

**CITY OF BRAHAM  
BRAHAM, MINNESOTA**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2023**

CITY OF BRAHAM, MINNESOTA

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CITY OF BRAHAM, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2023

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Nathan George	Mayor	December 31, 2024
Robert Knowles	Council Member	December 31, 2026
Nicole Peltz	Council Member	December 31, 2026
Seth Zeltinger	Council Member	December 31, 2024
Jeremy Kunshier	Council Member	December 31, 2026

APPOINTED

<u>Name</u>	<u>Title</u>
Tyler Treichel	City Administrator
Dan Eklund	Street Superintendent
Kevin Stahl	Police Chief
Ross Benzen	Fire Chief
Leah Koch	City Attorney



# Burkhardt & Burkhardt, Ltd.

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the City Council  
Braham, Minnesota

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Braham, Minnesota (the City), 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 did not audit the financial statements of Braham Housing and Redevelopment Authority, which is a discretely presented component unit of the City.

In our opinion, based on our audit and the report of other auditors, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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, which raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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, which raise substantial doubt about the City'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 required supplementary information, such as management's discussion and analysis and pension liability schedules as listed in the table of contents be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information, as listed in the table of contents under supplemental section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Prior Year Comparative Information***

We have previously audited the City's 2022 financial statements and expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, in our report dated June 6, 2023. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 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'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 City's internal control over financial reporting and compliance.

*Burkhardt & Burkhardt, Ltd.*

Burkhardt & Burkhardt, Ltd  
Mankato, Minnesota  
June 3, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS



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

As management of the City of Braham, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2023 fiscal year include the following:

- (1) The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,899,730 (net position). Of this amount, \$564,893 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- (2) Capital assets, less depreciation, total \$8,815,306, representing a broad base of city-wide infrastructure.
- (3) As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,043,739. \$368,210 of this total amount, over 35%, is available for use within the City's designations.
- (4) The tax capacity of the City increased by \$247,982, or 25%.
- (5) The General fund exceeded budget projections by \$107,432.

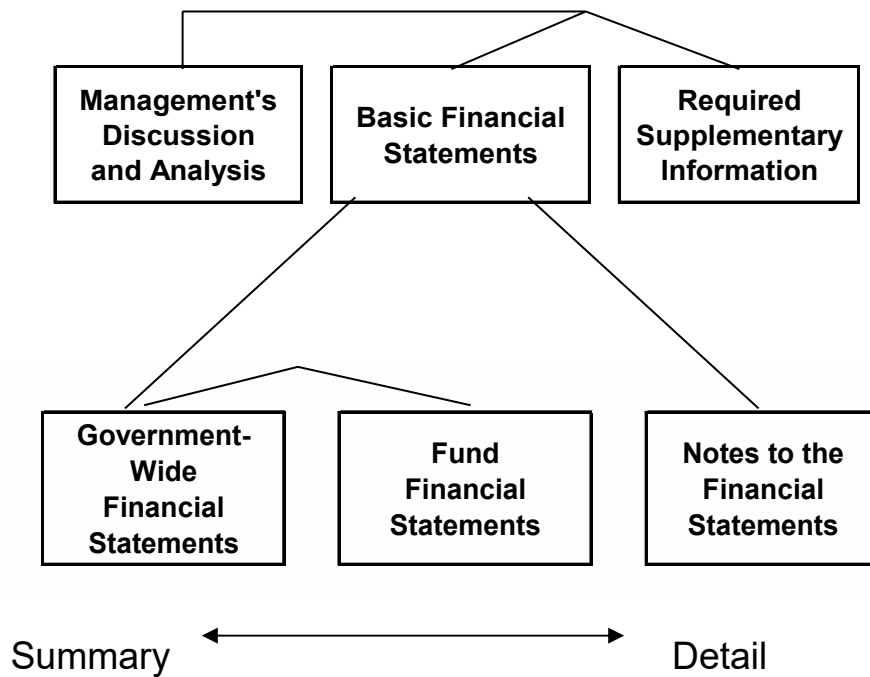
CITY OF BRAHAM, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explain and support the information in the financial statements. Figure 1 shows how the required parts of the annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**FIGURE 1 – REQUIRED COMPONENTS OF THE CITY'S ANNUAL FINANCIAL REPORT**



CITY OF BRAHAM, MINNESOTA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023

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

**Figure 2**  
**Major features of the Government-wide and Fund Financial Statements**

	<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenue, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital asset included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year; regardless of when cash is received or paid

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes). The 2023 Statement provides for an increase in net position in the governmental funds and an increase in the business-type activities, as the investment in capital assets in both governmental and business activities decreased.

CITY OF BRAHAM, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The business-type activities of the City include the water and sewer utilities as well as the municipal liquor store.

The governmental activities of the City include not only general government, public safety, public works, parks and recreation, economic development, and interest on long-term debt (known as the *primary government*), but also a legally separate Economic Development Authority (the EDA) for which the City is financially accountable. Financial information for the *component unit* is reported blended with the financial information presented for the primary government.

The government wide financial statements can be found on pages 19 through 21 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. The Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains sixteen individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General fund and Debt Service funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General and Special Revenue funds. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 22 - 28 of this report.

### **Proprietary Funds**

The City maintains one type of Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary funds financial statements provide separate information for the enterprise funds, all of which are major funds of the City.

The basic Proprietary fund financial statements can be found on pages 29 - 31 of this report.

CITY OF BRAHAM, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 32 - 65 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's share of net pension liabilities for defined benefits plans and schedules of contributions. Required supplementary information can be found starting on page 67 of this report.

**Other Information**

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 77 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,899,730 at the close of the most recent fiscal year.

By far the largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BRAHAM, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023

A condensed version of the Statement of Net Position on December 31, 2023, follows:

**City of Braham's Summary of Net Position**

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
<i>Assets</i>						
Current and other assets	\$ 1,310,511	\$ 1,309,106	\$ 1,405	\$ 1,070,114	\$ 1,048,078	22,036
Capital assets	3,466,433	3,469,935	(3,502)	5,348,873	5,482,549	(133,676)
	4,776,944	4,779,041	(2,097)	6,418,987	6,530,627	(111,640)
<i>Deferred Outflows of Resources</i>						
Pension plan deferments	1,365,226	1,431,294	(66,068)	133,411	170,219	(36,808)
<i>Liabilities</i>						
Current liabilities	349,496	367,597	(18,101)	258,969	262,994	(4,025)
Long-term liabilities	2,093,926	3,050,595	(956,669)	1,664,451	1,838,897	(174,446)
	2,443,422	3,418,192	(974,770)	1,923,420	2,101,891	(178,471)
<i>Deferred Inflows of Resources</i>						
Pension plan deferments	1,241,377	671,384	569,993	145,017	132,053	12,964
Lease deferments	-	-	-	41,602	63,200	(21,598)
	1,241,377	671,384	569,993	186,619	195,253	(8,634)
<b>Excess of total assets and deferred outflows of resources over total liabilities and deferred inflows of resources</b>	<b>\$ 2,457,371</b>	<b>\$ 2,120,759</b>	<b>\$ 336,612</b>	<b>\$ 4,442,359</b>	<b>\$ 4,403,702</b>	<b>\$ 38,657</b>
<i>Net Position</i>						
Net Investment in						
Capital Assets	\$ 1,929,474	\$ 1,716,691	212,783	\$ 3,753,458	\$ 3,680,382	73,076
Restricted	651,905	689,966	(38,061)	-	-	-
Unrestricted	(124,008)	(285,898)	161,890	688,901	723,320	(34,419)
<b>Total net position</b>	<b>\$ 2,457,371</b>	<b>\$ 2,120,759</b>	<b>\$ 336,612</b>	<b>\$ 4,442,359</b>	<b>\$ 4,403,702</b>	<b>\$ 38,657</b>

In 2023, the total assets of governmental activities decreased by \$2,097, mainly due to the depreciation of capital assets, which was partially offset by new capital asset acquisitions. Meanwhile, business-type activities saw a decrease in total assets of \$111,640. This was a result of a \$159,870 depreciation charge, despite a \$48,122 increase in cash and a \$26,048 decrease in the municipal liquor store inventory. For both governmental and business-type activities, total liabilities decreased due to scheduled principal payments on long-term debt.

A portion of the City's net position is restricted by external sources and can only be used for specific purposes. The remaining unrestricted net position, totaling \$614,176, is available to meet the City's ongoing obligations to its citizens and creditors.

At the close of the current fiscal year, the City reported positive balances in all three categories of net position for its business-type activities.

CITY OF BRAHAM, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023

A condensed version of the Statement of Activities for the year ended December 31, 2023, follows:

**City of Braham's Changes in Net Position**

	Governmental Activities			Business-type Activities		
	<u>2023</u>	<u>2022</u>	Increase (Decrease)	<u>2023</u>	<u>2022</u>	Increase (Decrease)
<i>Revenues:</i>						
Program revenues:						
Charges for services	\$ 95,401	\$ 96,057	\$ (656)	\$ 2,642,682	\$ 2,537,203	\$ 105,479
Operating grants and contributions	129,965	67,507	62,458	-	-	-
Capital grants and contributions	83,044	29,833	53,211	-	-	-
General revenues:						
Property taxes	1,490,359	849,016	641,343	-	-	-
Intergovernmental	654,808	637,704	17,104	-	-	-
Other sources	158,536	94,674	63,862	64,308	149,079	(84,771)
Total Revenue	<u>2,612,113</u>	<u>1,774,791</u>	<u>837,322</u>	<u>2,706,990</u>	<u>2,686,282</u>	<u>20,708</u>
<i>Expenses:</i>						
General Government	371,826	306,039	65,787	-	-	-
Public Safety	1,142,896	1,074,513	68,383	-	-	-
Public Works	576,398	579,207	(2,809)	-	-	-
Parks and Recreation	25,579	23,740	1,839	-	-	-
Economic development	186,123	62,956	123,167	-	-	-
Water	-	-	-	285,707	227,946	57,761
Sewer	-	-	-	447,414	383,439	63,975
Liquor	-	-	-	1,875,212	1,839,928	35,284
Interest on long-term debt	32,679	38,698	(6,019)	-	-	-
Total Expenses	<u>2,335,501</u>	<u>2,085,153</u>	<u>250,348</u>	<u>2,608,333</u>	<u>2,451,313</u>	<u>157,020</u>
Transfer	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Change in Net Position	336,612	(250,362)	586,974	38,657	174,969	(136,312)
Net position - January 1	<u>2,120,759</u>	<u>2,371,121</u>	<u>(250,362)</u>	<u>4,403,702</u>	<u>4,228,733</u>	<u>174,969</u>
Net position - December 31	<u>\$ 2,457,371</u>	<u>\$ 2,120,759</u>	<u>\$ 336,612</u>	<u>\$ 4,442,359</u>	<u>\$ 4,403,702</u>	<u>\$ 38,657</u>

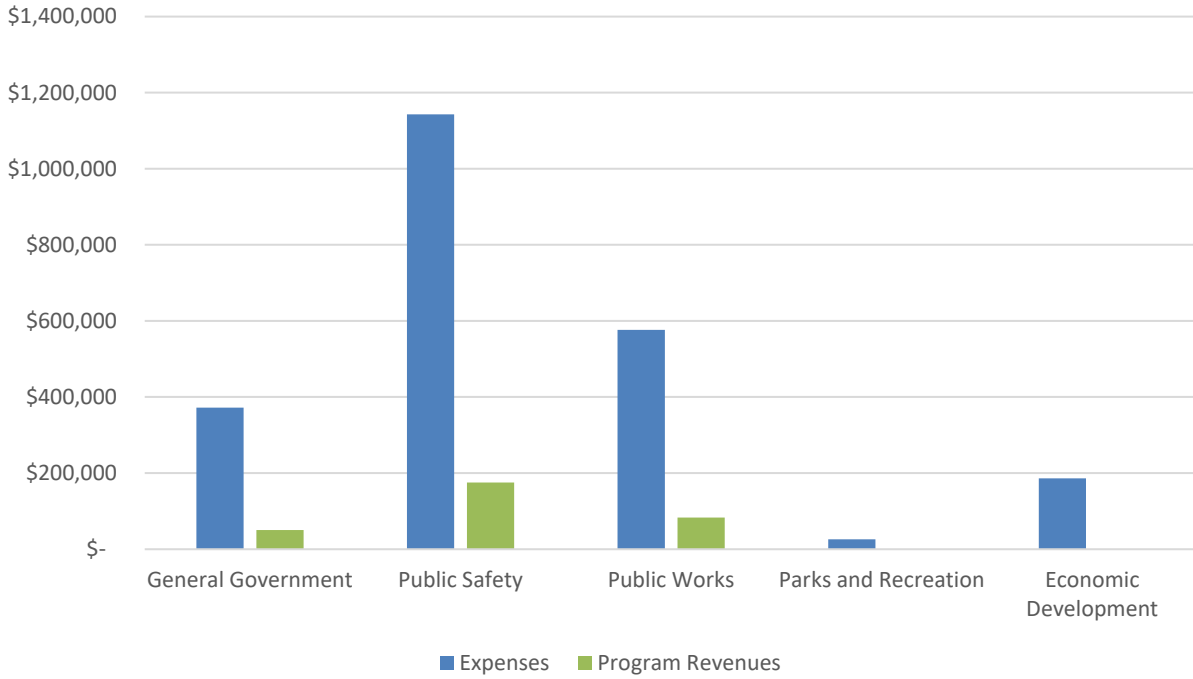
In 2023, the net position of governmental activities increased by \$336,612, driven by a \$837,322 rise in total revenues, mainly from property taxes, while total expenses rose by only \$250,348. The most significant expense increase was in economic development, largely due to payments under tax increment financing arrangements.

Meanwhile, business-type activities boosted the City's net position by \$38,657, which represents a decline of \$136,312 from the previous year. This change was mainly due to higher service charges following rate increases. However, this gain was partially offset by the absence of \$99,228 in federal awards for the Sewer fund and increased personal service expenses in the Water and Sewer funds.

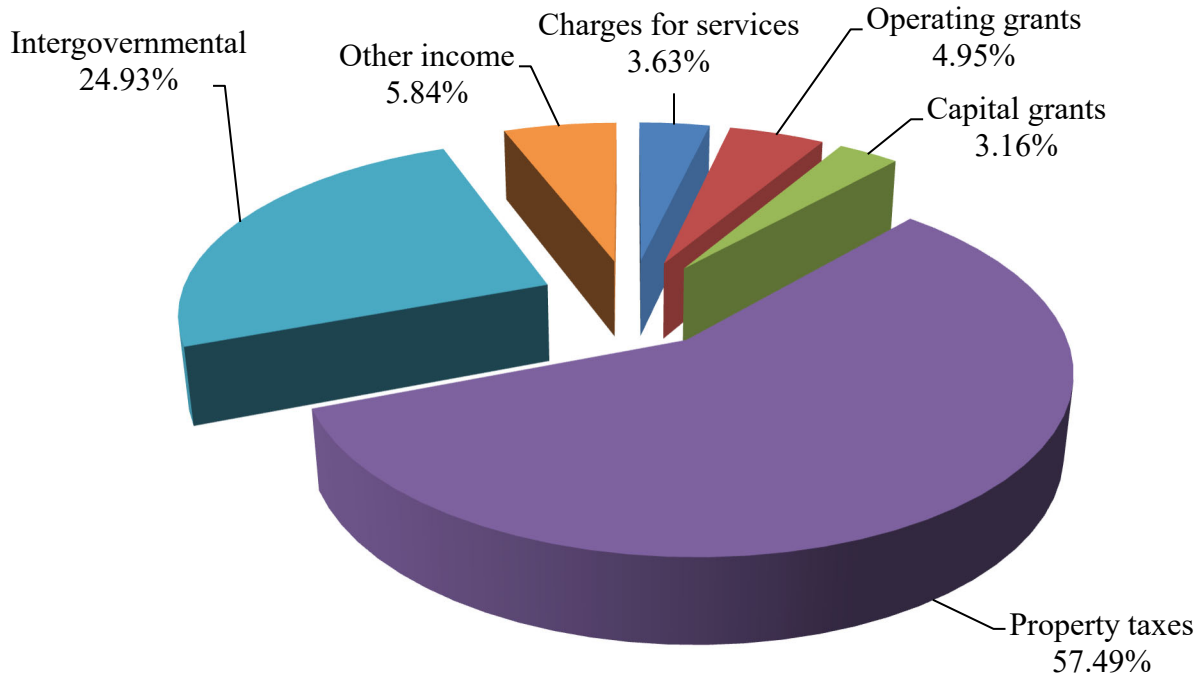
CITY OF BRAHAM, MINNESOTA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2023

Below are specific graphs that provide comparisons of the governmental activities' direct program revenues with their expenditures. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.

**Expenses and Program Revenues – Governmental Activities**



**Revenues by Source – Governmental Activities**

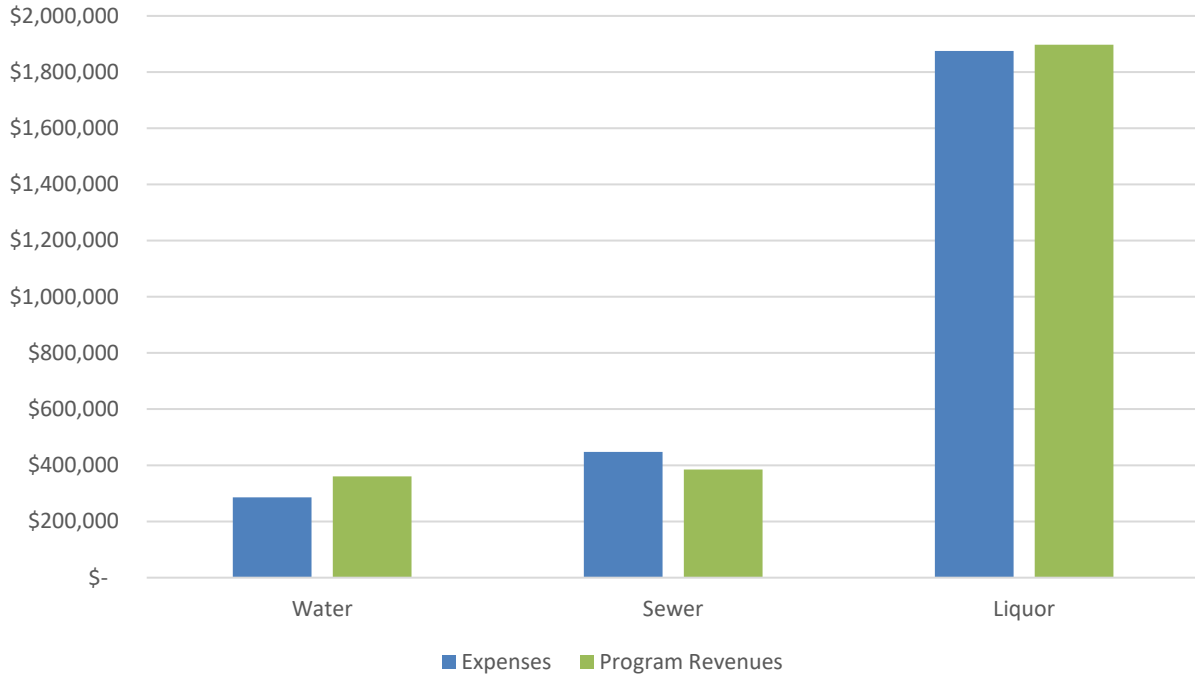




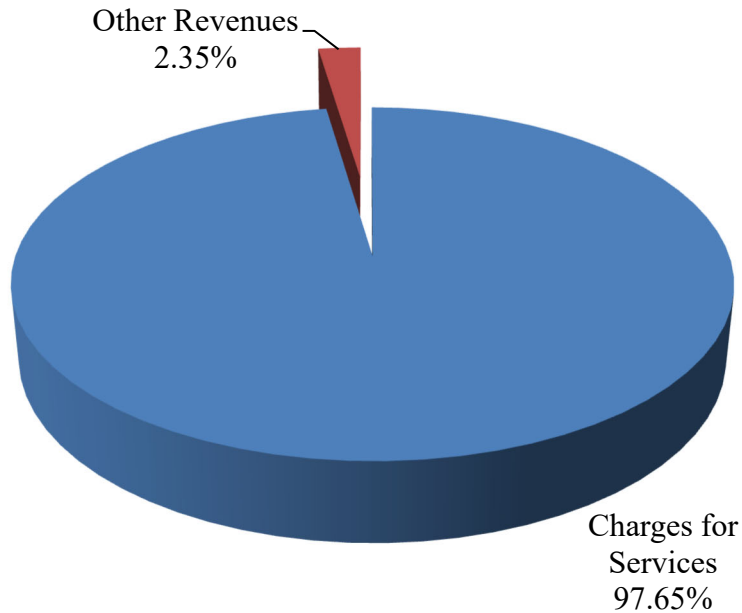
CITY OF BRAHAM, MINNESOTA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2023

Below are specific graphs that provide comparisons of the business-type activities' direct program revenues with their expenditures. Excess revenues are retained within each fund until such time that capital replacement is needed.

**Expenses and Program Revenues – Business-type Activities**



**Revenue by Source – Business-type Activities**



CITY OF BRAHAM, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023

**FUND FINANCIAL ANALYSIS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The City's governmental funds focus on providing details about near-term inflows, outflows, and balances of spendable resources, which helps in assessing the City's financial needs. Particularly, the unreserved fund balance is a valuable indicator of the government's available net resources for spending at the fiscal year-end.

At the conclusion of the current fiscal year, the City's governmental funds reported a total combined ending fund balance of \$1,043,739. Out of this, \$368,210 was unreserved, meaning it is available for spending. The remaining \$675,529 of the fund balance is reserved and committed to specific uses like debt service payments, special revenue funds, and other obligations, or is not in a spendable form.

The General Fund, serving as the primary operating fund of the City, had an ending balance of \$454,869 this year. To gauge the General Fund's liquidity, it may be beneficial to compare its total fund balance to its total expenditures; the unassigned fund balance constitutes 19% of total expenditures. Over the year, the General Fund balance increased by \$329,852, largely due to higher property tax collections, transfers from the municipal liquor store, and the sale of capital assets.

Additionally, the Debt Service funds, which account for resources needed to meet debt service obligations, ended the year with a fund balance of \$286,134.

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning the finance of the fund have already been addressed in the discussion of the City's business-type activities.

The City's Proprietary funds have unrestricted net position as follows:

Water fund	\$ 315,677
Sewer fund	\$ 250,613
Liquor fund	\$ 122,611

**BUDGETARY HIGHLIGHTS**

**General Fund**

The City increased its general tax levy collectible in 2023 by 207% from the 2022 levy. Local government aid from the state has stabilized and with budget surpluses at the state level the last few years it appears that source of revenue is in good shape. There were budget amendments during the year, and the City anticipated a surplus budget.

Revenues were over the budgeted sources by \$134,545, with the following significant variances:

- Intergovernmental was over budget by \$79,375
- Licenses and permits were over budget by \$73,203
- Other revenues were over budget by \$12,239

Expenditures were over the budgeted appropriations by \$10,130, with the following significant variances:

- Public safety was \$98,855 over budget
- General government was under budget by \$129,402
- General government capital outlay was \$45,213 over budget

CITY OF BRAHAM, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

The City continued to invest in capital equipment to provide the best services for its residents. Many donations and grants were obtained to help offset purchase costs. All bonded debt was reduced with annual payments.

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$8,815,306 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Wastewater treatment plant
- Property purchase
- 2024 street improvements

**City of Braham's Capital Assets**

	Governmental Activities			Business-type Activities		
	<u>2023</u>	<u>2022</u>	Increase (Decrease)	<u>2022</u>	<u>2022</u>	Increase (Decrease)
Land and Improvements	\$ 143,461	\$ 98,002	\$ 45,459	\$ 154,318	\$ 154,318	\$ -
Construction in progress	172,483		172,483	18,300		18,300
Buildings	1,059,455	1,059,455	-	4,405,137	4,405,137	-
Infrastructure	3,073,486	3,073,486	-	2,756,319	2,756,319	-
Equipment	2,159,781	2,178,855	(19,074)	905,011	955,231	(50,220)
<b>Total</b>	<b><u>\$ 6,608,666</u></b>	<b><u>\$ 6,409,798</u></b>	<b><u>\$ 198,868</u></b>	<b><u>\$ 8,239,085</u></b>	<b><u>\$ 8,271,005</u></b>	<b><u>\$ (31,920)</u></b>

**LONG-TERM DEBT**

At the end of the fiscal year, the City had total long-term debt of \$4,094,272. This consisted of \$1,167,000 for special assessment bonds, \$1,595,489 for G.O. revenue bonds, \$64,086 for G.O. bonds, \$241,710 for G.O. tax increment bonds, \$912,372 for net pension liabilities, financed purchases for \$64,165, and \$49,450 for compensated absences. State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% (percent) of the total estimated market value. More detailed information on the City's long-term debt is presented in the Notes to the Financial Statement.

CITY OF BRAHAM, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023

Key elements of long-term debt are as follows:

	<u>2023</u>	<u>2022</u>	Increase (Decrease)
<b>Governmental Activities:</b>			
General Obligation Bonds	\$ 64,086	\$ 84,448	\$ (20,362)
General Obligation Improvement Bonds	1,167,000	1,299,000	(132,000)
General Obligation Tax Increment Bonds	<u>241,710</u>	<u>296,381</u>	<u>(54,671)</u>
 Total Governmental Activities Long-term Debt	 1,472,796	 1,679,829	 (207,033)
 <b>Business-type Activities:</b>			
General Obligation Revenue Bonds	<u>1,595,489</u>	<u>1,802,166</u>	<u>(206,677)</u>
 Total Long-Term Debt	 <u>\$ 3,068,285</u>	 <u>\$ 3,481,995</u>	 <u>\$ (413,710)</u>
 <b>Bonded Debt:</b>			
General Obligation Bonds	\$ 64,086	\$ 84,448	\$ (20,362)
General Obligation Revenue Bonds	1,595,489	1,802,166	(206,677)
General Obligation Improvement Bonds	1,167,000	1,299,000	(132,000)
General Obligation Tax Increment Bonds	<u>241,710</u>	<u>296,381</u>	<u>(54,671)</u>
 Total Bonded Debt	 <u>\$ 3,068,285</u>	 <u>\$ 3,481,995</u>	 <u>\$ (413,710)</u>

**FACTORS BEARING ON THE CITY'S FUTURE**

The economic outlook for Isanti County remains stable. The agricultural economy around the Braham area remains strong with continued strong land prices. The tax capacity of the City increased by \$247,982, or 25%, between 2023 and 2022. This was mainly due to increases in real estate value and slight increases in personal tax capacity. All these factors were considered in preparing the City's budget for 2023 and will be for the 2024 fiscal year as well.

The City's 2023 budget remained very conservative, not allowing much for large projects that arose in 2023, including the culvert collapse on West Central Drive. The City is actively trying to market the ERCOA site and if the City can bring in a development that includes job creation and a building that brings in a nice tax capacity, up to 50% of the loan can be forgiven through DEED. There is a \$85,560 balance on the loan through DEED.

The 2023 proprietary fund (Water and Sewer) budgets were \$844,910 for revenues and \$632,169 for expenses, resulting in a budgeted gain of \$212,741. The 2023 proprietary fund budget includes funding for the following: Water fund, Sewer fund and Liquor fund.

The City had many equipment and infrastructure repairs that were not budgeted for in 2023. The City contracts with PeopleService for its Water and Wastewater operations with the current contract through April 2029. In 2023, the City was awarded a state grant of over \$10 million to upgrade the wastewater treatment facility, water and sewer lines, and get a backup well that can supply the City in emergencies.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Administrator, City of Braham, 201 Broadway Avenue South, Braham, MN, 55006.

## BASIC FINANCIAL STATEMENTS

## CITY OF BRAHAM, MINNESOTA

STATEMENT OF NET POSITION  
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Authority
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Cash and Cash Equivalents	\$ 778,853	\$ 590,657	\$ 1,369,510	\$ 0
Cash held with Escrow	10,928	0	10,928	0
Investments	110,345	0	110,345	0
Receivables:				
Accounts	4,700	94,973	99,673	42,029
Property Taxes	54,358	0	54,358	0
Notes, Net of Allowance	13,309	0	13,309	0
Special Assessments	81,754	0	81,754	0
Leases	0	43,478	43,478	0
Inventory	0	263,627	263,627	0
Property Held for Sale	162,223	0	162,223	0
Prepaid Expenses	91,815	50,737	142,552	24,202
Internal Balances	(26,642)	26,642	0	0
Capital Assets Not Being Depreciated	315,944	172,618	488,562	16,774
Other Capital Assets, Net of Depreciation	3,150,489	5,176,255	8,326,744	297,494
Net Pension Asset	28,868	0	28,868	0
Restricted Cash	0	0	0	6,661
Total Assets	<u>4,776,944</u>	<u>6,418,987</u>	<u>11,195,931</u>	<u>387,160</u>
<b>Deferred Outflows of Resources:</b>				
Pension Plan Deferments	<u>1,365,226</u>	<u>133,411</u>	<u>1,498,637</u>	<u>0</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 6,142,170</u>	<u>\$ 6,552,398</u>	<u>\$ 12,694,568</u>	<u>\$ 387,160</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 80,287	\$ 120,560	\$ 200,847	\$ 13,409
Accrued Expenses	53,541	18,182	71,723	13,643
Current Portion of Long-term Debt	215,668	120,227	335,895	0
Compensated Absences	39,557	9,893	49,450	4,128
Unearned Revenue	0	0	0	1,816
Long-term Debt, Net of Current Portion	1,321,293	1,475,262	2,796,555	0
Net Pension Liability	<u>733,076</u>	<u>179,296</u>	<u>912,372</u>	<u>0</u>
Total Liabilities	<u>2,443,422</u>	<u>1,923,420</u>	<u>4,366,842</u>	<u>32,996</u>
<b>Deferred Inflows of Resources:</b>				
Pension Plan Deferments	1,241,377	145,017	1,386,394	0
Lease Deferments	<u>0</u>	<u>41,602</u>	<u>41,602</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>1,241,377</u>	<u>186,619</u>	<u>1,427,996</u>	<u>0</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	1,929,474	3,753,458	5,682,932	314,268
Restricted	651,905	0	651,905	0
Unrestricted	<u>(124,008)</u>	<u>688,901</u>	<u>564,893</u>	<u>39,896</u>
Total Net Position	<u>2,457,371</u>	<u>4,442,359</u>	<u>6,899,730</u>	<u>354,164</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 6,142,170</u>	<u>\$ 6,552,398</u>	<u>\$ 12,694,568</u>	<u>\$ 387,160</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF BRAHAM, MINNESOTA

STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Government	\$ 371,826	\$ 32,197	\$ 17,991	\$ 0
Public Safety	1,142,896	63,204	111,974	0
Public Works	576,398	0	0	83,044
Parks and Recreation	25,579	0	0	0
Economic Development	186,123	0	0	0
Interest on Long-term Debt	32,679	0	0	0
Total Governmental Activities	<u>2,335,501</u>	<u>95,401</u>	<u>129,965</u>	<u>83,044</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water	285,707	360,526	0	0
Sewer	447,414	385,206	0	0
Liquor	1,875,212	1,896,950	0	0
Total Business-type Activities	<u>2,608,333</u>	<u>2,642,682</u>	<u>0</u>	<u>0</u>
Total Primary Government	<u>\$ 4,943,834</u>	<u>\$ 2,738,083</u>	<u>\$ 129,965</u>	<u>\$ 83,044</u>
<b>COMPONENT UNITS:</b>				
Housing and Redevelopment Authority	<u>\$ 301,335</u>	<u>\$ 153,008</u>	<u>\$ 126,039</u>	<u>\$ 44,819</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Intergovernmental

Interest Earnings

Other Revenues

Transfers

Total General Revenues

Change in Net Position

Net Position - January 1

Net Position - December 31

The Notes to the Financial Statements are an Integral Part of this Statement.

Net (Expenses) Revenues and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-type Activities	Total Primary Government	Housing and Redevelopment Authority
\$ (321,638)	\$ 0	\$ (321,638)	\$ 0
(967,718)	0	(967,718)	0
(493,354)	0	(493,354)	0
(25,579)	0	(25,579)	0
(186,123)	0	(186,123)	0
<u>(32,679)</u>	<u>0</u>	<u>(32,679)</u>	<u>0</u>
<u>(2,027,091)</u>	<u>0</u>	<u>(2,027,091)</u>	<u>0</u>
0	74,819	74,819	0
0	(62,208)	(62,208)	0
<u>0</u>	<u>21,738</u>	<u>21,738</u>	<u>0</u>
<u>0</u>	<u>34,349</u>	<u>34,349</u>	<u>0</u>
<u>(2,027,091)</u>	<u>34,349</u>	<u>(1,992,742)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>22,531</u>
1,265,729	0	1,265,729	0
224,630	0	224,630	0
654,808	0	654,808	0
9,515	0	9,515	42
149,021	64,308	213,329	3,460
<u>60,000</u>	<u>(60,000)</u>	<u>0</u>	<u>0</u>
<u>2,363,703</u>	<u>4,308</u>	<u>2,368,011</u>	<u>3,502</u>
336,612	38,657	375,269	26,033
<u>2,120,759</u>	<u>4,403,702</u>	<u>6,524,461</u>	<u>328,131</u>
<u>\$ 2,457,371</u>	<u>\$ 4,442,359</u>	<u>\$ 6,899,730</u>	<u>\$ 354,164</u>

The Notes to the Financial Statements are an Integral Part of this Statement.



CITY OF BRAHAM, MINNESOTA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2023

	General	Debt Service Funds	2024 Street Improvement
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 191,579	\$ 275,207	\$ 0
Cash held with Escrow	0	10,928	0
Investments	110,345	0	0
Receivables:			
Accounts	4,700	0	0
Property Taxes	40,106	0	0
Special Assessments	0	81,754	0
Notes	0	0	0
Prepaid Expense	91,815	0	0
Due from Other Funds	121,533	0	0
Property Held for Sale	0	0	0
<b>TOTAL ASSETS</b>	<b><u>\$ 560,078</u></b>	<b><u>\$ 367,889</u></b>	<b><u>\$ 0</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 29,347	\$ 0	\$ 50,950
Accrued Expenses	39,978	0	0
Due to Other Funds	0	0	121,533
Advance from Other Funds	0	0	0
<b>Total Liabilities</b>	<b><u>69,325</u></b>	<b><u>0</u></b>	<b><u>172,483</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue:			
Special Assessments	0	81,755	0
Delinquent Taxes	35,884	0	0
<b>Total Deferred Inflows of Resources</b>	<b><u>35,884</u></b>	<b><u>81,755</u></b>	<b><u>0</u></b>
<b>Fund Balance:</b>			
Nonspendable	91,815	0	0
Restricted	0	286,134	0
Committed	0	0	0
Assigned	0	0	0
Unassigned	363,054	0	(172,483)
<b>Total Fund Balance</b>	<b><u>454,869</u></b>	<b><u>286,134</u></b>	<b><u>(172,483)</u></b>
<b>TOTAL LIABILITIES, DEFERRED RESOURCES AND FUND BALANCE</b>	<b><u>\$ 560,078</u></b>	<b><u>\$ 367,889</u></b>	<b><u>\$ 0</u></b>

The Notes to the Financial Statements are an Integral Part of this Statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 312,077	\$ 778,863
0	10,928
0	110,345
0	4,700
14,252	54,358
0	81,754
13,309	13,309
0	91,815
0	121,533
<u>162,223</u>	<u>162,223</u>
<u>\$ 501,861</u>	<u>\$ 1,429,828</u>

\$ 0	\$ 80,297
0	39,978
0	121,533
<u>26,642</u>	<u>26,642</u>
<u>26,642</u>	<u>268,450</u>

0	81,755
<u>0</u>	<u>35,884</u>
<u>0</u>	<u>117,639</u>

0	91,815
297,580	583,714
25,880	25,880
168,369	168,369
<u>(16,610)</u>	<u>173,961</u>
<u>475,219</u>	<u>1,043,739</u>

<u>\$ 501,861</u>	<u>\$ 1,429,828</u>
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The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF BRAHAM, MINNESOTA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 GOVERNMENTAL FUNDS  
 December 31, 2023

Total Fund Balances - Governmental Funds	\$ 1,043,739
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	6,608,666
Less: Accumulated depreciation	(3,142,233)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Bonds payable	(1,536,961)
Compensated absences payable	(39,557)
Long-term receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds.	
Delinquent property taxes	35,884
Special assessments	81,755
Net pension liabilities are not recognized under the current financial resource measurement focus and, therefore, have no effect on fund balance	
Net pension liability - general employees retirement pension fund	(251,279)
Net pension liability - public employees police and fire pension fund	(481,797)
Net pension asset - volunteer firefighter's relief pension fund	28,868
Deferred inflows and outflows of resources related to the pension liabilities are not recognized under the current financial resources measurement focus and, therefore, have no effect on fund balance	
Deferred outflows of resources related to pensions	1,365,226
Deferred inflows of resources related to pensions	(1,241,377)
Governmental funds do not report a liability for accrued interest payable until due and payable.	<u>(13,563)</u>
Total Net Position - Governmental Activities	<u>\$ 2,457,371</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

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CITY OF BRAHAM, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2023

	General	Debt Service Funds	2024 Street Improvement
<b>Revenues:</b>			
Property Taxes	\$ 1,180,220	\$ 224,630	\$ 0
Tax Increment	0	0	0
Special Assessments	0	43,489	0
Intergovernmental	778,923	0	0
Licenses and Permits	78,503	0	0
Charges for Services	95,401	0	0
Fines and Fees	20,627	0	0
Other Revenues	34,239	0	0
Total Revenues	<u>2,187,913</u>	<u>268,119</u>	<u>0</u>
<b>Expenditures:</b>			
Current:			
General Government	381,326	0	0
Public Safety	958,893	0	0
Public Works	481,026	0	0
Parks and Recreation	14,535	0	0
Economic Development	6,453	0	0
Capital Outlay:			
General Government	50,213	0	0
Public Safety	44,329	0	0
Public Works	0	0	172,483
Debt Service:			
Principal	9,251	207,033	0
Interest and Fiscal Fees	3,052	31,676	0
Total Expenditures	<u>1,949,078</u>	<u>238,709</u>	<u>172,483</u>
Excess of Revenue Over (Under) Expenditures	<u>238,835</u>	<u>29,410</u>	<u>(172,483)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	60,000	0	0
Sale of Capital Assets	31,017	0	0
Total Other Financing Sources (Uses)	<u>91,017</u>	<u>0</u>	<u>0</u>
Change in Fund Balance	329,852	29,410	(172,483)
Fund Balance - January 1	<u>125,017</u>	<u>256,724</u>	<u>0</u>
Fund Balance - December 31	<u>\$ 454,869</u>	<u>\$ 286,134</u>	<u>\$ (172,483)</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 0	\$ 1,404,850
70,595	70,595
0	43,489
77,981	856,904
0	78,503
0	95,401
0	20,627
0	34,239
148,576	2,604,608
0	381,326
0	958,893
0	481,026
0	14,535
179,670	186,123
0	50,213
1,768	46,097
0	172,483
0	216,284
0	34,728
181,438	2,541,708
(32,862)	62,900
0	60,000
0	31,017
0	91,017
(32,862)	153,917
508,081	889,822
\$ 475,219	\$ 1,043,739

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF BRAHAM, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2023

Net Change in Fund Balances - Governmental Funds \$ 153,917

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	230,442
Depreciation expense	(233,943)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources. Neither transaction, however, has any effect on net position.

Principal repayments	216,284
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrued, regardless of when it is due.

2,049

Pension expense in the Statement of Activities is recognized as the change in net pension liabilities, including the amortization of layered deferred inflows and deferred outflows of resources of the current and prior periods, this does not require the use of current financial resources, and therefore is not reported in the government funds.

Pension expense	(13,573)
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Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property taxes	14,915
Special assessments	(38,426)

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

Compensated absences	<u>4,946</u>
----------------------	--------------

Change in Net Position - Governmental Activities \$ 336,612

CITY OF BRAHAM, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2023

	Budget		Actual	Over (Under) Final Budget
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 1,182,820	\$ 1,182,820	\$ 1,180,220	\$ (2,600)
Special Assessments	35,000	35,000	0	(35,000)
Intergovernmental	699,548	699,548	778,923	79,375
Licenses and Permits	5,300	5,300	78,503	73,203
Charges for Services	89,900	89,900	95,401	5,501
Fines and Fees	18,800	18,800	20,627	1,827
Other Revenue	22,000	22,000	34,239	12,239
Total Revenues	<u>2,053,368</u>	<u>2,053,368</u>	<u>2,187,913</u>	<u>134,545</u>
<b>Expenditures:</b>				
Current:				
General Government	510,728	510,728	381,326	(129,402)
Public Safety	860,038	860,038	958,893	98,855
Public Works	509,129	509,129	481,026	(28,103)
Parks and Recreation	19,600	19,600	14,535	(5,065)
Economic Development	0	0	6,453	6,453
Capital Outlay:				
General Government	5,000	5,000	50,213	45,213
Public Safety	31,438	31,438	44,329	12,891
Public Works	3,015	3,015	0	(3,015)
Debt Service:				
Principal	0	0	9,251	9,251
Interest and Fees	0	0	3,052	3,052
Total Expenditures	<u>1,938,948</u>	<u>1,938,948</u>	<u>1,949,078</u>	<u>10,130</u>
Excess of Revenue Over (Under) Expenditures	<u>114,420</u>	<u>114,420</u>	<u>238,835</u>	<u>124,415</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	108,000	108,000	60,000	(48,000)
Sale of Capital Assets	0	0	31,017	31,017
Total Other Financing Sources (Uses)	<u>108,000</u>	<u>108,000</u>	<u>91,017</u>	<u>(16,983)</u>
Change in Fund Balance	<u>\$ 222,420</u>	<u>\$ 222,420</u>	329,852	<u>\$ 107,432</u>
Fund Balance - January 1			<u>125,017</u>	
Fund Balance - December 31			<u>\$ 454,869</u>	

The Notes to the Financial Statements are an Integral Part of this Statement.



CITY OF BRAHAM, MINNESOTA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 December 31, 2023

	Business-type Activities - Enterprise Funds			Totals
	Water Fund	Sewer Fund	Liquor Fund	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 300,179	\$ 198,209	\$ 92,269	\$ 590,657
Accounts Receivable	52,061	42,912	0	94,973
Inventory	0	0	263,627	263,627
Prepaid Expense	14,309	24,517	11,911	50,737
Total Current Assets	<u>366,549</u>	<u>265,638</u>	<u>367,807</u>	<u>999,994</u>
<b>Noncurrent Assets:</b>				
Advance to Other Funds	6,152	45,505	0	51,657
Lease Receivable	43,478	0	0	43,478
Buildings and Improvements	1,832,007	2,404,884	505,799	4,742,690
Infrastructure	1,442,956	1,313,363	0	2,756,319
Machinery and Equipment	59,366	588,631	92,076	740,073
Accumulated Depreciation	(929,403)	(1,687,670)	(273,136)	(2,890,209)
Total Assets	<u>2,821,105</u>	<u>2,930,351</u>	<u>692,546</u>	<u>6,444,002</u>
<b>Deferred Outflows of Resources:</b>				
Pension Plan Deferments	<u>16,253</u>	<u>16,253</u>	<u>100,905</u>	<u>133,411</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,837,358</u>	<u>\$ 2,946,604</u>	<u>\$ 793,451</u>	<u>\$ 6,577,413</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 26,156	\$ 33,372	\$ 61,032	\$ 120,560
Accrued Expenses	7,888	2,227	8,067	18,182
Current Portion of Long-term Debt	78,500	41,727	0	120,227
Total Current Liabilities	<u>112,544</u>	<u>77,326</u>	<u>69,099</u>	<u>258,969</u>
<b>Long-Term Liabilities:</b>				
Compensated Absences	1,600	1,600	6,693	9,893
Advance from Other Funds	0	0	25,015	25,015
Long-term Debt, Net of Current Maturities	638,650	836,612	0	1,475,262
Net Pension Liability	21,843	21,843	135,610	179,296
Total Liabilities	<u>774,637</u>	<u>937,381</u>	<u>236,417</u>	<u>1,948,435</u>
<b>Deferred Inflows of Resources:</b>				
Pension Plan Deferments	17,667	17,667	109,683	145,017
Lease Deferments	41,602	0	0	41,602
Total Deferred Inflows of Resources	<u>59,269</u>	<u>17,667</u>	<u>109,683</u>	<u>186,619</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	1,687,775	1,740,943	324,740	3,753,458
Unrestricted	315,677	250,613	122,611	688,901
Total Net Position	<u>2,003,452</u>	<u>1,991,556</u>	<u>447,351</u>	<u>4,442,359</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 2,837,358</u>	<u>\$ 2,946,604</u>	<u>\$ 793,451</u>	<u>\$ 6,577,413</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF BRAHAM, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Totals
	Water Fund	Sewer Fund	Liquor Fund	
<b>Operating Revenues:</b>				
Charges for Services and Sales	\$ 360,526	\$ 385,206	\$ 1,885,869	\$ 2,631,601
Cost of Revenue	<u>0</u>	<u>0</u>	<u>1,518,228</u>	<u>1,518,228</u>
Gross Profit	<u>360,526</u>	<u>385,206</u>	<u>367,641</u>	<u>1,113,373</u>
<b>Operating Expenses:</b>				
Personnel	50,846	50,845	251,419	353,110
Administrative Expenses	2,881	3,028	15,525	21,434
Operating Supplies	21,076	1,431	26,913	49,420
Professional Services	74,767	191,529	14,571	280,867
Insurance	9,569	10,851	7,235	27,655
Utilities	20,402	37,757	18,485	76,644
Repairs and Maintenance	22,530	28,971	2,319	53,820
Other Expenses	12,744	15,052	7,959	35,755
Depreciation	58,915	88,397	12,558	159,870
Total Operating Expenses	<u>273,730</u>	<u>427,861</u>	<u>356,984</u>	<u>1,058,575</u>
Income (Loss) From Operations	<u>86,796</u>	<u>(42,655)</u>	<u>10,657</u>	<u>54,798</u>
<b>Nonoperating Revenues (Expenses)</b>				
Lottery Profit	0	0	11,081	11,081
Interest Expense	(11,977)	(19,553)	0	(31,530)
Other Revenues	45,117	16,002	3,189	64,308
Total Nonoperating Revenues (Expenses)	<u>33,140</u>	<u>(3,551)</u>	<u>14,270</u>	<u>43,859</u>
Income Before Transfers	119,936	(46,206)	24,927	98,657
Transfers Out	<u>0</u>	<u>0</u>	<u>(60,000)</u>	<u>(60,000)</u>
Change in Net Position	119,936	(46,206)	(35,073)	38,657
Net Position - January 1	<u>1,883,516</u>	<u>2,037,762</u>	<u>482,424</u>	<u>4,403,702</u>
Net Position - December 31	<u>\$ 2,003,452</u>	<u>\$ 1,991,556</u>	<u>\$ 447,351</u>	<u>\$ 4,442,359</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

## CITY OF BRAHAM, MINNESOTA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For The Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Liquor Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts From Customers and Users	\$ 342,368	\$ 379,862	\$ 1,885,867	\$ 2,608,097
Payments to Suppliers	(138,733)	(259,535)	(1,554,210)	(1,952,478)
Payments to Employees	(46,977)	(46,976)	(263,682)	(357,635)
Other Receipts (Payments)	45,226	16,002	14,270	75,498
Net Cash from Operating Activities	<u>201,884</u>	<u>89,353</u>	<u>82,245</u>	<u>373,482</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments Received (Paid) on Interfund Loan	4,100	12,589	(16,689)	0
Transfers Out	0	0	(60,000)	(60,000)
Net Cash from Noncapital Financing Activities	<u>4,100</u>	<u>12,589</u>	<u>(76,689)</u>	<u>(60,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest Paid on Debt	(12,830)	(19,659)	0	(32,489)
Principal Paid on Debt	(166,500)	(40,251)	0	(206,751)
Purchase of Capital Assets	0	(26,120)	0	(26,120)
Net Cash from Capital and Related Financing Activities	<u>(179,330)</u>	<u>(86,030)</u>	<u>0</u>	<u>(265,360)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	26,654	15,912	5,556	48,122
Cash and Cash Equivalents - January 1	<u>273,525</u>	<u>182,297</u>	<u>86,712</u>	<u>542,534</u>
Cash and Cash Equivalents - December 31	<u>\$ 300,179</u>	<u>\$ 198,209</u>	<u>\$ 92,269</u>	<u>\$ 590,657</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:</b>				
Income (Loss) from Operations	\$ 86,796	\$ (42,655)	\$ 10,657	\$ 54,798
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:				
Other Receipts (Payments)	45,226	16,002	14,270	75,498
Depreciation Expense	58,915	88,397	12,558	159,870
(Increase) Decrease in Accounts Receivable	(18,158)	(5,344)	0	(23,502)
(Increase) Decrease in Inventory	0	0	26,048	26,048
(Increase) Decrease in Prepaid Expense	381	(265)	3,795	3,911
Increase (Decrease) in Pension Resources	3,184	3,184	(14,962)	(8,594)
Increase (Decrease) in Accounts Payable	24,855	29,349	27,180	81,384
Increase (Decrease) in Accrued Expenses	685	685	2,699	4,069
Net Cash Provided from Operating Activities	<u>\$ 201,884</u>	<u>\$ 89,353</u>	<u>\$ 82,245</u>	<u>\$ 373,482</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A. Reporting entity**

The City of Braham, Minnesota (the City), operates under the “Optional Plan A” form of government as defined in Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council Members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization’s governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is financially accountable.

Component units for which the City has been determined to be financially accountable can be blended with the primary government or be included as a discrete presentation. Blended component units, although legally separate entities are in substance part of the City’s operations and so data from these units are combined with data of the City. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize it is legally separate from the City. Included in the City’s reporting entity, based upon the application of these criteria, is the following blended component unit. The blended component unit presented has a December 31 year end.

***Economic Development Authority.*** The Economic Development Authority (the EDA) was created pursuant to Minnesota statutes 469.090 through 469.108. The five-member Board of Directors carries out economic and industrial development and redevelopment within the City in accordance with policies established by the City. The EDA is reported as a department of the General fund. Separate financial statements are not issued for this component unit.

Additionally, included in the City’s reporting entity, based upon the application of the above criteria, is the following discretely presented component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements.

***Housing and Redevelopment Authority.*** The Braham House and Redevelopment Authority (the HRA) was created pursuant to Chapter 487 of the Minnesota Session Laws of 1947. The HRA was created by the City to carry out certain redevelopment projects. The governing board, which is comprised of five members, one of which is a City Council member, is appointed by the Mayor and approved by the City Council. Separate financial statements are issued for this component unit.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all nonfiduciary activities of the City. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Aggregate information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on an accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred inflows of resources in the fund financial statements.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all the financial resources of the City, except those required to be accounted for in another fund.

The *Debt Service fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The *2024 Street Improvement Project fund* accounts for the construction activity related to various improvements.

The City reports the following major proprietary funds:

The *Water fund* accounts for the costs associated with the City's water utility system and ensures that user charges are sufficient to meet those costs.

The *Sewer fund* accounts for the costs associated with the City's sewer utility system and ensures that user charges are sufficient to meet those costs.

The *Liquor fund* accounts for the costs associated with the City's municipal liquor store.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position/fund balance**

***Deposits and investments***

The City's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated based on applicable participation by each of the funds.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated “A” or better; revenue obligations rated “AA” or better.
4. General obligations of the Minnesota Housing Finance Agency rated “A” or better.
5. Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.
6. Commercial paper issued by United States banks, corporations, or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
8. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, or a United States insurance company or its Canadian subsidiary whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Investments are generally stated at fair value, except for investments in certain external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers’ acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the Balance Sheet date.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

**Level 1** – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

**Level 2** – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

**Level 3** – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

See Note 3 for the City’s recurring fair value measurements as of December 31, 2023. The City has adopted a formal investment policy.

***Property taxes***

The City Council annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June, and December each year.

Taxes payable on homestead property, as defined by Minnesota statutes, were partially reduced by a market value credit aid. The credit is paid to the City by the State in lieu of taxes levied against the homestead property. The State remits this credit in two equal installments in October and December each year.

Delinquent taxes receivable includes the past six years’ uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

***Accounts receivable***

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2023. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

***Special assessments***

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivables are offset by a deferred inflow of resources in the fund financial statements.

***Property held for resale***

Property held for resale is carried at the lower of cost or net realizable value.

***Notes receivable***

Notes receivable represents loans made to various commercial entities throughout the City. An allowance has been established and was determined based on historical bad debt experience related to the nature of the receivable balance.

***Interfund receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.



CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

***Prepaid items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

***Inventories***

For proprietary funds, inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Inventories are recorded as an expense when sold or consumed rather than when purchased.

***Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than the thresholds below (amount not rounded) and an estimated useful life in excess of one year. For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

<u>Assets</u>	<u>Capitalization Threshold</u>
Land improvements	\$ 10,000
Buildings and improvements	25,000
Infrastructure	100,000
Machinery and equipment	5,000

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition value of the item at the date of its donation.

Property, plant, and equipment of the City, as well as component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Lives in Years</u>
Buildings and improvements	15 to 75
Infrastructure	20 to 60
Machinery and equipment	3 to 15

***Compensated absences***

It is the City’s policy to permit employees to accumulate earned but unused vacation benefits. Upon retirement or termination, employees in good standing are entitled to payout for the lesser of their vacation balance or the amount of vacation they would accrue in two years. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences payable.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

***Postemployment Benefits Other Than Pensions***

Employees of the City pay health care premiums based on their age and level of coverage. Since the insurance rate is based on age, the City does not have an implicit rate subsidy factor in postemployment health care expenses. Additionally, Minnesota Statutes require the City to allow retired employees to stay on the health care plan with the retiree responsible to pay the entire premium for continuation of coverage. The City's personnel policy does not provide for any contributions upon employee retirement.

***Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position and fund financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of resources that is applicable to future reporting period(s) and so will not be recognized as an outflow of resources (expense) until that time.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***Unearned Revenue***

Unearned revenues are those for which resources are received by the City before it has a legal claim against them. The City has reported unearned revenues from prepaid service revenues in the general fund.

***Long-term obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are delayed and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA), Braham Volunteer Firefighter's Relief Association (VFRA) and additions to/deductions from PERA's fiduciary net position and VFRA's fiduciary net position have been determined on the same basis as they are reported by PERA and VFRA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PERA has a special funding situation for their public employee's police and fire pension funds. The State of Minnesota contributes \$9 million annually on October 1 until both PEPFP and MSRS State Patrol become 90% funded (on a Market Value of Asset Basis).

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

***Leases***

*Lease receivables*

The City determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The City has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

*Lease liabilities*

The City determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the City's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Entity will exercise that option.

The City has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Significant lease terms are disclosed in note 3.

***Net position***

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets”.

***Fund balance***

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

*Assigned* - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

*Unassigned* - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City’s policy is to maintain a minimum unassigned fund balance of 20-25 percent of budgeted operating expenditures cash needs.

Note 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**A. Budgetary information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

On or before July 1 of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings, and a final budget is prepared and adopted in December.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (Continued)

The appropriated budget is prepared by fund, function, and department. The City’s department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted or as amended by the City Council. There were budget amendments during the year to account for additional expenditures that were approved by the Council.

**B. Excess of Expenditures over Appropriations**

For the year ended December 31, 2023, the General fund had expenditures over appropriations of \$10,130. The excess of expenditures over appropriations was funded with additional revenues.

**C. Deficit Fund Equity**

The following had fund equity deficits at year end:

Fund	Amount
Governmental	
Major	
2024 Street Improvement	\$ 172,483
Nonmajor	
TIF 2-5	14,862
Equipment replacement reserve	1,748

The fund deficits are planned to be eliminated with future interfund transfers.

Note 3 DETAILED NOTES ON ALL FUNDS

**A. Deposits and investments**

*Deposits*

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City’s deposits and investments may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation; and
- Time deposits that are fully insured by any federal agency

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity.

On December 31, 2023, the carrying amount of deposits was \$1,369,510 and the bank balance was \$1,358,659. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance was covered by collateral held by the City’s agent in the City’s name.

***Investments***

Investments are subject to various risks, the following of which are considered the most significant:

*Custodial Credit Risk* – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form and, therefore, are not subject to custodial credit risk disclosures. Although the City’s investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

*Credit Risk* – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statute 118A.07 limits the City’s investments.

*Concentration Risk* – This is the risk associated with investing a significant portion of the City’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City’s investment policies address concentration risk by diversifying the investment portfolio so the City does not invest all its funds into one type of investment.

Municipal bonds:

Bracken County KY Pub	23%
King County WA Pub	23%
Minnesota State High Ed FACS	23%
Virginia State Small Bus Finance	23%

*Interest Rate Risk* – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City’s investment policies do address this risk by minimizing the City’s exposure by investing on both short-term and long-term investments to evenly time cash flows from maturities.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

As of December 31, 2023, the City had the following investments that are insured or registered, or securities held by the City’s agent in the City’s name:

Deposit/Investments	Credit Risk		Fair Value Measurements Using	Interest Risk - Maturity Duration in Years		Total
	Rating	Agency		Less Than 1	1 to 5	
Investment pools:						
HSBC Bank insured cash	N/R	N/R	Cost	9,462	N/A	9,462
Municipal bonds	A	Moody	Level 1	100,883	0	100,883
<b>Total investments</b>						<b>\$ 110,345</b>

N/A - Not applicable

N/R - Not rated

Approximately 50% or \$75,480 of the City’s investments are held in investments that are rated below what is required by statutory authority.

A reconciliation of cash and cash equivalents as shown on the Statement of Net Position for the City follows:

	Primary Government		Component Unit
	Governmental Funds	Proprietary Funds	Housing and Redevelopment Authority
Carrying amount of demand deposits	\$ 778,853	\$ 558,189	\$ -
Cash on hand	-	32,478	-
Total cash and cash equivalents as shown on the statement of net position	778,853	590,667	-
Investments	110,345	-	-
Cash held with escrow	10,928	-	-
Restricted cash	-	-	6,661
Total cash and investments	\$ 900,126	\$ 590,667	\$ 6,661

**B. Receivables**

Taxes receivable as of the year end for the City are reported on the Statement of Net Position. There are no estimates for allowances for uncollectible property tax and special assessment receivables.

Notes receivable represents loans made to various commercial entities throughout the City. These loans all carry an interest rate of 0% and are collectible in monthly installments with varying maturities. There is no collateral securing these notes. No allowance has been established for these various notes. The allowance was determined based on historical bad debt experience related to the nature of the receivable balance.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments not yet due (debt service funds)	\$ 80,922	\$ -
Delinquent special assessments (debt service funds)	833	-
Accounts receivable (general fund)	4,700	-
Delinquent property taxes (general fund)	<u>31,184</u>	<u>-</u>
Total deferred inflows of resources/unearned revenue	<u>\$ 117,639</u>	<u>\$ -</u>

The only receivables not expected to be collectible within one year are the following: General Fund: \$20,000 of delinquent taxes, and Debt Service Fund special assessments: \$56,000.

**C. Lease Receivables**

The City, acting as lessor, leases certain real property under long-term, noncancelable lease agreements. The leases contain discount rates of 2.50% and expire in August 2026 and March 2027 and provide for renewal options ranging from five to ten years. During the year ended December 31, 2023, the City recognized \$21,708 and \$1,382 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 22,257	\$ 833
2025	8,319	283
2026	10,288	205
2027	<u>2,614</u>	<u>11</u>
Total	<u>\$ 43,478</u>	<u>\$ 1,332</u>



CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

**D. Capital assets**

***Primary Government***

Capital asset activity for the City for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 98,002	\$ 45,459	\$ -	\$ 143,461
Construction in progress	-	172,483	-	172,483
Total capital assets not being depreciated	<u>98,002</u>	<u>217,942</u>	<u>-</u>	<u>315,944</u>
Capital assets being depreciated				
Buildings and Improvements	1,059,455	-	-	1,059,455
Infrastructure	3,073,486	-	-	3,073,486
Machinery and equipment	<u>2,178,855</u>	<u>12,500</u>	<u>(31,574)</u>	<u>2,159,781</u>
Total capital assets being depreciated	<u>6,311,796</u>	<u>12,500</u>	<u>(31,574)</u>	<u>6,292,722</u>
Less accumulated depreciation for				
Buildings and Improvements	(371,782)	(38,205)	-	(409,987)
Infrastructure	(1,010,730)	(59,637)	-	(1,070,367)
Machinery and equipment	<u>(1,557,352)</u>	<u>(136,101)</u>	<u>31,574</u>	<u>(1,661,879)</u>
Total accumulated depreciation	<u>(2,939,864)</u>	<u>(233,943)</u>	<u>31,574</u>	<u>(3,142,233)</u>
Total capital assets being depreciated, net	<u>3,371,932</u>	<u>(221,443)</u>	<u>-</u>	<u>3,150,489</u>
Governmental activities capital assets, net	<u>\$ 3,469,934</u>	<u>\$ (3,501)</u>	<u>\$ -</u>	<u>\$ 3,466,433</u>

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 154,318	\$ -	\$ -	\$ 154,318
Construction in progress	-	18,300	-	18,300
Total capital assets not being depreciated	<u>154,318</u>	<u>18,300</u>	<u>-</u>	<u>172,618</u>
Capital assets being depreciated				
Buildings and Improvements	4,405,135	-	-	4,405,135
Distribution system	2,756,318	-	-	2,756,318
Machinery and equipment	955,230	7,895	(58,114)	905,011
Total capital assets being depreciated	<u>8,116,683</u>	<u>7,895</u>	<u>(58,114)</u>	<u>8,066,464</u>
Less accumulated depreciation for				
Buildings and Improvements	(1,314,614)	(70,892)	-	(1,385,506)
Infrastructure	(746,380)	(53,964)	-	(800,344)
Machinery and equipment	(727,459)	(35,014)	58,114	(704,359)
Total accumulated depreciation	<u>(2,788,453)</u>	<u>(159,870)</u>	<u>58,114</u>	<u>(2,890,209)</u>
Total capital assets being depreciated, net	<u>5,328,230</u>	<u>(151,975)</u>	<u>-</u>	<u>5,176,255</u>
Business-type activities capital assets, net	<u>\$ 5,482,548</u>	<u>\$ (133,675)</u>	<u>\$ -</u>	<u>\$ 5,348,873</u>

Depreciation expense was charged to functions/programs of the City as follows:

<b>Governmental activities</b>	
General government	\$ 28,631
Public safety	94,283
Public works	99,985
Parks and recreation	<u>11,044</u>
Total depreciation expense - governmental activities	<u>\$ 233,943</u>
<b>Business-type activities</b>	
Water	\$ 58,915
Sewer	88,397
Liquor	<u>12,558</u>
Total depreciation expense - business-type activities	<u>\$ 159,870</u>

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

***Discretely presented component unit***

Capital asset activity for Braham Housing and Redevelopment Authority for the year ended was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component unit</b>				
Capital assets not being depreciated				
Land	\$ 16,774	\$ -	\$ -	\$ 16,774
Total capital assets not being depreciated	<u>16,774</u>	<u>-</u>	<u>-</u>	<u>16,774</u>
Capital assets being depreciated				
Buildings and Improvements	2,040,150	40,916	-	2,081,066
Machinery and equipment	<u>64,115</u>	<u>1,581</u>	<u>-</u>	<u>65,696</u>
Total capital assets being depreciated	<u>2,104,265</u>	<u>42,497</u>	<u>-</u>	<u>2,146,762</u>
Less accumulated depreciation	<u>(1,815,977)</u>	<u>(33,291)</u>	<u>-</u>	<u>(1,849,268)</u>
Total capital assets being depreciated, net	<u>288,288</u>	<u>9,206</u>	<u>-</u>	<u>297,494</u>
Business-type activities capital assets, net	<u>\$ 305,062</u>	<u>\$ 9,206</u>	<u>\$ -</u>	<u>\$ 314,268</u>

Depreciation expense was charged to functions/programs of the Braham Housing and Redevelopment Authority as follows:

<b>Component unit</b>	
Low rent public housing	<u>\$ 33,291</u>

**E. Long-term debt**

General Obligation Bonds/Notes

The City issues general obligation bonds/notes to provide funds for the acquisition and construction of major capital facilities. General obligation debt has been issued for governmental activities. General obligation debts are direct obligations and pledge the full faith and credit of the City. General obligation debts currently outstanding are as follows:

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Equipment					
Certificates of 2016A	228,000	2.35%	3/21/16	2/1/26	\$ 64,086
Total general obligation bonds/notes					<u>\$ 64,086</u>

General Obligation Revenue Bonds/Notes

The City issued general obligation revenue bonds/notes where the government pledges income derived from the acquired or constructed assets to pay debt service requirements. The City is obligated to levy ad valorem taxes in the event that anticipated income from the acquired or constructed assets will not be sufficient to cover debt service requirements. Revenue obligations currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue					
Bonds of 2010A	1,015,970	1.00%	4/6/10	8/20/29	\$ 306,000
G.O. Wastewater Revenue					
Bonds of 2012A	778,000	2.00%	6/12/12	1/1/52	616,000
G.O. Utility Revenue Refunding					
Note of 2021A	130,000	1.85%	6/15/21	1/1/36	113,000
G.O. Utility Revenue					
Note of 2021A	458,000	1.85%	6/15/21	1/1/36	416,000
G.O. Sewer Revenue					
Note of 2022A	177,850	3.00%	5/16/22	12/1/31	<u>144,489</u>
Total general obligation revenue bonds/notes					<u>\$ 1,595,489</u>

General Obligation Improvement Bonds/Notes

The City issues general obligation improvement bonds/notes to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. General obligation special assessment debts currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding					
Note, 2021A	\$ 1,425,000	1.85%	6/15/21	1/1/36	\$ 1,167,000
Total general obligation special assessment bonds/notes					<u>\$ 1,167,000</u>

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

General Obligation Tax Increment Bonds

The City issues general obligation tax increment bonds for redevelopment projects. The additional tax increments resulting from increased tax capacity of the redeveloped properties will be used to retire the related debt. General obligation tax increment bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding					
Bonds of 2011A	\$ 960,000	2.98%	12/15/11	2/1/26	\$ 145,000
G.O. Tax Abatement					
Bonds of 2019A	125,723	2.00%	3/6/19	8/15/33	<u>96,710</u>
Total general obligation tax increment bonds					<u><u>\$ 241,710</u></u>

Annual debt service requirements to maturity for long-term debt obligations are as follows:

Year Ending December 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 206,033	\$ 27,229	\$ 120,227	\$ 29,036
2025	215,033	21,338	122,718	27,002
2026	218,033	17,984	124,223	24,936
2027	148,671	14,239	126,744	22,834
2028	133,671	11,613	129,280	20,679
2029-2033	484,355	26,294	421,297	73,792
2034-2038	67,000	1,008	223,000	42,322
2039-2043	-	-	116,000	28,260
2044-2048	-	-	129,000	16,140
2049-2051	-	-	<u>83,000</u>	<u>3,340</u>
Total	<u><u>\$ 1,472,796</u></u>	<u><u>\$ 119,705</u></u>	<u><u>\$ 1,595,489</u></u>	<u><u>\$ 288,341</u></u>

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Changes in long-term liabilities

During the year ended December 31, 2023, the following changes occurred in long-term liabilities.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
GO bonds/certificates	\$ 84,448	\$ -	\$ (20,362)	\$ 64,086	\$ 20,362
GO improvement bonds/notes	1,299,000	-	(132,000)	1,167,000	131,000
GO tax increment bonds/notes	296,381	-	(54,671)	241,710	54,671
Total general obligation debt	1,679,829	-	(207,033)	1,472,796	206,033
Financed purchases	73,416	-	(9,251)	64,165	9,635
Compensated absences	44,503	41,301	(46,247)	39,557	-
Net Pension Liability	1,469,131	490,117	(1,226,172)	733,076	-
Governmental activity long-term liabilities	<u>\$ 3,266,879</u>	<u>\$ 531,418</u>	<u>\$ (1,488,703)</u>	<u>\$ 2,309,594</u>	<u>\$ 215,668</u>
<b>Business-type activities</b>					
GO revenue bonds/notes	\$ 1,802,166	\$ -	\$ (206,677)	\$ 1,595,489	\$ 120,227
Net Pension Liability	237,663	119,740	(178,107)	179,296	-
Compensated absences	5,819	19,217	(15,143)	9,893	-
Business-type activity long-term liabilities	<u>\$ 2,045,648</u>	<u>\$ 138,957</u>	<u>\$ (399,927)</u>	<u>\$ 1,784,678</u>	<u>\$ 120,227</u>

**F. Financed Purchases**

The City has purchased assets through capitalized financed purchase agreements. The annual principal and interest on these leases will be paid from the General Fund.

Asset Leased	Asset Value Capitalized	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Motorola radios	\$ 73,416	4.08%	6/1/2022	6/1/2029	\$ 65,165

Amortization of assets capitalized through these lease-purchase agreements is included in depreciation expense in the government-wide financial statements. The amount charged as depreciation for the year ended December 31, 2023, was \$6,118.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

The assets acquired through these financed purchases are reported as follows:

<u>Asset</u>	<u>Amount</u>
Equipment	\$ 73,416
Less accumulated depreciation	<u>(16,606)</u>
<b>Total</b>	<b><u><u>\$ 56,810</u></u></b>

Annual payment requirements to maturity for financed purchases are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 9,635	\$ 2,667
2025	10,036	2,267
2026	10,453	1,850
2027	10,888	1,415
2028	11,340	963
2029	<u>11,813</u>	<u>491</u>
Total	<u><u>\$ 64,165</u></u>	<u><u>\$ 9,653</u></u>

**G. Interfund receivables, payables, and transfers**

Interfund transfers

Interfund transfers for the year ended December 31, 2023, consisted of the following:

<u>Transferred From</u>	<u>Transferred To</u>
	<u>General Fund</u>
Liquor Fund	<u>\$ 60,000</u>
Total	<u><u>\$ 60,000</u></u>

Transfers from the Liquor fund were used to support continuing operations in the General fund.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Internal Balances

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Sewer	Nonmajor: TIF 2-5	\$ 26,642
Sewer	Liquor	18,863
Water	Liquor	6,152
General	2024 Street Improvement	<u>121,533</u>
Total		<u>\$ 173,190</u>

In 1999, the Sewer fund loaned \$26,642 to the TIF 2-5 fund to provide start-up capital for the Elmhurst Commons senior housing project. The Water and Sewer funds loaned the Liquor fund \$157,343 and \$51,260, respectively, for improvements to the municipal liquor store. The General fund provided and short-term loan to the 2024 Street Improvement fund to provide working capital.

The internal balances payable are short-term borrowings and are expected to be repaid in the subsequent years.



CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

**H. Net Position/Fund Balance**

***Primary Government***

Governmental Fund Balances

Governmental fund balances reported on the Governmental Funds Balance Sheet on December 31, 2023, includes the following:

	General	Debt Service Funds	2024 Street Improvement	Nonmajor Governmental Funds	Total Fund Balance
Nonspendable:					
Prepaid insurance	\$ 91,815	\$ -	\$ -	\$ -	\$ 91,815
Restricted:					
SCDP grant rehab	-	-	-	10,375	10,375
Economic development	-	-	-	209,223	209,223
Public safety aid	-	-	-	77,982	77,982
Debt service	-	286,134	-	-	286,134
Total restricted	-	286,134	-	297,580	583,714
Committed:					
Economic development	-	-	-	25,880	25,880
Total committed	-	-	-	25,880	25,880
Assigned:					
Technology reserve	-	-	-	20,000	20,000
Street improvement	-	-	-	78,327	78,327
Park development	-	-	-	70,000	70,000
Capital improvement	-	-	-	42	42
Total assigned	-	-	-	168,369	168,369
Unassigned:					
General fund	363,054	-	-	-	363,054
Capital projects	-	-	(172,483)	-	(172,483)
Equipment replacement	-	-	-	(1,748)	(1,748)
Economic development	-	-	-	(14,862)	(14,862)
Total unassigned	363,054	-	(172,483)	(16,610)	173,961
Total fund balances	\$ 454,869	\$ 286,134	\$ (172,483)	\$ 475,219	\$ 1,043,739

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Governmental Activities Net Position

Governmental activities net position reported on the government-wide statement of net position on December 31, 2023, includes the following:

Net Investment in Capital Assets:	
Land	\$ 143,461
Construction in progress	172,483
Buildings and improvements	1,059,455
Infrastructure	3,073,486
Machinery and equipment	2,159,781
Less: accumulated depreciation	(3,142,233)
Less: long-term debt outstanding	<u>(1,536,961)</u>
Total Net Investment in Capital Assets	<u>1,929,474</u>
Restricted for:	
Debt Service	354,325
Economic development	219,598
Public safety aid	<u>77,982</u>
Total Restricted	<u>651,905</u>
Unrestricted	<u>(124,008)</u>
Total Governmental Activities Net Position	<u>\$ 2,457,371</u>

Business-type Activities Net Position

Business-type activities net position reported on the government-wide statement of net position on December 31, 2023, includes the following:

Net Investment in Capital Assets:	
Land	\$ 154,318
Construction in progress	18,300
Buildings and improvements	4,405,135
Infrastructure	2,756,318
Machinery and equipment	905,011
Less: accumulated depreciation	(2,890,209)
Less: long-term debt outstanding	<u>(1,595,489)</u>
Total Net Investment in Capital Assets	<u>3,753,458</u>
Unrestricted	<u>688,901</u>
Total Business-type Activities Net Position	<u>\$ 4,442,359</u>

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

***Discretely presented component unit***

Net Investment in Capital Assets:	
Land	\$ 12,254
Buildings and improvements	2,044,669
Machinery and equipment	64,114
Less: accumulated depreciation	<u>(1,815,997)</u>
Total Net Investment in Capital Assets	305,040
Unrestricted	<u>23,071</u>
Total Component Unit Net Position	<u>\$ 328,111</u>

Note 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE

**PUBLIC EMPLOYEES’ RETIREMENT ASSOCIATION**

***A. Plan Description***

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA’s defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA’s defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

*General Employees Retirement Plan (GERP)*

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

*Public Employees Police and Fire Fund (PEFPF)*

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

***B. Benefits Provided***

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested Terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

*GERP Benefits*

General Employees Plan benefits are based on a member’s highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA’s Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7% for all members. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

*PEPPF Benefits*

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

*GERP Contributions*

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023; the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, were \$45,061. The City's contributions were equal to the required contributions as set by state statute.

*PEPPF Contributions*

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$60,926. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

*GERP Pension Costs*

On December 31, 2023, the City reported a liability of \$430,575 for its proportionate share of the GERP's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2023. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$11,851.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. On June 30, 2023, the City's proportion was 0.0077% which was an increase of 0.0006% from its proportion measured as of June 30, 2022.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

For the year ended December 31, 2023, the City recognized pension expense of \$(13,570) for its proportionate share of GERP’s pension expense. In addition, the City recognized an additional \$53 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

On December 31, 2023, the City reported its proportionate share of GERP’s deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 14,016	\$ 3,138
Differences between projected and actual investment earnings	175,760	202,732
Changes in actuarial assumptions	71,005	117,747
Changes in proportion	37,235	24,638
City's contributions subsequent to the measurement date	22,366	-
Total	\$ 320,382	\$ 348,255

\$22,366 reported as deferred outflows of resources related to pensions resulting from City contributions to GERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to GERP pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	\$ 7,503
2025	(72,264)
2026	23,829
2027	(9,307)
2028	-
Thereafter	-

*PEPPF Pension Costs*

On December 31, 2023, the City reported a liability of \$481,797 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportionate share of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. On June 30, 2023, the City’s proportion was 0.0279% which was an increase of 0.0016% from its proportion measured as of June 30, 2022.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$19,391.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2023 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2023.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota’s pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2023, the City recognized pension expense of \$27,627 for its proportionate share of the Police and Fire Plan’s pension expense. The City recognized \$1,168 as grant revenue for its proportionate share of the State of Minnesota’s pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$2,511 for the year ended December 31, 2023, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

On December 31, 2023, the City reported its proportionate share of the PEPFP’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 132,706	\$ (775)
Differences between projected and actual investment earnings	254,595	301,662
Changes in actuarial assumptions	564,364	679,447
Changes in proportion	43,789	33,873
City's contributions subsequent to the measurement date	28,199	-
Total	<u>\$ 1,023,653</u>	<u>\$ 1,014,207</u>

\$28,199 reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	\$ 15,462
2025	(5,781)
2026	119,112
2027	(31,976)
2028	(115,570)
Thereafter	-

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

**E. Actuarial Assumptions**

*GERP and PEPFP*

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

**Key Methods and Assumptions Used in Valuation of Total Pension Liability**

**Actuarial Information:**

Measurement Date	June 30, 2023
Valuation Date	July 1, 2023
Actuarial Cost Method	Entry Age Normal

**Actuarial Assumption:**

Investment Rate of Return	7.00%
Inflation	2.25% per year
Projected Salary Increase	3.00% after 27 years of service

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0 percent at age 20 to 3.0 percent at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions occurred in 2023:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

**Police and Fire Fund**

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member’s occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	34%	5.10%
International Stocks	17%	5.30%
Bonds	25%	0.75%
Alternative Assets	25%	5.90%

**F. Discount Rate**

*GERP and PEPFP*

The discount rate used to measure the total pension liability in 2023 was 7.00. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected 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 liability.

**G. Pension Liability Sensitivity**

*GERP and PEPFP*

The following presents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:



CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

<b>City's proportionate share of NPL</b>				
Plan	Rate	1 % Decrease	Current	1 % Increase
		6.00%	7.00%	8.00%
Proportionate share of the GERP net pension liability:		\$ 761,722	\$ 430,575	\$ 158,194
Proportionate share of the PEPFP net pension liability:		\$ 955,942	\$ 481,797	\$ 91,986

**H. Pension Plan Fiduciary Net Position**

Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

**VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION**

**A. Plan Description**

The Braham Fire Department (the Department) participates in the Statewide Volunteer Firefighter Retirement Plan (Volunteer Firefighter Plan accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2022, the plan covered 17 active firefighters and 11 vested terminated firefighter whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 G.

**B. Benefits Provided**

Benefits are provided to the Department members who reach the age of 50 or have 20 years of service. The benefit upon retirement is a lump sum payment of \$3,000 (effective January 1, 2021) per year of service plus a Supplemental Benefit of 10% of the regular lump sum distribution, but not more than \$1,000. If a member is both age 50 and has completed 5 years of service, but not 20 years of service, the lump sum pension will be reduced by 4% for each year of service less than 20 years.

**C. Contributions**

The pension plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$40,532 in fire state aid to the plan for the year ended December 31, 2023. Required employer contributions are calculated annually based on statutory provisions. There were no statutorily required contributions to the pension plan for the year ended December 31, 2023. In addition, the City made no voluntary contributions to the plan.

**D. Pension Costs**

On December 31, 2022, the Volunteer Firefighter Fund reported a net pension asset of \$28,868. The net pension asset was measured as of December 31, 2022. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

The following table presents the changes in net pension liability during the year:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
<b>Balance at Previous Fiscal Year 12/31/2021</b>	\$ 498,431	\$ 640,866	\$ (142,435)
<b>Changes for the year:</b>			
Service cost	20,147	-	20,147
Interest	29,334	-	29,334
Differences between expected and actual experience	3,357	-	3,357
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - State and local	-	34,484	(34,484)
Contributions - Donation and other income	-	-	-
Contributions - Member	-	-	-
Net investment incomes	-	38,452	(38,452)
Other additions (e.g. receivables)	-	(132,815)	132,815
Benefit payments, including member contribution refunds	(59,365)	(59,365)	-
Administrative expense	-	(850)	850
Other deductions (e.g. payables)	-	-	-
<b>Net changes</b>	<u>(6,527)</u>	<u>(120,094)</u>	<u>113,567</u>
<b>Balance at Current Fiscal Year 12/31/2022</b>	<u>\$ 491,904</u>	<u>\$ 520,772</u>	<u>\$ (28,868)</u>

There were no plan provision change during the measurement period.

For the year ended December 31, 2023, the City recognized pension expense of \$(9,078).

On December 31, 2022, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,880	\$ 5,985
Differences between projected and actual investment earnings	106,253	15,069
Changes in actuarial assumptions	5,937	2,878
City's contributions subsequent to the measurement date	40,532	-
<b>Total</b>	<u>\$ 154,602</u>	<u>\$ 23,932</u>

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

\$40,532 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	\$ 13,287
2025	22,605
2026	27,011
2027	(27,235)
2028	-
Thereafter	-

**E. Actuarial Assumptions**

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

**Key Methods and Assumptions Used in Valuation of Total Pension Liability**

**Actuarial Information:**

Measurement Date	December 31, 2022
Valuation Date	June 20, 2022
Actuarial Cost Method	Entry Age Normal

**Actuarial Assumption:**

Investment Rate of Return	6.00%
Inflation	3.00% per year
Lump Sum Benefit Increase	N/A*

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

The following presents the Association’s net pension liability for plans it participates in, calculated using the discount rate disclosed in the preceding paragraphs, as well as what the Association’s net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Association’s Net Pension Asset		
1 Percent Decrease	Current	1 Percent Increase
5.00%	6.00%	7.00%
\$ 13,068	\$ 28,868	\$ 43,744

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 4 DEFINED BENEFIT PENSION PLANS – (Continued)

**H. Investment Policy**

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the governor (who is designated as chair of the board), state auditor, secretary of state and state attorney general.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 353G.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

Asset Allocation:

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Volunteer Firefighter Plan that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	34%	5.10%
International Stocks	17%	5.30%
Bonds	25%	0.75%
Alternative Assets	25%	5.90%

The six percent long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

**I. Plan Information**

Detailed information about the Volunteer Firefighter Fund’s fiduciary net position as of June 30, 2022, is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

Note 5 OTHER INFORMATION

**A. 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 for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City’s coverage in any of the past three fiscal years.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

Note 5 OTHER INFORMATION – (Continued)

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**B. Legal debt margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore excludes debt financed partially or entirely by special assessments, enterprise fund revenues, or tax increments. The City's has \$64,086 of debt outstanding on December 31, 2023, subject to this limit.

**C. Tax increment Districts**

The City's tax increment Districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance, which would have a material effect on the financial statements.

**D. Concentrations**

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) and Market Value Agriculture Credit programs. The amount received in 2023 was \$645,348 and \$231 for LGA and the agriculture credit, respectively. This accounted for 30 percent of General fund revenues.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF CITY'S PROPORTIONARE SHARE OF NET PENSION LIABILITY  
 GENERAL EMPLOYEE RETIREMENT FUND PENSION PLAN  
 Year Ended December 31, 2023

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Penion Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	Total	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2023	6/30/2023	0.0077%	\$ 430,575	\$ 11,851	\$ 442,426	\$ 567,049	78.0%	83.1%
12/31/2022	6/30/2022	0.0071%	\$ 562,322	\$ 16,467	\$ 578,789	\$ 508,927	113.7%	76.7%
12/31/2021	6/30/2021	0.0080%	\$ 341,636	\$ 10,377	\$ 352,013	\$ 582,898	60.4%	87.0%
12/31/2020	6/30/2020	0.0074%	\$ 443,664	\$ 13,630	\$ 457,294	\$ 549,494	83.2%	79.1%
12/31/2019	6/30/2019	0.0072%	\$ 398,072	\$ 12,333	\$ 410,405	\$ 508,027	80.8%	80.2%
12/31/2018	6/30/2018	0.0073%	\$ 404,974	\$ 13,214	\$ 418,188	\$ 495,389	84.4%	79.5%
12/31/2017	6/30/2017	0.0077%	\$ 491,653	\$ 6,219	\$ 497,872	\$ 447,037	111.4%	75.9%
12/31/2016	6/30/2016	0.0074%	\$ 600,843	\$ 7,851	\$ 608,694	\$ 500,952	121.5%	68.9%
12/31/2015	6/30/2015	0.0077%	\$ 399,367	\$ -	\$ 399,367	\$ 514,400	77.6%	78.2%

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF CITY'S CONTRIBUTIONS  
 GENERAL EMPLOYEE RETIREMENT FUND PENSION PLAN  
 Year Ended December 31, 2023

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2023	6/30/2023	\$ 45,761	\$ 45,761	\$ -	\$ 610,147	7.50%
12/31/2022	6/30/2022	\$ 40,100	\$ 40,100	\$ -	\$ 534,667	7.50%
12/31/2021	6/30/2021	\$ 43,080	\$ 43,080	\$ -	\$ 574,400	7.50%
12/31/2020	6/30/2020	\$ 39,367	\$ 39,367	\$ -	\$ 524,893	7.50%
12/31/2019	6/30/2019	\$ 38,102	\$ 38,102	\$ -	\$ 508,027	7.50%
12/31/2018	6/30/2018	\$ 36,591	\$ 36,591	\$ -	\$ 487,880	7.50%
12/31/2017	6/30/2017	\$ 37,432	\$ 37,432	\$ -	\$ 499,093	7.50%
12/31/2016	6/30/2016	\$ 34,276	\$ 34,276	\$ -	\$ 457,013	7.50%
12/31/2015	6/30/2015	\$ 33,192	\$ 33,192	\$ -	\$ 442,560	7.50%

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF CITY'S PROPORTIONARE SHARE OF NET PENSION LIABILITY  
PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN  
Year Ended December 31, 2023

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Penion Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	Total	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2023	6/30/2023	0.0279%	\$ 481,797	\$ 19,391	\$ 501,188	\$ 410,261	122.2%	86.5%
12/31/2022	6/30/2022	0.0263%	\$ 1,144,472	\$ 50,090	\$ 1,194,562	\$ 363,320	328.8%	70.5%
12/31/2021	6/30/2021	0.0294%	\$ 226,937	\$ 10,195	\$ 237,132	\$ 345,378	68.7%	93.7%
12/31/2020	6/30/2020	0.0279%	\$ 367,752	\$ 8,677	\$ 376,429	\$ 345,378	109.0%	87.2%
12/31/2019	6/30/2019	0.0255%	\$ 271,473	\$ -	\$ 271,473	\$ 263,422	103.1%	89.3%
12/31/2018	6/30/2018	0.0276%	\$ 294,188	\$ -	\$ 294,188	\$ 290,796	101.2%	88.8%
12/31/2017	6/30/2017	0.0250%	\$ 337,530	\$ -	\$ 337,530	\$ 256,882	131.4%	85.4%
12/31/2016	6/30/2016	0.0260%	\$ 1,043,425	\$ -	\$ 1,043,425	\$ 250,568	416.4%	63.9%
12/31/2015	6/30/2015	0.0230%	\$ 261,334	\$ -	\$ 261,334	\$ 203,790	128.2%	86.6%

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF CITY'S CONTRIBUTIONS  
PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN  
Year Ended December 31, 2023

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2023	6/30/2023	\$ 64,888	\$ 64,888	\$ -	\$ 366,599	17.70%
12/31/2022	6/30/2022	\$ 56,613	\$ 56,613	\$ -	\$ 319,847	17.70%
12/31/2021	6/30/2021	\$ 61,457	\$ 61,457	\$ -	\$ 347,215	17.70%
12/31/2020	6/30/2020	\$ 54,639	\$ 54,639	\$ -	\$ 308,695	17.70%
12/31/2019	6/30/2019	\$ 46,515	\$ 46,515	\$ -	\$ 274,425	16.95%
12/31/2018	6/30/2018	\$ 47,109	\$ 47,109	\$ -	\$ 290,796	16.20%
12/31/2017	6/30/2017	\$ 41,615	\$ 41,615	\$ -	\$ 256,883	16.20%
12/31/2016	6/30/2016	\$ 40,592	\$ 40,592	\$ -	\$ 250,568	16.20%
12/31/2015	6/30/2015	\$ 33,014	\$ 33,014	\$ -	\$ 203,790	16.20%



CITY OF BRAHAM, MINNESOTA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 BRAHAM FIREFIGHTERS' RELIEF ASSOCIATION  
 (Last 10 Fiscal Years)

<b>Total Pension Liability</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Service cost	\$ 20,147	\$ 19,914	\$ 21,764	\$ 19,092	\$ 22,444	\$ 18,997	\$ 23,334	\$ 23,674	\$ 23,040
Interest	29,334	28,189	16,616	19,628	20,479	17,418	16,092	13,815	12,266
Difference between expected and actual experience	3,357	428	(8,372)	-	(25,935)	-	9,192	-	-
Changes of assumptions	-	-	-	-	9,518	3,507	(3,482)	(9,899)	-
Changes in benefit terms	-	-	-	-	-	32,898	-	-	-
Benefit payments, including member contribution refunds	(59,365)	-	(12,966)	-	-	(5,764)	(55,485)	-	(3,000)
<b>Net change in total pension liability</b>	<b>(6,527)</b>	<b>48,531</b>	<b>17,042</b>	<b>38,720</b>	<b>26,506</b>	<b>67,056</b>	<b>(10,349)</b>	<b>27,590</b>	<b>32,306</b>
<b>Total Pension Liability - beginning of year</b>	<b>498,431</b>	<b>449,900</b>	<b>432,858</b>	<b>394,138</b>	<b>367,632</b>	<b>300,576</b>	<b>310,925</b>	<b>283,335</b>	<b>251,029</b>
<b>Total Pension Liability - end of year</b>	<b>\$ 491,904</b>	<b>\$ 498,431</b>	<b>\$ 449,900</b>	<b>\$ 432,858</b>	<b>\$ 394,138</b>	<b>\$ 367,632</b>	<b>\$ 300,576</b>	<b>\$ 310,925</b>	<b>\$ 283,335</b>
<b>Plan Fiduciary Net Position</b>									
Contributions - state and local	\$ 34,484	\$ 34,095	\$ 32,296	\$ 33,293	\$ 32,473	\$ 31,979	\$ 32,949	\$ 31,248	\$ 31,831
Contributions - donation and other income	-	-	-	-	-	-	-	-	-
Contributions - member	-	-	-	-	-	-	16	15	-
Net investment income	38,452	33,693	17,609	60,936	(9,993)	32,705	13,709	(7,230)	17,215
Other additions (e.g. receivable)	(132,815)	17,207	-	-	-	-	-	-	-
Benefit payments, including member contribution refunds	(59,365)	-	-	-	-	(5,764)	(55,485)	-	(3,000)
Administrative expenses	(850)	(5,673)	(2,446)	(3,148)	(3,042)	(2,910)	(2,861)	(1,675)	(1,038)
Other deductions (e.g. payables)	-	-	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(120,094)</b>	<b>79,322</b>	<b>47,459</b>	<b>91,081</b>	<b>19,438</b>	<b>56,010</b>	<b>(11,672)</b>	<b>22,358</b>	<b>45,008</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>640,866</b>	<b>561,544</b>	<b>514,085</b>	<b>423,004</b>	<b>403,566</b>	<b>347,556</b>	<b>359,228</b>	<b>336,870</b>	<b>291,862</b>
<b>Plan Fiduciary Net Position - end of year</b>	<b>\$ 520,772</b>	<b>\$ 640,866</b>	<b>\$ 561,544</b>	<b>\$ 514,085</b>	<b>\$ 423,004</b>	<b>\$ 403,566</b>	<b>\$ 347,556</b>	<b>\$ 359,228</b>	<b>\$ 336,870</b>
<b>Net Pension (Asset) Liability - end of year</b>	<b>\$ (28,868)</b>	<b>\$ (142,435)</b>	<b>\$ (111,644)</b>	<b>\$ (81,227)</b>	<b>\$ (28,866)</b>	<b>\$ (35,934)</b>	<b>\$ (46,980)</b>	<b>\$ (48,303)</b>	<b>\$ (53,535)</b>
<b>FNP as a percentage of the TPL</b>	<b>105.87%</b>	<b>128.58%</b>	<b>124.82%</b>	<b>118.77%</b>	<b>107.32%</b>	<b>109.77%</b>	<b>115.63%</b>	<b>115.54%</b>	<b>118.89%</b>

**Note:** Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF CONTRIBUTIONS AND NET PENSION LIABILITY AS A PERCENT OF PAYROLL  
BRAHAM FIREFIGHTERS' RELIEF ASSOCIATION

December 31, 2023

<b>Fiscal year ending</b>	<b>Actuarially determined contribution</b>	<b>Contributions in relation to the ADC</b>	<b>Contribution deficiency (excess)</b>	<b>Payroll</b>	<b>Contributions as a percentage of payroll</b>	<b>NPL as a percent of payroll</b>
December 31, 2022	-	-	-	-	-	-
December 31, 2021	-	-	-	-	-	-
December 31, 2020	-	\$ 750	\$ (750)	-	-	-
December 31, 2019	-	\$ 750	\$ (750)	-	-	-
December 31, 2018	-	\$ 750	\$ (750)	-	-	-
December 31, 2017	-	\$ 750	\$ (750)	-	-	-
December 31, 2016	-	\$ 750	\$ (750)	-	-	-
December 31, 2015	-	\$ 750	\$ (750)	-	-	-

**Note:** Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Note 1 CHANGE IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS

**A. Public Employees Retirement Association – General Employees Retirement Fund**

2023 changes:

**Changes in Actuarial Assumptions.** The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

**Changes in Plan Provisions.** An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 changes:

**Changes in Actuarial Assumptions.** The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

**Changes in Plan Provisions.** There were no changes in plan provisions since the previous valuation.

2021 changes:

**Changes in Actuarial Assumptions.** The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

**Changes in Plan Provisions.** There were no changes in plan provisions since the previous valuation.

2020 changes:

**Changes in Actuarial Assumptions.** The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**Changes in Plan Provisions.** Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
December 31, 2023

Note 1 CHANGE IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS – (Continued)

**A. Public Employees Retirement Association – General Employees Retirement Fund – (Continued)**

2019 changes:

**Changes in Actuarial Assumptions.** The mortality projection scale was changed from MP-2017 to MP-2018.

**Changes in Plan Provisions.** The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 changes:

**Change of Assumptions.** The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 changes:

**Change of Assumptions.** The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. 2) The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 changes:

**Changes in Actuarial Assumptions:** 1) the assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years. 2) The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%. 3) Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 changes:

**Changes in Plan Provisions:** On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

**Changes in Actuarial Assumptions:** The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

**B. Public Employees Retirement Association – Public Employees Police and Fire Fund**

2023 changes:

**Changes in Actuarial Assumptions.** The investment return assumption was changed from 6.5 percent to 7.00 percent. The single discount rate changed from 5.4 percent to 7.0 percent.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
December 31, 2023

Note 1 CHANGE IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS – (Continued)

**B. Public Employees Retirement Association – Public Employees Police and Fire Fund – (Continued)**

**Changes in Plan Provisions.** Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023. Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years. A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024. Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 changes:

**Changes in Actuarial Assumptions.** The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50% to 5.40%.

**Changes in Plan Provisions.** There have been no changes since the previous valuation.

2021 changes:

**Changes in Actuarial Assumptions.** The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.

The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

**Changes in Plan Provisions.** There have been no changes since the previous valuation.

2020 changes:

**Changes in Actuarial Assumptions.** 1) The mortality projection scale was changed from MP-2018 to MP-2019.

**Changes in Plan Provisions.** 1) There have been no changes since the prior valuation.

2019 changes:

**Change of Assumptions.** 1) The mortality projection scale was changed from MP-2017 to MP-2018.

2018 changes:

**Change of Assumptions.** 1) The mortality projection scale was changed from MP-2016 to MP-2017.

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
December 31, 2023

Note 1 CHANGE IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS – (Continued)

**B. Public Employees Retirement Association – Public Employees Police and Fire Fund – (Continued)**

2017 changes:

**Change of Assumptions.** 1) Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. 2) Assumed rates of retirement were changed, resulting in fewer retirements. 3) The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested deferred members. 4) The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. 5) Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. 6) Assumed percentage of married female members was decreased from 65 percent to 60 percent. 7) Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. 8) The assumed percentage of female members electing Joint and Survivor annuities was increased. 9) The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

2016 changes:

**Changes in Actuarial Assumptions:** 1) the assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years. 2) The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%. 3) The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 changes:

**Changes in Plan Provisions:** The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

**Changes in Actuarial Assumptions:** The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

**C. Volunteer Firefighter’s Relief Association**

2022 changes:

Relief Association has its retirement fund invested with the Statewide Volunteer Firefighter Retirement Fund that is invested by Public Employees Retirement Association.

2021 changes:

Relief Association has its retirement fund invested with the Statewide Volunteer Firefighter Retirement Fund that is invested by Public Employees Retirement Association.

2020 changes:

Relief Association has its retirement fund invested with the Statewide Volunteer Firefighter Retirement Fund that is invested by Public Employees Retirement Association.

CITY OF BRAHAM, MINNESOTA

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
December 31, 2023

Note 1 CHANGE IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS – (Continued)

**C. Volunteer Firefighter’s Relief Association – (Continued)**

2019 changes:

None.

2018 changes:

**Changes in Actuarial Assumptions:** Discount rate decreased from 5.25% to 4.75%.

**Changes in Actuarial Assumptions:** The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption decreased from 2.75% to 2.50%.

2017 changes:

**Changes in Actuarial Assumptions:** Discount rate decreased from 5.50% to 5.25%.

2016 changes:

**Changes in Actuarial Assumptions:** Discount rate decreased from 5.25% to 5.50%.

2015 changes:

**Changes in Actuarial Assumptions:** Changes in Actuarial Assumptions: 1) the assumed investment return was changed from 4.50% to 5.25%. 2) The single discount rate was changed from 4.50% to 5.25%.

2014 changes:

None.

SUPPLEMENTARY INFORMATION SECTION



CITY OF BRAHAM, MINNESOTA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2023

	SCDP Grant Rehab	Economic Development Authority	Technology Reserve	Street Improvement Reserve	Equipment Replacement Reserve	Park Development Reserve
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 10,375	\$ 12,571	\$ 20,000	\$ 78,327	\$ (1,748)	\$ 70,000
Taxes Receivable	0	0	0	0	0	0
Notes Receivable	0	13,309	0	0	0	0
Land Held for Sale	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	<u>\$ 10,375</u>	<u>\$ 25,880</u>	<u>\$ 20,000</u>	<u>\$ 78,327</u>	<u>\$ (1,748)</u>	<u>\$ 70,000</u>
<b>LIABILITIES AND FUND</b>						
<b>Liabilities:</b>						
Advance from Other Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Fund Balance:</b>						
Restricted	10,375	0	0	0	0	0
Committed	0	25,880	0	0	0	0
Assigned	0	0	20,000	78,327	0	70,000
Unassigned	0	0	0	0	(1,748)	0
Total Fund Balance	<u>10,375</u>	<u>25,880</u>	<u>20,000</u>	<u>78,327</u>	<u>(1,748)</u>	<u>70,000</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 10,375</u>	<u>\$ 25,880</u>	<u>\$ 20,000</u>	<u>\$ 78,327</u>	<u>\$ (1,748)</u>	<u>\$ 70,000</u>

TIF 2-5	TIF 2-10	TIF 2-7	Capital Improvement Plan	DEED ERCOA Demolition	Total Nonmajor Governmental Funds
\$ 11,780	\$ 3,883	\$ 28,866	\$ 78,023	\$ 0	\$ 312,077
0	14,252	0	0	0	14,252
0	0	0	0	0	13,309
0	0	0	0	162,223	162,223
<u>\$ 11,780</u>	<u>\$ 18,135</u>	<u>\$ 28,866</u>	<u>\$ 78,023</u>	<u>\$ 162,223</u>	<u>\$ 501,861</u>
\$ 26,642	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,642
0	18,135	28,866	77,981	162,223	297,580
0	0	0	0	0	25,880
0	0	0	42	0	168,369
(14,862)	0	0	0	0	(16,610)
<u>(14,862)</u>	<u>18,135</u>	<u>28,866</u>	<u>78,023</u>	<u>162,223</u>	<u>475,219</u>
<u>\$ 11,780</u>	<u>\$ 18,135</u>	<u>\$ 28,866</u>	<u>\$ 78,023</u>	<u>\$ 162,223</u>	<u>\$ 501,861</u>

CITY OF BRAHAM, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	SCDP Grant Rehab	Economic Development Authority	Technology Reserve	Street Improvement Reserve	Equipment Replacement Reserve	Park Development Reserve
<b>Revenues:</b>						
Tax Increment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures:</b>						
Current:						
Economic Development	0	0	0	0	0	0
Public Safety	0	0	0	0	1,768	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,768</u>	<u>0</u>
Change in Fund Balance	0	0	0	0	(1,768)	0
Fund Balance - January 1	<u>10,375</u>	<u>25,880</u>	<u>20,000</u>	<u>78,327</u>	<u>20</u>	<u>70,000</u>
Fund Balance - December 31	<u>\$ 10,375</u>	<u>\$ 25,880</u>	<u>\$ 20,000</u>	<u>\$ 78,327</u>	<u>\$ (1,748)</u>	<u>\$ 70,000</u>

<u>TIF 2-5</u>	<u>TIF 2-10</u>	<u>TIF 2-7</u>	<u>Capital Improvement Plan</u>	<u>DEED ERCOA Demolition</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 0	\$ 38,522	\$ 32,073	\$ 0	\$ 0	\$ 70,595
0	0	0	77,981	0	77,981
<u>0</u>	<u>38,522</u>	<u>32,073</u>	<u>77,981</u>	<u>0</u>	<u>148,576</u>
0	134,359	45,311	0	0	179,670
0	0	0	0	0	1,768
<u>0</u>	<u>134,359</u>	<u>45,311</u>	<u>0</u>	<u>0</u>	<u>181,438</u>
0	(95,837)	(13,238)	77,981	0	(32,862)
<u>(14,862)</u>	<u>113,972</u>	<u>42,104</u>	<u>42</u>	<u>162,223</u>	<u>508,081</u>
<u>\$ (14,862)</u>	<u>\$ 18,135</u>	<u>\$ 28,866</u>	<u>\$ 78,023</u>	<u>\$ 162,223</u>	<u>\$ 475,219</u>

CITY OF BRAHAM, MINNESOTA

COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
December 31, 2023

	G.O. Bond 2011A	G.O. Equipment Certificates 2016A	G.O. Tax Abatement Bonds 2019A	G.O. Refunding Note 2021A	Total Debt Service Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 20,416	\$ 50,849	\$ 407	\$ 203,535	\$ 275,207
Cash held with Escrow Agent	0	0	10,928	0	10,928
Special Assessments	3,324	0	0	78,430	81,754
<b>TOTAL ASSETS</b>	<u>\$ 23,740</u>	<u>\$ 50,849</u>	<u>\$ 11,335</u>	<u>\$ 281,965</u>	<u>\$ 367,889</u>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue	\$ 3,324	\$ 0	\$ 0	\$ 78,431	\$ 81,755
<b>Fund Balance:</b>					
Restricted	20,416	50,849	11,335	203,534	286,134
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 23,740</u>	<u>\$ 50,849</u>	<u>\$ 11,335</u>	<u>\$ 281,965</u>	<u>\$ 367,889</u>

CITY OF BRAHAM, MINNESOTA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - DEBT SERVICE FUNDS

For the Year Ended December 31, 2023

	G.O. Refunding Bonds 2011A	G.O. Equipment Certificates 2016A	G.O. Tax Abatement Bonds 2019A	G.O. Refunding Note 2021A	Total Debt Service Funds
<b>Revenues:</b>					
Property Taxes	\$ 53,195	\$ 28,641	\$ 10,837	\$ 131,957	\$ 224,630
Special Assessments	3,507	0	0	39,982	43,489
Total Revenues	<u>56,702</u>	<u>28,641</u>	<u>10,837</u>	<u>171,939</u>	<u>268,119</u>
<b>Expenditures:</b>					
Debt Service:					
Principal	45,000	20,362	9,671	132,000	207,033
Interest	4,992	1,745	2,128	22,811	31,676
Total Expenditures	<u>49,992</u>	<u>22,107</u>	<u>11,799</u>	<u>154,811</u>	<u>238,709</u>
Change in Fund Balance	6,710	6,534	(962)	17,128	29,410
Fund Balance - January 1	<u>13,706</u>	<u>44,315</u>	<u>12,297</u>	<u>186,406</u>	<u>256,724</u>
Fund Balance - December 31	<u>\$ 20,416</u>	<u>\$ 50,849</u>	<u>\$ 11,335</u>	<u>\$ 203,534</u>	<u>\$ 286,134</u>

CITY OF BRAHAM, MINNESOTA

BALANCE SHEET

GENERAL FUND

December 31, 2023

(With Comparative Amounts for December 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Checking	\$ 191,579	\$ (71,744)
Investments	110,345	147,679
Receivables:		
Accounts	4,700	8,253
Property Taxes	40,106	35,549
Prepaid Expense	91,815	98,343
Due from Other Funds	121,533	0
Land held for Sale	<u>0</u>	<u>63,606</u>
<b>TOTAL ASSETS</b>	<u>\$ 560,078</u>	<u>\$ 281,686</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 29,347	\$ 17,254
Accrued Wages	39,978	71,285
Unearned Revenue	<u>0</u>	<u>47,161</u>
Total Liabilities	<u>69,325</u>	<u>135,700</u>
<b>Deferred Inflows of Resources:</b>		
Unavailable Revenue	<u>35,884</u>	<u>20,969</u>
<b>Fund Balance:</b>		
Nonspendable	91,815	161,949
Unassigned	<u>363,054</u>	<u>(36,932)</u>
Total Fund Balance	<u>454,869</u>	<u>125,017</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 560,078</u>	<u>\$ 281,686</u>

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2023  
 (With Comparative Amounts for the Year Ended December 31, 2022)

	Budget		2023 Actual Amounts	Over (Under) Final Budget	2022 Actual Amounts
	Original	Final			
<b>Revenues:</b>					
Taxes:					
Property Taxes	\$ 1,176,820	\$ 1,176,820	\$ 1,173,525	\$ (3,295)	\$ 580,420
Franchise Fees	6,000	6,000	6,695	695	7,274
Total Taxes	1,182,820	1,182,820	1,180,220	(2,600)	587,694
Special Assessments	35,000	35,000	0	(35,000)	21,000
Intergovernmental:					
Local Government Aid	645,348	645,348	645,348	0	636,334
MV Credit	0	0	231	231	149
Police Aid	35,000	35,000	53,540	18,540	45,074
Fire Aid	0	0	40,532	40,532	0
Police Training Reimbursement	5,000	5,000	5,051	51	7,314
Fire Training Reimbursement	4,200	4,200	7,001	2,801	0
Muni State Aid St Maintenance	5,000	5,000	5,428	428	0
Muni State Aid St Construction	5,000	5,000	0	(5,000)	0
Other State Aid Grants	0	0	0	0	1,221
Federal Aid - TZD	0	0	3,801	3,801	0
Federal Grants	0	0	17,991	17,991	0
Total Intergovernmental	699,548	699,548	778,923	79,375	690,092
Licenses	5,300	5,300	78,503	73,203	15,895
Charges for Services:					
Fire Contracts	50,300	50,300	63,204	12,904	95,652
Rental Income	36,000	36,000	600	(35,400)	600
Other Charges	3,600	3,600	31,597	27,997	1,832
Total Charges for Services	89,900	89,900	95,401	5,501	98,084
Fines and Fees	18,800	18,800	20,627	1,827	19,819
Other Revenues:					
Interest and Dividends	2,000	2,000	9,515	7,515	7,999
Other Revenue	20,000	20,000	18,874	(1,126)	24,711
Donations	0	0	5,850	5,850	15,119
Total Other Revenues	22,000	22,000	34,239	12,239	47,829
Total Revenues	2,053,368	2,053,368	2,187,913	134,545	1,480,413
<b>Expenditures:</b>					
Current:					
General Government:					
General Governance:					
Workers Comp Insurance Premium	800	800	1,553	753	0
Office Supplies	250	250	41	(209)	0
Operating Expenses	4,000	4,000	0	(4,000)	1,310
Operating Supplies	0	0	38	38	0
Professional Services	2,000	2,000	1,957	(43)	764



CITY OF BRAHAM, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2023  
 (With Comparative Amounts for the Year Ended December 31, 2022)

	Budget		2023 Actual Amounts	Over (Under) Final Budget	2022 Actual Amounts
	Original	Final			
<b>Expenditures - (Continued)</b>					
Current:					
General Government:					
General Governance: (Continued)					
Other Professional Services	\$ 6,000	\$ 6,000	\$ 7,979	\$ 1,979	\$ 95
Legal Fees	0	0	910	910	0
Technology Expenses	12,790	12,790	15,087	2,297	128
Telephone	6,600	6,600	1,145	(5,455)	0
Legal Notices Publishing	2,000	2,000	998	(1,002)	0
General Notices and Public Info	800	800	1,126	326	0
Ordinance Publication	3,000	3,000	2,925	(75)	4,537
General Liability Insurance	1,800	1,800	0	(1,800)	1,562
Property Insurance	37,000	37,000	0	(37,000)	0
Miscellaneous	3,000	3,000	55,128	52,128	0
Cash Short	29,000	29,000	0	(29,000)	0
Dues and Subscriptions	0	0	30	30	84
Property Taxes	6,700	6,700	3,255	(3,445)	4,813
Mayor and Council:					
Wages and Salaries	0	0	0	0	11,367
Per Diem	0	0	0	0	2,880
FICA	0	0	0	0	868
MEDICARE	0	0	0	0	203
Workers Comp Insurance Premium	300	300	3,110	2,810	615
Legal Fees	0	0	0	0	181
Meetings and Training	1,000	1,000	1,623	623	137
Travel Expenses	100	100	0	(100)	0
Printing/Binding (General)	0	0	0	0	55
Legal Notices Publishing	0	0	0	0	720
General Notices and Public Info	0	0	0	0	27
Miscellaneous	0	0	52	52	0
Dues and Subscriptions	2,200	2,200	2,301	101	855
Administration:					
Wages and Salaries	143,536	143,536	129,525	(14,011)	120,716
Per Diem	0	0	0	0	1,000
PERA	10,765	10,765	8,994	(1,771)	7,694
FICA	8,899	8,899	8,126	(773)	7,162
MEDICARE	2,081	2,081	1,901	(180)	1,675
Employer Paid Health	52,807	52,807	47,336	(5,471)	28,946
Workers Comp Insurance Premium	2,000	2,000	2,910	910	1,924
Office Supplies	1,000	1,000	1,221	221	1,063
Duplicating & Copying Supplies	2,700	2,700	906	(1,794)	0
Printed Forms	150	150	349	199	68
Envelopes and Letterhead	0	0	0	0	447
Training/Inst Materials	300	300	389	89	55
Janitorial Supplies	0	0	0	0	366
Operating Expenses	750	750	524	(226)	514
Operating Supplies	0	0	138	138	168

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2023  
 (With Comparative Amounts for the Year Ended December 31, 2022)

	Budget		2023 Actual Amounts	Over (Under) Final Budget	2022 Actual Amounts
	Original	Final			
<b>Expenditures - (Continued)</b>					
Current:					
General Government:					
Administration: (Continued)					
Repair/Maint Supplies	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8
Equipment	0	0	1,474	1,474	0
Professional Services	35,500	35,500	9,836	(25,664)	2,294
Other Professional Services	0	0	0	0	6,060
Legal Fees	0	0	0	0	3,847
Personal Testing Fees	0	0	26	26	209
Meetings and Training	500	500	285	(215)	290
Technology Expenses	0	0	87	87	14,251
Telephone	0	0	105	105	1,737
Postage	200	200	569	369	50
Travel Expenses	500	500	789	289	66
Legal Notices Publishing	0	0	46	46	628
General Notices and Public Info	0	0	395	395	295
General Liability Insurance	1,800	1,800	0	(1,800)	0
Property Insurance	0	0	5,855	5,855	12,447
Electric Utilities	0	0	0	0	3,112
City Utilities	0	0	0	0	42
Gas Utilities	0	0	0	0	595
Repairs/Maint Buildings	0	0	0	0	477
Miscellaneous	0	0	92	92	692
Dues and Subscriptions	500	500	373	(127)	3,175
Safety	200	200	0	(200)	139
Legal Fees	34,100	34,100	24,877	(9,223)	0
Government Buildings:					
Janitorial Supplies	4,000	4,000	1,071	(2,929)	0
Equipment	500	500	0	(500)	0
Building Repair Supplies	10,700	10,700	8,357	(2,343)	0
General Liability Insurance	500	500	0	(500)	0
Property Insurance	24,100	24,100	0	(24,100)	0
Electric Utilities	35,000	35,000	10,410	(24,590)	0
Gas Utilities	12,300	12,300	10,541	(1,759)	0
Repairs/Maint. Buildings	5,000	5,000	3,411	(1,589)	0
Miscellaneous	1,000	1,000	0	(1,000)	0
Elections:					
Temporary Employees Regular	0	0	0	0	2,998
Operating Expenses	0	0	925	925	112
Equipment	0	0	225	225	0
Travel Expenses	0	0	0	0	36
Total General Government	<u>510,728</u>	<u>510,728</u>	<u>381,326</u>	<u>(129,402)</u>	<u>256,559</u>
Public Safety:					
Building Inspector:					
Professional Services	6,500	6,500	74,553	68,053	9,364

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2023  
 (With Comparative Amounts for the Year Ended December 31, 2022)

	Budget		2023 Actual Amounts	Over (Under) Final Budget	2022 Actual Amounts
	Original	Final			
<b>Expenditures - (Continued)</b>					
Current:					
Public Safety:					
Police Department:					
Wages and Salaries	\$ 379,961	\$ 379,961	\$ 398,761	\$ 18,800	\$ 379,304
Part-Time Employees	17,469	17,469	6,487	(10,982)	3,462
Per Diem	0	0	0	0	50
PERA	70,345	70,345	64,716	(5,629)	60,351
FICA	3,084	3,084	3,200	116	2,797
MEDICARE	5,763	5,763	5,943	180	5,321
Employer Paid Health	125,235	125,235	125,209	(26)	113,905
Workers Comp Insurance Premium	22,000	22,000	14,631	(7,369)	13,269
Office Supplies	2,000	2,000	1,682	(318)	1,390
Accessories	0	0	0	0	10
Training/Inst Materials	4,000	4,000	3,186	(814)	2,619
Janitorial Supplies	0	0	0	0	88
Operating Expenses	3,000	3,000	4,533	1,533	4,180
Motor Fuels	26,400	26,400	20,013	(6,387)	23,331
Operating Supplies	0	0	0	0	27
Reimbursements	0	0	(10)	(10)	0
Professional Services	1,000	1,000	1,329	329	1,683
Other Professional Services	0	0	0	0	580
Legal Fees	0	0	0	0	19,384
Meetings and Training	4,500	4,500	10,581	6,081	9,136
Technology Expenses	8,500	8,500	20,918	12,418	12,076
Telephone	3,000	3,000	3,989	989	3,412
Postage	500	500	38	(462)	36
Radio Units	12,303	12,303	0	(12,303)	0
Travel Expenses	500	500	2,608	2,108	269
Advertising/Promotion	500	500	171	(329)	0
General Liability Insurance	16,500	16,500	0	(16,500)	12,724
Property Insurance	0	0	19,153	19,153	8,926
Automotive Insurance	15,000	15,000	5,662	(9,338)	6,714
Electric Utilities	0	0	0	0	520
City Utilities	0	0	0	0	42
Gas Utilities	0	0	0	0	595
Repairs/Maint Buildings	0	0	0	0	1,818
Vehicle Repairs/Maint	8,000	8,000	10,502	2,502	8,532
Repairs/Maint Machinery/Equip	7,900	7,900	5,431	(2,469)	4,609
Uniform Expense	5,700	5,700	9,517	3,817	10,196
Miscellaneous	0	0	197	197	200
Uncollectable Checks	0	0	64	64	0
Dues and Subscriptions	7,000	7,000	5,570	(1,430)	1,713
Admin Fines - PD	500	500	607	107	210

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2023  
 (With Comparative Amounts for the Year Ended December 31, 2022)

	Budget		2023 Actual Amounts	Over (Under) Final Budget	2022 Actual Amounts
	Original	Final			
<b>Expenditures - (Continued)</b>					
Current:					
Public Safety:					
Fire Department:					
Wages and Salaries	\$ 33,700	\$ 33,700	\$ 16,859	\$ (16,841)	\$ 37,172
FICA	2,089	2,089	1,181	(908)	1,123
MEDICARE	489	489	276	(213)	263
Workers Comp Insurance Premium	19,000	19,000	13,729	(5,271)	12,396
Office Supplies	100	100	187	87	53
Training/Inst Materials	100	100	0	(100)	1,070
Janitorial Supplies	100	100	0	(100)	25
Operating Expenses	500	500	0	(500)	648
Motor Fuels	3,000	3,000	10,442	7,442	8,540
Chemicals & Chem Products	0	0	1,102	1,102	0
Operating Supplies	1,000	1,000	62	(938)	0
Fire Relief Contributions	0	0	40,532	40,532	0
Repair/Maint Supplies	500	500	4,066	3,566	304
Equipment	5,000	5,000	5,659	659	12,254
Tires	1,000	1,000	855	(145)	0
Building Repair Supplies	0	0	409	409	26
Misc Repair Supplies	100	100	505	405	521
Small Tools & Minor Equipment	0	0	783	783	242
Professional Services	500	500	0	(500)	325
Other Professional Services	0	0	0	0	580
Personal Testing Fees	1,100	1,100	2,596	1,496	515
Meetings and Training	6,000	6,000	5,616	(384)	3,894
Technology Expenses	1,000	1,000	0	(1,000)	0
Telephone	500	500	1,110	610	221
Postage	300	300	0	(300)	0
Radio Units	4,200	4,200	1,081	(3,119)	4,200
Travel Expenses	250	250	0	(250)	63
Advertising/Promotions	150	150	59	(91)	0
General Liability Insurance	1,100	1,100	0	(1,100)	0
Property Insurance	0	0	5,604	5,604	3,340
Automotive Insurance	5,000	5,000	4,155	(845)	2,859
Electric Utilities	0	0	0	0	2,979
City Utilities	0	0	0	0	151
Gas Utilities	0	0	0	0	4,209
Repairs/Maint Buildings	0	0	0	0	146
Vehicle Repairs/Maint	4,100	4,100	16,962	12,862	4,247
Repairs/Maint Machinery/Equip	5,000	5,000	120	(4,880)	8,461
Uniform Expense	0	0	725	725	57
Miscellaneous	4,500	4,500	4,046	(454)	3,918
Dues and Subscriptions	2,000	2,000	761	(1,239)	343
Safety	500	500	170	(330)	0
Total Public Safety	<u>860,038</u>	<u>860,038</u>	<u>958,893</u>	<u>98,855</u>	<u>837,988</u>

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2023  
 (With Comparative Amounts for the Year Ended December 31, 2022)

	Budget		2023 Actual Amounts	Over (Under) Final Budget	2022 Actual Amounts
	Original	Final			
<b>Expenditures - (Continued)</b>					
Current:					
Public Works:					
Wages and Salaries	\$ 215,926	\$ 215,926	\$ 199,390	\$ (16,536)	\$ 208,214
PERA	16,194	16,194	14,921	(1,273)	14,213
FICA	13,387	13,387	12,298	(1,089)	12,415
MEDICARE	3,131	3,131	2,883	(248)	2,903
Employer Paid Health	85,508	85,508	86,566	1,058	64,881
Workers Comp Insurance Premium	16,000	16,000	10,983	(5,017)	9,772
Office Supplies	500	500	22	(478)	38
Janitorial Supplies	0	0	0	0	715
Operating Expenses	400	400	8	(392)	1,200
Motor Fuels	12,500	12,500	9,961	(2,539)	14,147
Lubricants and Additives	0	0	0	0	948
Shop Supplies	3,783	3,783	1,305	(2,478)	1,333
Chemicals and Chem Products	4,000	4,000	126	(3,874)	6,267
Operating Supplies	0	0	360	360	1,828
Repair/Maint Supplies	2,000	2,000	2,909	909	408
Equipment	0	0	0	0	1,601
Tires	0	0	0	0	90
Building Repair Supplies	0	0	0	0	400
Street Maint Materials	50,000	50,000	18,927	(31,073)	20,350
Landscaping Materials	0	0	0	0	285
Utility Maintenance Supplies	0	0	0	0	58
Misc Repair Supplies	0	0	12	12	28
Small Tools and Minor Equip	0	0	0	0	538
Professional Services	10,000	10,000	5,825	(4,175)	1,344
Other Professional Services	0	0	0	0	580
Engineering Fees	10,000	10,000	49,184	39,184	0
Personal Testing Fees	100	100	0	(100)	141
Meetings and Training	600	600	409	(191)	240
Technology Expenses	500	500	107	(393)	43
Telephone	2,000	2,000	1,706	(294)	1,940
Property Insurance	0	0	4,462	4,462	5,556
Automotive Insurance	12,000	12,000	2,412	(9,588)	2,342
Electric Utilities	24,000	24,000	23,161	(839)	27,384
City Utilities	0	0	0	0	105
Gas Utilities	0	0	0	0	3,201
Repairs/Maint Buildings	0	0	0	0	2,754
Repairs/Maint Structures	5,000	5,000	9,872	4,872	0
Vehicle Repairs/Maint	8,000	8,000	6,175	(1,825)	4,344
Repairs/Maint Machinery/Equip	10,000	10,000	12,709	2,709	8,197
Uniform Expense	2,000	2,000	1,711	(289)	2,096
Miscellaneous	500	500	25	(475)	137
Dues and Subscriptions	0	0	231	231	405
Safety	1,100	1,100	2,366	1,266	631
Total Public Works	<u>509,129</u>	<u>509,129</u>	<u>481,026</u>	<u>(28,103)</u>	<u>424,072</u>

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2023  
 (With Comparative Amounts for the Year Ended December 31, 2022)

	Budget		2023 Actual Amounts	Over (Under) Final Budget	2022 Actual Amounts
	Original	Final			
<b>Expenditures - (Continued)</b>					
Current:					
Parks and Recreation: (Continued)					
Shop Supplies	\$ 0	\$ 0	\$ 128	\$ 128	\$ 0
Chemicals and Chem Products	6,000	6,000	4,849	(1,151)	1,000
Operating Supplies	1,000	1,000	1,769	769	0
Repair/Maint Supplies	1,000	1,000	0	(1,000)	2
Landscaping Materials	6,500	6,500	3,108	(3,392)	3,119
Professional Services	0	0	0	0	50
Insurance (General)	2,500	2,500	0	(2,500)	0
Property Insurance	0	0	2,632	2,632	2,493
Electric Utilities	1,100	1,100	2,049	949	1,746
Repairs/Maintenance Buildings	1,000	1,000	0	(1,000)	0
Repairs/Maint Structures	500	500	0	(500)	3,700
Repairs/Maint Machinery/Equip	0	0	0	0	586
Total Parks and Recreation	<u>19,600</u>	<u>19,600</u>	<u>14,535</u>	<u>(5,065)</u>	<u>12,696</u>
Economic Development:					
Professional Services	0	0	5,700	5,700	0
Engineering Fees	0	0	753	753	0
Total Economic Development	<u>0</u>	<u>0</u>	<u>6,453</u>	<u>6,453</u>	<u>0</u>
Total Current Expenditures	<u>1,899,495</u>	<u>1,899,495</u>	<u>1,842,233</u>	<u>(57,262)</u>	<u>1,531,315</u>
Capital Outlay:					
General Government	5,000	5,000	50,213	45,213	805
Public Safety	31,438	31,438	44,329	12,891	81,771
Public Works	3,015	3,015	0	(3,015)	25,641
Total Capital Outlay	<u>39,453</u>	<u>39,453</u>	<u>94,542</u>	<u>55,089</u>	<u>108,217</u>
Debt Service:					
Principal	0	0	9,251	9,251	0
Interest and Fees	0	0	3,052	3,052	0
Total Debt Service	<u>0</u>	<u>0</u>	<u>12,303</u>	<u>12,303</u>	<u>0</u>
Total Expenditures	<u>1,938,948</u>	<u>1,938,948</u>	<u>1,949,078</u>	<u>10,130</u>	<u>1,639,532</u>
Excess of Revenue Over (Under) Expenditures	<u>114,420</u>	<u>114,420</u>	<u>238,835</u>	<u>124,415</u>	<u>(159,119)</u>

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2023  
 (With Comparative Amounts for the Year Ended December 31, 2022)

	Budget		2023 Actual Amounts	Over (Under) Final Budget	2022 Actual Amounts
	Original	Final			
<b>Other Financing Sources (Uses):</b>					
Transfers In	\$ 108,000	\$ 108,000	\$ 60,000	\$ (48,000)	\$ 60,000
Debt Issuance	0	0	0	0	73,416
Sale of Capital Assets	0	0	31,017	31,017	26,250
Total Other Financing Sources (Uses)	<u>108,000</u>	<u>108,000</u>	<u>91,017</u>	<u>(16,983)</u>	<u>159,666</u>
Change in Fund Balance	<u>\$ 222,420</u>	<u>\$ 222,420</u>	329,852	<u>\$ 107,432</u>	547
Fund Balance - January 1			<u>125,017</u>		<u>124,470</u>
Fund Balance - December 31			<u>\$ 454,869</u>		<u>\$ 125,017</u>

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## CITY OF BRAHAM, MINNESOTA

SCHEDULE OF NET POSITION  
WATER FUND

December 31, 2023

(With Comparative Amounts For December 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 300,179	\$ 273,525
Accounts Receivable	52,061	31,825
Prepaid Expense	14,309	14,690
Total Current Assets	<u>366,549</u>	<u>320,040</u>
<b>Noncurrent Assets:</b>		
Advance to Other Funds	6,152	10,252
Lease Receivable	43,478	65,186
Buildings and Improvements	1,832,007	1,832,007
Infrastructure	1,442,956	1,442,956
Machinery and Equipment	59,366	59,366
Accumulated Depreciation	(929,403)	(870,488)
Total Assets	<u>2,821,105</u>	<u>2,859,319</u>
<b>Deferred Outflows of Resources:</b>		
Pension Plan Deferments	<u>16,253</u>	<u>17,127</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,837,358</u>	<u>\$ 2,876,446</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 26,156	\$ 1,303
Accrued Expenses	7,888	6,606
Current Portion of Long-term Debt	78,500	166,500
Total Current Liabilities	<u>112,544</u>	<u>174,409</u>
<b>Long-Term Liabilities:</b>		
Compensated Absences	1,600	971
Long-term Debt, Net of Current Maturities	638,650	717,150
Net Pension Liability	21,843	23,913
Total Liabilities	<u>774,637</u>	<u>916,443</u>
<b>Deferred Inflows of Resources:</b>		
Pension Plan Deferments	17,667	13,287
Lease Deferments	41,602	63,200
Total Deferred Inflows of Resources	<u>59,269</u>	<u>76,487</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	1,687,775	1,580,191
Unrestricted	315,677	303,325
Total Net Position	<u>2,003,452</u>	<u>1,883,516</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 2,837,358</u>	<u>\$ 2,876,446</u>

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL  
WATER FUND

For the Year Ended December 31, 2023

(With Comparative Amounts For the Year Ended December 31, 2022)

	2023 Budget	2023 Actual	Over (Under) Budget	2022 Actual
<b>Operating Revenues:</b>				
Charges for Service	\$ 457,200	\$ 360,526	\$ (96,674)	\$ 335,944
<b>Operating Expenses:</b>				
Personnel	41,448	50,846	9,398	12,446
Administrative Expense	3,830	2,881	(949)	2,860
Operating Supplies	38,100	21,076	(17,024)	9,703
Professional Services	121,330	74,767	(46,563)	81,408
Insurance	5,000	9,569	4,569	7,135
Utilities	21,000	20,402	(598)	21,841
Repairs and Maintenance	13,000	22,530	9,530	11,192
Other Expenses	25,500	12,744	(12,756)	7,746
Depreciation	0	58,915	58,915	59,069
Total Operating Expenses	<u>269,208</u>	<u>273,730</u>	<u>4,522</u>	<u>213,400</u>
Income (Loss) from Operations	<u>187,992</u>	<u>86,796</u>	<u>(101,196)</u>	<u>122,544</u>
<b>Nonoperating Revenues (Expenses):</b>				
Interest Expense	(4,258)	(11,977)	(7,719)	(14,546)
Other Revenues	14,900	45,117	30,217	35,580
Total Nonoperating Revenues (Expenses)	<u>10,642</u>	<u>33,140</u>	<u>22,498</u>	<u>21,034</u>
Change in Net Position	<u>\$ 198,634</u>	119,936	<u>\$ (78,698)</u>	143,578
Net Position - January 1		<u>1,883,516</u>		<u>1,739,938</u>
Net Position - December 31		<u>\$ 2,003,452</u>		<u>\$ 1,883,516</u>

## CITY OF BRAHAM, MINNESOTA

SCHEDULE OF NET POSITION  
SEWER FUND

December 31, 2023

(With Comparative Amounts for December 31, 2022)

	2023	2022
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 198,209	\$ 182,297
Accounts Receivable	42,912	37,567
Prepaid Expense	24,517	24,252
Total Current Assets	265,638	244,116
<b>Noncurrent Assets:</b>		
Buildings and Improvements	2,404,884	2,386,584
Infrastructure	1,313,363	1,313,363
Machinery and Equipment	588,631	638,850
Accumulated Depreciation	(1,687,670)	(1,657,387)
Advance to Other Funds	45,505	58,094
Total Assets	2,930,351	2,983,620
<b>Deferred Outflows of Resources:</b>		
Pension Plan Deferments	16,253	17,127
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,946,604	\$ 3,000,747
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 33,372	\$ 4,020
Accrued Expenses	2,227	2,278
Current Portion of Long-term Debt	41,727	40,251
Total Current Liabilities	77,326	46,549
<b>Long-Term Liabilities:</b>		
Compensated Absences	1,600	971
Long-term Debt, Net of Current Maturities	836,612	878,265
Net Pension Liability	21,843	23,913
Total Liabilities	937,381	949,698
<b>Deferred Inflows of Resources:</b>		
Pension Plan Deferments	17,667	13,287
<b>Net Position:</b>		
Net Investment in Capital Assets	1,740,943	1,762,893
Unrestricted	250,613	274,869
Total Net Position	1,991,556	2,037,762
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 2,946,604	\$ 3,000,747

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL  
SEWER FUND

For the Year Ended December 31, 2023

(With Comparative Amounts For the Year Ended December 31, 2022)

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>Over</u> <u>(Under)</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>
<b>Operating Revenues:</b>				
Charges for Service	\$ 340,000	\$ 385,206	\$ 45,206	\$ 353,234
<b>Operating Expenses:</b>				
Personnel	40,823	50,845	10,022	7,319
Administrative Expense	3,400	3,028	(372)	3,448
Operating Supplies	9,500	1,431	(8,069)	15,430
Professional Services	121,500	191,529	70,029	174,767
Insurance	6,620	10,851	4,231	7,962
Utilities	40,000	37,757	(2,243)	43,606
Repairs and Maintenance	19,500	28,971	9,471	28,576
Other Expenses	46,450	15,052	(31,398)	1,759
Depreciation	67,567	88,397	20,830	82,052
Total Operating Expenses	<u>355,360</u>	<u>427,861</u>	<u>72,501</u>	<u>364,919</u>
Income (Loss) From Operations	<u>(15,360)</u>	<u>(42,655)</u>	<u>(27,295)</u>	<u>(11,685)</u>
<b>Nonoperating Revenues (Expenses):</b>				
Interest Expense	(12,960)	(19,553)	(6,593)	(18,520)
Other Revenues	7,000	16,002	9,002	110,837
Total Nonoperating Revenues (Expenses)	<u>(5,960)</u>	<u>(3,551)</u>	<u>2,409</u>	<u>92,317</u>
Change in Net Position	<u>\$ (21,320)</u>	(46,206)	<u>\$ (24,886)</u>	80,632
Net Position - January 1		<u>2,037,762</u>		<u>1,957,130</u>
Net Position - December 31		<u>\$ 1,991,556</u>		<u>\$ 2,037,762</u>

## CITY OF BRAHAM, MINNESOTA

## SCHEDULE OF NET POSITION

## MUNICIPAL LIQUOR FUND

December 31, 2023

(With Comparative Amounts For December 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 92,269	\$ 86,712
Inventory	263,627	289,676
Prepaid Expense	11,911	15,706
Total Current Assets	<u>367,807</u>	<u>392,094</u>
<b>Noncurrent Assets:</b>		
Buildings and Improvements	505,799	505,799
Machinery and Equipment	92,076	92,076
Accumulated Depreciation	(273,136)	(260,577)
Total Assets	<u>692,546</u>	<u>729,392</u>
<b>Deferred Outflows of Resources:</b>		
Pension Plan Deferments	<u>100,905</u>	<u>135,965</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 793,451</u>	<u>\$ 865,357</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 61,032	\$ 33,852
Accrued Expenses	8,067	8,184
Total Current Liabilities	<u>69,099</u>	<u>42,036</u>
<b>Long-term Liabilities:</b>		
Compensated Absences	6,693	3,877
Advance from Other Funds	25,015	41,704
Net Pension Liability	135,610	189,837
Total Liabilities	<u>236,417</u>	<u>277,454</u>
<b>Deferred Inflows of Resources:</b>		
Pension Plan Deferments	<u>109,683</u>	<u>105,479</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	324,740	337,298
Unrestricted	122,611	145,126
Total Net Position	<u>447,351</u>	<u>482,424</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 793,451</u>	<u>\$ 865,357</u>

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
MUNICIPAL LIQUOR FUND

For the Year Ended December 31, 2023

(With Comparative Amounts For the Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>Operating Revenues:</b>		
Beer	\$ 931,906	\$ 917,951
Liquor and Wine	710,705	687,609
Other Operating Revenues	243,258	227,743
Total Operating Revenues	<u>1,885,869</u>	<u>1,833,303</u>
<b>Cost of Revenues:</b>		
Beer	771,258	751,446
Liquor and Wine	534,559	464,526
Miscellaneous	212,411	168,465
Total Cost of Revenues	<u>1,518,228</u>	<u>1,384,437</u>
Gross Profit	<u>367,641</u>	<u>448,866</u>
<b>Operating Expenses:</b>		
Personnel	251,419	330,332
Administrative Expenses	15,525	11,783
Operating Supplies	26,913	27,201
Professional Services	14,571	14,082
Insurance	7,235	10,190
Utilities	18,485	20,096
Credit Cards Fees	6,243	23,064
Repairs and Maintenance	2,319	1,006
Other Expenses	1,716	4,254
Depreciation	12,558	13,483
Total Operating Expenses	<u>356,984</u>	<u>455,491</u>
Income (Loss) From Operations	<u>10,657</u>	<u>(6,625)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Lottery Profit	11,081	14,722
Other Revenues	3,189	2,662
Total Nonoperating Revenues (Expenses)	<u>14,270</u>	<u>17,384</u>
Income (Loss) Before Transfers	24,927	10,759
Operating Transfers Out	<u>(60,000)</u>	<u>(60,000)</u>
Change in Net Position	(35,073)	(49,241)
Net Position - January 1	<u>482,424</u>	<u>531,665</u>
Net Position - December 31	<u>\$ 447,351</u>	<u>\$ 482,424</u>

## OTHER REQUIRED REPORTS



# Burkhardt & Burkhardt, Ltd.

Certified Public Accountants

Website: [www.bnbcpas.com](http://www.bnbcpas.com)

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F: 507.387.5199

**Experienced...** Over 40 years combined experience

**Affordable...** Exceptional value for a reasonable price

**Friendly...** Family owned and run since 1990

## MINNESOTA LEGAL COMPLIANCE

### Independent Auditor's Report

Honorable Mayor and  
Members of the City Council  
Braham, Minnesota

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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Braham, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated June 3, 2024. Our report includes a reference to other auditors of the financial statements of the Braham Housing and Redevelopment Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of the provisions of the *Minnesota Legal Compliance Audit Guide* that are reported on separately by those auditors.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, except as described in the schedule of findings and responses as items 2023-004, and 2023-005. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Burkhardt & Burkhardt, Ltd.*

Burkhardt & Burkhardt, Ltd  
Mankato, Minnesota  
June 3, 2024





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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and  
Members of the City Council  
City of Braham  
Braham, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Braham, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 3, 2024. Our report includes a reference to other auditors of the financial statements of Braham Housing and Redevelopment Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identify a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. As described in the accompanying schedule of findings and responses, we consider the following deficiency in internal control to be a material weakness as item 2023-001.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies as items 2023-002 and 2023-003.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

### **City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Burkhardt & Burkhardt, Ltd.*

Burkhardt & Burkhardt, Ltd  
Mankato, Minnesota  
June 3, 2024

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF FINDINGS AND RESPONSES ON  
LEGAL COMPLIANCE AND INTERNAL CONTROL  
December 31, 2023

**CURRENT YEAR FINANCIAL STATEMENT FINDINGS**

Material Weakness

**Finding 2023-001. Material Audit Adjustments**

Condition:	The audit firm proposed, and the City approved corrections of certain misstatements.
Criteria	The City should have controls in place to prevent and detect a material misstatement in the financial statements in a timely manner. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibility includes adjusting the financial statements to correct material misstatements.
Cause:	The City has not established controls to ensure that all accounts are adjusted to their appropriate year-end balances in accordance with GAAP.
Effect:	The design of internal control over completeness and accuracy of financial records could adversely affect the City's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.
Recommendation:	The City should continue to evaluate its internal controls processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year end balances in accordance with GAAP.

**Corrective Action Plan (CAP)**

Explanation of Disagreement with Audit Finding:

None

Actions Planned in Response to Finding:

The City will continue to review and approve adjusting journal entries as proposed by the auditor, as well as taking responsibility for the audited financial statements.

Official Responsible for Ensuring CAP:

Tyler Treichel, City Administrator

Planned Completion Date for CAP:

December 31, 2024

Plan to Monitor Completion of CAP:

City Council

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF FINDINGS AND RESPONSES ON  
LEGAL COMPLIANCE AND INTERNAL CONTROL  
December 31, 2023

Significant Deficiencies

**Finding 2023-002. Auditor Prepared Financial Statements and Related Footnotes**

Condition:	The City does have an internal control in place for the review of the drafted financial statements, however, the City does not have an internal control system designed to provide for the preparation of the related notes being audited. Based on the degree of complexity and level of detail needed to prepare the financial statement disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP), the City has requested the auditors prepare them.
Criteria	The preparation of the financial statements and the related notes are the responsibility of management.
Cause:	The City has informed us they do not have the expertise to prepare the annual financial statement disclosures, although the City has reviewed and approved the annual financial statements as prepared by the audit firm.
Effect:	This could result in a material omission of a disclosure that would not be prevented or detected and corrected as a result of the City's current internal control.
Recommendation:	The City should continue to request assistance to draft the financial statements and related notes and thoroughly review these financial statements after they have been prepared so the City can take responsibility for them.

**Corrective Action Plan (CAP)**

Explanation of Disagreement with Audit Finding:

None

Actions Planned in Response to Finding:

The City is aware of the lack of expertise to ensure all disclosures required by GAAP are included in the financial statements, however, the City will review the notes for accuracy and compare balances in the financial report to the general ledger and other City reports prior to issuance of the financial statements.

Official Responsible for Ensuring CAP:

Tyler Treichel, City Administrator

Planned Completion Date for CAP:

December 31, 2024

Plan to Monitor Completion of CAP:

City Council

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF FINDINGS AND RESPONSES ON  
LEGAL COMPLIANCE AND INTERNAL CONTROL  
December 31, 2023

**Finding 2023-003. Limited Segregation of Duties**

Condition:	There is an absence of appropriate segregation of duties consistent with appropriate control objectives due to a limited number of employees.
Criteria	There are four general categories of duties: authorization, custody, record keeping, and reconciliation. No one person should have control over more than two of these four responsibilities.
Cause:	The City has assigned duties to staff based on a cost-benefit relationship to the City and the practicality of the level of staffing the City maintains.
Effect:	The lack of adequate segregation of duties could adversely affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.
Recommendation:	The City should continue to monitor and evaluate the job responsibilities assigned to staff to determine whether there is an unacceptable risk.

**Corrective Action Plan (CAP)**

Explanation of Disagreement with Audit Finding:

None

Actions Planned in Response to Finding:

The City is aware of the limited segregation of duties and will continue to review internal controls and make changes when they can be made.

Official Responsible for Ensuring CAP:

Tyler Treichel, City Administrator

Planned Completion Date for CAP:

December 31, 2024

Plan to Monitor Completion of CAP:

City Council

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF FINDINGS AND RESPONSES ON  
LEGAL COMPLIANCE AND INTERNAL CONTROL  
December 31, 2023

**CURRENT YEAR MINNESOTA LEGAL COMPLIANCE FINDINGS**

**Finding 2023-004. Investment holdings below minimum risk rating**

MSA 118A.01, requires investments in revenue obligations of state or local governments, to be rated AA or better by a national bond rating service.

During 2023, the City had investments in municipal bonds that had ratings below AA.

**Corrective Action Plan (CAP)**

Explanation of Disagreement with Audit Finding:

None

Actions Planned in Response to Finding:

The City will work with their investment broker to move their investments into holdings that are authorized by state statute.

Official Responsible for Ensuring CAP:

Tyler Treichel, City Administrator

Planned Completion Date for CAP:

December 31, 2024

Plan to Monitor Completion of CAP:

City Council

CITY OF BRAHAM, MINNESOTA

SCHEDULE OF FINDINGS AND RESPONSES ON  
LEGAL COMPLIANCE AND INTERNAL CONTROL  
December 31, 2023

**Finding 2023-005. Signed acknowledgement from investment broker agreeing to investment restrictions**

MSA 118A.04 subd. 9, requires the city to annually, prior to completing an initial investment, receive a signed statement from their investment broker agreeing to the city's investment restrictions.

During 2023, the City completed an initial investment with a broker without first receiving a signed acknowledgement agreeing to their investment restricts.

**Corrective Action Plan (CAP)**

Explanation of Disagreement with Audit Finding:

None

Actions Planned in Response to Finding:

The City will create a policy to annually obtain the necessary statements from their broker.

Official Responsible for Ensuring CAP:

Tyler Treichel, City Administrator

Planned Completion Date for CAP:

December 31, 2024

Plan to Monitor Completion of CAP:

City Council

CITY OF BRAHAM, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2023

<u>Finding Reference</u>	<u>Finding Title</u>	<u>Status</u>	<u>Year Finding Initially Occurred</u>	<u>If Not Corrected, Provide Planned Corrective Action or Other Explanation</u>
<b>Financial Statement Findings:</b>				
2022-001	Material Audit Adjustments	Not Corrected	2020	See Current Year Finding 2023-001
2022-003	Auditor Preparation of Financial Statements	Not Corrected	2007	See Current Year Finding 2023-002
2022-003	Limited Segregation of Duties	Not Corrected	2007	See Current Year Finding 2023-003
<b>Minnesota Legal Compliance Findings:</b>				
2022-004	Investment holdings below minimum risk rating	Not Corrected	2022	See Current Year Finding 2023-004
2022-005	Contracting and Bidding	Corrected	2022	NA
2022-006	Prompt Payment of Bills	Corrected	2022	NA