

CITY OF MOBRIDGE  
AUDITED FINANCIAL STATEMENTS  
FOR THE TWO YEARS ENDED DECEMBER 31, 2001

CITY OF MOBRIDGE

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CITY OF MOBRIDGE

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# KOHLMAN, BIERSCHBACH & ANDERSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

WILLIAM J BACHMEIER, CPA  
CRAIG D BROCKEL, CPA  
DAVID S ANDERSON, CPA  
ROSEMARY MUELLER, 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)

WITH OFFICES IN  
LEMMON, SOUTH DAKOTA  
MILLER, SOUTH DAKOTA

## 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, 2001, and for the two years then ended and have issued our report thereon dated June 12, 2002, which was qualified because of inadequate fixed asset and inventory records. 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.

### 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 12, 2002.

### 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 2001-01 and 2001-02. 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 12, 2002.

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, of the reportable conditions described above, we consider items 2001-01 and 2001-02 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, Binschbach & Anderson, LLP*

June 12, 2002

# KOHLMAN, BIERSCHBACH & ANDERSON, LLP

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ROY R FAUTH, CPA

PROFESSIONAL BUILDING  
210 EAST GRAND CROSSING • PO BOX 460  
MOBRIDGE, SOUTH DAKOTA 57601  
605-845-3658 • 605-845-3754 (FAX)

WITH OFFICES IN  
LEMMON, SOUTH DAKOTA  
MILLER, SOUTH DAKOTA

## 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, 2001. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mobridge'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, 2001.

## 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 2001-01 and 2001-02.

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, of the reportable conditions described above, we consider items 2001-01 and 2001-02 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, Büschbach & Anderson, LLP*

June 12, 2002

CITY OF MOBRIDGE  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2001

PRIOR FEDERAL 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 depreciation 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.

The enterprise fixed assets and depreciation records have been corrected but the general fixed assets records have not been corrected and this comment is restated as current federal audit finding 2001-01.

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 PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2001  
(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.

This comment has not been corrected and is restated as current federal compliance audit finding 2001-02.

PRIOR 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.

This comment has not been corrected and is restated as current other audit finding 2001-03.

CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2001

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- a. An opinion qualified for inadequate fixed asset and inventory 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 2001-02 and for lack of fixed asset records as discussed in finding 2001-01.
- 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 2001-02 and the finding for lack of fixed asset records as discussed in finding 2001-01.
- f. The federal awards tested as major programs were:
  - 1. Department of Housing and Urban Development -  
SD Governor's Office of Economic  
Development, Community Development  
Block Grant 14.228
  - 2. Environmental Protection Agency -  
SD Department of Environment and  
National 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, 2001  
(Continued)

CURRENT FEDERAL AUDIT FINDINGS:

2001-01 - CFDA Numbers 14.228, 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. 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 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 records for buildings and improvements other than buildings be established and maintained.

Corrective Action Plan

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

2001-02 - CFDA Numbers 14.228, 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, 2001  
(Continued)

Recommendation

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

Corrective Action Plan

Kyle Jensen 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:

2001-03

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

Kyle Jensen 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.

its operations and the cash flows of its proprietary fund types for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

However, the primary government financial statements, because they do not include the financial data of component units of City of Mobridge, South Dakota, do not purport to, and do not, present fairly the financial position of the City of Mobridge, South Dakota, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2002, 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 primary government financial statements of the City of Mobridge, South Dakota, 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 primary government financial statements. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole.

*Kohlman, Benschbach & Anderson, LLP*

June 12, 2002

CITY OF MOBRIDGE  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 2001

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash	\$362,844	\$786,198	\$ --
Restricted cash in banks	--	--	--
Taxes receivable - current	403,503	--	--
Taxes receivable - delinquent	24,503	--	--
Accounts receivable	--	--	--
Special assessments receivable - current	58,545	--	--
Special assessments receivable - delinquent	8,463	--	--
Due from capital projects fund	23,598	--	--
Due from state government	31,117	23,636	--
Inventory of supplies	--	--	--
Total Current Assets	912,573	809,834	--
FIXED ASSETS:			
Land	--	--	--
Buildings and improvements	--	--	--
Furniture and fixtures	--	--	--
Machinery and equipment	--	--	--
Accumulated depreciation (credit)	--	--	--
Total Fixed Assets	--	--	--
OTHER ASSETS:			
Advance to General Fund	--	38,774	--
Amount to be provided for payment of long-term debt	--	--	--
Total Other Assets	--	38,774	--
TOTAL ASSETS	\$912,573	\$848,608	\$ --

(Continued on next page)

CITY OF MOBRIDGE  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 2001

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash	\$362,844	\$786,198	\$ --
Restricted cash in banks	--	--	--
Taxes receivable - current	403,503	--	--
Taxes receivable - delinquent	24,503	--	--
Accounts receivable	--	--	--
Special assessments receivable - current	58,545	--	--
Special assessments receivable - delinquent	8,463	--	--
Due from capital projects fund	23,598	--	--
Due from state government	31,117	23,636	--
Inventory of supplies	--	--	--
	912,573	809,834	--
Total Current Assets			
FIXED ASSETS:			
Land	--	--	--
Buildings and improvements	--	--	--
Furniture and fixtures	--	--	--
Machinery and equipment	--	--	--
Accumulated depreciation (credit)	--	--	--
	--	--	--
Total Fixed Assets			
OTHER ASSETS:			
Advance to General Fund	--	38,774	--
Amount to be provided for payment of long-term debt	--	--	--
	--	--	--
Total Other Assets			
	--	38,774	--
TOTAL ASSETS	\$912,573	\$848,608	\$ --
	=====	=====	=====

(Continued on next page)

PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES Expendable Trust	ACCOUNT GROUPS	
		General Fixed Assets	General Long-Term Debt
Enterprise			
\$ 785,937	\$ --	\$ --	\$ --
644,511	30,116	--	--
--	--	--	--
--	--	--	--
230,149	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
54,170	--	--	--
<u>1,714,767</u>	<u>30,116</u>	<u>--</u>	<u>--</u>
104,994	--	167,758	--
8,435,867	--	1,730,000	--
--	--	533,827	--
279,119	--	976,545	--
<u>(4,808,244)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>4,011,736</u>	<u>--</u>	<u>3,408,130</u>	<u>--</u>
--	--	--	--
--	--	--	<u>1,328,528</u>
--	--	--	<u>1,328,528</u>
\$ 5,726,503	\$30,116	\$3,408,130	\$1,328,528
=====	=====	=====	=====



CITY OF MOBRIDGE  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 2001  
 (Continued)

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
<u>LIABILITIES AND EQUITY</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts payable	\$ 30,100	\$ 39,695	\$ 450
Due to General Fund	--	--	23,598
Accrued wages payable	1,683	--	--
Accrued taxes payable	7,881	--	--
Revenue collected in advance	--	--	--
Deferred revenue	495,014	--	--
Current portion of SRF loans payable	--	--	--
	--	--	--
Total Current Liabilities	534,678	39,695	24,048
 <u>LONG-TERM LIABILITIES:</u>			
Accrued leave payable	--	--	--
SRF loans payable	--	--	--
Advance from special revenue fund	38,774	--	--
Other long-term debt	--	--	--
	--	--	--
Total Long-Term Liabilities	38,774	--	--
 <u>FUND EQUITY:</u>			
Contributed capital	--	--	--
Investment in general fixed assets	--	--	--
Retained earnings:			
Reserved for debt service and equipment replacement	--	--	--
Unreserved retained earnings	--	--	--
Fund balances:			
Reserved for fire department	--	--	--
Reserved for telephone task force	--	--	--
Unreserved fund balances:			
Designated for next year's appropriations	89,000	--	--
Undesignated	250,121	808,913	(24,048)
Total Fund Equity	339,121	808,913	(24,048)
 <b>TOTAL LIABILITIES AND EQUITY</b>	 \$912,573 =====	 \$848,608 =====	 \$ -- =====

PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES Expendable Trust	ACCOUNT GROUPS	
		General Fixed Assets	General Long-Term Debt
Enterprise			
\$ 14,131	\$ --	\$ --	\$ --
--	--	--	--
589	--	--	--
--	--	--	--
163,298	--	--	--
--	--	--	--
<u>153,232</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>331,250</u>	<u>--</u>	<u>--</u>	<u>--</u>
11,626	--	--	29,478
1,952,512	--	--	1,251,310
--	--	--	--
<u>96,344</u>	<u>--</u>	<u>--</u>	<u>47,740</u>
<u>2,060,482</u>	<u>--</u>	<u>--</u>	<u>1,328,528</u>
1,203,594	--	--	--
--	--	3,408,130	--
646,148	--	--	--
1,485,029	--	--	--
--	28,871	--	--
--	1,245	--	--
--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>3,334,771</u>	<u>30,116</u>	<u>3,408,130</u>	<u>--</u>
\$ 5,726,503	\$30,116	\$3,408,130	\$1,328,528
=====	=====	=====	=====

The accompanying notes to the 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, 2001

	GOVERNMENTAL FUND TYPES			FIDUCIARY
	General	Special Revenue	Capital Projects	FUND TYPES Expendable Trust
REVENUE:				
Taxes	\$ 891,085	\$ 406,897	\$ --	\$ --
Licenses and permits	16,099	--	--	--
Intergovernmental revenue	96,702	--	--	3,482
Charges for goods and services	55,663	--	--	--
Fines and forfeits	14,971	--	--	--
Miscellaneous revenue	108,713	51,389	944	6,215
TOTAL REVENUE	1,183,233	458,286	944	9,697
EXPENDITURES:				
General government	288,945	4,300	--	--
Public safety	497,381	3,200	20,545	9,701
Public works	264,627	105,000	1,134,291	--
Health and welfare	500	--	--	--
Culture and recreation	350,015	75,000	--	--
Conservation and development	8,541	7,010	--	--
Debt service	--	26,017	--	--
Miscellaneous	8,171	--	--	--
TOTAL EXPENDITURES	1,418,180	220,527	1,154,836	9,701
OTHER FINANCING SOURCES (USES):				
Operating transfers in	--	--	399,135	--
Operating transfers out	--	(421,907)	--	--
Proceeds of general long-term liabilities	--	--	873,854	--
TOTAL OTHER FINANCING SOURCES (USES)	--	(421,907)	1,272,989	--
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(234,947)	(184,148)	119,097	(4)
FUND BALANCE, JANUARY 1, 2001	574,068	993,061	(143,145)	30,120
FUND BALANCE, DECEMBER 31, 2001	\$ 339,121	\$ 808,913	\$ (24,048)	\$30,116
	=====	=====	=====	=====

The accompanying notes to the 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, SPECIAL REVENUE, AND CAPITAL PROJECTS FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2001

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Taxes:			
General property taxes	\$ 396,772	\$ 387,897	\$ (8,875)
General sales and use taxes	480,000	497,545	17,545
Gross receipts business taxes	2,000	--	(2,000)
Amusement taxes	--	888	888
Tax deed revenue	--	3,430	3,430
Penalties and interest on delinquent taxes	--	1,325	1,325
Licenses and Permits	17,650	16,099	(1,551)
Intergovernmental Revenue:			
State shared revenue:			
Bank franchise tax	12,000	9,854	(2,146)
Motor vehicle commercial prorate	--	3,240	3,240
Liquor tax reversion	20,000	17,829	(2,171)
Motor vehicle licenses (5%)	10,000	11,665	1,665
Local government highway and bridge fund	30,000	45,471	15,471
County shared revenue:			
County road tax (25%)	4,200	4,161	(39)
County highway and bridge tax (25%)	--	823	823
County wheel tax	3,500	3,659	159
County payments in lieu of taxes	20,000	--	(20,000)
Charges for Goods and Services:			
Public safety	38,750	40,120	1,370
Highways and streets	1,000	293	(707)
Health	1,000	--	(1,000)
Culture and recreation	12,000	12,885	885
Other	7,500	2,365	(5,135)
Fines and Forfeits:			
Court fines and costs	2,000	8,029	6,029
Library	--	6,942	6,942
Miscellaneous Revenue:			
Investment earnings	25,000	16,490	(8,510)
Rentals	12,000	12,385	385
Special assessments	65,000	63,106	(1,894)
Contributions and donations from private sources	--	3,823	3,823
Other	48,000	12,909	(35,091)
TOTAL REVENUE	<u>1,208,372</u>	<u>1,183,233</u>	<u>(25,139)</u>

(Continued on next page)

SPECIAL REVENUE FUND			CAPITAL PROJECTS FUND		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
380,302	406,897	26,595	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	51,389	51,389	--	67	67
--	--	--	--	--	--
--	--	--	--	877	777
--	--	--	--	--	--
--	--	--	--	--	--
<u>380,302</u>	<u>458,286</u>	<u>77,984</u>	<u>--</u>	<u>944</u>	<u>944</u>

CITY OF MOBRIDGE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL -  
 GENERAL, SPECIAL REVENUE, AND CAPITAL PROJECTS FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2001  
 (Continued)

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Government:			
Legislative	37,497	74,292	(36,795)
Contingency	20,000		
(Amount transferred)	(20,000)		
Executive	4,117	3,769	348
Financial administration	171,235	173,237	(2,002)
Other	37,500	37,647	(147)
Public Safety:			
Police	452,468	458,044	(5,576)
Fire	45,734	39,337	6,397
Public Works:			
Highways and streets	217,678	217,257	421
Sanitation	--	--	--
Water	--	--	--
Airport	48,500	47,370	1,130
Health and Welfare:			
Hospitals, nursing homes and rest homes	500	500	--
Culture and Recreation:			
Recreation	43,874	43,830	44
Parks	113,865	110,265	3,600
Libraries	69,939	99,182	(29,243)
Auditorium	89,869	91,738	(1,869)
Museums	5,000	5,000	--
Conservation and Development:			
Economic development and assistance (industrial development)	8,940	8,541	399
Debt Service	--	--	--
Miscellaneous:			
Other expenditures	8,200	8,171	29
TOTAL EXPENDITURES	<u>1,354,916</u>	<u>1,418,180</u>	<u>(63,264)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	--	--	--
Operating transfers out	--	--	--
Proceeds of general long-term liabilities	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>--</u>

(Continued on next page)

SPECIAL REVENUE FUND			CAPITAL PROJECTS FUND		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
38,775	--	38,775	--	--	--
--			--		
--			--		
--	--	--	--	--	--
--	--	--	--	--	--
4,300	4,300	--	--	--	--
3,200	3,200	--	11,932	20,545	(8,613)
--	--	--	--	--	--
131,017	105,000	26,017	1,150,000	1,134,291	15,709
11,500	--	11,500	--	--	--
11,500	--	11,500	--	--	--
10,000	--	10,000	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
88,000	75,000	13,000	--	--	--
35,000	--	35,000	--	--	--
40,000	--	40,000	--	--	--
--	--	--	--	--	--
7,010	7,010	--	--	--	--
--	26,017	(26,017)	--	--	--
--	--	--	--	--	--
<u>380,302</u>	<u>220,527</u>	<u>159,775</u>	<u>1,161,932</u>	<u>1,154,836</u>	<u>7,096</u>
--	--	--	--	399,135	399,135
--	(421,907)	(421,907)	--	--	--
--	--	--	<u>1,150,000</u>	<u>873,854</u>	<u>(276,146)</u>
--	<u>(421,907)</u>	<u>--</u>	<u>1,150,000</u>	<u>1,272,989</u>	<u>122,989</u>

CITY OF MOBRIDGE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL -  
 GENERAL, SPECIAL REVENUE, AND CAPITAL PROJECTS FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2001  
 (Continued)

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(146,544)	(234,947)	(88,403)
FUND BALANCE, JANUARY 1, 2001	<u>574,068</u>	<u>574,068</u>	<u>--</u>
FUND BALANCE, DECEMBER 31, 2001	\$ 427,524 =====	\$ 339,121 =====	\$(88,403) =====



SPECIAL REVENUE FUND			CAPITAL PROJECTS FUND		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
--	(184,148)	(184,148)	(11,932)	119,097	131,029
<u>993,061</u>	<u>993,061</u>	<u>--</u>	<u>(143,145)</u>	<u>(143,145)</u>	<u>--</u>
<u>\$993,061</u>	<u>\$ 808,913</u>	<u>\$(184,148)</u>	<u>\$ (155,077)</u>	<u>\$ (24,048)</u>	<u>\$ 131,029</u>
=====	=====	=====	=====	=====	=====

The accompanying notes to the 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, 2001

	<u>Enterprise Funds</u>
OPERATING REVENUE:	
Charges for goods and services	\$1,012,196
OPERATING EXPENSES:	
Personal services	248,946
Other current expense	335,405
Depreciation	<u>282,003</u>
TOTAL OPERATING EXPENSES	<u>866,354</u>
OPERATING INCOME	<u>145,842</u>
NONOPERATING REVENUE (EXPENSE):	
Investment earnings	46,518
Interest expense and fiscal charges	<u>(100,508)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(53,990)</u>
INCOME BEFORE OPERATING TRANSFERS	91,852
OPERATING TRANSFERS IN	<u>22,773</u>
NET INCOME	114,625
RETAINED EARNINGS, JANUARY 1, 2001	<u>2,016,552</u>
RETAINED EARNINGS, DECEMBER 31, 2001	\$2,131,177 =====

The accompanying notes to the 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, 2001

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Charges for goods and services	\$1,012,196
Payment of costs, expenses and inventories	<u>(569,467)</u>
Net cash provided by operating activities	<u>442,729</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating transfers in	<u>22,773</u>
Net cash provided by noncapital financing activities	<u>22,773</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of equipment	(40,869)
Debt repaid	(154,762)
Interest expense	<u>(100,508)</u>
Net cash used by capital and related financing activities	<u>(296,139)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>46,518</u>
Net cash provided by investing activities	<u>46,518</u>
NET INCREASE IN CASH	215,881
CASH, JANUARY 1, 2001	<u>1,214,567</u>
CASH, DECEMBER 31, 2001	\$1,430,448 =====

SCHEDULE RECONCILING OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>Enterprise Funds</u>
OPERATING INCOME	\$145,842
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation	282,003
Changes in:	
Accounts receivable	11,596
Inventory of supplies	5,219
Accounts payable	14,131
Accrued wages payable	589
Revenue collected in advance	(14,874)
Accrued leave payable	<u>(1,777)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$442,729 =====

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

There were no noncash investing or financing activities during the year ended December 31, 2001.

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 the 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, 2000

	GOVERNMENTAL FUND TYPES			FIDUCIARY
	General	Special Revenue	Capital Projects	FUND TYPES Expendable Trust
REVENUE:				
Taxes	\$ 873,138	\$392,080	\$ --	\$ --
Licenses and permits	15,313	--	--	--
Intergovernmental revenue	104,607	--	300,000	16,972
Charges for goods and services	55,895	--	--	--
Fines and forfeits	8,214	--	--	--
Miscellaneous revenue	<u>121,337</u>	<u>53,825</u>	<u>19,316</u>	<u>8,857</u>
TOTAL REVENUE	<u>1,178,504</u>	<u>445,905</u>	<u>319,316</u>	<u>25,829</u>
EXPENDITURES:				
General government	202,406	--	--	--
Public safety	451,039	146,700	552,746	60,724
Public works	320,061	130,133	839,426	--
Health and welfare	500	--	--	--
Culture and recreation	258,566	38,118	--	--
Conservation and development	7,599	--	--	--
Miscellaneous	<u>47,379</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL EXPENDITURES	<u>1,287,550</u>	<u>314,951</u>	<u>1,392,172</u>	<u>60,724</u>
OTHER FINANCING SOURCES (USES):				
Proceeds of general long-term liabilities	69,621	--	377,456	--
Compensation for loss or damage to general fixed assets	<u>9,575</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>79,196</u>	<u>--</u>	<u>377,456</u>	<u>--</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(29,850)	130,954	(695,400)	(34,895)
FUND BALANCE, JANUARY 1, 2000	<u>603,918</u>	<u>862,107</u>	<u>552,255</u>	<u>65,015</u>
FUND BALANCE, DECEMBER 31, 2000	\$ 574,068	\$993,061	\$ (143,145)	\$ 30,120
	=====	=====	=====	=====

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, SPECIAL REVENUE, AND CAPITAL PROJECTS FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2000

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Taxes:			
General property taxes	\$ 380,387	\$ 389,552	\$ 9,165
General sales and use taxes	480,000	480,447	447
Amusement taxes	--	792	792
Penalties and interest on delinquencies	--	2,347	2,347
Licenses and Permits	15,300	15,313	13
Intergovernmental Revenue:			
Federal grants	--	--	--
State shared revenue:			
Bank franchise tax	10,500	8,919	(1,581)
Motor vehicle commercial prorate	--	3,698	3,698
Liquor tax reversion	20,000	20,201	201
Motor vehicle licenses (5%)	8,000	11,474	3,474
Local government highway and bridge fund	28,000	50,967	22,967
County shared revenue:			
County road tax (25%)	4,200	4,161	(39)
County highway and bridge tax (25%)	--	883	883
County wheel tax	3,700	4,304	604
County payments in lieu of taxes	20,000	--	(20,000)
Charges for Goods and Services:			
Public safety	38,750	38,750	--
Highways and streets	1,000	712	(288)
Health	1,000	225	(775)
Culture and recreation	12,000	12,556	556
Other	2,500	3,652	1,152
Fines and Forfeits:			
Court fines and costs	1,000	3,663	2,663
Library	--	4,551	4,551
Miscellaneous Revenue:			
Investment earnings	25,000	29,154	4,154
Rentals	12,000	12,246	246
Special assessments	60,000	61,649	1,649
Contributions and donations from private sources	--	2,014	2,014
Other	10,000	16,274	6,274
TOTAL REVENUE	<u>1,133,337</u>	<u>1,178,504</u>	<u>45,167</u>

(Continued on next page)

SPECIAL REVENUE FUND			CAPITAL PROJECTS FUND		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
353,000	392,080	39,080	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	300,000	300,000	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
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--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	53,825	53,825	--	19,316	19,316
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>353,000</u>	<u>445,905</u>	<u>92,905</u>	<u>300,000</u>	<u>319,316</u>	<u>19,316</u>

CITY OF MOBRIDGE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL -  
 GENERAL, SPECIAL REVENUE, AND CAPITAL PROJECTS FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2000

(Continued)

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Government:			
Legislative	12,497	12,232	265
Contingency	20,000		
(Amount transferred)	(20,000)		--
Executive	4,117	3,681	436
Financial administration	155,038	153,806	1,232
Other	33,200	32,687	513
Public Safety:			
Police	427,583	416,963	10,620
Fire	36,514	34,076	2,438
Public Works:			
Highways and streets	224,721	289,126	(64,405)
Airport	48,000	30,935	17,065
Health and Welfare:			
Hospitals, nursing homes and rest homes	500	500	--
Culture and Recreation:			
Recreation	48,174	37,031	11,143
Parks	70,423	68,939	1,484
Libraries	67,371	67,701	(330)
Auditorium	80,552	80,395	157
Museums	4,500	4,500	--
Conservation and Development:			
Economic development and assistance (industrial development)	7,740	7,599	141
Miscellaneous:			
Other expenditures	53,300	47,379	5,921
TOTAL EXPENDITURES	<u>1,274,230</u>	<u>1,287,550</u>	<u>(13,320)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds of general long-term liabilities	--	69,621	69,621
Compensation for loss or damage to general fixed assets	--	9,575	9,575
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>79,196</u>	<u>79,196</u>

(Continued on next page)



SPECIAL REVENUE FUND			CAPITAL PROJECTS FUND		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
21,000	21,700	(700)	550,000	552,746	(2,746)
125,000	125,000	--	--	--	--
150,000	130,133	19,867	--	839,426	(839,426)
--	--	--	--	--	--
--	--	--	--	--	--
49,500	29,796	19,704	--	--	--
--	--	--	--	--	--
7,500	8,322	(822)	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>353,000</u>	<u>314,951</u>	<u>38,049</u>	<u>550,000</u>	<u>1,392,172</u>	<u>(842,172)</u>
--	--	--	1,200,000	377,456	(822,544)
--	--	--	--	--	--
--	--	--	<u>1,200,000</u>	<u>377,456</u>	<u>(822,544)</u>

CITY OF MOBRIDGE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL -  
 GENERAL, SPECIAL REVENUE, AND CAPITAL PROJECTS FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2000  
 (Continued)

	GENERAL FUND		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(140,893)	(29,850)	111,043
FUND BALANCE, JANUARY 1, 2000	<u>603,918</u>	<u>603,918</u>	<u>--</u>
FUND BALANCE, DECEMBER 31, 2000	\$ 463,025 =====	\$ 574,068 =====	\$111,043 =====

<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>
--	130,954	130,954	950,000	(695,400)	(1,645,400)
<u>862,107</u>	<u>862,107</u>	<u>--</u>	<u>552,255</u>	<u>552,255</u>	<u>--</u>
<u>\$862,107</u>	<u>\$993,061</u>	<u>\$130,954</u>	<u>\$1,502,255</u>	<u>\$ (143,145)</u>	<u>\$ (1,645,400)</u>
=====	=====	=====	=====	=====	=====

The accompanying notes to the 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, 2000

	<u>Enterprise Funds</u>
OPERATING REVENUE:	
Charges for goods and services	\$ <u>997,227</u>
OPERATING EXPENSES:	
Personal services	265,378
Other current expense	321,181
Depreciation	<u>249,748</u>
TOTAL OPERATING EXPENSES	<u>836,307</u>
OPERATING INCOME	<u>160,920</u>
NONOPERATING REVENUE (EXPENSE):	
Investment earnings	62,155
Interest expense and fiscal charges	<u>(94,290)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(32,135)</u>
NET INCOME	<u>128,785</u>
RETAINED EARNINGS, JANUARY 1, 2000	1,895,841
PRIOR PERIOD ADJUSTMENT	<u>(8,074)</u>
ADJUSTED RETAINED EARNINGS	<u>1,887,767</u>
RETAINED EARNINGS, DECEMBER 31, 2000	\$2,016,552 =====

The accompanying notes to the 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, 2000

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Charges for goods and services	\$ 997,227
Payment of costs, expenses and inventories	<u>(611,102)</u>
Net cash provided by operating activities	<u>386,125</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>--</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of equipment	(83,239)
Debt retired	(106,263)
Interest expense	<u>(94,290)</u>
Net cash used by capital and related financing activities	<u>(283,792)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>62,155</u>
Net cash provided by investing activities	<u>62,155</u>
NET INCREASE IN CASH	164,488
CASH, JANUARY 1, 2000	<u>1,050,079</u>
CASH, DECEMBER 31, 2000	\$1,214,567 =====

SCHEDULE RECONCILING OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>Enterprise Funds</u>
OPERATING INCOME	\$160,920
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation	249,748
Changes in:	
Accounts receivable	(17,548)
Inventory of supplies	(11,649)
Accounts payable	(9,217)
Accrued wages payable	(6,444)
Revenue collected in advance	19,677
Accrued leave payable	<u>638</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$386,125 =====

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Noncash Investing, Capital and Financing Activities:

Purchase of equipment on contract	\$112,544 =====
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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 the financial statements  
are an integral part of this statement.

CITY OF MOBRIDGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001

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 and the Storm Sewer Project Fund are the only Capital Projects Funds 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

CITY OF MOBRIDGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 1 - (Continued)

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

The Enterprise 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 general fixed assets are valued at estimated cost. The total December 31, 2001 proprietary fund fixed assets includes approximately zero percent for which the costs were determined by estimations of the original cost. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon.

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.



CITY OF MOBRIDGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 1 - (Continued)

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.

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, 2001, are amounts due from state for 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.

CITY OF MOBRIDGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 1 - (Continued)

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.

The City did not encumber any amounts at either December 31, 2000, or December 31, 2001.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Fund, and Capital Projects Funds.
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. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investments. The City's policy is to credit all income from deposits and investments to the fund making the investment.

CITY OF MOBRIDGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2001

NOTE 1 - (Continued)

The actual bank balances at December 31, 2001, were as follows:

	<u>Bank Balances</u>
Insured (FDIC/NCUA)	\$ 259,972
Uninsured, collateral jointly held by state's/city's agent in the name of the state and the pledging financial institution	2,442,829
Uninsured, uncollateralized	--
 TOTAL DEPOSITS	 \$2,702,801 =====

The carrying amount of deposits on the December 31, 2001 balance sheet was \$2,633,204.

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.

No investments were held at December 31, 2001.

During the two years ended December 31, 2001, the City held various U.S. Government securities.

CITY OF MOBRIDGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 1 - (Continued)

g. Inventory:

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

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 THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the two years ended December 31, 2001, is as follows:

	<u>Balance</u> 1/1/00	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/01
Land	\$ 160,758	\$ 7,000	\$--	\$ 167,758
Buildings and Improvements	1,055,626	674,374	--	1,730,000
Furniture and Fixtures	429,031	104,796	--	533,827
Machinery and Equipment	<u>537,018</u>	<u>439,527</u>	<u>--</u>	<u>976,545</u>
TOTAL	\$2,182,433 =====	\$1,225,697 =====	\$-- ==	\$3,408,130 =====

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>Financing</u> <u>(Capital</u> <u>Acquisition)</u> <u>Leases</u>	<u>Total</u>
Debt payable, January 1, 2000	\$2,350,569	\$38,969	\$ --	\$2,389,538
New issues:				
Clear water SRLF	1,251,310	--	--	1,251,310
SRLF #2	40,236	--	--	40,236
Street sweeper	--	--	84,621	84,621
Jet machine	--	--	162,544	162,544
Change in compensated absences	--	2,135	--	2,135
Retired	<u>(285,061)</u>	<u>--</u>	<u>(103,081)</u>	<u>(388,142)</u>
DEBT PAYABLE, DECEMBER 31, 2001	\$3,357,054 =====	\$41,104 =====	\$ 144,084 =====	\$3,542,242 =====

Debt payable at December 31, 2001, is comprised of the following:

State Revolving Fund (SRF):

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

CITY OF MOBRIDGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 4 - (Continued)

- 1. A 3.0% loan payable in monthly installments of \$8,319, including principal and interest, with a final maturity of October, 2011 \$ 849,181
- 2. A 4.0% loan payable in monthly installments of \$1,171, including principal and interest, with a final maturity of June, 2007 \$ 69,281

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 \$ 863,740
- 2. A 5.25% loan payable in quarterly installments of \$8,510, including principal and interest, with a final maturity of January, 2015 \$ 323,542

A 4.5% loan payable in quarterly installments of \$42,098, including principal and interest, with a final maturity of April, 2012, payable from Special Revenue Second Penny Sales Tax Fund \$1,251,310

Compensated Absences:  
Accrued leave payable \$ 41,104

Financing (Capital Acquisition) Leases:

- 1. A 5.94% lease payable in yearly installments of \$26,017, including principal and interest, with a final maturity of May, 2003  
Payable by the Water and Sewer Funds \$ 47,740
- 2. A 5.84% lease payable in yearly installments of \$22,772, including principal and interest, with a final maturity of May, 2006  
Payable by the Water and Sewer Funds \$ 96,344

The purchase price at the commencement of the Financing (Capital Acquisition) Leases was:

Principal	\$247,168
Interest	<u>32,520</u>
 TOTAL	 \$279,688 =====

CITY OF MOBRIDGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2001

NOTE 4 - (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2001, except for compensated absences but including interest payments of \$896,905, are as follows:

Annual Requirements to Amortize Long-Term Debt  
 December 31, 2001

Year Ending December 31,	SRF#1 C461016-01	SRF#2 C462016-01	SRF#1 C462016-01	SRF#2 C462016-02
2002	\$ 99,828	\$14,054	\$ 93,356	\$ 34,042
2003	99,827	14,054	93,355	34,041
2004	99,828	14,054	93,356	34,042
2005	99,827	14,054	93,355	34,041
2006	99,828	14,054	93,356	34,042
Thereafter	<u>482,500</u>	<u>7,027</u>	<u>723,507</u>	<u>280,843</u>
TOTAL	\$981,638 =====	\$77,297 =====	\$1,190,285 =====	\$451,051 =====

Year Ending December 31,	SRLF C461016-03	Capital Acquisition Leases	Totals
2002	\$ 126,293	\$ 48,789	\$ 416,362
2003	168,391	48,789	458,457
2004	168,391	22,772	432,443
2005	168,391	22,773	432,441
2006	168,391	22,773	432,444
Thereafter	<u>732,019</u>	<u>--</u>	<u>2,225,896</u>
TOTAL	\$1,531,876 =====	\$165,896 =====	\$4,398,043 =====

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, 2001, there was one series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$5,490,000.

CITY OF MOBRIDGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2001

NOTE 6 - 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:

	<u>Year Ended December 31, 2001</u>		
	<u>Cemetery Fund</u>	<u>Water Fund</u>	<u>Waste Collection Fund</u>
Operating Revenue	\$ 9,615	\$ 480,208	\$135,168
Operating Expenses:			
Depreciation	342	111,300	--
Other	<u>6,766</u>	<u>283,851</u>	<u>132,754</u>
Operating Income	2,507	85,057	2,414
Operating Transfers:			
In	--	11,386	
Net Nonoperating Revenue (Expense)	<u>3,851</u>	<u>(49,053)</u>	<u>--</u>
Net Income	\$ 6,358 =====	\$ 47,390 =====	\$ 2,414 =====
Plant, Property and Equipment Additions	\$ --	\$ 25,960	\$ --
Net Working Capital	\$82,336	\$ 447,347	\$ 26,229
Long-Term Debt:			
Payable from Operating Revenue	\$ --	\$1,177,287	\$ --
Total Assets	\$84,355	\$2,868,467	\$ 48,687
Total Liabilities	\$ --	\$1,327,691	\$ 22,458
Fund Equity	\$84,355	\$1,540,776	\$ 26,229



CITY OF MOBRIDGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2001

NOTE 6 - (Continued)

	<u>Year Ended December 31, 2001</u>	
	<u>Sewer and Water Extension Fund</u>	<u>Sewer Fund</u>
Operating Revenue	\$ 9,295	\$ 377,910
Operating Expenses:		
Depreciation	--	170,361
Other	<u>266</u>	<u>160,714</u>
Operating Income	9,029	46,835
Operating Transfers:		
In	--	11,387
Net Nonoperating Revenue (Expense)	<u>--</u>	<u>(8,788)</u>
Net Income	\$ 9,029 =====	\$ 49,434 =====
Plant, Property and Equipment Additions	\$ --	\$ 14,909
Net Working Capital	\$74,922	\$ 752,683
Long-Term Debt:		
Payable from Operating Revenue	\$ --	\$ 883,195
Total Assets	\$76,889	\$2,648,105
Total Liabilities	\$ 1,967	\$1,039,616
Fund Equity	\$74,922	\$1,608,489

	<u>Year Ended December 31, 2000</u>		
	<u>Cemetery Fund</u>	<u>Water Fund</u>	<u>Waste Collection Fund</u>
Operating Revenue	\$ 6,735	\$ 480,545	\$125,670
Operating Expenses:			
Depreciation	471	83,560	--
Other	<u>6,700</u>	<u>313,885</u>	<u>123,771</u>
Operating Income (Loss)	(436)	83,100	1,899
Net Nonoperating Revenue (Expense)	<u>4,332</u>	<u>(42,963)</u>	<u>--</u>
Net Income	\$ 3,896 =====	\$ 40,137 =====	\$ 1,899 =====

CITY OF MOBRIDGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 6 - (Continued)

Plant, Property and Equipment Additions	\$ --	\$ 81,272	\$ --
Net Working Capital	\$75,636	\$ 391,255	\$ 23,814
Long-Term Debt: Payable from Operating Revenue	\$ --	\$1,253,925	\$ --
Total Assets	\$77,996	\$2,889,520	\$ 44,291
Total Liabilities	\$ --	\$1,396,135	\$ 20,477
Fund Equity	\$77,996	\$1,493,385	\$ 23,814

	<u>Year Ended December 31, 2000</u>	
	<u>Sewer and Water Extension Fund</u>	<u>Sewer Fund</u>
Operating Revenue	\$10,723	\$ 373,554
Operating Expenses:		
Depreciation	--	165,717
Other	<u>16,887</u>	<u>125,317</u>
Operating Income (Loss)	(6,164)	82,520
Net Nonoperating Revenue (Expense)	<u>--</u>	<u>6,497</u>
Net Income (Loss)	\$ (6,164) =====	\$ 89,017 =====
Plant, Property and Equipment Additions	\$ --	\$ 25,000
Net Working Capital	\$67,879	\$ 642,371
Long-Term Debt: Payable from Operating Revenue	\$ --	\$ 977,765
Total Assets	\$65,893	\$2,688,885
Total Liabilities	\$ 1,986	\$1,129,828
Fund Equity	\$65,893	\$1,559,057

CITY OF MOBRIDGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2001

NOTE 7 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following represents the overdrafts of the expenditures compared to appropriations for funds other than the General Fund:

	<u>Year Ended</u> <u>12/31/00</u>	<u>Year Ended</u> <u>12/31/01</u>
Special Revenue Fund:		
Debt Service	\$ --	\$26,017
Public Safety - Police	\$ 700	\$ --
Culture and Recreation - Auditorium	\$ 822	\$ --
Capital Projects Fund:		
Public Safety - Police	\$ 2,746	\$ 8,613
Public Works - Highways and Streets	\$839,426	\$ --

NOTE 8 - DEFICIT FUND BALANCES

As of December 31, 2001, the following fund had a deficit fund balance/retained earnings in the amount shown:

Capital Projects Fund	\$24,048
	=====

This deficit will be covered by a reimbursement from the State of South Dakota.

NOTE 9 - 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) 733-3731.

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 contribution. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2001, 2000 and 1999 were \$45,252, \$44,704, and \$41,196, respectively, equal to the required contributions each year.

CITY OF MOBRIDGE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001

NOTE 10 - LITIGATION

At December 31, 2001, the City was not involved in any litigation.

NOTE 11 - 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, 2001, 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.

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.

NOTE 12 - PRIOR PERIOD ADJUSTMNET

The following funds had prior period adjustments to adjust land cost to actual:

Water Fund	\$ 1,074 =====
Sewer Fund	\$(4,113) =====
Cemetery Fund	\$(5,035) =====

SUPPLEMENTARY DATA

CITY OF MOBRIDGE  
MUNICIPAL OFFICIALS  
DECEMBER 31, 2001

Mayor:

Darrell Gill

Governing Board:

Tom Unterseher, President  
Vern Hintz, Vice-President  
R.L. Cory  
Brent Kempena  
Kyle Jensen  
Randy Runnels

Finance Officer:

Ron Buechler

Attorney:

Laurie Bauer

CITY OF MOBRIDGE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE TWO YEARS ENDED DECEMBER 31, 2001

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures	
		2000	2001
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Federal Funding:			
Special Projects Grant	14.246	\$ 16,972	\$ 3,482
Indirect Federal Funding:			
SD Governor's Office of Economic Development, Community Development Block Grant (Note 3)	14.228	300,000	--
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		316,972	3,482
GENERAL SERVICES ADMINISTRATION:			
Indirect Federal Funding:			
SD Federal Property Agency, Donation of Federal Surplus Personal Property (Note 2)	39.003	9,093	4,872
ENVIRONMENTAL PROTECTION AGENCY:			
Indirect Federal Funding:			
SD Department of Environment and Natural Resources, State Revolving Fund (Federal Portion) (Note 3)	66.458	407,402	884,144
GRAND TOTAL		\$733,467 =====	\$892,498 =====

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, 2001  
 (Continued)

Note 4: The City had the following loan balances outstanding at December 31, 2001. 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	\$ 707,651	\$ --
State Portion	66.458	141,530	--
State Revolving Fund - 4%:			
All State	66.458	\$ 69,281	\$ --
State Revolving Fund - 5.25%:			
All Federal	66.458	\$ 863,740	\$ --
State Revolving Fund - 5.25%:			
All Federal	66.458	\$ 323,541	\$ 40,236
State Revolving Fund - 4.5%:			
All Federal	66.458	\$1,251,310	\$1,251,310