

**CITY OF MOBRIDGE**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

# **CITY OF MOBRIDGE**

## **CITY OFFICIALS**

**DECEMBER 31, 2022**

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Mayor:

Gene Cox

Governing Board:

Jade Mound  
Amy Cerney  
Curtis Reichert  
Kyle Jensen  
Brent Kemnitz  
Randy Carlson

Financial Officer:

Heather Beck

Attorney:

Rick Cain  
Justin M. Scott

# CITY OF MOBRIDGE

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**CERTIFIED PUBLIC ACCOUNTANTS**

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WITH OFFICES IN  
MILLER, SOUTH DAKOTA

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

City Council  
City of Mobridge  
Mobridge, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 15, 2024, 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 2022, and unmodified for the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Report on 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) as a basis for designing 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 a 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 2022-001 through 2022-004, that we consider to be material weaknesses.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and are described in the accompanying schedule of current audit findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### 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.

*Kohlman Bierschbach and Anderson LLP*

January 15, 2024

**KOHLMAN,BIERSCHBACH & ANDERSON, LLP**  
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL 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

Opinion on Each Major Federal Program

We have audited the City of Mobridge, South Dakota (City'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's major federal program for the year ended December 31, 2022. The City's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the City 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards general 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 the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

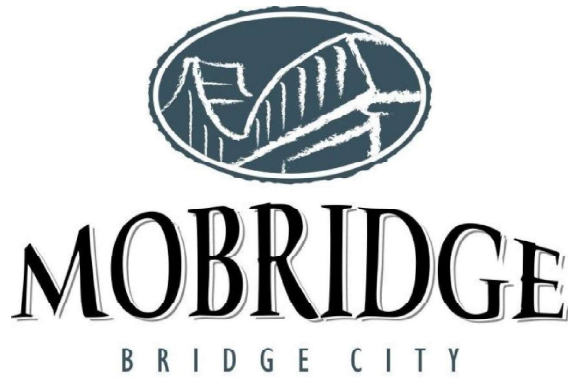
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

#### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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.

*Kohlman Bierschbach and Anderson LLP*

January 15, 2024



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## SCHEDULE OF PRIOR AUDIT FINDINGS

2021-001

*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, revenues, grants, equity, expenditures, and payroll.

*Status:* Ongoing. This finding has not been corrected and is restated as finding 2022-001. 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.

2021-002

*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 2022-002. 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.

2021-003

*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 2022-003. 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.

2021-004

*Initial Fiscal Year Finding Occurred:* 2013

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

*Status:* Ongoing. This finding has not been corrected and is restated as finding 2022-004. The Mayor will work on putting controls in place to restrict access to his signature stamp.

2021-005

*Initial Fiscal Year Finding Occurred:* 2019

*Finding Summary:* The budget for the general government - operating transfer function of the PSAP Fund was materially overspent by \$230,961. The operating transfers were included in the amount published under the police function.

*Status:* Resolved. This finding has been corrected and is not a restatement.

  
Finance Officer

  
Mayor

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2022**

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SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS:

Financial Statements:

- a. An adverse opinion on the financial statements of the discretely presented component unit opinion unit because of the omission of financial data. An unmodified opinion was issued on the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information.
- b. Material weaknesses were disclosed by our audit of the financial statements. They are described as findings 2022-001 through 2022-004.
- c. Our audit did not disclose any instances of noncompliance that were material to the financial statements.

Federal Awards:

- d. An unmodified opinion was issued on compliance with the requirements applicable to the major program.
- e. Our audited did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
- f. The federal award tested as a major program was:
  - a. Airport Improvement Project Assistance Listing Number #20.106
  - b. Airport Improvement Project (COVID) Assistance Listing Number #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 auditee.

CURRENT FEDERAL AUDIT FINDINGS:

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

CURRENT AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

2022-001

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, 2022**  
**(Continued)**

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Identification as a Repeat Finding

Yes, this is a restatement of 2021-001.

Views of Responsible Officials

See the City's corrective action plan on pages 11 - 12.

2022-002

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 2021-002.

Views of Responsible Officials

See the City's corrective action plan on pages 11 - 12.

2022-003

Criteria

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



**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2022**  
**(Continued)**

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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 of accounting. 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 the 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 2021-003.

Views of Responsible Officials

See the City's corrective action plan on pages 11 - 12.

2022-004

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 sufficient controls in place to restrict physical access to the Mayor's signature stamp.

Cause

The City's finance office personnel have physical access to the Mayor's signature stamp.

Effect

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

Recommendation

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

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2022**  
**(Continued)**

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Identification as a Repeat Finding

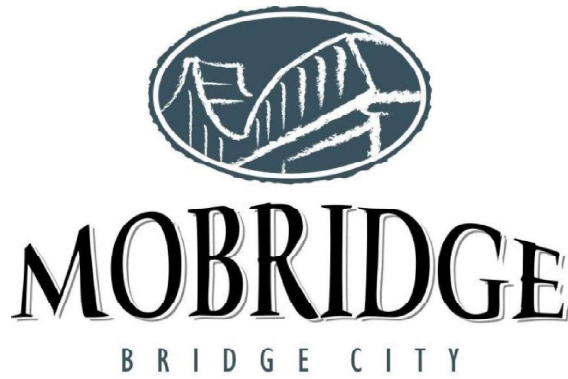
Yes, this is a restatement of 2021-004.

Views of Responsible Officials

See the City's corrective action plan on pages 11 - 12.

Closing Conference

The contents of this report were discussed with Heather Beck, Finance Officer; Gene Cox, Mayor; and Curtis Reichert, Council Member on September 20, 2023.



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## CORRECTIVE ACTION PLAN (UNAUDITED)

City of Mobridge submits the following corrective action plan for the year ended December 31, 2022:

### Current Audit Findings:

#### 2022-001

*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.

*Anticipated Completion Date:* Ongoing.

#### 2022-002

*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.

*Anticipated Completion Date:* Ongoing.

#### 2022-003

*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 were 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.

*Anticipated Completion Date:* 12/31/23

2022-004

*Finding Summary:* The City does not have sufficient controls in place to restrict physical 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:* 10/31/23

  
Finance Officer

  
Mayor

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

INDEPENDENT AUDITORS' REPORT

City Council  
City of Mobridge  
Mobridge, South Dakota

Adverse and Unmodified Opinions

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 December 31, 2022, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Unit section of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the City as of December 31, 2022, or the changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and Aggregate Remaining Fund Information

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include the financial data for the City's legally separate component unit. The modified cash basis of accounting requires financial data for the component unit to be reported with financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. The effects of not including the City's legally separate component unit on the aggregate discretely presented component unit and the aggregate remaining fund information have not been determined.

### Emphasis of Matter - 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.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the modified cash basis of accounting financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Supplementary 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 Budgetary Comparison Schedules, the Schedule of Changes in Long-Term Debt, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), the combining nonmajor fund financial statements, and the Schedule of Expenditures of Federal Awards listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Budgetary Comparison Schedules, the Schedule of Changes in Long-Term Debt, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), the combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards 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 January 15, 2024, 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, and 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.

*Kohlman Bierschbach and Anderson LLP*

January 15, 2024

**CITY OF MOBRIDGE**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**DECEMBER 31, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 3,352,991	\$ 2,270,716	\$ 5,623,707
Investments	1,048,207	743,297	1,791,504
Restricted cash and cash equivalents	<u>52,124</u>	<u>32,060</u>	<u>84,184</u>
TOTAL ASSETS	<u>\$ 4,453,322</u>	<u>\$ 3,046,073</u>	<u>\$ 7,499,395</u>
NET POSITION:			
Restricted for:			
Capital projects purposes	\$ 36,153	\$ -	\$ 36,153
Debt service purposes	88,439	29,489	117,928
Other purposes	244,087	2,571	246,658
Unrestricted	<u>4,084,643</u>	<u>3,014,013</u>	<u>7,098,656</u>
TOTAL NET POSITION	<u>\$ 4,453,322</u>	<u>\$ 3,046,073</u>	<u>\$ 7,499,395</u>

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, 2022**

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		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 295,256	\$ 71,931	\$ -	\$ -	\$ (223,325)		\$ (223,325)
Public safety	1,712,998	32,270	252,113	195,713	(1,232,902)		(1,232,902)
Public works	871,510	336,724	147,499	233,342	(153,945)		(153,945)
Health and welfare	47,292	-	-	-	(47,292)		(47,292)
Culture and recreation	903,980	74,245	37,724	-	(792,011)		(792,011)
Conservation and development	190,072	-	-	-	(190,072)		(190,072)
Miscellaneous	197	-	-	-	(197)		(197)
**Interest on long-term debt	68,059	-	-	-	(68,059)		(68,059)
Total Governmental Activities	<u>4,089,364</u>	<u>515,170</u>	<u>437,336</u>	<u>429,055</u>	<u>(2,707,803)</u>		<u>(2,707,803)</u>
Business-Type Activities:							
Water	1,015,985	924,719	-	314,894		\$ 223,628	223,628
Sewer	850,899	548,193	-	29,378		(273,328)	(273,328)
Airport	478,377	97,383	-	1,062,844		681,850	681,850
Cemetery	29,415	31,900	-	-		2,485	2,485
Water and sewer main	-	10,483	-	-		10,483	10,483
Total Business-Type Activities	<u>2,374,676</u>	<u>1,612,678</u>	<u>-</u>	<u>1,407,116</u>		<u>645,118</u>	<u>645,118</u>
Total Primary Government	<u>\$ 6,464,040</u>	<u>\$ 2,127,848</u>	<u>\$ 437,336</u>	<u>\$ 1,836,171</u>	<u>(2,707,803)</u>	<u>645,118</u>	<u>(2,062,685)</u>
General Revenues:							
Taxes:							
Property taxes					732,873		732,873
Sales taxes					2,168,821		2,168,821
State shared revenues					39,912		39,912
Unrestricted investment earnings					19,337	13,437	32,774
Miscellaneous revenue					<u>111,986</u>	<u>21,423</u>	<u>133,409</u>
Total General Revenues					<u>3,072,929</u>	<u>34,860</u>	<u>3,107,789</u>
Change in Net Position					365,126	679,978	1,045,104
Net Position - Beginning					<u>4,088,196</u>	<u>2,366,095</u>	<u>6,454,291</u>
Net Position - Ending					<u>\$ 4,453,322</u>	<u>\$ 3,046,073</u>	<u>\$ 7,499,395</u>

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

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, 2022**

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	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 3,122,077	\$ 93,465	\$ 137,449	\$ 3,352,991
Investments	973,921	28,659	45,627	1,048,207
Restricted cash and cash equivalents	<u>52,124</u>	<u>-</u>	<u>-</u>	<u>52,124</u>
 TOTAL ASSETS	 <u>\$ 4,148,122</u>	 <u>\$ 122,124</u>	 <u>\$ 183,076</u>	 <u>\$ 4,453,322</u>
 FUND BALANCES:				
Restricted	\$ 52,124	\$ 122,124	\$ 194,431	\$ 368,679
Assigned	939,037	-	-	939,037
Unassigned	<u>3,156,961</u>	<u>-</u>	<u>(11,355)</u>	<u>3,145,606</u>
 TOTAL FUND BALANCES	 <u>\$ 4,148,122</u>	 <u>\$ 122,124</u>	 <u>\$ 183,076</u>	 <u>\$ 4,453,322</u>

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, 2022

	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes:				
General property taxes	\$ 724,040	\$ -	\$ -	\$ 724,040
Airflight property tax	1,868	-	-	1,868
General sales and use taxes	2,030,384	-	138,437	2,168,821
Gross receipts business taxes	2,825	-	-	2,825
Tax deed revenue	1,239	-	-	1,239
Penalties and interest on delinquent taxes	4,769	-	-	4,769
License and Permits	61,807	-	-	61,807
Intergovernmental Revenue:				
Federal grants	176,273	-	-	176,273
State grants	19,440	-	-	19,440
State shared revenue:				
Bank franchise tax	17,061	-	-	17,061
Prorate license fees	5,938	-	-	5,938
Liquor tax reversion (25%)	22,851	-	-	22,851
Motor vehicle licenses	33,727	-	-	33,727
Local government highway and bridge fund	101,953	-	-	101,953
911 remittances	-	252,078	-	252,078
County shared revenue:				
County wheel tax	4,013	-	-	4,013
Other intergovernmental revenues	1,157	22,663	-	23,820
Charges for Goods and Services:				
General government	3,216	-	-	3,216
Public safety	23,469	-	2,963	26,432
Highways and streets	12,565	-	-	12,565
Sanitation	324,159	-	-	324,159
Culture and recreation	73,651	-	-	73,651
Fines and Forfeits:				
Court fines and costs	5,838	-	-	5,838
Library	594	-	-	594
Miscellaneous Revenue:				
Investment earnings	17,601	1,608	128	19,337
Rentals	6,908	-	-	6,908
Special assessments	74,494	-	158,848	233,342
Contributions and donations from private sources	37,759	-	-	37,759
Other	79,038	5,700	837	85,575
TOTAL REVENUES	<u>3,868,637</u>	<u>282,049</u>	<u>301,213</u>	<u>4,451,899</u>
EXPENDITURES:				
General Government:				
Legislative	43,000	-	-	43,000
Executive	60,644	-	-	60,644
Financial administration	139,150	-	-	139,150
Other	41,556	-	-	41,556
Public Safety:				
Police	1,338,204	261,074	21,873	1,621,151
Fire	91,543	-	-	91,543
Other protection	304	-	-	304

	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
Public Works:				
Highways and streets	614,547	-	-	614,547
Sanitation	256,963	-	-	256,963
Health and Welfare:				
Health	40,792	-	-	40,792
Hospitals, nursing homes and rest homes	6,500	-	-	6,500
Culture and Recreation:				
Recreation	169,319	-	-	169,319
Parks	315,797	-	-	315,797
Libraries	147,618	-	-	147,618
Auditorium	96,246	-	-	96,246
Museums	7,500	-	-	7,500
Conservation and Development:				
Urban redevelopment and housing	7,681	-	-	7,681
Economic development and assistance	24,059	-	158,332	182,391
Debt Service	35,100	-	211,365	246,465
Miscellaneous:				
Liquor operating agreements	197	-	-	197
TOTAL EXPENDITURES	<u>3,436,720</u>	<u>261,074</u>	<u>391,570</u>	<u>4,089,364</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>431,917</u>	<u>20,975</u>	<u>(90,357)</u>	<u>362,535</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	230,961	-	50,000	280,961
Transfers out	(50,000)	(230,961)	-	(280,961)
Sale of municipal property	<u>2,591</u>	<u>-</u>	<u>-</u>	<u>2,591</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>183,552</u>	<u>(230,961)</u>	<u>50,000</u>	<u>2,591</u>
NET CHANGE IN FUND BALANCES	615,469	(209,986)	(40,357)	365,126
FUND BALANCE - BEGINNING	<u>3,532,653</u>	<u>332,110</u>	<u>223,433</u>	<u>4,088,196</u>
FUND BALANCE - ENDING	<u>\$ 4,148,122</u>	<u>\$ 122,124</u>	<u>\$ 183,076</u>	<u>\$ 4,453,322</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, 2022**

	Enterprise Funds				Totals
	Major			Nonmajor	
	Water Fund	Sewer Fund	Airport Fund	Other Enterprise Fund	
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 1,372,586	\$ 946,793	\$ (153,399)	\$ 104,736	\$ 2,270,716
Investments	<u>419,805</u>	<u>291,378</u>	<u>-</u>	<u>32,114</u>	<u>743,297</u>
Total Current Assets	<u>1,792,391</u>	<u>1,238,171</u>	<u>(153,399)</u>	<u>136,850</u>	<u>3,014,013</u>
Noncurrent Assets:					
Restricted cash and cash equivalents	<u>29,489</u>	<u>-</u>	<u>-</u>	<u>2,571</u>	<u>32,060</u>
Total Noncurrent Assets	<u>29,489</u>	<u>-</u>	<u>-</u>	<u>2,571</u>	<u>32,060</u>
TOTAL ASSETS	<u>\$ 1,821,880</u>	<u>\$ 1,238,171</u>	<u>\$ (153,399)</u>	<u>\$ 139,421</u>	<u>\$ 3,046,073</u>
NET POSITION:					
Restricted For:					
Revenue bond debt service	\$ 29,489	\$ -	\$ -	\$ -	\$ 29,489
Other purposes	-	-	-	2,571	2,571
Unrestricted	<u>1,792,391</u>	<u>1,238,171</u>	<u>(153,399)</u>	<u>136,850</u>	<u>3,014,013</u>
TOTAL NET POSITION	<u>\$ 1,821,880</u>	<u>\$ 1,238,171</u>	<u>\$ (153,399)</u>	<u>\$ 139,421</u>	<u>\$ 3,046,073</u>

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**  
**DECEMBER 31, 2022**

	Enterprise Funds				
	Major			Nonmajor	
	Water Fund	Sewer Fund	Airport Fund	Other Enterprise Fund	Total
OPERATING REVENUE:					
Surcharge as security for debt	\$ 86,691	\$ 110,688	\$ -	\$ -	\$ 197,379
Charges for goods and services	838,028	437,505	97,383	42,383	1,415,299
Miscellaneous	<u>5,386</u>	<u>3,950</u>	<u>2,665</u>	<u>9,422</u>	<u>21,423</u>
TOTAL OPERATING REVENUE	<u>930,105</u>	<u>552,143</u>	<u>100,048</u>	<u>51,805</u>	<u>1,634,101</u>
OPERATING EXPENSES:					
Personal services	319,238	202,190	11,700	-	533,128
Other current expense	595,174	548,909	394,106	29,415	1,567,604
Materials (cost of goods sold)	<u>-</u>	<u>-</u>	<u>61,336</u>	<u>-</u>	<u>61,336</u>
TOTAL OPERATING EXPENSES	<u>914,412</u>	<u>751,099</u>	<u>467,142</u>	<u>29,415</u>	<u>2,162,068</u>
OPERATING INCOME (LOSS)	15,693	(198,956)	(367,094)	22,390	(527,967)
NONOPERATING REVENUE (EXPENSE):					
Capital grants	314,894	29,378	1,062,844	-	1,407,116
Capital assets	-	-	(11,235)	-	(11,235)
Investment earnings	6,996	5,867	-	574	13,437
Debt service (principal)	(55,985)	(63,507)	-	-	(119,492)
Interest expense	<u>(45,588)</u>	<u>(36,293)</u>	<u>-</u>	<u>-</u>	<u>(81,881)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>220,317</u>	<u>(64,555)</u>	<u>1,051,609</u>	<u>574</u>	<u>1,207,945</u>
CHANGE IN NET POSITION	236,010	(263,511)	684,515	22,964	679,978
NET POSITION - BEGINNING	<u>1,585,870</u>	<u>1,501,682</u>	<u>(837,914)</u>	<u>116,457</u>	<u>2,366,095</u>
NET POSITION - ENDING	<u>\$ 1,821,880</u>	<u>\$ 1,238,171</u>	<u>\$ (153,399)</u>	<u>\$ 139,421</u>	<u>\$ 3,046,073</u>

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, 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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, 2022**

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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 City sewers and septic or sewage treatment plants (SDCL 9-48-21). This is not a major fund.

PSAP Fund - 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.



**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 1 - (Continued)**

Storm Sewer Debt Service Fund - 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.

Pool Debt Service Fund - 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 - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

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 design 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 the City 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 the City cemetery (SDCL 9-32-13). This is not a major fund.

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

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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NOTE 1 - (Continued)

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.

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 when 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:

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 on 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.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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NOTE 1 - (Continued)

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, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets, 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.

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/amortizing those assets where appropriate so any capital assets owned by the City and the related depreciation/amortization 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 Balances. 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.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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NOTE 1 - (Continued)

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.

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned, or 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 the 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 unrestricted fund balance when expenditures are made.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1 - (Continued)**

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

The purpose of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
PSAP Fund	911 remittances and other intergovernmental revenue

A schedule of fund balances is provided as follows:

CITY OF MOBRIDGE  
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022

	<u>General Fund</u>	<u>PSAP Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Restricted for:				
Debt Service Requirements	\$ 35,100	\$ -	\$ 53,339	\$ 88,439
Other Purposes:				
Capital project purposes	-	-	36,153	36,153
Pool purposes	2,024	-	-	2,024
Facilities and promoting the City	-	-	10,311	10,311
Park purposes	-	-	2,622	2,622
911 services purposes	-	122,124	-	122,124
24/7 sobriety	-	-	64,731	64,731
Library	15,000	-	-	15,000
Other	-	-	27,275	27,275
Assigned to:				
Applied to next year's budget	376,717	-	-	376,717
Capital outlay accumulations	562,320	-	-	562,320
Unassigned	<u>3,156,961</u>	<u>-</u>	<u>(11,355)</u>	<u>3,145,606</u>
Total Fund Balances	<u>\$ 4,148,122</u>	<u>\$ 122,124</u>	<u>\$ 183,076</u>	<u>\$ 4,453,322</u>

**NOTE 2 - DEFICIT FUND BALANCES/NET POSITION OF INDIVIDUAL NONMAJOR FUNDS**

As of December 31, 2022, the Pool Debt Service Fund, a nonmajor fund, had deficit fund balance/net position in the amount of \$11,355. The City plans to make an operating transfer to correct the deficit.

**NOTE 3 - 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:

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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NOTE 3 - (Continued)

**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 of the 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.

As of December 31, 2022, 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	\$ 4	\$ 4

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, 42% are invested in certificates of deposit at First Interstate Bank and 57% are invested in certificates of deposit at Dacotah Bank. The remaining 1% is 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 4 - RESTRICTED CASH AND INVESTMENTS

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

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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NOTE 4 - (Continued)

Amount:	Purpose:
\$ 2,024	For pool operating purposes in the General Fund
\$ 15,000	For library operating purposes in the General Fund
\$ 2,571	For capital improvements in the Cemetery Fund for sprinklers
\$ 29,489	For debt service in the Water Fund
\$ 35,100	For debt service in the General Fund for the Armory Loan

NOTE 5 - PROPERTY TAXES

Property taxes are levied on or before 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.

NOTE 6 - 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 these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2022, there was 1 series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$41,800,000 with the intent to withdraw the obligation upon completion of construction.

NOTE 7 - RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2022, was as follows:

Major Purposes:

Debt services purposes - Water Fund	\$ 29,489
Debt services purposes - General Fund	35,100
Debt services purposes - Storm Sewer Debt Service Fund	53,339

Other Purposes:

Capital project purposes	36,153
Pool purposes	2,024
Facilities and promoting the City	10,311
Park purposes	2,622
911 service purposes	122,124
24/7 sobriety purposes	64,731
Library	15,000
Cemetery	2,571
Other purposes	<u>27,275</u>

Total Restricted Net Position	<u><u>\$ 400,739</u></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, 2022**

**NOTE 8 - INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2022, were as follows:

Transfers From:	Transfers To:		Total
	General Fund	Pool Debt Service Fund	
Major Funds:			
General Fund	\$ -	\$ 50,000	\$ 50,000
PSAP Fund	<u>230,961</u>	<u>230,961</u>	<u>230,961</u>
Total	<u>\$ 230,961</u>	<u>\$ 280,961</u>	<u>\$ 280,961</u>

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

**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 survivor 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.

Benefits Provided:

SDRS has four classes of members, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation 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. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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.



**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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NOTE 9 - (Continued)

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, if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

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 calendar years ended December 31, 2022, 2021, and 2020, were \$101,006, \$97,696, and \$92,700, respectively, equal to the required contributions each year.

Pension Assets and Pension Expense:

At June 30, 2022, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ended June 30, 2022, and reported by the City as of December 31, 2022, are as follows:

Proportionate share of total pension liability	\$ 10,092,395
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Less proportionate share of net pension restricted for pension benefits	<u>10,099,151</u>
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Proportionate share of net pension liability (asset)	<u><u>\$ (6,756)</u></u>
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The net pension asset was measured as of June 30, 2022, 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, 2022, the City's proportion was .07149300%, which is an increase of .0020050% from its proportion measured as of June 30, 2021.

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	2.10%

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 9 - (Continued)**

**Mortality Rates:**

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

**Active and Terminated Vested Members:**

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

**Retired Members:**

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages

**Beneficiaries:**

PubG-2010 contingent survivor mortality table

**Disabled Members:**

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

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, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58 %	3.7 %
Fixed Income	30 %	1.1 %
Real Estate	10 %	2.6 %
Cash	<u>2 %</u>	<u>0.4 %</u>
Total	<u>100 %</u>	<u>2.7 %</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.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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NOTE 9 - (Continued)

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

The following presents the City's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, 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%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
City's proportionate share of the net pension liability (asset)	\$ 1,402,933	\$ (6,756)	\$ (1,158,845)

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 - SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2022, the City was not involved in any litigation.

NOTE 11 - SIGNIFICANT CONTINGENCIES - OTHER

The Mobridge Housing and Redevelopment Commission is a component unit of the City. The Commission has two loans, one obtained in 2005 for a total of \$800,000 and one obtained in 2010 for \$600,000 for a total of \$1,400,000. The City has guaranteed 25% of each amount which was \$200,000 in 2005 and \$150,000 in 2010 for a total of \$350,000, but believes that the contingency will be immaterial, if any, because the Commission is to repay it.

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through January 15, 2024, the date on which the financial statements were available to be issued. Management has determined there are none.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2022, the City managed its risks as follows:

Employee Health Insurance:

The City purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded 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, 2022**

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NOTE 13 - (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 of 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.

## **SUPPLEMENTARY INFORMATION**

**CITY OF MOBRIDGE**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
General property taxes	\$ 715,159	\$ 715,159	\$ 724,040	\$ 8,881
Airflight property tax	1,500	1,500	1,868	368
General sales and use taxes	1,600,000	1,600,000	2,030,384	430,384
Gross receipts business taxes	2,800	2,800	2,825	25
Tax deed revenue	-	-	1,239	1,239
Penalties and interest on delinquent taxes	3,000	3,000	4,769	1,769
License and Permits	21,300	21,300	61,807	40,507
Intergovernmental Revenue:				
Federal grants	15,000	15,000	176,273	161,273
State grants	-	53,375	19,440	(33,935)
State shared revenue:				
Bank franchise tax	16,000	16,000	17,061	1,061
Prorate license fees	3,500	3,500	5,938	2,438
Liquor tax reversion (25%)	22,000	22,000	22,851	851
Motor vehicles licenses	22,000	22,000	33,727	11,727
Local government highway and bridge fund	75,000	75,000	101,953	26,953
County shared revenue:				
County road tax (25%)	4,100	4,100	-	(4,100)
County wheel tax	8,000	8,000	4,013	(3,987)
Other intergovernmental revenues	500	500	1,157	657
Charges for Goods and Services:				
General government	2,000	2,000	3,216	1,216
Public safety	25,000	25,000	23,469	(1,531)
Highway and streets	2,000	2,000	12,565	10,565
Sanitation	305,000	305,000	324,159	19,159
Culture and recreation	60,000	73,055	73,651	596
Fines and Forfeits:				
Court fines and costs	500	500	5,838	5,338
Library	1,000	1,000	594	(406)
Miscellaneous Revenue:				
Investment earnings	-	-	17,601	17,601
Rentals	-	6,000	6,908	908
Special assessments	161,365	58,500	74,494	15,994
Contributions and donations from private sources	-	25,000	37,759	12,759
Other	-	-	79,038	79,038
TOTAL REVENUES	<u>3,066,724</u>	<u>3,061,289</u>	<u>3,868,637</u>	<u>807,348</u>

EXPENDITURES:

  General Government:

Legislative	56,900	56,900	43,000	13,900
Executive	63,918	63,918	60,644	3,274
Elections	2,950	2,950	-	2,950
Financial administration	149,076	149,076	139,150	9,926
Other	70,200	70,200	41,556	28,644

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Police	1,357,165	1,357,165	1,338,204	18,961
Fire	82,305	82,305	91,543	(9,238)
Other protection	300	320	304	16
Public Works:				
Highway and streets	659,374	659,374	614,547	44,827
Sanitation	259,000	259,000	256,963	2,037
Health and Welfare:				
Health	62,900	62,900	40,792	22,108
Hospitals, nursing homes and rest homes	6,500	6,500	6,500	-
Culture and Recreation:				
Recreation	152,589	176,589	169,319	7,270
Parks	196,475	326,475	315,797	10,678
Libraries	130,460	148,460	147,618	842
Auditorium	65,430	96,430	96,246	184
Museums	7,500	7,500	7,500	-
Conservation and Development:				
Urban redevelopment and housing	-	7,681	7,681	-
Economic development and assistance	26,247	26,247	24,059	2,188
Debt Service	135,100	135,100	35,100	100,000
Miscellaneous:				
Liquor operating agreements	<u>225</u>	<u>225</u>	<u>197</u>	<u>28</u>
TOTAL EXPENDITURES	<u>3,484,614</u>	<u>3,695,315</u>	<u>3,436,720</u>	<u>258,595</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(417,890)</u>	<u>(634,026)</u>	<u>431,917</u>	<u>1,065,943</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	230,961	230,961	230,961	-
Transfers out	(125,000)	(125,000)	(50,000)	75,000
Sale of municipal property	<u>-</u>	<u>-</u>	<u>2,591</u>	<u>2,591</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>105,961</u>	<u>105,961</u>	<u>183,552</u>	<u>77,591</u>
NET CHANGE IN FUND BALANCES	(311,929)	(528,065)	615,469	1,143,534
FUND BALANCE - BEGINNING	<u>3,532,653</u>	<u>3,532,653</u>	<u>3,532,653</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 3,220,724</u>	<u>\$ 3,004,588</u>	<u>\$ 4,148,122</u>	<u>\$ 1,143,534</u>

**CITY OF MOBRIDGE**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**PSAP FUND**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental Revenue:				
State shared revenue:				
911 remittances	\$ 275,000	\$ 408,000	\$ 252,078	\$ (155,922)
Other intergovernmental revenues	-	-	22,663	22,663
Miscellaneous Revenue:				
Investment earnings	2,000	2,000	1,608	(392)
Other	<u>500</u>	<u>500</u>	<u>5,700</u>	<u>5,200</u>
TOTAL REVENUES	<u>277,500</u>	<u>410,500</u>	<u>282,049</u>	<u>(128,451)</u>
EXPENDITURES:				
Public Safety:				
Police	<u>108,700</u>	<u>261,200</u>	<u>261,074</u>	<u>126</u>
TOTAL EXPENDITURES	<u>108,700</u>	<u>261,200</u>	<u>261,074</u>	<u>126</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>168,800</u>	<u>149,300</u>	<u>20,975</u>	<u>(128,325)</u>
OTHER FINANCING USES:				
Transfers out	<u>(230,961)</u>	<u>(230,961)</u>	<u>(230,961)</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>(230,961)</u>	<u>(230,961)</u>	<u>(230,961)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(62,161)	(81,661)	(209,986)	(128,325)
FUND BALANCES - BEGINNING	<u>332,110</u>	<u>332,110</u>	<u>332,110</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 269,949</u>	<u>\$ 250,449</u>	<u>\$ 122,124</u>	<u>\$ (128,325)</u>



**CITY OF MOBRIDGE**  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND**  
**AND FOR EACH MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET**  
**DECEMBER 31, 2022**

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**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

The City follows 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 December 31, 2022.

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

**NOTE 2 - OTHER COMPREHENSIVE BASIS OF ACCOUNTING MODIFIED CASH BASIS/BUDGETARY  
ACCOUNTING BASIS DIFFERENCES**

The financial statements prepared in conformity with USGAAP applied within the context of the modified cash basis of accounting present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however, in the Budgetary SI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

**CITY OF MOBRIDGE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT**  
**YEAR ENDED DECEMBER 31, 2022**

Indebtedness	Long-Term Debt January 1, 2022	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2022
GOVERNMENTAL LONG-TERM DEBT:				
Revenue bonds	\$ 2,522,609	\$ -	\$ 175,907	\$ 2,346,702
ENTERPRISE LONG-TERM DEBT:				
Revenue bonds	<u>3,070,011</u>	<u>-</u>	<u>119,492</u>	<u>2,950,519</u>
Total	<u>\$ 5,592,620</u>	<u>\$ -</u>	<u>\$ 295,399</u>	<u>\$ 5,297,221</u>

**NOTE 1 - LONG-TERM DEBT**

Debt payable at December 31, 2022, 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 General Fund.	\$ 531,702
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. This debt is serviced by the Pool Debt Service Fund.	\$ 1,815,000
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	\$ 501,200
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.	\$ 973,581
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.	\$ 305,797
Clean Water 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.	\$ 1,169,941

**CITY OF MOBRIDGE**  
**SCHEDULE OF SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**LAST 8 YEARS\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.0714930 %	0.0694880 %	0.0701874 %	0.0701203 %	0.0747212 %	0.0711366 %	0.0716432 %	0.0694303 %
City's proportionate share of the net pension liability (asset)	\$ (6,756)	\$ (532,159)	\$ (3,048)	\$ (7,431)	\$ (1,742)	\$ (6,455)	\$ 242,004	\$ (294,474)
City's covered payroll	\$ 1,534,903	\$ 1,436,721	\$ 1,407,669	\$ 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	0.44 %	37.04 %	0.22 %	0.55 %	0.12 %	0.49 %	19.59 %	25.24 %
Plan fiduciary net position as a percentage of the total pension liability (asset)	100 %	106 %	100 %	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 THE SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**DECEMBER 31, 2022**

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Changes from Prior Valuation

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

Actuarial Assumption Changes

As a result of an experience analysis covering the period from July 1, 2016, to June 30, 2021, and presented to the SDRS Board of Trustees in April and June 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022, actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%.

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, 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%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

**CITY OF MOBRIDGE**  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**DECEMBER 31, 2022**

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Actuarial Method Changes

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

**CITY OF MOBRIDGE**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2022**

	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 Governmental Funds
<b>ASSETS:</b>									
Cash and cash equivalents	\$ 7,891	\$ 2,007	\$ 20,874	\$ 49,541	\$ 40,822	\$ (11,355)	\$ 26,138	\$ 1,531	\$ 137,449
Investments	<u>2,420</u>	<u>615</u>	<u>6,401</u>	<u>15,190</u>	<u>12,517</u>	<u>-</u>	<u>8,015</u>	<u>469</u>	<u>45,627</u>
<b>TOTAL ASSETS</b>	<u>\$ 10,311</u>	<u>\$ 2,622</u>	<u>\$ 27,275</u>	<u>\$ 64,731</u>	<u>\$ 53,339</u>	<u>\$ (11,355)</u>	<u>\$ 34,153</u>	<u>\$ 2,000</u>	<u>\$ 183,076</u>
<b>FUND BALANCES:</b>									
Restricted:									
Capital project purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,153	\$ 2,000	\$ 36,153
Facilities and promoting the City	10,311	-	-	-	-	-	-	-	10,311
Park purposes	-	2,622	-	-	-	-	-	-	2,622
24/7 sobriety purposes	-	-	-	64,731	-	-	-	-	64,731
Debt service purposes	-	-	-	-	53,339	-	-	-	53,339
Other	-	-	27,275	-	-	-	-	-	27,275
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,355)</u>	<u>-</u>	<u>-</u>	<u>(11,355)</u>
<b>TOTAL FUND BALANCES</b>	<u>\$ 10,311</u>	<u>\$ 2,622</u>	<u>\$ 27,275</u>	<u>\$ 64,731</u>	<u>\$ 53,339</u>	<u>\$ (11,355)</u>	<u>\$ 34,153</u>	<u>\$ 2,000</u>	<u>\$ 183,076</u>

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	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 Governmental Funds
REVENUES:									
Taxes:									
General sales and use taxes	\$ 138,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,437
Charges for Goods and Services:									
Public safety	-	-	-	2,963	-	-	-	-	2,963
Miscellaneous Revenue:									
Investment earnings	-	11	117	-	-	-	-	-	128
Special assessments	-	-	-	-	9,480	149,368	-	-	158,848
Other	-	-	-	837	-	-	-	-	837
TOTAL REVENUES	<u>138,437</u>	<u>11</u>	<u>117</u>	<u>3,800</u>	<u>9,480</u>	<u>149,368</u>	<u>-</u>	<u>-</u>	<u>301,213</u>
EXPENDITURES:									
Public Safety:									
Police	-	-	-	21,873	-	-	-	-	21,873
Conservation and Development:									
Economic development and assistance	158,332	-	-	-	-	-	-	-	158,332
Debt Service	-	-	-	-	-	211,365	-	-	211,365
TOTAL EXPENDITURES	<u>158,332</u>	<u>-</u>	<u>-</u>	<u>21,873</u>	<u>-</u>	<u>211,365</u>	<u>-</u>	<u>-</u>	<u>391,570</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,895)</u>	<u>11</u>	<u>117</u>	<u>(18,073)</u>	<u>9,480</u>	<u>(61,997)</u>	<u>-</u>	<u>-</u>	<u>(90,357)</u>
OTHER FINANCING SOURCES:									
Transfers in	-	-	-	-	-	50,000	-	-	50,000
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCES	(19,895)	11	117	(18,073)	9,480	(11,997)	-	-	(40,357)
FUND BALANCE - BEGINNING	<u>30,206</u>	<u>2,611</u>	<u>27,158</u>	<u>82,804</u>	<u>43,859</u>	<u>642</u>	<u>34,153</u>	<u>2,000</u>	<u>223,433</u>
FUND BALANCE - ENDING	<u>\$ 10,311</u>	<u>\$ 2,622</u>	<u>\$ 27,275</u>	<u>\$ 64,731</u>	<u>\$ 53,339</u>	<u>\$ (11,355)</u>	<u>\$ 34,153</u>	<u>\$ 2,000</u>	<u>\$ 183,076</u>

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF NET POSITION -**  
**MODIFIED CASH BASIS**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2022**

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	Cemetery Fund	Water and Sewer Main Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 30,207	\$ 74,529	\$ 104,736
Investments	<u>9,262</u>	<u>22,852</u>	<u>32,114</u>
Total Current Assets	<u>39,469</u>	<u>97,381</u>	<u>136,850</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	<u>2,571</u>	<u>-</u>	<u>2,571</u>
Total Noncurrent Assets	<u>2,571</u>	<u>-</u>	<u>2,571</u>
TOTAL ASSETS	<u>\$ 42,040</u>	<u>\$ 97,381</u>	<u>\$ 139,421</u>
NET POSITION:			
Restricted for:			
Other purposes	\$ 2,571	\$ -	\$ 2,571
Unrestricted	<u>39,469</u>	<u>97,381</u>	<u>136,850</u>
TOTAL NET POSITION	<u>\$ 42,040</u>	<u>\$ 97,381</u>	<u>\$ 139,421</u>



**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET**  
**POSITION - MODIFIED CASH BASIS**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

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	Cemetery Fund	Water and Sewer Main Fund	Totals
OPERATING REVENUE:			
Charges for goods and services	\$ 31,900	\$ 10,483	\$ 42,383
Miscellaneous	<u>9,422</u>	<u>-</u>	<u>9,422</u>
TOTAL OPERATING REVENUE	<u>41,322</u>	<u>10,483</u>	<u>51,805</u>
OPERATING EXPENSES:			
Other current expense	<u>29,415</u>	<u>-</u>	<u>29,415</u>
TOTAL OPERATING EXPENSES	<u>29,415</u>	<u>-</u>	<u>29,415</u>
OPERATING INCOME	<u>11,907</u>	<u>10,483</u>	<u>22,390</u>
NONOPERATING REVENUE:			
Investment earnings	<u>170</u>	<u>404</u>	<u>574</u>
TOTAL NONOPERATING REVENUE	<u>170</u>	<u>404</u>	<u>574</u>
CHANGE IN NET POSITION	12,077	10,887	22,964
NET POSITION - BEGINNING	<u>29,963</u>	<u>86,494</u>	<u>116,457</u>
NET POSITION - ENDING	<u>\$ 42,040</u>	<u>\$ 97,381</u>	<u>\$ 139,421</u>

**CITY OF MOBRIDGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identification Number	Total Federal Expenditures 2022
U.S. Department of Housing and Urban Development - Pass-Through Programs:			
SD Governor's Office of Economic Development			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	2021-103-03	\$ <u>29,378</u>
Total U.S. Department of Housing and Urban Development			<u>29,378</u>
U. S. Department of Interior - Direct Programs:			
National Park Service (LWCF)			
Outdoor Recreation Acquisition, Development and Planning	15.916		<u>38,375</u>
Total U.S. Department of Interior			<u>38,375</u>
U.S. Department of Transportation - Direct Programs:			
Airport Improvement Program (Note 3)	20.106		919,458
Airport Improvement Program (COVID) (Note 3)	20.106		<u>143,386</u>
Total U.S. Department of Transportation			<u>1,062,844</u>
U.S. Department of Treasury - Direct Programs:			
Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>314,894</u>
Total U.S. Department of Treasury			<u>314,894</u>
Institute of Museum and Library Services - Pass-Through Programs:			
S.D. Department of Education:			
Grants to States	45.310	2021G-894	<u>15,000</u>
Total Institute of Museum and Library Services			<u>15,000</u>
U.S. Department of Homeland Security - Pass-Through Programs:			
S.D. Department of Public Safety - Office of Emergency Management:			
Homeland Security Grant Program	97.067	Unknown	<u>122,898</u>
Total U.S. Department of Homeland Security			<u>122,898</u>
GRAND TOTAL			\$ <u><u>1,706,287</u></u>

**CITY OF MOBRIDGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2022**  
**(Continued)**

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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, 2022. 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 Assistance Program

This represents a Major Federal Financial Assistance Program.