

**CITY OF MOBRIDGE**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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

**CITY OF MOBRIDGE**  
**CITY OFFICIALS**  
**DECEMBER 31, 2019**

Mayor:

Gene Cox

Governing Board:

Jade Mound  
Jeffery Laundreaux  
Curtis Reichert  
Tom O'Connell  
Tony Yellowboy  
Randy Carlson

City Administrator:

Christine Goldsmith

Financial Officer:

Heather Beck

Attorney:

Austin Hoffman  
Rick Cain

# CITY OF MOBRIDGE

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

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WITH OFFICE IN  
MILLER, SOUTH DAKOTA

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

City Council  
City of Mobridge  
Mobridge, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota (City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 16, 2020, which was adverse for the discretely presented component unit because there were no audited modified cash basis of accounting financial statements available for the component unit in 2019 and unmodified for the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current audit findings and questioned costs as items 2019-001 through 2019-005 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2019-005.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

September 16, 2020

*Kehlan, Benches & Feiler, LLP*

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

PARTNERS  
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WITH OFFICES IN  
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City Council  
City of Mobridge  
Mobridge, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the City of Mobridge, South Dakota's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the City of Mobridge, South Dakota's major federal program for the year ended December 31, 2019. The City of Mobridge, South Dakota's major federal program is identified in the summary of auditors' results section of the accompanying schedule of current audit findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City of Mobridge, South Dakota's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mobridge, South Dakota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Mobridge, South Dakota's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Mobridge, South Dakota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the City of Mobridge, South Dakota is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Mobridge, South Dakota's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances.

for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Mobridge, South Dakota's internal control over compliance.

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

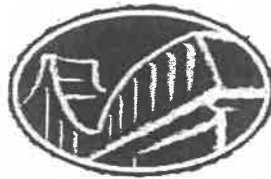
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

*Kahler, Beutler & Ash, LLP*

September 16, 2020





# MOBRIDGE

BRIDGE CITY

## SCHEDULE OF PRIOR AUDIT FINDINGS

2018-001

*Initial Fiscal Year Finding Occurred:* It is not known how long this comment has been made.

*Finding Summary:* A material weakness was reported for lack of segregation of duties for cash, investments, receivables, inventories, capital assets, equity, debt, expenditures, and payroll.

*Status:* Ongoing. This finding has not been corrected and is restated as finding 2019-001. The reason for recurrence is, due to cost considerations, the City has determined it is not practical to employ additional staff to adequately segregate duties. The City will implement compensating controls where practical.

2018-002

*Initial Fiscal Year Finding Occurred:* It is not known how long this comment has been made.

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

*Status:* Ongoing. This finding has not been corrected and is restated as finding 2019-002. The reason for recurrence is, due to cost considerations, the City has determined it is not practical to employ additional staff to implement an internal control structure adequate to identify all material adjustments. The City will implement compensating controls where practical.

2018-003

*Initial Fiscal Year Finding Occurred:* It is not known how long this comment has been made.

*Finding Summary:* The City does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with the modified cash basis of accounting. As auditors, we are requested to draft the financial statements.

*Status:* Ongoing. This finding has not been corrected and is restated as finding 2019-003. The reason for recurrence is, due to cost considerations, the City accepts the risks associated with the auditors preparing the financial statements. The City will implement compensating controls where practical.

2018-004

*Initial Fiscal Year Finding Occurred:* It is not known how long this comment has been made.

*Finding Summary:* A material weakness was reported for lack of proper general capital asset records to support the amounts reported for general capital assets, enterprise capital assets, and depreciation expense; therefore, the City is not in compliance with SDCL 5-24-4.

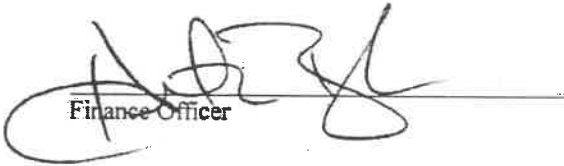
*Status:* Resolved. The City made the board approved decision to switch from Generally Accepted Accounting Principles (GAAP) to modified cash basis of accounting.

2018-005

*Initial Fiscal Year Finding Occurred:* 2013

*Finding Summary:* The City does not have controls in place to restrict access of the Mayor's signature stamp

*Status:* Ongoing. The Mayor will work on putting controls in place to restrict access of his signature stamp.

  
Finance Officer

  
Mayor

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2019**

SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS:

Financial Statements:

- a. An adverse opinion on the financial statements of the discretely presented component unit opinion unit was issued because of its omission of financial data. An unmodified opinion was issued on the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information opinion units.
- b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2019-001 through 2019-005.
- c. Our audit did disclose one instance of noncompliance which was material to the financial statements. This is described as finding 2019-005.

Federal Awards:

- d. An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CRF 200.516(a).
- f. The federal award tested as a major program was:
  - a. Airport Improvement Program #20.106
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. City of Mobridge did not qualify as a low-risk entity.

CURRENT FEDERAL AUDIT FINDINGS:

There are no written current federal compliance audit findings to report.

CURRENT OTHER AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

2019-001

Criteria

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

Condition Found

A material weakness was reported for lack of segregation of duties for cash, investments, revenues, grants, equity, expenditures and payroll.

Cause

The City of Mobridge has a limited number of employees who prepare all records for cash, investments, revenues, grants, equity, expenditures and payroll.

Effect

This is undesirable from an internal control viewpoint and could result in a loss of control over accounting transactions and errors not found in a timely manner.

Recommendation

We recommend the City Council take a more active role in their oversight of cash, investments, revenues, grants, equity, expenditures and payroll.

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2019**  
**(Continued)**

Identification as a Repeat Finding

Yes, this is a restatement of 2018-001.

Views of Responsible Officials

See the City's corrective action plan on page 12 - 13.

2019-002

Criteria

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

Condition Found

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

Cause

The City of Mobridge does not have sufficient staff to ensure all adjustments are recorded.

Effect

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

Recommendation

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

Identification as a Repeat Finding

Yes, this is a restatement of 2018-002.

Views of Responsible Officials

See the City's corrective action plan on page 12 - 13.

2019-003

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with modified cash basis of accounting.

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2019**  
**(Continued)**

Condition Found

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

Cause

The City does not have sufficient staff to ensure the preparation of the financial statements in accordance with modified cash basis of accounting.

Effect

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

Recommendation

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

Identification as a Repeat Finding

Yes, this is a restatement of 2018-003.

Views of Responsible Officials

See the City's corrective action plan on page 12 - 13.

2019-004

Criteria

The City's internal control structure should be designed to prevent unauthorized use of the Mayor's signature stamp.

Condition Found

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

Cause

The City's Finance Officer has access to the Mayor's signature stamp without restriction.

Effect

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

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2019**  
**(Continued)**

Recommendation

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

Identification as a Repeat Finding

Yes, this is a restatement of 2018-005.

Views of Responsible Officials

See the City's corrective action plan on page 12 - 13.

2019-005

Criteria

South Dakota Codified Law (SDCL) 9-21-9 states that neither the governing body nor any department or officer of the municipality shall add to the municipal expenditures in any fiscal year any sum in excess of the amount provided for in the annual appropriation ordinance except as otherwise specially provided. Nor shall the amount spent for any purpose or any department exceed the total amount appropriated for such department in the annual appropriation ordinance for such year, except as otherwise specially provided.

Condition Found

The budget for the general government - other function of the General Fund was materially overspent by \$73,911.63. The operating transfers out function of the PSAP Fund was also materially overspent by \$206,773.

Cause

The City did not make a sufficient budget for the above stated functions or provide the necessary supplemental budgets.

Effect

The City is not in compliance with SDCL 9-21-9.

Recommendation

We recommend the City Council and the Financial Officer monitor compliance more closely.

Identification as a Repeat Finding

No, this is not a restatement

Views of Responsible Officials

See the City's corrective action plan on page 12 - 13.

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2019**  
**(Continued)**

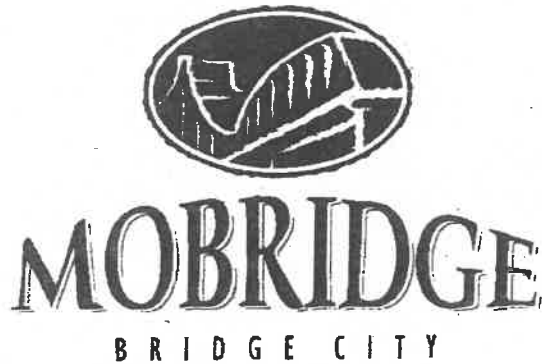
Compliance and Other Matters:

2019-005

This finding has already been stated under the section entitled "Internal Control-Related Findings – Material Weaknesses." See that section for more details on this finding.

Closing Conference

The contents of this report were discussed with Heather Beck, Finance Officer; Gene Cox, Mayor; and Curtis Reichert, Council Member on August 18, 2020.



### Corrective Action Plan (Unaudited)

City of Moberidge submits the following corrective action plan for the year ended December 31, 2019:

#### Current Audit Findings:

##### 2019-001

*Finding Summary:* A material weakness was reported for lack of segregation of duties for cash, investments, revenues, grants, equity, expenditures and payroll.

*Responsible Individual:* Heather Beck, Finance Officer

*Corrective Action Plan:* Although the City is unable to afford more office staff, we will continue to review policies and procedures to come up with ways to account for lack of segregation of duties. We have split Accounts Payable to the City Clerk beginning in February of 2020.

*Anticipated Completion Date:* completed

##### 2019-002

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

*Responsible Individual:* Heather Beck, Finance Officer

*Corrective Action Plan:* Although the City is unable to afford more office staff, we will continue to review policies and procedures to come up with ways to account for lack of segregation of duties. We have split Accounts Payable to the City Clerk beginning in February of 2020.

*Anticipated Completion Date:* completed

##### 2019-003

*Finding Summary:* The City does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with the modified cash basis of accounting. As auditors, we are requested to draft the financial statements.

*Responsible Individual:* Heather Beck, Finance Officer

*Corrective Action Plan:* Although the City is unable to afford more office staff, we will continue to review policies and procedures to come up with ways to account for lack of segregation of duties. We have split Accounts Payable to the City Clerk beginning in February of 2020.

*Anticipated Completion Date:* completed



2019-004

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

*Responsible Individual:* Gene Cox, Mayor

*Corrective Action Plan:* Mayor Cox will work on putting controls in place to restrict access of his signature stamp.

*Anticipated Completion Date:* completed

2019-005

*Finding Summary:* The budget for the other function of the General Fund was materially overspent by \$73,911.63. The operating transfers out function of the PSAP Fund was also materially overspent by \$206,773.

*Responsible Individual:* Heather Beck, Finance Officer

*Corrective Action Plan:* Beck will closely monitor funds at the end of the year and make adjustments in the supplemental appropriations budget. Beck will also make the correction to listing the PSAP transfer out in the correct line item on the appropriations budget.

*Anticipated Completion Date:* January 1, 2021

  
Finance Officer

  
Mayor

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

INDEPENDENT AUDITORS' REPORT

City Council  
City of Mobridge  
Mobridge, South Dakota

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota (City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion on the Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the City's legally separate component unit. Accounting principles generally accepted in the United States of American require financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include financial data for its component unit. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of American, the assets, liabilities, net position, revenues, and expenses of the discretely presented component units would have been reported for the year ended December 31, 2019, as \$1,006,524.58, \$1,100,511.22, (\$93,986.64), \$1,019,062.58, and \$1,021,164.58.

### Adverse Opinions

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the City of Mobridge, South Dakota, as of December 31, 2019, or the changes in financial position thereof for the years then ended in conformity with the modified cash basis of accounting described in Note 1.c. to the financial statements.

### Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota, as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with modified cash basis of accounting described in Note 1.c. to the financial statements.

### Basis of Accounting

We draw attention to Note 1.c. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

The City changed its basis of accounting from a basis consistent with accounting principles generally accepted in the United States to a modified cash basis of accounting. Accordingly, a comparison of the accompanying financial statements to the financial statements presented in prior years is not recommended. See also Note 8.

### Other Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basis financial statements. Budgetary Comparison Schedules, the Schedules of Changes in Long-Term Debt, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the combining nonmajor fund financial statements listed in the Table of Contents are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Budgetary Comparison Schedules, the Schedules of Changes in Long-Term Debt, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the combining nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, Budgetary Comparison Schedules, the Schedules of Changes in Long-Term Debt, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

September 16, 2020

*Kahla, Seilhuber & Hedley, LLP*

**CITY OF MOBRIDGE**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**DECEMBER 31, 2019**

	Primary Government		
	Govern- mental Activities	Business- Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 1,461,287	\$ 1,169,577	\$ 2,630,864
Investments	1,681,474	1,507,426	3,188,900
Restricted cash and cash equivalents	52,124	29,205	81,329
<b>TOTAL ASSETS</b>	<b>\$ 3,194,885</b>	<b>\$ 2,706,208</b>	<b>\$ 5,901,093</b>
NET POSITION:			
Restricted for:			
Capital projects purposes	\$ 36,153	\$ -	\$ 36,153
Debt service purposes	91,106	26,634	117,740
Other purposes	525,867	2,571	528,438
Unrestricted	2,541,759	2,677,003	5,218,762
<b>TOTAL NET POSITION</b>	<b>\$ 3,194,885</b>	<b>\$ 2,706,208</b>	<b>\$ 5,901,093</b>

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

**CITY OF MOBRIDGE**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 421,419	\$ 33,060	\$ -	\$ 1,485	\$ (386,874)		\$ (386,874)
Public safety	1,334,946	16,994	299,323	-	(1,018,629)		(1,018,629)
Public works	780,588	321,968	149,513	247,167	(61,940)		(61,940)
Health and welfare	33,886	-	-	-	(33,886)		(33,886)
Culture and recreation	509,310	52,720	26,167	-	(430,423)		(430,423)
Conservation and development	130,558	-	-	-	(130,558)		(130,558)
Miscellaneous	160	-	-	-	(160)		(160)
*Interest on long-term debt	385,986	-	-	-	(385,986)		(385,986)
<b>Total Governmental Activities</b>	<b>3,596,853</b>	<b>424,742</b>	<b>475,003</b>	<b>248,652</b>	<b>(2,448,456)</b>		<b>(2,448,456)</b>
<b>Business-Type Activities:</b>							
Water	737,393	805,385	-	-	\$ 67,992		67,992
Sewer	522,127	539,802	-	-	17,675		17,675
Airport	4,504,019	82,104	-	4,262,766	(159,149)		(159,149)
Cemetery	25,143	24,300	10,000	-	9,157		9,157
Water and sewer main	-	10,397	-	-	10,397		10,397
<b>Total Business-Type Activities</b>	<b>5,788,682</b>	<b>1,461,988</b>	<b>10,000</b>	<b>4,262,766</b>	<b>(53,928)</b>		<b>(53,928)</b>
<b>Total Primary Government</b>	<b>\$ 9,385,535</b>	<b>\$ 1,886,730</b>	<b>\$ 485,003</b>	<b>\$ 4,511,418</b>	<b>(2,448,456)</b>	<b>(53,928)</b>	<b>(2,502,384)</b>

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

**General Revenues:**

**Taxes:**

Property taxes	675,407	-	675,407
Sales taxes	1,754,123	-	1,754,123
State shared revenues	39,414	-	39,414
Unrestricted investment earnings	27,091	25,403	52,494
Miscellaneous revenue	147,185	15,916	163,101

**Total General Revenues and Transfers** 2,643,220 41,319 2,684,539

**Change in Net Position** 194,764 (12,609) 182,155

**Net Position - Beginning** 2,017,187 3,904,303 5,921,490

**Adjustments:**

Conversion from accrual basis to cash basis (See Note 8) 982,934 (1,185,486) (202,552)

**Adjusted Net Position - Beginning** 3,000,121 2,718,817 5,718,938

**Net Position - Ending** \$ 3,194,885 \$ 2,706,208 \$ 5,901,093

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

**CITY OF MOBRIDGE**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,176,635	\$ 175,576	\$ 109,076	\$ 1,461,287
Investments	1,365,124	195,128	121,222	1,681,474
Restricted cash and cash equivalents	52,124	-	-	52,124
<b>TOTAL ASSETS</b>	<b><u>\$ 2,593,883</u></b>	<b><u>\$ 370,704</u></b>	<b><u>\$ 230,298</u></b>	<b><u>\$ 3,194,885</u></b>
<b>FUND BALANCES:</b>				
Restricted	\$ 52,124	\$ 370,704	\$ 230,298	\$ 653,126
Assigned	1,140,148	-	-	\$ 1,140,148
Unassigned	1,401,611	-	-	1,401,611
<b>TOTAL FUND BALANCES</b>	<b><u>\$ 2,593,883</u></b>	<b><u>\$ 370,704</u></b>	<b><u>\$ 230,298</u></b>	<b><u>\$ 3,194,885</u></b>

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

**CITY OF MOBRIDGE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	General Fund	PSAP Fund	Other Govern- mental Funds	Total Govern- mental Funds
<b>REVENUES:</b>				
Taxes:				
General property taxes	\$ 669,250	\$ -	\$ -	\$ 669,250
Airflight property tax	2,623	-	-	2,623
General sales and use taxes	1,640,669	-	113,454	1,754,123
Gross receipts business taxes	2,862	-	-	2,862
Amusement taxes	36	-	-	36
Penalties and interest on delinquent taxes	3,259	-	-	3,259
Licenses and Permits	22,833	-	-	22,833
Intergovernmental Revenue:				
Federal grants	15,366	-	-	15,366
State grants	3,530	-	-	3,530
State shared revenue:				
Bank franchise tax	16,832	-	-	16,832
Prorate license fees	5,233	-	-	5,233
Liquor tax reversion (25%)	22,582	-	-	22,582
Motor vehicle licenses	30,746	-	-	30,746
Local government highway and bridge fund	96,052	-	-	96,052
911 remittances	-	283,417	-	283,417
County shared revenue:				
County road and bridge tax (25%)	1,304	-	-	1,304
County wheel tax	10,025	-	-	10,025
Other intergovernmental revenues	1,312	66,288	-	67,600
Charges for Goods and Services:				
General government	1,807	-	-	1,807
Public safety	8,150	-	7,789	15,939
Highways and streets	6,430	-	-	6,430
Sanitation	315,538	-	-	315,538
Culture and recreation	47,547	-	-	47,547
Fines and Forfeits:				
Court fines and costs	1,055	-	-	1,055
Library	5,173	-	-	5,173
Miscellaneous Revenue:				
Investment earnings	22,587	4,232	272	27,091
Rentals	8,420	-	-	8,420
Special assessments	58,460	-	188,707	247,167
Contributions and donations from private sources	28,192	-	-	28,192
Other	54,275	2,118	350	56,743
<b>TOTAL REVENUE</b>	<b>3,102,148</b>	<b>356,055</b>	<b>310,572</b>	<b>3,768,775</b>
<b>EXPENDITURES:</b>				
General Government:				
Legislative	41,586	-	-	41,586
Executive	107,922	-	-	107,922
Elections	19	-	-	19
Financial administration	136,030	-	-	136,030
Other	135,862	-	-	135,862

	General Fund	PSAP Fund	Other Govern- mental Funds	Total Govern- mental Funds
Public Safety:				
Police	1,075,064	181,318	12,608	1,268,990
Fire	65,668	-	-	65,668
Other protection	288	-	-	288
Public Works:				
Highways and streets	534,159	-	-	534,159
Sanitation	246,382	-	-	246,382
Airport	47	-	-	47
Health and Welfare:				
Health	31,386	-	-	31,386
Hospitals, nursing homes and rest homes	2,500	-	-	2,500
Culture and Recreation:				
Recreation	123,779	-	1,500	125,279
Parks	175,346	-	-	175,346
Libraries	142,478	-	-	142,478
Auditorium	60,207	-	-	60,207
Museums	6,000	-	-	6,000
Conservation and Development:				
Economic development and assistance	16,005	-	114,553	130,558
Debt Service	135,100	-	250,886	385,986
Miscellaneous:				
Liquor operating agreements	160	-	-	160
TOTAL EXPENDITURES	<u>3,035,988</u>	<u>181,318</u>	<u>379,547</u>	<u>3,596,853</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>66,160</u>	<u>174,737</u>	<u>(68,975)</u>	<u>171,922</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	206,773	-	110,000	316,773
Transfers out	(110,000)	(206,773)	-	(316,773)
Sale of municipal property	22,842	-	-	22,842
TOTAL OTHER FINANCING SOURCES (USES)	<u>119,615</u>	<u>(206,773)</u>	<u>110,000</u>	<u>22,842</u>
NET CHANGE IN FUND BALANCES	<u>185,775</u>	<u>(32,036)</u>	<u>41,025</u>	<u>194,764</u>
FUND BALANCE - BEGINNING	2,583,162	510,226	170,659	3,264,047
ADJUSTMENTS:				
Conversion from accrual basis to cash basis (see Note 8)	(175,054)	(107,486)	18,614	(263,926)
ADJUSTED FUND BALANCE - BEGINNING	<u>2,408,108</u>	<u>402,740</u>	<u>189,273</u>	<u>3,000,121</u>
FUND BALANCE - ENDING	<u>\$ 2,593,883</u>	<u>\$ 370,704</u>	<u>\$ 230,298</u>	<u>\$ 3,194,885</u>

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



**CITY OF MOBRIDGE**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2019**

	Enterprise Funds			Nonmajor Other Enterprise Funds	Totals
	Major				
	Water Fund	Sewer Fund	Airport Fund		
<b>ASSETS:</b>					
Current Assets:					
Cash and cash equivalents	\$ 649,261	\$ 637,164	\$(157,587)	\$ 40,739	\$ 1,169,577
Investments	751,167	708,123	-	48,136	1,507,426
Total Current Assets	1,400,428	1,345,287	(157,587)	88,875	2,677,003
Noncurrent Assets:					
Restricted cash and cash equivalents	26,634	-	-	2,571	29,205
Total Noncurrent Assets	26,634	-	-	2,571	29,205
<b>TOTAL ASSETS</b>	<b>\$ 1,427,062</b>	<b>\$ 1,345,287</b>	<b>\$(157,587)</b>	<b>\$ 91,446</b>	<b>\$ 2,706,208</b>
<b>NET POSITION:</b>					
Restricted for:					
Revenue bond debt service	\$ 26,634	\$ -	\$ -	\$ -	\$ 26,634
Other purposes	-	-	-	2,571	2,571
Unrestricted	1,400,428	1,345,287	(157,587)	88,875	2,677,003
<b>TOTAL NET POSITION</b>	<b>\$ 1,427,062</b>	<b>\$ 1,345,287</b>	<b>\$(157,587)</b>	<b>\$ 91,446</b>	<b>\$ 2,706,208</b>

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

**CITY OF MOBRIDGE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -**  
**MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	Enterprise Funds				Totals
	Major			Nonmajor	
	Water Fund	Sewer Fund	Airport Fund	Other Enterprise Funds	
OPERATING REVENUE:					
Charges for goods and services	\$ 805,385	\$ 539,802	\$ 82,104	\$ 34,697	\$ 1,461,988
Miscellaneous	12,829	1,525	1,562	-	15,916
<b>TOTAL OPERATING REVENUE</b>	<b>818,214</b>	<b>541,327</b>	<b>83,666</b>	<b>34,697</b>	<b>1,477,904</b>
OPERATING EXPENSES:					
Personal services	284,897	168,622	-	-	453,519
Other current expense	337,821	253,704	78,942	25,143	695,610
Materials (cost of goods sold)	-	-	56,235	-	56,235
<b>TOTAL OPERATING EXPENSES</b>	<b>622,718</b>	<b>422,326</b>	<b>135,177</b>	<b>25,143</b>	<b>1,205,364</b>
<b>OPERATING INCOME (LOSS)</b>	<b>195,496</b>	<b>119,001</b>	<b>(51,511)</b>	<b>9,554</b>	<b>272,540</b>
NONOPERATING REVENUE (EXPENSE):					
Operating grants	-	-	-	10,000	10,000
Capital grants	-	-	4,262,766	-	4,262,766
Capital assets	-	-	(4,368,842)	-	(4,368,842)
Investment earnings	12,428	12,282	-	693	25,403
Debt service (principal)	(59,867)	(58,061)	-	-	(117,928)
Interest expense	(54,808)	(41,740)	-	-	(96,548)
<b>TOTAL NONOPERATING REVENUE (EXPENSE)</b>	<b>(102,247)</b>	<b>(87,519)</b>	<b>(106,076)</b>	<b>10,693</b>	<b>(285,149)</b>
<b>CHANGE IN NET POSITION</b>	<b>93,249</b>	<b>31,482</b>	<b>(157,587)</b>	<b>20,247</b>	<b>(12,609)</b>
<b>NET POSITION - BEGINNING</b>	<b>2,477,262</b>	<b>1,293,423</b>	<b>62,713</b>	<b>70,905</b>	<b>3,904,303</b>
ADJUSTMENTS:					
Conversion from accrual basis to cash basis (See Note 8)	(1,143,449)	20,382	(62,713)	294	(1,185,486)
<b>ADJUSTED NET POSITION - BEGINNING</b>	<b>1,333,813</b>	<b>1,313,805</b>	<b>-</b>	<b>71,199</b>	<b>2,718,817</b>
<b>NET POSITION - ENDING</b>	<b>\$ 1,427,062</b>	<b>\$ 1,345,287</b>	<b>\$ (157,587)</b>	<b>\$ 91,446</b>	<b>\$ 2,706,208</b>

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

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 8, the City of Mobridge council decided to convert their financial statements from accounting principles generally accepted in the United States of America to the modified cash basis of accounting as of January 1, 2019.

As discussed further in Note 1.c., these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

a. Financial Reporting Entity:

The reporting entity of the City of Mobridge (City), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

The Housing and Redevelopment Commission of the City of Mobridge, South Dakota (Commission) is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the Mayor, with approval of the Governing Board, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The Governing Board, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the Governing Board the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: Mobridge Housing and Redevelopment Commission, 116 4<sup>th</sup> Street, Mobridge, SD 57601

b. Basis of Presentation:

Government-Wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Discretely presented component units are legally separate organizations that meet certain criteria, as described in Note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 1 - (Continued)

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the City financial reporting entity are described below:

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. The General Fund is always considered to be a major fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.

Liquor, Lodging and Dining Gross Receipts Tax Fund - To account for the collection of a one percent tax on the gross receipts of lodgings, alcoholic beverages, prepared food and admissions which tax shall be used for the purpose of land acquisition, architectural fees, construction costs, payments for civic center, auditorium, or athletic facility buildings, including the maintenance, staffing, and operations of such facilities and the promotion and advertising of the City (SDCL 10-52A-2). This fund may be established at the direction of the governing body through local ordinance. This is not a major fund.

Special Park Gift Fund - To account for any gift, grant, devise or bequest made by a person, private agency, agency of state government, the federal government, or any of its agencies for park purposes if so established by the park board (SDCL 9-38-112). This is not a major fund.

Storm Sewer Fund - To account for the proceeds of the special assessment for the purpose of maintaining the municipal sewers and septic or sewage treatment plants (SDCL 9-48-21). This is not a major fund.

PSAP - To account for 911 emergency surcharge collection to be used for payments of nonrecurring costs and for the general operational expense of the 911 related services (SDCL 34-45-4). This is a major fund.

24/7 Sobriety Fund - To account for charges made to citizens who are tested for sobriety which shall be used for administering the program. This is not a major fund.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Storm Sewer Debt Service - To account for resources to be paid for the principal, interest and related costs associated with the storm sewer system. This is not a major fund.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 1 - (Continued)

Pool Debt Service - To account for resources to be paid for the principal, interest and related costs associated with the Pool. This is not a major fund.

Capital Project Funds - To account for financial resources to be used for the acquisition or construction of major capital facilities.

Bike Path Trails Capital Project Fund - To account for the financial resources to be used for the construction of bike path trails. This is not a major fund.

Riverfront Development Capital Project Fund - To account for the financial resources to be used for the growth and development of the riverfront property. This is not a major fund.

Proprietary Funds:

Enterprise Funds - Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit - even if that government is not expected to make any payments - is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Water Fund - Financed primarily by user charges, this fund accounts for the construction and operation of the City waterworks system and related facilities (SDCL 9-47-1). This is a major fund.

Sewer Fund - Financed primarily by user charges, this fund accounts for the construction and operation of the City sanitary sewer system and related facilities (SDCL 9-48-2). This is a major fund.

Airport Fund - Financed primarily by user charges, this fund accounts for the acquisition, construction and operation of a municipal airport (SDCL 50-7-20). This is a major fund.

Cemetery Fund - Financed primarily by user charges, this fund accounts for the acquisition, construction and operation of a municipal cemetery (SDCL 9-32-13). This is not a major fund.

Water & Sewer Main Fund - Financed primarily by user charges, this fund accounts for the construction and operation of the municipal water and sewer main system and related facilities. This is not a major fund.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

The City's basis of accounting is the modified cash basis, which is a basis of accounting other than USGAAP. Under USGAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the modified cash basis, transactions are recorded when cash is received or disbursed.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 1 - (Continued)

Measurement Focus:

Government-Wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied within the limitations of the modified cash basis of accounting as defined below.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used, applied within the limitations of the modified cash basis of accounting.

Basis of Accounting:

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting.

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the modified cash basis of accounting, the statement of financial position reports only cash and cash equivalents (those investments with terms to maturity of 90 days (three months) or less at the date of acquisition). Under the modified cash basis of accounting, transactions are recorded in the accounts with cash and/or cash equivalents are received or disbursed and assets and liabilities are recognized to the extent that cash has been received or disbursed. The acceptable modification to the cash basis of accounting implemented by the City in these financial statements is:

1. Recording long-term investments in marketable securities (those with maturities more than 90 days (three months) from the date of the acquisition) acquired with cash assets at cost.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the City applied USGAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types and fiduciary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in the accrual basis of accounting.

d. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at fair market value.

e. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 1 - (Continued)

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. The City has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating those assets where appropriate so any capital assets owned by the City and the related depreciation are not reported on the financial statements of the City.

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, notes payable and revenue bonds.

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities, are presented using a modified cash basis of accounting. The City has not elected to modify their cash basis presentation by recording long-term debt arising from cash transactions so any outstanding indebtedness is not reported on the financial statements of the City. The City does report the principal and interest payments on long-term debt as debt service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance. On the Statement of Activities the principal portion of these debt service payments are reported within the appropriate expense function while the interest portion is reported as interest on long-term debt.

The City has presented as supplementary information a Schedule of Changes in Long-Term Debt along with related notes that include details of any outstanding long-term debt.

g. Program Revenues:

Program revenues derive directly from the program itself or from parties other than the City's taxpayers or citizenry, as a whole. Program revenues are classified into three categories as follows:

1. Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified as operating or non-operating revenues and expenses. Operating revenues and expenses directly relate to the purpose of the fund.

i. Equity Classifications:

Government-Wide Financial Statements:

Equity is classified as net position and is displayed in two components:

1. Restricted net position - Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
2. Unrestricted net position - All other net position that does not meet the definition of restricted net position.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 1 - (Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between Nonspendable, Restricted, Committed, Assigned, and Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements.

j. Application of Net Position:

It is the City's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

k. Fund Balance Classification Policies and Procedures:

In accordance with Governmental Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

1. Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
3. Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
4. Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by City Council.
5. Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of restricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy.



**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 1 - (Continued)

A schedule of fund balance is provided as follows:

	General Fund	PSAP Funds	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Restricted for:				
Debt Service Requirements	\$ 35,100	\$ -	\$ 56,006	\$ 91,106
Other Purposes:				
Capital project purposes	-	-	36,153	36,153
Pool purposes	2,024	-	-	2,024
Facilities and promoting the City	-	-	8,965	8,965
Park purposes	-	-	2,594	2,594
911 service purposes	-	370,704	-	370,704
24/7 sobriety	-	-	99,596	99,596
Library	15,000	-	-	15,000
Other	-	-	26,984	26,984
Assigned to:				
Applied to next year's budget	421,553	-	-	421,553
Capital outlay accumulations	718,595	-	-	718,595
Unassigned	1,401,611	-	-	1,401,611
<b>Total Fund Balances</b>	<b>\$ 2,593,883</b>	<b>\$ 370,704</b>	<b>\$ 230,298</b>	<b>\$ 3,194,885</b>

NOTE 2 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

The City follows the practice of aggregating the cash assets of all the 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's cash 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, and may be in the form of demand or time deposits. 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 100 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.

**Investments** - In general, SDCL 4-5-6 permits City funds to be invested only 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) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to 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.

**Fair Value Measurement** - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**Credit Risk** - State law limits eligible investments for the City, as discussed above. The City has no investment policy that would further limit its investment choices.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 2 - (Continued)

As of December 31, 2019, the City had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
External Investment Pools:			
SDFIT	Unrated	\$ 1,395,560	\$1,395,560

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine-member board with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer. Of the City's investments, 55.3% are invested in certificates in deposit at Great Western Bank, 1% are invested in certificates in deposit at Dacotah Bank. The remaining 43.7% are invested in SDFIT.

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The City's policy is to credit interest income from investments to the fund making the investment.

NOTE 3 - RESTRICTED CASH AND INVESTMENTS

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

<u>Amount:</u>	<u>Purpose:</u>
\$ 2,024	For pool operating purposes
\$ 15,000	For library operating purposes
\$ 2,571	For capital improvements in the Cemetery Fund for sprinklers
\$ 26,634	For debt service in the Water Fund
\$ 35,100	For debt services in the General Fund for the Armory

NOTE 4 - PROPERTY TAXES

Property taxes are levied on or before each October 1, of the year preceding the start of the fiscal year. They attach as an enforceable lien on property and become due and payable as of January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

The City is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable real property in the City.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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, nor any other political subdivision of the State is obligated in any manner for the repayment of the conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2019, there were 1 series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$1,455,000.

NOTE 6 - OPERATING LEASES

The City had a three-year lease for two mowers and attachments beginning in April 2016 and ending March 2019, which was paid out of the General Fund. The City has a sixty-month lease for two copy machines beginning in April 2016, which is paid out of the General Fund also. The City paid a total of \$5,407 for year ended December 31, 2019, in leases out of the General Fund.

The following are the minimum payments required for existing operating lease:

<u>Year</u>	<u>General Fund</u>
2020	\$ 2,704
2021	<u>676</u>
 Total	 <u>\$ 3,380</u>

NOTE 7 - RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2019, were as follows:

Major Purposes:

Debt services purposes - Water Fund	\$ 26,634
Debt services purposes - General Fund	35,100
Debt services purposes - Storm Sewer Debt Service Fund	51,781
Debt services purposes - Pool Debt Service Fund	4,225.0

Other Purposes:

Capital project purposes	36,153
Pool purposes	2,024
Facilities and promoting the City	8,965
Park purposes	2,594
911 service purposes	370,704
24/7 sobriety purposes	99,596
Library	15,000
Cemetery	2,571
Other purposes	<u>26,984</u>

Total Restricted Net Position	<u>\$ 682,331</u>
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These balances are restricted by the terms of bond agreements and statutory requirements.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 8 - PRIOR PERIOD ADJUSTMENTS**

The City Council approved to convert the City from accounting principles generally accepted in the United States of America (GAAP) to the modified cash basis of accounting as of January 1, 2019. As a result, beginning net position has been restated to reflect net position and fund balance to remove all of the prior year assets and liabilities from the balance sheet, except for cash and investments as of January 1, 2019, as follows:

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>
Net Position January 1, 2019, as previously reported	\$ 2,017,187	\$ 3,904,303
Prior period adjustment - Conversion from accrual basis to modified cash basis	<u>982,934</u>	<u>(1,185,486)</u>
January 1, 2019, as restated	<u>\$ 3,000,121</u>	<u>\$ 2,718,817</u>

	<u>General Fund</u>	<u>PSAP Fund</u>	<u>Third Penny Sales Tax Fund</u>	<u>24/7 Sobriety Fund</u>	<u>Storm Sewer Debt Service Fund</u>	<u>Pool Project Debt Service Fund</u>
Fund Balance January 1, 2019, as previously reported	\$ 2,583,162	\$ 510,226	\$ 8,447	\$ 104,051	\$ 9,957	\$ (17,256)
Prior period adjustment - Conversion from accrual basis to modified cash basis	<u>(175,054)</u>	<u>(107,486)</u>	<u>1,616</u>	<u>14</u>	<u>(272)</u>	<u>17,256</u>
January 1, 2019, as restated	<u>\$ 2,408,108</u>	<u>\$ 402,740</u>	<u>\$ 10,063</u>	<u>\$ 104,065</u>	<u>\$ 9,685</u>	<u>\$ -</u>

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Airport Fund</u>	<u>Cemetery Fund</u>
Net Position January 1, 2019, as previously reported	\$ 2,477,262	\$ 1,293,423	\$ 62,713	\$ 16,835
Prior period adjustment - Conversion from accrual basis to modified cash basis	<u>(1,143,449)</u>	<u>20,382</u>	<u>(62,713)</u>	<u>294</u>
January 1, 2019, as restated	<u>\$ 1,333,813</u>	<u>\$ 1,313,805</u>	<u>\$ -</u>	<u>\$ 17,129</u>

**NOTE 9 - PENSION PLAN**

**Plan Information:**

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS 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 SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 9 - (Continued)

Benefits Provided:

SDRS has three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. 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, 2019, 2018, and 2017, were \$90,897, \$92,246, and \$88,575, respectively, equal to the required contributions each year.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 9 - (Continued)

Pension Assets and Pension Expense:

At June 30, 2019, SDRS is 100.09% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ending June 30, 2019, and reported by the City as of December 31, 2019, are as follows:

Proportionate share of pension liability	\$ 8,738,534
Less proportionate share of net pension restricted for pension benefits	<u>(8,745,965)</u>
Proportionate share of net pension liability (asset)	<u>\$ (7,431)</u>

At December 31, 2019, the City reported an asset of \$(7,431) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019 and the total pension liability used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2019, the City's proportion was .07012030%, which is a decrease of (.0046009%) from its proportion measured as of June 30, 2018.

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLAs	1.88%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2011, to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 9 - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58%	4.7%
Fixed Income	30%	1.7%
Real Estate	10%	4.3%
Cash	<u>2%</u>	0.9%
Total	<u>100%</u>	

Discount Rate:

The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of Liability (Asset) to Changes in the Discount Rate:

The following presents the City's proportionate share of net pension (asset) calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset)	\$ 1,233,373	\$ (7,431)	\$ (1,018,461)

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

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; natural disaster. During the period ended December 31, 2019, the City managed its risks as follows:

Employee Health Insurance:

The City purchases health insurance for its employees for a commercial insurance carrier. Settled claims resulting from these risks have not exceeded to the liability coverage during the past three years.

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. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

NOTE 10 - (Continued)

Worker's Compensation:

The City joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

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 11 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2019, were as follows:

Transfers From:	Transfers To:			Total
	General Fund	Storm Sewer Debt Service Fund	Pool Debt Service Fund	
Major Funds:				
General Fund	\$ -	\$ 60,000	\$ 50,000	\$ 110,000
PSAP Fund	<u>206,773</u>	<u>-</u>	<u>-</u>	<u>206,773</u>
Totals	<u>\$ 206,773</u>	<u>\$ 60,000</u>	<u>\$ 50,000</u>	<u>\$ 316,773</u>

The purpose of the interfund transfers was to transfer monies from the PSAP Fund to the General Fund to reimburse the police function for salaries and benefits of 911 dispatchers. The purpose of the interfund transfers for the transfer of monies from the General Fund to the Storm Sewer Debt Service Fund and Pool Debt Service Fund was for debt services.

NOTE 12 - SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2019, the City was not involved in any litigation.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through September 16, 2020, the date on which the financial statements were available to be issued. Management has determined there are none.



**SUPPLEMENTARY INFORMATION**

**CITY OF MOBRIDGE**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
General property taxes	\$ 682,924	\$ 682,924	\$ 669,250	\$ (13,674)
Airflight property tax	-	-	2,623	2,623
General sales and use taxes	1,600,000	1,600,000	1,640,669	40,669
Gross receipts business taxes	2,800	2,800	2,862	62
Amusement taxes	-	-	36	36
Penalties and interest on delinquent taxes	2,500	2,500	3,259	759
License and permits	18,550	18,550	22,833	4,283
Intergovernmental Revenue:				
Federal grants	16,500	16,500	15,366	(1,134)
State grants	-	-	3,530	3,530
State shared revenue:				
Bank franchise tax	15,000	15,000	16,832	1,832
Prorate license fees	3,500	3,500	5,233	1,733
Liquor tax reversion (25%)	20,000	20,000	22,582	2,582
Motor vehicles licenses	20,000	20,000	30,746	10,746
Local government highway and bridge fund	70,000	70,000	96,052	26,052
County road tax (25%)	4,100	4,100	-	(4,100)
County road and bridge tax (25%)	800	800	1,304	504
County wheel tax	7,000	7,000	10,025	3,025
Other intergovernmental revenues	500	500	1,312	812
Charges for Goods and Services:				
General government	1,700	1,700	1,807	107
Public safety	-	-	8,150	8,150
Highway and streets	3,000	3,000	6,430	3,430
Sanitation	302,000	304,000	315,538	11,538
Culture and recreation	52,000	52,000	47,547	(4,453)
Fines and Forfeits:				
Court fines and costs	500	500	1,055	555
Library	6,500	6,500	5,173	(1,327)
Miscellaneous Revenue:				
Investment earnings	3,000	3,000	22,587	19,587
Rentals	7,000	7,000	8,420	1,420
Special assessments	58,500	58,500	58,460	(40)
Contributions and donations from private sources	500	500	28,192	27,692
Other	32,000	37,733	54,275	16,542
<b>TOTAL REVENUE</b>	<b>2,930,874</b>	<b>2,938,607</b>	<b>3,102,148</b>	<b>163,541</b>
<b>EXPENDITURES:</b>				
General Government:				
Legislative	43,403	43,403	41,586	1,817
Executive	103,962	107,662	107,922	(260)
Elections	2,750	2,750	19	2,731
Financial administration	142,004	142,004	136,030	5,974
Other	61,950	61,950	135,862	(73,912)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Police	1,112,775	1,118,508	1,075,064	43,444
Fire	61,350	61,350	65,668	(4,318)
Other	300	300	288	12
Public Works:				
Highways and streets	570,301	570,301	534,159	36,142
Sanitation	246,000	246,500	246,382	118
Airport	-	-	47	(47)
Health and Welfare:				
Health	71,137	71,137	31,386	39,751
Hospitals, nursing homes and rest homes	2,500	2,500	2,500	-
Culture and Recreation:				
Recreation	127,475	127,475	123,779	3,696
Parks	187,894	187,894	175,346	12,548
Library	146,363	146,363	142,478	3,885
Auditorium	52,800	55,300	60,207	(4,907)
Museums	6,000	6,000	6,000	-
Conservation and Development:				
Economic development and assistance	11,900	15,900	16,005	(105)
Debt Service	135,100	135,100	135,100	-
Miscellaneous:				
Liquor operating agreements	225	225	160	65
TOTAL EXPENDITURES	<u>3,086,189</u>	<u>3,102,622</u>	<u>3,035,988</u>	<u>66,634</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(155,315)</u>	<u>(164,015)</u>	<u>66,160</u>	<u>230,175</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	206,773	206,773	206,773	-
Sale of municipal property	-	-	22,842	22,842
Transfers out	<u>(295,600)</u>	<u>(295,600)</u>	<u>(110,000)</u>	<u>185,600</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(88,827)</u>	<u>(88,827)</u>	<u>119,615</u>	<u>208,442</u>
NET CHANGE IN FUND BALANCES	<u>(244,142)</u>	<u>(252,842)</u>	<u>185,775</u>	<u>438,617</u>
FUND BALANCE - BEGINNING	2,583,162	2,583,162	2,583,162	-
ADJUSTMENTS:				
Conversion from accrual basis to cash basis (see Note 8)	<u>(175,054)</u>	<u>(175,054)</u>	<u>(175,054)</u>	<u>-</u>
ADJUSTED FUND BALANCE - BEGINNING	<u>2,408,108</u>	<u>2,408,108</u>	<u>2,408,108</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$2,163,966</u>	<u>\$2,155,266</u>	<u>\$ 2,593,883</u>	<u>\$ 438,617</u>

**CITY OF MOBRIDGE**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CAH BASIS -PSAP**  
**YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue:				
911 remittances	\$ 275,000	\$ 275,000	\$ 283,417	\$ 8,417
Other intergovernmental revenues	-	66,000	66,288	288
Miscellaneous Revenue:				
Investment earnings	500	500	4,232	3,732
Other	500	500	2,118	1,618
<b>TOTAL REVENUE</b>	<u>276,000</u>	<u>342,000</u>	<u>356,055</u>	<u>14,055</u>
<b>EXPENDITURES:</b>				
Public Safety:				
Police	312,473	378,473	181,318	197,155
<b>TOTAL EXPENDITURES</b>	<u>312,473</u>	<u>378,473</u>	<u>181,318</u>	<u>197,155</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>(36,473)</u>	<u>(36,473)</u>	<u>174,737</u>	<u>211,210</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	-	-	(206,773)	(206,773)
<b>TOTAL OTHER FINANCING USES</b>	<u>-</u>	<u>-</u>	<u>(206,773)</u>	<u>(206,773)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(36,473)</u>	<u>(36,473)</u>	<u>(32,036)</u>	<u>4,437</u>
<b>FUND BALANCE - BEGINNING</b>	510,226	510,226	510,226	-
<b>ADJUSTMENTS:</b>				
Conversion from accrual basis to cash basis (see Note 8)	(107,486)	(107,486)	(107,486)	-
<b>ADJUSTED FUND BALANCE - BEGINNING</b>	<u>402,740</u>	<u>402,740</u>	<u>402,740</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 366,267</u>	<u>\$ 366,267</u>	<u>\$ 370,704</u>	<u>\$ 4,437</u>

**CITY OF MOBRIDGE**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND**  
**AND FOR EACH MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET**  
**DECEMBER 31, 2019**

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The City followed these procedures in establishing the budgetary data reflected in the schedules:

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.

The City did not encumber any amounts at either December 31, 2019.

6. Formal budgetary integration is employed as a management control device during the year of the General Fund and special revenue funds.

**CITY OF MOBRIDGE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT**  
**YEAR ENDED DECEMBER 31, 2019**

Indebtedness	Long-Term Debt January 1, 2019	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2019
<b>GOVERNMENTAL LONG-TERM DEBT:</b>				
Revenue bonds	\$ 3,319,948	\$ 50,000	\$ 160,208	\$ 3,209,740
Other long-term debt	125,406	-	100,000	25,406
<b>ENTERPRISE LONG-TERM DEBT:</b>				
Revenue bonds	3,609,053	-	117,927	3,491,126
<b>Total</b>	<b>\$ 7,054,407</b>	<b>\$ 50,000</b>	<b>\$ 378,135</b>	<b>\$ 6,726,272</b>

**NOTE 1 - LONG-TERM DEBT**

Debt payable at December 31, 2019, is comprised of the following:

**Revenue Bonds:**

Armory Revenue Borrower Bond, due in monthly installments of \$2,925, including 4.50% interest maturing May 16, 2048. This debt is serviced by the General Fund.	\$ 562,937
Storm Sewer Revenue Borrower Bond, due in quarterly installments of \$11,725, including 3.0% interest, maturing August 15, 2028. This debt is serviced by the Storm Sewer Debt Service Fund.	\$ 351,803
Pool Revenue Borrower Bond, due in semi-annual installments. One installment is interest only and the other is interest and principal. The payment varies each year with an increase in principal due of \$5,000 more each year. Interest is charged at a varying interest of 1.65% to 2.75%, maturing December 1, 2032.	\$ 2,295,000
Drinking Water Revenue Borrower Bond, due in quarterly installments of \$2,534, including 2.50% interest, maturing January 15, 2038. This debt is serviced by the Water Fund.	\$ 148,183
Drinking Water Revenue Borrower Bond due in quarterly installments of \$741, including 2.50% interest, maturing April 15, 2038. This debt is serviced by the Water Fund.	\$ 43,806
Water Intake Revenue Borrower Bond due in monthly installments of \$2,373, including 3.250% interest, maturing February 12, 2049. This debt is serviced by the Water Fund.	\$ 536,653
Drinking Water Revenue Borrower Bond, due in quarterly installments of \$13,935, including 2.25% interest, maturing January 15, 2045. This debt is serviced by the Water Fund.	\$ 1,071,468
Drinking Water Revenue Borrower Bond, due in quarterly installments of \$4,339, including 2.25% interest, maturing April 15, 2045. This debt is serviced by the Water Fund.	\$ 336,109
Storm Sewer Revenue Borrower Bond, due in quarterly installments of \$24,950, including 3.0% interest, maturing April 15, 2037. This debt is serviced by the Sewer Fund.	\$ 1,354,907

**Other Long-Term Debt:**

State Infrastructure Bank loan, due in quarterly installments of \$25,000, 0% interest, maturing January 1, 2020. This debt is serviced by the General Fund.	\$ 25,406
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**CITY OF MOBRIDGE**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**LAST 5 FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.0701203%	0.0747212%	0.0711366%	0.0716432%	0.0694303%
City's proportionate share of the net pension liability (asset)	\$ (7,431)	\$ (1,742)	\$ (6,455)	\$ 242,004	\$ (294,474)
City's covered payroll	\$1,362,027	\$1,408,171	\$1,315,458	\$1,235,567	\$1,166,769
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.55%	0.12%	0.49%	20%	25%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100%	100%	100%	97%	104%

\*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30. Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF MOBRIDGE**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION**  
**LIABILITY (ASSET)**

Changes of benefit terms:

No significant changes.

Changes of assumptions:

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5 percent and no greater than 3.5 percent. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25 percent) is less than 100 percent, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100 percent. That condition existed as of June 30, 2018, and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03 percent as of June 30, 2018, and is 1.88 percent as of June 30, 2019.

The changes in actuarial assumptions increased the Actuarial Accrued Liability by 1.5 percent of the Actuarial Accrued Liability based on the 2.03 percent COLA, reflecting the current and assumed future restricted maximum COLA of 1.88 percent.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.



**CITY OF MOBRIDGE**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

	Liquor, Lodging, and Dining Gross Receipts Tax Fund	Special Park Gift Fund	Storm Sewer Fund	24/7 Sobriety Fund	Storm Sewer Debt Service Fund	Pool Debt Service Fund	Bike Path Trails Capital Project Fund	Riverfront Development Capital Project Fund	Total Other Govern- mental Funds
<b>ASSETS:</b>									
Cash and cash equivalents	\$ 4,246	\$ 1,228	\$ 12,781	\$ 47,172	\$ 24,525	\$ 2,001	\$ 16,176	\$ 947	\$ 109,076
Investments	4,719	1,366	14,203	52,424	27,256	2,224	17,977	1,053	121,222
<b>TOTAL ASSETS</b>	<b>\$ 8,965</b>	<b>\$ 2,594</b>	<b>\$ 26,984</b>	<b>\$ 99,596</b>	<b>\$ 51,781</b>	<b>\$ 4,225</b>	<b>\$ 34,153</b>	<b>\$ 2,000</b>	<b>\$ 230,298</b>
<b>FUND BALANCES:</b>									
Restricted:									
Capital project purposes	-	-	-	-	-	-	-	-	36,153
Facilities and promoting the City	8,965	-	-	-	-	-	34,153	2,000	8,965
Park purposes	-	2,594	-	-	-	-	-	-	2,594
24/7 sobriety purposes	-	-	-	99,596	-	-	-	-	99,596
Debt service purposes	-	-	-	-	51,781	4,225	-	-	56,006
Other	-	-	26,984	-	-	-	-	-	26,984
<b>TOTAL FUND BALANCES</b>	<b>\$ 8,965</b>	<b>\$ 2,594</b>	<b>\$ 26,984</b>	<b>\$ 99,596</b>	<b>\$ 51,781</b>	<b>\$ 4,225</b>	<b>\$ 34,153</b>	<b>\$ 2,000</b>	<b>\$ 230,298</b>

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	Liquor, Lodging, and Dining Gross Receipts Tax Fund	Special Park Gift Fund	Storm Sewer Fund	24/7 Sobriety Fund	Storm Sewer Service Fund	Pool Debt Service Fund	Bike Path Trails Capital Project Fund	Riverfront Development Capital Project Fund	Total Other Govern- mental Funds
<b>REVENUES:</b>									
Taxes:									
General sales and use taxes	\$ 113,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,454
Charges for Goods and Services:									
Public safety	-	-	-	7,789	-	-	-	-	7,789
Miscellaneous Revenue:									
Investment earnings	1	24	247	-	-	-	-	-	272
Special assessments	-	-	-	-	28,995	159,712	-	-	188,707
Other	-	-	-	350	-	-	-	-	350
<b>TOTAL REVENUE</b>	<b>113,455</b>	<b>24</b>	<b>247</b>	<b>8,139</b>	<b>28,995</b>	<b>159,712</b>	<b>-</b>	<b>-</b>	<b>310,572</b>
<b>EXPENDITURES:</b>									
Public Safety:									
Police	-	-	-	12,608	-	-	-	-	12,608
Recreation	-	-	-	-	-	1,500	-	-	1,500
Conservation and Development:									
Economic development and assistance	114,553	-	-	-	-	-	-	-	114,553
Debt Service	-	-	-	-	46,899	203,987	-	-	250,886
<b>TOTAL EXPENDITURES</b>	<b>114,553</b>	<b>-</b>	<b>-</b>	<b>12,608</b>	<b>46,899</b>	<b>205,487</b>	<b>-</b>	<b>-</b>	<b>379,547</b>
<b>EXCESS OF REVENUE OVER (UNDER)</b>	<b>(1,098)</b>	<b>24</b>	<b>247</b>	<b>(4,469)</b>	<b>(17,904)</b>	<b>(45,775)</b>	<b>-</b>	<b>-</b>	<b>(68,975)</b>
<b>OTHER FINANCING SOURCES:</b>									
Transfers In	-	-	-	-	60,000	50,000	-	-	110,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,000</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>110,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,098)</b>	<b>24</b>	<b>247</b>	<b>(4,469)</b>	<b>42,096</b>	<b>4,225</b>	<b>-</b>	<b>-</b>	<b>41,025</b>
<b>FUND BALANCE - BEGINNING</b>	<b>8,447</b>	<b>2,570</b>	<b>26,737</b>	<b>104,051</b>	<b>9,957</b>	<b>(17,256)</b>	<b>34,153</b>	<b>2,000</b>	<b>170,659</b>
<b>ADJUSTMENTS:</b>									
Conversion from accrual basis to cash basis (see Note 8)	1,616	-	-	14	(272)	17,256	-	-	18,614
<b>ADJUSTED FUND BALANCE - BEGINNING</b>	<b>10,063</b>	<b>2,570</b>	<b>26,737</b>	<b>104,065</b>	<b>9,685</b>	<b>-</b>	<b>34,153</b>	<b>2,000</b>	<b>189,273</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 8,965</b>	<b>\$ 2,594</b>	<b>\$ 26,984</b>	<b>\$ 99,596</b>	<b>\$ 51,781</b>	<b>\$ 4,225</b>	<b>\$ 34,153</b>	<b>\$ 2,000</b>	<b>\$ 230,298</b>

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF NET POSITION -**  
**MODIFIED CASH BASIS**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2019**

	Cemetery Fund	Water and Sewer Main Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 9,948	\$ 30,791	\$ 40,739
Investments	13,915	34,221	48,136
Total Current Assets	23,863	65,012	88,875
Noncurrent Assets:			
Restricted cash and cash equivalents	2,571	-	2,571
Total Noncurrent Assets	2,571	-	2,571
TOTAL ASSETS	\$ 26,434	\$ 65,012	\$ 91,446
NET POSITION:			
Restricted for:			
Other purposes	\$ 2,571	\$ -	\$ 2,571
Unrestricted	23,863	65,012	88,875
TOTAL NET POSITION	\$ 26,434	\$ 65,012	\$ 91,446

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET**  
**POSITION - MODIFIED CASH BASIS**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	Cemetery Fund	Water and Sewer Main Fund	Totals
OPERATING REVENUE:			
Charges for goods and services	\$24,300	\$ 10,397	\$ 34,697
TOTAL OPERATING REVENUE	<u>24,300</u>	<u>10,397</u>	<u>34,697</u>
OPERATING EXPENSES:			
Other current expense	25,143	-	25,143
TOTAL OPERATING EXPENSES	<u>25,143</u>	<u>-</u>	<u>25,143</u>
OPERATING INCOME (LOSS)	<u>(843)</u>	<u>10,397</u>	<u>9,554</u>
NONOPERATING REVENUE:			
Investment earnings	148	545	693
Contributions and donations	10,000	-	10,000
TOTAL NONOPERATING REVENUE	<u>10,148</u>	<u>545</u>	<u>10,693</u>
CHANGE IN NET POSITION	<u>9,305</u>	<u>10,942</u>	<u>20,247</u>
NET POSITION - BEGINNING	16,835	54,070	70,905
ADJUSTMENTS:			
Conversion from accrual basis to cash basis (See Note 8)	294	-	294
ADJUSTED NET POSITION - BEGINNING	<u>17,129</u>	<u>54,070</u>	<u>71,199</u>
NET POSITION - ENDING	<u>\$26,434</u>	<u>\$ 65,012</u>	<u>\$ 91,446</u>

**CITY OF MOBRIDGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2019**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Pass-Through Entity Identification Number	Federal CFDA Number	Expenditures 2019
<u>Other Programs:</u>			
U.S. Department of Transportation:			
Direct Federal Funding:			
Airport Improvement Program (Note 3)	3-46-0038-14-2019		
	3-46-0038-12-2018		
	3-46-0038-13-2018	20.106	\$ 4,248,772
Total U.S. Department of Transportation			<u>4,248,772</u>
GRAND TOTAL			<u>\$ 4,248,772</u>

NOTE 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - Major Federal Financial Assistant Program

This represents a Major Federal Financial Assistance Program.