(832.00)
Penalties and Interest on Delinquent Taxes	2,100.00	2,100.00	2,719.22	619.22
Licenses and Permits	74,163.00	74,163.00	60,184.64	(13,978.36)
<b>Intergovernmental Revenue:</b>				
Federal Grants	54,913.00	54,913.00	97,762.28	42,849.28
State Grants	12,000.00	12,000.00	3,816.00	(8,184.00)
<b>State Shared Revenue:</b>				
Bank Franchise Tax	35,000.00	35,000.00	58,983.02	23,983.02
Liquor Tax Reversion	32,000.00	32,000.00	34,667.46	2,667.46
Motor Vehicle Licenses (5%)	25,000.00	25,000.00	23,933.12	(1,066.88)
Local Government Highway and Bridge Fund	32,000.00	32,000.00	37,516.37	5,516.37
Other	3,000.00	3,000.00	3,821.20	821.20
<b>County Shared Revenue:</b>				
County Wheel Tax	8,000.00	8,000.00	8,263.86	263.86
<b>Charges for Goods and Services:</b>				
General Government	950.00	950.00	1,480.00	530.00
Public Safety	28,650.00	28,650.00	57,051.16	28,401.16
Sanitation	1,750.00	1,750.00	2,388.50	638.50
Health	700.00	700.00	512.18	(187.82)
Culture and Recreation	71,750.00	71,750.00	95,664.13	23,914.13
Other			63,893.91	63,893.91
<b>Fines and Forfeits:</b>				
Court Fines and Costs	21,000.00	21,000.00	14,677.27	(6,322.73)
<b>Miscellaneous Revenue:</b>				
Investment Earnings	32,328.00	32,328.00	5,914.23	(26,413.77)
Rentals			95.00	95.00
Special Assessments	65,000.00	65,000.00	79,094.23	14,094.23
Contributions and Donations from Private Sources	124,082.00	124,082.00	65,775.00	(58,307.00)
Other	26,800.00	26,800.00	20,930.91	(5,869.09)
<b>Total Revenue</b>	<b>4,847,115.00</b>	<b>4,847,115.00</b>	<b>4,369,926.53</b>	<b>(477,188.47)</b>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**CITY OF BRANDON**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u> <u>Basis)</u>	<u>Positive</u> <u>(Negative)</u>
<b>Expenditures:</b>				
General Government:				
Legislative	74,252.00	79,252.00	70,774.73	8,477.27
Executive	279,928.00	279,928.00	247,788.42	32,139.58
Elections	1,057.00	1,057.00	693.95	363.05
Financial Administration	201,402.00	246,402.00	204,136.83	42,265.17
Other	<u>52,003.00</u>	<u>52,003.00</u>	<u>47,720.65</u>	<u>4,282.35</u>
<b>Total General Government</b>	<u>608,642.00</u>	<u>658,642.00</u>	<u>571,114.58</u>	<u>87,527.42</u>
Public Safety:				
Police	973,157.00	973,157.00	939,207.92	33,949.08
Fire	70,092.00	145,092.00	143,439.54	1,652.460
Protective Inspection	142,131.00	142,131.00	131,907.77	10,223.23
Other Protection	<u>12,700.00</u>	<u>12,700.00</u>	<u>6,433.32</u>	<u>6,266.68</u>
<b>Total Public Safety</b>	<u>1,198,080.00</u>	<u>1,273,080.00</u>	<u>1,220,988.55</u>	<u>52,091.45</u>
Public Works:				
Highways and Streets	839,434.00	1,056,434.00	986,865.66	69,568.34
Sanitation	8,700.00	8,700.00	4,066.06	4,633.94
Transit	<u>118,940.00</u>	<u>160,940.00</u>	<u>161,558.33</u>	<u>(618.33)</u>
<b>Total Public Works</b>	<u>967,074.00</u>	<u>1,226,074.00</u>	<u>1,152,490.05</u>	<u>73,583.95</u>
Health and Welfare	<u>9,800.00</u>	<u>9,800.00</u>	<u>8,048.92</u>	<u>1,751.08</u>
Culture and Recreation:				
Recreation	188,777.00	188,777.00	166,000.20	22,776.80
Parks	713,566.00	713,566.00	690,303.32	23,262.68
Libraries	<u>22,000.00</u>	<u>22,000.00</u>	<u>7.16</u>	<u>21,992.84</u>
<b>Total Culture and Recreation</b>	<u>924,343.00</u>	<u>924,343.00</u>	<u>856,310.68</u>	<u>68,032.32</u>
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	<u>394,082.00</u>	<u>394,082.00</u>	<u>75,307.08</u>	<u>318,774.92</u>
Debt Service	<u>765,022.00</u>	<u>813,022.00</u>	<u>750,390.95</u>	<u>62,631.05</u>
Contingency	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>0.00</u>
<b>Total Expenditures</b>	<u>4,917,043.00</u>	<u>5,299,043.00</u>	<u>4,634,650.81</u>	<u>664,392.19</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(69,928.00)</u>	<u>(451,928.00)</u>	<u>(264,724.28)</u>	<u>187,203.72</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In (Out)	10,000.00	10,000.00	(209,926.58)	(219,926.58)
Sale of Municipal Property			5,917.52	5,917.52
Compensation for Loss/ Damage to Capital Assets			1,493.90	1,493.90
Proceeds of General Long-Term Debt Issued	<u>60,000.00</u>	<u>60,000.00</u>	<u>60,000.00</u>	<u>(60,000.00)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>70,000.00</u>	<u>70,000.00</u>	<u>(202,515.16)</u>	<u>(272,515.16)</u>
<b>Net Change in Fund Balances</b>	72.00	(381,928.00)	(467,239.44)	(85,311.44)
<b>Net Change in Fund Balance Reserves</b>			5,632.11	5,632.11
<b>Fund Balance - Beginning Balance</b>	<u>1,888,714.15</u>	<u>1,888,714.15</u>	<u>1,888,714.15</u>	<u>1,888,714.15</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,888,786.15</u>	<u>\$ 1,506,786.15</u>	<u>\$ 1,427,106.82</u>	<u>\$ (79,679.33)</u>

CITY OF BRANDON  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Budgets and Budgetary Accounting:

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board/Municipality Commission introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board/Municipality Commission, 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 the resolution of the Governing Board/Municipality Commission 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. Unexpected appropriations lapse at year-end unless encumbered by the resolution of the Governing Board/Municipality Commission.

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, special revenue fund, and capital projects funds.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds and capital project funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
7. Budgets for the General Fund, special revenue funds, and capital project funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (USGAAP).

Note 2: GAAP/ Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate.

**CITY OF BRANDON  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	<b>Special Revenue Nonmajor Governmental Funds</b>	<b>Debt Service Nonmajor Governmental Funds</b>	<b>Capital Projects Nonmajor Governmental Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,163,605.12	\$ 317,155.61	\$	\$ 1,480,760.73
Accounts Receivable	2,968.00			2,968.00
Special Assessments Receivable--Current	5,151.25	144,658.48		149,809.73
Special Assessments Receivable--Delinquent		2,091.28		2,091.28
Special Assessments Receivable--Deferred		657,075.56		657,075.56
Notes Receivable-Current	12,767.85			12,767.85
Notes Receivable-Noncurrent	115,668.80			115,668.80
Due from Other Governments	4,033.73			4,033.73
Investments	179,472.81	5,771.24		185,244.05
<b>TOTAL ASSETS</b>	<u>1,483,667.56</u>	<u>1,126,752.17</u>		<u>2,610,419.73</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Due to Water Fund		69,289.21		69,289.21
Due to General Fund	86,702.19	20,921.11	31,453.26	139,076.56
Accounts Payable	7,483.50			7,483.50
Deferred Revenue	5,151.25	803,825.32		808,976.57
<b>Total Liabilities</b>	<u>99,336.94</u>	<u>894,035.64</u>	<u>31,453.26</u>	<u>1,024,825.84</u>
<b>Fund Balances:</b>				
<b>Reserved Fund Balances</b>				
Designated for Business Development Special Assessment	671,591.20			671,591.20
Bond Guarantee		303,791.96		303,791.96
<b>Unreserved Fund Balances:</b>				
Undesignated	712,739.42	(71,075.43)	(31,453.26)	610,210.73
<b>Total Fund Balances</b>	<u>1,384,330.62</u>	<u>232,716.53</u>	<u>(31,453.26)</u>	<u>1,585,593.89</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,483,667.56</u>	<u>\$ 1,126,752.17</u>	<u>\$</u>	<u>\$ 2,610,419.73</u>

**CITY OF BRANDON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Special Revenue Nonmajor Governmental Funds	Debt Service Nonmajor Governmental Funds	Capital Projects Nonmajor Governmental Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes:				
General Property Taxes	\$	\$ 108,593.07	\$	\$ 108,593.07
General Sales and Use Tax	174,053.51			174,053.51
Gross Receipts Business Tax	52,602.00			52,602.00
Miscellaneous Revenue:				
Investment Earnings	8,299.84	1,008.51		9,308.35
Special Assessments	21,306.57	358,726.09		380,032.66
Total Revenue	<u>256,261.92</u>	<u>468,327.67</u>		<u>724,589.59</u>
<b>Expenditures:</b>				
General Government:				
Other	115,550.20			115,550.20
Public Works				
Conservation and Development:				
Economic Development and Assistance	15,110.00			15,110.00
Debt Service	69,020.02	500,143.28		569,163.30
Capital Outlay	5,000.00		4,250.20	9,250.20
Total Expenditures	<u>204,680.22</u>	<u>500,143.28</u>	<u>4,250.20</u>	<u>709,073.70</u>
Excess of Revenue Over (Under) Expenditures	<u>51,581.70</u>	<u>(31,815.61)</u>	<u>(4,250.20)</u>	<u>15,515.89</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>(525,032.44)</u>	<u>27,995.61</u>	<u>(35,603.56)</u>	<u>(532,640.39)</u>
Total Other Financing Sources (Uses)	<u>(525,032.44)</u>	<u>27,995.61</u>	<u>(35,603.5600)</u>	<u>(532,640.39)</u>
Net Change in Fund Balances	(473,450.74)	(3,820.00)	(39,853.76)	(517,124.50)
Fund Balance - January 1, 2010	<u>1,857,781.36</u>	<u>236,536.53</u>	<u>8,401</u>	<u>2,102,718.39</u>
<b>FUND BALANCE - DECEMBER 31, 2010</b>	<u>\$ 1,384,330.62</u>	<u>\$ 232,716.53</u>	<u>\$ (31,453.26)</u>	<u>\$ 1,585,593.89</u>

CITY OF BRANDON  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2010

56

	Third Cent Sales Tax Fund	Second Cent Sales Tax Revenue Fund	2006 TIF Special Revenue Fund	Brandon Revolving Loan Fund	Total
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 515,283.09	\$ 267,144.47	\$	\$ 381,177.56	\$ 1,163,605.12
Accounts Receivable			2,968.00		2,968.00
Special Assessments Receivable--Current		5,151.25			5,151.25
Notes Receivable-Current				12,767.85	12,767.85
Notes Receivable-Noncurrent				115,668.80	115,668.80
Due from Other Governments	4,033.73				4,033.73
Investments	4,637.60	12,858.22		161,976.99	179,472.81
<b>TOTAL ASSETS</b>	<u>523,954.42</u>	<u>285,153.94</u>	<u>2,968.00</u>	<u>671,591.20</u>	<u>1,483,667.56</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Due to Other Funds			86,702.19		86,702.19
Accounts Payable	7,483.50				7,483.50
Deferred Revenue		5,151.25			5,151.25
<b>Total Liabilities</b>	<u>7,483.50</u>	<u>5,151.25</u>	<u>86,702.19</u>		<u>99,336.94</u>
Fund Balances:					
Unreserved Fund Balances:					
Designated for Business Development				671,591.20	671,591.20
Undesignated	516,470.92	280,002.69	(83,734.19)		712,739.42
<b>Total Fund Balances</b>	<u>516,470.92</u>	<u>280,002.69</u>	<u>(83,734.19)</u>	<u>671,591.20</u>	<u>1,384,330.62</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 523,954.42</u>	<u>\$ 285,153.94</u>	<u>\$ 2,968.00</u>	<u>\$ 671,591.20</u>	<u>\$ 1,483,667.56</u>

**CITY OF BRANDON  
SPECIAL REVENUE NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Third Cent Sales Tax Fund</b>	<b>Second Cent Sales Tax Revenue Fund</b>	<b>Public Improvement Fund</b>	<b>2006 TIF Special Revenue Fund</b>	<b>Brandon Revolving Loan Fund</b>	<b>Total</b>
<b>Revenues:</b>						
Taxes:						
General Sales and Use Tax	\$ 174,053.51					\$ 174,053.51
Other Tax				52,602.00		52,602.00
Miscellaneous Revenue:						
Interest Earnings	1,497.27	0.38		124.57	6,677.62	8,299.84
Special Assessments		21,306.57				21,306.57
<b>Total Revenue</b>	<u>175,550.78</u>	<u>21,306.95</u>		<u>52,726.57</u>	<u>6,677.62</u>	<u>256,261.92</u>
<b>Expenditures:</b>						
General Government:						
Other	115,550.20					115,550.20
Conservation and Development:						
Economic Development and Assistance	15,000.00				110.00	15,110.00
Debt Service				69,020.02		69,020.02
Capital Outlay	5,000.00					5,000.00
<b>Total Expenditures</b>	<u>135,550.20</u>			<u>69,020.02</u>	<u>110.00</u>	<u>204,680.22</u>
Excess of Revenue Over (Under)						
Expenditures	40,000.58	21,306.95		(16,293.45)	6,567.62	51,581.70
Other Financing Sources (Uses):						
Transfer In (Out)		35,603.56	(560,636.00)			(525,032.44)
<b>Total Other Financing Sources (Uses):</b>		<u>35,603.56</u>	<u>(560,636.00)</u>			<u>(525,032.44)</u>
<b>Net Change in Fund Balances</b>	40,000.58	56,910.51	(560,636.00)	(16,293.45)	6,567.62	(473,450.74)
<b>Fund Balance - January 1, 2010</b>	<u>476,470.34</u>	<u>223,092.18</u>	<u>560,636.00</u>	<u>(67,440.74)</u>	<u>665,023.58</u>	<u>1,857,781.36</u>
<b>FUND BALANCE - DECEMBER 31, 2010</b>	<u>\$ 516,470.92</u>	<u>\$ 280,002.69</u>	<u>\$</u>	<u>\$ (83,734.19)</u>	<u>\$ 671,591.20</u>	<u>\$ 1,384,330.62</u>

**CITY OF BRANDON  
COMBINING BALANCE SHEET  
DEBT SERVICE NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	North Sioux Boulevard Debt Service Fund	TIF Debt Service Fund	Chestnut Blvd Debt Service Fund	Chestnut Blvd Mid Debt Service Fund	Expr Ave/ FC Lift Debt Service Fund	TIF Covention Center Debt Service Fund	CC Heights Debt Service Fund	TIF Hemlock Blvd. Debt Service Fund	Total
<b>ASSETS:</b>									
Cash and Cash Equivalents	\$ 113,193.52	\$ 17,406.42	\$ 72,973.59	\$ 81,529.83	\$ 19,775.31	\$	\$ 12,276.94	\$	\$ 317,155.61
Special Assessments Receivable--Current	45,801.91		36,189.65	32,379.69	6,250.41		24,036.82		144,658.48
Special Assessments Receivable--Delinquent			2,091.28						2,091.28
Special Assessments Receivable--Deferred	45,801.91		180,948.24	194,278.10	43,752.75		192,294.56		657,075.56
Investments	2,137.14	1,728.47	948.71	476.96	439.47		40.49		5,771.24
<b>TOTAL ASSETS</b>	<u>206,934.48</u>	<u>19,134.89</u>	<u>293,151.47</u>	<u>308,664.58</u>	<u>70,217.94</u>		<u>228,648.81</u>		<u>\$1,126,752.17</u>
<b>LIABILITIES AND FUND BALANCES:</b>									
Liabilities:									
Due to Water Fund								69,289.21	69,289.21
Due to General Fund						20,921.11			20,921.11
Deferred Revenue	91,603.82		219,229.17	226,657.79	50,003.16		216,331.38		803,825.32
<b>Total Liabilities</b>	<u>91,603.82</u>		<u>219,229.17</u>	<u>226,657.79</u>	<u>50,003.16</u>	<u>20,921.11</u>	<u>216,331.38</u>	<u>69,289.21</u>	<u>894,035.64</u>
Fund Balances:									
Reserved Fund Balances									
Special Assessment Bond Guarantee	115,330.66		73,922.30	82,006.79	20,214.78		12,317.43		303,791.96
Unreserved Fund Balances:									
Undesignated		19,134.89				(20,921.11)		(69,289.21)	(71,075.43)
<b>Total Fund Balances</b>	<u>115,330.66</u>	<u>19,134.89</u>	<u>73,922.30</u>	<u>82,006.79</u>	<u>20,214.78</u>	<u>(20,921.11)</u>	<u>12,317.43</u>	<u>(69,289.21)</u>	<u>232,716.53</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 206,934.48</u>	<u>19,134.89</u>	<u>293,151.47</u>	<u>308,664.58</u>	<u>\$ 70,217.94</u>	<u>\$</u>	<u>\$228,648.81</u>	<u>\$</u>	<u>\$1,126,752.17</u>

**CITY OF BRANDON  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES- DEBT SERVICE NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	2000 S.A. Redwood Street Debt Service Fund	North Sioux Boulevard Debt Service Fund	TIF Debt Service Fund	Chestnut Blvd Debt Service Fund	Chestnut Blvd Mid Debt Service Fund	Expr Ave/ FC Lift Debt Service Fund	TIF Covention Center Debt Service Fund	CC Heights Debt Service Fund	TIF Hemlock Blvd. Debt Service Fund	Total
<b>Revenues:</b>										
Taxes:										
General Property Taxes	\$	\$	\$ 44,355.92	\$	\$	\$	\$ 64,237.15	\$	\$	\$ 108,593.07
Miscellaneous Revenue:										
Interest Earnings	26.15	425.86	10.82	243.01	80.09	74.41	102.24	45.93		1,008.51
Special Assessments	30,835.19	74,235.90		80,757.28	116,869.01	9,625.59		46,403.12		358,726.09
Contributions										
<b>Total Revenue</b>	<u>30,861.34</u>	<u>74,661.76</u>	<u>44,366.74</u>	<u>81,000.29</u>	<u>116,949.10</u>	<u>9,700.00</u>	<u>64,339.39</u>	<u>46,449.05</u>		<u>468,327.67</u>
<b>Expenditures:</b>										
Debt Service	<u>51,351.13</u>	<u>69,284.94</u>	<u>35,916.42</u>	<u>62,675.00</u>	<u>70,561.84</u>	<u>28,004.72</u>	<u>78,928.40</u>	<u>34,131.62</u>	<u>69,289.21</u>	<u>500,143.28</u>
<b>Total Expenditures</b>	<u>51,351.13</u>	<u>69,284.94</u>	<u>35,916.42</u>	<u>62,675.00</u>	<u>70,561.84</u>	<u>28,004.72</u>	<u>78,928.40</u>	<u>34,131.62</u>	<u>69,289.21</u>	<u>500,143.28</u>
Excess of Revenue Over (Under) Expenditures	(20,489.79)	5,376.82	8,450.32	18,325.29	46,387.26	(18,304.7200)	(14,589.01)	12,317.43	(69,289.21)	(31,815.61)
Other Financing Sources (Uses):										
Transfer In (Out)	<u>27,995.61</u>									<u>27,995.61</u>
<b>Total Other Financing Sources (Uses):</b>	<u>27,995.61</u>									<u>27,995.61</u>
<b>Net Change in Fund Balances</b>	7,505.82	5,376.82	8,450.32	18,325.29	46,387.26	(18,304.72)	(14,589.01)	12,317.43	(69,289.21)	(3,820.00)
Fund Balance - January 1, 2010	<u>(7,505.82)</u>	<u>109,953.84</u>	<u>10,684.57</u>	<u>55,597.01</u>	<u>35,619.53</u>	<u>38,519.50</u>	<u>(6,332.10)</u>	<u>0.00</u>	<u>0.00</u>	<u>236,536.53</u>
<b>FUND BALANCE -   DECEMBER 31, 2010</b>	<u>\$</u>	<u>\$ 115,330.66</u>	<u>\$ 19,134.89</u>	<u>\$73,922.30</u>	<u>\$82,006.79</u>	<u>\$ 20,214.78</u>	<u>\$(20,921.11)</u>	<u>\$12,317.43</u>	<u>\$(69,289.21)</u>	<u>\$232,716.53</u>

**CITY OF BRANDON  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2010**

	West Holly Street Project	Aspen Blvd. Project	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ _____	\$ _____	\$ _____
<b>TOTAL ASSETS</b>	_____	_____	_____
 <b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Due to General Fund	_____ 27,203.06	_____ 4,250.20	_____ 31,453.26
<b>Total Liabilities</b>	_____ 27,203.06	_____ 4,250.20	_____ 31,453.26
Fund Balances:			
Unreserved Fund Balances:			
Undesignated	_____ (27,203.06)	_____ (4,250.20)	_____ (31,453.26)
<b>Total Fund Balances</b>	_____ (27,203.06)	_____ (4,250.20)	_____ (31,453.26)
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 \$ _____	 \$ _____	 \$ _____

**CITY OF BRANDON  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES- CAPITAL PROJECTS NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Westside Utility Project</b>	<b>East Side Utility Project</b>	<b>West Holly Street Project</b>	<b>Aspen Blvd. Project</b>	<b>Total Capital Projects Funds</b>
<b>Revenues:</b>					
Intergovernmental Revenue:					
State Grants	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total Revenue	_____	_____	_____	_____	_____
<b>Expenditures:</b>					
Public Works					
Capital Outlay	_____	_____	_____	4,250.20	4,250.20
Total Expenditures	_____	_____	_____	4,250.20	4,250.20
Excess of Revenue Over (Under)					
Expenditures	_____	_____	_____	(4,250.20)	(4,250.20)
<b>Other Financing Sources (Uses):</b>					
Transfer In (Out)	(9,305.31)	(26,298.25)	_____	_____	(35,603.56)
Total Other Financing Sources (Uses):	(9,305.31)	(26,298.25)	_____	_____	(35,603.56)
Net Change in Fund Balances	(9,305.31)	(26,298.25)	0.00	(4,250.20)	(39,853.76)
Fund Balance - January 1, 2010	9,305.31	26,298.25	(27,203.06)	0.00	8,400.50
<b>FUND BALANCE -</b>					
<b>DECEMBER 31, 2010</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ (27,203.06)</b>	<b>\$ (4,250.20)</b>	<b>\$ (31,453.26)</b>

**CITY OF BRANDON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures Amount 2011</u>
U. S. Department of Commerce:			
Direct Federal Funding			
EDA Financial Assistance Award, Recovery Act (Note 2)	11.300		\$ 663,599.11
U. S. Department of Justice:			
Pass Through the S D Department of Public Safety:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States, Recovery Act	16.803		4,623.40
U. S. Department of Transportation:			
Pass Through the S D Department of Transportation:			
Federal Transit Investment Grants	20.500		44,786.74
ARRA-Formula Grants for Other Than Urbanized Areas	20.509		39,499.80
Environmental Protection Agency:			
Pass through the SD Dept of Environment and Natural Resources			
ARRA - Capitalization Grant for Clean Water State Revolving Funds (Note 2)	66.458		<u>383,250.00</u>
			<u>\$ 1,135,759.05</u>

**CITY OF BRANDON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 1: The accompanying Schedule of Expenditures of Federal awards includes the federal grant activity of the City of Brandon and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations." Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: This represents a major federal financial assistance program.

**CITY OF BRANDON  
304 MAIN AVE.  
BRANDON, SD 57004**

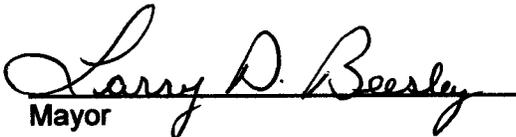
**Corrective Action Plan**

The City of Brandon has considered the lack of segregation of duties for the revenue and expenditure functions.

At this time it is not cost efficient for the City of Brandon to hire additional staff needed to achieve segregation of duties. The City of Brandon has implemented alternate procedures, to decrease the likelihood that financial data is adversely affected.

The City of Brandon is attempting to achieve current status regarding reporting issues as quickly as possible.

In the future, the Governing Board plans to transfer money from the General Fund and the Second Cent Sales Tax Revenue Fund to correct negative fund balances.

  
\_\_\_\_\_  
Mayor

9/28/11  
Date

  
\_\_\_\_\_  
Finance Officer/City Administrator

9/28/11  
Date