

CITY OF MOBRIDGE
AUDITED FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED DECEMBER 31, 1999

CITY OF MOBRIDGE

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CITY OF MOBRIDGE

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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 City of Mobridge, South Dakota, as of December 31, 1999, and for the two years then ended and have issued our report thereon dated June 30, 2000, which was qualified because of inadequate fixed asset records. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Mobridge's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to the management of the City of Mobridge in a separate communication dated June 30, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Mobridge's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal

control over financial reporting that, in our judgment, could adversely affect the City of Mobridge's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 1999-01 and 1999-02. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Mobridge in a separate communication dated June 30, 2000.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable conditions described above are considered to be material weaknesses.

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

Kohlman, Benschbach & Anderson, LLP

June 30, 2000

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

City Council
City of Mobridge
Mobridge, South Dakota

Compliance

We have audited the compliance of the City of Mobridge, South Dakota, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the two years ended December 31, 1999. The City of Mobridge's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of the laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Mobridge's management. Our responsibility is to express an opinion on the City of Mobridge's compliance based on our audit.

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

In our opinion, the City of Mobridge complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the two years ended December 31, 1999.

Internal Control Over Compliance

The management of the City of Mobridge is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Mobridge's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Mobridge's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of current audit findings and questioned costs as items 1999-01 and 1999-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable conditions described above are considered to be material weaknesses.

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

Kohlman, Breischbach & Anderson, LLP

June 30, 2000

CITY OF MOBRIDGE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 1999

PRIOR FEDERAL COMPLIANCE AUDIT FINDINGS:

The prior audit report contained no written audit comments.

PRIOR OTHER AUDIT FINDINGS:

1997-01

Fixed asset records were not properly established and maintained to support the amounts reported for general fixed assets. This situation has not been corrected and is restated as current other audit finding 1999-01.

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 1999

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- a. An opinion qualified for inadequate fixed asset records was issued on the financial statements.
- b. A reportable condition and material weakness was disclosed by our audit of the financial statements and for internal control over major federal programs for a lack of segregation of duties for revenues as discussed in finding number 1999-02 and for lack of fixed asset and depreciation records as discussed in finding 1999-01.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.
- d. An unqualified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a) except for the reportable condition and material weakness resulting from the lack of segregation of duties for revenues as discussed in finding 1999-02 and the finding for lack of asset and depreciation records as discussed in finding 1999-01.
- f. The federal awards tested as major programs were:
 - 1. Department of Housing and Urban Development -
Special Projects Grant 14.246
 - 2. Department of Housing and Urban Development -
SD Governor's Office of Economic
Development, Community Development
Block Grant 14.228
 - 3. Department of Transportation -
Airport Improvement Project 20.106
 - 4. Environmental Protection Agency -
SD Department of Environment and
Natural Resources, State Revolving Fund 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 did not qualify as a low-risk entity.

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 1999
(Continued)

CURRENT FEDERAL COMPLIANCE AUDIT FINDINGS:

1999-01 - CFDA Numbers 14.246, 14.228, 20.106 and 66.458
Questioned Costs \$-0-

Finding

Fixed asset records, except for land and equipment, were not properly established and maintained to support the amounts reported for general fixed assets, enterprise fixed assets and depreciation. This resulted in diminished control over fixed assets and can result in misleading information being presented to users of the financial statements.

Analysis

The general fixed assets, enterprise fixed assets and deprecation records maintained did not contain sufficient detail for buildings and improvements other than buildings. This results in diminished control over fixed assets and can result in misleading information being presented to users of the financial statements.

Recommendation

We recommend general fixed assets, enterprise fixed assets and depreciation records for buildings and improvements other than buildings be established and maintained.

Corrective Action Plan

Ron Buechler is the contact person responsible for the corrective action plan for this comment. The City is continuing its work on correcting this deficiency.

1999-02 - CFDA Numbers 14.246, 14.228, 20.106 and 66.458
Questioned Costs \$-0-

Finding

A reportable condition and material weakness was reported for a lack of segregation of duties for revenues.

Analysis

The City has a limited number of employees who prepare all records for revenues.

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 1999
(Continued)

Recommendation

We recommend the City Council take a more active role in their oversight of revenues.

Corrective Action Plan

Ron Buechler is the contact person responsible for the corrective action plan for this comment. This comment is a result of the size of the City of Mobridge which precludes staffing at a level sufficient to provide an ideal environment for internal controls. City of Mobridge has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for revenues. City of Mobridge is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical.

CURRENT OTHER AUDIT FINDINGS:

1999-03

Finding

Sufficient records do not exist to verify the amounts reported as inventories.

Analysis

Inventory records maintained do not provide sufficient detail to verify amounts reported as inventories.

Recommendation

We recommend the City establish a perpetual inventory record system.

Corrective Action Plan

Ron Buechler is the contact person responsible for the corrective action plan for this comment. The City will attempt to install a perpetual inventory system to correct this deficiency.

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
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INDEPENDENT AUDITOR'S REPORT

City Council
City of Mobridge
Mobridge, South Dakota

We have audited the accompanying general purpose financial statements of the City of Mobridge, South Dakota, as of December 31, 1999, and for the two years then ended, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the City of Mobridge's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as indicated in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards 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 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 opinion.

Evidence supporting the amounts reported for general fixed assets, enterprise fixed assets and depreciation, and inventories was inadequate and the records maintained did not permit the application of adequate alternative procedures regarding the reported amounts.

In our opinion, except for the effects of such adjustments as might have been determined to be necessary had we been able to test general fixed assets, enterprise fixed assets and depreciation, and inventories as discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Mobridge, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary funds types for the two years then ended in conformity with generally accepted accounting principles.

As discussed in Note 1, Proprietary Funds do not apply all FASB Statements and Interpretations issued after November 30, 1989. This corrects Note 1 in the prior audited financial statements, which stated Proprietary Funds do apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2000, on our consideration of the City of Mobridge's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and, in considering the results of the audit, this report should be read along with the independent auditor's report on the financial statements.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of Mobridge taken as a whole. The schedules listed in the Table of Contents are presented for purposes of additional analysis including 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 is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Kohlman, Bürschbach & Anderson, LLP

June 30, 2000

CITY OF MOBRIDGE
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1999

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash	\$ 555,585	\$841,468	\$552,255
Restricted cash in banks	--	--	--
Taxes receivable - current	372,065	--	--
Taxes receivable - delinquent	23,210	--	--
Due from state government	27,067	20,639	--
Due from federal government	106,810	--	--
Accounts receivable	--	--	--
Special assessments receivable - current	62,306	--	--
Special assessments receivable - delinquent	7,803	--	--
Inventory of supplies	--	--	--
Total Current Assets	<u>1,154,846</u>	<u>862,107</u>	<u>552,255</u>
FIXED ASSETS:			
Land	--	--	--
Buildings and improvements	--	--	--
Furniture and fixtures	--	--	--
Machinery and equipment	--	--	--
Accumulated depreciation (credit)	--	--	--
Total Fixed Assets	<u>--</u>	<u>--</u>	<u>--</u>
OTHER ASSETS:			
Amount to be provided for payment of long-term debt	--	--	--
Total Other Assets	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL ASSETS	<u>\$1,154,846</u> =====	<u>\$862,107</u> =====	<u>\$552,255</u> =====

(Continued on next page)

PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	ACCOUNT GROUPS	
		General Fixed Assets	General Long-Term Debt
<u>Enterprise</u>	<u>Expendable Trust</u>		
\$ 1,014,527	\$ 1,245	\$ --	\$ --
35,552	63,770	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
224,196	--	--	--
--	--	--	--
--	--	--	--
<u>47,742</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>1,322,017</u>	<u>65,015</u>	<u>--</u>	<u>--</u>
113,068	--	160,758	--
8,376,996	--	1,055,626	--
--	--	429,031	--
101,336	--	537,018	--
<u>(4,276,493)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>4,314,907</u>	<u>--</u>	<u>2,182,433</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>26,204</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>26,204</u>
\$ 5,636,924	\$65,015	\$2,182,433	\$26,204
=====	=====	=====	=====

CITY OF MOBRIDGE
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1999
 (Continued)

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
<u>LIABILITIES AND EQUITY</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts payable	\$ 71,483	\$ --	\$ --
Accrued wages payable	14,027	--	--
Accrued taxes payable	34	--	--
Revenue collected in advance	--	--	--
Deferred revenue	465,384	--	--
Current portion of SRF loans payable	--	--	--
Total Current Liabilities	550,928	--	--
<u>LONG-TERM LIABILITIES:</u>			
Accrued leave payable	--	--	--
SRF loans payable	--	--	--
Total Long-Term Liabilities	--	--	--
<u>FUND EQUITY:</u>			
Contributed capital	--	--	--
Investment in general fixed assets	--	--	--
Retained earnings:			
Reserved:			
Reserved for debt service and equipment replacement	--	--	--
Unreserved retained earnings	--	--	--
Fund balances:			
Reserved:			
Reserved for fire department	--	--	--
Reserved for telephone task force	--	--	--
Reserved for law enforcement facility	--	--	552,255
Unreserved:			
Designated for next year's appropriations	90,893	--	--
Undesignated	513,025	862,107	--
Total Fund Equity	603,918	862,107	552,255
TOTAL LIABILITIES AND EQUITY	\$1,154,846	\$862,107	\$552,255
	=====	=====	=====

PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	ACCOUNT GROUPS	
		General Fixed Assets	General Long-Term Debt
<u>Enterprise</u>	<u>Expendable Trust</u>		
\$ 9,216	\$ --	\$ --	\$ --
6,444	--	--	--
--	--	--	--
158,495	--	--	--
--	--	--	--
<u>136,209</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>310,364</u>	<u>--</u>	<u>--</u>	<u>--</u>
12,765	--	--	26,204
<u>2,214,360</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>2,227,125</u>	<u>--</u>	<u>--</u>	<u>26,204</u>
1,203,594	--	--	--
--	--	2,182,433	--
552,963	--	--	--
1,342,878	--	--	--
--	63,770	--	--
--	1,245	--	--
--	--	--	--
--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>3,099,435</u>	<u>65,015</u>	<u>2,182,433</u>	<u>--</u>
\$ 5,636,924	\$65,015	\$2,182,433	\$26,204
=====	=====	=====	=====

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MOBRIDGE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 AND EXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999

	GOVERNMENTAL FUND TYPES			FIDUCIARY
	General	Special Revenue	Capital Projects	Expensible Trust
REVENUE:				
Taxes	\$ 846,688	\$395,176	\$ --	\$ --
Licenses and permits	17,257	--	--	--
Intergovernmental revenue	861,922	--	--	--
Charges for goods and services	82,708	--	--	--
Fines and forfeits	5,732	--	--	--
Miscellaneous revenue	<u>118,824</u>	<u>3,437</u>	<u>50,650</u>	<u>7,653</u>
TOTAL REVENUE	<u>1,933,131</u>	<u>398,613</u>	<u>50,650</u>	<u>7,653</u>
EXPENDITURES:				
General government	167,364	--	--	--
Public safety	435,194	--	40,327	--
Public works	1,112,361	--	--	--
Health and welfare	500	--	--	--
Culture and recreation	267,946	14,600	--	--
Conservation and development	<u>7,203</u>	<u>--</u>	<u>--</u>	<u>956</u>
TOTAL EXPENDITURES	<u>1,990,568</u>	<u>14,600</u>	<u>40,327</u>	<u>956</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	--	478,094	--	--
Operating transfers out	--	--	(478,094)	--
Compensation for loss or damage to general fixed assets	<u>4,050</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,050</u>	<u>478,094</u>	<u>(478,094)</u>	<u>--</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(53,387)	862,107	(467,771)	6,697
FUND BALANCE, JANUARY 1, 1999	<u>657,305</u>	<u>--</u>	<u>1,020,026</u>	<u>58,318</u>
FUND BALANCE, DECEMBER 31, 1999	\$ <u>603,918</u> =====	\$ <u>862,107</u> =====	\$ <u>552,255</u> =====	\$ <u>65,015</u> =====

The accompanying notes to financial statements
 are an integral part of this statement.

CITY OF MOBRIDGE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL -
 GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Taxes:			
General property taxes	\$ 371,056	\$ 369,034	\$ (2,022)
General sales and use taxes	480,000	477,654	(2,346)
Licenses and Permits	15,100	17,257	2,157
Intergovernmental Revenue:			
Federal grants	285,036	726,808	441,772
State grants	--	38,253	38,253
State shared revenue:			
Bank franchise tax	10,500	7,384	(3,116)
Liquor tax reversion	18,000	18,773	773
Motor vehicle licenses (5%)	28,000	9,683	(18,317)
Local government highway and bridge fund	17,000	33,851	16,851
County shared revenue:			
County road tax (25%)	4,200	4,161	(39)
County wheel tax	3,700	3,003	(697)
County payments in lieu of taxes	17,000	20,006	3,006
Charges for Goods and Services:			
Public safety	26,800	26,800	--
Highways and streets	--	1,618	1,618
Health	--	850	850
Culture and recreation	12,000	11,994	(6)
Other	14,000	41,446	27,446
Fines and Forfeits:			
Court fines and costs	1,000	2,238	1,238
Library	--	3,494	3,494
Miscellaneous Revenue:			
Earnings on deposits and investments	50,000	28,241	(21,759)
Rentals	12,000	14,987	2,987
Street assessments	55,000	61,483	6,483
Other	10,000	14,113	4,113
TOTAL REVENUE	<u>1,430,392</u>	<u>1,933,131</u>	<u>502,739</u>

(Continued on next page)

<u>SPECIAL REVENUE FUND</u>			<u>CAPITAL PROJECTS FUND</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
14,600	395,176	380,576	--	--	--
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--	3,437	3,437	--	50,650	50,650
--	--	--	--	--	--
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--	--	--	--	--	--
<u>14,600</u>	<u>398,613</u>	<u>384,013</u>	<u>--</u>	<u>50,650</u>	<u>50,650</u>

CITY OF MOBRIDGE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL -
 GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (Continued)

	GENERAL FUND		Variance Favorable (Unfavorable)
	Budget	Actual	
EXPENDITURES:			
General Government:			
Legislative	12,490	12,264	226
Contingency	20,000		
(Amount transferred)	(20,000)		--
Executive	4,090	4,077	13
Financial administration	125,083	120,077	5,006
Other	31,300	30,946	354
Public Safety:			
Police	402,357	402,639	(282)
Fire	37,272	32,555	4,717
Public Works:			
Highways and streets	257,055	265,330	(8,275)
Airport	168,386	847,031	(678,645)
Health and Welfare:			
Hospitals, nursing homes and rest homes	500	500	--
Culture and Recreation:			
Recreation	45,374	43,105	2,269
Parks	77,068	77,709	(641)
Libraries	64,726	66,073	(1,347)
Auditorium	77,148	75,559	1,589
Museums	4,500	5,500	(1,000)
Conservation and Development:			
Economic development and assistance (industrial development)	246,226	7,203	239,023
Miscellaneous:			
Other expenditures	49,000	--	49,000
TOTAL EXPENDITURES	<u>1,602,575</u>	<u>1,990,568</u>	<u>(387,993)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	--	--	--
Operating transfers out	--	--	--
Compensation for loss or damage to general fixed assets	--	4,050	4,050
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>4,050</u>	<u>4,050</u>

(Continued on next page)

<u>SPECIAL REVENUE FUND</u>			<u>CAPITAL PROJECTS FUND</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	50,000	40,327	9,673
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
14,600	14,600	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>14,600</u>	<u>14,600</u>	<u>--</u>	<u>50,000</u>	<u>40,327</u>	<u>9,673</u>
--	478,094	478,094	--	--	--
--	--	--	--	(478,094)	(478,094)
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>--</u>	<u>478,094</u>	<u>478,094</u>	<u>--</u>	<u>(478,094)</u>	<u>(478,094)</u>

CITY OF MOBRIDGE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL -
 GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (Continued)

	<u>GENERAL FUND</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(172,183)	(53,387)	118,796
FUND BALANCE, JANUARY 1, 1999	<u>657,305</u>	<u>657,305</u>	<u>--</u>
FUND BALANCE, DECEMBER 31, 1999	\$ 485,122 =====	\$ 603,918 =====	\$ 118,796 =====

<u>SPECIAL REVENUE FUND</u>			<u>CAPITAL PROJECTS FUND</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
--	862,107	862,107	(50,000)	(467,771)	(417,771)
<u>--</u>	<u>--</u>	<u>--</u>	<u>1,020,026</u>	<u>1,020,026</u>	<u>--</u>
\$ --	\$862,107	\$862,107	\$ 970,026	\$ 552,255	\$ (417,771)
=====	=====	=====	=====	=====	=====

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF MOBRIDGE
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Enterprise Funds</u>
OPERATING REVENUE:	
Charges for goods and services	\$ <u>1,004,484</u>
OPERATING EXPENSES:	
Personal services	397,856
Other current expense	120,105
Depreciation	<u>236,762</u>
TOTAL OPERATING EXPENSES	<u>754,723</u>
OPERATING INCOME	<u>249,761</u>
NONOPERATING REVENUE (EXPENSE):	
Operating grants	207,000
Earnings on investments and deposits	39,439
Interest expense and fiscal charges	(64,104)
Other	<u>(37)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>182,298</u>
NET INCOME	432,059
RETAINED EARNINGS, JANUARY 1, 1999	<u>1,463,782</u>
RETAINED EARNINGS, DECEMBER 31, 1999	\$ <u>1,895,841</u> =====

The accompanying notes to financial statements
 are an integral part of this statement.

CITY OF MOBRIDGE
 COMBINED STATEMENT OF CASH FLOWS -
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Charges for goods and services	\$ 1,006,390
Payment of costs, expenses and inventories	<u>(560,164)</u>
Net cash provided by operating activities	<u>446,226</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating grants	<u>207,000</u>
Net cash provided by noncapital financing activities	<u>207,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of equipment	(1,542,247)
Debt issued	1,266,298
Debt repaid	(79,097)
Interest expense	(64,104)
Other	<u>(37)</u>
Net cash used by capital and related financing activities	<u>(419,187)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>39,439</u>
Net cash provided by investing activities	<u>39,439</u>
NET INCREASE IN CASH	273,478
CASH, JANUARY 1, 1999	<u>776,601</u>
CASH, DECEMBER 31, 1999	\$ 1,050,079 =====

SCHEDULE RECONCILING OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

	Enterprise Funds
OPERATING INCOME	\$249,761
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation	236,762
Changes in:	
Accounts receivable	6,512
Inventory	(40,911)
Accounts payable	(377)
Accrued wages payable	98
Revenue collected in advance	(4,606)
Accrued leave payable	<u>(1,013)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$446,226 =====

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

There were no noncash investing or financing activities during the year ended December 31, 1999.

DISCLOSURE OF ACCOUNTING POLICY

The City pools its cash resources for depositing and investing purposes. The Proprietary Funds essentially have access to their cash resources on demand. Accordingly, all reported deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF MOBRIDGE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 AND EXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1998

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES
	General	Special Revenue	Capital Projects	Expendable Trust
REVENUE:				
Taxes	\$ 834,946	\$ 290,845	\$ 77,450	\$ --
Licenses and permits	20,799	--	--	--
Intergovernmental revenue	292,765	--	--	--
Charges for goods and services	42,453	--	--	--
Fines and forfeits	7,297	--	--	--
Miscellaneous revenue	<u>167,931</u>	--	--	<u>10,666</u>
TOTAL REVENUE	<u>1,366,191</u>	<u>290,845</u>	<u>77,450</u>	<u>10,666</u>
EXPENDITURES:				
General government	176,066	--	--	--
Public safety	418,694	--	52,435	--
Public works	287,681	--	--	--
Health and welfare	500	--	--	--
Culture and recreation	268,789	--	--	--
Conservation and development	<u>248,951</u>	--	--	<u>1,033</u>
TOTAL EXPENDITURES	<u>1,400,681</u>	--	<u>52,435</u>	<u>1,033</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	--	--	995,011	--
Operating transfers out	--	(995,011)	--	--
Compensation for loss or damage to general fixed assets	<u>3,559</u>	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,559</u>	<u>(995,011)</u>	<u>995,011</u>	--
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(30,931)	(704,166)	1,020,026	9,633
FUND BALANCE, JANUARY 1, 1998	<u>688,236</u>	<u>704,166</u>	--	<u>48,685</u>
FUND BALANCE, DECEMBER 31, 1998	\$ <u>657,305</u> =====	\$ -- =====	\$ <u>1,020,026</u> =====	\$ <u>58,318</u> =====

The accompanying notes to financial statements
 are an integral part of this statement.

CITY OF MOBRIDGE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL -
 GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Taxes:			
General property taxes	\$ 358,458	\$ 361,698	\$ 3,240
General sales and use taxes	480,000	473,248	(6,752)
Licenses and Permits	16,475	20,799	4,324
Intergovernmental Revenue:			
Federal grants	--	203,000	203,000
State grants	110,000	--	(110,000)
State shared revenue:			
Bank franchise tax	--	5,762	5,762
Liquor tax reversion	18,000	18,464	464
Motor vehicle licenses (5%)	9,000	8,663	(337)
Local government highway and bridge fund	28,000	28,116	116
County shared revenue:			
County road tax (25%)	4,200	4,161	(39)
County wheel tax	4,000	3,647	(353)
Other	12,600	20,952	8,952
Charges for Goods and Services:			
Public safety	20,000	20,146	146
Highways and streets	--	6,218	6,218
Health	--	998	998
Culture and recreation	23,500	10,843	(12,657)
Other	16,500	4,248	(12,252)
Fines and Forfeits:			
Court fines and costs	2,000	1,251	(749)
Library	--	6,046	6,046
Miscellaneous Revenue:			
Earnings on deposits and investments	30,500	73,143	42,643
Rentals	15,000	14,069	(931)
Special assessments	55,000	57,517	2,517
Contributions and donations from private sources	--	11,500	11,500
Other	11,600	11,702	102
TOTAL REVENUE	<u>1,214,233</u>	<u>1,366,191</u>	<u>151,958</u>

(Continued on next page)

<u>SPECIAL REVENUE FUND</u>			<u>CAPITAL PROJECTS FUND</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	290,845	290,845	75,000	77,450	2,450
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<u>--</u>	<u>290,845</u>	<u>290,845</u>	<u>75,000</u>	<u>77,450</u>	<u>2,450</u>

CITY OF MOBRIDGE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL -
 GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998
 (Continued)

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Government:			
Legislative	--	16,630	(16,630)
Contingency	20,000		
(Amount transferred)	(20,000)		--
Executive	22,080	3,649	18,431
Financial administration	128,900	125,005	3,895
Other	31,500	30,782	718
Public Safety:			
Police	390,768	385,719	5,049
Fire	33,852	32,975	877
Public Works:			
Highways and streets	244,672	258,753	(14,081)
Airport	29,100	28,928	172
Health and Welfare:			
Hospitals, nursing homes and rest homes	500	500	--
Culture and Recreation:			
Recreation	54,151	54,060	91
Parks	70,271	68,279	1,992
Libraries	60,975	64,331	(3,356)
Auditorium	74,269	78,119	(3,850)
Museums	4,000	4,000	--
Conservation and Development:			
Economic development and assistance (industrial development)	116,709	248,951	(132,242)
Miscellaneous:			
Other expenditures	230,000	--	230,000
TOTAL EXPENDITURES	1,491,747	1,400,681	91,066
OTHER FINANCING SOURCES (USES):			
Operating transfers in	--	--	--
Operating transfers out	--	--	--
Compensation for loss or damage to general fixed assets	--	3,559	3,559
TOTAL OTHER FINANCING SOURCES (USES)	--	3,559	3,559

(Continued on next page)

CITY OF MOBRIDGE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL -
 GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998
 (Continued)

	<u>GENERAL FUND</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(277,514)	(30,931)	246,583
FUND BALANCE, JANUARY 1, 1998	<u>688,236</u>	<u>688,236</u>	<u>--</u>
FUND BALANCE, DECEMBER 31, 1998	\$ 410,722 =====	\$ 657,305 =====	\$ 246,583 =====

CITY OF MOBRIDGE
 COMBINED STATEMENT OF CASH FLOWS -
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Charges for goods and services	\$ 957,877
Payment of costs, expenses and inventories	<u>(579,478)</u>
Net cash provided by operating activities	<u>378,399</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u> --</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of equipment	(86,352)
Debt retired	(76,664)
Interest expense	<u>(37,217)</u>
Net cash used by capital and related financing activities	<u>(200,233)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>27,394</u>
Net cash provided by investing activities	<u>27,394</u>
NET INCREASE IN CASH	205,560
CASH, JANUARY 1, 1998	<u>571,041</u>
CASH, DECEMBER 31, 1998	\$ 776,601 =====

CITY OF MOBRIDGE
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Enterprise Funds</u>
OPERATING REVENUE:	
Charges for goods and services	\$ <u>973,974</u>
OPERATING EXPENSES:	
Personal services	385,512
Other current expense	179,464
Depreciation	<u>203,868</u>
TOTAL OPERATING EXPENSES	<u>768,844</u>
OPERATING INCOME	<u>205,130</u>
NONOPERATING REVENUE (EXPENSE):	
Earnings on investments and deposits	27,394
Interest expense and fiscal charges	<u>(37,217)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(9,823)</u>
NET INCOME	195,307
RETAINED EARNINGS, JANUARY 1, 1998	<u>1,268,475</u>
RETAINED EARNINGS, DECEMBER 31, 1998	\$1,463,782 =====

The accompanying notes to financial statements
 are an integral part of this statement.

<u>SPECIAL REVENUE FUND</u>			<u>CAPITAL PROJECTS FUND</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
--	(704,166)	(704,166)	--	1,020,026	1,020,026
<u>704,166</u>	<u>704,166</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$704,166</u>	<u>\$ --</u>	<u>\$(704,166)</u>	<u>\$ --</u>	<u>\$1,020,026</u>	<u>\$1,020,026</u>
=====	=====	=====	=====	=====	=====

The accompanying notes to financial statements
are an integral part of this statement.

SCHEDULE RECONCILING OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

	Enterprise Funds
OPERATING INCOME	\$205,130
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation	203,868
Changes in:	
Accounts receivable	(38,189)
Inventory	(855)
Accounts payable	(19,227)
Accrued wages payable	6,346
Revenue collected in advance	22,092
Accrued leave payable	(766)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$378,399 =====

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

There were no noncash investing or financing activities during the year ended December 31, 1998.

DISCLOSURE OF ACCOUNTING POLICY

The City pools its cash resources for depositing and investing purposes. The Proprietary Funds essentially have access to their cash resources on demand. Accordingly, all reported deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF MOBRIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity:

The funds and account groups included in this report are controlled by or dependent upon the City's governing board.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments.

b. Fund Accounting:

The accounts are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three broad fund categories and five generic fund types as follows:

Governmental Funds:

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Second Penny Sales Tax Fund is the only Special Revenue Fund maintained by the City.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds). The Jail Facility Fund is the only Capital Projects Fund maintained by the City.

Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or

CITY OF MOBRIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - (Continued)

other purposes. The Cemetery, Water, Waste Collection, Sewer and Water Extension, and Sewer Funds are the only Enterprise Funds maintained by the City.

The Proprietary Funds do not apply all FASB Statements and Interpretations issued after November 30, 1989.

Fiduciary Funds:

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust Funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds.

c. Fixed Assets and Long-Term Liabilities:

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Interest costs incurred during construction of fixed assets are not capitalized along with other fixed asset costs.

An undetermined portion of the fixed assets are valued at estimated cost.

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

Long-term liabilities expected to be financed from Governmental Funds are accounted for in the General Long-Term Debt Account Group, not in the Governmental Funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

CITY OF MOBRIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - (Continued)

d. Basis of Accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. The revenues which are accrued at December 31, 1999, are amounts due from federal government and sales tax revenues. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled utility accounts receivable are included in the financial statements.

e. Budgets and Budgetary Accounting:

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

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

CITY OF MOBRIDGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999

NOTE 1 - (Continued)

The City did not encumber any amounts at either December 31, 1998, or December 31, 1999.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Fund.
7. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

f. Deposits and Investments:

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The City deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1, and 9-22-6.2. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 110 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA.

Deposits are reported at cost, plus interest, if the account is of the add-on type.

The City's policy is to credit all income from deposits and investments to the fund making the investment.

The actual bank balances at December 31, 1999, were as follows:

	<u>Bank Balances</u>
Insured (FDIC/NCUA)	\$ 258,514
Uninsured, collateral jointly held by state's/city's agent in the name of the state and the pledging financial institution	2,806,439
Uninsured, uncollateralized	--
 TOTAL DEPOSITS	 \$3,064,953 =====

The carrying amount of deposits on the December 31, 1999 balance sheet was \$3,064,402.

CITY OF MOBRIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - (Continued)

Investments - In general, SDCL 4-5-6 permits city funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Investments are stated at cost or amortized cost plus accrued interest.

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the entity or its agent in the entity's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the entity's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the entity's name.

Any Category 2 or 3 amounts would be contrary to the delivery/custody requirements of SDCL 4-5-9 for individual securities.

No investments were held at December 31, 1999.

During the two years ended December 31, 1999, the City held various U.S. Government securities.

g. Inventory:

Inventory is valued at the lower of cost or market. The cost valuation method is first-in, first-out (FIFO).

CITY OF MOBRIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - (Continued)

h. Deferred Revenue:

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

NOTE 2 - PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1 and payable in two installments on or before April 30 and October 31 of the following year. The county bills and collects the city's taxes and remits them to the City.

The City is permitted by state statute to levy the following amounts of taxes per \$1,000 of taxable valuation of the property in the City:

General Fund	\$27
Bond Redemption Funds	Amounts Required by Bond Agreements
Judgment Fund (Upon Judgment Being Made)	\$10

State statute allows the tax rates to be raised by special election of the voters.

CITY OF MOBRIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the two years ended December 31, 1999, is as follows:

	<u>Balance</u> 1/1/98	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/99
Land	\$ 160,758	\$ --	\$--	\$ 160,758
Buildings	1,044,727	10,899	--	1,055,626
Furniture and Fixtures	414,293	14,738	--	429,031
Machinery and Equipment	<u>448,769</u>	<u>88,249</u>	<u>--</u>	<u>537,018</u>
TOTAL	\$2,068,547 =====	\$113,886 =====	\$-- ==	\$2,182,433 =====

NOTE 4 - LONG-TERM DEBT

A summary of changes in long-term debt follows:

	<u>State</u> <u>Revolving</u> <u>Fund</u>	<u>Compensated</u> <u>Absences</u>	<u>Total</u>
Debt payable, January 1, 1998	\$1,240,032	\$46,655	\$1,286,687
New issues:			
SRLF #1	965,000	--	965,000
SRLF #2	311,971	--	311,971
Change in compensated absences	--	(7,686)	(7,686)
Retired	<u>(166,434)</u>	<u>--</u>	<u>(166,434)</u>
DEBT PAYABLE, DECEMBER 31, 1999	\$2,350,569 =====	\$38,969 =====	\$2,389,538 =====

CITY OF MOBRIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 4 - (Continued)

Debt payable at December 31, 1999, is comprised of the following:

State Revolving Fund (SRF):

Two loans repayable by the Sewer Fund secured by a pledge of Sewer Fund revenues:

- | | |
|---|------------|
| 1. A 3.0% loan payable in monthly installments of \$8,319, including principal and interest, with a final maturity of October, 2011 | \$ 993,338 |
| 2. A 4.0% loan payable in monthly installments of \$1,171, including principal and interest, with a final maturity of June, 2007 | 90,933 |

Two loans repayable by the Water Fund secured by a pledge of Water Fund revenues:

- | | |
|--|---------|
| 1. A 5.25% loan payable in quarterly installments of \$23,339, including principal and interest, with a final maturity of July, 2014 | 954,327 |
| 2. A 5.25% loan payable in quarterly installments of \$7,545, including principal and interest, with a final maturity of January, 2015 | 311,971 |

Compensated Absences:

Accrued leave payable	<u>38,969</u>
-----------------------	---------------

TOTAL	\$2,389,538 =====
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CITY OF MOBRIDGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999

NOTE 4 - (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 1999, except for compensated absences but including interest payments of \$765,835, are as follows:

Annual Requirements to Amortize Long-Term Debt
 December 31, 1999

Year Ending December 31,	SRF#1 C461016-01	SRF#2 C462016-01	SRF#1 C462016-01	SRF#2 C462016-02	Totals
2000	\$ 99,828	\$ 14,054	\$ 93,356	\$ 22,635	\$ 229,873
2001	99,827	14,054	93,356	30,181	237,418
2002	99,828	14,054	93,356	30,181	237,419
2003	99,827	14,054	93,356	30,180	237,417
2004	99,828	14,054	93,356	30,181	237,419
Thereafter	<u>682,155</u>	<u>35,135</u>	<u>910,217</u>	<u>309,351</u>	<u>1,936,858</u>
TOTAL	\$1,181,293 =====	\$105,405 =====	\$1,376,997 =====	\$452,709 =====	\$3,116,404 =====

NOTE 5 - CONDUIT DEBT

In the past, the City has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the City, the State of South Dakota, or any other political subdivision of the state is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 1999, there was one series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$5,745,000.

NOTE 6 - OPERATING LEASES

A JD 624G wheel loader is being leased from Ag Capital Company for the street department in the General Fund. The lease is for 26 months beginning January 25, 1998 and running through April 2, 2000. The lease payments are \$14,900 due April 2, 1998 and 1999.

CITY OF MOBRIDGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999

NOTE 7 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Cemetery, Water, Waste Collection, Sewer and Water Extension, and Sewer Funds are maintained by the City which provide cemetery, water, waste collection, and sewer services financed partially by user charges. Segment information for Enterprise Funds is as follows:

	1999		
	Cemetery Fund	Water Fund	Waste Collection Fund
Operating Revenue	\$11,985	\$ 482,887	\$127,314
Operating Expenses:			
Depreciation	483	76,637	--
Other	<u>5,703</u>	<u>263,462</u>	<u>124,202</u>
Operating Income	5,799	142,788	3,112
Net Nonoperating Revenue (Expense)	<u>3,059</u>	<u>192,145</u>	<u>(31)</u>
Net Income	\$ 8,858 =====	\$ 334,933 =====	\$ 3,081 =====
Plant, Property and Equipment Additions	\$ --	\$1,540,575	\$ --
Long-Term Debt: Payable from Operating Revenue	\$ --	\$1,221,489	\$ --
Net Working Capital	\$71,268	\$ 349,634	\$ 21,915
Total Assets	\$79,735	\$2,808,541	\$ 42,114
Total Liabilities	\$ 600	\$1,356,366	\$ 20,199
Fund Equity	\$79,135	\$1,452,175	\$ 21,915

CITY OF MOBRIDGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999

NOTE 7 - (Continued)

	1999	
	Sewer and Water Extension Fund	Sewer Fund
Operating Revenue	\$ 9,365	\$ 372,933
Operating Expenses:		
Depreciation	--	159,642
Other	<u>9,300</u>	<u>115,294</u>
Operating Income	65	97,997
Net Nonoperating Revenue (Expense)	<u>(5)</u>	<u>(12,869)</u>
Net Income	\$ 60 =====	\$ 85,128 =====
Plant, Property and Equipment Additions	\$ --	\$ 1,672
Long-Term Debt: Payable from Operating Revenue	\$ --	\$1,005,636
Net Working Capital	\$72,058	\$ 496,778
Total Assets	\$76,916	\$2,629,618
Total Liabilities	\$ 4,859	\$1,155,465
Fund Equity	\$72,057	\$1,474,153

	1998		
	Cemetery Fund	Water Fund	Waste Collection Fund
Operating Revenue	\$14,020	\$ 502,738	\$122,438
Operating Expenses:			
Depreciation,	483	44,181	--
Other	<u>6,194</u>	<u>305,656</u>	<u>119,289</u>
Operating Income	7,343	152,901	3,149
Net Nonoperating Revenue (Expense)	<u>2,670</u>	<u>8,138</u>	<u>--</u>
Net Income	\$10,013 =====	\$ 161,039 =====	\$ 3,149 =====

CITY OF MOBRIDGE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999

NOTE 7 - (Continued)

Plant, Property and Equipment Additions	\$ --	\$ 72,653	\$ --
Long-Term Debt: Payable from Operating Revenue	\$ --	\$ 10,460	\$ --
Net Working Capital	\$61,927	\$ 267,610	\$ 18,834
Total Assets	\$70,277	\$1,217,897	\$ 39,066
Total Liabilities	\$ --	\$ 100,655	\$ 20,232
Fund Equity	\$70,277	\$1,117,242	\$ 18,834

1998

	<u>Sewer and Water Extension Fund</u>	<u>Sewer Fund</u>
Operating Revenue	\$ 8,741	\$ 326,037
Operating Expenses:		
Depreciation	--	159,204
Other	<u>2,469</u>	<u>131,368</u>
Operating Income	6,272	35,465
Net Nonoperating Revenue (Expense)	<u>--</u>	<u>(20,631)</u>
Net Income	\$ 6,272 =====	\$ 14,834 =====
Plant, Property and Equipment Additions	\$ --	\$ 13,699
Long-Term Debt: Payable from Operating Revenue	\$ --	\$1,087,588
Net Working Capital	\$71,997	\$ 335,633
Total Assets	\$73,964	\$2,622,357
Total Liabilities	\$ 1,967	\$1,233,332
Fund Equity	\$71,997	\$1,389,025

CITY OF MOBRIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 8 - RETIREMENT PLAN

All employees, except for part-time and seasonal, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivors' benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

General employees are required by state statute to contribute 5 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent. State statute also requires the employer to contribute an amount equal to the employee's contributions. The city's share of contributions to the SDRS for the fiscal years ended December 31, 1999, 1998 and 1997 were \$41,196, \$39,291, and \$40,524, respectively, equal to the required contributions each year.

NOTE 9 - LITIGATION

At December 31, 1999, the City was not involved in any litigation.

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 1999, the City managed its risks as follows:

Employee Health Insurance:

The City purchases health insurance for its employees from a commercial insurance carrier.

Liability Insurance:

The City purchases liability insurance for risks related to torts, theft or damage to property, and errors and omissions of public officials from a commercial insurance carrier.

CITY OF MOBRIDGE
NOTES OF FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 10 - (Continued)

Workmen's Compensation:

The City purchases liability insurance for workmen's compensation from a commercial carrier.

Unemployment Benefits:

The City provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

SUPPLEMENTARY DATA

CITY OF MOBRIDGE
MUNICIPAL OFFICIALS
DECEMBER 31, 1999

Mayor:

Darrell Gill

Governing Board:

Vern Hintz, President

R.L. Cory

Kim Bender

Arlan Hintz

Leo Grosch

Kyle Jensen

Finance Officer:

Ron Buechler

Attorney:

Laurie Bauer

CITY OF MOBRIDGE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWO YEARS ENDED DECEMBER 31, 1999

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures	
		1998	1999
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Federal Funding:			
Special Projects Grant (Note 3)	14.246	\$ --	\$ 324,545
Indirect Federal Funding:			
SD Governor's Office of Economic Development, Community Development Block Grant (Note 3)	14.228	203,000	207,000
DEPARTMENT OF TRANSPORTATION:			
Direct Federal Funding:			
Airport Improvement Program (Note 3)	20.106	--	726,808
GENERAL SERVICES ADMINISTRATION:			
Indirect Federal Funding:			
SD Federal Property Agency, Donation of Federal Surplus Personal Property (Note 2)	39.003	1,387	292
ENVIRONMENTAL PROTECTION AGENCY:			
Indirect Federal Funding:			
SD Department of Environment and Natural Resources, State Revolving Fund (Federal Portion) (Note 3)	66.458	--	<u>1,276,971</u>
GRAND TOTAL		\$204,387 =====	\$2,535,616 =====

Note 1: This schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual/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: The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the City.

Note 3: This represents a Major Federal Financial Assistance Program.

CITY OF MOBRIDGE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWO YEARS ENDED DECEMBER 31, 1999
 (Continued)

Note 4: The City had the following loan balances outstanding at December 31, 1999. The loan balances outstanding which have continuing compliance requirements are also included in the federal expenditures presented in the schedule.

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>	<u>Included as Federal Expenditures on this Schedule</u>
State Revolving Fund - 3%:			
Federal Portion	66.458	\$827,782	\$ --
State Portion	66.458	\$165,556	\$ --
State Revolving Fund - 4%:			
All State	66.458	\$ 90,933	\$ --
State Revolving Fund - 5.25%:			
All Federal	66.458	\$965,000	\$965,000
State Revolving Fund - 5.25%:			
All Federal	66.458	\$311,971	\$311,971