CITY OF MOBRIDGE

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

CITY OF MOBRIDGE
CITY OFFICIALS
DECEMBER 31, 2012

Mayor:

Jamie Dietterle

Governing Board:

Gene Cox, President
Amy Cerney, Vice President
Rose Henderson
Tom O'Connell
Tony Yellowboy
Randy Carlson

City Administrator:

Steve Gasser

Finance Officer:

Heather Beck

Attorney:

Rick Cain

CITY OF MOBRIDGE

TABLE OF CONTENTS

	Page
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	1 - 2
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With OMB Circular A-133	3 - 4
Schedule of Prior Audit Findings and Questioned Costs	5
Schedule of Current Audit Findings and Questioned Costs	6 - 11
Independent Auditors' Report	12 - 14
Basic Financial Statements:	
Government-Wide Financial Statements:	
As of December 31, 2012:	
Statement of Net Position	15
Year Ended December 31, 2012:	
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
As of December 31, 2012:	
Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Year Ended December 31, 2012:	
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Proprietary Funds:	
As of December 31, 2012:	
Statement of Net Position	21

CITY OF MOBRIDGE

TABLE OF CONTENTS
(Continued)

	Page
Year Ended December 31, 2012:	
Statement of Revenues, Expenses and Changes in Fund Net Position	22
Statement of Cash Flows	23
Supplementary Information:	
Combining Financial Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds	24
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	25
Combining Statement of Net Position - Nonmajor Proprietary Funds	26
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Proprietary Funds	27
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	28
Schedule of Expenditures of Federal Awards	29

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
WILLIAM J BACHMEIER, CPA
DAVID S ANDERSON, CPA
ROSEMARY MUELLER, CPA
ROY R FAUTH, CPA

PROFESSIONAL BUILDING
210 EAST GRAND CROSSING • PO BOX 460
MOBRIDGE, SOUTH DAKOTA 57601
605-845-3658 • 605-845-3754(FAX)
Email: kba@westriv.com

WITH OFFICES IN
LEMMON, SOUTH DAKOTA
MILLER, SOUTH DAKOTA

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

City Council
City of Mobridge
Mobridge, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota, as of December 31, 2012, and for the year then ended, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 1, 2013, which was adverse because of financial statement deficiencies.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying Schedule of Current Audit Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2012-01 through 2012-07 to be material weaknesses.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are

required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2012-01, 2012-06, and 2012-07.

City's Response to Findings

The City of Mobridge'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.

Kahlman, Dienstbach & Anderson, LLP

October 1, 2013

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
WILLIAM J BACHMEIER, CPA
DAVID S ANDERSON, CPA
ROSEMARY MUELLER, CPA
ROY R FAUTH, CPA

PROFESSIONAL BUILDING
210 EAST GRAND CROSSING • PO BOX 460
MOBRIDGE, SOUTH DAKOTA 57601
605-845-3658 • 605-845-3754(FAX)
Email: kba@westriv.com

WITH OFFICES IN
LEMMON, SOUTH DAKOTA
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City Council
City of Mobridge
Mobridge, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the City of Mobridge, South Dakota, compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 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, 2012. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Mobridge, South Dakota, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2012-01. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2012-01 to be a material weakness.

The City of Mobridge's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The City's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. 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.

Kohlman, Rippentrop & Anderson, LLP

October 1, 2013

CITY OF MOBRIDGE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2012

PRIOR FEDERAL AUDIT FINDINGS:

2011-01

Condition Found

A material weakness was reported affecting the Equipment and Real Property compliance requirements that indicate recipients of federal awards should have an adequate equipment and property management system. The City's list of assets was found to be incomplete and lacking in supporting documentation. This deficiency has not been corrected and is restated as current federal audit finding 2012-01.

Corrective Action Plan

The City agrees with the finding and will work on updating their records as soon as possible.

PRIOR OTHER AUDIT FINDINGS:

2011-02

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, signature stamp and payroll. This comment has not been corrected and is restated as current other audit finding 2012-02.

2011-03

Sufficient records do not exist to verify the amounts reported as inventories. This comment has not been corrected and is restated as current other audit finding 2012-03.

2011-04

No internal control structure to provide for the recording of all necessary material adjustments. This comment has not been corrected and is restated as current other audit finding 2012-04.

2011-05

No internal control system designed to provide for the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP). This comment has not been corrected and is restated as current other audit finding 2012-05.

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2012

SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS:

Financial Statements:

a. An adverse opinion on the financial statements of each opinion unit was issued because of financial statement deficiencies.
b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2012-01 through 2012-07.
c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards:

d. A material weakness was disclosed for internal control over major federal programs affecting the Equipment and Real Property compliance requirement as described in finding 2012-01.
e. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
f. Our audit disclosed an audit finding that is required to be disclosed in accordance with the Office of Management and Budget Circular A-133, §.510(a). See finding number 2012-01.
g. The federal awards tested as major programs were:
    a. Highway Planning and Construction - Recovery Act #20.205
    b. Airport Improvement Program #20.106
h. The dollar threshold used to distinguish between Type A and Type B federal award programs was $300,000.
i. City of Mobridge, South Dakota, did not qualify as a low-risk entity

CURRENT FEDERAL AUDIT FINDINGS:

Internal Control-Related Findings and Federal Compliance-Related Audit Findings and Questioned Costs - Material Weaknesses:

2012-01

The major federal programs affected are Highway Planning and Construction - Recovery Act - CFDA #20.205; and Airport Improvement Program - CFDA # 20.106; Federal Award Year 2012; U.S. Department of Transportation.

Criteria

The Equipment and Real Property compliance requirement requires organizations to maintain an adequate equipment and property management system. Fixed asset records should include comprehensive lists of all land, buildings, improvements and equipment that have a cost greater than the City's capitalization policy. The City's lists of such assets were found to be incomplete and lacking in supporting documentation.

Condition Found

Fixed asset records were inadequate.

Questioned Costs

There are no questioned costs involved.

Recommendation

The City should conduct a comprehensive physical inventory of all fixed assets and update the subsidiary records accordingly. Costs (or estimated costs) of the assets should be properly documented.

Corrective Action Plan

The City agrees with the finding and will work on updating their records as soon as possible. The contact person for this finding is Jamie Dietterle, Mayor.

CURRENT OTHER AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

2012-01 (also see detail under Current Federal Audit Findings)

Criteria

The City of Mobridge is responsible for maintaining proper general fixed assets, enterprise fixed assets, and depreciation records.

Condition Found

A material weakness was reported for not maintaining proper fixed asset records to support the amounts reported for general fixed assets, enterprise fixed assets, and depreciation expense; therefore, the City is not in compliance with SDCL 5-24-4.

Effect

This has resulted in diminished controls over fixed assets and can result in misleading information being presented to the users of the financial statements

Recommendation

The City should conduct a comprehensive physical inventory of all fixed assets and update the subsidiary records accordingly. Costs (or estimated costs) of the assets should be properly documented.

Corrective Action Plan

The City agrees with the finding and will work on updating their records as soon as possible. The contact person for this finding is Jamie Dietterle, Mayor.

2012-02

Criteria

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

Condition Found

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, and payroll.

Effect

The City of Mobridge, South Dakota, has a limited number of employees who prepare all records for cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, and payroll. This is undesirable from an internal control viewpoint, and could result in a loss of control over accounting transactions and errors not being found in a timely manner.

Recommendation

We recommend the City Council take a more active role in their oversight of cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, and payroll.

Corrective Action Plan

The City of Mobridge has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, and payroll and accepts the risks involved. The Council is aware of the problem and will attempt to provide compensating controls wherever and whenever possible and practical. The Finance Officer, Heather Beck, is responsible for the corrective action plan for this finding.

2012-03

Criteria

The City of Mobridge is responsible for maintaining accurate records for amounts reported as inventories for governmental activities, business-type activities and each major fund.

Condition Found

A material weakness was reported for not maintaining sufficient inventory records for the governmental activities, business-type activities and each major fund. The City is not in compliance with SDCL 5-24-1 or SDCL 5-24-2.

Effect

This has resulted in diminished controls over inventories and can result in misleading information being presented to users of the financial statements.

Recommendation

We recommend the City Council prepare an inventory listing, counted within 10 days of the end of the year as per SDCL 5-24-1, and valued using the actual cost or the estimated cost at the time of acquisition as per SDCL 5-24-2. We also recommend more controls be implemented at the airport. An inventory count should be performed by management and reconciled by the Finance Officer on at least a quarterly basis.

Corrective Action Plan

The City will attempt to complete an accurate inventory listing in the future. The contact person for this finding is Jamie Dietterle, Mayor. The City is working on this finding and it has not been resolved.

2012-04

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 generally accepted accounting principles.

Condition Found

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

Effect

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

Recommendation

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

Corrective Action Plan

The City of Mobridge accepts the risks associated with this deficiency. The Council is aware of the problem and will attempt to provide compensating controls wherever and whenever possible and practical. The contact person for this finding is Jamie Dietterle, Mayor.

2012-05

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

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 generally accepted accounting principles. As auditors, we were requested to draft the financial statements.

Effect

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

Recommendation

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

Corrective Action Plan

Both management and the City Council have been informed of this condition and are confident that the information is accurate and are willing to accept this risk. The Finance Officer, Heather Beck, is responsible for the corrective action plan for this finding.

2012-06

Criteria

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

Condition Found

The City overspent the annual appropriations ordinance for several departments by material amounts without adopting a supplemental appropriations ordinance. The Airport function in the General Fund was overspent by $29,480. The Highways and Streets function in the Storm Sewer Capital Projects Fund was overspent by $21,188. The Library function in the Library Capital Project Fund was overspent by $721,594.

Effect

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

Recommendation

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

Corrective Action Plan

The City Council and the Finance Officer will monitor the budget to actual statements more closely in the future. The contact person for this finding is Jamie Dietterle, Mayor.

2012-07

Criteria

SDCL 9-21-2 states that the governing body of each municipality shall, no later than its first regular meeting in September of each year or within ten days thereafter, introduce the annual appropriation ordinance for the ensuing fiscal year, in which it shall appropriate the sums of money necessary to meet all lawful expenses and liabilities of the municipality. It is not necessary to appropriate revenue to be expended from an enterprise or trust and agency fund if the fund is not supported or subsidized by revenue derived from the annual appropriated tax levy. However, an annual budget for these funds shall be developed and published no later than December thirty-first of each year.

Condition Found

The City failed to publish appropriations ordinances or supplemental appropriations ordinances for several funds.

Effect

The City is not in compliance with SDCL 9-21-2.

Recommendation

We recommend the City comply with SDCL 9-21-2 by publishing appropriation ordinances for all funds.

Corrective Action Plan

The City Council will monitor compliance more closely. The contact person for this finding is Jamie Dietterle, Mayor.

Closing Conference

The contents of this report were discussed with Heather Beck, Finance Officer; Steve Gasser, City Administrator; Amy Cerney, Council Member; and Jamie Dietterle, Mayor; on August 13, 2013.

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
WILLIAM J BACHMEIER, CPA
DAVID S ANDERSON, CPA
ROSEMARY MUELLER, CPA
ROY R FAUTH, CPA

PROFESSIONAL BUILDING
210 EAST GRAND CROSSING • PO BOX 460
MOBRIDGE, SOUTH DAKOTA 57601
605-845-3658 • 605-845-3754(FAX)
Email: kba@westriv.com

WITH OFFICES IN
LEMMON, SOUTH DAKOTA
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

City Council
City of Mobridge
Mobridge, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota, as of December 31, 2012, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Basis for Adverse Opinion

The financial statements referred to above include only the primary government of the City of Mobridge, which consist of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the City's legally separate component units to be report with the financial data of the City's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

Management has not recorded certain capital assets in the governmental and business-type activities and, accordingly has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities and business-type activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental and business-type activities has not been determined.

The City has not prepared notes to the financial statements. As a result, numerous disclosures required by U.S. generally accepted accounting principles are not made a part of these financial statements. The amount by which this departure would affect these financial statements is not reasonably determinable.

Management has not maintained proper inventory records in the governmental activities, business-type activities, and each major fund. Accounting principles generally accepted in the United States of America require that inventory be properly recorded, which would affect assets, net assets, and expenses of the governmental activities, business-type activities and each major fund. The amount by which this departure would affect the assets, net assets and expenses of the governmental activities, business-type activities and each major fund is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" paragraphs, the financial statements referred to previously do not present fairly the financial position of the activities reporting entity of the of the City of Mobridge, South Dakota, as of December 31, 2012, or the changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The City has omitted the Management's Discussion and Analysis (MD&A) and the Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the combining nonmajor fund financial statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements, however, for reasons stated in the "Basis for Adverse Opinion" paragraphs, the financial statements referred to

above do not present fairly in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities and the changes in financial position. Therefore, we do not express an opinion on the Schedule of Expenditures of Federal Awards or the accompanying combining and individual nonmajor fund financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated, October 1, 2013 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Municipality's internal control over financial reporting and compliance

Kohlmann, Dienstbach & Anderson, LLP

October 1, 2013

CITY OF MOBRIDGE

STATEMENT OF NET POSITION

DECEMBER 31, 2012

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	$ 635,261	$ 610,085	$ 1,245,346
Investments	1,086,702	1,011,178	2,097,880
Accounts receivable, net	909,957	72,093	982,050
Inventory of supplies	13,011	157,493	170,504
Prepaid expenses	19,750	-	19,750
Deferred charges	-	7,067	7,067
Restricted cash and cash equivalents	57,649	6,356	64,005
Capital Assets:			
Land, improvements and construction in progress	167,758	104,994	272,752
Other capital assets, net of depreciation	1,664,704	4,503,856	6,168,560
TOTAL ASSETS	$ 4,554,792	$ 6,473,122	$ 11,027,914
LIABILITIES:			
Accounts payable	$ 189,404	$ 31,794	$ 221,198
Other current liabilities	29,064	-	29,064
Noncurrent Liabilities:			
Due within one year	30,849	133,342	164,191
Due in more than one year	1,194,667	931,758	2,126,425
TOTAL LIABILITIES	1,443,984	1,096,894	2,540,878
NET POSITION:			
Net investment in capital assets	661,687	3,568,096	4,229,783
Restricted for:			
Capital project purposes	481,088	-	481,088
Debt service purposes	22,755	6,641	29,396
Other purposes	101,530	2,571	104,101
Unrestricted	1,843,748	1,798,920	3,642,668
TOTAL NET POSITION	3,110,808	5,376,228	8,487,036
TOTAL LIABILITIES AND NET POSITION	$ 4,554,792	$ 6,473,122	$ 11,027,914

CITY OF MOBRIDGE

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position – Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position – Primary Government: Total
Primary Government:							
Governmental Activities:							
General government	$ 283,117	$ 35,892	$ -	$ 10,000	$ (237,225)	$ -	$ (237,225)
Public safety	908,742	162,635	9,122	28,314	(708,671)	-	(708,671)
Public works	2,142,937	454,402	122,251	1,097,494	(468,790)	-	(468,790)
Health and welfare	10,269	-	-	-	(10,269)	-	(10,269)
Culture and recreation	1,190,770	24,532	-	906,419	(259,819)	-	(259,819)
Conservation and development	179,824	-	50,000	-	(129,824)	-	(129,824)
Miscellaneous expenditures	42	-	-	-	(42)	-	(42)
*Interest on long-term debt	31,937	-	-	-	(31,937)	-	(31,937)
Total Governmental Activities	4,747,638	677,461	181,373	2,042,227	(1,846,577)	-	(1,846,577)
Business-Type Activities:							
Water	573,316	803,258	-	-	-	229,942	229,942
Sewer	264,692	393,388	-	-	-	128,696	128,696
Cemetery	37,243	15,301	-	-	-	(21,942)	(21,942)
Water and sewer main	3,198	11,570	-	-	-	8,372	8,372
Total Business-Type Activities	878,449	1,223,517	-	-	-	345,068	345,068
Total Primary Government	$5,626,087	$1,900,978	$ 181,373	$2,042,227	(1,846,577)	345,068	(1,501,509)
		General Revenues:					
		Taxes:					
		Property taxes			575,186	-	575,186
		Sales taxes			1,663,930	-	1,663,930
		State shared revenues			35,449	-	35,449
		Unrestricted investment earnings			4,474	4,323	8,797
		Miscellaneous revenue			45,608	16,292	61,900
		Transfers			(25,000)	25,000	-
		Total General Revenues and Transfers			2,299,647	45,615	2,345,262
		Change in Net Position			453,070	390,683	843,753
		Net Position - Beginning			2,657,735	4,985,545	7,643,280
		Net Position - Ending			$3,110,805	$ 5,376,228	$8,487,033

*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
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General Fund	Railroad Crossing Fund	Airport Project Fund	Library Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 350,378	$ -	$ -	$ 223,842	$ 61,041	$ 635,261
Investments	1,068,660	-	-	-	18,042	1,086,702
Taxes receivable - delinquent	39,541	-	-	-	-	39,541
Accounts receivable, net	8,609	-	-	-	198	8,807
Special assessments receivable - delinquent	9,355	-	-	-	-	9,355
Due from capital projects funds	210,379	-	-	-	-	210,379
Due from state government	296,181	-	15,621	-	17,901	329,703
Due from federal government	1,351	455,177	8,725	23,445	-	488,698
Due from county government	32,125	-	-	-	-	32,125
Interest receivable	1,700	-	-	-	28	1,728
Inventory of supplies	13,011	-	-	-	-	13,011
Prepaid expenses	19,750	-	-	-	-	19,750
Restricted cash and cash equivalents	57,649	-	-	-	-	57,649
TOTAL ASSETS	$2,108,689	$ 455,177	$24,346	$ 247,287	$ 97,210	$ 2,932,709
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable	$ 72,224	$ -	$19,369	$ 97,381	$ 430	$ 189,404
Due to the General Fund	-	153,948	35,243	-	21,188	210,379
Accrued taxes payable	29,064	-	-	-	-	29,064
Deferred revenue	119,139	-	-	-	2,567	121,706
TOTAL LIABILITIES	220,427	153,948	54,612	97,381	24,185	550,553
FUND BALANCES:						
Nonspendable:						
Inventory	13,011	-	-	-	-	13,011
Prepaids	19,750	-	-	-	-	19,750
Restricted:						
Debt service	22,755	-	-	-	-	22,755
Capital project purposes	-	301,229	-	149,906	29,953	481,088
Facilities and promoting the City	-	-	-	-	16,334	16,334
Park purposes	-	-	-	-	2,542	2,542
24/7 sobriety purposes	-	-	-	-	18,913	18,913
Other	34,894	-	-	-	26,471	61,365
Assigned:						
Subsequent year's budget	212,459	-	-	-	-	212,459
Capital outlay accumulations	409,342	-	-	-	-	409,342
Unassigned	1,176,051	-	(30,266)	-	(21,188)	1,124,597
TOTAL FUND BALANCES	1,888,262	301,229	(30,266)	149,906	73,025	2,382,156
TOTAL LIABILITIES AND FUND BALANCES	$2,108,689	$ 455,177	$24,346	$ 247,287	$ 97,210	$ 2,932,709

CITY OF MOBRIDGE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31. 2012

Total Fund Balances - Governmental Funds		$ 2,382,156
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,832,462
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.		
Revenue bonds	$ 621,366	
Accrued leave	54,740	
Other long-term debt	549,410	(676,106)
Assets, such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred in the funds		
Property taxes	$ 34,152	
Special assessments	8,597	
Sales taxes	56,832	
E911 funds	22,125	108,178
Net Position - Governmental Activities		$ 3,646,690

CITY OF MOBRIDGE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2012

	General Fund	Railroad Crossing Fund	Airport Project Fund	Library Building Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes:						
General property taxes	$ 564,082	$ -	$ -	$ -	$ -	$ 564,082
General sales and use taxes	1,531,454	-	-	-	106,138	1,637,592
Gross receipts business taxes	2,306	-	-	-	-	2,306
Amusement taxes	840	-	-	-	-	840
Penalties and interest on delinquent taxes	2,777	-	-	-	-	2,777
Licenses and Permits	22,802	-	-	-	-	22,802
Intergovernmental Revenue:						
Federal grants	65,320	564,936	445,748	257,500	-	1,333,504
State grants	-	-	15,621	-	16,060	31,681
State shared revenue:						
Bank franchise tax	11,614	-	-	-	-	11,614
Motor vehicle commercial prorate	5,269	-	-	-	-	5,269
Liquor tax reversion	23,835	-	-	-	-	23,835
Motor vehicle licenses (5%)	22,008	-	-	-	-	22,008
Local government highway and bridge fund	84,886	-	-	-	-	84,886
County shared revenue:						
County HBR tax (25%)	829	-	-	-	-	829
County wheel tax	9,259	-	-	-	-	9,259
Other intergovernmental revenues	2,095	-	-	-	-	2,095
Charges for Goods and Services:						
General government	2,069	-	-	-	-	2,069
Public safety	124,913	-	-	-	8,571	133,484
Highways and streets	4,188	-	-	-	-	4,188
Sanitation	261,009	-	-	-	-	261,009
Culture and recreation	24,532	-	-	-	-	24,532
Other	189,205	-	-	-	-	189,205
Fines and Forfeits:						
Court fines and costs	247	-	-	-	-	247
Library	6,779	-	-	-	-	6,779
Miscellaneous Revenue:						
Investment earnings	4,396	-	-	-	78	4,474
Rentals	11,021	-	-	-	-	11,021
Special assessments	63,079	-	-	-	58	63,137
Contributions and donations from private sources	57,148	-	-	614,000	25	671,173
Other	35,366	-	-	-	1,625	36,991
TOTAL REVENUE	3,133,328	564,936	461,369	871,500	132,555	5,163,688
EXPENDITURES:						
General Government:						
Legislative	25,563	-	-	-	-	25,563
Executive	81,140	-	-	-	-	81,140
Elections	1,619	-	-	-	-	1,619
Financial administration	107,379	-	-	-	-	107,379
Other	66,211	-	-	-	-	66,211

	General Fund	Railroad Crossing Fund	Airport Project Fund	Library Building Fund	Other Governmental Funds	Total Governmental Funds
Public Safety:						
Police	848,665	-	-	-	8,606	857,271
Fire	51,372	-	-	-	-	51,372
Other protection	249	-	-	-	-	249
Public Works:						
Highways and streets	515,455	672,611	-	-	21,891	1,209,957
Sanitation	195,624	-	-	-	-	195,624
Airport	244,942	-	490,028	-	-	734,970
Health and Welfare:						
Health	8,269	-	-	-	-	8,269
Hospitals, nursing homes and rest homes	2,000	-	-	-	-	2,000
Culture and Recreation:						
Recreation	137,018	-	-	-	-	137,018
Parks	126,041	-	-	-	1,658	127,699
Libraries	110,508	-	-	721,594	-	832,102
Auditorium	88,656	-	-	-	-	88,656
Museums	6,000	-	-	-	-	6,000
Conservation and Development:						
Urban redevelopment and housing	47,821	-	-	-	-	47,821
Economic development and assistance (industrial development)	25,538	-	-	-	106,465	132,003
Debt Service	46,854	-	-	-	84,244	131,098
Miscellaneous:						
Liquor operating agreements	42	-	-	-	-	42
TOTAL EXPENDITURES	2,736,966	672,611	490,028	721,594	222,864	4,844,063
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	396,362	(107,675)	(28,659)	149,906	(90,309)	319,625
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	92,244	92,244
Sale of municipal property	6,522	-	-	-	-	6,522
Compensation for loss or damage to capital assets	128	-	-	-	-	128
Long-term debt issued	-	506,579	-	-	-	506,579
Transfers out	(117,244)	-	-	-	-	(117,244)
TOTAL OTHER FINANCING SOURCES (USES)	(110,594)	506,579	-	-	92,244	488,229
NET CHANGE IN FUND BALANCES	285,768	398,904	(28,659)	149,906	1,935	807,854
FUND BALANCE - BEGINNING	1,602,494	(97,675)	(1,607)	-	71,090	1,574,302
FUND BALANCE - ENDING	$ 1,888,262	$ 301,229	$ (30,266)	$ 149,906	$ 73,025	$ 2,382,156

CITY OF MOBRIDGE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31. 2012

Net Change in Fund Balances - Total Governmental Funds		$	807,854
Amounts reported for governmental activities in the statement of activities are different because:			
Payment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.			
Revenue bonds	$ 89,764		
Other long-term debt	9,397		99,161
The issuance of long term debt is an other financing source in the fund statements, but an increase in long-term liabilities on the government wide-statements.			
Other long-term debt	506,579		(506,579)
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".			4,551
The fund financial statement governmental fund sales tax accruals differ from the government-wide statement sales tax accruals in that the fund financial statements require the amounts to be "available".			26,338
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises.			2,483
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.			(2,863)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
E911 funds	22,125		22,125
Change in Net Position of Governmental Activities		$	453,070

CITY OF MOBRIDGE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31. 2012

	Enterprise Funds			
	Major			
	Water Fund	Sewer Fund	Nonmajor	Totals
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 199,014	$ 369,736	$ 41,335	$ 610,085
Investments	333,143	606,497	71,538	1,011,178
Accounts receivable, net	61,565	6,633	2,286	70,484
Interest receivable	530	965	114	1,609
Inventory of supplies	121,869	35,624	-	157,493
Total Current Assets	716,121	1,019,455	115,273	1,850,849
Noncurrent Assets:				
Restricted cash and cash equivalents	3,785	-	2,571	6,356
Deferred charges	7,067	-	-	7,067
Capital Assets:				
Land	104,395	34	565	104,994
Buildings	4,619,438	3,816,429	-	8,435,867
Improvements other than buildings	1,136,091	-	-	1,136,091
Machinery and equipment	151,782	206,163	18,789	376,734
Less: accumulated depreciation	(2,779,084)	(2,647,733)	(18,019)	(5,444,836)
Total Noncurrent Assets	3,243,474	1,374,893	3,906	4,622,273
TOTAL ASSETS	$ 3,959,595	$ 2,394,348	$ 119,179	$ 6,473,122
LIABILITIES:				
Current Liabilities:				
Accounts payable	$ 16,650	$ 11,497	$ 3,647	$ 31,794
Bonds payable - current	130,908	-	-	130,908
Compensated absences payable - current	1,705	729	-	2,434
Total Current Liabilities	149,263	12,226	3,647	165,136
Noncurrent Liabilities:				
Bonds payable:				
Revenue	909,846	-	-	909,846
Compensated absences payable - noncurrent	15,347	6,565	-	21,912
Total Noncurrent Liabilities	925,193	6,565	-	931,758
NET POSITION:				
Net investment in capital assets	2,191,868	1,374,893	1,335	3,568,096
Restricted for:				
Revenue bond debt service	6,641	-	-	6,641
Other purposes	-	-	2,571	2,571
Unrestricted	686,630	1,000,664	111,626	1,798,920
Total Net Position	2,885,139	2,375,557	115,532	5,376,228
TOTAL LIABILITIES AND NET POSITION	$ 3,959,595	$ 2,394,348	$ 119,179	$ 6,473,122

CITY OF MOBRIDGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31. 2012

	Enterprise Funds			
	Major			
	Water Fund	Sewer Fund	Nonmajor	Totals
OPERATING REVENUE:				
Charges for goods and services	$ 803,258	$ 393,388	$ 26,871	$ 1,223,517
Miscellaneous	1,962	6,737	-	8,699
TOTAL OPERATING REVENUE	805,220	400,125	26,871	1,232,216
OPERATING EXPENSES:				
Personal services	237,456	131,165	-	368,621
Other current expense	284,525	133,527	40,441	458,493
Materials (cost of goods sold)	7,611	-	-	7,611
TOTAL OPERATING EXPENSES	529,592	264,692	40,441	834,725
OPERATING INCOME (LOSS)	275,628	135,433	(13,570)	397,491
NONOPERATING REVENUE (EXPENSE):				
Investment earnings	1,495	2,537	291	4,323
Interest expense	(43,724)	-	-	(43,724)
Gain on disposition of assets	6,597	996	-	7,593
TOTAL NONOPERATING REVENUE (EXPENSE)	(35,632)	3,533	291	(31,808)
INCOME (LOSS) BEFORE TRANSFERS	239,996	138,966	(13,279)	365,683
TRANSFERS IN	-	-	25,000	25,000
CHANGE IN NET POSITION	239,996	138,966	11,721	390,683
NET POSITION - BEGINNING	2,645,143	2,236,591	103,811	4,985,545
NET POSITION - ENDING	$ 2,885,139	$ 2,375,557	$ 115,532	$ 5,376,228

CITY OF MOBRIDGE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31. 2012

	Enterprise Funds			
	Major			
	Water Fund	Sewer Fund	Nonmajor	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	$ 816,773	$ 399,600	$ 24,734	$ 1,241,107
Cash payments to employees for services	(233,817)	(137,600)	-	(371,417)
Cash payments to supplies of goods and services	(390,556)	(143,056)	(36,985)	(570,597)
Net cash provided (used) by operating activities	192,400	118,944	(12,251)	299,093
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	25,000	25,000
Net cash provided by noncapital financing activities	-	-	25,000	25,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	6,597	996	-	7,593
Principal paid on capital debt	(125,507)	-	-	(125,507)
Interest paid on capital debt	(43,724)	-	-	(43,724)
Other receipts	3,533	-	-	3,533
Net cash provided (used) by capital and related financing activities	(159,101)	996	-	(158,105)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash received for interest	1,952	3,253	378	5,583
Net cash provided by investing activities	1,952	3,253	378	5,583
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,251	123,193	13,127	171,571
BALANCES - BEGINNING	500,691	853,040	102,317	1,456,048
BALANCES - ENDING	$ 535,942	$ 976,233	$ 115,444	$ 1,627,619

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	$ 275,628	$ 135,433	$ (13,570)	$ 397,491
Change in assets and liabilities:				
Accounts receivable	11,553	(525)	(2,137)	8,891
Inventories	(43,305)	(12,153)	-	(55,458)
Accounts payable	(55,115)	2,624	3,456	(49,035)
Accrued leave payable	3,639	(6,435)	-	(2,796)
Net cash provided (used) by operating activities	$ 192,400	$ 118,944	$ (12,251)	$ 299,093

SUPPLEMENTARY INFORMATION

CITY OF MOBRIDGE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	Storm Sewer Mainten-ance Fund	24/7 Sobriety Fund	Storm Sewer Project Fund	Bike Path Trail Fund	Riverfront Development Fund	Total Nonmajor Governmental Funds
ASSETS:								
Cash and cash equivalents	$ 1,000	$ 862	$10,081	$19,145	$ -	$27,953	$ 2,000	$ 61,041
Investments	-	1,678	16,364	-	-	-	-	18,042
Accounts receivable, net	-	-	-	198	-	-	-	198
Due from state government	17,901	-	-	-	-	-	-	17,901
Interest receivable	-	2	26	-	-	-	-	28
TOTAL ASSETS	$18,901	$ 2,542	$26,471	$19,343	$ -	$27,953	$ 2,000	$ 97,210
LIABILITIES AND FUND BALANCES:								
LIABILITIES:								
Accounts payable	$ -	$ -	$ -	$ 430	$ -	$ -	$ -	$ 430
Due to the General Fund	-	-	-	-	21,188	-	-	21,188
Deferred revenue	2,567	-	-	-	-	-	-	2,567
TOTAL LIABILITIES	2,567	-	-	430	21,188	-	-	24,185
FUND BALANCES:								
Restricted:								
Capital project purposes	-	-	-	-	-	27,953	2,000	29,953
Facilities and promoting the City	16,334	-	-	-	-	-	-	16,334
Park purposes	-	2,542	-	-	-	-	-	2,542
24/7 sobriety purposes	-	-	-	18,913	-	-	-	18,913
Other	-	-	26,471	-	-	-	-	26,471
Unassigned	-	-	-	-	(21,188)	-	-	(21,188)
TOTAL FUND BALANCES	16,334	2,542	26,471	18,913	(21,188)	27,953	2,000	73,025
TOTAL LIABILITIES AND FUND BALANCES	$18,901	$ 2,542	$26,471	$19,343	$ -	$27,953	$ 2,000	$ 97,210

CITY OF MOBRIDGE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	Storm Sewer Mainten-ance Fund	24/7 Sobriety Fund	Debt Service Fund	Storm Sewer Project Fund	Bike Path Trail Fund	Riverfront Develop-ment Fund	Total Nonmajor Govern-mental Funds
REVENUES:									
Taxes:									
General sales and use taxes	$106,138	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 106,138
Intergovernmental Revenue:									
State grants	-	-	-	16,060	-	-	-	-	16,060
Charges for Goods and Services:									
Public safety	-	-	-	8,571	-	-	-	-	8,571
Miscellaneous Revenue:									
Investment earnings	-	7	71	-	-	-	-	-	78
Special assessments	-	-	58	-	-	-	-	-	58
Contributions and donations from private sources	-	25	-	-	-	-	-	-	25
Other	-	-	-	1,625	-	-	-	-	1,625
TOTAL REVENUE	106,138	32	129	26,256	-	-	-	-	132,555
EXPENDITURES:									
Public Safety:									
Police	-	-	-	8,606	-	-	-	-	8,606
Public Works:									
Highways and streets	-	-	703	-	-	21,188	-	-	21,891
Culture and Recreation:									
Parks	-	-	-	-	-	-	1,658	-	1,658
Conservation and Development:									
Economic development and assistance (industrial development)	106,465	-	-	-	-	-	-	-	106,465
Debt Service	-	-	-	-	84,244	-	-	-	84,244
TOTAL EXPENDITURES	106,465	-	703	8,606	84,244	21,188	1,658	-	222,864
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(327)	32	(574)	17,650	(84,244)	(21,188)	(1,658)	-	(90,309)
OTHER FINANCING SOURCES (USES):									
Transfers in	-	-	-	-	84,244	-	8,000	-	92,244
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	84,244	-	8,000	-	92,244
NET CHANGE IN FUND BALANCES	(327)	32	(574)	17,650	-	(21,188)	6,342	-	1,935
FUND BALANCE - BEGINNING	16,661	2,510	27,045	1,263	-	-	21,611	2,000	71,090
FUND BALANCE - ENDING	$ 16,334	$2,542	$26,471	$18,913	$ -	$(21,188)	$27,953	$ 2,000	$ 73,025

CITY OF MOBRIDGE

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2012

	Cemetery Fund	Water and Sewer Main Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	$ 1,155	$ 40,180	$ 41,335
Investments	5,874	65,664	71,538
Accounts receivable, net	2,125	161	2,286
Interest receivable	9	105	114
Total Current Assets	9,163	106,110	115,273
Noncurrent Assets:			
Restricted cash and cash equivalents	2,571	-	2,571
Capital Assets:			
Land	565	-	565
Machinery and equipment	18,789	-	18,789
Less: accumulated depreciation	(18,019)	-	(18,019)
Total Noncurrent Assets	3,906	-	3,906
TOTAL ASSETS	$ 13,069	$ 106,110	$ 119,179
LIABILITIES:			
Current Liabilities:			
Accounts payable	$ 3,647	$ -	$ 3,647
Total Current Liabilities	3,647	-	3,647
NET POSITION:			
Net investment in capital assets	1,335	-	1,335
Restricted for:			
Other purposes	2,571	-	2,571
Unrestricted	5,516	106,110	111,626
Total Net Position	9,422	106,110	115,532
TOTAL LIABILITIES AND NET POSITION	$ 13,069	$ 106,110	$ 119,179

CITY OF MOBRIDGE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Cemetery Fund	Water and Sewer Main Fund	Totals
OPERATING REVENUE:			
Charges for goods and services	$ 15,301	$ 11,570	$ 26,871
TOTAL OPERATING REVENUE	15,301	11,570	26,871
OPERATING EXPENSES:			
Other current expense	37,243	3,198	40,441
TOTAL OPERATING EXPENSES	37,243	3,198	40,441
OPERATING INCOME (LOSS)	(21,942)	8,372	(13,570)
NONOPERATING REVENUE:			
Investment earnings	9	282	291
TOTAL NONOPERATING REVENUE	9	282	291
INCOME (LOSS) BEFORE TRANSFERS	(21,933)	8,654	(13,279)
TRANSFERS IN	25,000	-	25,000
CHANGE IN NET POSITION	3,067	8,654	11,721
NET POSITION - BEGINNING	6,355	97,456	103,811
NET POSITION - ENDING	$ 9,422	$ 106,110	$ 115,532

CITY OF MOBRIDGE

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Cemetery Fund	Water and Sewer Main Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	$ 13,176	$ 11,558	$ 24,734
Cash payments to suppliers of goods and services	(33,787)	(3,198)	(36,985)
Net cash provided (used) by operating activities	(20,611)	8,360	(12,251)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	25,000	-	25,000
Net cash provided by noncapital financing activities	25,000	-	25,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received for interest	10	368	378
Net cash provided by investing activities	10	368	378
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,399	8,728	13,127
BALANCES - BEGINNING	5,201	97,116	102,317
BALANCES - ENDING	$ 9,600	$ 105,844	$ 115,444

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	$ (21,942)	$ 8,372	$ (13,570)
Change in assets and liabilities:			
Accounts receivable	(2,125)	(12)	(2,137)
Accounts payable	3,456	-	3,456
Net cash provided (used) by operating activities	$ (20,611)	$ 8,360	$ (12,251)

CITY OF MOBRIDGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures 2012
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
CDBG - State Administered CDBG Cluster:		
Indirect Federal Funding:		
SD Governor's Office of Economic Development, Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	$ 257,500
Other Programs:		
Direct Federal Funding:		
Economic Development Initiative:		
Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	159,759
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		417,259
U.S. DEPARTMENT OF TRANSPORTATION:		
Indirect Federal Funding:		
South Dakota Department of Transportation, Airport Improvement Program (Note 2)	20.106	451,947
Highway Planning and Construction - Recovery Act (Note 2)	20.205	455,177
Highway Safety Cluster:		
South Dakota Department of Public Safety		
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	9,122
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		916,246
GRAND TOTAL		$ 1,333,505

NOTE 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the full accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE 2: This represents a major federal financial assistance program.