

CITY OF MORRIDGE
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

CITY OF MORRIDGE
CITY OFFICIALS
DECEMBER 31, 2008

Mayor: Darrell Bender
Governing Board: Rick Godkin
Tom O'Connell
Tony Yellow Boy
Jerry Wetschedel
Gene Cox
Dennis Wheeler
City Administrator: Steve Gasser
Finance Officer: Lori Hell
Attorney: Rick Cain

CITY OF MORRIDGE

TABLE OF CONTENTS

Page	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
1 - 3	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
4 - 5	Schedule of Prior Audit Findings and Questioned Costs
6	Schedule of Current Audit Findings and Questioned Costs
7 - 12	Independent Auditors' Report
13 - 15	Basic Financial Statements: Government-Wide Financial Statements: As of December 31, 2008: Statement of Net Assets
16	For the Year Ended December 31, 2008: Statement of Activities
17	Fund Financial Statements: As of December 31, 2008: Balance Sheet - Governmental Funds
18	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
19	For the Year Ended December 31, 2008: Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
20	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
21	As of December 31, 2008: Balance Sheet - Proprietary Funds
22	

CITY OF MORRIDGE

TABLE OF CONTENTS

(Continued)

Page

For the Year Ended December 31, 2008:

23	Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds
24	Statement of Cash Flows - Proprietary Funds
25 - 26	Required Supplementary Information Other Than MD&A: Budgetary Comparison Schedule - General Fund - Budgetary Basis
27	Notes to Required Supplementary Information - Budgetary Comparison Schedules
Supplementary Information:	
Combining Financial Statements:	
28	Combining Balance Sheet - Nonmajor Governmental Funds
29	Combining Statement of Revenues, Expenses and Changes in Fund Balances - Nonmajor Governmental Funds
30	Combining Balance Sheet - Nonmajor Enterprise Funds
31	Combining Statement of Revenues, Expenses and Change in Fund Net Assets - Nonmajor Enterprise Funds
32	Combining Statement of Cash Flows
33 - 34	Schedule of Expenditures of Federal Awards

KOHLMAN, BIRSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL BUILDING
210 EAST GRAND CROSSING • PO Box 460
MOBRIDGE, SOUTH DAKOTA 57601
605-845-3658 • 605-845-3754 (FAX)
Email: kba@westriv.com

WITH OFFICES IN
LEMMON, SOUTH DAKOTA
MILLER, SOUTH DAKOTA

PARTNERS
WILLIAM J BACHMEIER, CPA
DAVID S ANDERSON, CPA
ROSEMARY MUELLER, CPA
ROY R FAUTH, CPA

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

City Council
City of Mobridge
Mobridge, South Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota, which collectively comprise the primary government and have issued our report thereon dated October 15, 2009. The report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information was adverse because of financial statement deficiencies. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Mobridge, South Dakota's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mobridge, South Dakota's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Mobridge, South Dakota's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

As part of obtaining reasonable assurance about whether the City of Moberidge, South Dakota's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying Schedule of Current Audit Findings and questioned costs as items 2008-02 through 2008-07.

City of Moberidge, South Dakota's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and questioned costs. We did not audit the City of Moberidge, South Dakota's responses and, accordingly, we express no opinion on them. We also noted certain additional matters that we reported to the management of the City of Moberidge, South Dakota, in a separate communication dated October 15, 2009.

Compliance and Other Matters

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Moberidge, South Dakota's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Moberidge, South Dakota's financial statements that is more than inconsequential will not be prevented or detected by the City of Moberidge, South Dakota's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-01 through 2008-07 to be material weaknesses.

October 15, 2009

Kohlsaat, Brinkley & Anderson, LLP

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

KOHLMAN, BIRSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL BUILDING
210 EAST GRAND CROSSING • PO Box 460
MOBRIDGE, SOUTH DAKOTA 57601
605-845-3658 • 605-845-3754 (Fax)
Email: kba@westriv.com

WITH OFFICES IN
LEMMON, SOUTH DAKOTA
MILLER, SOUTH DAKOTA

PARTNERS
WILLIAM J BACHMEIER, CPA
DAVID S ANDERSON, CPA
ROSEMARY MUELLER, CPA
ROY R FAUTH, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE WITH OMB CIRCULAR A-133

City Council
City of Mobridge
Mobridge, South Dakota

Compliance

We have audited the compliance of the City of Mobridge, South Dakota, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2008. City of Mobridge, South Dakota's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Mobridge, South Dakota's management. Our responsibility is to express an opinion on the City of Mobridge, South Dakota's compliance based on our audit.

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

In our opinion, the City of Mobridge, South Dakota, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Kohlsman, Benschel & Anderson, LLP

October 15, 2009

CITY OF MORRIDGE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2008

PRIOR FEDERAL AUDIT FINDING:

2007-01

A significant deficiency and material weakness was reported for a lack of segregation of duties for revenues, expenditures and payroll. This condition is restated as current other audit finding 2008-01.

PRIOR OTHER AUDIT FINDINGS:

2007-02

Fixed asset records were not properly established and maintained to support the amounts reported for general fixed assets. This resulted in diminished control over fixed assets and can result in misleading information being presented to users of the financial statements. This comment has not been corrected and is restated as current other audit finding 2008-02.

2007-03

Sufficient records do not exist to verify the amounts reported as inventories. This comment has not been corrected and is restated as current other audit finding 2008-03.

2007-04

Not in compliance with South Dakota Codified Law (SDCL) 32-14-3. This comment has been corrected.

2007-05

No internal control system designed to provide for the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP). This comment has not been corrected and is restated as current other audit finding 2008-05.

2007-06

No internal control structure to provide for the recording of all necessary material adjustments. This comment has not been corrected and is restated as current other audit finding 2008-04.

2007-07

Not in compliance with SDCL 5-18-9.4. This comment has been corrected.

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2008

Summary of the Independent Auditors' Results:

Financial Statements:

a. An adverse opinion on the financial statements was issued because of financial statement deficiencies.

b. Significant deficiencies and material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2008-01 through 2008-07.

c. Our audit did disclose instances of noncompliance which were material to the financial statements. They are described in findings 2008-02 through 2008-07.

Federal Awards:

d. An unqualified opinion was issued on compliance with the requirements applicable to major programs.

e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section 510(a).

f. The federal award tested as a major program was:

1. Community Facilities Loans and Grants #10.766

g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.

h. City of Mobridge, South Dakota, did not qualify as a low-risk entity.

Current Federal Audit Findings:

There are no written current federal audit findings to report.

Due to our size, the City of Moberidge has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for revenues, receivables, inventories, payables, fixed assets, equity, expenditures and payroll. We are aware of the problem and are attempting to provide compensating controls wherever and whenever possible and practical.

Corrective Action Plan

We recommend the City Council take a more active role in their oversight of revenues, receivables, inventories, payables, fixed assets, equity, expenditures and payroll.

Recommendation

The City of Moberidge, South Dakota, has a limited number of employees who prepare all records for revenues, receivables, inventories, payables, expenditures and payroll. This is undesirable from an internal control viewpoint, and could result in a loss of control over accounting transactions and errors not being found in a timely manner.

Other Information

A significant deficiency and material weakness was reported for a lack of segregation of duties for revenues, receivables, inventories, payables, fixed assets, equity, expenditures and payroll, which could result in errors not being found in a timely manner.

Condition Found

Internal control can help the City achieve its performance targets and prevent loss of resources. It can help ensure reliable financial reporting and it can help ensure that the City complies with laws and regulations.

Criteria

2008-01

Deficiencies:

Internal Control-Related Findings - Material Weaknesses and Significant

CURRENT OTHER AUDIT FINDINGS:

CITY OF MORRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2008
(Continued)

2008-02

Criteria

The City of Morridge is responsible for maintaining proper general fixed assets, enterprise fixed assets and depreciation records.

Condition Found

A significant deficiency and material weakness was reported for not maintaining proper fixed asset records to support the amounts reported for general fixed assets, enterprise fixed assets and depreciation expense, therefore, the City is not in compliance with SDCL 5-24-4.

Effect

This has resulted in diminished controls over fixed assets and can result in misleading information being presented to users of the financial statements, as capital asset costs are included as expenses.

Recommendation

We recommend general fixed assets, enterprise fixed assets, and depreciation records be established and maintained.

Corrective Action Plan

The City of Morridge is continuing its work on correcting this deficiency.

2008-03

Criteria

The City of Morridge is responsible for maintaining accurate records for amounts reported as inventories for governmental activities, business-type activities and each major fund.

Condition Found

A significant deficiency and material weakness was reported for not maintaining sufficient inventory records for the governmental activities, business-type activities and each major fund. The City is not in compliance with SDCL 5-24-2.

Effect

This has resulted in diminished controls over inventories and can result in misleading information being presented to users of the financial statements.

Recommendation

We recommend the City Council prepare an inventory listing using the actual cost or the estimated cost at the time of acquisition.

Corrective Action Plan

The City will attempt to complete an accurate inventory listing in the future.

2008-04

Criteria

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Condition Found

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements.

Effect

This condition may affect the City's ability to record, process, summarize, and report financial statement data consistent with the assertions of management in the financial statements.

Recommendation

This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Corrective Action Plan

The City of Morridge is continuing its work on correcting this deficiency.

2008-05

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition Found

The City does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements.

Effect

This condition may affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Corrective Action Plan

Both management and the City Council have been informed of this condition and are confident that the information is accurate and are willing to accept this risk. The Finance Officer, Lori Heil, is responsible for the corrective action plan for this finding.

2008-06

Criteria

Per SDCL 9-21-9, the City is required to approve a budget for the anticipated obligations of each fund for the year and not exceed the budgeted appropriations total of each fund.

Condition Found

The City exceeded the budgeted appropriations total for the General Fund.

Effect

Failure to follow SDCL 9-21-9 indicates an inadequacy of controls, which resulted in expenditures being made without proper authority.

Recommendation

We recommend the city comply with SDCL 9-21-9 and if it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of a supplemental budget.

Correction Action Plan

Lori Heil is the contact person responsible for this comment. She stated that the city will watch the expenditures in the future and pass a supplemental budget if needed.

2008-07

Criteria

The governing body shall designate the depository or depositories in which the funds belonging to the municipality shall be deposited. Such depository or depositories shall be a bank or banks within the state of South Dakota, unless otherwise specifically provided by law.

Effect

The city is not in compliance with SDCL 9-22-6.

Recommendation

We recommend the investment be moved to comply with the law.

Corrective Action Plan

Lori Heil is the contact person responsible for the corrective action plan for this comment. She stated that she was misinformed and thought the investment qualified. They will get the investment moved.

Closing Conference

The contents of this report were discussed with Lori Heil, Finance Officer; Steve Gasser, City Administrator; Jerry Weischedel, Councilman; and Dennis Wheeler, Councilman; on May 18, 2009.

KOHLMAN, BIRSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL BUILDING
210 EAST GRAND CROSSING • PO BOX 460
MORRIDGE, SOUTH DAKOTA 57601
605-845-3658 • 605-845-3754 (Fax)
Email: kba@westriv.com

WITH OFFICES IN
LEMMON, SOUTH DAKOTA
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

City Council
City of Moberidge
Moberidge, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moberidge, South Dakota, as of and for the year ended December 31, 2008, which collectively comprise the basic financial statements of the City's primary government as listed in the Table of Contents. These financial statements are the responsibility of the City of Moberidge's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the City's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets,

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2009, on our consideration of the City of Moberidge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

accepted in the United States of America. In our opinion, because of the effects of the matters discussed in the fourth, fifth, sixth and seventh paragraphs, the financial statements referred to above do not present fairly, in all material respects, the financial position of the activities of the primary government of the City of Moberidge, South Dakota, as of December 31, 2008, or the changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally

reasonably determinable. Management has not maintained proper inventory records in the governmental activities, business-type activities, and each major fund. Accounting principles generally accepted in the United States of America require that inventory be properly recorded, which would affect net assets, and expenses of the governmental activities, business-type activities and each major fund. The amount by which this departure would affect the assets, net assets and expenses of the governmental activities, business-type activities and each major fund is not reasonably determinable.

Management has not recorded certain capital assets, including land, buildings, and equipment, in governmental activities and business-type activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would increase the assets, net assets and expenses of the governmental activities and business-type activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities and business-type activities is not reasonably determinable.

The City has not prepared notes to the financial statements. As a result, numerous disclosures required by U.S. generally accepted accounting principles are not made a part of these financial statements. The amount by which this departure would affect these financial statements is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component unit, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit of the City of Moberidge, South Dakota, as of December 31, 2008, or the changes in financial position thereof for the year then ended.

liabilities, net assets, revenues, and expenses of the aggregate discretely presented component unit would have been reported as \$956,396, \$798,305, \$158,091, \$863,586 and \$798,920.

October 15, 2009

Koblenz, Brewster & Anderson P.C.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Moberly's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the combining and individual nonmajor fund financial statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, however, for reasons stated in the fourth, fifth, sixth and seventh paragraphs above, the financial statements referred to above do not present fairly in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities and the changes in financial position. Therefore, we do not express an opinion on the accompanying combining and individual nonmajor fund financial statements.

The Budgetary Comparison Schedules on pages 25 through 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The City has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

CITY OF MORRIDGE
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

PRIMARY GOVERNMENT		
Governmental	Business-Type	Total
Activities	Activities	Activities
\$1,104,532.78	\$ 935,877.77	\$2,040,410.55
Cash and cash equivalents	55,309.63	310,240.79
Accounts receivable, net	77,527.00	--
Internal balances	106,235.17	106,235.17
Inventories	21,199.06	21,199.06
Deferred charges	5,117.70	15,999.56
Other assets	2,571.42	41,140.95
Restricted Assets:		
Cash and cash equivalents	104,993.50	272,751.50
Capital Assets:		
Land, improvements and		
construction in		
progress		
Other capital assets,		
net of depreciation	3,343,831.95	5,008,536.85
TOTAL ASSETS	\$4,652,663.20	\$7,816,514.43
LIABILITIES:		
Accounts payable	23,571.15	\$ 128,063.78
Deferred revenue	--	69,961.65
Other current liabilities	--	1,135.90
Noncurrent liabilities:		
Due within one year	123,742.28	334,900.60
Due in more than one year	1,059,475.87	2,166,442.99
TOTAL LIABILITIES	1,206,789.30	2,700,504.92
NET ASSETS:		
Invested in capital assets,	2,296,375.61	2,861,009.50
net of related debt		
Restricted for:		
Special revenue funds	--	27,807.18
Debt service purposes	--	4,010.50
Other purposes	2,571.42	2,571.42
Unrestricted	1,146,926.87	2,220,610.91
TOTAL NET ASSETS	3,445,873.90	5,116,009.51
TOTAL LIABILITIES AND		
NET ASSETS	\$4,652,663.20	\$7,816,514.43

CITY OF MORRIDGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues			Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
		Charges for Services	Operating Grants and Contributions	Operating Grants and Contributions				
Primary Government:								
Governmental Activities:								
General government	\$ 356,777.53	\$ 34,767.78	\$ --	\$ 10,000.00	\$ (312,009.75)	\$ --	\$ (312,009.75)	
Public safety	744,719.92	118,413.93	17,077.83	11,754.00	(597,474.16)	--	(597,474.16)	
Public works	626,543.43	222,497.56	91,293.36	62,360.07	(250,392.44)	--	(250,392.44)	
Health and welfare	22,127.83	--	300.00	--	(21,827.83)	--	(21,827.83)	
Culture and recreation	665,962.71	34,549.25	500.00	99,109.81	(531,803.65)	--	(531,803.65)	
Conservation and development	125,874.08	--	--	--	(125,874.08)	--	(125,874.08)	
Miscellaneous expenditures	294.97	3,113.86	--	--	2,818.89	--	2,818.89	
*Interest on long-term debt	81,017.39	--	--	--	(81,017.39)	--	(81,017.39)	
Total Governmental Activities	2,623,317.86	413,342.38	109,171.19	183,223.88	(1,917,580.41)	--	(1,917,580.40)	
Business-Type Activities:								
Water	441,821.61	526,343.42	--	--	--	84,521.81	84,521.81	
Sewer	262,290.59	378,460.28	--	--	--	116,169.69	116,169.69	
Cemetery	30,183.55	7,480.00	--	--	--	(22,703.55)	(22,703.55)	
Water and sewer main	22,168.35	9,194.97	--	--	--	(12,973.38)	(12,973.38)	
Total Business-Type Activities	756,464.10	921,478.67	--	--	--	165,014.57	165,014.57	
Total Primary Government	\$3,379,781.96	\$1,334,821.05	\$109,171.19	\$ 83,223.88	(1,917,580.41)	165,014.57	(1,752,565.84)	
General Revenues:								
Taxes:								
Property taxes					504,793.08	--	504,793.08	
Sales taxes					1,417,446.87	--	1,417,446.87	
State shared revenues					28,435.38	--	28,435.38	
Grants and contributions not restricted to specific programs					5,000.00	--	5,000.00	
Unrestricted investment earnings					26,695.04	24,090.89	50,785.93	
Miscellaneous revenue					31,388.61	--	31,388.61	
Total General Revenues					2,013,758.98	24,090.89	2,037,849.87	
Change in Net Assets					96,178.57	189,105.46	285,284.03	
Net Assets - Beginning					1,573,957.04	3,256,768.44	4,830,725.48	
Net Assets - Ending					\$ 1,670,135.61	\$3,445,873.90	\$ 5,116,009.51	

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

CITY OF MOBRIDGE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	General Fund	Railroad Crossing Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$1,045,619.68	\$	\$ 58,913.10	\$1,104,532.78
Taxes receivable - delinquent	24,251.33	--	--	24,251.33
Accounts receivable, net	1,654.37	--	8,906.90	10,561.27
Special assessments receivable - current	1,844.65	--	--	1,844.65
Special assessments receivable - delinquent	6,276.13	--	--	6,276.13
Due from Capital Projects Funds	97,675.03	--	--	97,675.03
Due from federal government	6,886.91	--	34,292.25	41,179.16
Due from state government	163,985.50	--	--	163,985.50
Interest receivable	6,711.44	--	121.68	6,833.12
Prepaid expenses	10,881.86	--	--	10,881.86
Restricted cash and cash equivalents	38,569.53	--	--	38,569.53
TOTAL ASSETS	\$1,404,356.43	\$	\$102,233.93	\$1,506,590.36
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$ 35,092.17	\$	\$ 69,400.46	\$ 104,492.63
Due to General Fund	--	97,675.03	--	97,675.03
Accrued taxes payable	1,135.90	--	--	1,135.90
Deferred revenue	143,617.61	--	2,086.57	145,704.18
Advance from Sewer Fund	77,527.00	--	--	77,527.00
TOTAL LIABILITIES	257,372.68	97,675.03	71,487.03	426,534.74
FUND BALANCES:				
Reserved for:				
Debt Service	4,010.50	--	--	4,010.50
Unreserved fund balances:				
Designated for:				
Next year's appropriation	435,335.00	--	--	435,335.00
Other purposes	329,759.70	--	--	329,759.70
Undesignated	377,878.55	(97,675.03)	--	280,203.52
Reported in non-major:				
Special Revenue Funds	--	--	25,720.61	25,720.61
Capital Projects Funds	--	--	5,026.29	5,026.29
TOTAL FUND BALANCES	1,146,983.75	(97,675.03)	30,746.90	1,080,055.62
TOTAL LIABILITIES AND FUND BALANCES	\$1,404,356.43	\$	\$102,233.93	\$1,506,590.36

CITY OF MORRIDGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2008

Total Fund Balances - Governmental Funds \$ 1,080,055.62

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 1,832,462.90

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

Revenue bonds \$1,189,942.69
Accrued leave 50,296.43
Other long-term debt 77,886.32
(1,318,125.44)

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

Property taxes \$23,374.72
Special assessments 6,700.02
Sales taxes 45,667.79
75,742.53

Net Assets - Governmental Activities \$ 1,670,135.61

=====

CITY OF MORRIDGE
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	General Fund	Railroad Crossing Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes:				
General property taxes	\$ 495,901.16	\$ --	\$ --	\$ 495,901.16
Airflight property tax	896.50	--	--	896.50
General sales and use taxes	1,317,336.26	--	98,970.28	1,416,306.54
Gross receipts business taxes	1,912.76	--	--	1,912.76
Amusement taxes	1,248.00	--	--	1,248.00
Tax deed revenue	438.08	--	--	438.08
Penalties and interest on delinquent taxes	1,316.46	--	--	1,316.46
Licenses and Permits	23,404.40	--	--	23,404.40
Intergovernmental Revenue:				
Federal grants	17,941.39	--	96,507.53	114,448.92
State grants	300.00	--	--	300.00
State shared revenue:				
Bank franchise tax	6,396.48	--	--	6,396.48
Motor vehicle commercial prorate	3,916.92	--	--	3,916.92
Liquor tax reversion	22,038.90	--	--	22,038.90
Motor vehicle licenses (5%)	13,310.63	--	--	13,310.63
Local government highway and bridge fund	57,545.52	--	--	57,545.52
County shared revenue:				
County road tax (25%)	4,107.93	--	--	4,107.93
County HBR tax (25%)	809.31	--	--	809.31
County wheel tax	3,819.64	--	--	3,819.64
Other intergovernmental revenues	1,368.00	--	--	1,368.00
Charges for Goods and Services:				
General government	4,693.38	--	--	4,693.38
Public safety	107,100.81	--	--	107,100.81
Highways and streets	1,454.00	--	11,533.00	12,987.00
Sanitation	209,510.56	--	--	209,510.56
Culture and recreation	19,729.25	--	--	19,729.25
Fines and Forfeits:				
Court fines and costs	2,664.02	--	--	2,664.02
Library	8,649.10	--	--	8,649.10
Miscellaneous Revenue:				
Investment earnings	26,184.55	--	510.49	26,695.04
Rentals	24,603.86	--	--	24,603.86
Special assessments	63,557.96	--	--	63,557.96
Contributions and donations from private sources	35,879.63	--	--	35,879.63
Other	28,987.61	--	--	28,987.61
TOTAL REVENUE	2,507,023.07	--	207,521.30	2,714,544.37

EXPENDITURES:									
General Government:									
Legislative	26,677.23	--	--	--	26,677.23				
Executive	66,174.82	--	--	--	66,174.82				
Elections	1,596.84	--	--	--	1,596.84				
Financial administration	99,039.24	--	--	--	99,039.24				
Other	77,741.26	--	--	--	163,456.28				
Public Safety:									
Police	680,978.38	--	--	8,629.90	689,608.28				
Fire	52,766.48	--	--	--	52,766.48				
Other protection	251.95	--	--	--	251.95				
Public Works:									
Highways and streets	412,501.03	1,965.00	--	--	414,466.03				
Sanitation	145,605.70	--	--	--	145,605.70				
Airport	65,337.75	--	--	--	65,337.75				
Health and Welfare:									
Health	20,127.83	--	--	--	20,127.83				
Hospitals, nursing homes and rest homes	2,000.00	--	--	--	2,000.00				
Culture and Recreation:									
Recreation	104,926.97	--	--	--	104,926.97				
Parks	118,022.34	--	--	--	118,022.34				
Libraries	107,730.41	--	--	--	107,730.41				
Auditorium	114,413.27	--	--	--	328,378.72				
Museums	6,000.00	--	--	--	6,000.00				
Conservation and Development:									
Economic development and assistance (Industrial development)	24,874.08	--	--	101,000.00	125,874.08				
Debt Service	676,379.00	--	--	205,128.84	881,507.84				
Miscellaneous:									
Liquor operating agreements	294.97	--	--	--	294.97				
TOTAL EXPENDITURES	2,803,439.55	1,965.00	--	614,439.21	3,419,843.76				
EXCESS OF REVENUE UNDER EXPENDITURES	(296,416.48)	(1,965.00)	--	(406,917.91)	(705,299.39)				
OTHER FINANCING SOURCES (USES):									
Transfers in	--	--	--	380,963.86	380,963.86				
Sale of municipal property	1,033.00	--	--	--	1,033.00				
Long-term debt issued	650,000.00	--	--	--	650,000.00				
Transfers out	(380,963.86)	--	--	--	(380,963.86)				
TOTAL OTHER FINANCING SOURCES (USES)	270,069.14	--	--	380,963.86	651,033.00				
NET CHANGE IN FUND BALANCES	(26,347.34)	(1,965.00)	--	(25,954.05)	(54,266.39)				
FUND BALANCE - BEGINNING	1,173,331.09	(95,710.03)	--	56,700.95	1,134,322.01				
FUND BALANCE - ENDING	\$1,146,983.75	\$ (97,675.03)	--	\$ 30,746.90	\$1,080,055.62				

CITY OF MORRIDGE
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Net Change in Fund Balances - Total Governmental Funds
	\$ (54,266.39)
Amounts reported for governmental activities in the	
statement of activities are different because:	
Payment of bond principal is an expenditure	
in the governmental funds, but the payment	
reduces long-term liabilities in the statement	
of net assets.	
	Revenue bonds
	\$792,562.81
	<u>7,927.64</u>
	Other long-term debt
	800,490.45
The issuance of long-term debt is an other financing	
source in the fund statements but an increase in long-	
term liabilities on the government-wide statements.	
	Revenue bonds
	\$650,000.00
	<u>(650,000.00)</u>
The fund financial statement governmental fund property	
tax accruals differ from the government-wide statement	
of property tax accruals in that the fund financial	
statements require the amounts to be "available".	
	3,976.62
The fund financial statement governmental fund sales	
tax accruals differ from the government-wide statement	
of sales tax accruals in that the fund financial	
statements require the amounts to be "available".	
	1,140.33
Governmental funds report special assessments as	
revenue when cash is received, but the statement of	
activities includes special assessments as revenue	
when earned.	
	(1,197.89)
Governmental funds do not reflect the change in	
accrued leave, but the statement of activities	
reflects the change in accrued leave through	
expenditures.	
	<u>(3,964.55)</u>
	\$ 96,178.57

CITY OF NOBRIDGE
BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2008

	Enterprise Funds			
	Major		Nonmajor	
	Water Fund	Sewer Fund		Totals
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 196,121.87	\$ 653,830.34	\$ 85,925.56	\$ 935,877.77
Accounts receivable, net	44,527.94	2,758.27	68.89	47,355.10
Interest receivable	1,692.71	5,537.22	724.60	7,954.53
Inventory of supplies	84,458.89	21,776.28	--	106,235.17
Prepaid expenses	3,466.11	1,651.59	--	5,117.70
Total Current Assets	330,267.52	685,553.70	86,719.05	1,102,540.27
Noncurrent Assets:				
Restricted cash and cash equivalents	--	--	2,571.42	2,571.42
Deferred charges	21,199.06	--	--	21,199.06
Advance to General Fund	--	77,527.00	--	77,527.00
Capital Assets:				
Land	104,394.50	34.00	565.00	104,993.50
Buildings	4,619,437.54	3,816,428.56	--	8,435,866.10
Machinery and equipment	127,850.96	206,162.65	18,788.65	352,802.26
Less: accumulated depreciation	(2,779,084.40)	(2,647,733.09)	(18,018.92)	(5,444,836.41)
Total Noncurrent Assets	2,093,797.66	1,452,419.12	3,906.15	3,555,122.93
TOTAL ASSETS	\$ 2,424,065.18	\$ 2,137,972.82	\$ 90,625.20	\$ 4,652,663.20

	Enterprise Funds			
	Water Fund	Major Sewer Fund	Nonmajor	Totals
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 10,957.70	\$ 11,669.90	\$ 943.55	\$ 23,571.15
Total Current Liabilities	10,957.70	11,669.90	943.55	23,571.15
Noncurrent liabilities:				
Bonds payable:				
Revenue	881,615.66	270,834.18	--	1,152,449.84
Accrued leave payable	19,049.23	11,719.08	--	30,768.31
Total Noncurrent Liabilities	900,664.89	282,553.26	--	1,183,218.15
NET ASSETS:				
Invested in capital assets, net of related debt	1,190,982.94	1,104,057.94	1,334.73	2,296,375.61
Restricted net assets, restricted for:				
Other purposes	321,459.65	739,691.72	2,571.42	2,571.42
Unrestricted net assets	1,512,442.59	1,843,749.66	89,681.65	3,445,873.90
Total Net Assets	2,424,065.18	2,137,972.82	90,625.20	4,652,663.20
TOTAL LIABILITIES AND NET ASSETS	2,424,065.18	2,137,972.82	90,625.20	4,652,663.20

CITY OF MOBRIDGE
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Enterprise Funds			Totals
	Major	Sewer Fund	Nonmajor	
	Water Fund			
OPERATING REVENUE:				
Charges for goods and services	\$ 526,343.42	\$ 378,460.28	\$ 16,569.97	\$ 921,373.67
Contributions and donations	--	--	105.00	105.00
TOTAL OPERATING REVENUE	<u>526,343.42</u>	<u>378,460.28</u>	<u>16,674.97</u>	<u>921,478.67</u>
OPERATING EXPENSES:				
Personal services	212,160.02	116,864.93	--	329,024.95
Other current expense	189,668.63	135,827.70	52,351.90	377,848.23
Materials (cost of goods sold)	233.05	--	--	233.05
TOTAL OPERATING EXPENSES	<u>402,061.70</u>	<u>252,692.63</u>	<u>52,351.90</u>	<u>707,106.23</u>
OPERATING INCOME (LOSS)	<u>124,281.72</u>	<u>125,767.65</u>	<u>(35,676.93)</u>	<u>214,372.44</u>
NONOPERATING REVENUE (EXPENSE):				
Investment earnings	6,108.17	15,581.89	2,400.83	24,090.89
Interest expense	(39,759.91)	(9,597.96)	--	(49,357.87)
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(33,651.74)</u>	<u>5,983.93</u>	<u>2,400.83</u>	<u>(25,266.98)</u>
CHANGE IN NET ASSETS	90,629.98	131,751.58	(33,276.10)	189,105.46
NET ASSETS - BEGINNING	<u>1,421,812.61</u>	<u>1,711,998.08</u>	<u>122,957.75</u>	<u>3,256,768.44</u>
NET ASSETS - ENDING	<u>\$1,512,442.59</u>	<u>\$1,843,749.66</u>	<u>\$ 89,681.65</u>	<u>\$3,445,873.90</u>

CITY OF MORRIDGE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Nonmajor	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 518,394.30	\$ 378,017.06	\$ 16,558.45	\$ 912,969.81
Other operating cash receipts	--	--	105.00	105.00
Cash payments to employees for services	(211,301.62)	(116,182.39)	--	(327,484.01)
Cash payments to suppliers of goods and services	(308,246.19)	(137,626.19)	(53,505.09)	(499,377.47)
Net cash provided (used) by operating activities	<u>(1,153.51)</u>	<u>124,208.48</u>	<u>(36,841.64)</u>	<u>86,213.33</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	--	--	--	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital debt	(99,326.34)	(90,229.56)	--	(189,555.90)
Interest paid on capital debt	(36,226.00)	(9,597.96)	--	(45,823.96)
Other receipts	--	25,843.00	--	25,843.00
Net cash used by capital and related financing activities	<u>(135,552.34)</u>	<u>(73,984.52)</u>	<u>--</u>	<u>(209,536.86)</u>

Enterprise Funds

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor</u>	<u>Totals</u>
CASH FLOWS FROM INVESTING				
ACTIVITIES:				
Cash received for interest	7,515.39	15,647.38	2,799.91	25,962.68
Net cash provided by investing activities	<u>7,515.39</u>	<u>15,647.38</u>	<u>2,799.91</u>	<u>25,962.68</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(129,190.46)	65,871.34	(34,041.73)	(97,360.85)
BALANCES - BEGINNING	<u>325,312.33</u>	<u>587,959.00</u>	<u>122,538.71</u>	<u>1,035,810.04</u>
BALANCES - ENDING	\$ 196,121.87	\$ 653,830.34	\$ 88,496.98	\$ 938,449.19

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss) change in assets and liabilities:	\$ 124,281.72	\$ 125,767.65	\$ (35,676.93)	\$ 214,372.44
Receivables	(7,949.12)	(443.22)	(11.52)	(8,403.86)
Inventories	(36,466.42)	--	--	(36,466.42)
Prepaid expense	(3,466.11)	(1,651.59)	--	(5,117.70)
Accounts and other payables	(78,411.98)	(146.90)	(1,153.19)	(79,712.07)
Accrued leave payable	<u>858.40</u>	<u>682.54</u>	<u>--</u>	<u>1,540.94</u>
Net cash provided (used) by operating activities	\$ (1,153.51)	\$ 124,208.48	\$ (36,841.64)	\$ 86,213.33

REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MDA

REQUIRED SUPPLEMENTARY INFORMATION
 CITY OF MOBRIDGE
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		Variance with Final Budget - <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>	
REVENUES:					
Taxes:					
General property taxes	\$ 579,166.00	\$ 579,166.00	\$ 495,901.16	\$ (83,264.84)	
Airflight property tax	1,100.00	1,100.00	896.50	(203.50)	
General sales and use taxes	1,100,000.00	1,100,000.00	1,317,336.26	217,336.26	
Gross receipts business taxes	1,650.00	1,650.00	1,912.76	262.76	
Amusement taxes	1,200.00	1,200.00	1,248.00	48.00	
Tax deed revenue	625.00	625.00	438.08	(186.92)	
Penalties and interest on delinquent taxes	1,600.00	1,600.00	1,316.46	(283.54)	
License and Permits	24,990.00	24,990.00	23,404.40	(1,585.60)	
Intergovernmental Revenue:					
Federal grants	2,200.00	2,200.00	17,941.39	15,741.39	
State grants	11,018.00	11,018.00	300.00	(10,718.00)	
State shared revenue:					
Bank franchise tax	7,500.00	7,500.00	6,396.48	(1,103.52)	
Motor vehicle commercial prorata	3,300.00	3,300.00	3,916.92	616.92	
Liquor tax reversion	19,000.00	19,000.00	22,038.90	3,038.90	
Motor vehicle licenses (5%)	13,000.00	13,000.00	13,310.63	310.63	
Local government highway and bridge fund	53,000.00	53,000.00	57,545.52	4,545.52	
County shared revenue:					
County road tax (25%)	4,100.00	4,100.00	4,107.93	7.93	
County HBR tax (25%)	775.00	775.00	809.31	34.31	
County wheel tax	3,800.00	3,800.00	3,819.64	19.64	
Other intergovernmental revenues	3,500.00	3,500.00	1,368.00	(2,132.00)	
Charges for Goods and Services:					
General government	2,500.00	3,062.00	4,693.38	1,631.38	
Public safety	128,700.00	128,700.00	107,100.81	(21,599.19)	
Highways and streets	5,250.00	5,250.00	1,454.00	(3,796.00)	
Sanitation	164,200.00	200,550.00	209,510.56	8,960.56	
Culture and recreation	20,000.00	20,000.00	19,729.25	(270.75)	

Fines and Forfeits:					
Court fines and costs	3,600.00	3,600.00	2,664.02	(935.98)	
Library	6,000.00	6,000.00	8,649.10	2,649.10	
Miscellaneous Revenue:					
Investment earnings	15,500.00	15,500.00	26,184.55	10,684.55	
Rentals	22,720.00	22,720.00	24,603.86	1,883.86	
Special assessments	64,800.00	64,800.00	63,557.96	(1,242.04)	
Contributions and donations					
from private sources	28,454.00	28,454.00	35,879.63	7,425.63	
Other	<u>23,152.00</u>	<u>23,152.00</u>	<u>28,987.61</u>	<u>5,835.61</u>	
TOTAL REVENUE	<u>2,316,400.00</u>	<u>2,353,312.00</u>	<u>2,507,023.07</u>	<u>153,711.07</u>	
EXPENDITURES:					
General Government:					
Legislative	25,900.00	26,850.00	26,677.23	172.77	
Executive	66,162.00	67,612.00	66,174.82	1,437.18	
Elections	1,050.00	1,600.00	1,596.84	3.16	
Financial administration	97,501.00	98,101.00	99,039.24	(938.24)	
Other	71,461.00	83,361.00	77,741.26	5,619.74	
Public Safety:					
Police	700,975.00	700,975.00	680,978.38	19,996.62	
Fire	76,915.00	76,915.00	52,766.48	24,148.52	
Other protection	530.00	530.00	251.95	278.05	
Public Works:					
Highways and streets	450,238.00	450,238.00	412,501.03	37,736.97	
Sanitation	109,750.00	145,750.00	145,605.70	144.30	
Airport	52,767.00	65,167.00	65,337.75	(170.75)	
Health and Welfare:					
Health	14,350.00	22,150.00	20,127.83	2,022.17	
Hospitals, nursing homes,					
and rest homes	2,000.00	2,000.00	2,000.00	--	
Culture and Recreation:					
Recreation	115,932.00	115,932.00	104,926.97	11,005.03	
Parks	119,400.00	124,400.00	118,022.34	6,377.66	
Libraries	112,480.00	112,480.00	107,730.41	4,749.59	
Auditorium	115,274.00	115,274.00	114,413.27	860.73	
Museums	6,000.00	6,000.00	6,000.00	--	

REQUIRED SUPPLEMENTARY INFORMATION
 CITY OF MORRIDGE
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008
 (Continued)

	<u>Budgeted Amounts</u>	<u>Final</u>	<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
Conservation and Development:				
Economic development and assistance (Industrial development)	23,298.00	25,148.00	24,874.08	273.92
Debt Service	34,442.00	46,196.00	676,379.00	(630,183.00)
Miscellaneous:				
Liquor operating agreements	200.00	280.00	294.97	(14.97)
TOTAL EXPENDITURES	<u>2,196,625.00</u>	<u>2,286,959.00</u>	<u>2,803,439.55</u>	<u>(516,480.55)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>119,775.00</u>	<u>66,353.00</u>	<u>(296,416.48)</u>	<u>(362,769.48)</u>
OTHER FINANCING SOURCES (USES):				
Sale of municipal property	--	--	1,033.00	1,033.00
Proceeds of general long-term debt	--	--	650,000.00	650,000.00
Transfers out	<u>(524,294.00)</u>	<u>(524,294.00)</u>	<u>(380,963.86)</u>	<u>143,330.14</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(524,294.00)</u>	<u>(524,294.00)</u>	<u>270,069.14</u>	<u>794,363.14</u>
NET CHANGE IN FUND BALANCES	(404,519.00)	(457,941.00)	(26,347.34)	431,593.66
FUND BALANCE - BEGINNING	<u>1,173,331.09</u>	<u>1,173,331.09</u>	<u>1,173,331.09</u>	--
FUND BALANCE - ENDING	\$ 768,812.09	\$ 715,390.09	\$1,146,983.75	\$ 431,593.66

CITY OF MORRIDGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND
DECEMBER 31, 2008

Note 1 - Budgets and Budgetary Accounting

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total City budget and may be transferred by resolution of the governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.

5. Unexpended appropriations lapse at year end unless encumbered by resolution of the governing Board.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

7. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

Note 2 - GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however, in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

SUPPLEMENTARY INFORMATION

CITY OF MOBRIDGE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2008

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	24/7 Sobriety Fund	Auditorium Restoration Fund	Mural Restoration Fund	Bike Path Trail Fund	Total Nonmajor Governmental Funds
ASSETS:							
Cash and cash equivalents	\$ 7,608.02	\$6,820.53	\$4,350.91	\$39,102.45	\$20.61	\$1,010.58	\$ 58,913.10
Accounts receivable, net	8,906.90	--	--	34,292.25	--	--	8,906.90
Due from federal government	--	57.52	--	--	--	--	34,292.25
Interest receivable	64.16	--	--	--	--	--	121.68
TOTAL ASSETS	\$16,579.08	\$6,878.05	\$4,350.91	\$73,394.70	\$20.61	\$1,010.58	\$102,233.93
	=====	=====	=====	=====	=====	=====	=====
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable	\$ --	\$ --	\$.86	\$69,399.60	\$ --	\$ --	\$ 69,400.46
Deferred revenue	2,086.57	--	--	--	--	--	2,086.57
TOTAL LIABILITIES	2,086.57	--	.86	69,399.60	--	--	71,487.03
	=====	=====	=====	=====	=====	=====	=====
FUND BALANCES:							
Unreserved Fund Balances:							
Undesignated, reported	14,492.51	6,878.05	4,350.05	3,995.10	20.61	1,010.58	25,720.61
in non-major:	--	--	--	--	--	--	5,026.29
Special Revenue Funds	--	--	--	--	--	--	--
Capital Project Funds	14,492.51	6,878.05	4,350.05	3,995.10	20.61	1,010.58	30,746.90
TOTAL FUND BALANCES	14,492.51	6,878.05	4,350.05	3,995.10	20.61	1,010.58	30,746.90
	=====	=====	=====	=====	=====	=====	=====
TOTAL LIABILITIES AND FUND BALANCES	\$16,579.08	\$6,878.05	\$4,350.91	\$73,394.70	\$20.61	\$1,010.58	\$102,233.93
	=====	=====	=====	=====	=====	=====	=====

CITY OF MOBRIDGE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2008

REVENUES:																			
Taxes:																			
General sales and use taxes	\$ 98,970.28																		
Intergovernmental Revenue:																			
Federal grants	--																		
Charges for Goods and Services:																			
Public safety	--																		
Miscellaneous Revenue:																			
Investment earnings	344.60																		
TOTAL REVENUE	99,314.88																		
EXPENDITURES:																			
General Government:																			
Other	--																		
Public Safety:																			
Police	--																		
Culture and Recreation:																			
Auditorium	--																		
Conservation and Development:																			
Economic development and assistance (industrial development)	101,000.00																		
Debt Service	--																		
TOTAL EXPENDITURES	101,000.00																		
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(1,685.12)																		
OTHER FINANCING SOURCES:																			
Transfers in	--																		
NET CHANGE IN FUND BALANCES	(1,685.12)																		
FUND BALANCE - BEGINNING	16,177.63																		
FUND BALANCE - ENDING	\$ 14,492.51																		

CITY OF MORRIDGE
 COMBINING BALANCE SHEET
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2008

	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
	Sewer Main	Water and Cemetery	Nomajor Enterprise Funds	
	<u>Total</u>	<u>Total</u>	<u>Total</u>	
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 85,925.56	\$85,446.29	\$ 479.27	\$ 479.27
Accounts receivable, net	68.89	68.89	--	--
Interest receivable	724.60	720.56	4.04	4.04
Total Current Assets	<u>86,719.05</u>	<u>86,235.74</u>	<u>483.31</u>	<u>483.31</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	2,571.42	--	2,571.42	2,571.42
Capital assets:				
Land	565.00	--	565.00	565.00
Machinery and equipment	18,788.65	--	18,788.65	18,788.65
Less: Accumulated depreciation	(18,018.92)	--	(18,018.92)	(18,018.92)
Total Noncurrent Assets	<u>3,906.15</u>	<u>--</u>	<u>3,906.15</u>	<u>3,906.15</u>
TOTAL ASSETS	<u>\$ 90,625.20</u>	<u>\$86,235.74</u>	<u>\$ 4,389.46</u>	<u>\$ 90,625.20</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable	\$ 943.55	\$ --	\$ 943.55	\$ 943.55
Total Current Liabilities	<u>943.55</u>	<u>--</u>	<u>943.55</u>	<u>943.55</u>
NET ASSETS:				
Invested in capital assets, net of related debt	1,334.73	--	1,334.73	1,334.73
Restricted net assets, restricted for:				
Other purposes	2,571.42	--	2,571.42	2,571.42
Unrestricted net assets	(460.24)	86,235.74	(460.24)	85,775.50
Total Net Assets	<u>3,445.91</u>	<u>86,235.74</u>	<u>3,445.91</u>	<u>89,681.65</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,389.46</u>	<u>\$86,235.74</u>	<u>\$ 4,389.46</u>	<u>\$ 90,625.20</u>

CITY OF MORRIDGE
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Nonmajor</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
	Cemetery	Water and Sewer Main		
OPERATING REVENUE:				
Charges for goods and services	\$ 7,375.00	\$ 9,194.97	\$ 16,569.97	\$ 16,569.97
Contributions and donations	105.00	--	105.00	105.00
TOTAL OPERATING REVENUE	<u>7,480.00</u>	<u>9,194.97</u>	<u>16,674.97</u>	<u>16,674.97</u>
OPERATING EXPENSES:				
Other current expense	30,183.55	22,168.35	52,351.90	52,351.90
TOTAL OPERATING EXPENSES	<u>30,183.55</u>	<u>22,168.35</u>	<u>52,351.90</u>	<u>52,351.90</u>
OPERATING LOSS	(22,703.55)	(12,973.38)	(35,676.93)	(35,676.93)
NONOPERATING REVENUE:				
Investment earnings	173.70	2,227.13	2,400.83	2,400.83
TOTAL NONOPERATING REVENUE	<u>173.70</u>	<u>2,227.13</u>	<u>2,400.83</u>	<u>2,400.83</u>
CHANGE IN NET ASSETS	(22,529.85)	(10,746.25)	(33,276.10)	(33,276.10)
NET ASSETS - BEGINNING	25,975.76	96,981.99	122,957.75	122,957.75
NET ASSETS - ENDING	\$ 3,445.91	\$ 86,235.74	\$ 89,681.65	\$ 89,681.65

CITY OF MORRIDGE
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
	Cemetery	Water and Sewer Main	Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	\$ 7,375.00	\$ 9,183.45	\$ 16,558.45
Other operating cash receipts	105.00	--	105.00
Cash payments to suppliers of goods and services	<u>(31,336.51)</u>	<u>(22,168.58)</u>	<u>(36,841.64)</u>
Net cash used by operating activities	(23,856.51)	(12,985.13)	(36,841.64)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>--</u>	<u>--</u>	<u>--</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>--</u>	<u>--</u>	<u>--</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>--</u>	<u>--</u>	<u>--</u>
Net cash provided by investing activities	<u>378.45</u>	<u>2,421.46</u>	<u>2,799.91</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,478.06)	(10,563.67)	(34,041.73)
BALANCES - BEGINNING	<u>26,528.75</u>	<u>96,009.96</u>	<u>122,538.71</u>
BALANCES - ENDING	\$ 3,050.69	\$ 85,446.29	\$ 88,496.98
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	\$ (22,703.55)	\$ (12,973.38)	\$ (35,676.93)
Change in assets and liabilities:			
Receivables	--	(11.52)	(11.52)
Accounts and other payables	<u>(1,152.96)</u>	<u>(.23)</u>	<u>(1,153.19)</u>
Net cash used by operating activities	\$ (23,856.51)	\$ (12,985.13)	\$ (36,841.64)

CITY OF MORRIDGE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures FY 2008
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: Direct Federal Funding: Community Facilities Loans and grants (Note 2)		10.766
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		650,000
U.S. DEPARTMENT OF THE INTERIOR: Indirect Federal Funding: South Dakota Department of Game, Fish & Parks, Save America's Treasures		15.929
TOTAL U.S. DEPARTMENT OF THE INTERIOR		96,507
U.S. DEPARTMENT OF TRANSPORTATION: Indirect Federal Funding: South Dakota Department of Transportation, Airport Improvement Program South Dakota Department of Commerce and Regulation, State and Community Highway Safety Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants		20.106 20.600 20.601
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		16,198
U.S. GENERAL SERVICES ADMINISTRATION: Indirect Federal Funding: South Dakota Federal Property Agency, Donation of Federal Surplus Personal Property (Note 3)		39.003
TOTAL U.S. GENERAL SERVICES ADMINISTRATION		1,501
U.S. DEPARTMENT OF EDUCATION: Indirect Federal Funding: South Dakota Office of Elementary and Secondary Education, Safe and Drug-Free Schools and Communities - State Grants		84.186
TOTAL U.S. DEPARTMENT OF EDUCATION		1,744
GRAND TOTAL		\$765,950

CITY OF MORRIDGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(continued)

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

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

NOTE 3: The amount reported represents 23.3 percent of the original acquisition cost of the federal surplus property received by the City.