

**CITY OF MOBRIDGE**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**CITY OF MOBRIDGE**  
**CITY OFFICIALS**  
**DECEMBER 31, 2013**

---

Mayor:

Jamie Dietterle

Governing Board:

Gene Cox, President  
Amy Cerney, Vice President  
Rose Henderson  
Tom O'Connell  
Tony Yellowboy  
Randy Carlson

City Administrator:

Steve Gasser

Finance Officer:

Heather Beck

Attorney:

Rick Cain

# CITY OF MOBRIDGE

## TABLE OF CONTENTS

---

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	1 - 2
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With OMB Circular A-133	3 - 4
Schedule of Prior Audit Findings and Questioned Costs	5
Schedule of Current Audit Findings and Questioned Costs	6 - 10
Independent Auditors' Report	11 - 13
Basic Financial Statements:	
Government-Wide Financial Statements:	
As of December 31, 2013:	
Statement of Net Position	14
Year Ended December 31, 2013:	
Statement of Activities	15
Fund Financial Statements:	
Governmental Funds:	
As of December 31, 2013:	
Balance Sheet	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Year Ended December 31, 2013:	
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Proprietary Funds:	
As of December 31, 2013:	
Statement of Net Position	20

# CITY OF MOBRIDGE

## TABLE OF CONTENTS (Continued)

---

	<u>Page</u>
Year Ended December 31, 2013:	
Statement of Revenues, Expenses and Changes in Fund Net Position	21
Statement of Cash Flows	22
Supplementary Information:	
Combining Financial Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds	23
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	24
Combining Statement of Net Position - Nonmajor Proprietary Funds	25
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Proprietary Funds	26
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	27
Schedule of Expenditures of Federal Awards	28

**KOHLMAN, BIERSCHBACH & ANDERSON, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

WILLIAM J BACHMEIER, CPA  
ROY R FAUTH, CPA

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 OFFICE IN  
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' 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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota (City), as of December 31, 2013, and for the year then ended, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 9, 2014, which was adverse because of financial statement deficiencies.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Current Audit Findings and Questioned Costs, we identified certain deficiencies in internal control 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'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 and Questioned Costs as items 2013-01 through 2013-06 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 and Questioned Costs as items 2013-01 and 2013-03.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

October 9, 2014

*Kehlman, Denaubach to Anderson, LLP*

**KOHLMAN, BIERSCHBACH & ANDERSON, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

WILLIAM J BACHMEIER, CPA  
ROY R FAUTH, CPA

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 OFFICE IN  
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City Council  
City of Mobridge  
Mobridge, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the City of Mobridge, South Dakota (City), compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended December 31, 2013. The City's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above.

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'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 on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Mobridge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

*Kohlman, Benschel & Anderson, LLP*

October 9, 2014

**CITY OF MOBRIDGE**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2013**

---

PRIOR FEDERAL AUDIT FINDINGS:

2012-01

Condition Found

A material weakness was reported affecting the Equipment and Real Property compliance requirements that indicate recipients of federal awards should have an adequate equipment and property management system. The City's list of assets was found to be incomplete and lacking in supporting documentation. This deficiency has not been corrected and is restated as current other audit finding 2013-01.

Corrective Action Plan

The City agrees with the finding and will work on updating their records as soon as possible.

PRIOR OTHER AUDIT FINDINGS:

2012-02

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, and payroll. This comment has not been corrected and is restated as current other audit finding 2013-02.

2012-03

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 2013-03.

2012-04

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 other audit finding 2013-04.

2012-05

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 2013-05.

2012-06

The City overspent the annual appropriations ordinance for several departments without adopting a supplemental appropriations ordinance. This finding was corrected for 2013.

2012-07

The City failed to publish appropriations ordinances or supplemental appropriations ordinances for several funds. This finding was corrected for 2013.

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2013**

---

SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS:

Financial Statements:

- a. An adverse opinion on the financial statements of each opinion unit was issued because of financial statement deficiencies.
- b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2013-01 through 2013-06.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards:

- d. An unmodified opinion was issued on compliance with the requirements applicable to the major program.
- 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, §.510(a).
- f. The federal award tested as a major program was:
  - a. Capitalization Grants for Clean Water State Revolving Funds - Recovery Act #66.458
- 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 compliance audit findings to report.

CURRENT OTHER AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

2013-01

Criteria

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

Condition Found

A 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 the users of the financial statements

Recommendation

The City should conduct a comprehensive physical inventory of all fixed assets and update the subsidiary records accordingly. Costs (or estimated costs) of the assets should be properly documented.

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2013**  
**(Continued)**

---

Corrective Action Plan

The City agrees with the finding and will work on updating their records as soon as feasible. The contact person for this finding is Jamie Dietterle, Mayor.

2013-02

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 material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, and payroll.

Effect

The City has a limited number of employees who prepare all records for cash, 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 cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, and payroll.

Corrective Action Plan

The City has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, and payroll and accepts the risks involved. The Council is aware of the problem and will attempt to provide compensating controls wherever and whenever possible and practical. The Finance Officer, Heather Beck, is responsible for the corrective action plan for this finding.

2013-03

Criteria

SDCL 5-24-1 states that municipal officers or employees, having in their custody any public personal property, requiring inventory, as defined in rules issued by the commissioner of the Bureau of Administration shall annually on the thirty-first day of December, or within ten days thereafter, make in duplicate an inventory of all the public personal property. SDCL 5-24-2 states inventories required by §5-24-1 shall show the actual cost for each item, or the estimated cost at the time of acquisition, if the actual cost cannot be ascertained. In the case of gifts, the estimated fair market value at the time of acquisition shall be used.

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

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2013**  
**(Continued)**

---

Condition Found

A 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 5-24-1 or 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, counted within 10 days of the end of the year as per SDCL 5-24-1, and valued using the actual cost or the estimated cost at the time of acquisition as per SDCL 5-24-2. We also recommend more controls be implemented at the airport. An inventory count should be performed by management and reconciled by the Finance Officer on at least a quarterly basis.

Corrective Action Plan

The City will attempt to complete an accurate inventory listing in the future. The contact person for this finding is Jamie Dietterle, Mayor. The City is working on this finding and it has not been resolved.

2013-04

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 accepts the risks associated with this deficiency. The Council is aware of the problem and will attempt to provide compensating controls wherever and whenever possible and practical. The contact person for this finding is Jamie Dietterle, Mayor.

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2013**  
**(Continued)**

---

2013-05

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.

2013-06

Criteria

The City's Finance Officer has access to the Mayor's signature stamp without restriction. The City's internal control structure should be designed to prevent unauthorized use.

Condition Found

The City does not have controls in place to restrict access of the Mayor's signature stamp.

Effect

This condition may allow for the unauthorized use of the signature stamp to issue checks without proper approval or review from the City Council.

Recommendation

The City should have controls in place that restrict the use and access of this stamp to the Mayor.

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2013**  
**(Continued)**

---

Corrective Action Plan

Management accepts the risk associated with lack of controls over the signature stamp of the Mayor. The City Council will continue to provide oversight and review of financial transactions to mitigate the risk associated with this condition as much as possible. Jamie Dietterle, Mayor, is the person 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; Amy Cerney, Council Member; and Jamie Dietterle, Mayor, on August 18, 2014.

**KOHLMAN, BIERSCHBACH & ANDERSON, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

WILLIAM J BACHMEIER, CPA  
ROY R FAUTH, CPA

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  
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

City Council  
City of Mobridge  
Mobridge, South Dakota

Report on the Financial Statements

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 (City), as of December 31, 2013, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion

The financial statements referred to above include only the primary government of the City, which consist of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. 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 financial data for the City's legally separate component units to be reported with the financial data of the City's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

Management has not recorded certain capital assets in the governmental 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 position, and expenses of the governmental activities and business-type activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental and business-type activities has not been determined.

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 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.

#### Adverse Opinion

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" paragraphs, the financial statements referred to previously do not present fairly the financial position of the activities reporting entity of the City of Mobridge as of December 31, 2013, or the changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Matters

##### Required Supplementary Information

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

##### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, however, for reasons stated in the "Basis for Adverse Opinion" paragraphs, 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 Schedule of Expenditures of Federal Awards or the accompanying combining nonmajor fund financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated, October 9, 2014 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements 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 in considering the City's internal control over financial reporting and compliance.

*Kohlman, Biehn & Anderson, LLP*

October 9, 2014

**CITY OF MOBRIDGE**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 954,298	\$ 759,490	\$ 1,713,788
Investments	1,086,702	1,011,178	2,097,880
Accounts receivable, net	464,005	75,516	539,521
Inventory of supplies	34,249	157,493	191,742
Prepaid expenses	24,129	-	24,129
Restricted cash and cash equivalents	182,326	6,356	188,682
Capital Assets:			
Land, improvements and construction in progress	167,758	104,994	272,752
Other capital assets, net of depreciation	1,664,704	4,503,856	6,168,560
<b>TOTAL ASSETS</b>	<u>4,578,171</u>	<u>6,618,883</u>	<u>11,197,054</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred charge on refunding	-	3,533	3,533
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>3,533</u>	<u>3,533</u>
<b>LIABILITIES:</b>			
Accounts payable	72,424	37,201	109,625
Other current liabilities	23,195	-	23,195
Noncurrent Liabilities:			
Due within one year	61,114	93,524	154,638
Due in more than one year	1,850,120	837,718	2,687,838
<b>TOTAL LIABILITIES</b>	<u>2,006,853</u>	<u>968,443</u>	<u>2,975,296</u>
<b>NET POSITION:</b>			
Net investment in capital assets	-	3,699,060	3,699,060
Restricted for:			
Capital project purposes	80,448	-	80,448
Debt service purposes	57,133	9,497	66,630
Other purposes	241,285	2,571	243,856
Unrestricted	2,192,452	1,942,845	4,135,297
<b>TOTAL NET POSITION</b>	<u>\$ 2,571,318</u>	<u>\$ 5,653,973</u>	<u>\$ 8,225,291</u>

**CITY OF MOBRIDGE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 284,916	\$ 34,762	\$ -	\$ 10,000	\$ (240,154)		\$ (240,154)
Public safety	926,293	182,187	19,831	27,304	(696,971)		(696,971)
Public works	2,390,414	406,003	148,761	452,714	(1,382,936)		(1,382,936)
Health and welfare	9,771	-	-	-	(9,771)		(9,771)
Culture and recreation	547,606	-	7,691	144,136	(395,779)		(395,779)
Conservation and development	146,755	-	-	-	(146,755)		(146,755)
Miscellaneous expenditures	96	-	-	-	(96)		(96)
*Interest on long-term debt	29,288	-	-	-	(29,288)		(29,288)
<b>Total Governmental Activities</b>	<b>4,335,139</b>	<b>622,952</b>	<b>176,283</b>	<b>634,154</b>	<b>(2,901,750)</b>		<b>(2,901,750)</b>
Business-Type Activities:							
Water	611,111	806,912	-	-	-	\$ 195,801	195,801
Sewer	292,399	389,737	-	-	-	97,338	97,338
Cemetery	38,212	20,300	-	-	-	(17,912)	(17,912)
Water and sewer main	47,220	10,310	-	-	-	(36,910)	(36,910)
<b>Total Business-Type Activities</b>	<b>988,942</b>	<b>1,227,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>238,317</b>	<b>238,317</b>
<b>Total Primary Government</b>	<b>\$ 5,324,081</b>	<b>\$ 1,850,211</b>	<b>\$ 176,283</b>	<b>\$ 634,154</b>	<b>(2,901,750)</b>	<b>238,317</b>	<b>(2,663,433)</b>
General Revenues:							
Taxes:							
Property taxes					591,048	-	591,048
Sales taxes					1,712,561	-	1,712,561
State shared revenues					35,218	-	35,218
Unrestricted investment earnings					5,476	4,478	9,954
Miscellaneous revenue					42,960	9,950	52,910
Transfers					(25,000)	25,000	-
<b>Total General Revenues and Transfers</b>					<b>2,362,263</b>	<b>39,428</b>	<b>2,401,691</b>
Change in Net Position					(539,487)	277,745	(261,742)
Net Position - Beginning					3,110,805	5,376,228	8,487,033
Net Position - Ending					<b>\$2,571,318</b>	<b>\$ 5,653,973</b>	<b>\$8,225,291</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.

**CITY OF MOBRIDGE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2013**

	General Fund	Storm Sewer Project Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 786,891	\$ -	\$ 167,407	\$ 954,298
Investments	1,068,660	-	18,042	1,086,702
Taxes receivable - delinquent	48,162	-	-	48,162
Accounts receivable, net	9,296	-	795	10,091
Special assessments receivable - delinquent	11,489	-	-	11,489
Due from capital projects funds	246,545	-	-	246,545
Due from state government	157,397	-	20,527	177,924
Due from federal government	-	10,669	202,887	213,556
Interest receivable	2,748	-	35	2,783
Inventory of supplies	34,249	-	-	34,249
Prepaid expenses	24,129	-	-	24,129
Restricted cash and cash equivalents	182,326	-	-	182,326
<b>TOTAL ASSETS</b>	<b><u>\$2,571,892</u></b>	<b><u>\$ 10,669</u></b>	<b><u>\$ 409,693</u></b>	<b><u>\$ 2,992,254</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 66,781	\$ -	\$ 5,643	\$ 72,424
Due to the General Fund	-	9,143	237,402	246,545
Accrued taxes payable	23,195	-	-	23,195
<b>TOTAL LIABILITIES</b>	<b><u>89,976</u></b>	<b><u>9,143</u></b>	<b><u>243,045</u></b>	<b><u>342,164</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	39,878	-	-	39,878
Unavailable revenue - special assessments	10,313	-	-	10,313
Other deferred inflows of resources	5,615	-	2,559	8,174
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>55,806</u></b>	<b><u>-</u></b>	<b><u>2,559</u></b>	<b><u>58,365</u></b>
<b>FUND BALANCES:</b>				
<b>Nonspendable:</b>				
Inventory	34,249	-	-	34,249
Prepays	24,129	-	-	24,129
<b>Restricted:</b>				
Debt service	27,441	-	29,692	57,133
Capital project purposes	-	1,526	78,922	80,448
Facilities and promoting the City	-	-	13,614	13,614
Park purposes	-	-	2,549	2,549
24/7 sobriety purposes	-	-	41,166	41,166
Other	154,885	-	26,511	181,396
<b>Assigned:</b>				
Subsequent year's budget	226,183	-	-	226,183
Capital outlay accumulations	518,756	-	-	518,756
Unassigned	1,440,467	-	(28,365)	1,412,102
<b>TOTAL FUND BALANCES</b>	<b><u>2,426,110</u></b>	<b><u>1,526</u></b>	<b><u>164,089</u></b>	<b><u>2,591,725</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$2,571,892</u></b>	<b><u>\$ 10,669</u></b>	<b><u>\$ 409,693</u></b>	<b><u>\$ 2,992,254</u></b>

**CITY OF MOBRIDGE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**

---

Total Fund Balances - Governmental Funds	\$ 2,591,725
--	--------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,832,462
---	-----------

Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.

Revenue bonds	\$ 1,317,505	
Accrued leave	53,077	
Other long-term debt	<u>540,652</u>	(1,911,234)

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	\$ 39,878	
Special assessments	10,313	
Other deferred inflows	<u>8,174</u>	<u>58,365</u>

Net Position - Governmental Activities	<u>\$ 2,571,318</u>
--	---------------------

**CITY OF MOBRIDGE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2013**

	General Fund	Railroad Crossing Fund	Storm Sewer Project Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes:					
General property taxes	\$ 579,860	\$ -	\$ -	\$ -	\$ 579,860
General sales and use taxes	1,654,676	-	-	106,543	1,761,219
Gross receipts business taxes	2,321	-	-	-	2,321
Amusement taxes	780	-	-	-	780
Penalties and interest on delinquent taxes	2,361	-	-	-	2,361
Licenses and Permits	24,575	-	-	-	24,575
Intergovernmental Revenue:					
Federal grants	38,799	83,074	-	221,288	343,161
State grants	11,452	-	-	27,843	39,295
State shared revenue:					
Bank franchise tax	12,212	-	-	-	12,212
Motor vehicle commercial prorata	4,920	-	-	-	4,920
Liquor tax reversion	23,006	-	-	-	23,006
Motor vehicle licenses (5%)	24,255	-	-	-	24,255
Local government highway and bridge fund	106,072	-	-	-	106,072
County shared revenue:					
County road tax (25%)	4,108	-	-	-	4,108
County HBR tax (25%)	879	-	-	-	879
County wheel tax	8,527	-	-	-	8,527
Other intergovernmental revenues	1,500	-	-	-	1,500
Charges for Goods and Services:					
General government	2,188	-	-	-	2,188
Public safety	187,324	-	-	8,853	196,177
Highways and streets	4,384	-	-	-	4,384
Sanitation	262,906	-	-	-	262,906
Other	139,091	-	-	-	139,091
Fines and Forfeits:					
Court fines and costs	301	-	-	-	301
Library	7,830	-	-	-	7,830
Miscellaneous Revenue:					
Investment earnings	5,401	-	-	75	5,476
Rentals	7,621	-	-	-	7,621
Special assessments	63,114	-	-	29,692	92,806
Contributions and donations from private sources	163,343	-	-	21,355	184,698
Other	39,289	-	-	2,121	41,410
<b>TOTAL REVENUE</b>	<b>3,383,095</b>	<b>83,074</b>	<b>-</b>	<b>417,770</b>	<b>3,883,939</b>
<b>EXPENDITURES:</b>					
General Government:					
Legislative	24,249	-	-	-	24,249
Executive	85,204	-	-	-	85,204
Elections	504	-	-	-	504
Financial administration	107,570	-	-	-	107,570
Other	67,757	-	-	-	67,757
Public Safety:					
Police	868,506	-	-	5,292	873,798
Fire	48,015	-	-	-	48,015
Other protection	243	-	-	-	243
Public Works:					
Highways and streets	551,950	506,491	680,711	28	1,739,180
Sanitation	196,606	-	-	-	196,606
Airport	229,108	-	-	230,659	459,767
Health and Welfare:					
Health	7,771	-	-	-	7,771

	General Fund	Railroad Crossing Fund	Storm Sewer Project Fund	Other Governmental Funds	Total Governmental Funds
Hospitals, nursing homes and rest homes	2,000	-	-	-	2,000
Culture and Recreation:					
Recreation	25,334	-	-	-	25,334
Parks	148,796	-	-	-	148,796
Libraries	125,660	-	-	163,452	289,112
Auditorium	78,756	-	-	-	78,756
Museums	6,000	-	-	-	6,000
Conservation and Development:					
Urban redevelopment and housing	2,087	-	-	-	2,087
Economic development and assistance (industrial development)	35,405	-	-	109,263	144,668
Debt Service	96,854	-	-	-	96,854
Miscellaneous:					
Liquor operating agreements	96	-	-	-	96
TOTAL EXPENDITURES	<u>2,708,471</u>	<u>506,491</u>	<u>680,711</u>	<u>508,694</u>	<u>4,404,367</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>674,624</u>	<u>(423,417)</u>	<u>(680,711)</u>	<u>(90,924)</u>	<u>(520,428)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	70,666	-	41,160	111,826
Sale of municipal property	50	-	-	-	50
Long-term debt issued	-	51,522	703,425	-	754,947
Transfers out	<u>(136,826)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,826)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(136,776)</u>	<u>122,188</u>	<u>703,425</u>	<u>41,160</u>	<u>729,997</u>
NET CHANGE IN FUND BALANCES	537,848	(301,229)	22,714	(49,764)	209,569
FUND BALANCE - BEGINNING	<u>1,888,262</u>	<u>301,229</u>	<u>(21,188)</u>	<u>213,853</u>	<u>2,382,156</u>
FUND BALANCE - ENDING	<u>\$2,426,110</u>	<u>\$ -</u>	<u>\$ 1,526</u>	<u>\$ 164,089</u>	<u>\$ 2,591,725</u>

**CITY OF MOBRIDGE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2013**

Net Change in Fund Balances - Total Governmental Funds \$ 209,569

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 position.

Revenue bonds	\$	7,285	
Other long-term debt		<u>60,281</u>	67,566

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.

Other long-term debt		<u>754,947</u>	(754,947)
----------------------	--	----------------	-----------

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". 5,726

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". (48,658)

Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises. 1,716

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. 1,662

Revenues recognized in the prior period government-wide statements that are "available" as current financial resources in the fund financial statements for the current period.

E911 funds		<u>22,121</u>	<u>(22,121)</u>
------------	--	---------------	-----------------

Change in Net Position of Governmental Activities \$ (539,487)

**CITY OF MOBRIDGE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2013**

	Enterprise Funds			Totals
	Major		Nonmajor	
	Water Fund	Sewer Fund		
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 264,903	\$ 485,515	\$ 9,072	\$ 759,490
Investments	333,143	606,497	71,538	1,011,178
Accounts receivable, net	66,255	4,871	2,245	73,371
Interest receivable	724	1,323	98	2,145
Inventory of supplies	121,869	35,624	-	157,493
<b>Total Current Assets</b>	<b>786,894</b>	<b>1,133,830</b>	<b>82,953</b>	<b>2,003,677</b>
<b>Noncurrent Assets:</b>				
Restricted cash and cash equivalents	3,785	-	2,571	6,356
<b>Capital Assets:</b>				
Land	104,395	34	565	104,994
Buildings	4,619,438	3,816,429	-	8,435,867
Improvements other than buildings	1,136,091	-	-	1,136,091
Machinery and equipment	151,782	206,163	18,789	376,734
Less: accumulated depreciation	(2,779,084)	(2,647,733)	(18,019)	(5,444,836)
<b>Total Noncurrent Assets</b>	<b>3,236,407</b>	<b>1,374,893</b>	<b>3,906</b>	<b>4,615,206</b>
<b>TOTAL ASSETS</b>	<b>4,023,301</b>	<b>2,508,723</b>	<b>86,859</b>	<b>6,618,883</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred charge on refunding	3,533	-	-	3,533
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,533</b>	<b>-</b>	<b>-</b>	<b>3,533</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable	16,861	19,451	889	37,201
Bonds payable - current	91,379	-	-	91,379
Compensated absences payable - current	1,506	639	-	2,145
<b>Total Current Liabilities</b>	<b>109,746</b>	<b>20,090</b>	<b>889</b>	<b>130,725</b>
<b>Noncurrent Liabilities:</b>				
<b>Bonds payable:</b>				
Revenue	818,411	-	-	818,411
Compensated absences payable - noncurrent	13,553	5,754	-	19,307
<b>Total Noncurrent Liabilities</b>	<b>831,964</b>	<b>5,754</b>	<b>-</b>	<b>837,718</b>
<b>TOTAL LIABILITIES</b>	<b>941,710</b>	<b>25,844</b>	<b>889</b>	<b>968,443</b>
<b>NET POSITION:</b>				
Net investment in capital assets	2,322,832	1,374,893	1,335	3,699,060
<b>Restricted for:</b>				
Revenue bond debt service	9,497	-	-	9,497
Other purposes	-	-	2,571	2,571
Unrestricted	752,795	1,107,986	82,064	1,942,845
<b>TOTAL NET POSITION</b>	<b>\$ 3,085,124</b>	<b>\$ 2,482,879</b>	<b>\$ 85,970</b>	<b>\$ 5,653,973</b>

**CITY OF MOBRIDGE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2013**

	Enterprise Funds			Totals
	Major		Nonmajor	
	Water Fund	Sewer Fund		
OPERATING REVENUE:				
Charges for goods and services	\$ 806,912	\$ 389,737	\$ 30,610	\$ 1,227,259
Miscellaneous	2,701	7,249	-	9,950
TOTAL OPERATING REVENUE	<u>809,613</u>	<u>396,986</u>	<u>30,610</u>	<u>1,237,209</u>
OPERATING EXPENSES:				
Personal services	224,842	108,723	-	333,565
Other current expense	345,920	183,676	85,432	615,028
Materials (cost of goods sold)	219	-	-	219
TOTAL OPERATING EXPENSES	<u>570,981</u>	<u>292,399</u>	<u>85,432</u>	<u>948,812</u>
OPERATING INCOME (LOSS)	<u>238,632</u>	<u>104,587</u>	<u>(54,822)</u>	<u>288,397</u>
NONOPERATING REVENUE (EXPENSE):				
Investment earnings	1,483	2,735	260	4,478
Interest expense	(40,130)	-	-	(40,130)
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(38,647)</u>	<u>2,735</u>	<u>260</u>	<u>(35,652)</u>
INCOME (LOSS) BEFORE TRANSFERS	199,985	107,322	(54,562)	252,745
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
CHANGE IN NET POSITION	199,985	107,322	(29,562)	277,745
NET POSITION - BEGINNING	<u>2,885,139</u>	<u>2,375,557</u>	<u>115,532</u>	<u>5,376,228</u>
NET POSITION - ENDING	<u>\$ 3,085,124</u>	<u>\$ 2,482,879</u>	<u>\$ 85,970</u>	<u>\$ 5,653,973</u>

**CITY OF MOBRIDGE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2013**

	Enterprise Funds			Totals
	Major		Nonmajor	
	Water Fund	Sewer Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from customers	\$ 804,923	\$ 398,748	\$ 30,652	\$ 1,234,323
Cash payments to employees for services	(226,836)	(109,624)	-	(336,460)
Cash payments to suppliers of goods and services	(345,927)	(175,722)	(88,191)	(609,840)
Net cash provided (used) by operating activities	<u>232,160</u>	<u>113,402</u>	<u>(57,539)</u>	<u>288,023</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	-	25,000	25,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal paid on capital debt	(130,964)	-	-	(130,964)
Interest paid on capital debt	(40,130)	-	-	(40,130)
Other receipts	3,533	-	-	3,533
Net cash used by capital and related financing activities	<u>(167,561)</u>	<u>-</u>	<u>-</u>	<u>(167,561)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash received for interest	1,290	2,377	276	3,943
Net cash provided by investing activities	<u>1,290</u>	<u>2,377</u>	<u>276</u>	<u>3,943</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	65,889	115,779	(32,263)	149,405
<b>BALANCES - BEGINNING</b>	<u>535,942</u>	<u>976,233</u>	<u>115,444</u>	<u>1,627,619</u>
<b>BALANCES - ENDING</b>	<u>\$ 601,831</u>	<u>\$ 1,092,012</u>	<u>\$ 83,181</u>	<u>\$ 1,777,024</u>

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

Operating income (loss)	\$ 238,631	\$ 104,587	\$ (54,822)	\$ 288,396
Change in assets and liabilities:				
Accounts receivable	(4,690)	1,762	42	(2,886)
Accounts payable	212	7,954	(2,758)	5,408
Accrued leave payable	(1,993)	(901)	-	(2,894)
Net cash provided (used) by operating activities	<u>\$ 232,160</u>	<u>\$ 113,402</u>	<u>\$ (57,538)</u>	<u>\$ 288,024</u>

**SUPPLEMENTARY INFORMATION**

**CITY OF MOBRIDGE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2013**

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	Storm Sewer Maintenance Fund	24/7 Sobriety Fund	Debt Service Fund	Airport Project Fund	Bike Path Trail Fund	Library Building Fund	Riverfront Development Fund	Total Nonmajor Governmental Funds
<b>ASSETS:</b>										
Cash and cash equivalents	\$ 6,918	\$ 868	\$ 10,115	\$ 40,892	\$ 29,692	\$ -	\$ 35,953	\$ 40,969	\$ 2,000	\$167,407
Investments	-	1,678	16,364	-	-	-	-	-	-	18,042
Accounts receivable, net	-	-	-	795	-	-	-	-	-	795
Due from federal government	-	-	-	-	-	202,887	-	-	-	202,887
Due from state government	9,255	-	-	-	-	11,272	-	-	-	20,527
Interest receivable	-	3	32	-	-	-	-	-	-	35
<b>TOTAL ASSETS</b>	<u>\$ 16,173</u>	<u>\$ 2,549</u>	<u>\$ 26,511</u>	<u>\$ 41,687</u>	<u>\$ 29,692</u>	<u>\$214,159</u>	<u>\$ 35,953</u>	<u>\$ 40,969</u>	<u>\$ 2,000</u>	<u>\$409,693</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>										
<b>LIABILITIES:</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ 521	\$ -	\$ 5,122	\$ -	\$ -	\$ -	\$ 5,643
Due to the General Fund	-	-	-	-	-	237,402	-	-	-	237,402
<b>TOTAL LIABILITIES</b>	-	-	-	521	-	242,524	-	-	-	243,045
<b>DEFERRED INFLOWS OF RESOURCES:</b>										
Other deferred inflows of resources	2,559	-	-	-	-	-	-	-	-	2,559
<b>TOTAL DEFERRED INFLOWS OF RESOURCES:</b>	<u>2,559</u>	-	-	-	-	-	-	-	-	<u>2,559</u>
<b>FUND BALANCES:</b>										
Restricted:										
Capital project purposes	-	-	-	-	-	-	35,953	40,969	2,000	78,922
Facilities and promoting the City	13,614	-	-	-	-	-	-	-	-	13,614
Park purposes	-	2,549	-	-	-	-	-	-	-	2,549
24/7 sobriety purposes	-	-	-	41,166	-	-	-	-	-	41,166
Other	-	-	26,511	-	29,692	-	-	-	-	56,203
Unassigned	-	-	-	-	-	(28,365)	-	-	-	(28,365)
<b>TOTAL FUND BALANCES</b>	<u>13,614</u>	<u>2,549</u>	<u>26,511</u>	<u>41,166</u>	<u>29,692</u>	<u>(28,365)</u>	<u>35,953</u>	<u>40,969</u>	<u>2,000</u>	<u>164,089</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 16,173</u>	<u>\$ 2,549</u>	<u>\$ 26,511</u>	<u>\$ 41,687</u>	<u>\$ 29,692</u>	<u>\$214,159</u>	<u>\$ 35,953</u>	<u>\$ 40,969</u>	<u>\$ 2,000</u>	<u>\$409,693</u>

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2013**

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	Storm Sewer Maintenance Fund	24/7 Sobriety Fund	Debt Service Fund	Airport Project Fund	Bike Path Trail Fund	Library Building Fund	Riverfront Development Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>										
Taxes:										
General sales and use taxes	\$06,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$106,543
Intergovernmental Revenue:										
Federal grants	-	-	-	-	-	221,288	-	-	-	221,288
State grants	-	-	-	16,571	-	11,272	-	-	-	27,843
Charges for Goods and Services:										
Public safety	-	-	-	8,853	-	-	-	-	-	8,853
Miscellaneous Revenue:										
Investment earnings	-	7	68	-	-	-	-	-	-	75
Special assessments	-	-	-	-	29,692	-	-	-	-	29,692
Contributions and donations from private sources	-	-	-	-	-	-	-	21,355	-	21,355
Other	-	-	-	2,121	-	-	-	-	-	2,121
<b>TOTAL REVENUE</b>	<u>106,543</u>	<u>7</u>	<u>68</u>	<u>27,545</u>	<u>29,692</u>	<u>232,560</u>	<u>-</u>	<u>21,355</u>	<u>-</u>	<u>417,770</u>
<b>EXPENDITURES:</b>										
Public Safety:										
Police	-	-	-	5,292	-	-	-	-	-	5,292
Public Works:										
Highways and streets	-	-	28	-	-	-	-	-	-	28
Airport	-	-	-	-	-	230,659	-	-	-	230,659
Culture and Recreation:										
Libraries	-	-	-	-	-	-	-	163,452	-	163,452
Conservation and Development:										
Economic development and assistance (industrial development)	<u>109,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,263</u>
<b>TOTAL EXPENDITURES</b>	<u>109,263</u>	<u>-</u>	<u>28</u>	<u>5,292</u>	<u>-</u>	<u>230,659</u>	<u>-</u>	<u>163,452</u>	<u>-</u>	<u>508,694</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,720)</u>	<u>7</u>	<u>40</u>	<u>22,253</u>	<u>29,692</u>	<u>1,901</u>	<u>-</u>	<u>(142,097)</u>	<u>-</u>	<u>(90,924)</u>
<b>OTHER FINANCING SOURCES:</b>										
Transfers in	-	-	-	-	-	-	8,000	-	-	8,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(2,720)</u>	<u>7</u>	<u>40</u>	<u>22,253</u>	<u>29,692</u>	<u>1,901</u>	<u>8,000</u>	<u>(108,937)</u>	<u>-</u>	<u>(49,764)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>16,334</u>	<u>2,542</u>	<u>26,471</u>	<u>18,913</u>	<u>-</u>	<u>(30,266)</u>	<u>27,953</u>	<u>149,906</u>	<u>2,000</u>	<u>213,853</u>
<b>FUND BALANCE - ENDING</b>	<u>\$13,614</u>	<u>\$ 2,549</u>	<u>\$ 26,511</u>	<u>\$41,166</u>	<u>\$ 29,692</u>	<u>\$(28,365)</u>	<u>\$ 35,953</u>	<u>\$40,969</u>	<u>\$ 2,000</u>	<u>\$164,089</u>

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2013**

	Cemetery Fund	Water and Sewer Main Fund	Totals
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 5,504	\$ 3,568	\$ 9,072
Investments	5,874	65,664	71,538
Accounts receivable, net	2,125	120	2,245
Interest receivable	14	84	98
Total Current Assets	<u>13,517</u>	<u>69,436</u>	<u>82,953</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	2,571	-	2,571
Capital Assets:			
Land	565	-	565
Machinery and equipment	18,789	-	18,789
Less: accumulated depreciation	<u>(18,019)</u>	<u>-</u>	<u>(18,019)</u>
Total Noncurrent Assets	<u>3,906</u>	<u>-</u>	<u>3,906</u>
<b>TOTAL ASSETS</b>	<u>17,423</u>	<u>69,436</u>	<u>86,859</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable	889	-	889
Total Current Liabilities	<u>889</u>	<u>-</u>	<u>889</u>
<b>TOTAL LIABILITIES</b>	<u>889</u>	<u>-</u>	<u>889</u>
<b>NET POSITION:</b>			
Net investment in capital assets	1,335	-	1,335
Restricted for:			
Other purposes	2,571	-	2,571
Unrestricted	<u>12,628</u>	<u>69,436</u>	<u>82,064</u>
<b>TOTAL NET POSITION</b>	<u>\$ 16,534</u>	<u>\$ 69,436</u>	<u>\$ 85,970</u>

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>Cemetery</u>	<u>Water and Sewer Main Fund</u>	<u>Totals</u>
OPERATING REVENUE:			
Charges for goods and services	\$ 20,300	\$ 10,310	\$ 30,610
TOTAL OPERATING REVENUE	<u>20,300</u>	<u>10,310</u>	<u>30,610</u>
OPERATING EXPENSES:			
Other current expense	<u>38,212</u>	<u>47,220</u>	<u>85,432</u>
TOTAL OPERATING EXPENSES	<u>38,212</u>	<u>47,220</u>	<u>85,432</u>
OPERATING LOSS	<u>(17,912)</u>	<u>(36,910)</u>	<u>(54,822)</u>
NONOPERATING REVENUE:			
Investment earnings	<u>24</u>	<u>236</u>	<u>260</u>
TOTAL NONOPERATING REVENUE	<u>24</u>	<u>236</u>	<u>260</u>
LOSS BEFORE TRANSFERS	(17,888)	(36,674)	(54,562)
TRANSFERS IN	<u>25,000</u>	<u>-</u>	<u>25,000</u>
CHANGE IN NET POSITION	7,112	(36,674)	(29,562)
NET POSITION - BEGINNING	<u>9,422</u>	<u>106,110</u>	<u>115,532</u>
NET POSITION - ENDING	<u>\$ 16,534</u>	<u>\$ 69,436</u>	<u>\$ 85,970</u>

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2013**

	Cemetery Fund	Water and Sewer Main Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from customers	\$ 20,300	\$ 10,352	\$ 30,652
Cash payments to suppliers of goods and services	<u>(40,970)</u>	<u>(47,221)</u>	<u>(88,191)</u>
Net cash used by operating activities	<u>(20,670)</u>	<u>(36,869)</u>	<u>(57,539)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING</b>			
Transfers in	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net cash provided by noncapital financing activities	<u>25,000</u>	<u>-</u>	<u>25,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Cash received for interest	<u>19</u>	<u>257</u>	<u>276</u>
Net cash provided by investing activities	<u>19</u>	<u>257</u>	<u>276</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,349	(36,612)	(32,263)
<b>BALANCES - BEGINNING</b>	<u>9,600</u>	<u>105,844</u>	<u>115,444</u>
<b>BALANCES - ENDING</b>	<u>\$ 13,949</u>	<u>\$ 69,232</u>	<u>\$ 83,181</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:**

Operating loss	\$ (17,912)	\$ (36,910)	\$ (54,822)
Change in assets and liabilities:			
Accounts receivable	-	42	42
Accounts payable	<u>(2,758)</u>	<u>-</u>	<u>(2,758)</u>
Net cash used by operating activities	<u>\$ (20,670)</u>	<u>\$ (36,868)</u>	<u>\$ (57,538)</u>

**CITY OF MOBRIDGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures 2013
U.S. DEPARTMENT OF TRANSPORTATION:		
Indirect Federal Funding:		
South Dakota Department of Transportation, Airport Improvement Program	20.106	\$ 252,394
Highway Planning and Construction - Recovery Act	20.205	83,074
Highway Safety Cluster:		
South Dakota Department of Public Safety		
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	<u>7,693</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>343,161</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY:		
Indirect Federal Funding:		
South Dakota Department of Environment and Natural Resources		
Capitalization Grants for Clean Water State Revolving Funds (Federal Portion) (Note 2)	66.458	<u>703,425</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY		<u>703,425</u>
GRAND TOTAL		<u>\$ 1,046,586</u>

NOTE 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the full 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 general purpose financial statements.

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