

City of Mitchell

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

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

City of Mitchell

Table of Contents

	Page
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 <i>Government Auditing Standards</i> -----	1-2
Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance -----	3-5
Schedule of Prior and Current Audit Findings and Questioned Costs -----	6-7
Independent Auditor’s Report -----	8-11
Financial Statements	
Statement of Net Position -----	12
Statement of Activities-----	13
Balance Sheet – Governmental Funds -----	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position -----	15
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds-----	16-17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities -----	18
Statement of Net Position – Proprietary Funds -----	19-20
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds-----	21
Statement of Cash Flows – Proprietary Funds -----	22
Statement of Net Position – Fiduciary Funds-----	23
Statement of Changes in Net Position – Fiduciary Funds -----	24
Notes to Financial Statements -----	25-60
Required Supplementary Information -----	61
Budgetary Comparison Schedule –General Fund -----	62-63
Budgetary Comparison Schedule – Park Fund -----	64
Notes to the Required Supplemental Information-----	65
Schedule of Changes in Total OPEB Liability-----	66
Schedule of the City’s Proportionate Share of the Net Pension Liability (Asset) (SDRS)-----	67
Schedule of the City’s Contributions (SDRS)-----	68
Notes to Required Supplemental Information-----	69
Supplementary Information -----	70
Schedule of Expenditures of Federal Awards-----	71-72



**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 Mitchell, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mitchell as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Mitchell’s basic financial statements and have issued our report thereon dated July 1, 2024. The financial statements of Mitchell Housing and Redevelopment Commission (a component unit of the City of Mitchell) were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Mitchell Housing and Redevelopment Commission (a component unit of the City of Mitchell).

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mitchell’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 Mitchell’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Mitchell’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. 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 Mitchell's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

Handwritten signature in cursive script that reads "CIO of LLC".

Mitchell, South Dakota
July 1, 2024



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

To the City Council
City of Mitchell, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Mitchell's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Mitchell's major federal programs for the year ended December 31, 2023. City of Mitchell's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 City of Mitchell 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 of Mitchell'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 of Mitchell'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 City of Mitchell'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 generally accepted auditing standards, *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 City of Mitchell 's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 City of Mitchell'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 of Mitchell '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 City of Mitchell'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 combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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 black ink that reads "CIO Prof LLC". The signature is written in a cursive, somewhat stylized font.

Mitchell, South Dakota
July 1, 2024

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

Schedule of Prior Audit Findings

The prior audit report contained no written audit findings.

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

Schedule of Current Audit Findings

Section I - Summary of The Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified on governmental activities, business-type activities, each major fund, and the aggregate remaining fund information. Disclaimer on aggregate discretely presented component unit.

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:

FALN(s)	Name of Federal Program or Cluster
20.509	Formula Grants for Rural Areas and Tribal Transit Program

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

Auditee qualified as low-risk auditee? _____ Yes X no

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

There are no findings or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.156(a).



Independent Auditor's Report

To the City Council
City of Mitchell, 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 Mitchell as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents. We were not engaged to audit the financial statements of the aggregate discretely presented component unit.

Disclaimer of Opinion on the Aggregate Discretely Presented Component Unit

Because of the significance of the matter described in the Basis for Disclaimer of Opinion and Unmodified Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis of an audit opinion on the financial statements of the aggregate discretely presented component unit of the City of Mitchell. Accordingly, we do not express opinions on those financial statements.

Unmodified Opinions on the Governmental Activities, Business-Type Activities, Each Major Fund, and the Aggregate Remaining Fund Information

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 aggregate remaining fund information of the City of Mitchell as of December 31, 2023, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinion and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Mitchell 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.

Matter Giving Rise to Disclaimer of Opinion on the Aggregate Discretely Presented Component Unit

The financial statements of the Mitchell Housing and Redevelopment Commission have not been audited, and we were not engaged to audit the Mitchell Housing and Redevelopment Commission's financial statements as part of the City's basic financial statements. The Mitchell Housing and Redevelopment Commission's financial activities are included in the City's basic financial statements as part of the discretely presented component units and represent the assets, net position, and revenues/expenses of the City's aggregate discretely presented component unit.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mitchell'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Mitchell'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 Mitchell'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 Budgetary Comparison Schedules, the Schedule of Changes in Total OPEB Liability, Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) (SDRS), and Schedule of the City's Contributions (SDRS) be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

The Municipality has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 July 1, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Mitchell'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.

Handwritten signature in blue ink that reads "CIO of LLC".

Mitchell, South Dakota
July 1, 2024

City of Mitchell
Statement of Net Position
December 31, 2023

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		
Assets:				
Cash and cash equivalents	\$ 37,814,627	\$ 16,221,656	\$ 54,036,283	\$ 732,851
Investments	388,817	--	388,817	--
Accounts receivable, net	1,944,869	3,918,997	5,863,866	962,712
Internal balances	75,000	(75,000)	--	--
Inventories	447,610	661,161	1,108,771	--
Other assets	--	--	--	2,117
Restricted assets:				
Cash and cash equivalents	322,659	27,940	350,599	--
Investments	--	1,549,421	1,549,421	--
Net pension asset	35,844	11,779	47,623	--
Capital assets:				
Land and construction in progress	8,797,750	24,822,720	33,620,470	--
Other capital assets, net of depreciation	68,871,131	62,053,732	130,924,863	--
Total Assets	118,698,307	109,192,406	227,890,713	1,697,680
Deferred Outflows of Resources:				
Pension related deferred outflows	2,774,916	912,002	3,686,918	--
Liabilities:				
Accounts payable	729,261	1,492,547	2,221,808	3,142
Noncurrent liabilities:				
Net OPEB Obligation	687,390	225,348	912,738	--
Accrued landfill closure and postclosure costs	--	1,175,811	1,175,811	--
Due within one year	1,664,287	1,216,061	2,880,348	--
Due in more than one year	10,976,864	38,651,831	49,628,695	--
Total Liabilities	14,057,802	42,761,598	56,819,400	3,142
Deferred Inflows of Resources:				
Pension related deferred inflows of resources	1,813,229	592,061	2,405,290	--
Total Deferred Inflows of Resources	1,813,229	592,061	2,405,290	--
Net Position:				
Net Investment in capital assets	67,903,881	47,161,024	115,064,905	--
Restricted for:				
Other-component unit	--	--	--	1,694,538
Debt service purposes	960,405	27,940	988,345	--
Parks and recreation	4,341,385	--	4,341,385	--
Economic development	942,474	--	942,474	--
Public safety	666,040	--	666,040	--
Community projects	322,659	--	322,659	--
Library	94,634	--	94,634	--
Landfill closure and post-closure costs	--	1,549,421	1,549,421	--
SDRS pension purposes	997,531	331,720	1,329,251	--
Unrestricted	29,373,183	17,680,644	47,053,827	--
Total Net Position	\$ 105,602,192	\$ 66,750,749	\$ 172,352,941	\$ 1,694,538

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 3,045,242	\$ 6,278	\$ 2,296,293	\$ 390,298	\$ (352,373)	\$ --	\$ (352,373)	\$ --
Public safety	6,168,794	1,061,729	272,016	--	(4,835,049)	--	(4,835,049)	--
Public works	4,982,125	140,294	742,490	94,622	(4,004,719)	--	(4,004,719)	--
Health and welfare	1,860,787	685,981	189,129	--	(985,677)	--	(985,677)	--
Culture and recreation	5,562,893	1,017,970	685,742	--	(3,859,181)	--	(3,859,181)	--
Conservation and development	851,011	--	--	--	(851,011)	--	(851,011)	--
Intergovernmental	178,746	--	--	--	(178,746)	--	(178,746)	--
Interest on long-term debt*	381,020	--	--	--	(381,020)	--	(381,020)	--
Total Governmental Activities	23,030,618	2,912,252	4,185,670	484,920	(15,447,776)	--	(15,447,776)	--
Business-type Activities:								
Water	3,820,560	5,138,650	--	--	--	1,318,090	1,318,090	--
Sewer	2,779,923	4,223,957	--	--	--	1,444,034	1,444,034	--
Airport	789,882	164,154	125,953	--	--	(499,775)	(499,775)	--
Sanitation	2,279,829	2,844,010	220,873	--	--	785,054	785,054	--
Corn Palace	1,778,555	941,612	13,260	--	--	(823,683)	(823,683)	--
Golf	499,436	597,625	4,500	--	--	102,689	102,689	--
Campground	72,109	101,494	--	--	--	29,385	29,385	--
EMS	1,372,305	727,344	--	--	--	(644,961)	(644,961)	--
Total Business-type Activities	13,392,599	14,738,846	364,586	--	--	1,710,833	1,710,833	--
Total Primary Government	\$ 36,423,217	\$ 17,651,098	\$ 4,550,256	\$ 484,920	(15,447,776)	1,710,833	(13,736,943)	--
Component Unit:								
Housing and Redevelopment Commission	\$ 367,712	\$ --	\$ 493,514	\$ --	--	--	--	125,802
General Revenues:								
Taxes:								
Property taxes					7,233,432	--	7,233,432	--
Sales taxes					15,820,305	--	15,820,305	--
State shared revenues					184,959	--	184,959	--
Unrestricted investment earnings					1,544,414	679,477	2,223,891	7,314
Miscellaneous revenues					1,180,534	17,770	1,198,304	--
Transfers					(2,122,565)	2,122,565	--	--
Total General Revenues and Transfers					23,841,079	2,819,812	26,660,891	7,314
Change in Net Position					8,393,303	4,530,645	12,923,948	133,116
Net Position, Beginning of Year					97,208,889	62,220,104	159,428,993	1,561,422
Net Position, End of Year					\$ 105,602,192	\$ 66,750,749	\$ 172,352,941	\$ 1,694,538

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

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

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

	<u>General Fund</u>	<u>Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 24,031,421	\$ 1,489,445	\$ 7,604,207	\$ 33,125,073
Investments	388,817	--	--	388,817
Taxes receivable-delinquent	72,665	--	--	72,665
Accounts Receivable	2,803	1,161	18,765	22,729
Special assessments receivable				
Current	6,631	--	--	6,631
Delinquent	15,534	--	--	15,534
Noncurrent	6,642	--	--	6,642
Due from other funds	469,447	--	--	469,447
Due from other governments	1,710,752	--	109,916	1,820,668
Supply inventory	399,246	47,533	831	447,610
Restricted cash	322,659	--	--	322,659
Total Assets	<u>\$ 27,426,617</u>	<u>\$ 1,538,139</u>	<u>\$ 7,733,719</u>	<u>\$ 36,698,475</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 230,217	\$ 117,874	\$ 79,502	\$ 427,593
Due to other funds	--	--	394,447	394,447
Total Liabilities	<u>230,217</u>	<u>117,874</u>	<u>473,949</u>	<u>822,040</u>
Deferred inflows of resources:				
Unavailable revenue	1,479,275	--	76,422	1,555,697
Total Deferred Inflows of Resources	<u>1,479,275</u>	<u>--</u>	<u>76,422</u>	<u>1,555,697</u>
Fund Balances:				
Nonspendable	399,246	47,533	831	447,610
Restricted	322,659	641,109	6,363,829	7,327,597
Committed	--	209,730	--	209,730
Assigned	8,992,974	521,893	818,688	10,333,555
Unassigned	16,002,246	--	--	16,002,246
Total Fund Balances	<u>25,717,125</u>	<u>1,420,265</u>	<u>7,183,348</u>	<u>34,320,738</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 27,426,617</u>	<u>\$ 1,538,139</u>	<u>\$ 7,733,719</u>	<u>\$ 36,698,475</u>

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

City of Mitchell

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

Total Fund Balances Government Funds \$ 34,320,738

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

Net pension asset reported in governmental activities is not available financial resource and therefore is not reported in the funds. 35,844

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 77,668,881

Pension and OPEB related deferred outflows are components of pension liability (asset)/OPEB liability and therefore are not reported in the funds. 2,774,916

Long-term liabilities, including bonds payable, net pension liability, capital leases payable, accrued leave payable and accrued other post-employment benefits payable are not due and payable in the current period and therefore are not reported in the funds. (12,641,151)

Assets such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and noncurrent) are not available to pay for current period expenditures and therefore are deferred in the funds. 101,472

Sales tax and revenue from sale of goods and services received after the "availability" period is deferred in the funds' statements. 1,454,225

Pension related deferred inflows and OPEB are components of pension liability (asset)/OPEB liability and therefore are not reported in the funds. (2,500,619)

Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. 4,387,886

Net Position Governmental Activities \$ 105,602,192

City of Mitchell

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

	<u>General Fund</u>	<u>Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
General property taxes	\$ 6,170,073	\$ --	\$ 764,533	\$ 6,934,606
Airflight property tax	106	--	--	106
General sales and use taxes	14,592,561	--	1,227,744	15,820,305
Gross receipts business taxes	182,676	--	--	182,676
Penalties and interest on taxes	10,005	--	--	10,005
Licenses and permits	497,071	--	--	497,071
Intergovernmental Revenue:				
Federal grants	860,402	--	931,861	1,792,263
State grants	1,261,408	58,886	117,493	1,437,787
State shared revenues:				
Bank franchise tax	76,691	--	--	76,691
Prorate license fees	17,029	--	--	17,029
Liquor tax reversion (25%)	108,268	--	--	108,268
Motor vehicle licenses	132,645	--	--	132,645
Fire insurance premiums reversion	83,424	--	--	83,424
Local government highway and bridge	450,506	--	--	450,506
911 Remittances	--	--	272,016	272,016
Charges for Goods or Services:				
General government	5,332	--	--	5,332
Public safety	137,977	--	405,066	543,043
Highways and streets	8,207	--	--	8,207
Health	--	--	685,981	685,981
Culture and recreation	--	991,216	--	991,216
Cemetery	132,087	--	--	132,087
Fines and Forfeits:				
Court fines and costs	445	--	--	445
Animal control fines	7,904	--	--	7,904
Parking meter fines	13,266	--	--	13,266
Library	--	--	26,754	26,754
Miscellaneous Revenue:				
Interest earned	1,544,414	--	--	1,544,414
Rentals	946	--	--	946
Special assessments	38,281	--	55,919	94,200
Contributions and donations from private sources	3,000	336,491	50,807	390,298
Other	94,106	1,771	103,772	199,649
Total Revenues	\$ 26,428,830	\$ 1,388,364	\$ 4,641,946	\$ 32,459,140

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

City of Mitchell

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

	<u>General Fund</u>	<u>Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Expenditures</u>				
General Government:				
Legislative	\$ 165,631	\$ --	\$ --	\$ 165,631
Executive	425,770	--	--	425,770
Elections	7,552	--	--	7,552
Financial administration	1,197,431	--	--	1,197,431
Other	564,340	--	--	564,340
Public Safety:				
Police	3,579,811	--	--	3,579,811
Fire	1,519,040	--	--	1,519,040
Other protection	--	--	930,701	930,701
Public Works:				
Highways and streets	4,197,770	--	--	4,197,770
Cemeteries	265,391	--	--	265,391
Health and Welfare:				
Health	41,000	--	1,670,203	1,711,203
Humane society	19,843	--	--	19,843
Culture and Recreation:				
Recreation	34,000	2,457,176	73,196	2,564,372
Parks	--	1,317,303	132,479	1,449,782
Libraries	796,275	--	17,265	813,540
Conservation and Development:				
Urban redevelopment and housing	--	--	595,694	595,694
Economic development and assistance	255,317	--	--	255,317
Debt Service	849,008	--	1,274,805	2,123,813
Intergovernmental Expenditures	--	--	178,746	178,746
Capital Outlay	1,430,408	1,210,244	582,316	3,222,968
Total Expenditures	<u>15,348,587</u>	<u>4,984,723</u>	<u>5,455,405</u>	<u>25,788,715</u>
Excess of Revenues Over (Under) Expenditures	<u>11,080,243</u>	<u>(3,596,359)</u>	<u>(813,459)</u>	<u>6,670,425</u>
Other Financing Sources (Uses):				
Transfers in	750,000	3,171,505	1,842,953	5,764,458
Sale of city property	4,610	2,400	973,875	980,885
Compensation for loss or damage to capital assets	8,725	10,418	--	19,143
Transfers out	<u>(6,717,023)</u>	<u>--</u>	<u>(420,000)</u>	<u>(7,137,023)</u>
Total Other Financing Sources (Uses)	<u>(5,953,688)</u>	<u>3,184,323</u>	<u>2,396,828</u>	<u>(372,537)</u>
Net Change in Fund Balances	5,126,555	(412,036)	1,583,369	6,297,888
Fund Balance, Beginning of Year	<u>20,590,570</u>	<u>1,832,301</u>	<u>5,599,979</u>	<u>28,022,850</u>
Fund Balance, End of Year	<u>\$ 25,717,125</u>	<u>\$ 1,420,265</u>	<u>\$ 7,183,348</u>	<u>\$ 34,320,738</u>

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

City of Mitchell
 Reconciliation Of The Statement Of Revenues, Expenditures, And Changes In Fund Balances
 To The Statement Of Activities
 For The Year Ended December 31, 2023

Net Change in Fund Balances Total Government Funds	\$ 6,297,888
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	3,222,968
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.	(2,162,350)
In the statement of activities, losses of \$808,741 of disposal of capital assets are reported, whereas, in the governmental funds, the proceeds \$1,000,028 from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	(191,287)
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.	1,742,793
The fund financial statement governmental fund sales and use tax tax accruals differ from the government wide statement sales and use tax accruals in that the fund financial statements require the amounts to be "available".	106,145
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 legal claim arises.	316
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	(99,727)
Changes in the Net OPEB obligation and pension related deferred outflows/inflows are direct components of pension liability (asset)/OPEB liability and are not reflected in the governmental funds.	141,864
Internal services funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	(665,307)
Change in Net Position of Governmental Activities	<u>\$ 8,393,303</u>

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

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Airport Fund</u>	<u>Sanitation Fund</u>	<u>Corn Palace Fund</u>	<u>Golf Fund</u>	<u>Campground Fund</u>	<u>EMS Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
Assets:										
Current Assets:										
Cash and cash equivalents	\$ 5,190,208	\$ 5,246,577	\$ 111,088	\$ 4,014,623	\$ 98,349	\$ 873,682	\$ 103,892	\$ 583,237	\$ 16,221,656	\$ 4,689,554
Accounts receivable	1,945,788	1,449,705	--	285,100	16,482	--	95	954	3,698,124	--
Due from other governments	--	--	--	220,873	--	--	--	--	220,873	--
Supply inventory	549,922	24,469	6,461	14,165	25,243	21,634	--	19,267	661,161	--
Total Current Assets	7,685,918	6,720,751	117,549	4,534,761	140,074	895,316	103,987	603,458	20,801,814	4,689,554
Noncurrent Assets:										
Restricted cash and cash equivalents	--	--	--	27,940	--	--	--	--	27,940	--
Restricted investments	--	--	--	1,549,421	--	--	--	--	1,549,421	--
Net pension asset	1,441	1,365	331	2,416	1,498	363	--	4,365	11,779	--
Capital Assets:										
Land	329,365	163,092	39,743	550,373	50,650	169,843	--	--	1,303,066	--
Buildings	12,935,319	291,263	571,487	2,179,002	8,445,556	314,500	67,500	--	24,804,627	--
Improvements other than buildings	27,644,867	15,481,085	17,237,290	3,599,651	1,539,116	1,171,581	--	--	66,673,590	--
Infrastructure	2,270,344	2,701,456	--	--	--	--	--	--	4,971,800	--
Machinery and equipment	4,730,628	8,152,275	729,039	4,539,802	816,075	566,797	66,187	155,626	19,756,429	--
Construction in progress	7,938,310	15,493,908	--	87,436	--	--	--	--	23,519,654	--
Intangible assets	--	2,500	--	--	--	--	--	--	2,500	--
Accumulated depreciation	(19,294,960)	(9,685,537)	(14,784,281)	(5,182,274)	(3,413,211)	(1,725,751)	(57,852)	(11,348)	(54,155,214)	--
Total Capital Assets	36,553,873	32,600,042	3,793,278	5,773,990	7,438,186	496,970	75,835	144,278	86,876,452	--
Total Noncurrent Assets	36,555,314	32,601,407	3,793,609	7,353,767	7,439,684	497,333	75,835	148,643	88,465,592	--
Total Assets	44,241,232	39,322,158	3,911,158	11,888,528	7,579,758	1,392,649	179,822	752,101	109,267,406	4,689,554
Deferred Outflows of Resources:										
Pension related deferred outflows	111,568	105,702	25,623	187,048	115,961	28,140	--	337,960	912,002	--

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

City of Mitchell
Statement of Net Position – Proprietary Funds
December 31, 2023 (Continued)

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Airport Fund</u>	<u>Sanitation Fund</u>	<u>Corn Palce Funds</u>	<u>Golf Funds</u>	<u>Campground Fund</u>	<u>EMS Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
Liabilities:										
Current Liabilities:										
Accounts payable	\$ 1,001,563	\$ 392,277	\$ 22,758	\$ 47,341	\$ 22,749	\$ 3,593	\$ 98	\$ 2,168	\$ 1,492,547	\$ 81,668
Due to other funds	--	--	--	--	--	75,000	--	--	75,000	--
Incurred but not reported claims payable	--	--	--	--	--	--	--	--	--	220,000
Compensated absences payable current	6,601	8,408	980	10,785	6,553	1,536	--	3,253	38,116	--
Bonds payable - current:										
Revenue	276,313	761,790	--	139,842	--	--	--	--	1,177,945	--
Total Current Liabilities	1,284,477	1,162,475	23,738	197,968	29,302	80,129	98	5,421	2,783,608	301,668
Noncurrent Liabilities:										
Bonds payable:										
Revenue	11,253,938	27,124,638	--	158,907	--	--	--	--	38,537,483	--
Accrued leave payable	19,803	25,225	2,939	32,356	19,658	4,609	--	9,758	114,348	--
Accrued landfill closure and postclosure costs	--	--	--	1,175,811	--	--	--	--	1,175,811	--
Net OPEB Obligation	28,362	33,519	5,157	51,567	30,940	8,766	--	67,037	225,348	--
Total Noncurrent Liabilities	11,302,103	27,183,382	8,096	1,418,641	50,598	13,375	--	76,795	40,052,990	--
Total Liabilities	12,586,580	28,345,857	31,834	1,616,609	79,900	93,504	98	82,216	42,836,598	301,668
Deferred Inflows of Resources:										
Pension related deferred inflows	72,795	68,968	16,719	122,045	72,662	18,361	--	220,511	592,061	--
Net Position										
Net investment in capital assets	25,023,622	4,713,614	3,793,278	5,475,241	7,438,186	496,970	75,835	144,278	47,161,024	--
Restricted for										
Revenue bond debt service	--	--	--	27,940	--	--	--	--	27,940	--
Landfill closure and post-closure costs	--	--	--	1,549,421	--	--	--	--	1,549,421	--
SDRS pension purposes	40,214	38,099	9,235	67,419	44,797	10,142	--	121,814	331,720	--
Unrestricted net position	6,629,589	6,261,322	85,715	3,216,901	60,174	801,812	103,889	521,242	17,680,644	4,387,886
Total Net Position	\$ 31,693,425	\$ 11,013,035	\$ 3,888,228	\$ 10,336,922	\$ 7,543,157	\$ 1,308,924	\$ 179,724	\$ 787,334	\$ 66,750,749	\$ 4,387,886

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

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Airport Fund</u>	<u>Sanitation Fund</u>	<u>Corn Palace Fund</u>	<u>Golf Fund</u>	<u>Campground Fund</u>	<u>EMS Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating Revenues:										
Charges for goods and services	\$ 5,138,650	\$ 4,223,957	\$ 164,154	\$ 2,844,010	\$ 941,612	\$ 597,625	\$ 101,494	\$ 727,344	\$ 14,738,846	\$ --
Contributions and donations	--	--	--	--	13,260	4,500	--	--	17,760	--
Miscellaneous	--	--	--	--	--	--	--	--	--	2,754,776
Total Operating Revenue	<u>5,138,650</u>	<u>4,223,957</u>	<u>164,154</u>	<u>2,844,010</u>	<u>954,872</u>	<u>602,125</u>	<u>101,494</u>	<u>727,344</u>	<u>14,756,606</u>	<u>2,754,776</u>
Operating Expenses:										
Personal services	519,044	529,356	110,609	845,252	738,204	193,298	21,017	1,200,389	4,157,169	--
Cost of sales	977,148	--	--	--	235,068	--	--	--	1,212,216	--
Other current expense	1,501,191	1,572,369	251,416	943,991	561,257	256,082	42,742	160,568	5,289,616	2,670,083
Depreciation	<u>752,991</u>	<u>456,401</u>	<u>427,857</u>	<u>477,733</u>	<u>244,026</u>	<u>50,056</u>	<u>8,350</u>	<u>11,348</u>	<u>2,428,762</u>	<u>--</u>
Total Operating Expenses	<u>3,750,374</u>	<u>2,558,126</u>	<u>789,882</u>	<u>2,266,976</u>	<u>1,778,555</u>	<u>499,436</u>	<u>72,109</u>	<u>1,372,305</u>	<u>13,087,763</u>	<u>2,670,083</u>
Operating Income (Loss)	<u>1,388,276</u>	<u>1,665,831</u>	<u>(625,728)</u>	<u>577,034</u>	<u>(823,683)</u>	<u>102,689</u>	<u>29,385</u>	<u>(644,961)</u>	<u>1,668,843</u>	<u>84,693</u>
Nonoperating Revenue (Expense):										
Operating grants	--	--	125,953	220,873	--	--	--	--	346,826	--
Interest earned	199,463	199,463	--	280,551	--	--	--	--	679,477	--
Interest expense	(70,186)	(221,797)	--	(12,853)	--	--	--	--	(304,836)	--
Gain/Loss on disposition of assets	--	--	--	--	6,709	838	--	10,223	17,770	--
Total Nonoperating Revenue (Expense)	<u>129,277</u>	<u>(22,334)</u>	<u>125,953</u>	<u>488,571</u>	<u>6,709</u>	<u>838</u>	<u>--</u>	<u>10,223</u>	<u>739,237</u>	<u>--</u>
Net Income (Loss) before Capital Contributions and Transfers	1,517,553	1,643,497	(499,775)	1,065,605	(816,974)	103,527	29,385	(634,738)	2,408,080	84,693
Transfers in	--	--	94,998	--	574,470	550,836	--	902,261	2,122,565	--
Transfers (out)	--	--	--	--	--	--	--	--	--	(750,000)
Change in Net Position	<u>1,517,553</u>	<u>1,643,497</u>	<u>(404,777)</u>	<u>1,065,605</u>	<u>(242,504)</u>	<u>654,363</u>	<u>29,385</u>	<u>267,523</u>	<u>4,530,645</u>	<u>(665,307)</u>
Net Position, Beginning of Year	<u>30,175,872</u>	<u>9,369,538</u>	<u>4,293,005</u>	<u>9,271,317</u>	<u>7,785,661</u>	<u>654,561</u>	<u>150,339</u>	<u>519,811</u>	<u>62,220,104</u>	<u>5,053,193</u>
Net Position, End of Year	<u>\$ 31,693,425</u>	<u>\$ 11,013,035</u>	<u>\$ 3,888,228</u>	<u>\$ 10,336,922</u>	<u>\$ 7,543,157</u>	<u>\$ 1,308,924</u>	<u>\$ 179,724</u>	<u>\$ 787,334</u>	<u>\$ 66,750,749</u>	<u>\$ 4,387,886</u>

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

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Airport Fund</u>	<u>Sanitation Fund</u>	<u>Corn Palace Fund</u>	<u>Golf Fund</u>	<u>Campground Fund</u>	<u>EMS Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities:										
Receipts from customers	\$ 3,663,901	\$ 4,097,002	\$ 164,154	\$ 2,657,542	\$ 953,398	\$ 607,687	\$ 101,331	\$ 726,390	\$ 12,971,405	\$ 2,754,776
Payments to employees for services	(526,711)	(529,304)	(111,792)	(849,941)	(740,016)	(193,974)	(21,017)	(1,211,482)	(4,184,237)	--
Payments to suppliers	(1,609,851)	(1,276,757)	(233,706)	(1,195,296)	(783,780)	(256,318)	(43,412)	(180,216)	(5,579,336)	(2,741,752)
Net Cash Provided (Used) by Operating Activities	<u>1,527,339</u>	<u>2,290,941</u>	<u>(181,344)</u>	<u>612,305</u>	<u>(570,398)</u>	<u>157,395</u>	<u>36,902</u>	<u>(665,308)</u>	<u>3,207,832</u>	<u>13,024</u>
Cash Flows from Non-Capital Financing Activities:										
Transfers in from other funds	--	--	94,998	--	574,470	550,836	--	902,261	2,122,565	--
Transfers (to) other funds	--	--	--	--	--	--	--	--	--	(750,000)
Operating grants received	--	--	125,953	220,873	--	--	--	--	346,826	--
Net Cash Provided by Non-Capital Financing Activities	<u>--</u>	<u>--</u>	<u>220,951</u>	<u>220,873</u>	<u>574,470</u>	<u>550,836</u>	<u>--</u>	<u>902,261</u>	<u>2,469,391</u>	<u>(750,000)</u>
Cash Flows from Capital and Related Financing Activities:										
Proceeds of capital debt	9,054,258	10,256,731	--	--	--	--	--	--	19,310,989	--
Proceeds from sale of capital assets	--	--	--	--	6,709	838	--	10,223	17,770	--
Purchase of capital assets	(8,131,948)	(9,411,635)	--	(892,308)	--	(138,444)	--	(155,626)	(18,729,961)	--
Accrued landfill closure and postclosure costs	--	--	--	43,797	--	--	--	--	43,797	--
Debt principal paid	(353,796)	(666,374)	--	(135,312)	--	--	--	--	(1,155,482)	--
Debt interest paid	(70,186)	(221,797)	--	(12,853)	--	--	--	--	(304,836)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>498,328</u>	<u>(43,075)</u>	<u>--</u>	<u>(996,676)</u>	<u>6,709</u>	<u>(137,606)</u>	<u>--</u>	<u>(145,403)</u>	<u>(817,723)</u>	<u>--</u>
Cash Flows from Investing Activities:										
Transfer from restricted cash	--	--	--	(112,468)	--	--	--	--	(112,468)	--
Cash received for interest	199,463	199,463	--	280,551	--	--	--	--	679,477	--
Net Cash Provided by Investing Activities	<u>199,463</u>	<u>199,463</u>	<u>--</u>	<u>168,083</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>567,009</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,225,130</u>	<u>2,447,329</u>	<u>39,607</u>	<u>4,585</u>	<u>10,781</u>	<u>570,625</u>	<u>36,902</u>	<u>91,550</u>	<u>5,426,509</u>	<u>(736,976)</u>
Cash and Cash Equivalents, Beginning of Year	<u>2,965,078</u>	<u>2,799,248</u>	<u>71,481</u>	<u>4,010,038</u>	<u>87,568</u>	<u>303,057</u>	<u>66,990</u>	<u>491,687</u>	<u>10,795,147</u>	<u>5,426,530</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,190,208</u>	<u>\$ 5,246,577</u>	<u>\$ 111,088</u>	<u>\$ 4,014,623</u>	<u>\$ 98,349</u>	<u>\$ 873,682</u>	<u>\$ 103,892</u>	<u>\$ 583,237</u>	<u>\$ 16,221,656</u>	<u>\$ 4,689,554</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:										
Operating Income (Loss)	\$ 1,388,276	\$ 1,665,831	\$ (625,728)	\$ 577,034	\$ (823,683)	\$ 102,689	\$ 29,385	\$ (644,961)	\$ 1,668,843	\$ 84,693
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:										
Depreciation	752,991	456,401	427,857	477,733	244,026	50,056	8,350	11,348	2,428,762	--
Loss on disposal of capital assets	--	--	--	--	--	5,562	--	--	5,562	--
Changes in Assets and Liabilities:										
Receivables	(1,474,749)	(126,955)	--	(2,719)	(1,474)	--	(163)	(954)	(1,607,014)	--
Due from other governments	--	--	--	(183,749)	--	--	--	--	(183,749)	--
Inventories	(32,034)	10,939	309	6,398	12,653	(2,066)	--	(5,045)	(8,846)	--
Net pension asset/liability	5,094	15,983	1,483	10,465	7,818	1,683	--	18,705	61,231	--
Accounts and other payables	900,522	284,673	17,401	(257,703)	(108)	1,830	(670)	(14,603)	931,342	(71,669)
Accrued leave, and OPEB payable	(12,761)	(15,931)	(2,666)	(15,154)	(9,630)	(2,359)	--	(29,798)	(88,299)	--
Cash Flows Provided (Used) by Operating Activities	<u>\$ 1,527,339</u>	<u>\$ 2,290,941</u>	<u>\$ (181,344)</u>	<u>\$ 612,305</u>	<u>\$ (570,398)</u>	<u>\$ 157,395</u>	<u>\$ 36,902</u>	<u>\$ (665,308)</u>	<u>\$ 3,207,832</u>	<u>\$ 13,024</u>

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

City of Mitchell
Statement of Net Position – Fiduciary Funds
December 31, 2023

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 846,924
Accounts receivable	18,599
Other assets	<u>39,571</u>
 Total Assets	 <u>905,094</u>
 Liabilities:	
Accounts payable	<u>25,348</u>
 Total Liabilities	 <u>25,348</u>
 Net Position - Restricted	 <u><u>\$ 879,746</u></u>

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

City of Mitchell
Statement of Changes in Net Position – Fiduciary Funds
December 31, 2023

	<u>Custodial Funds</u>
Additions:	
Funds received into custody	<u>\$ 458,006</u>
Deductions:	
Funds released from custody	<u>629,669</u>
Change in Net Position	(171,663)
Net Position - Beginning	<u>1,051,409</u>
Net Position - Ending	<u><u>\$ 879,746</u></u>

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

City of Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies:

a. Financial Reporting Entity:

The reporting entity of the City of Mitchell (City) 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.

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

The Housing and Redevelopment Commission of the City of Mitchell, South Dakota (Commission) is a proprietary fund-type, discretely presented component unit. The five members of the Commission are appointed by the Mayor with the approval of the Governing Board for five-year staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The Governing Board, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the Governing Board the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: The Housing and Redevelopment Commission of the City of Mitchell, Tammy Frost, Executive Director, 200 East 15th Mitchell, SD 57301. The June 30, 2023 year end statements are presented in these financial statements.

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 and discretely presented component units. 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. Discretely presented component units are legally separate organizations that meet certain criteria, as described in note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a. above.

City of Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

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

Governmental Funds:

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

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

Park Fund – To account for charges for goods and services of the recreation center, ice skating rinks and other recreational facilities maintained by the city and the related costs of these facilities. This is a major fund.

City of Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

The remaining Special Revenue funds are not considered major funds: Lake Fund, Liquor, Lodging and Dining Gross Receipts Tax Fund, BID #3 Fund, Special Assessment Revolving Fund, 911 Emergency Fund, RSVP Fund, Nutrition Fund, and Library Fines Fund. These funds are reported on the fund financial statements as “Other Governmental Funds.”

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.

Tax Increment Financing (TIF) Funds – to account for the property taxes which may be used only for the payment of the applicable TIF bonds. The City has fourteen (14) of these debt service funds. None of the TIF funds are major funds.

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 payable “solely” from the revenues of the activity.)
- b. Laws or regulation 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 municipal waterworks system and related facilities (SDCL 9-47-1). This is a major fund.

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

City of Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

Sanitation Fund – Financed primarily by user charges, this fund accounts for the operation of the City sanitation system. This is a major fund.

Corn Palace Fund – Financed by user charges and transfers in from the General and Liquor, Lodging and Dining Gross Receipts Tax Funds, this fund accounts for the operation of the Corn Palace. This is a major fund.

Golf Fund – Financed by user charges, this fund accounts for operation of the City golf course. This is a major fund.

Airport Fund – Financed by federal grants, state grants, transfers-in from General Fund and user fees, this fund accounts for operation of the City airport. This is a major fund.

Campground Fund – Financed by charges for services this fund accounts for operation of the campground. This is a major fund.

EMS Fund – Financed by federal grants, transfers-in from General Fund, and Medicare/Medicaid payments, this fund accounts for operation of the City's EMS. This is a major fund.

Internal Services Funds – Internal services funds are used to account for the financing of goods or services provided by one department or custodial to other departments or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. The particular types of services provided to other funds is coverage of employee medical expenses. Internal Service Funds are never considered to be major funds. The Health Insurance Fund is the only internal service fund maintained by the City.

Fiduciary Funds:

Fiduciary funds consist of the following sub-category and are never considered to be major funds.

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds consist of special assessment projects and payroll-related withholdings.

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 Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

Measurement Focus:

Government-Wide Financial Statements – In the government-wide Statement of Net Position and Statement of Activities, both governmental, business-type and component units 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 types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-Wide Financial Statements – In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type, and component unit 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 Mitchell is 30 days. The revenues which are accrued at December 31, 2023 are sales tax, real estate taxes, state shared revenues, and miscellaneous other revenues.

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

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

All proprietary and fiduciary 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:

City of Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

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 a term to maturity at date of acquisition of three months or less.

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 Laws (SDCL) 4-5-6.

f. Capital Assets:

Capital Assets include land, buildings, improvements other than buildings, machinery and equipment, construction in process, 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.

Government-Wide Financial Statements:

Capital assets are recorded at historical cost or estimated cost where actual historical 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 the useful life of a capital asset are also capitalized.

City of Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

The total December 31, 2023 balance of governmental activities capital assets includes approximately 40% for which the costs were determined by estimates of the original costs. The total December 31, 2023 balance of business-type capital assets includes approximately 30% for which costs were determined by estimates of the original costs. These estimated original costs were established by appraisals or deflated current replacement cost.

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

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities. Accumulated depreciation is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All	-- *	--
Buildings	\$ 50,000	straight-line	20-100 years
Improvements other than buildings	\$ 25,000	straight-line	15-50 years
Machinery and equipment	\$ 5,000	straight-line	4-20 years

*Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

City of Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of compensated absences, other post-employment benefits, and revenue bonds.

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. 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.

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in 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 Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

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. 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.

l. 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 acquisition, 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 positions 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. Fiduciary fund equity is reported as Net Position – Restricted.

City of Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

m. 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 positions are available.

n. 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:

1. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.
2. 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.
3. 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 Finance Officer.
4. Unassigned – Includes positive fund balances within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of the following:

- Amount reported in non-spendable form such as inventory.

The City uses restricted 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 assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

The purpose of each major special revenue fund and revenue source is listed below:

Park Fund – Charges for goods and services.

City of Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

A schedule of fund balances is provided as follows:

	<u>General Fund</u>	<u>Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Non-spendable:				
Inventory	\$ 399,246	\$ 47,533	\$ 831	\$ 447,610
	<u>399,246</u>	<u>47,533</u>	<u>831</u>	<u>447,610</u>
Restricted for:				
Debt service		--	960,405	960,405
Parks and recreation	--	641,109	3,700,276	4,341,385
Economic development	--	--	942,474	942,474
Public safety	--	--	666,040	666,040
Community projects	322,659	--	--	322,659
Library	--	--	94,634	94,634
	<u>322,659</u>	<u>641,109</u>	<u>6,363,829</u>	<u>7,327,597</u>
Committed to:				
Capital improvements	--	11,823	--	11,823
Lifquest	--	197,907	--	197,907
	<u>--</u>	<u>209,730</u>	<u>--</u>	<u>209,730</u>
Assigned to:				
Applied to Next Year's Budget	2,165,807	521,893	224,090	2,911,790
Fire and EMS equipment	101,801	--	--	101,801
Capital improvements	6,179,837	--	287,484	6,467,321
Nutrition	--	--	261,194	261,194
Community projects	545,529	--	45,920	591,449
	<u>8,992,974</u>	<u>521,893</u>	<u>818,688</u>	<u>10,333,555</u>
Unassigned:				
	16,002,246	--	--	16,002,246
	<u>16,002,246</u>	<u>--</u>	<u>--</u>	<u>16,002,246</u>
Total Fund Balance	<u>\$ 25,717,125</u>	<u>\$ 1,420,265</u>	<u>\$ 7,183,348</u>	<u>\$ 34,320,738</u>

City of Mitchell
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies: (Continued)

o. 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, 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. Municipal contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

2. Deposits and Investments, Credit Risk, Concentrations of Credit Risk, and Interest Rate Risk:

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. 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% of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments:

In general, SDLC 4-5-6 permits City funds to be invested only in:

- a. Securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or
- b. Repurchase agreements fully collateralized by securities described in a. above; or in shares of an open-end, no load fund administered by an investment company whose investments are in securities described in a. above and repurchase agreements described in b. above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Fair Value Measurement:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

City of Mitchell
Notes to Financial Statements
December 31, 2023

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

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.

As of December 31, 2023, the City had the following investments:

<u>Investment - Primary Government</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Level</u>	<u>Fair Value</u>
External Investment Pools:				
SDFIT	Not Rated	N/A	2	\$ 388,817
Money market mutual funds	Not Rated	N/A	2	519,421
Bonds	Not Rated	N/A	2	1,030,000
Total Investments Primary Government				<u>\$ 1,938,238</u>

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine-member board with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

Other items classified as investments are certificates of deposit having a maturity of over 90 days from the date of acquisition.

Interest-Rate Risk:

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

Concentration of Credit Risk:

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

Assignment of Investment Income:

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

City of Mitchell
Notes to Financial Statements
December 31, 2023

3. Restricted Cash and Investments:

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

Amount	Purpose
\$ 350,599	For debt service, by debt covenants
\$ 1,549,421	For landfill closure and post-closure care costs

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.

5. Restricted Net Position:

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

Restricted for:	
Other-component unit	\$ 1,694,538
Debt service purposes	988,345
Parks and recreation	4,341,385
Economic development	942,474
Public safety	666,040
Community projects	322,659
Library	94,634
Landfill closure and post-closure costs	1,549,421
SDRS pension purposes	1,329,251
Total Restricted Net Position	\$ 11,928,747

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

6. Inventory:

Inventory in the General Fund and special revenue funds 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.

City of Mitchell
Notes to Financial Statements
December 31, 2023

6. Inventory: (Continued)

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, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed. Material supply inventories are off-set by nonspendable fund balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

7. Deferred Inflows of Resources:

Deferred inflows of resources represent unavailable revenue as follows:

	General Fund	Other Governmental Funds
Sales tax	\$ 1,377,803	\$ 76,422
Property tax	72,665	--
Special assessments	28,807	--
	\$ 1,479,275	\$ 76,422

8. 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 the following 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.

City of Mitchell
Notes to Financial Statements
December 31, 2023

9. Changes in Capital Assets:

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

	Balance 1/01/23	Increases	Decreases	Balance 12/31/23
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,440,876	\$ --	\$ (36,639)	\$ 6,404,237
Construction in progress	992,587	1,674,536	(273,610)	2,393,513
Total, not being depreciated	7,433,463	1,674,536	(310,249)	8,797,750
Capital assets, being depreciated:				
Buildings	29,950,283	888,732	(83,199)	30,755,816
Improvements	41,038,720	--	(20,440)	41,018,280
Infrastructure	12,572,274	207,251	--	12,779,525
Machinery and equipment	16,674,302	726,059	(488,238)	16,912,123
Total, being depreciated	100,235,579	1,822,042	(591,877)	101,465,744
Less accumulated depreciation for:				
Buildings	7,704,962	590,509	(29,794)	8,265,677
Improvements	10,117,729	730,788	(5,029)	10,843,488
Infrastructure	105,465	195,014	--	300,479
Machinery and equipment	12,941,336	646,039	(402,406)	13,184,969
Total accumulated depreciation	30,869,492	2,162,350	(437,229)	32,594,613
Governmental Activity Capital Assets, Net	\$ 76,799,550	\$ 1,334,228	\$ (464,897)	\$ 77,668,881

Depreciation expense was charged to functions as follows:

General government	\$ 497,340
Public safety	281,106
Public works	518,964
Health and welfare	129,741
Culture and recreation	735,199
Total Depreciation Expense	735,199
Governmental Activities	\$ 2,162,350

City of Mitchell
Notes to Financial Statements
December 31, 2023

9. Changes in Capital Assets: (Continued)

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

	Balance 1/01/23	Increases	Decreases	Balance 12/31/2023
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,303,066	\$ --	\$ --	\$ 1,303,066
Construction in progress	9,902,424	16,238,932	(2,621,702)	23,519,654
Total, not being depreciated	11,205,490	16,238,932	(2,621,702)	24,822,720
Capital assets, being depreciated:				
Buildings	24,804,627	--	--	24,804,627
Improvements	65,761,384	912,206	--	66,673,590
Infrastructure	4,542,522	429,278	--	4,971,800
Intangible assets	2,500	--	--	2,500
Machinery and equipment	16,384,564	3,771,250	(399,385)	19,756,429
Total, being depreciated	111,495,597	5,112,734	(399,385)	116,208,946
Less accumulated depreciation for:				
Buildings	10,229,832	478,709	--	10,708,541
Improvements	30,203,549	1,253,098	--	31,456,647
Infrastructure	31,424	73,461	--	104,885
Intangible assets	2,500	--	--	2,500
Machinery and equipment	11,652,967	623,494	(393,820)	11,882,641
Total accumulated depreciation	52,120,272	2,428,762	(393,820)	54,155,214
Business-Type Activities Capital Assets, Net	\$ 70,580,815	\$ 18,922,904	\$ (2,627,267)	\$ 86,876,452

Depreciation expense was charged to functions as follows:

Water	\$ 752,991
Sewer	456,401
Airport	427,857
Sanitation	477,733
Corn Palace	244,026
Golf	50,056
Campground	8,350
EMS	11,348
Total Depreciation Expense Business-Type Activities	\$ 2,428,762

City of Mitchell
Notes to Financial Statements
December 31, 2023

9. Changes in Capital Assets: (Continued)

Construction work in progress at December 31, 2023 is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended thru 12/31/2023</u>	<u>Committed</u>	<u>Required Future</u>
Norway/Rowley Bike Path - 101	\$ 883,117	\$ 264,142	\$ 87,874	\$ 531,101
Spruce Street Railroad Crossing - 101	1,005,597	83,508	37,748	884,341
Livesay Lane Improvements - 101	723,000	553,187	--	169,813
Crows Nest & Shade Structure - 201	557,928	294,356	161,591	101,981
Lake - 203	2,295,000	1,198,320	376,948	719,732
Ground Storage Tank - 602	16,000,000	7,938,310	2,331,525	5,730,165
23rd & Ohlman Lift Station - 604	1,018,000	35,320	11,322	971,358
WWTP Improvements - North - 604	18,700,000	14,905,401	848,213	2,946,386
Livesay Lane Improvements - 604	746,000	553,187	4,353	188,460
Recycling Building - 612	2,500,000	87,436	15,770	2,396,794
	<u>\$ 44,428,642</u>	<u>\$ 25,913,167</u>	<u>\$ 3,875,344</u>	<u>\$ 14,640,131</u>

City of Mitchell
Notes to Financial Statements
December 31, 2023

10. Long-Term Liabilities:

A summary of changes in long-term liabilities follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government					
Governmental Activities:					
Bonds Payable:					
Revenue	\$ 13,729,718	\$ --	\$ (1,742,793)	\$ 11,986,925	\$ 1,500,730
Total Debt	13,729,718	--	(1,742,793)	11,986,925	1,500,730
Accrued Compensated Absences	554,499	238,352	(138,625)	654,226	163,557
Total Governmental Activities	<u>\$ 14,284,217</u>	<u>\$ 238,352</u>	<u>\$ (1,881,418)</u>	<u>\$ 12,641,151</u>	<u>\$ 1,664,287</u>
Business-type Activities:					
Bonds Payable:					
Revenue	\$ 21,559,921	\$ 19,310,989	\$ (1,155,482)	\$ 39,715,428	\$ 1,177,945
Total Debt	21,559,921	19,310,989	(1,155,482)	39,715,428	1,177,945
Accrued Compensated Absences	151,602	38,764	(37,901)	152,465	38,116
Total Business Type Activities	<u>\$ 21,711,523</u>	<u>\$ 19,349,753</u>	<u>\$ (1,193,383)</u>	<u>\$ 39,867,893</u>	<u>\$ 1,216,061</u>

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

Revenue Bonds:

Series 2019 Sales Tax Revenue Refunding Bonds	2.15%-3% depending on length to maturity of individual bonds; bond matures and final principal payment due December 1, 2032. This debt is serviced by the General Fund.	\$ 6,295,000
Indoor swimming pool	"COP" 2.95% debt payable semi-annually with payments of \$130,973; bond matures and final payment due December 2028. This debt is serviced by the General Fund.	981,342
Series 2016 TIF No. 8 Bonds	2.50%; bond matures and final principal payment due June 1, 2026. This debt is serviced by the applicable TIF debt service fund.	221,467
Note Payable TIF No. 8; Subordinated to Series 2007 TIF No. 8 Bonds above	7.25%; due in 2014, but no later than December 31, 2027. This debt is serviced by the applicable TIF debt service fund.	100,000
Series 2010 TIF No. 14	5.5%; Terms are for semi-annual payments of \$23,572, matures December 1, 2029. This debt is serviced by the applicable TIF debt service fund.	207,283
Note Payable TIF No. 16, Subordinated to Series 2006 TIF No. 7	After the TIF No. 7 bonds are paid in full, the tax incremental funds will be applied until paid in full or until the expiration at the end of calendar year	119,967

City of Mitchell
Notes to Financial Statements
December 31, 2023

10. Long-Term Liabilities: (Continued)

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

Series 2017 TIF No. 9 Bonds	3.5%; Terms are for annual payments of \$57,266, matures December 1, 2027. This debt is serviced by the applicable TIF debt service fund.	132,795
Series 2012 TIF No. 19 Bonds	6.00%; Terms are semi-annual payments of \$9,500, matures July 1, 2036. This debt is serviced by the applicable TIF debt service fund.	110,167
Series 2012 TIF No. 20 Bonds	5.00%; Terms are interest only semi-annual until maturity, matures November 1, 2033. Amounts above interest will be applied to principal. This debt is serviced by the applicable TIF debt service	112,146
Series 2018 TIF No. 21 Bonds	4.75%; Terms are annual payments of \$10,250, matures June 30, 2035. This debt is serviced by the applicable TIF debt service fund.	236,758
2019 Sales Tax Revenue Bonds (Near Lake Property)	Interest varies 1.8% to 4%; payable in variable annual installments of approximately \$290,000; matures December 1, 2038. This debt is being repaid by the Water Fund.	<u>3,470,000</u>
	Subtotal Governmental Revenue Bonds	<u>11,986,925</u>
2009 State Revolving Fund Loan	2%; Payable in quarterly installments of \$23,316; matures January 15, 2031. This debt is being repaid by the Sewer Fund.	627,961
2002 State Revolving Fund Loan	4%; payable in quarterly installments of \$51,935; matures April 1, 2024. This debt is being repaid by the Water Fund.	102,332
2005 Regional Landfill Fund Loan	3%; payable in semi-annual installment of \$14,317; matures December 1, 2026. This debt is being repaid by the Sanitation Fund.	81,569
2004 Regional Landfill Fund Loan	3%; payable in semi-annual payments of \$13,622; matures June 1, 2025. This debt is being repaid by the Sanitation Fund.	39,670
2010 State Revolving Fund Loan	3%; payable in quarterly installments of \$27,734; matures January 1, 2032. this debt is being repaid by the Water Fund.	808,076
2010 "Borrower Bond"	2%; payable in quarterly installments of \$2,296; matures July 15, 2031. This debt is being repaid by the Sewer Fund.	65,788
2004 State Revolving Fund Loan	3.50%; payable in quarterly installments of \$23,071; matures October 1, 2025. This debt is being repaid by the Sanitation Fund.	177,510

City of Mitchell
Notes to Financial Statements
December 31, 2023

10. Long-Term Liabilities: (Continued)

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

2013 State Revolving Fund Loan	3.%; payable in quarterly installments of \$9,058; matures August 15, 2034. This debt is being repaid by the Sewer Fund.	331,886
2019 Series Drinking Water Bond (Sanborn Ph II & III)	1.25%; payable in quarterly installments of \$15,593; matures August 15, 2041. This debt is being repaid by the Water Fund.	910,641
2019 Series Drinking Water Bond (E Central Drain)	2.25%; payable in quarterly installments of \$10,734; matures February 15, 2041. This debt is being repaid by the Water Fund.	612,458
2019 Series Clean Water Bond (Sanborn II & III)	1.25%; payable in quarterly installments of \$117,597; matures August 15, 2041. This debt is being repaid by the Sewer Fund.	7,477,566
2019 Series Clean Water Bond (E Central Drain)	1.25%; payable in quarterly installments of \$50,575; matures May 15, 2041. This debt is being repaid by the Sewer Fund.	3,173,023
2021 Series Clean Water Bond (E Central Drain II)	1.25%; payable in quarterly installments of \$14,147; matures August 15, 2043. This debt is being repaid by the Sewer Fund.	988,978
2021 Series Clean Water Bond (Daily Dr Lift Station)	1.38%; payable in quarterly installments of \$15,285; matures August 15, 2053. This debt is being repaid by the Sewer Fund.	1,490,784
2022 Series Drinking Water Bond (West Water Tower)	1.88%; payable in quarterly installments of \$12,825; matures on May 15, 2054. This debt is being repaid by the Water Fund	941,713
2022 Clean Water Bond (Wastewater Treatment Facility Improvements)	1.38%; payable in quarterly installments of \$162,359; matures November 15, 2054. This debt is being repaid by the Sewer Fund.	12,690,442
2023 Drinking Water Bond (Ground Storage)	1.88%; payable in quarterly installments of \$207,379; matures November 15, 2055. This debt is being repaid by the Water Fund.	8,155,031
2023 Clean Water Bond (Livesay Lane Sewer)	2.13%; payable in quarterly installments of \$11,743; matures February 15, 2054. This debt is being repaid by the Sewer Fund.	1,040,000
	Subtotal Business-type Revenue Bonds	39,715,428
Compensated Absences:	The liability for compensated absences represents leave benefits earned as of December 31, 2023. The compensated absences in the Governmental Activities are currently paid from the General Fund and Park Fund. The compensated absences in the Business-Type Activities are currently paid from the Water Fund, Sewer Fund, Airport Fund, Sanitation Fund, Corn Palace Fund, Golf Course Fund, and EMS Fund.	806,691
Grand Total		\$ 52,509,044

City of Mitchell
Notes to Financial Statements
December 31, 2023

10. Long-Term Liabilities: (Continued)

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

<u>Years Ending December 31,</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,678,675	\$ 1,136,274
2025	2,832,027	1,536,341
2026	3,190,862	1,071,836
2027	3,190,533	1,138,763
2028	3,008,090	929,791
2029-2033	14,037,974	3,748,762
2034-2038	11,210,599	2,638,392
2039-2043	6,933,264	2,178,665
2044-2048	3,580,787	463,461
2049-2053	1,027,860	71,181
2054	11,682	62
Totals	<u>\$ 51,702,353</u>	<u>\$ 14,913,528</u>

11. Individual Fund Interfund Receivable and Payable Balances:

Interfund receivable and payable balances at December 31, 2023 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General Fund	\$ 469,447	\$ --
Highland Fund TIF	--	394,447
Enterprise Funds:		
Golf Fund	--	75,000
	<u>\$ 469,447</u>	<u>\$ 469,447</u>

The purpose of the interfund receivable and payable balances is loans made to temporarily fund operations of the funds receiving the loans.

City of Mitchell
Notes to Financial Statements
December 31, 2023

12. Interfund Transfers:

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

	In	Out
General Fund	\$ 750,000	\$ 6,717,023
Special Revenue Funds:		
Park	3,171,505	--
Entertainment tax	--	420,000
Other governmental	1,842,953	--
Enterprise Funds:		
Airport	94,998	
Corn Palace	574,470	--
Golf	550,836	
EMS Fund	902,261	--
Internal Service Fund	--	750,000
Total	\$ 7,887,023	\$ 7,887,023

Transfers are used to move revenues from the fund with collection authorization to the fund with expenditure authorization and move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The City typically budgets transfers to and from the General Fund, Park Fund, Lake fund, E-911 Fund, Indoor Pool Fund, Airport Fund, Corn Palace Fund, Golf Fund, and EMS Fund to conduct the indispensable functions of the City. The internal service fund transferred out to general for reimbursement of initial startup costs of self-insurance.

13. Pension Plan:

Plan Information:

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

13. Pension Plan: (Continued)

Benefits Provided:

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

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

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

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

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

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

City of Mitchell
Notes to Financial Statements
December 31, 2023

13. Pension Plan: (Continued)

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the calendar years ended December 31, 2023, 2022, and 2021, equal to the required contributions each year, were as follows:

2023	\$	756,378
2022		694,587
2021		671,792

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

At June 30, 2023, SDRS is 100.10% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System, for the City as of this measurement period ending June 30, 2023 and reported by the City as of December 31, 2023 are as follows:

Proportionate share of pension liability	\$ 70,702,263
Less proportionate share of net pension restricted for pension benefits	<u>70,749,886</u>
Proportionate share of net pension (asset)	<u><u>\$ (47,623)</u></u>

At December 31, 2023, the City reported an asset of \$(47,623) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023 and the total pension asset used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the City's proportion was 0.48791500%, which is an increase of .0135690% from its proportion measured as of June 30, 2022.

City of Mitchell
Notes to Financial Statements
December 31, 2023

13. Pension Plan: (Continued)

For the year ended December 31, 2023, the City recognized pension expense of \$206,434. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,349,888	\$ --
Changes in assumption	1,628,153	2,379,998
Net Difference between projected and actual earnings on pension plan investments	317,055	--
Changes in proportion and difference between City contributions and proportionate share of contributions	10,543	25,292
City contributions subsequent to the measurement date	381,279	--
	<u>\$ 3,686,918</u>	<u>\$ 2,405,290</u>

\$381,279 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended December 31:	
2024	\$ 645,283
2025	(725,332)
2026	915,902
2027	64,496
	<u>\$ 900,349</u>

City of Mitchell
Notes to Financial Statements
December 31, 2023

13. Pension Plan: (Continued)

Actuarial Assumptions:

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

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

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

City of Mitchell
Notes to Financial Statements
December 31, 2023

13. Pension Plan: (Continued)

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the 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>Long-Term Expected Real Rate of Return</u>
Public equity	56.3%	3.8%
Investment grade	22.8%	1.7%
High yield debt	7.0%	2.7%
Real estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	<u>100%</u>	

Discount Rate:

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

Sensitivity of Liability (Asset) 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%, 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 (asset)	\$ 9,760,979	\$ (47,623)	\$ (8,069,187)

Pension Plan Fiduciary Net Position:

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

City of Mitchell
Notes to Financial Statements
December 31, 2023

14. Other Postemployment Benefits – Healthcare Plan:

Plan Administration:

The City administers an Other Postemployment Benefits (OPEB) plan providing medical, prescription drug, and dental benefits to retired employees and their dependents under certain conditions. The City does not issue a separate report that includes financial statements and required supplementary information for the OPEB plan.

Benefits Provided:

Individuals who are employed by the City, were hired prior to December 15, 2015, and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement from service with the City. Coverage during retirement continues in the group health plans. Employees covered by the plan make contributions toward the plan premiums.

Plan Membership:

As of January 1, 2023, plan membership consisted of the following:

Inactive members currently receiving benefits	3
Inactive members entitled to but not yet receiving benefits	0
Active members	<u>85</u>
Total	<u><u>88</u></u>

Investment Policy:

The City obligation is unfunded at January 1, 2023. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No 75.

City of Mitchell
Notes to Financial Statements
December 31, 2023

14. Other Postemployment Benefits – Healthcare Plan: (Continued)

The following table shows the financial components of the plan:

	Fiscal Year Ending December 31, 2023
Total OPEB Liability Beginning of Year	\$ 1,288,964
Change for the Year:	
Service Cost	23,869
Interest	34,065
Difference between Expected and Actual Experience	(223,493)
Change of Assumptions	(136,514)
Benefit Payments	(74,152)
Net Change in Total OPEB Liability	(376,225)
Total OPEB Liability - End of Year	\$ 912,739
Covered-Employee Payroll	\$ 5,817,874
Total OPEB Liability as a Percentage of the Covered-Employee Payroll	15.69%

Funded Status:

The Plan is on a “pay-as-you-go” basis, therefore it is not funded as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023.

Total OPEB Liability:

The City’s total OPEB liability of \$912,739 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023

City of Mitchell
Notes to Financial Statements
December 31, 2023

14. Other Postemployment Benefits – Healthcare Plan: (Continued)

Actuarial Assumptions:

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and the entry age actuarial cost method, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0% Per Year
Discount Rate	3.72% Per Year
Health Care Cost Trend Rate	All Years, 5%
Mortality	RP 2014 annuitant distinct mortality tables - Adjusted to 2006 with MP 2021 generational projection of future mortality improvement

Discount Rate:

As an unfunded plan, the discount rate reflects the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date. The index rate used to measure the total liability was 3.72% as of January 1, 2023.

Mortality Rates:

The mortality rates used to measure the total OPEB liability were based on RP-2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study using the current healthcare cost trend.

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rate:

The following presents the total OPEB liability, calculated using the current healthcare cost trend rate of 5%, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1 percentage point lower (4%) or 1 percentage point higher (6%) than the current rate:

	<u>1% Decrease</u>	<u>4%</u>	<u>Current Healthcare Cost Trend Rate 5%</u>	<u>1% Increase</u>	<u>6%</u>
Total OPEB liability	\$	830,976	\$	912,739	\$ 1,007,146

City of Mitchell
Notes to Financial Statements
December 31, 2023

14. Other Postemployment Benefits – Healthcare Plan: (Continued)

Sensitivity of the Total OPEB Liability to changes in the Discount Rate*:

The following presents the total OPEB liability, calculated using the current discount rate of 3.72%, as well as the total OPEB liability calculated using a discount trend rate that is 1 percentage point lower (2.72%) or 1 percentage point higher (4.72%) than the current rate:

	1% Decrease 2.72%	Current Discount Rate 3.72%	1% Increase 4.72%
Total OPEB liability	\$ 989,220	\$ 912,739	\$ 844,581

OPEB Expense and Deferred Outflows of Resources Related to OPEB:

For the year ended December 31, 2023, the City recognized OPEB expense of \$134,305. At December 31, 2023, the City reported inflows of resources related to OPEB from the following resources:

	Fiscal Year Ending December 31, 2023		
Service Cost		\$	23,869
Interest on Total OPEB Liability			34,065
Economic/Demographic (Gains)/Losses			71,882
Assumption Changes			4,489
OPEB Expense		\$	134,305
	Amount Recognized in Expense 12/31/23	Balance of Deferred Inflows 12/31/23	Balance of Deferred Outflows 12/31/23
Economic/Demographic (Gains)/Losses	\$ 71,882	\$ (197,200)	\$ 437,442
Assumption Changes (Gains)/Losses	4,489	(131,918)	124,584

City of Mitchell
Notes to Financial Statements
December 31, 2023

14. Other Postemployment Benefits – Healthcare Plan: (Continued)

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense as follows:

Year Ended		
December 31,		
2024	\$	76,371
2025		76,371
2026		76,371
2027		74,059
2028		3,519
Thereafter		<u>(73,783)</u>
Total	\$	<u>232,908</u>

15. Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2023 the City managed its risks as follows:

Employee Health Insurance:

The City has established a group health self-insurance fund to pay for medical claims of city employees and their covered dependents. Payments to the fund are actuarially determined and are to cover individual claims up to \$60,000 and any administrative costs relative to the processing of the claims. Medical claims exceeding this amount are covered through a private insurance carrier. An estimated liability for claims incurred but not paid is accrued based upon the past experience of the Plan. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Changes in the aggregate liabilities of the Group Health Insurance Fund during 2023 were as follows:

Benefit claims payable, at the beginning of year	\$	373,337
Employees' health and related benefits incurred attributable to insured events of the current year		2,116,775
Employee health and related benefits paid		<u>(2,188,444)</u>
Benefit claims payable, at the end of year	\$	<u>301,668</u>

15. Risk Management: (Continued)

Workers' Compensation:

The City joined the South Dakota Municipal League Workers' 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 workers' 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 workers' compensation claims. The City pays an annual premium to provide workers' 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 not exceeded the liability coverage over the past three years.

Liability Insurance:

The City joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The City's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the City. The City pays a Members' Annual Operating Contribution, to provide liability coverage detailed below, under 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:

- General liability, vehicles and equipment

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.

City of Mitchell
Notes to Financial Statements
December 31, 2023

15. Risk Management: (Continued)

The City reflected the effects of the new SDPAA policy in the financial statements as a Change in Accounting Estimate in the Statement of Activities and 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's deductibles range from \$1,000-\$5,000 and a \$10,000 deductible for larger equipment.

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

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.

16. Landfill Closure and Post – Closure Care Cost:

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring function at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,175,811 reported as landfill closure and post-closure care liability at December 31, 2023 represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the old landfill which was closed in 2005 and 32% of the new landfill opened in 2005. The City will recognize the remaining estimated cost of closure and post-closure care of \$2,013,693 as the remaining estimated capacity is filled. This landfill has an estimated remaining life of 118 years as of December 31, 2023. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care. The City has contributed \$1,549,421 to this trust as of December 31, 2023.

17. Tax Increment Financing Districts:

The City of Mitchell has created tax increment districts under the authority granted by South Dakota Codified Laws Section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the City through the promotion and advance of industrial, commercial, manufacturing, and agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

City of Mitchell
Notes to Financial Statements
December 31, 2023

17. Tax Increment Financing Districts: (Continued)

The taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the district. The tax increments are allocated until all costs of the tax increment district project has been repaid; however, it cannot exceed 20 years. The project sponsor bears the risk that the increments collected over the life of the TIF district will be less than sufficient to cover all eligible project expenses and the City bears no responsibility to make up any shortfall.

The City of Mitchell has 15 active tax increment districts in which taxes are passed directly to developers. Because the general property taxes on tax increment districts are allocated to the districts, these taxes are not available to the City during the life of the tax increment district. The portion of general property taxes levied for these tax increment districts during the calendar year ended December 31, 2023, that was not available to the City of Mitchell was \$764,533.

18. Significant Contingencies – Litigation:

At December 31, 2023, the City was involved in several lawsuits. No determination can be made at this time regarding the potential outcome of these lawsuits. However, as discussed in the Risk Management note, the City has liability coverage for itself and its employees with the South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the City as a result of the potential outcome of these lawsuits.

Required Supplemental Information

City of Mitchell
 Budgetary Comparison Schedule – General Fund
 For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes:				
General property taxes	\$ 6,215,678	\$ 6,215,678	\$ 6,170,073	\$ (45,605)
Airflight property tax	--	--	106	106
General sales and use taxes	11,880,000	11,880,000	14,592,561	2,712,561
Gross receipts business taxes	198,000	198,000	182,676	(15,324)
Penalties and interest on taxes	10,000	10,000	10,005	5
Licenses and permits	198,000	198,000	497,071	299,071
Intergovernmental Revenue:				
Federal grants	10,000	10,000	860,402	850,402
State grants	618,640	618,640	1,261,408	642,768
State shared revenues:				
Bank franchise tax	46,000	46,000	76,691	30,691
Prorate license fees	15,000	15,000	17,029	2,029
Liquor tax reversion (25%)	116,000	116,000	108,268	(7,732)
Motor vehicle licenses	136,000	136,000	132,645	(3,355)
Fire insurance premiums reversion	68,000	68,000	83,424	15,424
Local government highway and bridge fund	430,001	430,001	450,506	20,505
Charges for Goods or Services:				
General government	3,800	3,800	5,332	1,532
Public safety	130,970	130,970	137,977	7,007
Highways and streets	16,000	16,000	8,207	(7,793)
Cemetery	137,400	137,400	132,087	(5,313)
Fines and Forfeits:				
Court fines and costs	3,000	3,000	445	(2,555)
Animal control fines	8,000	8,000	7,904	(96)
Parking meter fines	21,000	21,000	13,266	(7,734)
Miscellaneous Revenue:				
Interest earned	232,000	232,000	1,544,414	1,312,414
Rentals	--	--	946	946
Special assessments	19,500	19,500	38,281	18,781
Contributions and donations from private sources	--	--	3,000	3,000
Other	76,010	76,010	94,106	18,096
Total Revenues	<u>\$ 20,588,999</u>	<u>\$ 20,588,999</u>	<u>\$ 26,428,830</u>	<u>\$ 5,839,831</u>

The accompanying Notes to Required Supplementary Information are an integral part of this statement.

City of Mitchell
 Budgetary Comparison Schedule – General Fund
 For the Year Ended December 31, 2023 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<u>Expenditures</u>				
General Government:				
Legislative	\$ 170,245	\$ 173,245	\$ 165,631	\$ 7,614
Contingency	811,628	811,628	--	811,628
Amount transferred	--	(701,819)	--	(701,819)
Executive	428,021	450,542	425,770	24,772
Elections	8,000	8,000	7,552	448
Financial administration	1,322,077	1,392,577	1,197,431	195,146
Other	551,149	639,954	564,340	75,614
Public Safety:				
Police	3,925,353	4,174,927	3,619,264	555,663
Fire	1,784,995	1,853,153	1,519,040	334,113
Public Works:				
Highways and streets	5,139,887	8,809,370	5,588,725	3,220,645
Cemeteries	293,494	329,494	265,391	64,103
Health and Welfare:				
Health	41,000	41,000	41,000	--
Humane society	87,533	87,533	19,843	67,690
Culture and Recreation:				
Recreation	34,000	34,000	34,000	--
Libraries	792,443	849,836	796,275	53,561
Conservation and Development:				
Economic development and assistance	302,000	302,000	255,317	46,683
Debt Service	850,000	850,000	849,008	992
Total Expenditures	<u>16,541,825</u>	<u>20,105,440</u>	<u>15,348,587</u>	<u>4,756,853</u>
Excess of Revenues Over (Under)				
Expenditures	<u>4,047,174</u>	<u>483,559</u>	<u>11,080,243</u>	<u>10,596,684</u>
Other Financing Sources (Uses):				
Transfers in	--	--	750,000	750,000
Sale of city property	13,860	13,860	4,610	(9,250)
Compensation for loss or damage to capital assets	--	--	8,725	8,725
Transfers out	<u>(6,287,470)</u>	<u>(6,717,023)</u>	<u>(6,717,023)</u>	<u>--</u>
	<u>(6,273,610)</u>	<u>(6,703,163)</u>	<u>(5,953,688)</u>	<u>749,475</u>
Net Change in Fund Balances	(2,226,436)	(6,219,604)	5,126,555	11,346,159
Fund Balance, Beginning of Year	<u>20,590,570</u>	<u>20,590,570</u>	<u>20,590,570</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 18,364,134</u>	<u>\$ 14,370,966</u>	<u>\$ 25,717,125</u>	<u>\$ 11,346,159</u>

The accompanying Notes to Required Supplementary Information are an integral part of this statement.

City of Mitchell
 Budgetary Comparison Schedule – Park Fund
 For the Year Ended December 31, 2023

Revenues	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Intergovernmental Revenue:				
State grants	\$ 10,000	\$ 10,000	\$ 58,886	\$ 48,886
Charges for Goods or Services:				
Culture and recreation	989,290	989,290	991,216	1,926
Miscellaneous Revenue:				
Contributions and donations from private sources	56,200	56,200	336,491	280,291
Other	1,532	1,532	1,771	239
Total Revenues	1,057,022	1,057,022	1,388,364	331,342
Expenditures				
Culture and Recreation:				
Recreation	2,776,840	4,212,828	3,509,359	703,469
Parks	1,451,687	1,603,623	1,475,364	128,259
Total Expenditures	4,228,527	5,816,451	4,984,723	831,728
Excess of Revenues Over (Under)				
Expenditures	(3,171,505)	(4,759,429)	(3,596,359)	1,163,070
Other Financing Sources (Uses):				
Transfers in	3,171,505	3,171,505	3,171,505	--
Sale of city property	--	--	2,400	2,400
Compensation for loss or damage to capital assets	--	--	10,418	10,418
	3,171,505	3,171,505	3,184,323	12,818
Net Change in Fund Balances	--	(1,587,924)	(412,036)	1,175,888
Fund Balance, Beginning of Year	1,832,301	1,832,301	1,832,301	--
Fund Balance, End of Year	\$ 1,832,301	\$ 244,377	\$ 1,420,265	\$ 1,175,888

The accompanying Notes to Required Supplementary Information are an integral part of this statement.

City of Mitchell
Notes to the Required Supplemental Information
December 31, 2023

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 introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the governing board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% of the total city budget and may be transferred by resolution of the governing board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year-end unless encumbered by resolution of the governing board.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).
8. 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 Mitchell
 Schedule of Changes in Total OPEB Liability
 December 31, 2023

	Fiscal Year Ending December 31, 2023
Total OPEB Liability Beginning of Year	\$ 1,288,964
Change for the Year:	
Service Cost	23,869
Interest	34,065
Difference between Expected and Actual Experience	(223,493)
Change of Assumptions	(136,514)
Benefit Payments	(74,152)
Net Change in Total OPEB Liability	<u>(376,225)</u>
Total OPEB Liability - End of Year	<u>\$ 912,739</u>
Covered-Employee Payroll	\$ 5,817,874
Total OPEB Liability as a Percentage of the Covered-Employee Payroll	15.69%

* Due to the unavailability of historical data, we were not able to present ten years of data. Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended December 31, 2023	3.72%
Year ended December 31, 2022	2.12%
Year ended December 31, 2021	2.12%
Year ended December 31, 2020	4.10%
Year ended December 31, 2019	4.10%
Year ended December 31, 2018	3.44%
Year ended December 31, 2017	6.50%

City of Mitchell
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) (SDRS)
December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.48791500%	0.47434600%	0.4842480%	0.5075116%	0.5078775%	0.5109759%	0.4948779%	0.4934279%	0.50751950%
City's proportionate share of net pension liability (asset)	\$ (47,623)	\$ (44,829)	\$ (3,708,511)	\$ (22,041)	\$ (53,821)	\$ (11,917)	\$ (44,910)	\$ 1,666,751	\$ (2,152,535)
City's covered-employee payroll	\$ 11,370,978	\$ 10,215,885	\$ 9,928,626	\$ 10,084,654	\$ 9,786,376	\$ 9,587,383	\$ 9,074,462	\$ 8,432,118	\$ 8,349,579
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.42%	0.44%	37.35%	0.22%	0.55%	0.12%	0.49%	19.77%	25.78%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%

* 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. Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

The accompanying Notes to Required Supplementary Information are an integral part of this statement.

City of Mitchell
Schedule of the City's Contributions (SDRS)
Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 756,378	\$ 694,587	\$ 671,792	\$ 686,997	\$ 661,363	\$ 640,177	\$ 627,894	\$ 572,793	\$ 561,032
Contributions in relation to the contractually required contribution	<u>756,378</u>	<u>694,587</u>	<u>671,792</u>	<u>686,997</u>	<u>661,363</u>	<u>640,177</u>	<u>627,894</u>	<u>572,793</u>	<u>561,032</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered-employee payroll	\$ 11,397,861	\$ 10,448,147	\$ 10,097,176	\$ 10,358,234	\$ 9,990,216	\$ 9,638,565	\$ 9,444,255	\$ 8,607,689	\$ 8,446,184
Contributions as a percentage of covered-employee payroll	6.64%	6.65%	6.65%	6.63%	6.62%	6.64%	6.65%	6.65%	6.64%

*Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

The accompanying Notes to Required Supplementary Information are an integral part of this statement.

City of Mitchell

Notes to Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

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

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

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

Supplementary Information

City of Mitchell
Supplemental Information
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Interior			
North American Wetlands Conservation Fund	15.623	NA	\$ 174,483
Department of Transportation			
Pass-Through the SD Department of Transportation			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure			
Investment and Jobs Act Programs	20.106	3-46-0037-28-2020	66,954
Aviation Research Grants	20.108	3-46-0037-31-22	59,000
Federal Transit Formula Grants	20.507	SD-2024-004	28,088
Formula Grants for Rural Areas	20.509	SD-2023-009	535,751
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	SD-2023-009	8,814
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	69A37521300004020SDO	<u>200</u>
Highway Safety Cluster			
State and Community Highway Safety	20.600	69A37521300004020SDO	4,103
National Priority Safety Programs	20.616	69A375203000040SDSDM	<u>2,026</u>
Subtotal - Highway Safety Cluster			<u>6,129</u>
Total US Department of Transportation			<u>704,936</u>
General Services Administration			
Pass-Through the SD Federal Property Agency			
Donation of Federal Surplus Personal Property (see note 3)	39.003	*	469
Department of Health and Human Services			
Pass-Through the SD Department of Human Services			
Aging Cluster			
Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	SD-2023-009	19,697
Special Programs for the Aging Title III, Part C - Nutrition Services	93.045	2201SDOACM, 2301SDOACM-01, 2301SDOAH-01	132,112
Nutrition Services Incentive Program	93.053	2201SDOACM, 2301SDOACM-01, 2301SDOAH-01	<u>32,915</u>
Total Department of Health and Human Services			<u>184,724</u>
Department of Homeland Security			
Pass-Through the SD Department of Public Safety, Office of Emergency Management			
Hazard Mitigation Grant	97.039	DR-4440-HMGP-80R	90,256
Homeland Security Grant	97.067	2022-SS-00008-S01	<u>60,168</u>
Total Department of Homeland Security			<u>150,424</u>
Grand Total			<u>\$ 1,215,036</u>

*No Pass-Through Identification Number Given

The accompanying Notes to Required Supplementary Information are an integral part of this statement.

City of Mitchell
Supplemental Information
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023 (Continued)

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Federal Surplus Property

The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the City.