

CITY OF MOBRIDGE  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

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CITY OF MOBRIDGE  
CITY OFFICIALS  
DECEMBER 31, 2009

Mayor:

Kyle Jensen

Governing Board:

Rick Godkin

Tom O'Connell

Tony Yellow Boy

Jamie Dietterle

Gene Cox

Dennis Wheeler

City Administrator:

Steve Gasser

Finance Officer:

Heather Beck

Attorney:

Rick Cain

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CITY OF MOBRIDGE  
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CITY OF MOBRIDGE

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**PARTNERS**

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**WITH OFFICES IN**  
LEMMON, SOUTH DAKOTA  
MILLER, SOUTH DAKOTA

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, as of and for the year ended December 31, 2009, which collectively comprise the City of Mobridge, South Dakota's basic financial statements of the City's primary government and have issued our report thereon dated August 9, 2010. 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 and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Current Audit Findings we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City of Mobridge, South Dakota's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings as items 2009-01 through 2009-05 to be material weaknesses.

A significant deficiency is a deficiency or 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 consider the deficiencies described in the accompanying Schedule of Current Audit Findings as items 2009-01 through 2009-05 to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mobridge, South Dakota's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 and which are described in the accompanying Schedule of Current Audit Findings as items 2009-02 and 2009-03.

The City of Mobridge, South Dakota's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. We did not audit the City of Mobridge, 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 Mobridge, South Dakota, in a separate communication dated August 9, 2010.

This report is intended solely for the information and use of 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, this report is a matter of public record and its distribution is not limited.

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August 9, 2010

CITY OF MOBRIDGE  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2009

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PRIOR OTHER AUDIT FINDINGS:

2008-01

A significant deficiency and material weakness was reported for a lack of segregation of duties for revenues, receivables, inventories, payables, capital assets, equity, expenditures and payroll. This condition is restated as current audit finding 2009-01.

2008-02

Capital asset records were not properly established and maintained to support the amounts reported for general capital assets. This resulted in diminished control over capital 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 audit finding 2009-02.

2008-03

Sufficient records do not exist to verify the amounts reported as inventories. This comment has not been corrected and is restated as current audit finding 2009-03.

2008-04

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 audit finding 2009-04.

2008-05

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 audit finding 2009-05.

2008-06

Not in compliance with South Dakota Codified Law (SDCL) 9-21-9. The City exceeded the budget appropriations for the general fund. This comment has been corrected.

2008-07

Not in compliance with SDCL 9-22-6. This comment has been corrected.

CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS  
DECEMBER 31, 2009

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CURRENT AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses and Significant Deficiencies:

2009-01

Criteria

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.

Condition Found

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

Other Information

The City of Mobridge, South Dakota, has a limited number of employees who prepare all records for revenues, receivables, inventories, payables, capital assets, equity, 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.

Recommendation

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

Corrective Action Plan

Due to our size, the City of Mobridge 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, capital assets, equity, expenditures and payroll. We are aware of the problem and are attempting to provide compensating controls wherever and whenever possible and practical.



CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS  
DECEMBER 31, 2009  
(Continued)

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2009-02

Criteria

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

Condition Found

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

Effect

This has resulted in diminished controls over capital 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 capital assets, enterprise capital assets, and depreciation records be established and maintained.

Corrective Action Plan

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

2009-03

Criteria

The City of Mobridge 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.

CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS  
DECEMBER 31, 2009  
(Continued)

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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.

2009-04

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 Mobridge is continuing its work on correcting this deficiency.

CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS  
DECEMBER 31, 2009  
(Continued)

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2009-05

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, Heather Beck, is responsible for the corrective action plan for this finding.

Closing Conference

The contents of this report were discussed with Heather Beck, Finance Officer; Steve Gasser, City Administrator; Kyle Jensen, Mayor; and Jamie Dietterle and Dennis Wheeler, Council Members; on May 11, 2010.

**KOHLMAN, BIERSCHBACH & ANDERSON, LLP**  
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WITH OFFICES IN  
LEMMON, SOUTH DAKOTA  
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

City Council  
City of Mobridge  
Mobridge, 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 Mobridge, South Dakota, as of and for the year ended December 31, 2009, 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 Mobridge'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. An audit also includes 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

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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, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component unit would have been reported as \$1,470,783.06, \$1,434,777.09, \$36,005.97, \$753,897.17, and \$775,121.99.

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, the 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 Mobridge, South Dakota, as of December 31, 2009, or changes in financial position thereof for the year then ended.

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.

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.

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 assets, 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.

In our opinion, because of the effects of the matters discussed in the 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 Mobridge, South Dakota, as of December 31, 2009, or the changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated August 9, 2010, on our consideration of the City of Mobridge'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 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.

The Budgetary Comparison Schedule on pages 21 through 23, is not a required part of the basic financial statements but is 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mobridge's basic financial statements. The combining 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 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.

August 9, 2010

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CITY OF MOBRIDGE  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2009

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$1,297,005.12	\$ 821,778.22	\$2,118,783.34
Accounts receivable, net	233,576.82	41,829.97	275,406.79
Internal balances	(51,684.00)	51,684.00	--
Inventories	--	97,697.81	97,697.81
Prepaid insurance	--	--	--
Deferred charges	--	17,666.55	17,666.55
Restricted Assets:			
Cash and cash equivalents	8,696.50	2,571.42	11,267.92
Capital Assets:			
Land, improvements and construction in progress	167,758.00	104,993.50	272,751.50
Other capital assets, net of depreciation	<u>1,664,704.90</u>	<u>3,343,831.95</u>	<u>5,008,536.85</u>
<b>TOTAL ASSETS</b>	<u>\$3,320,057.34</u>	<u>\$4,482,053.42</u>	<u>\$7,802,110.76</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 127,396.50	\$ 38,943.32	\$ 166,339.82
Other current liabilities	--	--	--
Noncurrent Liabilities:			
Due within one year	172,780.37	105,277.42	278,057.79
Due in more than one year	<u>979,927.77</u>	<u>877,265.83</u>	<u>1,857,193.60</u>
<b>TOTAL LIABILITIES</b>	<u>1,280,104.64</u>	<u>1,021,486.57</u>	<u>2,301,591.21</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	725,478.57	2,498,291.95	3,223,770.52
Restricted for:			
Special revenue funds	35,230.94	--	35,230.94
Debt service purposes	8,696.50	--	8,696.50
Other purposes	--	2,571.42	2,571.42
Unrestricted	<u>1,270,546.69</u>	<u>959,703.48</u>	<u>2,230,250.17</u>
<b>TOTAL NET ASSETS</b>	<u>2,039,952.70</u>	<u>3,460,566.85</u>	<u>5,500,519.55</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$3,320,057.34</u>	<u>\$4,482,053.42</u>	<u>\$7,802,110.76</u>

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CITY OF MOBRIDGE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 260,281.34	\$ 35,089.69	\$ --	\$ --	\$ (225,191.65)	\$ --	\$ (225,191.65)
Public safety	796,032.53	128,763.91	3,122.50	11,754.00	(652,392.12)	--	(652,392.12)
Public works	709,470.92	227,289.30	107,171.27	91,008.58	(284,001.77)	--	(284,001.77)
Health and welfare	7,969.95	--	--	--	(7,969.95)	--	(7,969.95)
Culture and recreation	395,569.88	20,603.03	--	19,444.21	(355,522.64)	--	(355,522.64)
Conservation and development	103,899.37	--	--	--	(103,899.37)	--	(103,899.37)
Miscellaneous expenditures	197.23	2,402.94	--	--	2,205.71	--	2,205.71
*Interest on long-term debt	54,400.19	--	--	--	(54,400.19)	--	(54,400.19)
<b>Total Governmental Activities</b>	<b>2,327,821.41</b>	<b>414,148.87</b>	<b>110,293.77</b>	<b>122,206.79</b>	<b>(1,681,171.98)</b>	<b>--</b>	<b>(1,681,171.98)</b>
<b>Business-Type Activities:</b>							
Water	686,720.34	574,368.01	--	--	--	(112,352.33)	(112,352.33)
Sewer	270,884.24	389,487.04	--	--	--	118,602.80	118,602.80
Cemetery	25,113.85	14,495.00	--	--	--	(10,618.85)	(10,618.85)
Water and sewer main	12,361.11	9,306.97	--	--	--	(3,054.14)	(3,054.14)
<b>Total Business-Type Activities</b>	<b>995,079.54</b>	<b>987,657.02</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(7,422.52)</b>	<b>(7,422.52)</b>
<b>Total Primary Government</b>	<b>\$3,322,900.95</b>	<b>\$1,401,805.89</b>	<b>\$110,293.77</b>	<b>\$122,206.79</b>	<b>(1,681,171.98)</b>	<b>(7,422.52)</b>	<b>(1,688,594.50)</b>
	=====	=====	=====	=====			
<b>General Revenues:</b>							
<b>Taxes:</b>							
					517,847.40	--	517,847.40
					1,447,519.33	--	1,447,519.33
					27,157.81	--	27,157.81
					5,000.00	--	5,000.00
					20,161.77	12,115.47	32,277.24
					43,302.76	--	43,302.76
					(10,000.00)	10,000.00	--
					<b>*2,050,989.07</b>	<b>22,115.47</b>	<b>2,073,104.54</b>
						<b>22,115.47</b>	<b>384,510.04</b>
					<b>1,670,135.61</b>	<b>3,445,873.90</b>	<b>5,116,009.51</b>
					<b>\$ 2,039,952.70</b>	<b>\$3,460,566.85</b>	<b>\$ 5,500,519.55</b>
					=====	=====	=====

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

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CITY OF MOBRIDGE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$1,269,616.16	\$ 27,388.96	\$1,297,005.12
Taxes receivable - delinquent	26,065.38	--	26,065.38
Accounts receivable, net	1,771.61	8,760.73	10,532.34
Special assessments receivable - current	--	--	--
Special assessments receivable - delinquent	7,349.02	--	7,349.02
Due from Capital Projects Funds	97,675.03	--	97,675.03
Due from state government	159,566.22	--	159,566.22
Due from federal government	9,416.00	--	9,416.00
Due from county governments	14,038.35	--	14,038.35
Interest receivable	6,497.07	112.44	6,609.51
Restricted cash and cash equivalents	<u>8,696.50</u>	<u>--</u>	<u>8,696.50</u>
<b>TOTAL ASSETS</b>	<u>\$1,600,691.34</u> =====	<u>\$ 36,262.13</u> =====	<u>\$1,636,953.47</u> =====
 <b>LIABILITIES AND FUND BALANCES:</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 127,396.50	\$ --	\$ 127,396.50
Due to General Fund	--	97,675.03	97,675.03
Deferred revenue	86,218.98	2,953.70	89,172.68
Advance from Sewer Fund	<u>51,684.00</u>	<u>--</u>	<u>51,684.00</u>
<b>TOTAL LIABILITIES</b>	<u>265,299.48</u>	<u>100,628.73</u>	<u>365,928.21</u>

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FUND BALANCES:			
Reserved for:			
Debt Service	8,696.50	--	8,696.50
Unreserved fund balances:			
Designated for:			
Next year's appropriation	179,993.00	--	179,993.00
Other purposes	373,984.80	--	373,984.80
Undesignated	772,717.56	--	772,717.56
Reported in non-major:			
Special Revenue Funds	--	32,277.24	32,277.24
Capital Project Funds	--	<u>(96,643.84)</u>	<u>(96,643.84)</u>
TOTAL FUND BALANCES	<u>1,335,391.86</u>	<u>(64,366.60)</u>	<u>1,271,025.26</u>
TOTAL LIABILITIES AND FUND BALANCES	\$1,600,691.34	\$ 36,262.13	\$1,636,953.47
	=====	=====	=====

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CITY OF MOBRIDGE  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 DECEMBER 31, 2009

Total Fund Balances - Governmental Funds \$ 1,271,025.26

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	\$1,037,425.84	
Accrued leave	45,723.78	
Other long-term debt	<u>69,558.52</u>	(1,152,708.14)

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	\$25,607.12	
Special assessments	5,917.57	
Sales taxes	<u>57,647.99</u>	<u>89,172.68</u>

Net Assets - Governmental Activities \$ 2,039,952.70  
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CITY OF MOBRIDGE  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Taxes:			
General property taxes	\$ 510,858.70	\$ --	\$ 510,858.70
Airflight property tax	896.50	--	896.50
General sales and use taxes	1,345,869.87	89,669.26	1,435,539.13
Gross receipts business taxes	1,968.09	--	1,968.09
Amusement taxes	1,224.00	--	1,224.00
Tax deed revenue	121.95	--	121.95
Penalties and interest on delinquent taxes	1,442.26	--	1,442.26
Licenses and Permits	23,447.53	--	23,447.53
Intergovernmental Revenue:			
Federal grants	48,532.74	12,959.20	61,491.94
State grants	2,911.48	--	2,911.48
State shared revenue:			
Bank franchise tax	5,782.15	--	5,782.15
Motor vehicle commercial prorate	1,496.35	--	1,496.35
Liquor tax reversion	21,375.66	--	21,375.66
Motor vehicle licenses (5%)	18,862.04	--	18,862.04
Local government highway and bridge fund	60,100.00	--	60,100.00
County shared revenue:			
County road tax (25%)	4,107.93	--	4,107.93
County HBR tax (25%)	775.93	--	775.93
County wheel tax	4,017.08	--	4,017.08
Other	1,500.00	--	1,500.00
Other intergovernmental revenues	2,914.90	--	2,914.90

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Charges for Goods and Services:

General government	1,107.16	--	1,107.16
Public safety	108,600.00	8,927.35	117,527.35
Highways and streets	1,477.10	--	1,477.10
Sanitation	225,812.20	--	225,812.20
Culture and recreation	14,613.03	--	14,613.03

Fines and Forfeits:

Court fines and costs	2,290.60	--	2,290.60
Library	8,945.96	--	8,945.96

Miscellaneous Revenue:

Investment earnings	19,776.45	385.32	20,161.77
Rentals	18,927.94	--	18,927.94
Special assessments	61,678.25	--	61,678.25
Contributions and donations from private sources	21,945.51	--	21,945.51
Other	32,684.06	--	32,684.06

TOTAL REVENUE

2,576,063.42	111,941.13	2,688,004.55
--------------	------------	--------------

EXPENDITURES:

General Government:

Legislative	25,313.02	--	25,313.02
Executive	66,234.83	--	66,234.83
Elections	1,752.07	--	1,752.07
Financial administration	102,504.05	--	102,504.05
Other	65,715.36	--	65,715.36

Public Safety:

Police	726,238.35	10,425.30	736,663.65
Fire	55,004.74	--	55,004.74
Other protection	513.58	--	513.58

Public Works:

Highways and streets	469,137.58	--	469,137.58
Sanitation	177,490.85	--	177,490.85
Airport	63,902.00	--	63,902.00

Health and Welfare:

Health	5,969.95	--	5,969.95
Hospitals, nursing homes and rest homes	2,000.00	--	2,000.00

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CITY OF MOBRIDGE  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Culture and Recreation:			
Recreation	46,557.82	--	46,557.82
Parks	117,994.93	--	117,994.93
Libraries	112,930.76	--	112,930.76
Auditorium	113,206.68	5,005.40	118,212.08
Museums	6,000.00	--	6,000.00
Conservation and Development:			
Economic development and assistance (industrial development)	21,899.37	82,000.00	103,899.37
Debt Service	46,854.00	168,390.84	215,244.84
Miscellaneous:			
Liquor operating agreements	<u>197.23</u>	<u>--</u>	<u>197.23</u>
TOTAL EXPENDITURES	<u>2,227,417.17</u>	<u>265,821.54</u>	<u>2,493,238.71</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>348,646.25</u>	<u>(153,880.41)</u>	<u>194,765.84</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	11,948.90	168,390.84	180,339.74
Sale of municipal property	6,203.80	--	6,203.80
Transfers out	<u>(178,390.84)</u>	<u>(11,948.90)</u>	<u>(190,339.74)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(160,238.14)</u>	<u>156,441.94</u>	<u>(3,796.20)</u>
NET CHANGE IN FUND BALANCES	188,408.11	2,561.53	190,969.64
FUND BALANCE - BEGINNING	<u>1,146,983.75</u>	<u>(66,928.13)</u>	<u>1,080,055.62</u>
FUND BALANCE - ENDING	\$1,335,391.86	\$ (64,366.60)	\$1,271,025.26
	=====	=====	=====

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CITY OF MOBRIDGE  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES TO THE  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2009

Net Change in Fund Balances - Total Governmental Funds \$190,969.64

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	\$152,516.85	
Other long-term debt	<u>8,327.80</u>	160,844.65

The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available". 2,232.40

The fund financial statement governmental fund sales tax accruals differ from the government-wide statement sales tax accruals in that the fund financial statements require the amounts to be "available". 11,980.20

Governmental funds report special assessments as revenue when "available", but the statement of activities includes special assessments as revenue upon completion of the project at the point when an enforceable legal claim exists. (782.45)

Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits 4,572.65

Change in Net Assets of Governmental Activities \$369,817.09  
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CITY OF MOBRIDGE  
BALANCE SHEET  
PROPRIETARY FUNDS  
DECEMBER 31, 2009

	<u>Enterprise Funds</u>			<u>Totals</u>
	<u>Major</u>		<u>Nonmajor</u>	
	<u>Water Fund</u>	<u>Sewer Fund</u>		
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 15,203.52	\$ 721,573.18	\$ 85,001.52	\$ 821,778.22
Accounts receivable, net	34,821.76	3,004.34	73.00	37,899.10
Interest receivable	72.93	3,451.38	406.56	3,930.87
Inventory of supplies	<u>85,860.65</u>	<u>11,837.16</u>	<u>--</u>	<u>97,697.81</u>
Total Current Assets	<u>135,958.86</u>	<u>739,866.06</u>	<u>85,481.08</u>	<u>961,306.00</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	--	--	2,571.42	2,571.42
Deferred charges	17,666.55	--	--	17,666.55
Advance to General Fund	--	51,684.00	--	51,684.00
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	<u>(2,779,084.40)</u>	<u>(2,647,733.09)</u>	<u>(18,018.92)</u>	<u>(5,444,836.41)</u>
Total Noncurrent Assets	<u>2,090,265.15</u>	<u>1,426,576.12</u>	<u>3,906.15</u>	<u>3,520,747.42</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,226,224.01</u>	<u>\$ 2,166,442.18</u>	<u>\$ 89,387.23</u>	<u>\$ 4,482,053.42</u>

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LIABILITIES:

Current Liabilities:

Accounts payable	\$ 30,763.02	\$ 5,940.61	\$ 2,239.69	\$ 38,943.32
Bonds payable - current	6,531.71	95,801.86	--	102,333.57
Compensated absences payable - current	<u>1,837.91</u>	<u>1,105.94</u>	<u>--</u>	<u>2,943.85</u>

Total Current Liabilities	<u>39,132.64</u>	<u>102,848.41</u>	<u>2,239.69</u>	<u>144,220.74</u>
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Noncurrent Liabilities:

Bonds payable: Revenue	768,713.00	82,058.35	--	850,771.35
Compensated absences payable - noncurrent	<u>16,541.10</u>	<u>9,953.38</u>	<u>--</u>	<u>26,494.48</u>

Total Noncurrent Liabilities	<u>785,254.10</u>	<u>92,011.73</u>	<u>--</u>	<u>877,265.83</u>
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NET ASSETS:

Invested in capital assets, net of related debt	1,297,353.89	1,197,031.91	3,906.15	2,498,291.95
Restricted net assets, restricted for: Other purposes	--	--	2,571.42	2,571.42
Unrestricted net assets	<u>104,483.38</u>	<u>774,550.13</u>	<u>80,669.97</u>	<u>959,703.48</u>

Total Net Assets	<u>1,401,837.27</u>	<u>1,971,582.04</u>	<u>87,147.54</u>	<u>3,460,566.85</u>
------------------	---------------------	---------------------	------------------	---------------------

TOTAL LIABILITIES AND  
NET ASSETS

\$ 2,226,224.01	\$ 2,166,442.18	\$ 89,387.23	\$ 4,482,053.42
=====	=====	=====	=====

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CITY OF MOBRIDGE  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Enterprise Funds</u>			<u>Totals</u>
	<u>Major</u>		<u>Nonmajor</u>	
	<u>Water Fund</u>	<u>Sewer Fund</u>		
OPERATING REVENUE:				
Charges for goods and services	\$ 572,158.46	\$ 389,487.04	\$ 23,801.97	\$ 985,447.47
Miscellaneous	<u>2,209.55</u>	<u>--</u>	<u>--</u>	<u>2,209.55</u>
TOTAL OPERATING REVENUE	<u>574,368.01</u>	<u>389,487.04</u>	<u>23,801.97</u>	<u>987,657.02</u>
OPERATING EXPENSES:				
Personal services	210,070.20	123,814.04	--	333,884.24
Other current expense	<u>440,406.66</u>	<u>140,216.65</u>	<u>37,474.96</u>	<u>618,098.27</u>
TOTAL OPERATING EXPENSES	<u>650,476.86</u>	<u>264,030.69</u>	<u>37,474.96</u>	<u>951,982.51</u>
OPERATING INCOME (LOSS)	<u>(76,108.85)</u>	<u>125,456.35</u>	<u>13,672.99)</u>	<u>35,674.51</u>
NONOPERATING REVENUE (EXPENSE):				
Investment earnings	1,747.01	9,229.58	1,138.88	12,115.47
Interest expense	<u>(36,243.48)</u>	<u>(6,853.55)</u>	<u>--</u>	<u>(43,097.03)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(34,496.47)</u>	<u>2,376.03</u>	<u>1,138.88</u>	<u>(30,981.56)</u>
INCOME (LOSS) BEFORE TRANSFERS	(110,605.32)	127,832.38	(12,534.11)	4,692.95
TRANSFERS IN	<u>--</u>	<u>--</u>	<u>10,000.00</u>	<u>10,000.00</u>
CHANGE IN NET ASSETS	(110,605.32)	127,832.38	(2,534.11)	14,692.95
NET ASSETS - BEGINNING	<u>1,512,442.59</u>	<u>1,843,749.66</u>	<u>89,681.65</u>	<u>3,445,873.90</u>
NET ASSETS - ENDING	<u>1,401,837.27</u>	<u>\$1,971,582.04</u>	<u>\$ 87,147.54</u>	<u>\$3,460,566.85</u>

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CITY OF MOBRIDGE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Enterprise Funds</u>			<u>Totals</u>
	<u>Major</u>			
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 584,074.19	\$ 389,240.97	\$ 23,797.86	\$ 997,113.02
Cash payments to employees for services	(210,070.20)	--	--	(210,070.20)
Cash payments to suppliers of goods and services	<u>(419,207.21)</u>	<u>(258,829.03)</u>	<u>(36,178.82)</u>	<u>(714,215.06)</u>
Net cash provided (used) by operating activities	<u>(45,203.22)</u>	<u>130,411.94</u>	<u>(12,380.96)</u>	<u>72,827.76</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	<u>--</u>	<u>--</u>	<u>10,000 00</u>	<u>10,000 00</u>
Net cash provided by noncapital financing activities	<u>--</u>	<u>--</u>	<u>10,000.00</u>	<u>10,000.00</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital debt	(106,370.95)	(92,973.97)	--	(199,344.92)
Interest paid on capital debt	(32,710.97)	(6,853.55)	--	(39,564.52)
Other receipts	<u>--</u>	<u>25,843.00</u>	<u>--</u>	<u>25,843.00</u>
Net cash used by capital and related financing activities	<u>(139,081.92)</u>	<u>(73,984.52)</u>	<u>--</u>	<u>(213,066.44)</u>

CASH FLOWS FROM INVESTING  
ACTIVITIES:

Cash received for interest	<u>3,366.79</u>	<u>11,315.42</u>	<u>1,456.92</u>	<u>16,139.13</u>
Net cash provided by investing activities	<u>3,366.79</u>	<u>11,315.42</u>	<u>1,456.92</u>	<u>16,139.13</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(180,918.35)	67,742.84	(924.04)	(114,099.55)
BALANCES - BEGINNING	<u>196,121.87</u>	<u>653,830.34</u>	<u>88,496.98</u>	<u>938,449.19</u>
BALANCES - ENDING	<u>\$ 15,203.52</u>	<u>\$ 721,573.18</u>	<u>\$ 87,572.94</u>	<u>\$ 824,349.64</u>

RECONCILIATION OF  
OPERATING INCOME (LOSS)  
TO NET CASH PROVIDED  
(USED) BY OPERATING  
ACTIVITIES:

Operating income (loss)	\$ (76,108.85)	\$ 125,456.35	\$(13,672.99)	\$ 35,674.51
Change in assets and liabilities:				
Receivables	9,706.18	(246.07)	(4.11)	9,456.00
Inventories	(1,401.76)	9,939.12	--	8,537.36
Prepaid expense	3,466.11	1,651.59	--	5,117.70
Accounts and other payables	19,805.32	(5,729.29)	1,296.14	15,372.17
Accrued leave payable	<u>(670.22)</u>	<u>(659.76)</u>	<u>--</u>	<u>(1,329.98)</u>
Net cash provided (used) by operating activities	<u>\$ (45,203.22)</u>	<u>\$ 130,411.94</u>	<u>\$(12,380.96)</u>	<u>\$ 72,827.76</u>

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REQUIRED SUPPLEMENTARY INFORMATION  
 CITY OF MOBRIDGE  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget - Positive (Negative)</u>
REVENUES:				
Taxes:				
General property taxes	\$ 528,200.00	\$ 528,200.00	\$ 510,858.70	\$(17,341.30)
Airflight property tax	1,300.00	1,300.00	896.50	(403.50)
General sales and use taxes	1,250,000.00	1,250,000.00	1,345,869.87	95,869.87
Gross receipts business taxes	1,650.00	1,650.00	1,968.09	318.09
Amusement taxes	1,200.00	1,200.00	1,224.00	24.00
Tax deed revenue	625.00	625.00	121.95	(503.05)
Penalties and interest on delinquent taxes	1,600.00	1,600.00	1,442.26	(157.74)
License and Permits	22,300.00	22,300.00	23,447.53	1,147.53
Intergovernmental Revenue:				
Federal grants	--	--	48,532.74	48,532.74
State grants	16,853.00	16,853.00	2,911.48	(13,941.52)
State shared revenue:				
Bank franchise tax	7,000.00	7,000.00	5,782.15	(1,217.85)
Motor vehicle commercial prorata	3,300.00	3,300.00	1,496.35	(1,803.65)
Liquor tax reversion	19,500.00	19,500.00	21,375.66	1,875.66
Motor vehicle licenses (5%)	13,000.00	13,000.00	18,862.04	5,862.04
Local government highway and bridge fund	54,000.00	54,000.00	60,100.00	6,100.00
County shared revenue:				
County road tax (25%)	4,100.00	4,100.00	4,107.93	7.93
County HBR tax (25%)	800.00	800.00	775.93	(24.07)
County wheel tax	3,800.00	3,800.00	4,017.08	217.08
Other	1,000.00	1,080.00	1,500.00	420.00
Other intergovernmental revenues	2,500.00	2,500.00	2,914.90	414.90
Charges for Goods and Services:				
General government	900.00	900.00	1,107.16	207.16
Public safety	106,800.00	106,800.00	108,600.00	1,800.00
Highways and streets	2,600.00	2,600.00	1,477.10	(1,122.90)
Sanitation	217,200.00	237,800.00	225,812.20	(11,987.80)
Culture and recreation	19,000.00	19,000.00	14,613.03	(4,386.97)

Fines and Forfeits:				
Court fines and costs	2,300.00	2,300.00	2,290.60	(9.40)
Library	5,400.00	5,400.00	8,945.96	3,545.96
Miscellaneous Revenue:				
Investment earnings	15,500.00	15,500.00	19,776.45	4,276.45
Rentals	23,870.00	23,870.00	18,927.94	(4,942.06)
Special assessments	64,800.00	64,800.00	61,678.25	(3,121.75)
Contributions and donations from private sources	28,254.00	28,254.00	21,945.51	(6,308.49)
Other	<u>23,652.00</u>	<u>23,652.00</u>	<u>32,684.06</u>	<u>9,032.06</u>
<b>TOTAL REVENUE</b>	<b><u>2,443,004.00</u></b>	<b><u>2,463,684.00</u></b>	<b><u>2,576,063.42</u></b>	<b><u>112,379.42</u></b>
EXPENDITURES:				
General Government:				
Legislative	26,735.00	26,735.00	25,313.02	1,421.98
Executive	68,313.00	71,611.00	66,234.83	5,376.17
Elections	1,675.00	1,775.00	1,752.07	22.93
Financial administration	102,162.00	102,662.00	102,504.05	157.95
Other	84,194.00	85,994.00	65,715.36	20,278.64
Public Safety:				
Police	733,739.00	733,739.00	726,238.35	7,500.65
Fire	71,534.00	71,534.00	55,004.74	16,529.26
Other protection	230.00	580.00	513.58	66.42
Public Works:				
Highways and streets	484,596.00	484,596.00	469,137.58	15,458.42
Sanitation	156,500.00	177,100.00	177,490.85	(390.85)
Airport	54,300.00	64,800.00	63,902.00	898.00
Health and Welfare:				
Health	15,500.00	15,500.00	5,969.95	9,530.05
Hospitals, nursing homes, and rest homes	2,000.00	2,000.00	2,000.00	--
Culture and Recreation:				
Recreation	76,441.00	76,441.00	46,557.82	29,883.18
Parks	114,100.00	119,620.00	117,994.93	1,625.07
Libraries	113,860.00	113,860.00	112,930.76	929.24
Auditorium	121,749.00	121,749.00	113,206.68	8,542.32
Museums	6,000.00	6,000.00	6,000.00	--

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REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF MOBRIDGE  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget - Positive (Negative)</u>
Conservation and Development: Economic development and assistance (industrial development)	21,198.00	22,748.00	21,899.37	848.63
Debt Service	91,598.00	91,598.00	46,854.00	44,744.00
Miscellaneous: Liquor operating agreements	<u>225.00</u>	<u>305.00</u>	<u>197.23</u>	<u>107.77</u>
TOTAL EXPENDITURES	<u>2,346,649.00</u>	<u>2,390,947.00</u>	<u>2,227,417.17</u>	<u>163,529.83</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>96,355.00</u>	<u>72,737.00</u>	<u>348,646.25</u>	<u>275,909.25</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	--	--	11,948.90	11,948.90
Sale of municipal property	--	--	6,203.80	6,203.80
Transfers out	<u>(442,347.00)</u>	<u>(442,347.00)</u>	<u>(178,390.84)</u>	<u>263,956.16</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(442,347.00)</u>	<u>(442,347.00)</u>	<u>(160,238.14)</u>	<u>282,108.86</u>
NET CHANGE IN FUND BALANCES	(345,992.00)	(369,610.00)	188,408.11	558,018.11
FUND BALANCE - BEGINNING	<u>1,146,983.75</u>	<u>1,146,983.75</u>	<u>1,146,983.75</u>	<u>--</u>
FUND BALANCE - ENDING	<u>\$ 800,991.75</u>	<u>\$ 777,373.75</u>	<u>\$1,335,391.86</u>	<u>\$558,018.11</u>

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CITY OF MOBRIDGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A  
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND  
DECEMBER 31, 2009

Note 1 - Budgets and Budgetary Accounting

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

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

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CITY OF MOBRIDGE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2009

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	24/7 Sobriety Fund	Railroad Crossing Fund	Mural Restoration Fund	Bike Path Trail Fund	Total Nonmajor Governmental Funds
<b>ASSETS:</b>							
Cash and cash equivalents	\$16,571.55	\$6,934.12	\$2,852.10	\$ --	\$20.61	\$1,010.58	\$ 27,388.96
Accounts receivable, net	8,760.73	--	--	--	--	--	8,760.73
Interest receivable	<u>79.27</u>	<u>33.17</u>	--	--	--	--	<u>112.44</u>
<b>TOTAL ASSETS</b>	<b>\$25,411.55</b>	<b>\$6,967.29</b>	<b>\$2,852.10</b>	<b>\$ --</b>	<b>\$20.61</b>	<b>\$1,010.58</b>	<b>\$ 36,262.13</b>
	=====	=====	=====	=====	=====	=====	=====
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>LIABILITIES:</b>							
Accounts payable	\$ --	\$ --	\$ --	\$ 97,675.03	\$ --	\$ --	\$ 97,675.03
Deferred revenue	<u>2,953.70</u>	--	--	--	--	--	<u>2,953.70</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,953.70</u></b>	<b>--</b>	<b>--</b>	<b>97,675.03</b>	<b>--</b>	<b>--</b>	<b>100,628.73</b>
<b>FUND BALANCES:</b>							
Unreserved Fund Balances:							
Undesignated, reported							
in non-major:							
Special Revenue Funds	22,457.85	6,967.29	2,852.10	--	--	--	32,277.24
Capital Project Funds	<u>--</u>	<u>--</u>	<u>--</u>	<u>(97,675.03)</u>	<u>20.61</u>	<u>1,010.58</u>	<u>(96,643.84)</u>
<b>TOTAL FUND BALANCES</b>	<b><u>22,457.85</u></b>	<b><u>6,967.29</u></b>	<b><u>2,852.10</u></b>	<b><u>(97,675.03)</u></b>	<b><u>20.61</u></b>	<b><u>1,010.58</u></b>	<b><u>(64,366.60)</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$25,411.55</b>	<b>\$6,967.29</b>	<b>\$2,852.10</b>	<b>\$ --</b>	<b>\$20.61</b>	<b>\$1,010.58</b>	<b>\$ 36,262.13</b>
	=====	=====	=====	=====	=====	=====	=====

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CITY OF MOBRIDGE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2009

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	24/7 Sobriety Fund	Debt Service Fund	Railroad Crossing Fund	Auditorium Fund	Mural Restoration Fund	Bike Path Trail Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>									
Taxes:									
General sales and use taxes	\$89,669.26	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 89,669.26
Intergovernmental Revenue:									
Federal grants	--	--	--	--	--	12,959.20	--	--	12,959.20
Charges for Goods and Services:									
Public safety	--	--	8,927.35	--	--	--	--	--	8,927.35
Miscellaneous Revenue:									
Investment earnings	296.08	89.24	--	--	--	--	--	--	385.32
<b>TOTAL REVENUE</b>	<b>89,965.34</b>	<b>89.24</b>	<b>8,927.35</b>	<b>--</b>	<b>--</b>	<b>12,959.20</b>	<b>--</b>	<b>--</b>	<b>111,941.13</b>
<b>EXPENDITURES:</b>									
Public Safety:									
Police	--	--	10,425.30	--	--	--	--	--	10,425.30
Culture and Recreation:									
Auditorium	--	--	--	--	--	5,005.40	--	--	5,005.40
Conservation and Development:									
Economic development and assistance (industrial development)	82,000.00	--	--	--	--	--	--	--	82,000.00
Debt Service	--	--	--	168,390.84	--	--	--	--	168,390.84
<b>TOTAL EXPENDITURES</b>	<b>82,000.00</b>	<b>--</b>	<b>10,425.30</b>	<b>168,390.84</b>	<b>--</b>	<b>5,005.40</b>	<b>--</b>	<b>--</b>	<b>265,821.54</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,965.34</b>	<b>89.24</b>	<b>(1,497.95)</b>	<b>(168,390.84)</b>	<b>--</b>	<b>7,953.80</b>	<b>--</b>	<b>--</b>	<b>(153,880.41)</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	--	--	--	168,390.84	--	--	--	--	168,390.84
Transfers out	--	--	--	--	--	(11,948.90)	--	--	(11,948.90)
<b>NET CHANGE IN FUND BALANCES</b>	<b>7,965.34</b>	<b>89.24</b>	<b>(1,497.95)</b>	<b>--</b>	<b>--</b>	<b>(3,995.10)</b>	<b>--</b>	<b>--</b>	<b>2,561.53</b>
<b>FUND BALANCE - BEGINNING</b>	<b>14,492.51</b>	<b>6,878.05</b>	<b>4,350.05</b>	<b>--</b>	<b>(97,675.03)</b>	<b>3,995.10</b>	<b>20.61</b>	<b>1,010.58</b>	<b>(66,928.13)</b>
<b>FUND BALANCE - ENDING</b>	<b>\$22,457.85</b>	<b>\$6,967.29</b>	<b>\$ 2,852.10</b>	<b>\$ --</b>	<b>\$(97,675.03)</b>	<b>\$ --</b>	<b>\$20.61</b>	<b>\$1,010.58</b>	<b>\$ (64,366.60)</b>

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CITY OF MOBRIDGE  
 COMBINING BALANCE SHEET  
 NONMAJOR ENTERPRISE FUNDS  
 DECEMBER 31, 2009

	<u>Cemetery Fund</u>	<u>Water and Sewer Main Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 1,177.25	\$83,824.27	\$ 85,001.52
Accounts receivable, net	--	73.00	73.00
Interest receivable	<u>5.63</u>	<u>400.93</u>	<u>406.56</u>
<b>Total Current Assets</b>	<u>1,182.88</u>	<u>84,298.20</u>	<u>85,481.08</u>
<b>Noncurrent Assets:</b>			
Restricted cash and cash equivalents	2,571.42	--	2,571.42
<b>Capital assets:</b>			
Land	565.00	--	565.00
Machinery and equipment	18,788.65	--	18,788.65
Less: Accumulated depreciation	<u>(18,018.92)</u>	<u>--</u>	<u>(18,018.92)</u>
<b>Total Noncurrent Assets</b>	<u>3,906.15</u>	<u>--</u>	<u>3,906.15</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,089.03</u> =====	<u>\$84,298.20</u> =====	<u>\$ 89,387.23</u> =====
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ <u>2,237.03</u>	\$ <u>2.66</u>	\$ <u>2,239.69</u>
<b>Total Current Liabilities</b>	<u>2,237.03</u>	<u>2.66</u>	<u>2,239.69</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	3,906.15	--	3,906.15
<b>Restricted net assets, restricted for:</b>			
Other purposes	2,571.42	--	2,571.42
Unrestricted net assets	<u>(3,625.57)</u>	<u>84,295.54</u>	<u>80,669.97</u>
<b>Total Net Assets</b>	<u>2,852.00</u>	<u>84,295.54</u>	<u>87,147.54</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,089.03</u> =====	<u>\$84,298.20</u> =====	<u>\$ 89,387.23</u> =====

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CITY OF MOBRIDGE  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Cemetery Fund</u>	<u>Water and Sewer Main Fund</u>	<u>Total</u>
OPERATING REVENUE:			
Charges for goods and services	\$ <u>14,495.00</u>	\$ <u>9,306.97</u>	\$ <u>23,801.97</u>
TOTAL OPERATING REVENUE	<u>14,495.00</u>	<u>9,306.97</u>	<u>23,801.97</u>
OPERATING EXPENSES:			
Other current expense	<u>25,113.85</u>	<u>12,361.11</u>	<u>37,474.96</u>
TOTAL OPERATING EXPENSES	<u>25,113.85</u>	<u>12,361.11</u>	<u>37,474.96</u>
OPERATING LOSS	<u>(10,618.85)</u>	<u>(3,054.14)</u>	<u>(13,672.99)</u>
NONOPERATING REVENUE:			
Investment earnings	24.94	1,113.94	1,138.88
Transfers in	<u>10,000.00</u>	<u>--</u>	<u>10,000.00</u>
TOTAL NONOPERATING REVENUE	<u>10,024.94</u>	<u>1,113.94</u>	<u>11,138.88</u>
CHANGE IN NET ASSETS	(593.91)	(1,940.20)	(2,534.11)
NET ASSETS - BEGINNING	<u>3,445.91</u>	<u>86,235.74</u>	<u>89,681.65</u>
NET ASSETS - ENDING	\$ <u>2,852.00</u> =====	\$ <u>84,295.54</u> =====	\$ <u>87,147.54</u> =====

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CITY OF MOBRIDGE  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

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	Cemetery Fund	Water and Sewer Main Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	\$ 14,495.00	\$ 9,302.86	\$ 23,797.86
Cash payments to suppliers of goods and services	<u>(23,820.37)</u>	<u>(12,358.45)</u>	<u>(36,178.82)</u>
Net cash used by operating activities	<u>(9,325.37)</u>	<u>(3,055.59)</u>	<u>(12,380.96)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	<u>10,000.00</u>	<u>  --</u>	<u>10,000.00</u>
Net cash provided by non- capital financing activities	<u>10,000.00</u>	<u>  --</u>	<u>10,000.00</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>  --</u>	<u>  --</u>	<u>  --</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received for interest	<u>23.35</u>	<u>1,433.57</u>	<u>1,456.92</u>
Net cash provided by investing activities	<u>23.35</u>	<u>1,433.57</u>	<u>1,456.92</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	697.98	(1,622.02)	(924.04)
BALANCES - BEGINNING	<u>3,050.69</u>	<u>85,446.29</u>	<u>88,496.98</u>
BALANCES - ENDING	\$ 3,748.67 =====	\$ 83,824.27 =====	\$ 87,572.94 =====
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	\$(10,618.85)	\$ (3,054.14)	\$(13,672.99)
Change in assets and liabilities:			
Receivables	--	(4.11)	(4.11)
Accounts and other payables	<u>1,293.48</u>	<u>2.66</u>	<u>1,296.14</u>
Net cash used by operating activities	\$ (9,325.37) =====	\$ (3,055.59) =====	\$(12,380.96) =====