

**City of Brandon**

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

**For the Year Ended  
December 31, 2022**

**City of Brandon**  
City Officials  
December 31, 2022

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Mayor:

Harry Buck

Governing Board:

Barb Fish

Dana Clark

David Kull

Tim Jorgenson

Vickie David

Jack Parliament

Jim Heinitz

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, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated September 27, 2023.

**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 black ink that reads "CIO of LLC". The signature is written in a cursive, slightly slanted style.

Elk Point, South Dakota  
September 27, 2023



**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, 2022. 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, 2022.

**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

September 27, 2023



**City of Brandon**  
 Schedule of Prior and Current Audit Findings and Questioned Costs  
 For the Year Ended December 31, 2022

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**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**

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**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
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee?   X   Yes        No

**Section II - Financial Statement Findings**

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

**Section III - Financial Statement Findings**

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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, 2022, 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, 2022, 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 September 27, 2023 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  
September 27, 2023

**City of Brandon**  
Management Discussion and Analysis (MD&A)  
December 31, 2022

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## **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, 2022. Please read it in conjunction with the City of Brandon financial statements, which follow this section.

## **Financial Highlights**

During the year, the City of Brandon revenues generated from charges for services, taxes and other revenues of the governmental programs were \$6,936,251 more than the \$16,018,478 governmental and business-type program expenditures.

## **Overview of the Financial Statements**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, including related notes, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the 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-2 summarizes the major features of the City of Brandon's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

**City of Brandon**  
Management Discussion and Analysis (MD&A)  
December 31, 2022

**Figure A-2**

Major Features of the City of Brandon's Government-wide and Fund Financial Statements

	Government Wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds)	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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

### **Government-Wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net 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, 2022

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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, 2022

**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 Change
	2021	2022	2021	2022	2021	2022	2021-2022
Current and Other Assets	\$ 12,862,861	\$ 11,786,007	\$ 6,761,322	\$ 24,216,612	\$ 19,624,183	\$ 36,002,619	83.46%
Capital Assets (Net of Depreciation)	42,340,838	41,893,170	36,909,698	49,318,302	79,250,536	91,211,472	15.09%
Total Assets	55,203,699	53,679,177	43,671,020	73,534,914	98,874,719	127,214,091	28.66%
Pension Related Deferred Outflows	824,207	757,406	241,561	223,192	1,065,768	980,598	-7.99%
Total Deferred Outflows or Resources	824,207	757,406	241,561	223,192	1,065,768	980,598	-7.99%
Long-Term Liabilities Outstanding	20,935,846	22,617,033	9,182,148	29,617,682	30,117,994	52,234,715	73.43%
Other Liabilities	520,606	524,963	1,443,181	1,618,371	1,963,787	2,143,334	9.14%
Total Liabilities	21,456,452	23,141,996	10,625,329	31,236,053	32,081,781	54,378,049	69.50%
Pension Related Deferred Inflows	1,244,160	490,408	370,183	145,618	1,614,343	636,026	-60.60%
Total Deferred Inflows of Resources	1,244,160	490,408	370,183	145,618	1,614,343	636,026	-60.60%
Net Investment in Capital Assets	21,647,137	19,537,238	28,119,046	19,820,404	49,766,183	39,357,642	-20.91%
Restricted	3,066,199	2,429,381	61,340	614,591	3,127,539	3,043,972	-2.67%
Unrestricted	8,613,958	8,837,560	4,736,683	21,941,440	13,350,641	30,779,000	130.54%
Total Net Position	33,327,294	30,804,179	32,917,069	42,376,435	66,244,363	73,180,614	10.47%
Beginning Net Position	30,642,408	33,327,294	30,649,298	32,917,069	61,291,706	66,244,363	8.08%
Increase (Decrease) in Net Position	\$ 2,684,886	\$ (2,523,115)	\$ 2,267,771	\$ 9,459,366	\$ 4,952,657	\$ 6,936,251	40.05%
Percentage of Increase (Decrease) in Net Position	8.76%	-7.57%	7.40%	28.74%	8.08%	10.47%	

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, 2022

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**Changes in Net Position**

The City of Brandon’s total revenues (excluding special items) totaled \$22,954,729 (See Table A-4). This was approximately a 27.9% increase. Approximately 37% of the City’s revenue comes from property and other taxes, with another 36% from charges for services. (See Table A-2).

Table A-2  
City of Brandon  
Sources of Revenues  
Fiscal Year 2021-2022

Taxes	\$ 8,472,211	36.92%
State Sources	212,187	0.92%
Operating Grants & Contributions	4,378,608	19.07%
Capital Grants and Contributions	1,503,564	6.55%
Charges For Services	8,279,460	36.07%
Other General Revenues	78,405	0.34%
Unrestricted Investment Earnings	<u>30,294</u>	<u>0.13%</u>
 Total Revenue	 <u>\$ 22,954,729</u>	 <u>100.00%</u>

Total cost of all programs and services increased by approximately 23.2%. The city’s expenses totaled \$16,018,478 (See Table A-40). The City’s expenses cover a range of services. (See Table A-3).

Table A-3  
City of Brandon  
Statement of Expenditures  
Fiscal Year 2021-2022

General government	\$ 1,416,134	8.83%
Public safety	2,364,325	14.76%
Public works	3,220,593	20.11%
Health and welfare	6,255	0.04%
Culture and recreation	1,352,556	8.44%
Conservation and developm	106,891	0.67%
Interest on long-term debt	382,735	2.39%
Water	3,016,200	18.83%
Electric	264,855	1.65%
Sewer	2,560,658	15.99%
Golf course	<u>1,327,276</u>	<u>8.29%</u>
 Total Expenditures	 <u>\$ 16,018,478</u>	 <u>100.00%</u>

**City of Brandon**  
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**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
	2021	2022	2021	2022	2021	2022	
Revenues							
Program Revenues							
Charge for Services	\$ 1,446,371	\$ 854,754	\$ 6,880,968	\$ 7,424,706	\$ 8,327,339	\$ 8,279,460	-0.57%
Operating Grants/Contributions	568,649	611,893	900,750	3,766,715	1,469,399	4,378,608	197.99%
Capital Grants and Contributions	11,100	1,503,564	--	--	11,100	1,503,564	13445.62%
General Revenues							
Taxes	7,694,940	8,472,211	--	--	7,694,940	8,472,211	10.10%
Revenue State Sources	209,315	212,187	--	--	209,315	212,187	1.37%
Other general revenues	197,080	77,155	34,426	1,250	231,506	78,405	-66.13%
Unrestricted Investment Earnings	7,583	5,420	1,730	24,874	9,313	30,294	225.29%
	<u>10,135,038</u>	<u>11,737,184</u>	<u>7,817,874</u>	<u>11,217,545</u>	<u>17,952,912</u>	<u>22,954,729</u>	<u>27.86%</u>
Expenses							
General government	1,173,561	1,416,134	--	--	1,173,561	1,416,134	20.67%
Public safety	2,210,104	2,364,325	--	--	2,210,104	2,364,325	6.98%
Public works	2,356,669	3,220,593	--	--	2,356,669	3,220,593	36.66%
Health and welfare	4,607	6,255	--	--	4,607	6,255	35.77%
Culture and recreation	1,068,243	1,352,556	--	--	1,068,243	1,352,556	26.62%
Conservation and development	43,260	106,891	--	--	43,260	106,891	147.09%
Interest on long-term debt	640,787	382,735	--	--	640,787	382,735	-40.27%
Water	--	--	1,538,704	3,016,200	1,538,704	3,016,200	96.02%
Electric	--	--	232,813	264,855	232,813	264,855	13.76%
Sewer	--	--	2,540,839	2,560,658	2,540,839	2,560,658	0.78%
Golf course	--	--	1,190,668	1,327,276	1,190,668	1,327,276	11.47%
	<u>7,497,231</u>	<u>8,849,489</u>	<u>5,503,024</u>	<u>7,168,989</u>	<u>13,000,255</u>	<u>16,018,478</u>	<u>23.22%</u>
Excess (Deficiency)							
Before Transfers	2,637,807	2,887,695	2,314,850	4,048,556	4,952,657	6,936,251	40.05%
Transfers	<u>47,079</u>	<u>(5,410,810)</u>	<u>(47,079)</u>	<u>5,410,810</u>	<u>--</u>	<u>--</u>	<u>0.00%</u>
Increase (Decrease) in Net Position	2,684,886	(2,523,115)	2,267,771	9,459,366	4,952,657	6,936,251	40.05%
Beginning Net Position	<u>30,642,408</u>	<u>33,327,294</u>	<u>30,649,298</u>	<u>32,917,069</u>	<u>61,291,706</u>	<u>66,244,363</u>	<u>8.08%</u>
Ending Net Position	<u>\$ 33,327,294</u>	<u>\$ 30,804,179</u>	<u>\$ 32,917,069</u>	<u>\$ 42,376,435</u>	<u>\$ 66,244,363</u>	<u>\$ 73,180,614</u>	<u>10.47%</u>

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**Governmental Activities**

Increase in the governmental expenses was 15%, mainly due to increases in public safety and conservation and development. The increase in the governmental revenues was 14%, mainly due to increases in capital grants and contributions and taxes.

**Business-Type Activities**

Net position of the City's business-type activities increased approximately by \$7.2 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; 3<sup>rd</sup> Cent Sales Tax; 2006 TIF #2(BID) Special Revenue Fund; Surface Transportation Program Fund; Street Main Fund; TIF #2 Convention Center Debt Service; Redwood/Chestnut SPA Project; Ironwood Road Project; Core Area -Phase 1 Project Fund; Core Area – Phase 2A Project and Rushmore Area – Phase 1 Project Fund. The City has four business type funds - Water; Sewer; Golf Course and Street Lighting.

Overall, the governmental funds have a 6.9 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 2022, the City had invested \$91,211,472 (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 \$11,710,045.

**City of Brandon**  
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Table A-5  
Capital Assets  
(Net of Depreciation)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Dollar Change</b>	<b>Total % Change</b>
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>		
Land	\$ 2,450,408	\$ 2,715,158	\$ 1,907,687	\$ 2,613,225	\$ 970,288	8.29%
Construction in progress	14,542,449	5,101,724	5,540,166	10,511,321	(4,469,570)	-38.17%
Buildings & Improvements	23,742,815	32,431,722	28,228,507	34,894,059	15,354,459	131.12%
Machinery & Equipment	1,605,165	1,644,566	933,336	783,774	(110,161)	-0.94%
Intangible Lease Assets	--	--	550,894	515,923	(34,971)	-0.30%
<b>Total Capital Assets</b>	<b>\$ 42,340,837</b>	<b>\$ 41,893,170</b>	<b>\$ 37,160,590</b>	<b>\$ 49,318,302</b>	<b>\$ 11,710,045</b>	<b>100.00%</b>

This year's capital asset purchases of \$29,509,808 included improvements to the golf course, a new well, new street lights, sewer extensions, and street improvements.

### Long-Term Debt

At the end of the year, the City has \$52,234,715 in general long-term obligations. This is a total dollar change of \$22,113,571. See individual balances as shown on Table A-6 below.

Table A-6  
Outstanding Debt and Obligations

	<b>2021</b>	<b>2022</b>	<b>Total Dollar Change</b>	<b>Total % Change</b>
<b>Governmental Activities</b>				
Revenue Bonds	\$ 19,091,935	\$ 20,736,471	\$ 1,644,536	8.61%
Special Assessments	3,150	--	(3,150)	-100.00%
Bank Notes Payable	351,249	446,766	95,517	27.19%
Accrued Compensated Absences - Governmental Funds	242,144	261,101	18,957	7.83%
<b>Total Outstanding Debt</b>	<b>\$ 19,688,478</b>	<b>\$ 21,444,338</b>	<b>\$ 1,755,860</b>	<b>8.92%</b>
<b>Business-Type Activities</b>				
Revenue Bonds	\$ 2,668,619	\$ 20,575,782	\$ 17,907,163	671.03%
Plus: Unamortized Premiums	--	1,253,014	1,253,014	100.00%
State Revolving Loans	5,887,524	7,281,669	1,394,145	23.68%
Bank Notes Payable	25,763	13,174	(12,589)	-48.86%
Intangible Leases	459,640	335,391	(124,249)	-27.03%
Pension Liability	--	3,180	3,180	100.00%
Accrued Compensated Absences - Governmental Funds	140,603	155,472	14,869	10.58%
<b>Total Outstanding Debt</b>	<b>\$ 9,182,149</b>	<b>\$ 29,617,682</b>	<b>\$ 20,435,533</b>	<b>222.56%</b>

**City of Brandon**  
Management Discussion and Analysis (MD&A)  
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**Economic Factors and Next Year's Budgets and Rates**

The City of Brandon continued to experience additional revenues in property taxes from new construction with percentage growth of 2.58%. Under the state mandated property tax freeze, property taxes are 1.7% for 2021 which was based on the Consumer Price Index (CPI).

One of the primary sources of revenue to the City is based on taxable retail sales in the community (sales tax). The City has experienced an increase in taxable sales of \$637,200 more than the prior year. We believe an increase in construction of new homes and building projects been a factor in the increase of sales tax. Also, with the state implementing remote sellers we have seen an increase in online sales tax.

The City of Brandon has adopted a General Fund budget for the 2023 fiscal year which has an increase of 16% in expenditures compared to 2022 budget for a total of \$12,080,090.

**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, 2022

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 9,252,753	\$ 21,807,146	\$ 31,059,899
Investments	780,268	787,043	1,567,311
Taxes receivable	33,877	--	33,877
Special assessments receivable	853,478	--	853,478
Accounts receivable, net	146,780	1,330,486	1,477,266
Inventories	40,102	56,483	96,585
Other assets	714	3,254	3,968
Restricted assets:			
Cash	--	222,577	222,577
Net pension asset	4,335	9,623	13,958
Notes receivable	231,650	--	231,650
Capital assets:			
Land and construction in process	7,816,882	13,124,546	20,941,428
Other capital assets, net of depreciation	34,076,288	36,193,756	70,270,044
<b>Total Assets</b>	<b>53,679,177</b>	<b>73,534,914</b>	<b>127,214,091</b>
<b>Deferred Outflows of Resources:</b>			
Pension related deferred outflows	757,406	223,192	980,598
<b>Liabilities:</b>			
Accounts payable and other current liabilities	158,541	787,880	946,421
Other current liabilities	226,519	686,942	913,461
Unearned revenue	139,903	143,549	283,452
Noncurrent liabilities:			
Due within one year	1,489,941	951,342	2,441,283
Due in more than one year	21,127,092	28,666,340	49,793,432
<b>Total Liabilities</b>	<b>23,141,996</b>	<b>31,236,053</b>	<b>54,378,049</b>
<b>Deferred Inflows of Resources:</b>			
Pension related deferred inflows	490,408	145,618	636,026
<b>Net Position:</b>			
Net investment in capital assets	19,537,238	19,820,404	39,357,642
Restricted for:			
Debt services	1,082,854	530,574	1,613,428
Library	--	--	--
Capital improvements	1,075,194	--	1,075,194
SDRS pension purposes	271,333	84,017	355,350
Unrestricted	8,837,560	21,941,440	30,779,000
<b>Total Net Position</b>	<b>\$ 30,804,179</b>	<b>\$ 42,376,435</b>	<b>\$ 73,180,614</b>

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, 2022

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	
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 1,416,134	\$ 340,109	\$ --	\$ --	\$ (1,076,025)	\$ --	\$ (1,076,025)
Public safety	2,364,325	2,440	--	--	(2,361,885)	--	(2,361,885)
Public works	3,220,593	208,321	611,893	1,269,064	(1,131,315)	--	(1,131,315)
Health and welfare	6,255	--	--	--	(6,255)	--	(6,255)
Culture and recreation	1,352,556	303,884	--	234,500	(814,172)	--	(814,172)
Conservation and development	106,891	--	--	--	(106,891)	--	(106,891)
Interest on long-term debt	382,735	--	--	--	(382,735)	--	(382,735)
<b>Total Governmental Activities</b>	<b>8,849,489</b>	<b>854,754</b>	<b>611,893</b>	<b>1,503,564</b>	<b>(5,879,278)</b>	<b>--</b>	<b>(5,879,278)</b>
<b>Business-type Activities:</b>							
Water	3,016,200	2,335,463	1,533,016	--	--	852,279	852,279
Electric	264,855	295,463	--	--	--	30,608	30,608
Sewer	2,560,658	3,546,939	2,233,699	--	--	3,219,980	3,219,980
Golf Course	1,327,276	1,246,840	--	--	--	(80,436)	(80,436)
<b>Total Business-Type Activities</b>	<b>7,168,989</b>	<b>7,424,705</b>	<b>3,766,715</b>	<b>--</b>	<b>--</b>	<b>4,022,431</b>	<b>4,022,431</b>
<b>Total Primary Government</b>	<b>\$ 16,018,478</b>	<b>\$ 8,279,459</b>	<b>\$ 4,378,608</b>	<b>\$ 1,503,564</b>	<b>(5,879,278)</b>	<b>4,022,431</b>	<b>(1,856,847)</b>
<b>General Revenues:</b>							
Taxes:							
Property tax					3,372,605	--	3,372,605
Sales tax					5,099,606	--	5,099,606
State shared revenues					212,187	--	212,187
Unrestricted investment earnings					5,420	24,874	30,294
Miscellaneous revenue					77,155	1,250	78,405
Transfers					(5,410,810)	5,410,810	--
<b>Total General Revenues and Transfers</b>					<b>3,356,163</b>	<b>5,436,934</b>	<b>8,793,097</b>
Change in Net position					(2,523,115)	9,459,365	6,936,250
<b>Net Position-Beginning of Year</b>					<b>33,327,294</b>	<b>32,917,070</b>	<b>66,244,364</b>
<b>Net Position-End of Year</b>					<b>\$ 30,804,179</b>	<b>\$ 42,376,435</b>	<b>\$ 73,180,614</b>

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



**City of Brandon**  
Balance Sheet – Governmental Funds  
December 31, 2022

	General Fund	Core Area Phase 2 Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 7,805,930	\$ 9,642	\$ 1,437,181	\$ 9,252,753
Investments-certificates of deposit	606,231	--	174,037	780,268
Taxes receivable:				
Delinquent	33,877	--	--	33,877
Accounts receivable	55,200	--	3,584	58,784
Special assessments receivable				
Current	--	--	839,413	839,413
Delinquent	--	--	14,065	14,065
Due from state government	--	--	2,310	2,310
Due from federal governments	85,686	--	--	85,686
Supply inventory	40,102	--	--	40,102
Prepaid expense	714	--	--	714
Restricted investments and deposits	442,050	--	--	442,050
Note receivable	--	--	231,650	231,650
Total Assets	<u>\$ 9,069,790</u>	<u>\$ 9,642</u>	<u>\$ 2,702,240</u>	<u>\$ 11,781,672</u>
<b>Liabilities and Fund Balances:</b>				
Accounts payable	\$ 54,661	\$ 9,642	\$ 5,082	\$ 69,385
Accrued wages and benefits payable	89,156	--	--	89,156
Unearned revenue	139,903	--	--	139,903
Total Liabilities	<u>283,720</u>	<u>9,642</u>	<u>5,082</u>	<u>298,444</u>
<b>Deferred Inflows of Resources:</b>				
Property taxes	33,877	--	--	33,877
Special Assessments	--	--	853,478	853,478
Total Deferred Inflows of Resources	<u>33,877</u>	<u>--</u>	<u>853,478</u>	<u>887,355</u>
<b>Fund Balances:</b>				
Nonspendable				
Inventory and prepaid expense	40,816	--	231,650	272,466
Restricted				
Debt Service	442,050	--	640,804	1,082,854
Capital improvements	--	--	221,716	221,716
Committed				
Street maintenance	--	--	749,510	749,510
Unassigned	8,269,327	--	--	8,269,327
Total Fund Balances	<u>8,752,193</u>	<u>--</u>	<u>1,843,680</u>	<u>10,595,873</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,069,790</u>	<u>\$ 9,642</u>	<u>\$ 2,702,240</u>	<u>\$ 11,781,672</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, 2022

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Total Fund Balances - Government Funds \$ 10,595,873

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. 4,335

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 41,893,170

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds. 757,406

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	(261,101)	
Bank Notes	(446,766)	
Revenue Bonds	<u>(20,736,471)</u>	(21,444,338)

Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are not deferred in the funds. 33,877

Accrued interest payable is not accounted for in the modified accrual basis of accounting, but is accounted for in the statement of net position (226,519)

Special assessments receivable reported in governmental activities is not an available resource and therefore not reported in the funds. 853,478

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds. (490,408)

Net Position - Governmental Funds \$ 31,976,874

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

**City of Brandon**

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
For the Year Ended December 31, 2022

	<u>General Fund</u>	<u>Core Area Phase 2 Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes				
General property taxes	\$ 3,217,012	\$ --	\$ 86,042	\$ 3,303,054
General sales taxes	4,793,176	--	306,430	5,099,606
Penalties and interest	3,977	--	956	4,933
Other	--	--	59,004	59,004
Licenses and permits	332,859	--	--	332,859
Intergovernmental revenue				
Federal grants	152,192	--	--	152,192
State grants	36,379	--	423,322	459,701
State shared revenues				
Bank franchise tax	128,257	--	--	128,257
Motor vehicle commercial prorated	6,514	--	--	6,514
Liquor tax reversion	77,416	--	--	77,416
Motor vehicles licenses	62,804	--	--	62,804
Local government highway and bridge	58,874	--	--	58,874
County shared revenues	11,437	--	--	11,437
Charges for goods and services				
General government	7,250	--	--	7,250
Highways and streets	75,036	--	--	75,036
Sanitation	170	--	--	170
Culture and recreation	303,884	--	--	303,884
Fines and forfeits				
Court fines and costs	2,440	--	--	2,440
Miscellaneous revenue				
Investment earnings	2,238	--	3,182	5,420
Rentals	1,950	--	--	1,950
Special assessments	8,236	--	1,240,793	1,249,029
Contributions	500	--	234,000	234,500
Other	79,173	--	--	79,173
<b>Total Revenue</b>	<u>\$ 9,361,774</u>	<u>\$ --</u>	<u>\$ 2,353,729</u>	<u>\$ 11,715,503</u>

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, 2022 (Continued)

	General Fund	Core Area Phase 2 Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Expenditures:</b>				
Current:				
General government:				
Legislative	\$ 87,373	\$ --	\$ --	\$ 87,373
Publications	24,292	--	--	24,292
Executive administration	240,479	--	--	240,479
Elections	2,634	--	--	2,634
Legal	43,439	--	--	43,439
Financial administration	383,273	--	--	383,273
Planning and zoning	436,233	--	--	436,233
Other	--	--	181,884	181,884
Public safety:				
Police	1,750,995	--	--	1,750,995
Fire	311,438	--	--	311,438
Building inspection	210,442	--	--	210,442
Other protection	20,482	--	--	20,482
Public works:				
Highways and streets	567,168	37,261	726,360	1,330,789
Sanitation	1,162	--	--	1,162
Transit	161,627	--	--	161,627
Health and welfare:				
Health	6,255	--	--	6,255
Culture and recreation:				
Recreation	301,322	--	--	301,322
Parks	620,925	--	--	620,925
Library	1,744	--	--	1,744
Conservation and development:				
Economic development and assistance (industrial development)	109,616	--	20	109,636
Debt service	1,752,343	--	106,919	1,859,262
Capital outlay	411,916	4,254,234	1,628,584	6,294,734
Total Expenditures	7,445,158	4,291,495	2,643,767	14,380,420
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	1,916,616	(4,291,495)	(290,038)	(2,664,917)
<b>Other Financing Sources:</b>				
Transfers in	566,856	1,099,593	558,051	2,224,500
Transfers out	(2,746,980)	--	(446,568)	(3,193,548)
Long-term debt issued	--	3,191,902	--	3,191,902
Sale of fixed assets	22,613	--	--	22,613
Total Other Financing Sources	(2,157,511)	4,291,495	111,483	2,245,467
<b>Net Change in Fund Balance</b>	(240,895)	--	(178,555)	(419,450)
<b>Fund Balances- Beginning of Year</b>	8,993,088	--	2,022,235	11,015,323
<b>Fund Balances - End of Year</b>	\$ 8,752,193	\$ --	\$ 1,843,680	\$ 10,595,873

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, 2022

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Net Change in Fund Balances - Total Government Funds \$ (419,450)

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. 1,638,891

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. (2,059,977)

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. (56,294)

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. (26,581)

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. 1,532,821

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. (3,191,902)

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. 25,311

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. 53,023

Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures. (18,957)

Change in Net Position of Governmental Activities \$ (2,523,115)

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

**City of Brandon**  
Statement of Net Position – Proprietary Funds  
December 31, 2022

	Enterprise Funds			Non Major	Totals
	Water Fund	Sewer Fund	Golf Course Fund	Electric Fund	
<b>Assets:</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 19,769,721	\$ 2,011,161	\$ 2,300	\$ 23,964	\$ 21,807,146
Investments-certificates of deposit	600,417	186,506	--	120	787,043
Accounts receivable, net	199,616	398,991	4,771	41,758	645,136
Due from other government	356,395	328,955	--	--	685,350
Supply inventory	9,526	--	46,957	--	56,483
Prepaid expense	--	--	3,254	--	3,254
<b>Total Current Assets</b>	<b>20,935,675</b>	<b>2,925,613</b>	<b>57,282</b>	<b>65,842</b>	<b>23,984,412</b>
<b>Noncurrent Assets:</b>					
Restricted cash and cash equivalents	222,577	--	--	--	222,577
<b>Capital assets:</b>					
Land	271,732	543,285	1,798,208	--	2,613,225
Buildings	5,371,626	3,504,630	1,441,723	--	10,317,979
Improvements other than buildings	13,780,726	21,730,144	1,266,495	99,494	36,876,859
Machinery and equipment	1,871,080	770,706	598,765	--	3,240,551
Intangible assets	--	--	622,939	--	622,939
Accumulated depreciation	(7,092,430)	(5,767,426)	(1,891,040)	(6,660)	(14,757,556)
Accumulated amortization	--	--	(107,016)	--	(107,016)
Construction in Progress	9,276,802	202,170	1,032,349	--	10,511,321
<b>Total Capital Assets:</b>	<b>23,479,536</b>	<b>20,983,509</b>	<b>4,762,423</b>	<b>92,834</b>	<b>49,318,302</b>
Net pension asset	5,866	--	3,757	--	9,623
<b>Total Noncurrent Assets</b>	<b>23,707,979</b>	<b>20,983,509</b>	<b>4,766,180</b>	<b>92,834</b>	<b>49,550,502</b>
<b>Total Assets</b>	<b>44,643,654</b>	<b>23,909,122</b>	<b>4,823,462</b>	<b>158,676</b>	<b>73,534,914</b>
<b>Deferred Outflows of Resources:</b>					
Pension related deferred outflows	98,541	52,461	72,190	--	223,192
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts payable	398,337	282,346	79,414	1,181	761,278
Accrued wages	11,673	7,333	7,596	--	26,602
Accrued interest payable	631,936	40,354	2,858	--	675,148
Accrued taxes payable	1,593	1,001	9,200	--	11,794
Unearned revenue	874	--	142,675	--	143,549
Current portion of long term debt	597,990	199,984	153,368	--	951,342
<b>Total Current Liabilities</b>	<b>1,642,403</b>	<b>531,018</b>	<b>395,111</b>	<b>1,181</b>	<b>2,569,713</b>
<b>Noncurrent Liabilities:</b>					
<b>Bonds payable:</b>					
Accrued leave payable	53,477	22,521	40,606	--	116,604
Other long-term debt	24,630,966	3,706,858	208,732	--	28,546,556
Net pension liability	--	3,180	--	--	3,180
<b>Total Noncurrent Liabilities</b>	<b>24,684,443</b>	<b>3,732,559</b>	<b>249,338</b>	<b>--</b>	<b>28,666,340</b>
<b>Total Liabilities</b>	<b>26,326,846</b>	<b>4,263,577</b>	<b>644,449</b>	<b>1,181</b>	<b>31,236,053</b>
<b>Deferred Inflows of Resources:</b>					
Pension related deferred inflows	67,619	28,521	49,478	--	145,618
<b>Net Position:</b>					
Net investment in capital assets	(1,749,420)	17,076,667	4,400,323	92,834	19,820,404
<b>Restricted net position restricted for:</b>					
Debt service	222,577	307,997	--	--	530,574
SDRS pension purposes	36,788	20,760	26,469	--	84,017
Unrestricted net position	19,837,785	2,264,061	(225,067)	64,661	21,941,440
<b>Total Net Position</b>	<b>\$ 18,347,730</b>	<b>\$ 19,669,485</b>	<b>\$ 4,201,725</b>	<b>\$ 157,495</b>	<b>\$ 42,376,435</b>

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, 2022

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Golf Course Fund</b>	<b>Non-Major Electric Fund</b>	<b>Totals</b>
<b>Operating Revenues:</b>					
Charges for goods and services	\$ 2,128,089	\$ 3,366,774	\$ 1,246,840	\$ 285,694	\$ 7,027,397
Other	207,374	180,165	--	9,769	397,308
<b>Total Operating Revenues</b>	<b>2,335,463</b>	<b>3,546,939</b>	<b>1,246,840</b>	<b>295,463</b>	<b>7,424,705</b>
<b>Operating Expenses:</b>					
Personal services	490,040	246,371	581,205	--	1,317,616
Other current expense	858,377	1,649,459	463,924	261,132	3,232,892
Materials	374,815	42,182	79,067	--	496,064
Amortization	--	--	34,971	--	34,971
Depreciation	475,995	474,964	155,767	3,723	1,110,449
<b>Total Operating Expenses</b>	<b>2,199,227</b>	<b>2,412,976</b>	<b>1,314,934</b>	<b>264,855</b>	<b>6,191,992</b>
Operating Income (Loss)	136,236	1,133,963	(68,094)	30,608	1,232,713
<b>Nonoperating Revenues:</b>					
Operating grants	1,533,016	2,233,699	--	--	3,766,715
Investment earnings	24,505	363	--	6	24,874
Interest expense	(816,973)	(147,682)	(12,342)	--	(976,997)
Gain/Loss on sale of capital assets	--	--	1,250	--	1,250
<b>Total Nonoperating Revenue</b>	<b>740,548</b>	<b>2,086,380</b>	<b>(11,092)</b>	<b>6</b>	<b>2,815,842</b>
Net Income (Loss) Before Contributions	876,784	3,220,343	(79,186)	30,614	4,048,555
Capital contributions	1,882,125	2,559,637	--	--	4,441,762
Transfers in	--	--	1,535,904	--	1,535,904
Transfers out	(206,750)	(360,106)	--	--	(566,856)
<b>Net Change in Net Position</b>	<b>2,552,159</b>	<b>5,419,874</b>	<b>1,456,718</b>	<b>30,614</b>	<b>9,459,365</b>
<b>Net Position - Beginning of Year</b>	<b>15,795,571</b>	<b>14,249,611</b>	<b>2,745,007</b>	<b>126,881</b>	<b>32,917,070</b>
<b>Net Position - End of Year</b>	<b>\$ 18,347,730</b>	<b>\$ 19,669,485</b>	<b>\$ 4,201,725</b>	<b>\$ 157,495</b>	<b>\$ 42,376,435</b>

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, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Course Fund</u>	<u>Non-Major Electric Fund</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities:</b>					
Receipt from customers	\$ 2,775,333	\$ 3,177,316	\$ 1,220,756	\$ 285,561	\$ 7,458,966
Payments to suppliers	(1,549,915)	(1,856,965)	(495,455)	(261,133)	(4,163,468)
Payments to employees	(493,490)	(246,507)	(577,715)	--	(1,317,712)
<b>Net Cash Provided (Used) by Operating Activities:</b>	<u>731,928</u>	<u>1,073,844</u>	<u>147,586</u>	<u>24,428</u>	<u>1,977,786</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers (to) from other funds	(206,750)	(360,106)	1,535,904	--	969,048
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(206,750)</u>	<u>(360,106)</u>	<u>1,535,904</u>	<u>--</u>	<u>969,048</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Operating grants	1,533,016	2,233,699	--	--	3,766,715
Purchase of capital assets	(4,069,665)	(3,230,485)	(1,535,558)	(25,660)	(8,861,368)
Proceeds of long term debt	20,834,940	--	--	--	20,834,940
Payments on long term debt	(95,000)	(185,618)	(136,838)	--	(417,456)
Debt interest paid	(186,244)	(147,682)	(12,342)	--	(346,268)
Change in restricted cash	(122,577)	--	--	--	(122,577)
Gain on sale of capital assets	--	--	1,250	--	1,250
<b>Net Cash (Used) by Capital and Related Financing Activities:</b>	<u>17,894,470</u>	<u>(1,330,086)</u>	<u>(1,683,488)</u>	<u>(25,660)</u>	<u>14,855,236</u>
<b>Cash Flows from Investing Activities:</b>					
Interest earnings	24,505	363	--	6	24,874
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>24,505</u>	<u>363</u>	<u>--</u>	<u>6</u>	<u>24,874</u>
<b>Net Increase in Cash and Cash Equivalents</b>	18,444,153	(615,985)	2	(1,226)	17,826,944
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>1,325,834</u>	<u>2,627,346</u>	<u>2,298</u>	<u>25,193</u>	<u>3,980,671</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 19,769,987</u>	<u>\$ 2,011,361</u>	<u>\$ 2,300</u>	<u>\$ 23,967</u>	<u>\$ 21,807,615</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, 2022 (Continued)

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

Operating income (loss)	\$ 136,236	\$ 1,133,963	\$ (68,094)	\$ 30,608	\$ 1,232,713
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Provided by operating activities:					
Depreciation expense	475,995	474,964	155,767	3,723	1,110,449
Amortization expense	--	--	34,971	--	34,971
(Increase) decrease in:					
Receivables	449,197	(369,623)	4,076	(9,902)	73,748
Prepaid expenses	--	--	(224)	--	(224)
Inventories	(1,441)	--	(13,000)	--	(14,441)
Increase (decrease) in:					
Accounts and other payables	(316,723)	(165,324)	47,760	(1)	(434,288)
Pension related deferred inflows and inflows	(10,697)	(4,042)	(4,020)	--	(18,759)
Accrued wages and leave payable	7,247	3,906	9,647	--	20,800
Unearned revenue	(7,831)	--	(17,160)	--	(24,991)
Deposits	(55)	--	(2,137)	--	(2,192)
<b>Cash Flows Provided by Operating Activities</b>	<u>\$ 731,928</u>	<u>\$ 1,073,844</u>	<u>\$ 147,586</u>	<u>\$ 24,428</u>	<u>\$ 1,977,786</u>

**Noncash Capital Activities**

Purchase of capital assets	\$ 1,882,125	\$ 2,559,637	\$ --	\$ --	\$ 4,441,762
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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, 2022

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**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, 2022

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**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.

The following Special Revenue Funds are not considered major funds: Street Maintenance Fund, 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 Fund is not considered a major fund: TIF Convention Center Debt Service Fund. This fund is reported on the fund financial statements as "Other Governmental Funds" and is 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).

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

The following Capital Projects are not considered to be major funds: Ironwood Project Fund, Core Area Reconstruction Project Fund, Rushmore Phase 2 Loan Fund, and Rushmore Area Program 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, 2022

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**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, 2022

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**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, 2022 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, 2022

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**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, 2022

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**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:

	<b>Capitalization Threshold</b>	<b>Depreciation/ Amortization Method</b>	<b>Estimated Useful Life</b>
*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, 2022

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**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, certificates of participation, revenue bonds, special assessment 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:

Lessee:

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.



**City of Brandon**  
Notes to the Financial Statements  
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**1. Summary of Significant Accounting Policies: (Continued)**

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.

i. Program Revenues:

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

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

j. 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.

k. 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.

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

**i. Cash and Cash Equivalents:**

The City pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

**m. 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.

**n. 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.

**o. 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.

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

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

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

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted 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.

p. 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. 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.

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**2. Deposits and Investments Fair Value Measurement, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk: (Continued)**

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, 2022, 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.

**3. Restricted Cash and Investments:**

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

Fund	Amount:	Purpose:
General Fund	\$ 442,050	Debt Services, by debt covenants
Water Fund	222,577	Debt Services, by debt covenants
Total	\$ 664,627	

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**4. Receivables and Payables:**

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year, except for \$49,923 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, 2022.

**Government Activities:**

**Years Ending**

Dec. 31,	Dakota Storage Loan		COVID Response Loans		Total Revolving Loan Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 130,853	\$ --	\$ 50,873	\$ --	\$ 181,726	\$ --
2024	--	--	49,923	--	49,923	--
Total	<u>\$ 130,853</u>	<u>\$ --</u>	<u>\$ 100,796</u>	<u>\$ --</u>	<u>\$ 231,649</u>	<u>\$ --</u>

**5. 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.

**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.

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**6. 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.

**7. Changes in Capital Assets:**

A summary of changes in capital assets for the year ended December 31, 2022 is as follows:

	<u>Balance</u> <u>12/31/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2022</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized				
Land	\$ 2,450,408	\$ 264,750	\$ --	\$ 2,715,158
Construction in progress	<u>14,542,449</u>	<u>5,280,853</u>	<u>14,721,578</u>	<u>5,101,724</u>
Total, not being depreciated/amortized	<u>16,992,857</u>	<u>5,545,603</u>	<u>14,721,578</u>	<u>7,816,882</u>
Capital assets, being depreciated/amortized				
Buildings	5,072,847	--	--	5,072,847
Improvements	31,524,174	10,461,023	--	41,985,197
Machinery & Equipment	<u>3,554,357</u>	<u>353,843</u>	<u>178,205</u>	<u>3,729,995</u>
Total, being depreciated/amortized	<u>40,151,378</u>	<u>10,814,866</u>	<u>178,205</u>	<u>50,788,039</u>
Less accumulated depreciation/amortization for:				
Buildings	1,771,694	122,280	--	1,893,974
Improvements	11,082,512	1,649,836	--	12,732,348
Machinery & Equipment	<u>1,949,192</u>	<u>287,861</u>	<u>151,624</u>	<u>2,085,429</u>
Total accumulated depreciation/amortization	<u>14,803,398</u>	<u>2,059,977</u>	<u>151,624</u>	<u>16,711,751</u>
Capital Assets Net	<u>\$ 42,340,837</u>	<u>\$ 14,300,492</u>	<u>\$ 14,748,159</u>	<u>\$ 41,893,170</u>

Depreciation/amortization expense was charged to functions as follows:

General government	\$ 25,023
Public safety	87,446
Public works	1,515,114
Culture and recreation	<u>432,394</u>
	<u>\$ 2,059,977</u>

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

**7. Changes in Capital Assets: (Continued)**

A summary of changes in capital assets for the year ended December 31, 2022 is as follows: (Continued)

	<u>Balance</u> <u>12/31/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2022</u>
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,907,687	\$ 705,538	\$ --	\$ 2,613,225
CIP	<u>5,540,166</u>	<u>8,022,759</u>	<u>3,051,604</u>	<u>10,511,321</u>
Total, not being depreciated	<u>7,447,853</u>	<u>8,728,297</u>	<u>3,051,604</u>	<u>13,124,546</u>
Capital assts, being depreciated/amortized:				
Buildings	10,255,604	62,375	--	10,317,979
Improvements	29,357,833	7,519,026	--	36,876,859
Machinery & Equipment	3,222,163	45,036	26,648	3,240,551
Intangible Lease Assets	<u>622,939</u>	<u>--</u>	<u>--</u>	<u>622,939</u>
Total, being depreciated/amortized	<u>43,458,539</u>	<u>7,626,437</u>	<u>26,648</u>	<u>51,058,328</u>
Less accumulated depreciation/amortization for:				
Buildings	2,664,587	204,781	--	2,869,368
Improvements	8,720,343	711,068	--	9,431,411
Machinery & Equipment	2,288,827	194,598	26,648	2,456,777
Intangible Lease Assets	<u>72,045</u>	<u>34,971</u>	<u>--</u>	<u>107,016</u>
Total accumulated depreciation/amortization	<u>13,745,802</u>	<u>1,145,418</u>	<u>26,648</u>	<u>14,864,572</u>
Capital Assets Net	<u>\$ 37,160,590</u>	<u>\$ 15,209,316</u>	<u>\$ 3,051,604</u>	<u>\$ 49,318,302</u>

Depreciation/Amortization expense was charged to functions as follows:

Water	\$ 475,994
Electric	3,723
Sewer	474,964
Amortization	34,971
Golf Course	<u>155,766</u>
Total Depreciation/Amortization Expense - Business-Type Activities	<u>\$ 1,145,418</u>

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**7. Changes in Capital Assets: (Continued)**

Construction Work in Progress at December 31, 2022 is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended thru 12/31/2022</u>	<u>Committed</u>
<b><u>Governmental Activities</u></b>			
Big Sioux Drainage	\$ 1,000,000	\$ 100,582	\$ 899,418
Ironwood Street Expansion	106,176	90,985	15,191
Core Area Reconstruction-Phase II	4,632,807	4,508,026	124,781
Rushmore Area Reconstruction-Phase II	500,000	402,131	97,869
Total Governmental Activities	<u>6,238,983</u>	<u>5,101,724</u>	<u>1,137,259</u>
<b><u>Business-Type Activities</u></b>			
Golf Course Retaining Wall	1,788,050	1,032,349	755,701
Dual Force Main	172,478	115,976	56,502
Eastside Trunk Sewer	73,397	65,405	7,992
Pool Lift Station	79,539	20,789	58,750
Water Treatment Plant Expansion	28,396,290	3,502,097	24,894,193
Water Tower-Redwood	7,585,000	5,774,705	1,810,295
Total Business-Type Activities	<u>38,094,754</u>	<u>10,511,321</u>	<u>27,583,433</u>
Total Work in Progress	<u>\$ 44,333,737</u>	<u>\$ 15,613,045</u>	<u>\$ 28,720,692</u>



**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

**8. 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>
<b>Primary Government</b>					
Government Activities:					
Bonds Payable:					
Revenue	\$ 19,091,935	\$ 3,000,000	\$ 1,355,464	\$ 20,736,471	\$ 1,152,295
Premiums on bonds	1,250,517	--	77,822	1,172,695	77,822
Special Assessments	3,150	--	3,150	--	--
Notes Payable:					
Bank Notes	351,249	191,902	96,385	446,766	194,549
Total Debt	<u>20,696,851</u>	<u>3,191,902</u>	<u>1,532,821</u>	<u>22,355,932</u>	<u>1,424,666</u>
Accrued Leave	242,144	261,101	242,144	261,101	65,275
Total Governmental Activities	<u>20,938,995</u>	<u>3,453,003</u>	<u>1,774,965</u>	<u>22,617,033</u>	<u>1,489,941</u>
Business-Type Activities:					
Bonds Payable:					
Revenue	2,668,619	18,080,000	172,837	20,575,782	451,426
Premium on Debt	--	1,253,014	--	1,253,014	41,767
State Revolving Funds	5,887,524	1,501,926	107,781	7,281,669	279,448
Notes Payable	25,763	--	12,589	13,174	13,174
Intangible Lease	459,640	--	124,249	335,391	126,659
Total Debt	<u>9,041,546</u>	<u>20,834,940</u>	<u>417,456</u>	<u>29,459,030</u>	<u>912,474</u>
Pension Liability	--	3,180	--	3,180	--
Accrued Leave	140,603	155,472	140,603	155,472	38,868
Total Business-Type Activities	<u>9,182,149</u>	<u>20,993,592</u>	<u>558,059</u>	<u>29,617,682</u>	<u>951,342</u>
<b>Total Primary Government</b>	<u><u>\$ 30,121,144</u></u>	<u><u>\$ 24,446,595</u></u>	<u><u>\$ 2,333,024</u></u>	<u><u>\$ 52,234,715</u></u>	<u><u>\$ 2,441,283</u></u>

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**8. Long-Term Debt: (Continued)**

Debt payable at December 31, 2022, 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.	\$ 661,471
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.	5,445,000
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.	1,680,000
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.	5,995,000
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.	3,955,000
Premium on Long Term Debt	The premium on long term debt issued is being amortized. This debt is serviced by the General Fund	1,172,695
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>3,000,000</u>
Total Revenue Bond Debt		<u>21,909,166</u>

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**8. Long-Term Debt: (Continued)**

Debt payable at December 31, 2022, is comprised of the following: (Continued)

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.	254,864
First National Bank for Holly Blvd.	During September, 2021, the city entered into a bank loan agreement with a rate of 3.62%. This note has a final payment due September, 2023. This debt is serviced by the General Fund.	<u>191,902</u>
Total Notes Payable		<u>446,766</u>
Accrued Leave Payable	The liability for accrued leave represents leave benefits earned as of December 31, 2022. This debt is serviced by the General Fund.	<u>261,101</u>
Total Governmental Activities Debt		<u>\$ 22,617,033</u>

**Business-type Activities:**

State Revolving Fund (SRF) Loans:

Series 2020 State Revolving Fund	During fiscal year 2022, the city did the final drawdown on this note for \$5,168,116. At the rate of 2.125%, the final payment is January, 2053. This debt will be repaid from the Water Fund.	\$ 5,168,116
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>2,113,553</u>
Total State Revolving Fund Debt		<u>7,281,669</u>

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**8. Long-Term Debt: (Continued)**

Debt payable at December 31, 2022, 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.	710,000
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.	1,785,782
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>19,333,014</u>
Total Revenue Bond Debt		<u>21,828,796</u>

Notes Payable:

First National Bank in Sioux Falls	During November, 2018, the city entered into an agreement for a golf course utility tractor with an interest rates of 4.48%. This note has a final payment due December, 2023. This debt is serviced by the Golf Course Fund.	<u>13,174</u>
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**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**8. Long-Term Debt: (Continued)**

Debt payable at December 31, 2022, is comprised of the following: (Continued)

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.	99,129
Huntington National Bank in Plymouth, MN	During January, 2020, the city entered into an agreement to lease golf carts for \$148,297 with an interest rate of 1%. This note has a final payment due March, 2023. This debt is serviced by the Golf Course Fund.	37,632
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>198,630</u>
Total Leases Payable		<u>335,391</u>
Pension Liability	Pension Liability	<u>3,180</u>
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.	<u>155,472</u>
Total Business Activity Debt		<u>29,617,682</u>
Grand Total		<u>\$ 52,234,715</u>

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

**8. Long-Term Debt: (Continued)**

The annual requirements to amortize all debt outstanding as of December 31, 2022, except for compensated absences are as follows:

**Government Activities:**

**Years Ending**

Dec. 31,	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,230,117	\$ 695,383	\$ 194,549	\$ 11,167	\$ 1,424,666	\$ 706,550
2024	1,301,394	633,507	199,597	6,119	1,500,991	639,626
2025	1,332,712	593,890	52,620	840	1,385,332	594,730
2026	1,384,068	553,131	--	--	1,384,068	553,131
2027	1,415,467	510,633	--	--	1,415,467	510,633
2028-2032	7,679,822	1,900,879	--	--	7,679,822	1,900,879
2033-2037	6,235,991	681,461	--	--	6,235,991	681,461
2038-2042	1,329,595	75,150	--	--	1,329,595	75,150
Total	<u>\$ 21,909,166</u>	<u>\$ 5,644,034</u>	<u>\$ 446,766</u>	<u>\$ 18,126</u>	<u>\$ 22,355,932</u>	<u>\$ 5,662,160</u>

**Business-Type Activities:**

**Years Ending**

Dec. 31,	Revenue Bonds		State Revolving Loans		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 493,193	\$ 1,044,679	\$ 279,448	\$ 142,834	\$ 13,174	\$ 326
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	--	--
2028-2032	2,953,189	4,226,146	1,393,472	622,402	--	--
2033-2037	3,364,637	3,600,800	1,583,086	432,787	--	--
2038-2042	3,348,004	2,894,717	918,615	274,493	--	--
2043-2047	4,123,835	2,084,224	973,508	176,285	--	--
2048-2052	5,353,839	880,000	1,139,534	67,768	--	--
Total	<u>\$ 21,828,796</u>	<u>\$ 18,537,095</u>	<u>\$ 7,281,669</u>	<u>\$ 2,335,260</u>	<u>\$ 13,174</u>	<u>\$ 326</u>

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

**8. Long-Term Debt: (Continued)**

The annual requirements to amortize all debt outstanding as of December 31, 2022, except for compensated absences are as follows: (Continued)

Years Ending Dec. 31,	Leases Payable		Total	
	Principal	Interest	Principal	Interest
2023	\$ 126,659	\$ 7,501	\$ 912,474	\$ 1,195,340
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
2028-2032	--	--	4,346,661	4,848,548
2033-2037	--	--	4,947,723	4,033,587
2038-2042	--	--	4,266,619	3,169,210
2043-2047	--	--	5,097,343	2,260,509
2048-2052	--	--	6,493,373	947,768
Total	<u>\$ 335,391</u>	<u>\$ 17,676</u>	<u>\$ 29,459,030</u>	<u>\$ 20,890,357</u>

**9. Leases:**

The City leased sixty golf carts under terms of a non-cancelable operating lease. The golf carts had an original cost of \$148,297 and accumulated amortization of \$110,665 as of December 31, 2022.

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, 2022 and accumulated amortization of \$23,060 as of December 31, 2022.

The City also leased golf carts through Wells Fargo Equipment Finance. This equipment had an original cost of \$325,153 and accumulated amortization of \$126,523 as of December 31, 2022.

Future minimum lease payments to be paid out of the Golf Course Fund are as follows:

Years Ending Dec. 31,	Golf Carts		Golf Carts		Totals	
	2020	GPS	Wells Fargo	Principal	Interest	
2023	\$ 37,632	\$ 23,729	\$ 65,298	\$ 126,659	\$ 7,501	
2024	--	24,417	66,695	91,112	5,039	
2025	--	25,125	66,637	91,762	4,389	
2026	--	25,858	--	25,858	747	
Total minimum least payments	<u>\$ 37,632</u>	<u>\$ 99,129</u>	<u>\$ 198,630</u>	<u>\$ 335,391</u>	<u>\$ 17,676</u>	

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**10. 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 2021 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.

**11. Restricted Net Position:**

Restricted Net Position for the year ended December 31, 2022 was as follows:

	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Total</b>
Debt service	\$ 1,082,854	\$ 530,574	\$ 1,613,428
Capital projects	1,075,194	--	1,075,194
SDRS pension purposes	271,333	84,017	355,350
Total	\$ 2,429,381	\$ 614,591	\$ 3,043,972

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

**12. Interfund Transfers:**

Interfund transfers for the year ended December 31, 2022 were as follows:

Transfer from General Fund to Ironwood Project Fund to help fund the project.	\$ 38,044
Transfer from General Fund to Core Project II to help fund the project	\$ 1,099,593
Transfer from General Fund to Rushmore Project Phase II to help fund the project.	\$ 73,439
Transfer from General Fund to the Golf Course Fund to assist with cash shortages	\$ 1,535,905
Transfer from Surface Transportation Fund to Core Area Reconstruction Fund for initial funding.	\$ 10,000
Transfer from Surface Transportation Fund to Rushmore Area Reconstruction Fund for funding.	\$ 107,876



**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**12. Interfund Transfers: (Continued)**

Transfer from Surface Transportation Fund to Rushmore Project Phase II Fund for funding.	\$ 328,692
Transfer from Water Fund to General Fund for Engineering Fees.	\$ 34,168
Transfer from Sewer Fund to General Fund for Engineering Fees.	\$ 34,168
Transfer from Water Fund to General Fund for Bond Payments Transactions	\$ 172,582
Transfer from Sewer Fund to General Fund for Bond Payments Transactions.	\$ 325,938

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

**Benefits Provided:**

SDRS has four classes of employees, 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 spouse of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**13. Pension Plan: (Continued)**

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 3<sup>rd</sup> 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 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

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

**Contributions:**

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A members, 6% 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, 2022, 2021, and 2020 equal to the required contributions each year as follows:

2022	\$	174,345
2021		152,290
2020		146,814

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**13. Pension Plan: (Continued)**

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

At December 31, 2022, 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, 2022, and reported by the City as of December 31, 2022 are as follows:

Proportionate share of pension liability	\$ 16,098,733
Less proportionate share of total pension restricted for pension benefits	<u>16,109,511</u>
Proportionate share of net pension liability (asset)	<u>\$ (10,778)</u>

At December 31, 2022, the City reported an asset of (\$10,778) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 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, 2022, the City's proportion was 0.11404100%, which is an increase of 0.0053820% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022 the City recognized a reduction of pension expense of (\$68,245). At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 205,160	\$ 700
Changes in assumption	684,991	600,303
Net Difference between projected and actual earnings on pension plan investments	--	25,828
Changes in proportion and difference between City contributions and proportionate share of contributions	1,721	9,195
City contributions subsequent to the measurement date	<u>88,726</u>	<u>--</u>
Total Revenues	<u>\$ 980,598</u>	<u>\$ 636,026</u>

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**13. Pension Plan: (Continued)**

\$88,726 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, 2023. 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:

<b>Year Ended</b>	
<b><u>December 31:</u></b>	
2023	\$ 68,648
2024	147,713
2025	(173,085)
2026	<u>212,596</u>
	<u>\$ 255,872</u>

**Actuarial Assumptions:**

The total pension liability (asset) in the December 31, 2022 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 2.5% and real returns of 4%
Future COLAs	2.10%

**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 experience study for the period of July 1, 2016, to June 30, 2021.

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**13. Pension Plan: (Continued)**

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, 2022, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

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. 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, 2022 (see discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Global equity	58.0%	3.7%
Fixed income	30.0%	1.1%
Real estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	<u>100%</u>	

**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).

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**13. Pension Plan: (Continued)**

**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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset)	\$ 2,237,867	\$ (10,778)	\$ (1,848,515)

**Pension Plan Fiduciary Net Position:**

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

**14. 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, 2022, 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.

**City of Brandon**  
Notes to the Financial Statements  
December 31, 2022

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**14. Risk Management: (Continued)**

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing member with such a partial refund because the departing member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing member pursuant to the revised IGC.

The City 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.

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, 2022, no claims were filed for unemployment benefits. At December 31, 2022, no claims were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

**15. Significant Contingencies-Litigation:**

At December 31, 2022, the City of Brandon was not involved in any litigation.

## **Required Supplementary Information**



**City of Brandon**  
 Budgetary Comparison Schedules-Budgetary Basis – General Fund  
 For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
General property tax	\$ 3,240,683	\$ 3,240,683	\$ 3,217,012	\$ (23,671)
General sales and use tax	3,741,000	3,741,000	4,793,176	1,052,176
Penalties and interest on taxes	2,000	2,000	3,977	1,977
Licenses and permits	99,000	99,000	332,859	233,859
Intergovernmental:				
Federal grants	223,311	223,311	152,192	(71,119)
State grants	16,033	16,033	36,379	20,346
State shared revenues				
Bank franchise tax	90,000	90,000	128,257	38,257
Motor vehicle commercial prorate	5,500	5,500	6,514	1,014
Liquor tax reversion	56,000	56,000	77,416	21,416
Motor vehicle licenses (5%)	56,000	56,000	62,804	6,804
Local government highway and bridge fund	54,000	54,000	58,874	4,874
County Shared Revenue:				
County road tax (25%)	10,000	10,000	11,437	1,437
Charges for Goods and Services:				
General government	2,000	2,000	7,250	5,250
Public safety	62,200	62,200	75,036	12,836
Sanitation	2,000	2,000	170	(1,830)
Culture and recreation	191,909	191,909	303,884	111,975
Fines and Forfeits:				
Court fines and costs	3,200	3,200	2,440	(760)
Miscellaneous Revenue:				
Investment earnings	3,000	3,000	2,238	(762)
Rentals	--	--	1,950	1,950
Special assessments	8,288	8,288	8,236	(52)
Contributions and donations	--	--	500	500
Other	10,000	10,000	79,173	69,173
Total Revenues	<u>\$ 7,876,124</u>	<u>\$ 7,876,124</u>	<u>\$ 9,361,774</u>	<u>\$ 1,485,650</u>

**City of Brandon**  
 Budgetary Comparison Schedules-Budgetary Basis – General Fund  
 For the Year Ended December 31, 2022 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative)</b>
<b>Expenditures</b>				
General Government:				
Mayor & council	\$ 91,703	\$ 91,703	\$ 87,373	\$ 4,330
Publications	35,000	35,000	24,292	10,708
Elections	3,000	3,000	2,634	366
Executive Admin	244,268	244,268	240,479	3,789
Financial administration	422,195	422,195	383,273	38,922
Legal	65,000	65,000	53,270	11,730
General Government Building	459,075	459,075	436,233	22,842
Public Safety:				
Police	1,940,100	2,029,334	1,788,905	240,429
Fire	315,618	315,618	311,438	4,180
Building inspection	218,480	218,480	210,442	8,038
Other protection	142,500	142,500	20,482	122,018
Public Works:				
Highways and streets	1,899,309	1,899,309	808,846	1,090,463
Sanitation	5,000	5,000	1,162	3,838
Transit	198,124	198,124	161,627	36,497
Health and Welfare:				
Health	9,900	9,900	6,255	3,645
Culture and Recreation:				
Recreation	328,357	328,357	327,067	1,290
Parks	1,024,471	1,024,471	717,677	306,794
Libraries	5,000	5,000	1,744	3,256
Conservation and Development:				
Economic Development and Assistance	124,060	124,060	109,616	14,444
Debt Service	<u>1,801,071</u>	<u>1,801,071</u>	<u>1,752,343</u>	<u>48,728</u>
Total Expenditures	<u>9,332,231</u>	<u>9,421,465</u>	<u>7,445,158</u>	<u>1,976,307</u>
Excess of Revenues Over Expenditures	<u>(1,456,107)</u>	<u>(1,545,341)</u>	<u>1,916,616</u>	<u>3,461,957</u>
Other Financing Sources:				
Transfers in	600,555	600,555	566,856	(33,699)
Transfers (out)	(1,880,000)	(1,880,000)	(2,746,980)	(866,980)
Sale of Municipal Property	<u>--</u>	<u>--</u>	<u>22,613</u>	<u>22,613</u>
Total Other Financing Sources	<u>(1,279,445)</u>	<u>(1,279,445)</u>	<u>(2,157,511)</u>	<u>(878,066)</u>
<b>Net Changes in Fund Balance</b>	(2,735,552)	(2,824,786)	(240,895)	2,583,891
<b>Fund Balance, Beginning of Year</b>	<u>8,993,088</u>	<u>8,993,088</u>	<u>8,993,088</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 6,257,536</u>	<u>\$ 6,168,302</u>	<u>\$ 8,752,193</u>	<u>\$ 2,583,891</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, 2022

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**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 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>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)	0.1140410%	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)	\$ (10,778)	\$ (832,142)	\$ (4,798)	\$ (12,001)	\$ (2,578)	\$ (9,753)	\$ 384,987	\$ (463,237)	\$ (800,804)
City's covered-employee payroll	<u>2,418,600</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	-0.45%	-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%	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.

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

	<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	\$ 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>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>
City's covered-employee payroll	\$ 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	6.72%	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,

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#### **Changes from Prior Valuation:**

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

#### **Benefit Provision Changes:**

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

#### **Actuarial Assumption Changes:**

As a result of an experience analysis covering the period from July 1, 2016 to June 30, 2021 and presented to the SDRS Board of Trustees in April and June, 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022 actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%.

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) 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%.

## 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, (Continued)

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As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

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 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

#### **Actuarial Method Changes:**

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part other reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

## Supplementary Information



**City of Brandon**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2022

	<b>Special Revenue Nonmajor Governmental Funds</b>	<b>Debt Service Nonmajor Governmental Funds</b>	<b>Capital Projects Nonmajor Governmental Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,335,379	\$ 101,802	\$ --	\$ 1,437,181
Investments-certificates of deposit	173,971	66	--	174,037
Accounts receivable	3,584	--	--	3,584
Special assessments receivable				
Current	839,413	--	--	839,413
Delinquent	14,065	--	--	14,065
Due from county governments	2,310	--	--	2,310
Notes Receivable	231,650	--	--	231,650
Total Assets	<u>\$ 2,600,372</u>	<u>\$ 101,868</u>	<u>\$ --</u>	<u>\$ 2,702,240</u>
<b>Liabilities and Fund Balances:</b>				
Accounts payable	\$ 5,082	\$ --	\$ --	\$ 5,082
Total Liabilities	<u>5,082</u>	<u>--</u>	<u>--</u>	<u>5,082</u>
<b>Deferred Inflows of Resources:</b>				
Special Assessments	853,478	--	--	853,478
Total Deferred Inflows of Resources	<u>853,478</u>	<u>--</u>	<u>--</u>	<u>853,478</u>
<b>Fund Balances:</b>				
Nonspendable	231,650	--	--	231,650
Restricted	760,652	101,868	--	862,520
Committed	749,510	--	--	749,510
Total Fund Balances	<u>1,741,812</u>	<u>101,868</u>	<u>--</u>	<u>1,843,680</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,600,372</u>	<u>\$ 101,868</u>	<u>\$ --</u>	<u>\$ 2,702,240</u>

**City of Brandon**  
Combining Statement of Revenues, Expenditures  
And Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2022

	<b>Special Revenue Nonmajor Governmental Funds</b>	<b>Debt Service Nonmajor Governmental Funds</b>	<b>Capital Projects Nonmajor Governmental Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Taxes				
General property taxes	\$ --	\$ 86,042	\$ --	\$ 86,042
General sales taxes	306,430	--	--	306,430
Penalties and interest	956	--	--	956
Other	59,004	--	--	59,004
Intergovernmental revenue				
State grants	423,322	--	--	423,322
Miscellaneous revenue				
Investment earnings	3,163	19	--	3,182
Special assessments	1,240,793	--	--	1,240,793
Contributions	234,000	--	--	234,000
Other	--	--	--	--
<b>Total Revenue</b>	<u>2,267,668</u>	<u>86,061</u>	<u>--</u>	<u>2,353,729</u>
<b>Expenditures:</b>				
Current:				
General government:				
Other	181,884	--	--	181,884
Public works:				
Highways and streets	726,360	--	--	726,360
Conservation and development:				
Economic development and assistance (industrial development)	20	--	--	20
Debt service	47,115	59,804	--	106,919
Capital outlay	660,039	--	968,545	1,628,584
<b>Total Expenditures</b>	<u>1,615,418</u>	<u>59,804</u>	<u>968,545</u>	<u>2,643,767</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>652,250</u>	<u>26,257</u>	<u>(968,545)</u>	<u>(290,038)</u>
<b>Other Financing Sources:</b>				
Transfers in	--	--	558,051	558,051
Transfers out	(446,568)	--	--	(446,568)
<b>Total Other Financing Sources</b>	<u>(446,568)</u>	<u>--</u>	<u>558,051</u>	<u>111,483</u>
<b>Net Change in Fund Balance</b>	205,682	26,257	(410,494)	(178,555)
<b>Fund Balances- Beginning of Year</b>	<u>1,536,130</u>	<u>75,611</u>	<u>410,494</u>	<u>2,022,235</u>
<b>Fund Balances - End of Year</b>	<u>\$ 1,741,812</u>	<u>\$ 101,868</u>	<u>\$ --</u>	<u>\$ 1,843,680</u>

**City of Brandon**  
Combining Balance Sheet  
Special Revenue Nonmajor Governmental Funds  
December 31, 2022

	<b>Special Revenue</b>						<b>Total Nonmajor Special Revenue Funds</b>
	<b>Third Cent Sales Tax Fund</b>	<b>2006 TIF Fund</b>	<b>Street Maintenance Fund</b>	<b>Surface Transportation Program Fund</b>	<b>Revolving Loan Fund</b>	<b>Stormwater Fund</b>	
<b>Assets:</b>							
Cash and cash equivalents	\$ 213,333	\$ 26,775	\$ 370,276	\$ --	\$ 343,124	\$ 381,871	\$ 1,335,379
Investment-certificates of deposit	7,003	4	1,486	--	165,449	29	173,971
Accounts receivable	--	3,584	--	--	--	--	3,584
Special assessments receivable							
Current	--	--	839,413	--	--	--	839,413
Delinquent	--	--	9,198	--	--	4,867	14,065
Due from county governments	1,380	--	930	--	--	--	2,310
Notes receivable	--	--	--	--	231,650	--	231,650
Total Assets	<u>\$ 221,716</u>	<u>\$ 30,363</u>	<u>\$ 1,221,303</u>	<u>\$ --</u>	<u>\$ 740,223</u>	<u>\$ 386,767</u>	<u>\$ 2,600,372</u>
<b>Liabilities and Fund Balances:</b>							
Accounts payable	\$ --	\$ --	\$ 1,052	\$ --	\$ --	\$ 4,030	\$ 5,082
Total Liabilities	<u>--</u>	<u>--</u>	<u>1,052</u>	<u>--</u>	<u>--</u>	<u>4,030</u>	<u>5,082</u>
<b>Deferred Inflows of Resources:</b>							
Special Assessments	--	--	848,611	--	--	4,867	853,478
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>848,611</u>	<u>--</u>	<u>--</u>	<u>4,867</u>	<u>853,478</u>
<b>Fund Balances:</b>							
Nonspendable	--	--	--	--	231,650	--	231,650
Restricted	221,716	30,363	--	--	508,573	--	760,652
Committed	--	--	371,640	--	--	377,870	749,510
Total Fund Balances	<u>221,716</u>	<u>30,363</u>	<u>371,640</u>	<u>--</u>	<u>740,223</u>	<u>377,870</u>	<u>1,741,812</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 221,716</u>	<u>\$ 30,363</u>	<u>\$ 1,221,303</u>	<u>\$ --</u>	<u>\$ 740,223</u>	<u>\$ 386,767</u>	<u>\$ 2,600,372</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, 2022

	Special Revenue						Total Nonmajor Special Revenue Funds
	Third Cent Sales Tax Fund	2006 TIF Fund	Street Maintenance Fund	Surface Transportation Program Fund	Revolving Loan Fund	Stormwater Fund	
<b>Revenues:</b>							
Taxes							
General sales taxes	\$ 306,430	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 306,430
Penalties and interest	--	--	956	--	--	--	956
Other	--	59,004	--	--	--	--	59,004
Intergovernmental revenue							
State grants	--	--	28,383	394,939	--	--	423,322
Miscellaneous revenue							
Investment earnings	28	4	105	83	2,782	161	3,163
Special assessments	--	--	816,455	--	--	424,338	1,240,793
Contributions	234,000	--	--	--	--	--	234,000
Other	--	--	--	--	--	--	--
<b>Total Revenue</b>	<b>\$ 540,458</b>	<b>\$ 59,008</b>	<b>\$ 845,899</b>	<b>\$ 395,022</b>	<b>\$ 2,782</b>	<b>\$ 424,499</b>	<b>\$ 2,267,668</b>
<b>Expenditures:</b>							
Current:							
General government:							
Other	\$ 181,884	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 181,884
Public works:							
Highways and streets	--	--	679,731	--	--	46,629	726,360
Conservation and development:							
Economic development and assistance (industrial development)	--	--	--	--	20	--	20
Debt service	--	47,115	--	--	--	--	47,115
Capital outlay	264,750	--	395,289	--	--	--	660,039
<b>Total Expenditures</b>	<b>446,634</b>	<b>47,115</b>	<b>1,075,020</b>	<b>--</b>	<b>20</b>	<b>46,629</b>	<b>1,615,418</b>
Excess of Revenues Over (Under)							
Expenditures	93,824	11,893	(229,121)	395,022	2,762	377,870	652,250
Other Financing Sources:							
Transfers out	--	--	--	(446,568)	--	--	(446,568)
<b>Total Other Financing Sources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(446,568)</b>	<b>--</b>	<b>--</b>	<b>(446,568)</b>
<b>Net Change in Fund Balance</b>	<b>93,824</b>	<b>11,893</b>	<b>(229,121)</b>	<b>(51,546)</b>	<b>2,762</b>	<b>377,870</b>	<b>205,682</b>
<b>Fund Balances- Beginning of Year</b>	<b>127,892</b>	<b>18,470</b>	<b>600,761</b>	<b>51,546</b>	<b>737,461</b>	<b>--</b>	<b>1,536,130</b>
<b>Fund Balances - End of Year</b>	<b>\$ 221,716</b>	<b>\$ 30,363</b>	<b>\$ 371,640</b>	<b>\$ --</b>	<b>\$ 740,223</b>	<b>\$ 377,870</b>	<b>\$ 1,741,812</b>

**City of Brandon**  
Combining Balance Sheet  
Debt Service Nonmajor Governmental Funds  
December 31, 2022

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	<b>Debt Service</b>	<b>Total</b>
	<b>TIF Convention Center Fund</b>	<b>Nonmajor Debt Service Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 101,802	\$ 101,802
Investment-certificates of deposit	66	66
Total Assets	\$ 101,868	\$ 101,868
<b>Fund Balances:</b>		
Restricted	\$ 101,868	\$ 101,868
Total Fund Balances	101,868	101,868
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 101,868	 \$ 101,868

**City of Brandon**  
Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances – Debt Service Nonmajor Governmental Funds  
For the Year Ended December 31, 2022

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	<b>Debt Service</b>	<b>Total</b>
	<b>TIF Convention Center Fund</b>	<b>Nonmajor Debt Service Funds</b>
<b>Revenues:</b>		
Taxes:		
General property taxes	\$ 86,042	\$ 86,042
Miscellaneous revenue:		
Investment earnings	19	19
Total Revenue	86,061	86,061
<b>Expenditures:</b>		
Current:		
Debt service	59,804	59,804
Total Expenditures	59,804	59,804
Net Change in Fund Balance	26,257	26,257
<b>Fund Balances- Beginning of Year</b>	75,611	75,611
<b>Fund Balances - End of Year</b>	\$ 101,868	\$ 101,868

**City of Brandon**  
Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances – Capital Projects Nonmajor Governmental Funds  
For the Year Ended December 31, 2022

	<b>Capital Projects</b>				<b>Total Nonmajor Capital Projects Funds</b>
	<b>Ironwood Project Fund</b>	<b>Core Area Reconstruction Project Fund</b>	<b>Rushmore Area Program Fund</b>	<b>Rushmore Phase 2 Loan Fund</b>	
<b>Expenditures:</b>					
Capital outlay	\$ 38,044	\$ 10,000	\$ 518,370	\$ 402,131	\$ 968,545
Total Expenditures	<u>38,044</u>	<u>10,000</u>	<u>518,370</u>	<u>402,131</u>	<u>968,545</u>
Excess of Revenues Over (Under)					
Expenditures	<u>(38,044)</u>	<u>(10,000)</u>	<u>(518,370)</u>	<u>(402,131)</u>	<u>(968,545)</u>
Other Financing Sources:					
Transfers in	<u>38,044</u>	<u>10,000</u>	<u>107,876</u>	<u>402,131</u>	<u>558,051</u>
Total Other Financing Sources	<u>38,044</u>	<u>10,000</u>	<u>107,876</u>	<u>402,131</u>	<u>558,051</u>
Net Change in Fund Balance	<u>--</u>	<u>--</u>	<u>(410,494)</u>	<u>--</u>	<u>(410,494)</u>
<b>Fund Balances- Beginning of Year</b>	<u>--</u>	<u>--</u>	<u>410,494</u>	<u>--</u>	<u>410,494</u>
<b>Fund Balances - End of Year</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**City of Brandon**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2022

<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	NA	\$ 66,550
Federal Transit - for Rural Areas	20.509	NA	<u>84,511</u>
Total U.S. Department of Transportation			<u>151,061</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>4,154,229</u>
Total U.S. Department of Treasury			<u>4,154,229</u>
U.S. Environmental Protection Agency			
Pass through SD Department of Environment and Natural Resources			
Capitalization Grants for Clean Water State Revolving Funds (Note 3)	66.458	NA	<u>1,501,926</u>
Total U.S. Environmental Protection Agency			<u>1,501,926</u>
U.S. Department of Health and Human Service:			
Pass through SD Department of Human Services			
Special Programs for the Aging	93.044	NA	<u>1,131</u>
Total U.S. Department of Health and Human Services			<u>1,131</u>
Grand Total			<u>\$ 5,808,347</u>



**City of Brandon**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022 (Continued)

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**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, 2022. 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 Municipality 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.