

**CITY OF MOBRIDGE**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**CITY OF MOBRIDGE**  
**CITY OFFICIALS**  
**DECEMBER 31, 2021**

Mayor:

Gene Cox

Governing Board:

Jade Mound  
Jeffery Laundreaux  
Curtis Reichert  
Kyle Jensen  
Brent Kemnitz  
Randy Carlson

Financial Officer/City Administrator:

Heather Beck

Attorney:

Justin M. Scott  
Rick Cain

# CITY OF MOBRIDGE

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**CERTIFIED PUBLIC ACCOUNTANTS**

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WITH OFFICE IN  
MILLER, SOUTH DAKOTA

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

City Council  
City of Mobridge  
Mobridge, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 3, 2022, which was adverse for the discretely presented component unit because there were no audited modified cash basis of accounting financial statements available for the component unit in 2021 and unmodified for the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 identified certain deficiencies in internal control, described in the accompanying schedule of current audit findings as items 2021-001 through 2021-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of current audit findings as item 2021-005.

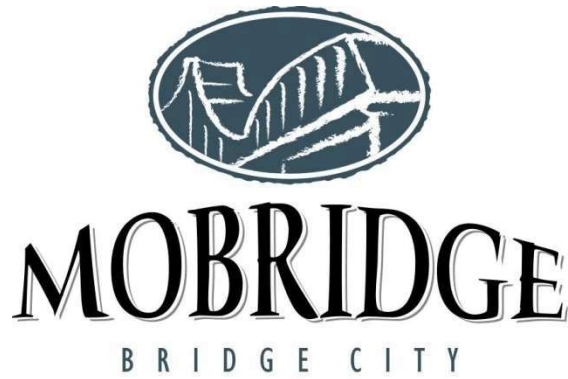
### City's Responses to Findings

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

### Purpose of this Report

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

*Kohlman Breischbach & Anderson LLP*  
October 3, 2022



## SCHEDULE OF PRIOR AUDIT FINDINGS

2020-001

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

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

*Status:* Ongoing. This finding has not been corrected and is restated as finding 2021-001. 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.

2020-002

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

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

*Status:* Ongoing. This finding has not been corrected and is restated as finding 2021-002. 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.

2020-003

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

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

*Status:* Ongoing. This finding has not been corrected and is restated as finding 2021-003. The reason for recurrence is, due to cost considerations, the City accepts the risks associated with the auditors preparing the financial statements. The City will implement compensating controls where practical.

2020-004

*Initial Fiscal Year Finding Occurred: 2013*

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

*Status:* Ongoing. This finding has not been corrected and is restated as finding 2021-004. The Mayor will work on putting controls in place to restrict access of his signature stamp.

2020-005

*Initial Fiscal Year Finding Occurred: 2019*

*Finding Summary:* The budget for the general government - operating transfer function of the General Fund was materially overspent by \$49,925. The police function of the PSAP Fund was also materially overspent by \$230,961. The debt service function of the Sewer Debt Service Fund was also materially overspent by \$249,650.

*Status:* Ongoing. This finding has not been corrected and is restated as finding 2021-005. The City Council will monitor compliance more closely. The Finance Officer will monitor more closely the budget process and will make adjustments to the supplemental appropriations budget prior to year end.

2020-006

*Initial Fiscal Year Finding Occurred: 2020*

*Finding Summary:* The debt covenants on the State Revolving loans require the City's debt surcharge to cover the debt payments by 110%. The City charged surcharge that only covered 103% of the debt.

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

  
Finance Officer

  
Mayor

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS**  
**DECEMBER 31, 2021**

CURRENT AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

2021-001

Criteria

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

Condition Found

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

Cause

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

Effect

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

Recommendation

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

Identification as a Repeat Finding

Yes, this is a restatement of 2020-001.

Views of Responsible Officials

See the City's corrective action plan on pages 9 - 10.

2021-002

Criteria

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

Condition Found

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

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS**  
**DECEMBER 31, 2021**  
**(Continued)**

Cause

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

Effect

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

Recommendation

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

Identification as a Repeat Finding

Yes, this is a restatement of 2020-002.

Views of Responsible Officials

See the City's corrective action plan on pages 9 - 10.

2021-003

Criteria

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

Condition Found

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

Cause

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

Effect

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

Recommendation

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

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS**  
**DECEMBER 31, 2021**  
**(Continued)**

Identification as a Repeat Finding

Yes, this is a restatement of 2020-003.

Views of Responsible Officials

See the City's corrective action plan on pages 9 - 10.

2021-004

Criteria

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

Condition Found

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

Cause

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

Effect

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

Recommendation

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

Identification as a Repeat Finding

Yes, this is a restatement of 2020-004.

Views of Responsible Officials

See the City's corrective action plan on pages 9 - 10.

2021-005

Criteria

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

**CITY OF MOBRIDGE**  
**SCHEDULE OF CURRENT AUDIT FINDINGS**  
**DECEMBER 31, 2021**  
**(Continued)**

Condition Found

The operating transfer out function of the PSAP Fund in the amount of \$230,961 had expenditures in excess of the published budget, including any supplemental budgets, if applicable. The operating transfers were included in the amount published under the Police Function. This finding has been corrected for the 2022 budget.

Cause

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

Effect

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

Recommendation

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

Identification as a Repeat Finding

Yes, this is a restatement of 2020-005.

Views of Responsible Officials

See the City's corrective action plan on pages 9 - 10.

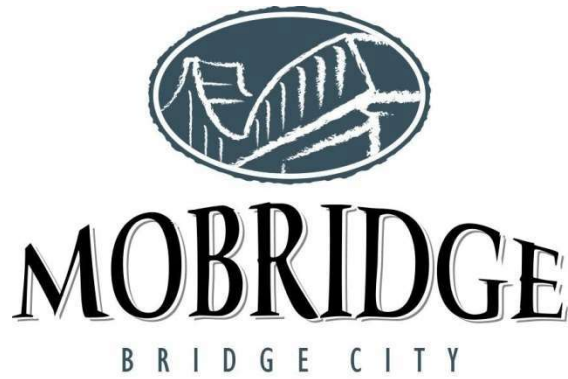
COMPLIANCE AND OTHER MATTERS:

2021-005

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

Closing Conference

The contents of this report were discussed with Heather Beck, Finance Officer; Gene Cox, Mayor; and Curtis Reichert, Council Member on August 22, 2022.



### **Corrective Action Plan (Unaudited)**

City of Moberge submits the following corrective action plan for the year ended December 31, 2021:

#### Current Audit Findings:

##### 2021-001

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

*Responsible Individual:* Heather Beck, Finance Officer

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

*Anticipated Completion Date:* Ongoing.

##### 2021-002

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

*Responsible Individual:* Heather Beck, Finance Officer

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

*Anticipated Completion Date:* Ongoing.

##### 2021-003

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

*Responsible Individual:* Heather Beck, Finance Officer

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

*Anticipated Completion Date:* 12/31/22

2021-004

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

*Responsible Individual:* Gene Cox, Mayor

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

*Anticipated Completion Date:* 12/31/22

2021-005

*Finding Summary:* The operating transfer out function of the PSAP Fund in the amount of \$230,961 had expenditures in excess of the published budget, including any supplemental budgets, if applicable. The operating transfers were included in the amount published under the Police Function.

*Responsible Individual:* Heather Beck, Finance Officer

*Corrective Action Plan:* Beck made appropriate corrections to the subsequent years budget.

*Anticipated Completion Date:* done

  
Finance Officer

  
Mayor

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

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WITH OFFICE IN  
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

City Council  
City of Mobridge  
Mobridge, South Dakota

Adverse and Unmodified Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota (City), as of December 31, 2021, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the City as of December 31, 2021, or the changes in financial position thereof for the year then ended in conformity with the modified cash basis of accounting described in Note 1.c. to the financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis for Adverse and Unmodified Opinions

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

Matter Giving Rise to Adverse Opinion on Governmental Activities

The financial statements referred to above do not include the financial data for the City's legally separate component unit. The modified cash basis of accounting requires financial data for the component unit to be reported with financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

### Emphasis of Matter - Basis of Accounting

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

### Responsibilities of Management for the Financial Statements

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the City's basic financial statements. The Budgetary Comparison Schedules, the Schedule of Changes in Long-Term Debt, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules, the Schedule of Changes in Long-Term Debt, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

*Kohlman, Buerschbach & Anderson LLP*

October 3, 2022

**CITY OF MOBRIDGE**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**DECEMBER 31, 2021**

	Primary Government		
	Govern- mental Activities	Business- Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 2,243,865	\$ 933,753	\$ 3,177,618
Investments	1,792,207	1,400,282	3,192,489
Restricted cash and cash equivalents	52,124	32,060	84,184
TOTAL ASSETS	<u>\$ 4,088,196</u>	<u>\$ 2,366,095</u>	<u>\$ 6,454,291</u>
NET POSITION:			
Restricted for:			
Capital projects purposes	\$ 36,153	\$ -	\$ 36,153
Debt service purposes	79,601	29,489	109,090
Other purposes	491,913	2,571	494,484
Unrestricted	<u>3,480,529</u>	<u>2,334,035</u>	<u>5,814,564</u>
TOTAL NET POSITION	<u>\$ 4,088,196</u>	<u>\$ 2,366,095</u>	<u>\$ 6,454,291</u>

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

**CITY OF MOBRIDGE**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Govern- mental Activities	Business- Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 307,451	\$ 41,521	\$ -	\$ -	\$ (265,930)		\$ (265,930)
Public safety	1,461,933	49,248	284,751	73,538	(1,054,396)		(1,054,396)
Public works	790,831	327,159	154,995	225,239	(83,438)		(83,438)
Health and welfare	30,256	-	-	-	(30,256)		(30,256)
Culture and recreation	649,271	72,029	13,000	1,000	(563,242)		(563,242)
Conservation and development	268,429	-	-	-	(268,429)		(268,429)
Miscellaneous	288	-	-	-	(288)		(288)
*Capital outlay - unallocated	163,907	-	-	-	(163,907)		(163,907)
**Interest on long-term debt	71,258	-	-	-	(71,258)		(71,258)
Total Governmental Activities	3,743,624	489,957	452,746	299,777	(2,501,144)		(2,501,144)
Business-Type Activities:							
Water	820,103	985,796	-	-		\$ 165,693	165,693
Sewer	759,374	562,272	-	307,939		110,837	110,837
Airport	1,169,797	70,384	-	192,855		(906,558)	(906,558)
Cemetery	30,332	27,375	-	-		(2,957)	(2,957)
Water and sewer main	-	10,513	-	-		10,513	10,513
Total Business-Type Activities	2,779,606	1,656,340	-	500,794		(622,472)	(622,472)
Total Primary Government	\$ 6,523,230	\$ 2,146,297	\$ 452,746	\$ 800,571	(2,501,144)	(622,472)	(3,123,616)
General Revenues:							
Taxes:							
Property taxes					722,243	-	722,243
Sales taxes					1,953,718	-	1,953,718
State shared revenues					43,493	-	43,493
Unrestricted investment earnings					10,211	2,812	13,023
Miscellaneous revenue					94,977	14,924	109,901
Total General Revenues					2,824,642	17,736	2,842,378
Change in Net Position					323,498	(604,736)	(281,238)
Net Position - Beginning					3,764,698	2,970,831	6,735,529
Net Position - Ending					\$ 4,088,196	\$ 2,366,095	\$ 6,454,291

\* This amount excludes the capital purchases that are included in the direct expenses of the various functions. See Note 1e.

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

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

**CITY OF MOBRIDGE**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2021**

	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 1,931,116	\$ 186,965	\$ 125,784	\$ 2,243,865
Investments	1,549,413	145,145	97,649	1,792,207
Restricted cash and cash equivalents	52,124	-	-	52,124
TOTAL ASSETS	<u>\$ 3,532,653</u>	<u>\$ 332,110</u>	<u>\$ 223,433</u>	<u>\$ 4,088,196</u>
FUND BALANCES:				
Restricted	\$ 52,124	\$ 332,110	\$ 223,433	\$ 607,667
Assigned	867,454	-	-	867,454
Unassigned	2,613,075	-	-	2,613,075
TOTAL FUND BALANCES	<u>\$ 3,532,653</u>	<u>\$ 332,110</u>	<u>\$ 223,433</u>	<u>\$ 4,088,196</u>

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

**CITY OF MOBRIDGE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	General Fund	PSAP Fund	Other Govern- mental Funds	Total Govern- mental Funds
<b>REVENUES:</b>				
Taxes:				
General property taxes	\$ 709,097	\$ -	\$ -	\$ 709,097
Airflight property tax	3,964	-	-	3,964
General sales and use taxes	1,816,043	-	137,675	1,953,718
Gross receipts business taxes	2,607	-	-	2,607
Tax deed revenue	7,905	-	-	7,905
Penalties and interest on delinquent taxes	2,634	-	-	2,634
Licenses and Permits	26,528	-	-	26,528
Intergovernmental Revenue:				
Federal grants	74,538	-	-	74,538
State shared revenue:				
Bank franchise tax	18,495	-	-	18,495
Prorate license fees	2,291	-	-	2,291
Liquor tax reversion (25%)	24,998	-	-	24,998
Motor vehicle licenses	35,777	-	-	35,777
Local government highway and bridge fund	101,143	-	-	101,143
911 remittances	-	280,736	-	280,736
County shared revenue:				
County road tax (25%)	1	-	-	1
County wheel tax	11,819	-	-	11,819
Other intergovernmental revenues	1,281	24,491	-	25,772
Charges for Goods and Services:				
General government	2,346	-	-	2,346
Public safety	41,746	-	5,984	47,730
Highways and streets	5,456	-	-	5,456
Sanitation	321,703	-	-	321,703
Culture and recreation	69,667	-	-	69,667
Fines and Forfeits:				
Court fines and costs	1,518	-	-	1,518
Library	2,362	-	-	2,362
Miscellaneous Revenue:				
Investment earnings	9,730	451	30	10,211
Rentals	12,647	-	-	12,647
Special assessments	59,078	-	166,161	225,239
Contributions and donations from private sources	17,015	-	-	17,015
Other	63,927	3,424	1,841	69,192
<b>TOTAL REVENUES</b>	<b>3,446,316</b>	<b>309,102</b>	<b>311,691</b>	<b>4,067,109</b>
<b>EXPENDITURES:</b>				
General Government:				
Legislative	42,722	-	-	42,722
Executive	60,317	-	-	60,317
Elections	1,642	-	-	1,642
Financial administration	136,073	-	-	136,073
Other	56,270	-	-	56,270

	General Fund	PSAP Fund	Other Govern- mental Funds	Total Govern- mental Funds
Public Safety:				
Police	1,205,674	139,449	19,554	1,364,677
Fire	96,968	-	-	96,968
Other protection	288	-	-	288
Public Works:				
Highways and streets	559,716	-	-	559,716
Sanitation	231,115	-	-	231,115
Health and Welfare:				
Health	23,756	-	-	23,756
Hospitals, nursing homes and rest homes	6,500	-	-	6,500
Culture and Recreation:				
Recreation	140,094	-	-	140,094
Parks	153,931	-	2,500	156,431
Libraries	130,727	-	-	130,727
Auditorium	54,519	-	-	54,519
Museums	7,500	-	-	7,500
Conservation and Development:				
Urban redevelopment and housing	133,347	-	-	133,347
Economic development and assistance	20,494	-	114,588	135,082
Debt Service	35,100	-	206,585	241,685
Capital Outlay	163,907	-	-	163,907
Miscellaneous:				
Liquor operating agreements	288	-	-	288
TOTAL EXPENDITURES	3,260,948	139,449	343,227	3,743,624
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	185,368	169,653	(31,536)	323,485
OTHER FINANCING SOURCES (USES):				
Transfers in	230,961	-	69,000	299,961
Transfers out	(69,000)	(230,961)	-	(299,961)
Sale of municipal property	13	-	-	13
TOTAL OTHER FINANCING SOURCES (USES)	161,974	(230,961)	69,000	13
NET CHANGE IN FUND BALANCES	347,342	(61,308)	37,464	323,498
FUND BALANCE - BEGINNING	3,185,311	393,418	185,969	3,764,698
FUND BALANCE - ENDING	\$ 3,532,653	\$ 332,110	\$ 223,433	\$ 4,088,196

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

**CITY OF MOBRIDGE**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2021**

	Enterprise Funds				
	Major			Nonmajor	
	Water Fund	Sewer Fund	Airport Fund	Other Enterprise Funds	Totals
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 863,291	\$ 845,386	\$(837,914)	\$ 62,990	\$ 933,753
Investments	693,090	656,296	-	50,896	1,400,282
Total Current Assets	1,556,381	1,501,682	(837,914)	113,886	2,334,035
Noncurrent Assets:					
Restricted cash and cash equivalents	29,489	-	-	2,571	32,060
Total Noncurrent Assets	29,489	-	-	2,571	32,060
TOTAL ASSETS	<u>\$ 1,585,870</u>	<u>\$ 1,501,682</u>	<u>\$(837,914)</u>	<u>\$ 116,457</u>	<u>\$ 2,366,095</u>
NET POSITION:					
Restricted for:					
Revenue bond debt service	\$ 29,489	\$ -	\$ -	\$ -	\$ 29,489
Other purposes	-	-	-	2,571	2,571
Unrestricted	1,556,381	1,501,682	(837,914)	113,886	2,334,035
TOTAL NET POSITION	<u>\$ 1,585,870</u>	<u>\$ 1,501,682</u>	<u>\$(837,914)</u>	<u>\$ 116,457</u>	<u>\$ 2,366,095</u>

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

**CITY OF MOBRIDGE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -**  
**MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	Enterprise Funds				
	Major			Nonmajor	
	Water	Sewer	Airport	Other	
	Fund	Fund	Fund	Enterprise	Totals
				Funds	
OPERATING REVENUE:					
Surcharge as security for debt	\$ 91,917	\$ 110,689	\$ -	\$ -	\$ 202,606
Charges for goods and services	893,879	451,583	48,758	37,888	1,432,108
Contributions and donations	-	-	-	1,000	1,000
Miscellaneous	8,940	3,230	1,754	-	13,924
TOTAL OPERATING REVENUE	994,736	565,502	50,512	38,888	1,649,638
OPERATING EXPENSES:					
Personal services	301,733	224,587	10,314	-	536,634
Other current expense	416,796	434,987	55,604	30,332	937,719
Materials (cost of goods sold)	-	-	55,961	-	55,961
TOTAL OPERATING EXPENSES	718,529	659,574	121,879	30,332	1,530,314
OPERATING INCOME (LOSS)	276,207	(94,072)	(71,367)	8,556	119,324
NONOPERATING REVENUE (EXPENSE):					
Capital grants	-	307,939	192,855	-	500,794
Capital assets	-	-	(1,047,918)	-	(1,047,918)
Investment earnings	1,400	1,293	-	119	2,812
Rental	-	-	21,626	-	21,626
Debt service (principal)	(54,299)	(61,637)	-	-	(115,936)
Interest expense	(47,275)	(38,163)	-	-	(85,438)
TOTAL NONOPERATING REVENUE (EXPENSE)	(100,174)	209,432	(833,437)	119	(724,060)
CHANGE IN NET POSITION	176,033	115,360	(904,804)	8,675	(604,736)
NET POSITION - BEGINNING	1,409,837	1,386,322	66,890	107,782	2,970,831
NET POSITION - ENDING	<u>\$ 1,585,870</u>	<u>\$ 1,501,682</u>	<u>\$ (837,914)</u>	<u>\$ 116,457</u>	<u>\$ 2,366,095</u>

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

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

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

a. **Financial Reporting Entity:**

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

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

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

b. **Basis of Presentation:**

**Government-Wide Financial Statements:**

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

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

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1** - (Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.

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

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

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

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

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

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

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

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.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1** - (Continued)

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

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

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

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

**Proprietary Funds:**

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

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

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

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

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

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

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

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.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1** - (Continued)

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

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

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

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

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

If the City applied USGAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types and fiduciary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented 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 investment authorized by South Dakota Codified Law (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at fair market value.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 1 - (Continued)

e. Capital Assets:

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

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

f. Long-Term Liabilities:

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

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

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

g. Program Revenues:

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

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

h. Proprietary Funds Revenue and Expense Classifications:

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

i. Equity Classifications:

Government-Wide Financial Statements:

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

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 1 - (Continued)

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

Fund Financial Statements:

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

j. Application of Net Position:

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

k. Fund Balance Classification Policies and Procedures:

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

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

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

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

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 - (Continued)**

A schedule of fund balances is provided as follows:

CITY OF MOBRIDGE DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2021				
	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Restricted for:				
Debt Service Requirements	\$ 35,100	\$ -	\$ 44,501	\$ 79,601
Other Purposes:				
Capital project purposes	-	-	36,153	36,153
Pool purposes	2,024	-	-	2,024
Facilities and promoting the City	-	-	30,206	30,206
Park purposes	-	-	2,611	2,611
911 service purposes	-	332,110	-	332,110
24/7 sobriety	-	-	82,804	82,804
Library	15,000	-	-	15,000
Other	-	-	27,158	27,158
Assigned to:				
Applied to next year's budget	342,859	-	-	342,859
Capital outlay accumulations	524,595	-	-	524,595
Unassigned	2,613,075	-	-	2,613,075
Total Fund Balances	<u>\$ 3,532,653</u>	<u>\$ 332,110</u>	<u>\$ 223,433</u>	<u>\$ 4,088,196</u>

**NOTE 2 - VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS**

The City is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents the significant overdrafts of the expenditures compared to appropriations:

Year Ended  
12/31/2021

PSAP Fund:

Activity

Operating transfer	\$ 230,961
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The City plans to take the following actions to address these violations:

The Finance Officer will closely monitor funds at the end of the year and make adjustments in the supplemental appropriations budget. The Finance Officer will also make the correction to listing the PSAP transfer out in the correct line item on the appropriations budget.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 3 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK**

The City follows the practice of aggregating the cash assets of all the funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

**Deposits** - The City's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

**Investments** - In general, SDCL 4-5-6 permits City funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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

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

As of December 31, 2021, the City had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
External Investment Pools:			
SDFIT	Unrated	\$ 1,400,402	\$ 1,400,402

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

**Concentration of Credit Risk** - The City places no limit on the amount that may be invested in any one issuer. Of the City's investments, 23.6% are invested in certificates of deposit at Great Western Bank and 32.5% are invested in certificates of deposit at Dacotah Bank. The remaining 43.9% is invested in SDFIT.

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

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

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4 - RESTRICTED CASH AND INVESTMENTS**

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

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

**NOTE 5 - PROPERTY TAXES**

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

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

**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, 2021, 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 - OPERATING LEASES**

The City has a sixty-month lease for two copy machines beginning in January 2019, which is paid out of the General Fund, Water Fund and Sewer Fund. The City paid a total of \$4,457 for the year ended December 31, 2021, in leases out of the General Fund, Water Fund and Sewer Fund.

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

Year	Amount
2022	\$ 3,785
2023	<u>3,785</u>
Total	<u>\$ 7,570</u>

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 8 - RESTRICTED NET POSITION**

Restricted net position for the year ended December 31, 2021, was as follows:

Major Purposes:

Debt services purposes - Water Fund	\$ 29,489
Debt services purposes - General Fund	35,100
Debt services purposes - Storm Sewer Debt Service Fund	43,859
Debt services purposes - Pool Debt Service Fund	642

Other Purposes:

Capital project purposes	36,153
Pool purposes	2,024
Facilities and promoting the City	30,206
Park purposes	2,611
911 service purposes	332,110
24/7 sobriety purposes	82,804
Library	15,000
Cemetery	2,571
Other purposes	<u>27,158</u>

Total Restricted Net Position	<u><u>\$ 639,727</u></u>
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These balances are restricted by the terms of bond agreements and statutory requirements.

**NOTE 9 - INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2021, were as follows:

	<u>Transfers To:</u>		<u>Total</u>
	<u>General</u>	<u>Pool</u>	
<u>Transfers From:</u>	<u>Fund</u>	<u>Debt Service</u>	
		<u>Fund</u>	
Major Funds:			
General Fund	\$ -	\$ 69,000	\$ 69,000
PSAP Fund	<u>230,961</u>	<u>-</u>	<u>230,961</u>
Totals	<u><u>\$ 230,961</u></u>	<u><u>\$ 69,000</u></u>	<u><u>\$ 299,961</u></u>

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

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 10 - PENSION PLAN**

**Plan Information:**

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

**Benefits Provided:**

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

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

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

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

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

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

**Contributions:**

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the calendar years ended December 31, 2021, 2020, and 2019, were \$97,696, \$92,700, and \$90,897, respectively, equal to the required contributions each year.

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 10 - (Continued)

Pension Assets and Pension Expense:

At June 30, 2021, SDRS is 105.53% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ended June 30, 2021, and reported by the City as of December 31, 2021, are as follows:

Proportionate share of total pension liability	\$ 9,635,463
Less proportionate share of net pension restricted for pension benefits	<u>(10,167,622)</u>
Proportionate share of net pension liability (asset)	<u>\$ (532,159)</u>

The net pension asset was measured as of June 30, 2021, 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, 2021, the City's proportion was .06948800%, which is a decrease of .0006994% from its proportion measured as of June 30, 2020.

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.25% and real returns of 4.25%
Future COLAs	2.25%

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2011, to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 10 - (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58%	4.3%
Fixed Income	30%	1.6%
Real Estate	10%	4.6%
Cash	2%	0.9%
Total	100%	

Discount Rate:

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset)	\$ 861,698	\$ (532,159)	\$ (1,663,647)

Pension Plan Fiduciary Net Position:

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

NOTE 11 - SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2021, the City was not involved in any litigation.

NOTE 12 - SIGNIFICANT CONTINGENCIES - OTHER

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

**CITY OF MOBRIDGE**  
**NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 13 - SUBSEQUENT EVENTS**

Management has evaluated whether any subsequent events have occurred through October 3, 2022, the date on which the financial statements were available to be issued. Management has determined there are none.

**NOTE 14 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2021, the City managed its risks as follows:

**Employee Health Insurance:**

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

**Liability Insurance:**

The City purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

**Worker's Compensation:**

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

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

**Unemployment Benefits:**

The City provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

## **SUPPLEMENTARY INFORMATION**

**CITY OF MOBRIDGE**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
General property taxes	\$ 715,159	\$ 715,159	\$ 709,097	\$ (6,062)
Airflight property tax	1,500	1,500	3,964	2,464
General sales and use taxes	1,600,000	1,600,000	1,816,043	216,043
Gross receipts business taxes	2,800	2,800	2,607	(193)
Tax deed revenue	-	-	7,905	7,905
Penalties and interest on delinquent taxes	3,000	3,000	2,634	(366)
Licenses and Permits	20,200	20,200	26,528	6,328
Intergovernmental Revenue:				
Federal grants	15,000	152,400	73,538	(78,862)
State grants	3,500	3,500	1,000	(2,500)
State shared revenue:				
Bank franchise tax	16,000	16,000	18,495	2,495
Prorate license fees	3,500	3,500	2,291	(1,209)
Liquor tax reversion (25%)	20,000	20,000	24,998	4,998
Motor vehicles licenses	22,000	22,000	35,777	13,777
Local government highway and bridge fund	75,000	75,000	101,143	26,143
County shared revenue:				
County road tax (25%)	4,100	4,100	1	(4,099)
County road and bridge tax (25%)	800	800	-	(800)
County wheel tax	8,000	8,000	11,819	3,819
Other intergovernmental revenues	500	500	1,281	781
Charges for Goods and Services:				
General government	1,700	1,700	2,346	646
Public safety	7,515	7,515	41,746	34,231
Highway and streets	5,000	5,000	5,456	456
Sanitation	306,500	313,500	321,703	8,203
Culture and recreation	42,000	42,000	69,667	27,667
Fines and Forfeits:				
Court fines and costs	500	500	1,518	1,018
Library	5,000	5,000	2,362	(2,638)
Miscellaneous Revenue:				
Investment earnings	10,000	10,000	9,730	(270)
Rentals	6,000	6,000	12,647	6,647
Special assessments	58,500	58,500	59,078	578
Contributions and donations from private sources	-	-	17,015	17,015
Other	34,500	34,500	63,927	29,427
<b>TOTAL REVENUES</b>	<b>2,988,274</b>	<b>3,132,674</b>	<b>3,446,316</b>	<b>313,642</b>
EXPENDITURES:				
General Government:				
Legislative	49,015	49,015	42,722	6,293
Contingency	20,000	20,000		
Amount Transferred		-		20,000
Executive	63,915	63,915	60,317	3,598
Elections	2,950	2,950	1,642	1,308
Financial administration	147,379	147,379	136,073	11,306
Other	65,200	65,200	56,270	8,930

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Police	1,294,091	1,294,091	1,290,724	3,367
Fire	89,705	119,705	119,468	237
Other protection	300	300	288	12
Public Works:				
Highways and streets	657,264	657,264	594,716	62,548
Sanitation	247,000	254,000	252,243	1,757
Health and Welfare:				
Health	32,900	32,900	23,876	9,024
Hospitals, nursing homes and rest homes	6,500	6,500	6,500	-
Culture and Recreation:				
Recreation	140,682	140,682	140,094	588
Parks	193,350	193,350	153,931	39,419
Libraries	135,035	150,035	130,727	19,308
Auditorium	65,930	65,930	54,628	11,302
Museums	7,500	7,500	7,500	-
Conservation and Development:				
Urban redevelopment and housing	-	133,350	133,347	3
Economic development and assistance	25,566	25,566	20,494	5,072
Debt Service	135,101	135,101	35,100	100,001
Miscellaneous:				
Liquor operating agreements	225	325	288	37
TOTAL EXPENDITURES	3,379,608	3,565,058	3,260,948	304,110
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(391,334)	(432,384)	185,368	617,752
OTHER FINANCING SOURCES (USES):				
Transfers in	230,961	230,961	230,961	-
Transfers out	(135,000)	(135,000)	(69,000)	66,000
Sale of municipal property	2,000	2,000	13	(1,987)
TOTAL OTHER FINANCING SOURCES (USES)	97,961	97,961	161,974	64,013
NET CHANGE IN FUND BALANCES	(293,373)	(334,423)	347,342	681,765
FUND BALANCE - BEGINNING	3,185,311	3,185,311	3,185,311	-
FUND BALANCE - ENDING	\$2,891,938	\$2,850,888	\$ 3,532,653	\$ 681,765

**CITY OF MOBRIDGE**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CAH BASIS**  
**PSAP FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental Revenue:				
State shared revenue:				
911 remittances	\$ 275,000	\$ 275,000	\$ 280,736	\$ 5,736
Other intergovernmental revenues	-	24,000	24,491	491
Miscellaneous Revenue:				
Investment earnings	2,000	2,000	451	(1,549)
Other	500	500	3,424	2,924
TOTAL REVENUES	277,500	301,500	309,102	7,602
EXPENDITURES:				
Public Safety:				
Police	339,661	370,661	139,449	231,212
TOTAL EXPENDITURES	339,661	370,661	139,449	231,212
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(62,161)	(69,161)	169,653	238,814
OTHER FINANCING USES:				
Transfers out	-	-	(230,961)	(230,961)
TOTAL OTHER FINANCING USES	-	-	(230,961)	(230,961)
NET CHANGE IN FUND BALANCES	(62,161)	(69,161)	(61,308)	7,853
FUND BALANCE - BEGINNING	393,418	393,418	393,418	-
FUND BALANCE - ENDING	\$ 331,257	\$ 324,257	\$ 332,110	\$ 7,853

**CITY OF MOBRIDGE**  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND**  
**AND FOR EACH MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET**  
**DECEMBER 31, 2021**

**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total City budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board.

The City did not encumber any amounts at December 31, 2021.

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

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

The financial statements prepared in conformity with USGAAP applied within the context of the modified cash basis of accounting present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however, in the Budgetary 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**  
**YEAR ENDED DECEMBER 31, 2021**

Indebtedness	Long-Term Debt January 1, 2021	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2021
GOVERNMENTAL LONG-TERM DEBT:				
Revenue bonds	\$ 2,693,036	\$ -	\$ 170,427	\$ 2,522,609
ENTERPRISE LONG-TERM DEBT:				
Revenue bonds	<u>3,185,947</u>	<u>-</u>	<u>115,936</u>	<u>3,070,011</u>
Total	<u>\$ 5,878,983</u>	<u>\$ -</u>	<u>\$ 286,363</u>	<u>\$ 5,592,620</u>

**NOTE 1 - LONG-TERM DEBT**

Debt payable at December 31, 2021, 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.	\$ 542,609
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.	\$ 1,980,000
Water Intake Revenue Borrower Bond, due in monthly installments of \$2,373, including 3.250% interest, maturing February 12, 2049. This debt is serviced by the Water Fund.	\$ 513,490
Drinking Water Revenue Borrower Bond, due in quarterly installments of \$13,935, including 2.25% interest, maturing January 15, 2045. This debt is serviced by the Water Fund.	\$ 1,006,945
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.	\$ 316,128
Clean Water Revenue Borrower Bond, due in quarterly installments of \$24,950, including 3.0% interest, maturing April 15, 2037. This debt is serviced by the Sewer Fund.	\$ 1,233,448

**CITY OF MOBRIDGE**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**LAST 7 FISCAL YEARS\***

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.0694880%	0.0701874%	0.0701203%	0.0747212%	0.0711366%	0.0716432%	0.0694303%
City's proportionate share of the net pension liability (asset)	\$ (532,159)	\$ (3,048)	\$ (7,431)	\$ (1,742)	\$ (6,455)	\$ 242,004	\$ (294,474)
City's covered payroll	\$1,436,721	\$1,407,669	\$1,362,027	\$1,408,171	\$1,315,458	\$1,235,567	\$1,166,769
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.04%	0.22%	0.55%	0.12%	0.49%	20%	25%
Plan fiduciary net position as a percentage of the total pension liability (asset)	106%	100%	100%	100%	100%	97%	104%

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

**CITY OF MOBRIDGE**  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION**  
**LIABILITY (ASSET)**  
**DECEMBER 31, 2021**

Changes from Prior Valuation:

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and one plan provision change are reflected and described below.

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

Benefit Provision Changes

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

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% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020, and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The change in the COLA assumption increased the Actuarial Accrued Liability by \$1,135 million, or 8.9% of the Actuarial Accrued Liability based on the 1.41% restricted maximum COLA.

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

Actuarial Method Changes

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

**CITY OF MOBRIDGE**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2021**

	Liquor, Lodging, and Dining Gross Receipts Tax Fund	Special Park Gift Fund	Storm Sewer Fund	24/7 Sobriety Fund	Storm Sewer Debt Service Fund	Pool Debt Service Fund	Bike Path Trails Capital Project Fund	Riverfront Development Capital Project Fund	Total Other Govern- mental Funds
ASSETS:									
Cash and cash equivalents	\$ 17,005	\$ 1,470	\$ 15,289	\$ 46,615	\$ 24,691	\$ 361	\$ 19,227	\$ 1,126	\$ 125,784
Investments	13,201	1,141	11,869	36,189	19,168	281	14,926	874	97,649
TOTAL ASSETS	\$ 30,206	\$ 2,611	\$ 27,158	\$ 82,804	\$ 43,859	\$ 642	\$ 34,153	\$ 2,000	\$ 223,433
FUND BALANCES:									
Restricted:									
Capital project purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,153	\$ 2,000	\$ 36,153
Facilities and promoting the City	30,206	-	-	-	-	-	-	-	30,206
Park purposes	-	2,611	-	-	-	-	-	-	2,611
24/7 sobriety purposes	-	-	-	82,804	-	-	-	-	82,804
Debt service purposes	-	-	-	-	43,859	642	-	-	44,501
Other	-	-	27,158	-	-	-	-	-	27,158
TOTAL FUND BALANCES	\$ 30,206	\$ 2,611	\$ 27,158	\$ 82,804	\$ 43,859	\$ 642	\$ 34,153	\$ 2,000	\$ 223,433

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	Liquor, Lodging, and Dining Gross Receipts Tax Fund	Special Park Gift Fund	Storm Sewer Fund	24/7 Sobriety Fund	Storm Sewer Debt Service Fund	Pool Debt Service Fund	Bike Path Trails Capital Project Fund	Riverfront Development Capital Project Fund	Total Other Govern- mental Funds
REVENUES:									
Taxes:									
General sales and use taxes	\$ 137,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,675
Charges for Goods and Services:									
Public safety	-	-	-	5,984	-	-	-	-	5,984
Miscellaneous Revenue:									
Investment earnings	-	2	28	-	-	-	-	-	30
Special assessments	-	-	-	-	29,449	136,712	-	-	166,161
Other	-	-	-	1,841	-	-	-	-	1,841
TOTAL REVENUES	137,675	2	28	7,825	29,449	136,712	-	-	311,691
EXPENDITURES:									
Public Safety:									
Police	-	-	-	19,554	-	-	-	-	19,554
Culture and Recreation:									
Parks	-	-	-	-	-	2,500	-	-	2,500
Conservation and Development:									
Economic development and assistance	114,588	-	-	-	-	-	-	-	114,588
Debt Service	-	-	-	-	-	206,585	-	-	206,585
TOTAL EXPENDITURES	114,588	-	-	19,554	-	209,085	-	-	343,227
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,087	2	28	(11,729)	29,449	(72,373)	-	-	(31,536)
OTHER FINANCING SOURCES:									
Transfers in	-	-	-	-	-	69,000	-	-	69,000
TOTAL OTHER FINANCING SOURCES	-	-	-	-	-	69,000	-	-	69,000
NET CHANGE IN FUND BALANCES	23,087	2	28	(11,729)	29,449	(3,373)	-	-	37,464
FUND BALANCE - BEGINNING	7,119	2,609	27,130	94,533	14,410	4,015	34,153	2,000	185,969
FUND BALANCE - ENDING	\$ 30,206	\$ 2,611	\$ 27,158	\$ 82,804	\$ 43,859	\$ 642	\$ 34,153	\$ 2,000	\$ 223,433

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF NET POSITION -**  
**MODIFIED CASH BASIS**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2021**

	Cemetery Fund	Water and Sewer Main Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 14,297	\$ 48,693	\$ 62,990
Investments	13,095	37,801	50,896
Total Current Assets	<u>27,392</u>	<u>86,494</u>	<u>113,886</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	<u>2,571</u>	<u>-</u>	<u>2,571</u>
Total Noncurrent Assets	<u>2,571</u>	<u>-</u>	<u>2,571</u>
TOTAL ASSETS	<u><u>\$ 29,963</u></u>	<u><u>\$ 86,494</u></u>	<u><u>\$ 116,457</u></u>
NET POSITION:			
Restricted for:			
Other purposes	\$ 2,571	\$ -	\$ 2,571
Unrestricted	<u>27,392</u>	<u>86,494</u>	<u>113,886</u>
TOTAL NET POSITION	<u><u>\$ 29,963</u></u>	<u><u>\$ 86,494</u></u>	<u><u>\$ 116,457</u></u>

**CITY OF MOBRIDGE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET**  
**POSITION - MODIFIED CASH BASIS**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	Cemetery Fund	Water and Sewer Main Fund	Totals
OPERATING REVENUE:			
Charges for goods and services	\$ 27,375	\$ 10,513	\$ 37,888
Contributions and donations	1,000	-	1,000
TOTAL OPERATING REVENUE	28,375	10,513	38,888
OPERATING EXPENSES:			
Other current expense	30,332	-	30,332
TOTAL OPERATING EXPENSES	30,332	-	30,332
OPERATING INCOME (LOSS)	(1,957)	10,513	8,556
NONOPERATING REVENUE:			
Investment earnings	37	82	119
TOTAL NONOPERATING REVENUE	37	82	119
CHANGE IN NET POSITION	(1,920)	10,595	8,675
NET POSITION - BEGINNING	31,883	75,899	107,782
NET POSITION - ENDING	<u>\$ 29,963</u>	<u>\$ 86,494</u>	<u>\$ 116,457</u>