

City of Brandon

**Independent Auditor's Report
and Financial Statements**

**For the Year Ended
December 31, 2023**

City of Brandon
City Officials
December 31, 2023

Mayor:

Harry Buck

Governing Board:

Barb Fish

Kevin Lawrence

David Kull

Tim Jorgenson

Colin Steen

Bruce Johnson

Finance Officer:

Christina Smith

City Administrator:

Bryan Read

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

To the City Council
City of Brandon
Minnehaha County, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brandon, South Dakota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 12, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on 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, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "CIO of LLC". The signature is written in a cursive, slightly slanted style.

Elk Point, South Dakota
August 12, 2024



Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the City Council
City of Brandon
Minnehaha County, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Brandon, South Dakota, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2023. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs.

In our opinion, the City of Brandon complied, in all material respects, with the types of 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

A handwritten signature in cursive script that reads "CLO Prof LLC".

Elk Point, South Dakota

August 12, 2024

City of Brandon
 Schedule of Prior and Current Audit Findings and Questioned Costs
 For the Year Ended December 31, 2023

Schedule of Prior Audit Findings

The prior audit report contained no written audit comments.

Schedule of Current Audit Findings

Section I - Summary of Independent Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

City of Brandon
Schedule of Prior and Current Audit Findings and Questioned Costs
For the Year Ended December 31, 2023 (Continued)

Section II - Financial Statement Findings

There are no findings which are required to be reported in accordance with Government Auditing Standards.

Section III - Federal Award Findings and Questioned Costs

There are no findings or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.516(a).



Independent Auditor's Report

City Council
City of Brandon
Brandon, South Dakota

Report on the Audit of the Financial Statements

Opinions

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 and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), Budgetary Comparison Schedules, the Schedule of the City Proportionate Share of the Net Pension Liability (Asset), and Schedule of the City's Contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Combining Nonmajor Fund Financial Statements as 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 is the responsibility of management was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Elk Point, South Dakota
August 12, 2024

City of Brandon
Management Discussion and Analysis (MD&A)
December 31, 2023

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, 2023. 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's net position increased by \$9,964,685 leaving an ending net position of \$83,145,299, a 13.62% increase from prior year.

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 City:

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 City government, reporting the City'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 City 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-1 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.

City of Brandon
Management Discussion and Analysis (MD&A)
December 31, 2023

Figure A-1

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)	The activities of the City that are not proprietary or fiduciary, such as finance office, police, fire and parks.	Activities the City operates similar to private businesses, the water, sewer and electric systems and the golf course.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • 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

City of Brandon
Management Discussion and Analysis (MD&A)
December 31, 2023

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 position 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 position and how they have changed. Net position – 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 position 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 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 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.

City of Brandon
Management Discussion and Analysis (MD&A)
December 31, 2023

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 is 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.

City of Brandon
Management Discussion and Analysis (MD&A)
December 31, 2023

Financial Analysis of the City as a Whole

Table A-1
City of Brandon
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage
	2022	2023	2022	2023	2022	2023	Change 2022-2023
Current and Other Assets	\$ 11,786,007	\$ 13,576,266	\$ 24,216,612	\$ 21,362,931	\$ 36,002,619	\$ 34,939,197	-2.95%
Capital Assets (Net of Depreciation)	41,893,170	43,615,168	49,318,302	62,785,367	91,211,472	106,400,535	16.65%
Total Assets	53,679,177	57,191,434	73,534,914	84,148,298	127,214,091	141,339,732	11.10%
Pension Related Deferred Outflows	757,406	721,068	223,192	212,659	980,598	933,727	-4.78%
Total Deferred Outflows or Resources	757,406	721,068	223,192	212,659	980,598	933,727	-4.78%
Long-Term Liabilities Outstanding	22,617,033	26,008,327	29,617,682	29,371,369	52,234,715	55,379,696	6.02%
Other Liabilities	524,963	646,267	1,618,371	2,432,921	2,143,334	3,079,188	43.66%
Total Liabilities	23,141,996	26,654,594	31,236,053	31,804,290	54,378,049	58,458,884	7.50%
Pension Related Deferred Inflows	490,408	478,502	145,618	142,019	636,026	620,521	-2.44%
Total Deferred Inflows of Resources	490,408	478,502	145,618	142,019	636,026	620,521	-2.44%
Net Investment in Capital Assets	19,537,238	18,030,382	19,820,404	33,586,782	39,357,642	51,617,164	31.15%
Restricted	2,429,381	3,190,284	614,591	628,193	3,043,972	3,818,477	25.44%
Unrestricted	8,837,560	9,558,740	21,941,440	18,199,673	30,779,000	27,758,413	-9.81%
Total Net Position	30,804,179	30,779,406	42,376,435	52,414,648	73,180,614	83,194,054	13.68%
Beginning Net Position	33,327,294	30,804,179	32,917,070	42,376,435	66,244,364	73,180,614	10.47%
Increase (Decrease) in Net Position	<u>\$ (2,523,115)</u>	<u>\$ (24,773)</u>	<u>\$ 9,459,365</u>	<u>\$ 10,038,213</u>	<u>\$ 6,936,250</u>	<u>\$ 10,013,440</u>	<u>44.36%</u>
Percentage of Increase (Decrease) in Net Position	-7.57%	-0.08%	28.74%	23.69%	10.47%	13.68%	

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

The Statement of Net position 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 position. The difference between the City of Brandon's assets and liabilities is its net position.

City of Brandon
Management Discussion and Analysis (MD&A)
December 31, 2023

Changes in Net Position

The City of Brandon’s total revenues (excluding special items) totaled \$28,188,820. This was approximately a 22.8% increase from prior year. Approximately 35% of the City’s revenue comes from charges for services, with another 33% from property and other taxes. (See Table A-2).

Table A-2
City of Brandon
Sources of Revenues
Fiscal Year 2022-2023

Charges For Services	\$ 9,812,493	34.81%
Taxes	9,275,790	32.91%
Operating Grants & Contributions	6,585,471	23.36%
Capital Grants and Contributions	1,408,988	5.00%
Unrestricted Investment Earnings	630,879	2.24%
Other General Revenues	246,342	0.87%
State Sources	<u>228,712</u>	<u>0.81%</u>
 Total Revenue	 <u>\$ 28,188,675</u>	 <u>100.00%</u>

Total cost of all programs and services increased by approximately 13.8%. The city’s expenses totaled \$18,224,135. The City’s expenses cover a range of services. (See Table A-3).

Table A-3
City of Brandon
Statement of Expenditures
Fiscal Year 2022-2023

General government	\$ 1,342,774	7.39%
Public safety	3,061,732	16.85%
Public works	4,163,217	22.91%
Health and welfare	3,926	0.02%
Culture and recreation	1,365,995	7.52%
Conservation and development	231,688	1.27%
Interest on long-term debt	738,629	4.06%
Water	2,685,078	14.77%
Electric	265,909	1.46%
Sewer	2,873,972	15.81%
Golf course	<u>1,442,315</u>	<u>7.94%</u>
 Total Expenditures	 <u>\$ 18,175,235</u>	 <u>100.00%</u>

City of Brandon
Management Discussion and Analysis (MD&A)
December 31, 2023

Governmental and Business-Type Activities

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the City.

Table A-4
Changes in Net Position

	Government Activities		Business-type Activities		Total		Percentage Change
	2022	2023	2022	2023	2022	2023	
Revenues							
Program Revenues							
Charge for Services	\$ 854,754	\$ 702,489	\$ 7,424,705	\$ 9,110,004	\$ 8,279,459	\$ 9,812,493	18.52%
Operating Grants/Contributions	611,893	650,587	3,766,715	5,934,884	4,378,608	6,585,471	50.40%
Capital Grants and Contributions	1,503,564	1,408,988	--	--	1,503,564	1,408,988	-6.29%
General Revenues							
Taxes	8,472,211	9,275,790	--	--	8,472,211	9,275,790	9.48%
Revenue State Sources	212,187	228,712	--	--	212,187	228,712	7.79%
Other general revenues	77,155	246,064	1,250	278	78,405	246,342	214.19%
Unrestricted Investment Earnings	5,420	183,803	24,874	447,076	30,294	630,879	1982.52%
	<u>11,737,184</u>	<u>12,696,433</u>	<u>11,217,544</u>	<u>15,492,242</u>	<u>22,954,728</u>	<u>28,188,675</u>	<u>22.80%</u>
Expenses							
General government	1,416,134	1,342,774	--	--	1,416,134	1,342,774	-5.18%
Public safety	2,364,325	3,061,732	--	--	2,364,325	3,061,732	29.50%
Public works	3,220,593	4,163,217	--	--	3,220,593	4,163,217	29.27%
Health and welfare	6,255	3,926	--	--	6,255	3,926	-37.23%
Culture and recreation	1,352,556	1,365,995	--	--	1,352,556	1,365,995	0.99%
Conservation and development	106,891	231,688	--	--	106,891	231,688	116.75%
Interest on long-term debt	382,735	738,629	--	--	382,735	738,629	92.99%
Water	--	--	3,016,200	2,685,078	3,016,200	2,685,078	-10.98%
Electric	--	--	264,855	265,909	264,855	265,909	0.40%
Sewer	--	--	2,560,658	2,873,972	2,560,658	2,873,972	12.24%
Golf course	--	--	1,327,276	1,442,315	1,327,276	1,442,315	8.67%
	<u>8,849,489</u>	<u>10,907,961</u>	<u>7,168,989</u>	<u>7,267,274</u>	<u>16,018,478</u>	<u>18,175,235</u>	<u>13.46%</u>
Excess (Deficiency)							
Before Transfers	2,887,695	1,788,472	4,048,555	8,224,968	6,936,250	10,013,440	44.36%
Transfers	<u>(5,410,810)</u>	<u>(1,813,245)</u>	<u>5,410,810</u>	<u>1,813,245</u>	<u>--</u>	<u>--</u>	<u>0.00%</u>
Increase (Decrease) in Net Position	(2,523,115)	(24,773)	9,459,365	10,038,213	6,936,250	10,013,440	44.36%
Beginning Net Position	<u>33,327,294</u>	<u>30,804,179</u>	<u>32,917,070</u>	<u>42,376,435</u>	<u>66,244,364</u>	<u>73,180,614</u>	<u>10.47%</u>
Ending Net Position	<u>\$ 30,804,179</u>	<u>\$ 30,779,406</u>	<u>\$ 42,376,435</u>	<u>\$ 52,414,648</u>	<u>\$ 73,180,614</u>	<u>\$ 83,194,054</u>	<u>13.68%</u>

City of Brandon
Management Discussion and Analysis (MD&A)
December 31, 2023

Governmental Activities

Increase in the governmental expenses was approximately 19%, mainly due to increases in public safety, public works, and interest on long-term debt. The increase in the governmental revenues was approximately 8%, mainly due to increases in general revenues. Net position of the governmental activities decreased by \$73,528.

Business-Type Activities

Business-type activities expenses increased approximately 1% while business-type revenues increased by approximately 28% mainly due to increases in charges for services, operating grants and contributions and unrestricted investment earnings. Net position of the City's business-type activities increased approximately by \$10 million.

Financial Analysis of the City's 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 twelve governmental funds – General Fund; Brandon Revolving Loan Fund; 3rd Cent Sales Tax; 2006 TIF #2(BID) Special Revenue Fund; Surface Transportation Program Fund; Street Maintenance Fund; Stormwater Fund; TIF #2 Convention Center Debt Service; TIF #4 and TIF #5 Debt Service Funds; Core Area – Phase 2A Project; Core Area – Phase 2b Project; and Rushmore Area – Phase 2 Project Fund. The City has four business type funds - Water; Sewer; Golf Course and Electric.

Overall, the governmental funds have a 9.9 million dollar increase in fund balance over the last year. Due to an increase in business-type revenues.

General Fund Budgetary Highlights

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

Capital Asset Administration

By the end of 2023, the City had invested \$106,351,635 (net of depreciation) in a broad range of capital assets, including, land, construction in progress, buildings, various machinery and equipment, and intangible lease assets. (See Table A-5). This amount represents a net increase (including additions and deductions) of \$15,140,163.

City of Brandon
Management Discussion and Analysis (MD&A)
December 31, 2023

Table A-5
Capital Assets
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Dollar Change</u>	<u>Total % Change</u>
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>		
Land	\$ 2,715,158	\$ 2,765,908	\$ 2,613,225	\$ 2,619,179	\$ 56,704	0.37%
Construction in progress	5,101,724	5,272,887	10,511,321	22,977,705	12,637,547	83.20%
Buildings & Improvements	32,431,722	33,704,434	34,894,059	35,921,607	2,300,260	15.14%
Machinery & Equipment	1,644,566	1,871,939	1,223,445	1,228,750	232,678	1.53%
Intangible Lease Assets	--	--	76,252	38,126	(38,126)	-0.25%
Total Capital Assets	\$ 41,893,170	\$ 43,615,168	\$ 49,318,302	\$ 62,785,367	\$ 15,189,063	100.00%

This year's capital asset purchases of \$19,738,381 included new Vbox sanders, new pickups, new mowers, a new tractor, improvements to the RC Track, Improvements to Aspen Park Field A, and progress on multiple projects.

Long-Term Debt

At the end of the year, the City has \$55,379,696 in general long-term obligations. This is a total dollar change of \$3,144,981. See individual balances as shown on Table A-6 below.

Table A-6
Outstanding Debt and Obligations

	<u>2022</u>	<u>2023</u>	<u>Total Dollar Change</u>	<u>Total % Change</u>
Governmental Activities				
Revenue Bonds	\$ 20,736,471	\$ 24,029,176	\$ 3,292,705	15.88%
Plus: Unamortized Premiums	1,172,695	1,400,260	227,565	19.41%
Bank Notes Payable	446,766	155,350	(291,416)	-65.23%
Accrued Compensated Absences - Governmental Funds	261,101	423,541	162,440	62.21%
Total Outstanding Debt	\$ 22,617,033	\$ 26,008,327	\$ 3,391,294	14.99%
Business-Type Activities				
Revenue Bonds	\$ 20,575,782	\$ 20,124,356	\$ (451,426)	-2.19%
Plus: Unamortized Premiums	1,253,014	1,211,247	(41,767)	-3.33%
State Revolving Loans	7,281,669	7,597,692	316,023	4.34%
Bank Notes Payable	13,174	--	(13,174)	-100.00%
Intangible Leases	335,391	208,732	(126,659)	-37.76%
Pension Liability	3,180	3,108	(72)	-2.26%
Accrued Compensated Absences - Governmental Funds	155,472	226,234	70,762	45.51%
Total Outstanding Debt	\$ 29,617,682	\$ 29,371,369	\$ (246,313)	-0.83%

City of Brandon
Management Discussion and Analysis (MD&A)
December 31, 2023

Economic Factors and Next Year's Budgets and Rates

The City of Brandon has adopted a General Fund budget for the 2024 fiscal year which has an increase of 5% in expenditures compared to 2023 budget for a total of \$12,587,585.

Contacting the City's 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 S Main Ave, Brandon, SD 57005. City Hall phone number is 605-582-6515.

City of Brandon
Statement of Net Position
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 11,015,945	\$ 19,183,825	\$ 30,199,770
Investments	794,592	789,437	1,584,029
Taxes receivable	38,689	--	38,689
Special assessments receivable	881,597	--	881,597
Accounts receivable, net	173,150	767,467	940,617
Inventories	47,583	58,437	106,020
Other assets	1,685	3,104	4,789
Restricted assets:			
Cash	--	550,831	550,831
Investments	442,050	--	442,050
Net pension asset	5,258	9,830	15,088
Notes receivable	175,717	--	175,717
Capital assets:			
Land and construction in process	8,038,795	25,596,884	33,635,679
Other capital assets, net of depreciation	35,576,373	37,188,483	72,764,856
Total Assets	57,191,434	84,148,298	141,339,732
Deferred Outflows of Resources:			
Pension related deferred outflows	721,068	212,659	933,727
Liabilities:			
Accounts payable and other current liabilities	168,505	1,818,569	1,987,074
Other current liabilities	334,490	451,412	785,902
Unearned revenue	143,272	162,940	306,212
Noncurrent liabilities:			
Due within one year	1,645,368	903,742	2,549,110
Due in more than one year	24,362,959	28,467,627	52,830,586
Total Liabilities	26,654,594	31,804,290	58,458,884
Deferred Inflows of Resources:			
Pension related deferred inflows	478,502	142,019	620,521
Net Position:			
Net investment in capital assets	18,030,382	33,586,782	51,617,164
Restricted for:			
Debt services	1,179,198	550,831	1,730,029
Capital improvements	1,763,262	--	1,763,262
SDRS pension purposes	247,824	77,362	325,186
Unrestricted	9,558,740	18,199,673	27,758,413
Total Net Position	\$ 30,779,406	\$ 52,414,648	\$ 83,194,054

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Brandon
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General government	\$ 1,342,774	\$ 285,076	\$ --	\$ --	\$ (1,057,698)	\$ --	\$ (1,057,698)
Public safety	3,061,732	3,719	--	--	(3,058,013)	--	(3,058,013)
Public works	4,163,217	218,074	650,587	1,354,738	(1,939,818)	--	(1,939,818)
Health and welfare	3,926	--	--	--	(3,926)	--	(3,926)
Culture and recreation	1,365,995	195,620	--	54,250	(1,116,125)	--	(1,116,125)
Conservation and development	231,688	--	--	--	(231,688)	--	(231,688)
Interest on long-term debt	738,629	--	--	--	(738,629)	--	(738,629)
Total Governmental Activities	<u>10,907,961</u>	<u>702,489</u>	<u>650,587</u>	<u>1,408,988</u>	<u>(8,145,897)</u>	<u>--</u>	<u>(8,145,897)</u>
Business-type Activities:							
Water	2,685,078	3,726,596	5,934,884	--	--	6,976,402	6,976,402
Electric	265,909	301,501	--	--	--	35,592	35,592
Sewer	2,873,972	3,482,968	--	--	--	608,996	608,996
Golf Course	1,442,315	1,598,939	--	--	--	156,624	156,624
Total Business-Type Activities	<u>7,267,274</u>	<u>9,110,004</u>	<u>5,934,884</u>	<u>--</u>	<u>--</u>	<u>7,777,614</u>	<u>7,777,614</u>
Total Primary Government	<u>\$ 18,175,235</u>	<u>\$ 9,812,493</u>	<u>\$ 6,585,471</u>	<u>\$ 1,408,988</u>	<u>(8,145,897)</u>	<u>7,777,614</u>	<u>(368,283)</u>
General Revenues:							
Taxes:							
Property tax					3,585,136	--	3,585,136
Sales tax					5,690,654	--	5,690,654
State shared revenues					228,712	--	228,712
Unrestricted investment earnings					183,803	447,076	630,879
Miscellaneous revenue					246,064	278	246,342
Transfers					(1,813,245)	1,813,245	--
Total General Revenues and Transfers					<u>8,121,124</u>	<u>2,260,599</u>	<u>10,381,723</u>
Change in Net position					(24,773)	10,038,213	10,013,440
Net Position-Beginning of Year					<u>30,804,179</u>	<u>42,376,435</u>	<u>73,180,614</u>
Net Position-End of Year					<u>\$ 30,779,406</u>	<u>\$ 52,414,648</u>	<u>\$ 83,194,054</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Brandon
Balance Sheet – Governmental Funds
December 31, 2023

	General Fund	Street Maintenance Fund	Capital Project Rushmore Phase 2 Loan Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 9,052,981	\$ 3,435	\$ 304,610	\$ 1,654,919	\$ 11,015,945
Investments-certificates of deposit	619,567	--	--	175,025	794,592
Taxes receivable:					
Delinquent	38,689	--	--	--	38,689
Accounts receivable	55,793	--	--	3,200	58,993
Special assessments receivable					
Current	--	865,086	--	--	865,086
Delinquent	--	11,706	--	4,805	16,511
Due from state government	--	--	--	2,904	2,904
Due from federal governments	111,253	--	--	--	111,253
Supply inventory	47,583	--	--	--	47,583
Prepaid expense	1,685	--	--	--	1,685
Restricted investments and deposits	442,050	--	--	--	442,050
Note receivable	--	--	--	175,717	175,717
	<u>\$ 10,369,601</u>	<u>\$ 880,227</u>	<u>\$ 304,610</u>	<u>\$ 2,016,570</u>	<u>\$ 13,571,008</u>
Total Assets					
Liabilities and Fund Balances:					
Accounts payable	\$ 48,054	\$ --	\$ 919	\$ 14,756	\$ 63,729
Accrued wages and benefits payable	104,776	--	--	--	104,776
Unearned revenue	143,272	--	--	--	143,272
Total Liabilities	<u>296,102</u>	<u>--</u>	<u>919</u>	<u>14,756</u>	<u>311,777</u>
Deferred Inflows of Resources:					
Property taxes	38,689	--	--	--	38,689
Special Assessments	--	876,792	--	4,805	881,597
Total Deferred Inflows of Resources	<u>38,689</u>	<u>876,792</u>	<u>--</u>	<u>4,805</u>	<u>920,286</u>
Fund Balances:					
Nonspendable					
Inventory, prepaid expense, note receivable	49,268	--	--	175,717	224,985
Restricted					
Debt Service	442,050	--	--	737,148	1,179,198
Capital improvements	--	--	303,691	577,974	881,665
Committed					
Street maintenance	--	3,435	--	506,170	509,605
Unassigned	9,543,492	--	--	--	9,543,492
Total Fund Balances	<u>10,034,810</u>	<u>3,435</u>	<u>303,691</u>	<u>1,997,009</u>	<u>12,338,945</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,369,601</u>	<u>\$ 880,227</u>	<u>\$ 304,610</u>	<u>\$ 2,016,570</u>	<u>\$ 13,571,008</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Brandon

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2023

Total Fund Balances - Government Funds \$ 12,338,945

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

Net pension asset reported in governmental activities is not an available resource and therefore is not reported in the funds. 5,258

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 43,615,168

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds. 721,068

Long-term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore are not reported in the funds.

Accrued Leave	(423,541)	
Bank Notes	(155,350)	
Revenue Bonds	<u>(25,429,436)</u>	(26,008,327)

Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are not deferred in the funds. 38,689

Accrued interest payable is not accounted for in the modified accrual basis of accounting, but is accounted for in the statement of net position (334,490)

Special assessments receivable reported in governmental activities is not an available resource and therefore not reported in the funds. 881,597

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds. (478,502)

Net Position - Governmental Funds \$ 30,779,406

City of Brandon

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Street Maintenance Fund	Capital Project Rushmore Phase 2 Loan Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes					
General property taxes	\$ 3,431,465	\$ --	\$ --	\$ 85,176	\$ 3,516,641
General sales taxes	5,336,864	--	--	353,790	5,690,654
Penalties and interest	3,138	938	--	1,038	5,114
Other	--	--	--	58,569	58,569
Licenses and permits	278,176	--	--	--	278,176
Intergovernmental revenue					
Federal grants	213,293	--	--	--	213,293
State grants	34,402	--	--	402,892	437,294
State shared revenues					
Bank franchise tax	146,197	--	--	--	146,197
Motor vehicle commercial prorate	6,574	--	--	--	6,574
Liquor tax reversion	75,941	--	--	--	75,941
Motor vehicles licenses	63,380	--	--	--	63,380
Local government highway and bridge	60,537	--	--	--	60,537
County shared revenues	11,577	--	--	--	11,577
Charges for goods and services					
General government	6,900	--	--	--	6,900
Highways and streets	81,175	--	--	--	81,175
Sanitation	1,405	--	--	--	1,405
Culture and recreation	195,620	--	--	--	195,620
Fines and forfeits					
Court fines and costs	3,719	--	--	--	3,719
Miscellaneous revenue					
Investment earnings	68,921	200	109,254	5,428	183,803
Rentals	1,950	--	--	--	1,950
Special maintenance fee	--	836,905	--	--	836,905
Special assessments	22,928	--	--	466,786	489,714
Contributions	54,250	--	--	--	54,250
Other	59,763	219,835	--	--	279,598
Total Revenue	\$ 10,158,175	\$ 1,057,878	\$ 109,254	\$ 1,373,679	\$ 12,698,986

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Brandon
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
For the Year Ended December 31, 2023 (Continued)

	General Fund	Street Maintenance Fund	Rushmore Phase 2 Loan Fund	Other Governmental Funds	Total Governmental Funds
Expenditures:					
Current:					
General government:					
Legislative	\$ 47,979	\$ --	\$ --	\$ --	\$ 47,979
Publications	28,563	--	--	--	28,563
Executive administration	259,227	--	--	--	259,227
Legal	52,739	--	--	--	52,739
Financial administration	413,678	--	--	--	413,678
Planning and zoning	382,764	--	--	--	382,764
Other	--	--	--	129,152	129,152
Public safety:					
Police	1,986,106	--	--	--	1,986,106
Fire	327,930	--	--	--	327,930
Building inspection	226,501	--	--	--	226,501
Other protection	246,006	--	--	--	246,006
Public works:					
Highways and streets	731,122	1,543,911	1,628,327	340,364	4,243,724
Sanitation	3,217	--	--	--	3,217
Transit	168,542	--	--	--	168,542
Health and welfare:					
Health	3,926	--	--	--	3,926
Culture and recreation:					
Recreation	310,107	--	--	--	310,107
Parks	603,653	--	--	--	603,653
Conservation and development:					
Economic development and assistance (industrial development)	231,386	--	--	10	231,396
Debt service	2,045,272	--	--	106,919	2,152,191
Capital outlay	784,609	--	2,854,184	272,265	3,911,058
Total Expenditures	8,853,327	1,543,911	4,482,511	848,710	15,728,459
Excess of Revenues Over (Under)					
Expenditures	1,304,848	(486,033)	(4,373,257)	524,969	(3,029,473)
Other Financing Sources:					
Transfers in	766,910	117,828	--	272,265	1,157,003
Transfers out	(795,845)	--	(73,439)	(272,265)	(1,141,549)
Long-term debt issued	--	--	4,750,387	--	4,750,387
Sale of fixed assets	6,704	--	--	--	6,704
Total Other Financing Sources	(22,231)	117,828	4,676,948	--	4,772,545
Net Change in Fund Balance	1,282,617	(368,205)	303,691	524,969	1,743,072
Fund Balances- Beginning of Year	8,752,193	371,640	--	1,472,040	10,595,873
Fund Balances - End of Year	\$ 10,034,810	\$ 3,435	\$ 303,691	\$ 1,997,009	\$ 12,338,945

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Brandon
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
 to the Statement of Activities
 For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Government Funds \$ 1,743,072

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

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements. 3,911,058

This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources. (2,146,872)

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. (107,971)

In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or a loss is realized. (42,188)

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net assets. 1,521,533

The issuance of long-term debt is an other financing source in the fund statements but an increase in the long-term liabilities on the government wide statements. (4,750,387)

Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable claim arises. 32,931

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (23,509)

Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures. (162,440)

Change in Net Position of Governmental Activities \$ (24,773)

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Brandon
Statement of Net Position – Proprietary Funds
December 31, 2023

	Enterprise Funds			Non Major	Totals
	Water Fund	Sewer Fund	Golf Course Fund	Electric Fund	
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 16,791,951	\$ 2,345,157	\$ 2,300	\$ 44,417	\$ 19,183,825
Investments-certificates of deposit	601,733	187,527	--	177	789,437
Accounts receivable, net	316,492	407,614	6,307	37,054	767,467
Supply inventory	17,220	--	41,217	--	58,437
Prepaid expense	--	--	3,104	--	3,104
Total Current Assets	17,727,396	2,940,298	52,928	81,648	20,802,270
Noncurrent Assets:					
Restricted cash and cash equivalents	222,577	328,254	--	--	550,831
Capital assets:					
Land	271,732	546,285	1,801,162	--	2,619,179
Buildings	5,371,626	3,747,630	1,441,723	--	10,560,979
Improvements other than buildings	14,800,504	22,475,715	1,255,495	124,267	38,655,981
Machinery and equipment	1,934,645	819,121	1,112,373	--	3,866,139
Intangible assets	--	--	148,297	--	148,297
Accumulated depreciation	(7,545,132)	(6,311,785)	(2,064,359)	(11,466)	(15,932,742)
Accumulated amortization	--	--	(110,171)	--	(110,171)
Construction in Progress	20,577,971	525,514	1,874,220	--	22,977,705
Total Capital Assets:	35,411,346	21,802,480	5,458,740	112,801	62,785,367
Net pension asset	5,990	--	3,840	--	9,830
Total Noncurrent Assets	35,639,913	22,130,734	5,462,580	112,801	63,346,028
Total Assets	53,367,309	25,071,032	5,515,508	194,449	84,148,298
Deferred Outflows of Resources:					
Pension related deferred outflows	92,985	50,198	69,476	--	212,659
Liabilities:					
Current Liabilities:					
Accounts payable	1,279,507	471,243	36,062	1,303	1,788,115
Accrued wages	11,493	8,317	10,644	--	30,454
Accrued interest payable	398,358	38,422	1,901	--	438,681
Accrued taxes payable	1,541	1,102	10,088	--	12,731
Unearned revenue	874	--	162,066	--	162,940
Current portion of long term debt	581,639	212,672	109,431	--	903,742
Total Current Liabilities	2,273,412	731,756	330,192	1,303	3,336,663
Noncurrent Liabilities:					
Accrued leave payable	75,506	39,214	54,956	--	169,676
Other long-term debt	24,669,968	3,507,257	117,618	--	28,294,843
Net pension liability	--	3,108	--	--	3,108
Total Noncurrent Liabilities	24,745,474	3,549,579	172,574	--	28,467,627
Total Liabilities	27,018,886	4,281,335	502,766	1,303	31,804,290
Deferred Inflows of Resources:					
Pension related deferred inflows	66,019	27,584	48,416	--	142,019
Net Position:					
Net investment in capital assets	10,159,739	18,082,551	5,231,691	112,801	33,586,782
Restricted net position restricted for:					
Debt service	222,577	328,254	--	--	550,831
SDRS pension purposes	32,956	19,506	24,900	--	77,362
Unrestricted net position	15,960,117	2,382,000	(222,789)	80,345	18,199,673
Total Net Position	\$ 26,375,389	\$ 20,812,311	\$ 5,033,802	\$ 193,146	\$ 52,414,648

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Brandon
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Year Ended December 31, 2023

	Water Fund	Sewer Fund	Golf Course Fund	Non-Major Electric Fund	Totals
Operating Revenues:					
Charges for goods and services	\$ 2,269,688	\$ 3,274,528	\$ 1,597,556	\$ 298,555	\$ 7,440,327
Surcharges for debt	1,348,350	193,474	--	--	1,541,824
Other	108,558	14,966	1,383	2,946	127,853
Total Operating Revenues	<u>3,726,596</u>	<u>3,482,968</u>	<u>1,598,939</u>	<u>301,501</u>	<u>9,110,004</u>
Operating Expenses:					
Personal services	571,788	325,224	666,945	--	1,563,957
Other current expense	654,587	1,820,985	503,936	261,103	3,240,611
Materials	40,971	31,624	65,694	--	138,289
Amortization	--	--	38,126	--	38,126
Depreciation	487,307	555,392	158,284	4,806	1,205,789
Total Operating Expenses	<u>1,754,653</u>	<u>2,733,225</u>	<u>1,432,985</u>	<u>265,909</u>	<u>6,186,772</u>
Operating Income (Loss)	<u>1,971,943</u>	<u>749,743</u>	<u>165,954</u>	<u>35,592</u>	<u>2,923,232</u>
Nonoperating Revenues:					
Operating grants	5,934,884	--	--	--	5,934,884
Investment earnings	445,858	1,159	--	59	447,076
Interest expense	(930,425)	(140,747)	(9,330)	--	(1,080,502)
Gain/Loss on sale of capital assets	2,842	--	(2,564)	--	278
Total Nonoperating Revenue	<u>5,453,159</u>	<u>(139,588)</u>	<u>(11,894)</u>	<u>59</u>	<u>5,301,736</u>
Net Income (Loss) Before Contributions	7,425,102	610,155	154,060	35,651	8,224,968
Capital contributions	876,990	951,709	--	--	1,828,699
Transfers in	--	--	678,017	--	678,017
Transfers out	(274,433)	(419,038)	--	--	(693,471)
Net Change in Net Position	8,027,659	1,142,826	832,077	35,651	10,038,213
Net Position - Beginning of Year	<u>18,347,730</u>	<u>19,669,485</u>	<u>4,201,725</u>	<u>157,495</u>	<u>42,376,435</u>
Net Position - End of Year	<u>\$ 26,375,389</u>	<u>\$ 20,812,311</u>	<u>\$ 5,033,802</u>	<u>\$ 193,146</u>	<u>\$ 52,414,648</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Brandon
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2023

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Course Fund</u>	<u>Non-Major Electric Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:					
Receipt from customers	\$ 3,958,421	\$ 3,803,300	\$ 1,622,534	\$ 306,205	\$ 9,690,460
Payments to suppliers	185,560	(1,665,543)	(612,901)	(260,981)	(2,353,865)
Payments to employees	(546,107)	(306,293)	(647,978)	--	(1,500,378)
Net Cash Provided (Used) by Operating Activities:	<u>3,597,874</u>	<u>1,831,464</u>	<u>361,655</u>	<u>45,224</u>	<u>5,836,217</u>
Cash Flows From Noncapital Financial Activities:					
Transfers (to) from other funds	(274,433)	(419,038)	678,017	--	(15,454)
Net Cash Provided (Used) by Noncapital Financing Activities:	<u>(274,433)</u>	<u>(419,038)</u>	<u>678,017</u>	<u>--</u>	<u>(15,454)</u>
Cash Flows from Capital and Related Financing Activities:					
Operating grants	5,934,884	--	--	--	5,934,884
Purchase of capital assets	(11,542,130)	(422,654)	(897,791)	(24,773)	(12,887,348)
Proceeds of long term debt	518,884	--	--	--	518,884
Payments on long term debt	(496,230)	(186,913)	(135,051)	--	(818,194)
Debt interest paid	(1,164,003)	(140,747)	(9,330)	--	(1,314,080)
Change in restricted cash	(1,316)	(329,275)	--	--	(330,591)
Gain/Loss on sale of capital assets	2,842	--	2,500	--	5,342
Net Cash Provided (Used) by Capital and Related Financing Activities:	<u>(6,747,069)</u>	<u>(1,079,589)</u>	<u>(1,039,672)</u>	<u>(24,773)</u>	<u>(8,891,103)</u>
Cash Flows from Investing Activities:					
Interest earnings	445,858	1,159	--	59	447,076
Net Cash Provided (Used) by Investing Activities	<u>445,858</u>	<u>1,159</u>	<u>--</u>	<u>59</u>	<u>447,076</u>
Net Increase in Cash and Cash Equivalents	(2,977,770)	333,996	--	20,510	(2,623,264)
Cash and Cash Equivalents - Beginning of Year	<u>19,769,721</u>	<u>2,011,161</u>	<u>2,300</u>	<u>23,964</u>	<u>21,807,146</u>
Cash and Cash Equivalents - End of Year	<u>\$ 16,791,951</u>	<u>\$ 2,345,157</u>	<u>\$ 2,300</u>	<u>\$ 44,474</u>	<u>\$ 19,183,882</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Brandon
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2023 (Continued)

Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by Operating Activities:

Operating income (loss)	\$ 1,971,943	\$ 749,743	\$ 165,954	\$ 35,592	\$ 2,923,232
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Provided by operating activities:					
Depreciation expense	487,307	555,392	158,284	4,806	1,205,789
Amortization expense	--	--	38,126	--	38,126
(Increase) decrease in:					
Receivables	239,519	320,332	(1,536)	4,704	563,019
Prepaid expenses	--	--	150	--	150
Inventories	(7,694)	--	5,740	--	(1,954)
Increase (decrease) in:					
Accounts and other payables	881,118	187,066	(43,421)	122	1,024,885
Pension related deferred inflows and inflows	3,832	1,254	1,569	--	6,655
Accrued wages and leave payable	21,849	17,677	17,398	--	56,924
Unearned revenue	--	--	19,391	--	19,391
Cash Flows Provided by Operating Activities	<u>\$ 3,597,874</u>	<u>\$ 1,831,464</u>	<u>\$ 361,655</u>	<u>\$ 45,224</u>	<u>\$ 5,836,217</u>

Noncash Capital Activities

Capital Contribution	\$ 876,990	\$ 951,709	\$ --	\$ --	\$ 1,828,699
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The accompanying Notes to Financial Statements are an integral part of this statement.

City of Brandon
Notes to the Financial Statements
December 31, 2023

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), 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.

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

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

City of Brandon
Notes to the Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

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's 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 trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.

Street Maintenance Fund: This is a special revenue fund to account for special assessment taxes which may be used only to improve public streets. This is a major fund.

The following Special Revenue Funds are not considered major funds: Third Cent Sales Tax, 2006 TIF Special Revenue Fund, Surface Transportation Program Fund, Stormwater Fund and the 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 following Debt Service Funds are not considered major funds: TIF Convention Center Debt Service Fund, TIF #4 Fund, and TIF #5 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 or trust funds for individuals, private organizations, or other governments).

Rushmore Phase 2 Loan Fund– to account for the capital project authorized for reconstruction of the Rushmore Area. This is a major Fund.

The following Capital Projects are not considered to be major funds: Core Area Reconstruction Project Phase 2 Fund, and Core Area Reconstruction Project Phase 2b Fund. These funds are reported on the fund financial statements as part of "Other Governmental Funds" and are detailed in the combining statement section.

City of Brandon
Notes to the Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

Proprietary Funds:

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity’s principal revenue sources:

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Water Fund – financed primarily by user charges, this fund accounts for the construction and operation of the City 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 City 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 primarily by user charges, this fund accounts for the operations of electric services. This is a not 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.

City of Brandon
Notes to the Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. “Available” means resources are collected or 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 for the City of Brandon is 30 days. The revenues which are accrued at December 31, 2023 are amounts due from other governments, and other receivables due within 30 days.

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

City of Brandon
Notes to the Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

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 fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns.

e. Deposits and Investments:

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with term to maturity at a date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investments authorized by South Dakota Codified Law (SDCL) 4-5-6.

f. Capital Assets:

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

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

City of Brandon
Notes to the Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial Statements:

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their acquisition value 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 to useful life of a capital asset are also capitalized.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 2004 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. Capital assets used in business-type activities/proprietary fund operations, construction-period interest is also not capitalized; this is in accordance with USGAAP.

Depreciation/Amortization 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 reported as Unallocated Depreciation/Amortization, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
*Land and land rights	All	N/A	N/A
Improvements other than buildings	\$ 5,000	Straight-line	25-75 years
Buildings	25,000	Straight-line	25-75 years
Machinery and equipment	5,000	Straight-line	7-10 years
Furniture	5,000	Straight-line	7-10 years
Infrastructure	All	Straight-line	25-75 years

*Land, an inexhaustible capital asset, 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 acquired for use in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide financial statements.

City of Brandon
Notes to the Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

g. 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 consist primarily of state revolving loans, revenue bonds, notes payable, intangible lease liabilities, 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 financial statements.

h. Leases:

The City is a lessee for noncancellable leases of sixty golf carts. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

City of Brandon
Notes to the Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

i. Subscription-Based Information Technology Arrangements:

The City has not entered into subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements if this should happen. This City recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscription include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

j. 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.

City of Brandon
Notes to the Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

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.

k. Deferred Inflows and Deferred Outflows of Resources:

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

l. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Fund Net Position, 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.

m. 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.

City of Brandon
Notes to the Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

n. Equity Classifications:

Government-Wide Financial Statements:

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

1. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisitions, construction or improvement of those assets.
2. Restricted net position – Consists of net position 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 position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

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

o. Application of Net Position:

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

p. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

Nonspendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

City of Brandon
Notes to the Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the City Council.

Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy.

q. Pensions:

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

2. Implementation of New Accounting Standard:

In 2023, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This statement improves accounting and financial reporting for SBITAs; enhances the comparability of financial statements between governments; and also enhances the understandability, reliability, relevance, and consistency of information about SBITAs; There was no effect from the implementation of this standard on beginning net position.

City of Brandon
Notes to the Financial Statements
December 31, 2023

3. Deposits and Investments Fair Value Measurement, 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. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits – The City’s cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the 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 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.

As of December 31, 2023, the investments reported in the financial statements consist of only certificates of deposit.

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.

Concentration of Credit Risk – 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.

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

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

City of Brandon
Notes to the Financial Statements
December 31, 2023

4. Restricted Cash and Investments:

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

<u>Fund</u>	<u>Amount:</u>	<u>Purpose:</u>
General Fund	\$ 442,050	Debt Services, by debt covenants
Water Fund	222,577	Debt Services, by debt covenants
Sewer Fund	328,254	Debt Services, by debt covenants
Total	<u>\$ 992,881</u>	

5. 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 \$118,789 of receivables related to economic development loans to qualifying businesses reported in the Brandon Revolving Fund. This is a summary of Economic Development Loans receivable as of December 31, 2023.

Government Activities:

Years Ending

Dec. 31,	<u>Dakota Storage Loan</u>		<u>COVID Response Loans</u>		<u>Total Revolving Loan Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 6,095	\$ --	\$ 50,833	\$ --	\$ 56,928	\$ --
2025	118,789	--	--	--	118,789	--
Total	<u>\$ 124,884</u>	<u>\$ --</u>	<u>\$ 50,833</u>	<u>\$ --</u>	<u>\$ 175,717</u>	<u>\$ --</u>

6. Inventory:

Inventory in the General Fund consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

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.

City of Brandon
Notes to the Financial Statements
December 31, 2023

6. Inventory: (Continued)

Fund Financial Statements:

In the fund financial statements, purchases of supply inventory items are recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

7. Property Taxes:

Property taxes are levied on or before October 1, of the year preceding the start of the fiscal year. They attach as an enforceable lien on property, and become due and payable as of January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal 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.

8. Changes in Capital Assets:

A summary of changes in capital assets for the year ended December 31, 2023 is as follows:

	<u>Balance 12/31/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2023</u>
Governmental Activities:				
Capital assets, not being depreciated/amortized				
Land	\$ 2,715,158	\$ 50,750	\$ --	\$ 2,765,908
Construction in progress	5,101,724	4,722,127	4,550,964	5,272,887
Total, not being depreciated/amortized	<u>7,816,882</u>	<u>4,772,877</u>	<u>4,550,964</u>	<u>8,038,795</u>
Capital assets, being depreciated/amortized				
Buildings	5,072,847	--	--	5,072,847
Improvements	41,985,197	3,110,821	12,074	45,083,944
Machinery & Equipment	3,729,995	578,324	196,699	4,111,620
Total, being depreciated/amortized	<u>50,788,039</u>	<u>3,689,145</u>	<u>208,773</u>	<u>54,268,411</u>
Less accumulated depreciation/amortization for:				
Buildings	1,893,974	122,280	--	2,016,254
Improvements	12,732,348	1,710,396	6,641	14,436,103
Machinery & Equipment	2,085,429	314,196	159,944	2,239,681
Total accumulated depreciation/amortization	<u>16,711,751</u>	<u>2,146,872</u>	<u>166,585</u>	<u>18,692,038</u>
Capital Assets Net	<u>\$ 41,893,170</u>	<u>\$ 6,315,150</u>	<u>\$ 4,593,152</u>	<u>\$ 43,615,168</u>

City of Brandon
Notes to the Financial Statements
December 31, 2023

8. Changes in Capital Assets: (Continued)

Depreciation/amortization expense was charged to functions as follows:

General government	\$ 24,918
Public safety	96,112
Public works	1,575,511
Culture and recreation	450,331
	<u>\$ 2,146,872</u>

A summary of changes in capital assets for the year ended December 31, 2023 is as follows: (Continued)

	<u>Balance</u> <u>12/31/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2023</u>
Business-Type Activities:				
**restated				
Capital assets, not being depreciated:				
Land	\$ 2,613,225	\$ 5,954	\$ --	\$ 2,619,179
CIP	10,511,321	12,466,384	--	22,977,705
Total, not being depreciated	<u>13,124,546</u>	<u>12,472,338</u>	<u>--</u>	<u>25,596,884</u>
Capital assts, being depreciated/amortized:				
Buildings	10,317,979	243,000	--	10,560,979
Improvements	36,876,859	1,801,155	22,033	38,655,981
Machinery & Equipment **	3,715,193	199,553	48,607	3,866,139
Intangible Lease Assets **	148,297	--	--	148,297
Total, being depreciated/amortized	<u>51,058,328</u>	<u>2,243,708</u>	<u>70,640</u>	<u>53,231,396</u>
Less accumulated depreciation/amortization for:				
Buildings	2,869,368	214,963	--	3,084,331
Improvements	9,431,411	796,578	16,967	10,211,022
Machinery & Equipment **	2,491,748	194,248	48,607	2,637,389
Intangible Lease Assets **	72,045	38,126	--	110,171
Total accumulated depreciation/amortization	<u>14,864,572</u>	<u>1,243,915</u>	<u>65,574</u>	<u>16,042,913</u>
Capital Assets Net	<u>\$ 49,318,302</u>	<u>\$ 13,472,131</u>	<u>\$ 5,066</u>	<u>\$ 62,785,367</u>

Depreciation/Amortization expense was charged to functions as follows:

Water	\$ 487,307
Electric	4,806
Sewer	555,392
Amortization	38,126
Golf Course	158,284
Total Depreciation/Amortization Expense - Business-Type Activities	<u>\$ 1,243,915</u>

City of Brandon
Notes to the Financial Statements
December 31, 2023

8. Changes in Capital Assets: (Continued)

Construction Work in Progress at December 31, 2023 is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended thru 12/31/2023</u>	<u>Committed</u>
<u>Governmental Activities</u>			
Big Sioux Drainage	\$ 1,000,000	\$ 113,562	\$ 886,438
Ironwood Street Expansion	106,176	90,985	15,191
Core Area Reconstruction-Phase IIB	310,900	229,326	81,574
Rushmore Area Reconstruction-Phase II	5,000,000	4,839,014	160,986
Total Governmental Activities	<u>6,417,076</u>	<u>5,272,887</u>	<u>1,144,189</u>
<u>Business-Type Activities</u>			
Golf Course Retaining Wall	1,874,220	1,874,220	--
Dual Force Main	172,478	165,828	6,650
Eastside Trunk Sewer	291,603	291,603	--
Pool Lift Station	79,539	45,007	34,532
Exit 406 Sewer Utilities	36,700	23,075	13,625
Exit 406 Water Utilities	36,700	23,075	13,625
Water Treatment Plant Expansion	28,396,290	13,865,402	14,530,888
Water Tower - Redwood	7,585,000	6,689,495	895,505
Total Business-Type Activities	<u>38,472,530</u>	<u>22,977,705</u>	<u>15,494,825</u>
Total Work in Progress	<u>\$ 44,889,606</u>	<u>\$ 28,250,592</u>	<u>\$ 16,639,014</u>

City of Brandon
Notes to the Financial Statements
December 31, 2023

9. Long-Term Debt:

A summary of changes in long-term debt follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government					
Government Activities:					
Bonds Payable:					
Revenue	\$ 20,736,471	\$ 4,445,000	\$ 1,152,295	\$ 24,029,176	\$ 1,338,572
Premiums on bonds	1,172,695	305,387	77,822	1,400,260	98,181
Notes Payable:					
Bank Notes	446,766	--	291,416	155,350	102,730
Total Debt	<u>22,355,932</u>	<u>4,750,387</u>	<u>1,521,533</u>	<u>25,584,786</u>	<u>1,539,483</u>
Accrued Leave	261,101	423,541	261,101	423,541	105,885
Total Governmental Activities	<u>22,617,033</u>	<u>5,173,928</u>	<u>1,782,634</u>	<u>26,008,327</u>	<u>1,645,368</u>
Business-Type Activities:					
Bonds Payable:					
Revenue	20,575,782	--	451,426	20,124,356	475,182
Premium on Debt	1,253,014	--	41,767	1,211,247	41,767
State Revolving Funds	7,281,669	518,884	202,861	7,597,692	239,123
Notes Payable	13,174	--	13,174	--	--
Intangible Lease	335,391	--	126,659	208,732	91,112
Total Debt	<u>29,459,030</u>	<u>518,884</u>	<u>835,887</u>	<u>29,142,027</u>	<u>847,184</u>
Pension Liability	3,180	--	72	3,108	--
Accrued Leave	155,472	226,234	155,472	226,234	56,558
Total Business-Type Activities	<u>29,617,682</u>	<u>745,118</u>	<u>991,431</u>	<u>29,371,369</u>	<u>903,742</u>
Total Primary Government	<u>\$ 52,234,715</u>	<u>\$ 5,919,046</u>	<u>\$ 2,774,065</u>	<u>\$ 55,379,696</u>	<u>\$ 2,549,110</u>

City of Brandon
Notes to the Financial Statements
December 31, 2023

9. Long-Term Debt: (Continued)

Debt payable at December 31, 2023, is comprised of the following:

Governmental Activities:

Revenue Bonds:

Sales Tax Revenue Bonds, Series 2019A Fire Department	During March, 2020, the city entered into an agreement to receive sales tax revenue bonds for \$780,477 with an interest rate of 3.0%. The final payment is due September, 2035. This debt is serviced by the General Fund.	\$ 619,176
Sales Tax Revenue Bonds, Series 2023	During March 2023, the city entered into an agreement to receive sales tax revenue bonds for \$4,445,000 with an interest rate of 5.0%. The final payment is due September, 2038. This debt is serviced by the General Fund.	4,445,000
Sales Tax Revenue Bonds, Series 2019B Holly/Main Project	During June, 2020, the city entered into an agreement to receive sales tax revenue bonds for \$6,500,000 with an interest rate of 3.0%. The final payment is due December, 2034. This debt is serviced by the General Fund.	5,060,000
Sales Tax Revenue Bonds, Series 2019C Brandon Park	During June, 2020, the city entered into an agreement to receive sales tax revenue bonds for \$2,000,000 with an interest rate of 3.0%. The final payment is due December, 2034. This debt is serviced by the General Fund.	1,560,000
Sales Tax Revenue Bonds, Series 2020 Core Phase	During February, 2021, the city entered into an agreement to receive sales tax revenue bonds for \$6,475,000 with an interest rate of 3.0%. The final payment is due August, 2040. This debt is serviced by the General Fund.	5,735,000
Sales Tax Revenue Bonds, Series 2021 Rushmore Phase I	During March, 2022, the city entered into an agreement to receive sales tax revenue bonds for \$4,150,000 with an interest rate of 3.0%. The final payment is due September, 2036. This debt is serviced by the General Fund.	3,725,000

City of Brandon
Notes to the Financial Statements
December 31, 2023

9. Long-Term Debt: (Continued)

Debt payable at December 31, 2023, is comprised of the following: (Continued)

Premium on Long Term Debt	The premium on long term debt issued is being amortized. This debt is serviced by the General Fund	1,400,260
Sales Tax Revenue Bonds, Series 2022 Core Area	During February, 2023, the city entered into an agreement to receive sales tax revenue bonds for \$3,000,000 with an interest rate of 5.0%. The final payment is due August, 2037. This debt is serviced by the General Fund.	<u>2,885,000</u>
Total Revenue Bond Debt		<u>25,429,436</u>
Notes Payable:		
First National Bank for Conference Center	During September, 2021, the city entered into a bank loan agreement with a rate of 3.62%. This note has a final payment due March, 2025. This debt is serviced by the TIF Special Revenue and Debt Service Funds.	<u>155,350</u>
Total Notes Payable		<u>155,350</u>
Accrued Leave Payable	The liability for accrued leave represents leave benefits earned as of December 31, 2023. This debt is serviced by the General Fund.	<u>423,541</u>
Total Governmental Activities Debt		<u>\$ 26,008,327</u>
Business-type Activities:		
State Revolving Fund (SRF) Loans:		
Series 2020 State Revolving Fund	During fiscal year 2023, the city did another drawdown on this note for \$518,884. At the rate of 2.125%, the final payment is January, 2053. This debt will be repaid from the Water Fund.	\$ 5,595,190
Series 2018 State Revolving Fund	During fiscal year 2018, the city finalized an agreement to receive \$2,598,000 on an SRF loan. At the rate of 3%, the final payment is January, 2038. This debt will be repaid from the Sewer Fund.	<u>2,002,502</u>
Total State Revolving Fund Debt		<u>7,597,692</u>

City of Brandon
Notes to the Financial Statements
December 31, 2023

9. Long-Term Debt: (Continued)

Debt payable at December 31, 2023, is comprised of the following: (Continued)

Revenue Bonds:

Utility Revenue Bonds, Series 2020, Well #8	During December, 2020, the city entered into an agreement for Water Utility Revenue bonds in the amount of \$1,000,000. These bonds have a 2.0% fixed rate and the final payment is due December 1, 2029. This debt is serviced by the Water Fund.	615,000
Utility Revenue Bonds, Series 2020, Well #8	During January, 2018, the city entered into an agreement for Utility Revenue bonds in the amount of \$2,110,000. These bonds have a 4.56% fixed rate and the final payment is due February, 2038. This debt is serviced by the Sewer Fund.	1,704,356
Water Surcharge Revenue Bonds, Series 2022	During February, 2023, the city entered into an agreement for Water Surcharge Revenue bonds in the amount of \$18,080,000. These bonds have a varying rate of 4 to 5% rate and the final payment is due December, 2052. This debt is serviced by the Water Fund.	<u>19,016,247</u>
Total Revenue Bond Debt		<u>21,335,603</u>

Leases Payable:

Huntington National Bank in Plymouth, MN	During January, 2021, the city entered into an agreement to lease GPS equipment for \$122,189 with an interest rate of 2.89%. This note has a final payment due January, 2026. This debt is serviced by the Golf Course Fund.	75,400
Wells Fargo Bank	During February, 2021, the city entered into an agreement to lease golf carts for \$325,153 with a varying interest rate of 1.43 to 1.72%. This note has a final payment due April, 2025. This debt is serviced by the Golf Course Fund.	<u>133,332</u>
Total Leases Payable		<u>208,732</u>

City of Brandon
Notes to the Financial Statements
December 31, 2023

9. Long-Term Debt: (Continued)

Debt payable at December 31, 2023, is comprised of the following: (Continued)

Pension Liability	Pension Liability	3,108
Accrued Leave Payable	The liability for accrued leave represents leave benefits earned as of December 31, 2022. This debt is serviced by the proprietary fund making the payroll payment.	226,234
Total Business Activity Debt		29,371,369
Grand Total		\$ 55,379,696

The annual requirements to amortize all debt outstanding as of December 31, 2023, except for compensated absences are as follows:

Government Activities:

Years Ending

Dec. 31,	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,436,753	\$ 957,622	\$ 102,730	\$ 4,189	\$ 1,539,483	\$ 961,811
2025	1,573,071	810,390	52,620	840	1,625,691	811,230
2026	1,634,427	758,631	--	--	1,634,427	758,631
2027	1,680,826	704,633	--	--	1,680,826	704,633
2028	1,742,265	648,844	--	--	1,742,265	648,844
2029-2033	9,484,497	2,367,745	--	--	9,484,497	2,367,745
2034-2038	6,977,869	780,951	--	--	6,977,869	780,951
2039-2043	899,728	37,950	--	--	899,728	37,950
Total	\$ 25,429,436	\$ 7,066,766	\$ 155,350	\$ 5,029	\$ 25,584,786	\$ 7,071,795

City of Brandon
Notes to the Financial Statements
December 31, 2023

9. Long-Term Debt: (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2023, except for compensated absences are as follows: (Continued)

Business-Type Activities:

Years Ending

Dec. 31,	Revenue Bonds		State Revolving Loans	
	Principal	Interest	Principal	Interest
2024	\$ 516,949	\$ 983,208	\$ 239,123	\$ 164,050
2025	535,877	962,780	245,267	157,909
2026	554,987	941,420	251,572	151,602
2027	584,286	919,121	258,044	145,130
2028	603,784	895,524	264,688	138,488
2029-2033	2,968,987	4,101,748	1,429,430	586,442
2034-2038	3,425,991	3,459,829	1,493,211	392,758
2039-2043	3,408,835	2,762,862	894,381	255,416
2044-2048	4,343,835	1,868,900	994,360	155,433
2049-2053	4,392,072	597,024	1,527,616	45,198
Total	\$ 21,335,603	\$ 17,492,416	\$ 7,597,692	\$ 2,192,426

Years Ending

Dec. 31,	Leases Payable		Total	
	Principal	Interest	Principal	Interest
2024	\$ 91,112	\$ 5,039	\$ 847,184	\$ 1,152,297
2025	91,762	4,389	872,906	1,125,078
2026	25,858	747	832,417	1,093,769
2027	--	--	842,330	1,064,251
2028	--	--	868,472	1,034,012
2029-2033	--	--	4,398,417	4,688,190
2034-2038	--	--	4,919,202	3,852,587
2039-2043	--	--	4,303,216	3,018,278
2044-2048	--	--	5,338,195	2,024,333
2049-2053	--	--	5,919,688	642,222
Total	\$ 208,732	\$ 10,175	\$ 29,142,027	\$ 19,695,017

City of Brandon
Notes to the Financial Statements
December 31, 2023

10. Leases:

The City leased GPS equipment through Huntington National Bank in Plymouth, MN. This equipment had an original cost of \$122,189 as of December 31, 2023 and accumulated amortization of \$46,789 as of December 31, 2023.

The City leased golf carts through Wells Fargo Equipment Finance. This equipment had an original cost of \$325,153 and accumulated amortization of \$191,821 as of December 31, 2023.

11. Wastewater Agreement:

In October 2015, 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 2022 rate of \$4.59 per 1,000 gallons of volume of wastewater discharged from the sewer system of Brandon in to the Sioux Falls Wastewater Treatment Facility. The annual administrative fee is for the role of implementation and enforcement of Industrial Pretreatment Program on industrial users in Brandon. The City of Brandon also pays the rates, surcharges and Regional SDC's as established by the Sioux Falls City Council, and adopted in the Code of Ordinances of Sioux Falls for its Regional Wastewater System. Payments are made from the city's Sewer Fund.

12. Restricted Net Position:

Restricted Net Position for the year ended December 31, 2023 was as follows:

	Governmental Funds	Proprietary Funds	Total
Debt service	\$ 1,179,198	\$ 550,831	\$ 1,730,029
Capital projects	1,763,262	--	1,763,262
SDRS pension purposes	247,824	77,362	325,186
Total	\$ 3,190,284	\$ 628,193	\$ 3,818,477

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

City of Brandon
Notes to the Financial Statements
December 31, 2023

13. Interfund Transfers:

Interfund transfers for the year ended December 31, 2023 were as follows:

Transfer from Surface Transportation Project Fund to Core Reconstruction Phase 2b Fund to help fund the project.	\$ 229,326
Transfer from Surface Transportation Project Fund to Core Reconstruction Phase 2 Fund to help fund the project.	\$ 42,939
Transfer from Rushmore Project Phase II Fund to General Fund help fund the project.	\$ 73,439
Transfer from General Fund to the Golf Course Fund to assist with cash shortages	\$ 678,017
Transfer from General Fund to Surface Transportation Fund for funding.	\$ 117,828
Transfer from Water Fund to General Fund for Engineering Fees.	\$ 46,026
Transfer from Sewer Fund to General Fund for Engineering Fees.	\$ 46,027
Transfer from Water Fund to General Fund for Bond Payments Transactions	\$ 228,407
Transfer from Sewer Fund to General Fund for Bond Payments Transactions.	\$ 373,011

14. Pension Plan:

Plan Information:

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

City of Brandon
Notes to the Financial Statements
December 31, 2023

14. Pension Plan: (Continued)

Benefits Provided:

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

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

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

City of Brandon
Notes to the Financial Statements
December 31, 2023

14. Pension Plan: (Continued)

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A members, 6% of salary; Class B Judicial Members, 9% of salary; and Class B Public Safety Members, 8% of salary. State Statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2023, 2022, and 2021, equal to the required contributions each year as follows:

2023	\$	205,633
2022		174,345
2021		152,290

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

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

Proportionate share of pension liability	\$ 17,785,007
Less proportionate share of total pension restricted for pension benefits	<u>17,796,987</u>
Proportionate share of net pension liability (asset)	<u>\$ (11,980)</u>

At December 31, 2023, the City reported an asset of (\$11,980) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023 and the total pension asset used to calculate the net pension asset was based on a projection of the City's share of contributions to the plan relative to the contributions of all participating entities. At June 30, 2023, the City's proportion was 0.122273400%, which is an increase of 0.0086930% from its proportion measured as of June 30, 2022.

City of Brandon
Notes to the Financial Statements
December 31, 2023

14. Pension Plan: (Continued)

For the year ended December 31, 2023 the City recognized pension expense of \$30,164. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 339,562	\$ --
Changes in assumption	409,559	598,683
Net Difference between projected and actual earnings on pension plan investments	79,755	--
Changes in proportion and difference between City contributions and proportionate share of contributions	437	21,838
City contributions subsequent to the measurement date	104,414	--
Total Revenues	<u>\$ 933,727</u>	<u>\$ 620,521</u>

\$104,414 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions recognized in pension expense (reduction of pension expense) as follows:

Year Ended	
<u>December 31:</u>	
2024	\$ 156,352
2025	(188,867)
2026	226,102
2027	15,257
	<u>\$ 208,844</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.91%

City of Brandon
Notes to the Financial Statements
December 31, 2023

14. Pension Plan: (Continued)

Mortality Rates:

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

Active and Terminated Vested Members:

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

Retired members:

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table
Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2022.

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

City of Brandon
Notes to the Financial Statements
December 31, 2023

14. Pension Plan: (Continued)

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	100%	

Discount Rate:

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

Sensitivity of Liability to Changes in the Discount Rate:

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset)	\$ 2,455,354	\$ (11,980)	\$ (2,029,787)

Pension Plan Fiduciary Net Position:

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

City of Brandon
Notes to the Financial Statements
December 31, 2023

15. 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, 2023, the City managed its risks as follows:

Employee Health Insurance:

The City purchases employee health insurance for its employees from a commercial insurance carrier. Settled claims resulting 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, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control and risk reduction information and to obtain lower costs for that coverage. The City's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the City. The City pays a Members' Annual Operating Contribution, to provide liability coverage detailed below, under an occurrence-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, thefts, errors and omissions, automobile and general liability.

Effective October 5, 2022, the SDPAA adopted a new policy on member departures. Departing members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing member with such a partial refund because the departing member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing member pursuant to the revised IGC.

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

The City carries a \$1,000 deductible for the automobile collision coverage, \$250 deductible for official's liability and \$5,000 for Law Enforcement liabilities.

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 liabilities coverage.

City of Brandon
Notes to the Financial Statements
December 31, 2023

15. Risk Management: (Continued)

Worker's Compensation:

The City joined the South Dakota City League Worker's Compensation Fund (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 behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to 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 statutory limits in addition to a separate combined employer liability limit of \$2,000,000 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.

During the year ended December 31, 2023, no claims were filed for unemployment benefits. At December 31, 2023, no claims were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

Required Supplementary Information

City of Brandon
 Budgetary Comparison Schedules-Budgetary Basis – General Fund
 For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
General property tax	\$ 3,454,172	\$ 3,454,172	\$ 3,431,465	\$ (22,707)
General sales and use tax	4,000,000	4,150,000	5,336,864	1,186,864
Penalties and interest on taxes	3,400	3,400	3,138	(262)
Licenses and permits	289,334	289,334	278,176	(11,158)
Intergovernmental:				
Federal grants	207,430	207,430	213,293	5,863
State grants	33,311	33,311	34,402	1,091
State shared revenues				
Bank franchise tax	124,000	124,000	146,197	22,197
Motor vehicle commercial prorate	5,600	5,600	6,574	974
Liquor tax reversion	60,000	60,000	75,941	15,941
Motor vehicle licenses (5%)	56,000	56,000	63,380	7,380
Local government highway and bridge fund	55,000	55,000	60,537	5,537
County Shared Revenue:				
County road tax (25%)	10,000	10,000	11,577	1,577
Charges for Goods and Services:				
General government	3,000	3,000	6,900	3,900
Public safety	75,200	75,200	81,175	5,975
Sanitation	2,000	2,000	1,405	(595)
Culture and recreation	188,065	188,065	195,620	7,555
Fines and Forfeits:				
Court fines and costs	3,200	3,200	3,719	519
Miscellaneous Revenue:				
Investment earnings	3,000	3,000	68,921	65,921
Rentals	--	--	1,950	1,950
Special assessments	--	--	22,928	22,928
Contributions and donations	--	--	54,250	54,250
Other	15,000	15,000	59,763	44,763
Total Revenues	<u>\$ 8,587,712</u>	<u>\$ 8,737,712</u>	<u>\$ 10,158,175</u>	<u>\$ 1,420,463</u>

City of Brandon
 Budgetary Comparison Schedules-Budgetary Basis – General Fund
 For the Year Ended December 31, 2023 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Expenditures				
General Government:				
Mayor & council	\$ 52,639	\$ 52,639	\$ 47,979	\$ 4,660
Publications	30,000	30,000	28,563	1,437
Elections	3,500	3,500	--	3,500
Executive Admin	277,110	277,110	259,227	17,883
Financial administration	436,427	436,427	413,678	22,749
Legal	68,000	68,000	52,739	15,261
General Government Building	535,600	535,600	396,164	139,436
Public Safety:				
Police	2,149,972	2,149,972	2,069,270	80,702
Fire	332,737	332,737	327,930	4,807
Building inspection	233,346	233,346	226,501	6,845
Other protection	267,500	267,500	262,991	4,509
Public Works:				
Highways and streets	2,088,165	2,088,165	782,471	1,305,694
Sanitation	3,500	3,500	3,217	283
Transit	202,178	202,178	168,542	33,636
Health and Welfare:				
Health	10,300	10,300	3,926	6,374
Culture and Recreation:				
Recreation	365,162	365,162	310,107	55,055
Parks	1,160,370	1,285,370	1,223,364	62,006
Libraries	5,000	5,000	--	5,000
Conservation and Development:				
Economic Development and Assistance	170,694	320,694	231,386	89,308
Debt Service	2,042,950	2,045,350	2,045,272	78
Contingency	75,000	72,600	--	72,600
Total Expenditures	<u>10,510,150</u>	<u>10,785,150</u>	<u>8,853,327</u>	<u>1,931,823</u>
Excess of Revenues Over Expenditures	<u>(1,922,438)</u>	<u>(2,047,438)</u>	<u>1,304,848</u>	<u>3,352,286</u>
Other Financing Sources:				
Transfers in	718,014	718,014	766,910	48,896
Transfers (out)	(1,569,940)	(1,814,940)	(795,845)	1,019,095
Sale of Municipal Property	--	--	6,704	6,704
Total Other Financing Sources	<u>(851,926)</u>	<u>(1,096,926)</u>	<u>(22,231)</u>	<u>1,074,695</u>
Net Changes in Fund Balance	(2,774,364)	(3,144,364)	1,282,617	4,426,981
Fund Balance, Beginning of Year	<u>8,993,088</u>	<u>8,993,088</u>	<u>8,752,193</u>	<u>(240,895)</u>
Fund Balance, End of Year	<u><u>\$ 6,218,724</u></u>	<u><u>\$ 5,848,724</u></u>	<u><u>\$ 10,034,810</u></u>	<u><u>\$ 4,186,086</u></u>

City of Brandon
 Budgetary Comparison Schedules-Budgetary Basis – Street Maintenance Fund
 For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Penalties and interest on taxes	\$ --	\$ --	\$ 938	\$ 938
Miscellaneous Revenue:				
Investment earnings	1,000	1,000	200	(800)
Special maintenance fee	840,000	840,000	836,905	(3,095)
Other	280,000	280,000	219,835	(60,165)
Total Revenues	<u>\$ 1,121,000</u>	<u>\$ 1,121,000</u>	<u>\$ 1,057,878</u>	<u>\$ (63,122)</u>
Expenditures				
Public Works:				
Highways and streets	\$ 1,404,400	\$ 1,674,400	\$ 1,543,911	\$ 130,489
Total Expenditures	<u>1,404,400</u>	<u>1,674,400</u>	<u>1,543,911</u>	<u>130,489</u>
Excess of Revenues Over Expenditures	<u>(283,400)</u>	<u>(553,400)</u>	<u>(486,033)</u>	<u>67,367</u>
Other Financing Sources:				
Transfers in	--	245,000	117,828	(127,172)
Total Other Financing Sources	<u>--</u>	<u>245,000</u>	<u>117,828</u>	<u>(127,172)</u>
Net Changes in Fund Balance	(283,400)	(308,400)	(368,205)	(59,805)
Fund Balance, Beginning of Year	371,640	371,640	371,640	--
Fund Balance, End of Year	<u>\$ 88,240</u>	<u>\$ 63,240</u>	<u>\$ 3,435</u>	<u>\$ (59,805)</u>

City of Brandon
Notes to the Required Supplementary Information
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget
For the Year Ended December 31, 2023

Note 1. Budgets and Budgetary Accounting:

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board/City Commission introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board/City 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 City budget and may be transferred by resolution of the Governing Board/City 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. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board/City Commission.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

Note 2. GAAP/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP applied within the context of the modified accrual basis of accounting 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. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

City of Brandon
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
Years Ended December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.1227340%	0.1140410%	0.1086590%	0.1104884%	0.1132433%	0.1105286%	0.1074691%	0.1139722%	0.1092210%	0.1111519%
City's proportionate share of net pension liability (asset)	\$ (11,980)	\$ (10,778)	\$ (832,142)	\$ (4,798)	\$ (12,001)	\$ (2,578)	\$ (9,753)	\$ 384,987	\$ (463,237)	\$ (800,804)
City's covered-employee payroll	<u>2,837,389</u>	<u>2,418,600</u>	<u>2,203,238</u>	<u>2,170,841</u>	<u>2,172,704</u>	<u>2,145,528</u>	<u>1,980,543</u>	<u>1,923,651</u>	<u>1,800,249</u>	<u>1,828,032</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.42%	-0.45%	-37.77%	-0.22%	-0.55%	-0.12%	-0.49%	20.01%	-25.73%	-43.81%
Plan fiduciary net position as a percentage of the total pension benefit	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30.

City of Brandon
Schedule of the City's Contributions (SDRS)
As of December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 205,633	\$ 174,345	\$ 152,290	\$ 146,814	\$ 145,185	\$ 143,439	\$ 132,752	\$ 128,889	\$ 121,042
Contributions in relation to the contractually required contribution	<u>205,633</u>	<u>174,345</u>	<u>152,290</u>	<u>146,814</u>	<u>145,185</u>	<u>143,439</u>	<u>132,752</u>	<u>128,889</u>	<u>121,042</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered-employee payroll	\$3,069,320	\$ 2,596,208	\$ 2,258,151	\$ 2,187,970	\$ 2,172,704	\$ 2,145,528	\$ 1,980,543	\$ 1,923,651	\$ 1,800,249
Contributions as a percentage of covered-employee payroll	6.70%	6.72%	6.74%	6.71%	6.68%	6.69%	6.70%	6.70%	6.72%

**GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Brandon

Notes to Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions As of December 31,

Changes from Prior Valuation:

The June 30, 2023 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2022 Actuarial Valuation.

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

Benefit Provision Changes:

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

Actuarial Method Changes:

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

Actuarial Assumption Changes:

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

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

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

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

Supplementary Information

City of Brandon
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Special Revenue Nonmajor Governmental Funds	Debt Service Nonmajor Governmental Funds	Capital Projects Nonmajor Governmental Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,514,864	\$ 127,761	\$ 12,294	\$ 1,654,919
Investments-certificates of deposit	174,821	204	--	175,025
Taxes receivable:				
Accounts receivable	3,200	--	--	3,200
Special assessments receivable				
Delinquent	4,805	--	--	4,805
Due from county governments	2,904	--	--	2,904
Notes Receivable	175,717	--	--	175,717
Total Assets	<u>\$ 1,876,311</u>	<u>\$ 127,965</u>	<u>\$ 12,294</u>	<u>\$ 2,016,570</u>
Liabilities and Fund Balances:				
Accounts payable	\$ 2,462	\$ --	\$ 12,294	\$ 14,756
Total Liabilities	<u>2,462</u>	<u>--</u>	<u>12,294</u>	<u>14,756</u>
Deferred Inflows of Resources:				
Special Assessments	4,805	--	--	4,805
Total Deferred Inflows of Resources	<u>4,805</u>	<u>--</u>	<u>--</u>	<u>4,805</u>
Fund Balances:				
Nonspendable	175,717	--	--	175,717
Restricted	1,187,157	127,965	--	1,315,122
Committed	506,170	--	--	506,170
Total Fund Balances	<u>1,869,044</u>	<u>127,965</u>	<u>--</u>	<u>1,997,009</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,876,311</u>	<u>\$ 127,965</u>	<u>\$ 12,294</u>	<u>\$ 2,016,570</u>

City of Brandon
Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Special Revenue Nonmajor Governmental Funds	Debt Service Nonmajor Governmental Funds	Capital Projects Nonmajor Governmental Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes				
General property taxes	\$ --	\$ 85,176	\$ --	\$ 85,176
General sales taxes	353,790	--	--	353,790
Penalties and interest	919	119	--	1,038
Other	58,569	--	--	58,569
Intergovernmental revenue				
State grants	402,892	--	--	402,892
Miscellaneous revenue				
Investment earnings	5,284	144	--	5,428
Special assessments	466,786	--	--	466,786
Total Revenue	<u>1,288,240</u>	<u>85,439</u>	<u>--</u>	<u>1,373,679</u>
Expenditures:				
Current:				
General government:				
Other	129,152	--	--	129,152
Public works:				
Highways and streets	340,364	--	--	340,364
Conservation and development:				
Economic development and assistance (industrial development)	10	--	--	10
Debt service	47,577	59,342	--	106,919
Capital outlay	--	--	272,265	272,265
Total Expenditures	<u>517,103</u>	<u>59,342</u>	<u>272,265</u>	<u>848,710</u>
Excess of Revenues Over (Under)				
Expenditures	<u>771,137</u>	<u>26,097</u>	<u>(272,265)</u>	<u>524,969</u>
Other Financing Sources:				
Transfers in	--	--	272,265	272,265
Transfers out	(272,265)	--	--	(272,265)
Total Other Financing Sources	<u>(272,265)</u>	<u>--</u>	<u>272,265</u>	<u>--</u>
Net Change in Fund Balance	498,872	26,097	--	524,969
Fund Balances- Beginning of Year	<u>1,370,172</u>	<u>101,868</u>	<u>--</u>	<u>1,472,040</u>
Fund Balances - End of Year	<u>\$ 1,869,044</u>	<u>\$ 127,965</u>	<u>\$ --</u>	<u>\$ 1,997,009</u>

City of Brandon
Combining Balance Sheet
Special Revenue Nonmajor Governmental Funds
December 31, 2023

	Special Revenue					Total Nonmajor Special Revenue Funds
	Third Cent Sales Tax Fund	2006 TIF Fund	Surface Transportation Program Fund	Revolving Loan Fund	Stormwater Fund	
Assets:						
Cash and cash equivalents	\$ 436,461	\$ 38,152	\$ 130,637	\$ 401,642	\$ 507,972	\$ 1,514,864
Investment-certificates of deposit	7,487	50	485	166,139	660	174,821
Accounts receivable	--	3,200	--	--	--	3,200
Special assessments receivable						
Delinquent	--	--	--	--	4,805	4,805
Due from county governments	2,904	--	--	--	--	2,904
Notes receivable	--	--	--	175,717	--	175,717
Total Assets	<u>\$ 446,852</u>	<u>\$ 41,402</u>	<u>\$ 131,122</u>	<u>\$ 743,498</u>	<u>\$ 513,437</u>	<u>\$ 1,876,311</u>
Liabilities and Fund Balances:						
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ 2,462	\$ 2,462
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,462</u>	<u>2,462</u>
Deferred Inflows of Resources:						
Special Assessments	--	--	--	--	4,805	4,805
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,805</u>	<u>4,805</u>
Fund Balances:						
Nonspendable	--	--	--	175,717	--	175,717
Restricted	446,852	41,402	131,122	567,781	--	1,187,157
Committed	--	--	--	--	506,170	506,170
Total Fund Balances	<u>446,852</u>	<u>41,402</u>	<u>131,122</u>	<u>743,498</u>	<u>506,170</u>	<u>1,869,044</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 446,852</u>	<u>\$ 41,402</u>	<u>\$ 131,122</u>	<u>\$ 743,498</u>	<u>\$ 513,437</u>	<u>\$ 1,876,311</u>

City of Brandon
Combining Statement of Revenues, Expenditures and Changes
In Fund Balances – Special Revenue Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Special Revenue					Total Nonmajor Special Revenue Funds
	Third Cent Sales Tax Fund	2006 TIF Fund	Surface Transportation Program Fund	Revolving Loan Fund	Stormwater Fund	
Revenues:						
Taxes						
General sales taxes	\$ 353,790	\$ --	\$ --	\$ --	\$ --	\$ 353,790
Penalties and interest	--	--	--	--	919	919
Other	--	58,569	--	--	--	58,569
State grants	--	--	402,892	--	--	402,892
Miscellaneous revenue						
Investment earnings	498	47	495	3,285	959	5,284
Special assessments	--	--	--	--	466,786	466,786
Total Revenue	354,288	58,616	403,387	3,285	468,664	1,288,240
Expenditures:						
Current:						
General government:						
Other	\$ 129,152	\$ --	\$ --	\$ --	\$ --	\$ 129,152
Public works:						
Highways and streets	--	--	--	--	340,364	340,364
Conservation and development:						
Economic development and assistance (industrial development)	--	--	--	10	--	10
Debt service	--	47,577	--	--	--	47,577
Total Expenditures	129,152	47,577	--	10	340,364	517,103
Excess of Revenues Over (Under)						
Expenditures	225,136	11,039	403,387	3,275	128,300	771,137
Other Financing Sources:						
Transfers out	--	--	(272,265)	--	--	(272,265)
Total Other Financing Sources	--	--	(272,265)	--	--	(272,265)
Net Change in Fund Balance	225,136	11,039	131,122	3,275	128,300	498,872
Fund Balances- Beginning of Year	221,716	30,363	--	740,223	377,870	1,370,172
Fund Balances - End of Year	\$ 446,852	\$ 41,402	\$ 131,122	\$ 743,498	\$ 506,170	\$ 1,869,044

City of Brandon
Combining Balance Sheet
Debt Service Nonmajor Governmental Funds
December 31, 2023

	<u>Debt Service</u>			Total Nonmajor Debt Service Funds
	TIF Convention Center Fund	TIF #4 Fund	TIF #5 Fund	
Assets:				
Cash and cash equivalents	\$ 113,123	\$ 7,806	\$ 6,832	\$ 127,761
Investment-certificates of deposit	204	--	--	204
Total Assets	<u>\$ 113,327</u>	<u>\$ 7,806</u>	<u>\$ 6,832</u>	<u>\$ 127,965</u>
Fund Balances:				
Restricted	\$ 113,327	\$ 7,806	\$ 6,832	\$ 127,965
Total Fund Balances	<u>113,327</u>	<u>7,806</u>	<u>6,832</u>	<u>127,965</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 113,327</u>	<u>\$ 7,806</u>	<u>\$ 6,832</u>	<u>\$ 127,965</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, 2023

	Debt Service			Total Nonmajor Debt Service Funds
	TIF Convention Center Fund	TIF #4 Fund	TIF #5 Fund	
Revenues:				
Taxes:				
General property taxes	\$ 70,603	\$ 7,741	\$ 6,832	\$ 85,176
Penalties and interest	54	65	--	119
Miscellaneous revenue:				
Investment earnings	144	--	--	144
Total Revenue	<u>70,801</u>	<u>7,806</u>	<u>6,832</u>	<u>85,439</u>
Expenditures:				
Current:				
Debt service	59,342	--	--	59,342
Total Expenditures	59,342	--	--	59,342
Net Change in Fund Balance	<u>11,459</u>	<u>7,806</u>	<u>6,832</u>	<u>26,097</u>
Fund Balances- Beginning of Year	<u>101,868</u>	<u>--</u>	<u>--</u>	<u>101,868</u>
Fund Balances - End of Year	<u>\$ 113,327</u>	<u>\$ 7,806</u>	<u>\$ 6,832</u>	<u>\$ 127,965</u>

City of Brandon
Combining Balance Sheet
Capital Projects Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Capital Projects		
	Core Reconstruction Project Phase 2b Fund	Core Reconstruction Project Phase 2 Fund	Total Nonmajor Capital Projects Funds
Assets:			
Cash and cash equivalents	\$ 8,559	\$ 3,735	\$ 12,294
Total Assets	\$ 8,559	\$ 3,735	\$ 12,294
Liabilities and Fund Balances:			
Accounts payable	\$ 8,559	\$ 3,735	\$ 12,294
Total Liabilities	8,559	3,735	12,294
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,559	\$ 3,735	\$ 12,294

City of Brandon
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances – Capital Projects Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Capital Projects		
	Core Reconstruction Project Phase 2b Fund	Core Reconstruction Project Phase 2 Fund	Total Nonmajor Capital Projects Funds
Expenditures:			
Capital outlay	\$ 229,326	\$ 42,939	\$ 272,265
Total Expenditures	229,326	42,939	272,265
Excess of Revenues Over (Under)			
Expenditures	(229,326)	(42,939)	(272,265)
Other Financing Sources:			
Transfers in	229,326	42,939	272,265
Total Other Financing Sources	229,326	42,939	272,265
Net Change in Fund Balance	--	--	--
Fund Balances- Beginning of Year	--	--	--
Fund Balances - End of Year	\$ --	\$ --	\$ --

City of Brandon
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Highway Planning and Construction Cluster			
Pass through the S.D Department of Transportation			
Highway Planning and Construction	20.205	PA32TLEZLKH7	\$133,588
Federal Transit - for Rural Areas	20.509	SD-2023-009	76,433
Fsection 5310 CRRSAA - Transit	20.513	SD-2023-003	<u>2,288</u>
Total U.S. Department of Transportation			<u>212,309</u>
U.S. Department of Treasury:			
US Department of Treasury - Direct Programs:			
Coronavirus State and Local Fiscal Recovery Funds (Note 3)	21.027	NA	<u>5,934,884</u>
Total U.S. Department of Treasury			<u>5,934,884</u>
U.S. Environmental Protection Agency			
Pass through SD Department of Environment and Natural Resources			
Capitalization Grants for Drinking Water State Revolving Funds (Note 3)	66.468	NA	<u>518,884</u>
Total U.S. Environmental Protection Agency			<u>518,884</u>
U.S. Department of Health and Human Service:			
Pass through SD Department of Human Services			
Special Programs for the Aging	93.044	SD-2023-009	<u>1,131</u>
Total U.S. Department of Health and Human Services			<u>1,131</u>
Grand Total			<u>\$ 6,667,208</u>

City of Brandon
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023 (Continued)

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.