

**CITY OF MOBRIDGE  
MOBRIDGE, SOUTH DAKOTA  
AUDIT REPORT  
FOR THE YEAR THEN ENDED  
DECEMBER 31, 2023**

**CITY OF MOBRIDGE  
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# CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**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**

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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, and each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota, as of December 31, 2023 and for the year then ended and the related notes to the financial statements, which collectively comprises the City's basic financial statements and have issued our report thereon dated June 24, 2024, which was adverse on the aggregate discretely presented component units because the financial statements do not include financial data for the City's legally separate component unit, and unmodified for the governmental activities, 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 2023-001, 2023-002, and 2023-003 to be material weaknesses.

*Jason W. Bauer, CPA, CGMA, PFS • [bauer@cahillbauer.com](mailto:bauer@cahillbauer.com)*

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## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 Municipality's response to the findings identified in our audit. The City's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

## **Purpose of this Report**

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

*Calvin Bauer*

Mobridge, South Dakota  
June 24, 2024



# CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### Independent Auditor's Report

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), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the City of Mobridge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

##### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's 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 each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

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### *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 City's federal programs.

### *Auditor's 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 GAAS, 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 each major federal program as a whole.

In performing an audit in accordance with GAAS, 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, as 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 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 a 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 Auditor's 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 in internal control over compliance may exist that were not 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 purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

*Calvin Bauer*

Mobridge, South Dakota  
June 24, 2024

**CITY OF MOBRIDGE  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2023**

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**PRIOR OTHER AUDIT FINDINGS**

**Finding 2022-001:**

A material weakness was reported for a lack of proper segregation of duties for the revenue function resulting in decreased reliability of reported financial data and increased potential for the loss public assets.

**Current Status**

Ongoing: Condition still exists, see current audit finding number 2023-001. 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.

**Finding 2022-002:**

A material weakness was reported for proposed material adjustments that would not have been identified as a results of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements.

**Current Status**

Ongoing: Condition still exists, see current audit finding number 2023-002. 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.

**Finding 2022-003:**

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 other comprehensive basis of accounting - modified cash basis. As auditors, we were requested to draft the financial statements.

**Current Status**

Ongoing: Condition still exists, see current audit finding number 2023-003. The reason for recurrence is due to cost considerations, the City accepts the risks associates with the auditors preparing the financial statements. The City will implement compensating controls where practical.

**Finding 2022-004**

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

**Current Status**

This finding has been corrected.



**CITY OF MOBRIDGE  
SCHEDULE OF CURENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2023**

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**SECTION I - SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

- a. An unmodified opinion was issued on the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. An adverse opinion was issued on the aggregate discretely presented component units because of the omission of financial data.
- b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings number 2023-001 through 2023-003.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

**Federal Awards**

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit finding required to be disclosed in accordance with 2 CFR 200.516(a).
- f. The federal awards tested as a major program was:  
Assistance Listing Number 20.106 - Airport Improvement Project
- 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.

**CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2023**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Internal Control-Related Findings - Material Weaknesses:**

**Finding 2023-001:**

**Criteria:**

To obtain adequate internal control over cash management, the duties of collecting and handling of cash must be segregated from the recording of cash transactions. The duties of preparing, mailing or otherwise distributing checks should be segregated from the recording process.

**Condition Found:**

A lack of proper segregation of duties existed for the duties for cash, equity, revenue, expenditures, and the payroll functions resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. This lack of segregation of duties has a direct effect on the cash management of the City.

**Cause and Effect:**

The City of Mobridge has a limited number of employees who prepare all records for cash, revenues, equity, expenditures, and payroll. This lack of segregation of duties could result in inaccurate financial statement and/or misappropriations of funds.

**Recommendation:**

We recommend that City officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever and wherever possible and practical.

**Identification of Repeat Finding:**

Yes, this is a restatement of 2022-001.

**Views of Responsible Officials and Planned Corrective Action:**

See the City's corrective action plan.

**CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2023**

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**Finding Number 2023-002:**

**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:**

While conducting our audit, 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 and 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:**

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 and other considerations.

**Identification of Repeat Finding:**

Yes, this is a restatement of 2022-002.

**Views of Responsible Officials and Planned Corrective Action:**

See the City's corrective action plan.

**Finding 2023-003:**

**Criteria:**

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

**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 other comprehensive basis of accounting - modified cash basis. As auditors, we were requested to draft the financial statements.

**CITY OF MOBRIDGE  
SCHEDULE OF CURENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2023**

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**Cause and 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:**

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 of Repeat Finding:**

Yes, this is a restatement of 2022-003.

**Views of Responsible Officials and Planned Corrective Action:**

See the City's corrective action plan.



## CORRECTIVE ACTION PLAN (Unaudited)

### Finding Number 2023-001

Internal control over financial reporting and compliance is not adequate.

#### Views of responsible officials and planned corrective actions:

The Finance Officer, Heather Beck, is the contact at this entity responsible for the corrective action plan for this comment. Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct any matters that may result.

### Finding Number 2023-002

The City does not have an internal control system designed to 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.

#### Views of responsible officials and planned corrective actions:

The Finance Officer, Heather Beck is the contact person at this entity responsible for the corrective action plan for this comment. Management is aware of their overall responsibility for the completeness of the City's financial statements and the necessity for those to be complete with all material adjustments reflected and will attempt to complete all material adjustments for future financial statements.


### Finding Number 2023-003

The City does not have an internal control system designed to provide for the preparation of the financial statements including required footnotes and disclosures, in accordance with the modified cash basis of accounting.

#### Views of responsible officials and planned corrective actions:

The Finance Officer, Heather Beck, is the contact at this entity responsible for the corrective action plan for this comment. Both the City Council and management are aware of this process and have expressed their confidence in that the information is accurate and they are willing to accept this risk.

  
Finance Officer

  
Mayor

**CITY OF MOBRIDGE**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**DECEMBER 31, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,296,530	\$ 424,958	\$ 1,721,488
Investments	3,771,847	1,584,745	5,356,592
Restricted assets			
Cash and cash equivalents	50,100	32,060	82,160
<b>TOTAL ASSETS</b>	<b>5,118,477</b>	<b>2,041,763</b>	<b>7,160,240</b>
<b>NET POSITION</b>			
Restricted for			
Capital project purposes	36,153	-	36,153
Debt service purposes	88,439	29,489	117,928
Other purposes			
Facilities and promoting the City	11,407	-	11,407
Park purposes	2,673	-	2,673
911 services purposes	218,945	-	218,945
24/7 sobriety	48,312	-	48,312
Library	15,000	-	15,000
Other	28,073	2,571	30,644
Unrestricted	4,669,475	2,009,703	6,679,178
<b>TOTAL NET POSITION</b>	<b>\$ 5,118,477</b>	<b>\$ 2,041,763</b>	<b>\$ 7,160,240</b>

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

CITY OF MOBRIDGE  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 333,407	\$ 43,742	\$ -	\$ -	\$ (289,665)	\$ -	\$ (289,665)
Public safety	1,696,631	38,500	313,430	152,714	(1,191,987)	-	(1,191,987)
Public works	873,106	327,121	390,958	-	(155,027)	-	(155,027)
Health and welfare	33,210	-	4,000	-	(29,210)	-	(29,210)
Culture and recreation	866,852	95,117	-	159,824	(611,911)	-	(611,911)
Conservation and development	164,619	-	-	-	(164,619)	-	(164,619)
Miscellaneous	354	-	-	-	(354)	-	(354)
Interest on long-term debt**	66,863	-	-	-	(66,863)	-	(66,863)
<b>Total governmental activities</b>	<b>4,035,042</b>	<b>504,480</b>	<b>708,388</b>	<b>312,538</b>	<b>(2,509,636)</b>	<b>-</b>	<b>(2,509,636)</b>
<b>Business-type activities</b>							
Water	1,600,361	1,491,055	-	-	-	(109,306)	(109,306)
Sewer	2,244,694	570,850	-	734,622	-	(939,222)	(939,222)
Airport	696,171	112,183	-	619,844	-	35,856	35,856
Cemetery	32,150	26,651	-	-	-	(5,499)	(5,499)
Water and sewer main	35,134	11,215	-	-	-	(23,919)	(23,919)
<b>Total business-type activities</b>	<b>4,608,510</b>	<b>2,211,954</b>	<b>-</b>	<b>1,354,466</b>	<b>-</b>	<b>(1,042,090)</b>	<b>(1,042,090)</b>
<b>Total primary government</b>	<b>\$ 8,643,552</b>	<b>\$ 2,716,434</b>	<b>\$ 708,388</b>	<b>\$ 1,667,004</b>	<b>\$ (2,509,636)</b>	<b>\$ (1,042,090)</b>	<b>\$ (3,551,726)</b>
<b>General Revenues</b>							
Taxes							
Property taxes					738,897	-	738,897
Sales tax					2,195,285	-	2,195,285
State shared revenue					40,157	-	40,157
Unrestricted investment earnings					89,509	37,780	127,289
Miscellaneous revenue					110,943	-	110,943
Total general revenues					3,174,791	37,780	3,212,571
Change in net positions					665,155	(1,004,310)	(339,155)
Net positions - beginning					4,453,322	3,046,073	7,499,395
Net positions - ending					\$ 5,118,477	\$ 2,041,763	\$ 7,160,240

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

**CITY OF MOBRIDGE**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,211,270	\$ 58,258	\$ 27,002	\$ 1,296,530
Investments	3,479,087	160,687	132,073	3,771,847
Restricted cash and cash equivalents	50,100	-	-	50,100
<b>TOTAL ASSETS</b>	<b>\$ 4,740,457</b>	<b>\$ 218,945</b>	<b>\$ 159,075</b>	<b>\$ 5,118,477</b>
<b>FUND BALANCES</b>				
Restricted for				
Debt service requirements	\$ 35,100	\$ -	\$ 53,339	\$ 88,439
Other purposes				
Capital project purposes	-	-	36,153	36,153
Facilities and promoting the City	-	-	11,407	11,407
Park purposes	-	-	2,673	2,673
911 services purposes	-	218,945	-	218,945
24/7 sobriety	-	-	48,312	48,312
Library	15,000	-	-	15,000
Other	-	-	28,073	28,073
Assigned				
Applied to next year's budget	385,534	-	-	385,534
Capital outlay accumulations	563,928	-	-	563,928
Unassigned	3,740,895	-	(20,882)	3,720,013
<b>TOTAL FUND BALANCES</b>	<b>\$ 4,740,457</b>	<b>\$ 218,945</b>	<b>\$ 159,075</b>	<b>\$ 5,118,477</b>



**CITY OF MOBRIDGE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - MODIFIED CASH**  
**BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Primary Government			Total Governmental Funds
	General Fund	PSAP Fund	Other Governmental Funds	
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes	\$ 727,793	\$ -	\$ -	\$ 727,793
General sales and use taxes	2,055,155	-	140,130	2,195,285
Gross receipts business taxes	2,893	-	-	2,893
Tax deed revenue	6,130	-	-	6,130
Penalties and interest on delinquent taxes	2,081	-	-	2,081
Licenses and permits	26,367	-	-	26,367
<b>Intergovernmental revenue</b>				
Federal grants	66,530	26,684	-	93,214
State grants	1,000	116,330	-	117,330
<b>State shared revenue</b>				
Bank franchise tax	17,742	-	-	17,742
Motor vehicle commercial prorated	6,082	-	-	6,082
Liquor tax reversion	22,415	-	-	22,415
Motor vehicle licenses	32,943	-	-	32,943
Local government highway and bridge fund	104,833	-	-	104,833
911 remittances	-	308,100	-	308,100
<b>County shared revenue</b>				
County road tax (25%)	12,324	-	-	12,324
Other	820	19,447	-	20,267
<b>Charges for goods and services</b>				
General government	5,584	-	-	5,584
Public safety	33,527	-	3,617	37,144
Highways and streets	3,263	-	-	3,263
Sanitation	323,858	-	-	323,858
Culture and recreation	91,625	-	-	91,625
<b>Fines and forfeits</b>				
Court fines and costs	1,356	-	-	1,356
Library	3,492	-	-	3,492
<b>Miscellaneous revenue</b>				
Investment earnings	84,057	4,603	849	89,509
Rentals	11,791	-	-	11,791
Special assessments	85,826	-	148,950	234,776
<b>Contributions and donations from   private sources</b>	111,324	-	-	111,324
Other	78,173	6,848	560	85,581
<b>Total Revenues</b>	<b>\$ 3,918,984</b>	<b>\$ 482,012</b>	<b>294,106</b>	<b>\$ 4,695,102</b>

**CITY OF MOBRIDGE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - MODIFIED CASH**  
**BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Primary Government			Total Governmental Funds
	General Fund	PSAP Fund	Other Governmental Funds	
<b>EXPENDITURES</b>				
General government				
Legislative	\$ 44,407	\$ -	-	\$ 44,407
Executive	48,553	-	-	48,553
Elections	20	-	-	20
Financial administration	175,035	-	-	175,035
Other	53,678	-	-	53,678
Public safety				
Police	1,319,687	121,928	20,596	1,462,211
Fire	234,088	-	-	234,088
Other protection	332	-	-	332
Public works				
Highways and streets	619,588	-	-	619,588
Sanitation	253,518	-	-	253,518
Health and welfare				
Health	26,710	-	-	26,710
Hospital, nursing homes and rest homes	6,500	-	-	6,500
Culture and recreation				
Recreation	312,755	-	-	312,755
Parks	161,733	-	-	161,733
Libraries	149,758	-	-	149,758
Auditorium	70,106	-	-	70,106
Museums	7,500	-	-	7,500
Conservation and development				
Economic development and assistance	25,585	-	139,034	164,619
Debt service	35,100	-	208,477	243,577
Miscellaneous				
Liquor operating agreements	354	-	-	354
Total expenditures	<u>3,545,007</u>	<u>121,928</u>	<u>368,107</u>	<u>4,035,042</u>
Excess of revenue over (under) expenditures	373,977	360,084	(74,001)	660,060
Other financing sources (uses)				
Transfer in	263,263	-	50,000	313,263
Transfer out	(50,000)	(263,263)	-	(313,263)
Sale of municipal property	5,095	-	-	5,095
Total other financing sources	<u>218,358</u>	<u>(263,263)</u>	<u>50,000</u>	<u>5,095</u>
Net change in fund balances	592,335	96,821	(24,001)	665,155
Fund balance - beginning	<u>4,148,122</u>	<u>122,124</u>	<u>183,076</u>	<u>4,453,322</u>
Fund Balance - Ending	<u>\$ 4,740,457</u>	<u>\$ 218,945</u>	<u>\$ 159,075</u>	<u>\$ 5,118,477</u>

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

**CITY OF MOBRIDGE**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

	Enterprise Funds				Totals
	Major			Nonmajor	
	Water Fund	Sewer Fund	Airport Fund	Other Enterprise Funds	
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 434,085	\$ 81,074	\$ (117,543)	\$ 27,342	\$ 424,958
Investments	1,278,622	223,617	-	82,506	1,584,745
Total current assets	<u>1,712,707</u>	<u>304,691</u>	<u>(117,543)</u>	<u>109,848</u>	<u>2,009,703</u>
Noncurrent assets					
Restricted cash and cash equivalents	29,489	-	-	2,571	32,060
Total noncurrent assets	<u>29,489</u>	<u>-</u>	<u>-</u>	<u>2,571</u>	<u>32,060</u>
Total assets	<u>\$ 1,742,196</u>	<u>\$ 304,691</u>	<u>\$ (117,543)</u>	<u>\$ 112,419</u>	<u>\$ 2,041,763</u>
<b>NET POSITION</b>					
Restricted for					
Revenue bond debt service	\$ 29,489	\$ -	\$ -	\$ -	\$ 29,489
Other purposes	-	-	-	2,571	2,571
Unrestricted	<u>1,712,707</u>	<u>304,691</u>	<u>(117,543)</u>	<u>109,848</u>	<u>2,009,703</u>
Total net position	<u>\$ 1,742,196</u>	<u>\$ 304,691</u>	<u>\$ (117,543)</u>	<u>\$ 112,419</u>	<u>\$ 2,041,763</u>

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

**CITY OF MOBRIDGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**- MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds				Totals
	Major		Nonmajor		
	Water Fund	Sewer Fund	Airport Fund	Other Enterprise	
<b>OPERATING REVENUE</b>					
Surcharge as security for debt	\$ 86,691	\$ 110,689	\$ -	\$ -	\$ 197,380
Charges for goods and services	1,399,832	455,830	108,943	37,866	2,002,471
Other	4,532	4,331	3,240	-	12,103
Total operating revenue	<u>1,491,055</u>	<u>570,850</u>	<u>112,183</u>	<u>37,866</u>	<u>2,211,954</u>
<b>OPERATING EXPENSES</b>					
Personal services	362,462	219,246	10,570	-	592,278
Other current expense	1,136,326	284,559	71,138	67,284	1,559,307
Materials	-	-	103,289	-	103,289
Total operating expenses	<u>1,498,788</u>	<u>503,805</u>	<u>184,997</u>	<u>67,284</u>	<u>2,254,874</u>
Operating income	<u>(7,733)</u>	<u>67,045</u>	<u>(72,814)</u>	<u>(29,418)</u>	<u>(42,920)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Operating grants	-	734,622	619,844	-	1,354,466
Investment earnings	29,622	5,742	-	2,416	37,780
Capital assets	-	(1,641,088)	(511,174)	-	(2,152,262)
Debt service principle	(56,386)	(65,434)	-	-	(121,820)
Interest expense	(45,187)	(34,367)	-	-	(79,554)
Total nonoperating expenses	<u>(71,951)</u>	<u>(1,000,525)</u>	<u>108,670</u>	<u>2,416</u>	<u>(961,390)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS, EXTRAORDINARY ITEMS AND TRANSFERS</b>	<u>(79,684)</u>	<u>(933,480)</u>	<u>35,856</u>	<u>(27,002)</u>	<u>(1,004,310)</u>
<b>CHANGE IN NET POSITION</b>	<u>(79,684)</u>	<u>(933,480)</u>	<u>35,856</u>	<u>(27,002)</u>	<u>(1,004,310)</u>
<b>NET POSITION - BEGINNING</b>	<u>1,821,880</u>	<u>1,238,171</u>	<u>(153,399)</u>	<u>139,421</u>	<u>3,046,073</u>
<b>NET POSITION - ENDING</b>	<u>\$ 1,742,196</u>	<u>\$ 304,691</u>	<u>\$ (117,543)</u>	<u>\$ 112,419</u>	<u>\$ 2,041,763</u>

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

**CITY OF MOBRIDGE  
NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(See Independent Auditors' Report)**

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

As discussed further in Note 1.c, these financial statements are presented on the 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 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 the 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 4th St, Mobridge, SD 57601.

**NOTES TO FINANCIAL STATEMENTS - Page 2**  
**(See Independent Auditors' Report)**

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*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 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 and 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.

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:

- a. 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;
- b. 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;
- c. 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 within their respective fund types:

**NOTES TO FINANCIAL STATEMENTS - Page 3**  
**(See Independent Auditors' Report)**

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**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 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 specific 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.

**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.

**NOTES TO FINANCIAL STATEMENTS - Page 4**  
**(See Independent Auditors' Report)**

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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 and 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 revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Water Fund - financed primarily by user charges this fund accounts for the construction and operation of the municipal waterworks system and related facilities. (SDL 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 municipal sanitary system and related facilities. (SDL 9-48-2 ) This is a major fund.

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



**NOTES TO FINANCIAL STATEMENTS - Page 5**  
**(See Independent Auditors' Report)**

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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.

*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 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.

**NOTES TO FINANCIAL STATEMENTS - Page 6**  
**(See Independent Auditors' Report)**

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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:

- a. Recording long-term investments in marketable securities (those with maturities more than 90-days (three months) from the date of 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.

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 investments authorized by South Dakota Codified Law (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at cost.

*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.

**NOTES TO FINANCIAL STATEMENTS - Page 7**  
**(See Independent Auditors' Report)**

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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 depreciation/amortizing those assets where appropriate so any capital assets owned by the City and 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 revenue bonds.

As discussed in Note 1c. above the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, business-type, and component unit 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:

- 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.

**NOTES TO FINANCIAL STATEMENTS - Page 8  
(See Independent Auditors' Report)**

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*h. Proprietary Funds Revenue and Expense Classifications*

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

*i. Cash and Cash Equivalents*

The City pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

*j. Equity Classifications*

Government-wide Statements

Equity is classified as Net Position and is displayed in two components:

- a: 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.
- b: Unrestricted Net Position – All other net position that do not meet the definition of Restricted Net Position.

Fund Financial Statements

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

*k. Application of Net Positions*

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.

**NOTES TO FINANCIAL STATEMENTS - Page 9  
(See Independent Auditors' Report)**

*1. Fund Balance Classification and Policies and Procedures*

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

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

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.

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.

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.

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 Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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:

Major Special Revenue Fund	Revenue Source
PSAP Fund	911 remittances and other intergovernmental revenues

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

As of December 31, 2023, the Pool Debt Service Fund, a nonmajor fund, had a deficit fund balance/net position in the amount of \$20,882. 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 various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

**Deposits** - The City's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.11 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 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 an 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.

**NOTES TO FINANCIAL STATEMENTS - Page 11**  
**(See Independent Auditors' Report)**

As of December 31, 2023, 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 credit 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, 80% are invested in certificates of deposit at First Interstate Bank and 19% 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 all income to the fund making the investment.

**NOTE 4 - RESTRICTED CASH**

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

<u>Amount:</u>	<u>Purpose:</u>
\$ 15,000	For library operating expenses in the General Fund.
2,571	For capital improvements in the Cemetary 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.

**NOTES TO FINANCIAL STATEMENTS - Page 12**  
**(See Independent Auditors' Report)**

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**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, 2023, 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 - INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2023, were as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>	<u>Total</u>
General Fund	\$ (50,000)	\$ 263,263	\$ 213,263
PSAP Fund	(263,263)	-	(263,263)
Pool Debt Service Fund	-	50,000	50,000
	<u>\$ (313,263)</u>	<u>\$ 313,263</u>	<u>\$ -</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 transfer from General Fund to the Pool Debt Service Fund was for debt service.



**NOTE 8 - 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 defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivors benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

**Benefits Provided:**

SDRS has four different classes of employees, Class A general members, Class B public safety and judicial members, 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.

**NOTES TO FINANCIAL STATEMENTS - Page 14**  
**(See Independent Auditors' Report)**

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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 3rd 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 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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.

**Contribution:**

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2023, 2022, and 2021 were \$109,446, \$101,006 and \$97,696 respectively, equal to the required contributions each year.

**Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:**

At June 30, 2023, SDRS is 100.10% 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 ending June 30, 2023 and reported by the City as of December 31, 2023 are as follows:

Proportionate share of pension liability	\$ 9,567,480
Less proportionate share net pension restricted for pension benefits	<u>9,573,924</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (6,444)</u></u>

**NOTES TO FINANCIAL STATEMENTS - Page 15**  
**(See Independent Auditors' Report)**

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The net pension asset was measured as of June 30, 2023 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, 2023, the City's proportion was 0.0660250%, which is a decrease of 0.0054680% from its proportion measured as of June 30, 2022.

**Actuarial Assumptions:**

The total pension asset in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
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	1.91%

**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: PubT-2010, 108% of rates above age 65

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

Public Safety Members: 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, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2022.

**NOTES TO FINANCIAL STATEMENTS - Page 16**  
**(See Independent Auditors' Report)**

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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, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	LT Expected Real Rate of Return
Public Equity	56.30%	3.80%
Investment Grade Debt	22.80%	1.70%
High Yield Debt	7.00%	2.70%
Real Estate	12.00%	3.50%
Cash	1.90%	0.80%
Total	100%	

**Discount Rate:**

The discount rate used to measure the total pension asset was 6.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from 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.

**NOTES TO FINANCIAL STATEMENTS - Page 17**  
**(See Independent Auditors' Report)**

**Sensitivity of liability (asset) to changes in the discount rate:**

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension (asset) liability	\$ 1,320,862	\$ (6,444)	\$(1,091,928)

**Pension Plan Fiduciary Net Position:**

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

**NOTE 9 - SIGNIFICANT CONTINGENCIES - LITIGATION**

At December 31, 2023, the City was not involved in any litigation.

**NOTE 10 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

**NOTE 11 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2023, the Municipality managed its risks as follows:

*Employee Health Insurance*

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

**NOTES TO FINANCIAL STATEMENTS - Page 18**  
**(See Independent Auditors' Report)**

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*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.

*Workmen's Compensation*

The City joined the South Dakota Municipal League Workers'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  
 GENERAL FUND - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes				
General property tax	\$ 737,497	\$ 737,497	\$ 727,793	\$ (9,704)
Airflight property tax	1,500	1,500	-	(1,500)
General sales and use tax	1,700,000	1,700,000	2,055,155	355,155
Gross receipts business taxes	2,600	2,600	2,893	293
Tax deed revenue	-	-	6,130	6,130
Penalties and interest on delinquent taxes	3,000	3,000	2,081	(919)
Licenses and permits	22,300	22,300	26,367	4,067
Intergovernmental revenue				
Federal grants	-	-	66,530	66,530
State grants	4,200	4,200	1,000	(3,200)
State shared revenue				
Bank franchise tax	16,000	16,000	17,742	1,742
Motor vehicle commercial prorata	3,500	3,500	6,082	2,582
Liquor tax reversion	22,000	22,000	22,415	415
Motor vehicle licenses (5%)	22,000	22,000	32,943	10,943
Local government highway and bridge fund	75,000	75,000	104,833	29,833
County shared revenue				
County road tax (25%)	4,100	4,100	12,324	8,224
Other	500	500	820	320
Charges for goods and services				
General government	2,000	2,000	5,584	3,584
Public safety	25,000	25,000	33,527	8,527
Highways and streets	5,000	5,000	3,263	(1,737)
Sanitation	306,500	306,500	323,858	17,358
Culture and recreation	55,000	55,000	91,625	36,625
Fines and forfeits				
Court fines and penalties	3,000	3,000	1,356	(1,644)
Library	-	-	3,492	3,492
Miscellaneous revenue				
Investment earnings	4,000	4,000	84,057	80,057
Rentals	6,000	6,000	11,791	5,791
Special assessments	58,500	58,500	85,826	27,326
Contributions and donations				
from private sources	-	-	111,324	111,324
Other	51,500	51,500	78,173	26,673
Total revenue	\$ 3,130,697	\$ 3,130,697	\$ 3,918,984	\$ 788,287



**CITY OF MOBRIDGE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
General government				
Legislative	\$ 46,900	\$ 46,900	\$ 44,407	\$ 2,493
Contingency	10,000	-	-	
Amount transferred	-	10,000	-	10,000
Executive	51,169	51,169	48,553	2,616
Elections	2,950	2,950	20	2,930
Financial administration	205,900	205,900	175,035	30,865
Other	49,200	67,200	53,678	13,522
Public safety				
Police	1,407,180	1,407,180	1,319,687	87,493
Fire	225,539	234,800	234,088	712
Other	320	335	332	3
Public works				
Highways and streets	706,788	706,788	619,588	87,200
Sanitation	259,000	259,000	253,518	5,482
Health and welfare				
Health	53,050	53,050	26,710	26,340
Hospital, nursing homes, and rest homes	6,500	6,500	6,500	-
Culture and recreation				
Recreation	314,889	315,889	312,755	3,134
Parks	172,237	172,237	161,733	10,504
Libraries	151,529	151,529	149,758	1,771
Auditorium	67,300	70,200	70,106	94
Museums	7,500	7,500	7,500	-
Conservation and development				
Economic development and assistance	27,309	27,309	25,585	1,724
Debt service	135,100	135,100	35,100	100,000
Miscellaneous				
Liquor operating agreements	375	375	354	21
<b>Total Expenditures</b>	<b>3,900,735</b>	<b>3,931,911</b>	<b>3,545,007</b>	<b>386,904</b>
Excess revenue over/under expenditures	(770,038)	(801,214)	373,977	1,175,191
Other financing sources/(uses)				
Transfers in	270,251	270,251	263,263	6,988
Transfers out	(135,000)	(135,000)	(50,000)	(85,000)
Sale of municipal property	-	-	5,095	5,095
<b>Total other financing sources (uses)</b>	<b>135,251</b>	<b>135,251</b>	<b>218,358</b>	<b>(72,917)</b>
Net change in fund balances	(634,787)	(665,963)	592,335	1,258,298
Fund balance - beginning	4,148,122	4,148,122	4,148,122	-
Fund balance - ending	\$ 3,513,335	\$ 3,482,159	\$ 4,740,457	\$ 1,258,298

**CITY OF MOBRIDGE  
 BUDGETARY COMPARISON SCHEDULE  
 PSAP FUND - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenue				
Federal grants	\$ -	\$ -	\$ 26,684	\$ 26,684
State grants	-	-	116,330	116,330
State shared revenue				
911 remittances	275,000	275,000	308,100	33,100
Other	-	-	19,447	19,447
Miscellaneous revenue				
Investment earnings	2,000	2,000	4,603	2,603
Other	500	500	6,848	6,348
Total revenue	<u>\$ 277,500</u>	<u>\$ 277,500</u>	<u>\$ 482,012</u>	<u>\$ 204,512</u>
<b>EXPENDITURES</b>				
Public safety				
Police	\$ 121,988	\$ 121,988	\$ 121,928	\$ 60
Total Expenditures	<u>121,988</u>	<u>121,988</u>	<u>121,928</u>	<u>60</u>
Excess revenue over/under expenditures	<u>155,512</u>	<u>155,512</u>	<u>360,084</u>	<u>204,572</u>
Other financing sources/(uses)				
Transfers out	<u>(263,263)</u>	<u>(263,263)</u>	<u>(263,263)</u>	<u>-</u>
Total other financing sources (uses)	<u>(263,263)</u>	<u>(263,263)</u>	<u>(263,263)</u>	<u>-</u>
Net change in fund balances	(107,751)	(107,751)	96,821	204,572
Fund balance - beginning	<u>122,124</u>	<u>122,124</u>	<u>122,124</u>	<u>-</u>
Fund balance - ending	<u>\$ 14,373</u>	<u>\$ 14,373</u>	<u>\$ 218,945</u>	<u>\$ 204,572</u>

**CITY OF MOBRIDGE  
NOTES TO SUPPLEMENTARY INFORMATION  
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH  
MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

The Municipality followed these procedures in establishing the budgetary data reflected in the financial statements:

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal 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 Municipality did not encumber any amounts at December 31, 2023.

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

**CITY OF MOBRIDGE**

**NOTES TO SUPPLEMENTARY INFORMATION - Page 2**

**SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH  
MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**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 Statements of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI 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  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Indebtedness	Long-Term Debt 1/1/2023	Add New Debt	Less Debt Retired	Long-Term Debt 12/31/2023
<b>GOVERNMENTAL LONG-TERM DEBT:</b>				
Revenue bonds	\$ 2,346,702	\$ -	\$ 176,714	\$ 2,169,988
Enterprise Long-Term Debt				
Revenue bonds	2,950,519	-	121,820	2,828,699
Total	<u>\$ 5,297,221</u>	<u>\$ -</u>	<u>\$ 298,534</u>	<u>\$ 4,998,687</u>

**NOTE 1 - LONG-TERM DEBT**

Debt payable at December 31, 2023 is comprised of the following:

**Revenue Bonds:**

Armory Revenue Borrower Bond, due in monthly installments of \$2,925, including 4.50% interest, maturing May 16, 2048. This debt is serviced by the General Fund.	\$ 519,988
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.	1,650,000
Water Intake Revenue Borrower Bond, due in monthly installments of \$2,373, including 3.25% interest, maturing February 12, 2049. This debt is serviced by the Water Fund.	489,500
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.	939,461
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.	295,231
Clean Water Revenue Borrower Bond, due in quarterly installments of \$24,950, including 3.00% interest, maturing April 15, 2037. This debt is serviced by the Sewer Fund.	<u>1,104,507</u>
	<u>\$ 4,998,687</u>

**CITY OF MOBRIDGE  
SCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY (ASSET)  
SOUTH DAKOTA RETIREMENT SYSTEM**

<b>Pension Plan</b>	<b>Fiscal Year Ending</b>	<b>Employer's Percentage of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Employer's Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</b>
SDRS	6/30/2023	0.0660%	\$ (6,444)	\$ 1,571,995	0.41%	100.10%
SDRS	6/30/2022	0.0715%	(6,756)	1,534,903	-0.44%	100.10%
SDRS	6/30/2021	0.0695%	(532,159)	1,436,721	-37.04%	105.52%
SDRS	6/30/2020	0.0702%	(3,048)	1,407,669	-0.22%	100.04%
SDRS	6/30/2019	0.0701%	(7,431)	1,362,027	-0.55%	100.09%
SDRS	6/30/2018	0.0747%	(1,742)	1,408,171	-0.12%	100.02%
SDRS	6/30/2017	0.0711%	(6,455)	1,315,458	-0.49%	100.10%
SDRS	6/30/2016	0.0716%	242,004	1,235,567	19.59%	96.89%
SDRS	6/30/2015	0.0694%	(294,474)	1,166,769	-25.24%	104.10%

\* 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 Municipality will present information for those years for which information is available.

**CITY OF MOBRIDGE  
NOTES TO SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY (ASSET)**

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**Changes from Prior Valuation:**

The June 30, 2023 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2022 Actuarial Valuation.

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

**Benefit Provision Changes:**

During the 2023 Legislative Session no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety members.

**Actuarial Method Changes:**

No changes in actuarial methods were made since the prior valuation.

**Actuarial Assumption Changes:**

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% 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, 2022, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 2.10%.

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

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 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

**CITY OF MOBRIDGE  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	Liquor, Lodging, and Dinning Gross Receipts Tax Fund	Special Park Gift Fund	Storm Sewer Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,035	\$ 711	\$ 7,470
Investments	8,372	1,962	20,603
<b>TOTAL ASSETS</b>	<b>\$ 11,407</b>	<b>\$ 30,746</b>	<b>\$ 28,073</b>
<b>FUND BALANCES</b>			
Restricted			
Capital project purposes	\$ -	\$ -	\$ -
Facilities and promoting the City	11,407	-	-
Park purposes	-	2,673	-
24/7 sobriety purposes	-	-	-
Debt service purposes	-	-	-
Other	-	-	28,073
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 11,407</b>	<b>\$ 2,673</b>	<b>\$ 28,073</b>



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
\$ 12,855	\$ 14,193	\$ (20,882)	\$ 9,088	\$ 532	\$ 27,002
35,457	39,146	-	25,065	1,468	132,073
<u>\$ 48,312</u>	<u>\$ 53,339</u>	<u>\$ (20,882)</u>	<u>\$ 34,153</u>	<u>\$ 2,000</u>	<u>\$ 159,075</u>
\$ -	\$ -	\$ -	\$ 34,153	\$ 2,000	\$ 36,153
-	-	-	-	-	11,407
-	-	-	-	-	2,673
48,312	-	-	-	-	48,312
-	53,339	-	-	-	53,339
-	-	-	-	-	28,073
-	-	(20,882)	-	-	(20,882)
<u>\$ 48,312</u>	<u>\$ 53,339</u>	<u>\$ (20,882)</u>	<u>\$ 34,153</u>	<u>\$ 2,000</u>	<u>\$ 159,075</u>

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Lodging, and Dinning Gross Receipts Tax	Special Park Gift Fund	Storm Sewer Fund
<b>REVENUES</b>			
Taxes			
General sales and use taxes	\$ 140,130	\$ -	\$ -
Charges for goods and services			
Public safety	-	-	-
Miscellaneous revenue			
Investment earnings	-	51	798
Special assessments	-	-	-
Other	-	-	-
Total Revenues	<u>\$ 140,130</u>	<u>\$ 51</u>	<u>\$ 798</u>
<b>EXPENDITURES</b>			
Public safety			
Police	-	-	-
Conservation and development			
Economic development and assistance	139,034	-	-
Debt service	-	-	-
Total expenditures	<u>139,034</u>	<u>-</u>	<u>-</u>
Excess of revenue over (under) expenditures	1,096	51	798
Other financing sources (uses)			
Transfer in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>798</u>
Net change in fund balances	1,096	51	798
Fund balance - beginning	<u>10,311</u>	<u>2,622</u>	<u>27,275</u>
Fund Balance - Ending	<u>\$ 11,407</u>	<u>\$ 2,673</u>	<u>\$ 28,073</u>

24/7 Sobriety Fund	Storm Sewer Debt Service Fund	Pool Debt Service Fund	Bike Path Trails Capital Project Fund	Development Capital Project Fund	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,130
3,617	-	-	-	-	3,617
-	-	-	-	-	849
-	-	148,950	-	-	148,950
560	-	-	-	-	560
<u>\$ 4,177</u>	<u>\$ -</u>	<u>\$ 148,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,106</u>
20,596	-	-	-	-	20,596
-	-	-	-	-	139,034
-	-	208,477	-	-	208,477
<u>20,596</u>	<u>-</u>	<u>208,477</u>	<u>-</u>	<u>-</u>	<u>368,107</u>
(16,419)	-	(59,527)	-	-	(74,001)
-	-	50,000	-	-	50,000
<u>4,177</u>	<u>-</u>	<u>407,427</u>	<u>-</u>	<u>-</u>	<u>412,402</u>
(16,419)	-	(9,527)	-	-	(24,001)
<u>64,731</u>	<u>53,339</u>	<u>(11,355)</u>	<u>34,153</u>	<u>2,000</u>	<u>183,076</u>
<u>\$ 48,312</u>	<u>\$ 53,339</u>	<u>\$ (20,882)</u>	<u>\$ 34,153</u>	<u>\$ 2,000</u>	<u>\$ 159,075</u>

**CITY OF MOBRIDGE  
COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
NONMAJOR PROPRIETARY FUNDS  
DECEMBER 31, 2023**

	Cemetery Fund	Water and Sewer Main Fund	Totals
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 7,344	\$ 19,998	\$ 27,342
Investments	27,349	55,157	82,506
Total current assets	<u>34,693</u>	<u>75,155</u>	<u>109,848</u>
Noncurrent assets			
Restricted cash and cash equivalents	2,571	-	2,571
Total noncurrent assets	<u>2,571</u>	<u>-</u>	<u>2,571</u>
Total assets	<u>\$ 37,264</u>	<u>\$ 75,155</u>	<u>\$ 112,419</u>
<b>NET POSITION</b>			
Restricted for Other purposes	2,571	-	2,571
Unrestricted	34,693	75,155	109,848
Total net position	<u>\$ 37,264</u>	<u>\$ 75,155</u>	<u>\$ 112,419</u>

**CITY OF MOBRIDGE  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND  
NET POSITION - MODIFIED CASH BASIS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds		
	Cemetary Fund	Water and Sewer Main Fund	Totals
OPERATING REVENUE			
Charges for goods and services	\$ 26,651	\$ 11,215	\$ 37,866
Total operating revenue	<u>26,651</u>	<u>11,215</u>	<u>37,866</u>
OPERATING EXPENSES			
Other current expense	32,150	35,134	67,284
Total operating expenses	<u>32,150</u>	<u>35,134</u>	<u>67,284</u>
Operating income	<u>(5,499)</u>	<u>(23,919)</u>	<u>(29,418)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	723	1,693	2,416
Total nonoperating expenses	<u>723</u>	<u>1,693</u>	<u>2,416</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS, EXTRAORDINARY ITEMS AND TRANSFERS	<u>(4,776)</u>	<u>(22,226)</u>	<u>(27,002)</u>
CHANGE IN NET POSITION	(4,776)	(22,226)	(27,002)
NET POSITION - BEGINNING	<u>42,040</u>	<u>97,381</u>	<u>139,421</u>
NET POSITION - ENDING	<u>\$ 37,264</u>	<u>\$ 75,155</u>	<u>\$ 112,419</u>

**CITY OF MOBRIDGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures 2023</u>
US 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>\$734,622</u>
<b>Total US Department of Housing and Urban Development</b>			<u>\$734,622</u>
US Department of Interior - Direct Programs: National Park Service (LWCF) Outdoor Recreation, Acquisition, Development, & Planning	15.916	N/A	<u>\$62,530</u>
<b>Total US Department of Interior</b>			<u>\$62,530</u>
US Department of Transportation - Direct Programs: Airport Improvement Program (Note 3)	20.106	N/A	<u>\$619,844</u>
<b>Total US Department of Transportation</b>			<u>\$619,844</u>
US Department of Health and Human Services - Pass-Through Programs: Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	N/A	<u>\$4,000</u>
<b>Total Department of Health and Human Services</b>			<u>\$4,000</u>
US Department of Homeland Security - Pass-Through Programs: SD Department of Public Safety, Office of Emergency Management, Homeland Security Grant Program	97.067	22-HLS-080	<u>\$26,685</u>
<b>Total US Department of Homeland Security</b>			<u>\$26,685</u>
<b>GRAND TOTAL</b>			<u><u>\$1,447,681</u></u>

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2023. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not 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.