CITY OF MOBRIDGE
MOBRIDGE, SOUTH DAKOTA
AUDIT REPORT
FOR THE YEAR THEN ENDED
DECEMBER 31, 2025

CITY OF MOBRIDGE
TABLE OF CONTENTS

CAHILL BAUER & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

City Council
City of Mobridge
Mobridge, South Dakota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota, as of December 31, 2025 and for the year then ended and the related notes to the financial statements, which collectively comprises the City's basic financial statements and have issued our report thereon dated July 20, 2026, which was adverse on the aggregate discretely presented component units because the financial statements do not include financial data for the City's legally separate component unit, and unmodified for the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs, as items 2025-001, 2025-002, and 2025-003 to be material weaknesses.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit. The City's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

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

Cahill Bauer

Mobridge, South Dakota
July 20, 2026

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

Independent Auditor's Report

City Council
City of Mobridge
Mobridge, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Mobridge, South Dakota (City), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the City of Mobridge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, ar design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of City's internal control over compliance relevant to the audit in ord to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Purpose of this Report

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

Cahill Bauer

Mobridge, South Dakota
July 20, 2026

CITY OF MOBRIDGE
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2025

PRIOR OTHER AUDIT FINDINGS

Finding 2024-001:

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

Current Status

Ongoing: Condition still exists, see current audit finding number 2025-001. The reason for recurrence is due to cost considerations, the City has determined it is not practical to employ additional staff to adequately segregate duties. The City will implement compensating controls where practical.

Finding 2024-002:

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

Current Status

Ongoing: Condition still exists, see current audit finding number 2025-003. The reason for recurrence is due to cost considerations, the City accepts the risks associates with the auditors preparing the financial statements. The City will implement compensating controls where practical.

CITY OF MOBRIDGE
SCHEDULE OF CURENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2025

SECTION I - SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

Financial Statements

a. An unmodified opinion was issued on the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. An adverse opinion was issued on the aggregate discretely presented component units because of the omission of financial data.

b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings number 2025-001 through 2025-003.

c. Our audit did not report any significant deficiencies not considered to be material weaknesses.

d. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

e. An unmodified opinion was issued on compliance with the requirements applicable to major programs.

f. Our audit did not disclose any audit finding required to be disclosed in accordance with 2 CFR 200.516(a).

g. The federal awards tested as a major program was:
Assistance Listing Number 21.027 - Coronavirus State and Local Fiscal Recovery Funds

h. The dollar threshold used to distinguish between Type A and Type B federal award programs was $1,000,000.

i. City of Mobridge did not qualify as a low-risk auditee.

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2025

SECTION II - FINANCIAL SATEMENT FINDINGS

Internal Control-Related Findings - Material Weaknesses:

Finding 2025-001:

Criteria:

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

Condition Found:

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

Cause and Effect:

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

Recommendation:

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

Identification of Repeat Finding:

Yes, this is a restatement of 2024-001.

Views of Responsible Officials and Planned Corrective Action:

See the City's corrective action plan.

(Continued on next page)

Finding Number 2025-002:

Criteria:

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

Condition Found:

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

Cause and Effect:

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

Recommendation:

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations.

Views of Responsible Officials and Planned Corrective Action:

See the City's corrective action plan.

Section III - Federal Award Findings and Questioned Costs

Finding 2025-003:

Criteria:

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

(Continued on next page)

CITY OF MOBRIDGE
SCHEDULE OF CURENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2025

Condition Found:

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

Cause and Effect:

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

Recommendation:

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Identification of Repeat Finding:

Yes, this is a restatement of 2024-002.

Views of Responsible Officials and Planned Corrective Action:

See the City's corrective action plan.

MOBRIDGE

BRIDGE CITY

CORRECTIVE ACTION PLAN (Unaudited)

Finding Number 2025-001

Internal control over financial reporting and compliance is not adequate.

Views of responsible officials and planned corrective actions:

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

Finding Number 2025-002

The City does not have an internal control system designed to provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with the modified cash basis of accounting.

Views of responsible officials and planned corrective actions:

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

Finding Number 2025-003

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

Views of responsible officials and planned corrective actions:

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

Finance Officer

Mayor

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CAHILL BAUER & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

City Council
City of Mobridge
Mobridge, South Dakota

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying 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, as of December 31, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprises the City's basic financial statements as listed in the Table of Contents.

Adverse Opinion on the Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Unit section of our report, the accompanying modified cash basis of accounting financial statements referred to above do not present fairly the respective financial position of the aggregate discretely presented component units of the City of Mobridge, South Dakota, as of December 31, 2025, or the changes in financial position for the year then ended in accordanace with the modified cash basis of accounting described in Note 1.c. to the financial statements.

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

In our opinion, the accompanying modified cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mobridge as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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.

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

Management has not included the aggregrate discretely presented component units of the City of Mobridge, South Dakota's, financial statements. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements.

Emphasis of Matter

As discussed in 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.

Responsiblities of Management for the Financial Statements

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

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

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 auditor's 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 Schedule of Expenditures of Federal Awards, which as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the Budgetary Comparison Schedules, Schedule of Changes in Long-Term Debt, the Combining Nonmajor Fund Financial Statements, and the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Budgetary Comparison Schedule, Schedule of Changes in Long-Term Debt, and the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) 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 July 20, 2026 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Cahill Bauer

Mobridge, South Dakota
July 20, 2026

CITY OF MOBRIDGE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 3,710,479	$ 1,264,077	$ 4,974,556
Investments	2,111,607	749,753	2,861,360
Restricted assets			
Cash and cash equivalents	37,124	29,489	66,613
TOTAL ASSETS	5,859,210	2,043,319	7,902,529
NET POSITION			
Restricted for			
Debt service purposes	35,100	29,489	64,589
Other purposes			
Facilities and promoting the City	12,103	-	12,103
Pool purposes	2,024	-	2,024
911 services purposes	432,214	-	432,214
24/7 sobriety	1,258	-	1,258
Unrestricted	5,376,511	2,013,830	7,390,341
TOTAL NET POSITION	$ 5,859,210	$ 2,043,319	$ 7,902,529

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

CITY OF MOBRIDGE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	$ 419,911	$ 171,066	$ -	$ -	$ (248,845)	$ -	$ (248,845)
Public safety	1,802,444	465,825	57,444	-	(1,279,175)	-	(1,279,175)
Public works	1,278,668	373,400	145,080	218,883	(541,305)	-	(541,305)
Health and welfare	48,112	-	-	-	(48,112)	-	(48,112)
Culture and recreation	1,275,917	93,352	-	297,129	(885,436)	-	(885,436)
Conservation and development	266,183	-	-	-	(266,183)	-	(266,183)
Miscellaneous	240	-	-		(240)	-	(240)
Interest on long-term debt**	57,407	-	-	-	(57,407)	-	(57,407)
Total governmental activities	5,148,882	1,103,643	202,524	516,012	(3,326,703)	-	(3,326,703)
Business-type activities							
Water	7,458,934	1,444,786	-	3,747,296	-	(2,266,852)	(2,266,852)
Sewer	1,065,074	554,246	-	6,000	-	(504,828)	(504,828)
Airport	358,410	122,828	-	196,630	-	(38,952)	(38,952)
Cemetary	37,352	17,350	-	-	-	(20,002)	(20,002)
Water and sewer main	-	11,273	-	-	-	11,273	11,273
Total business-type activities	8,919,770	2,150,483	-	3,949,926	-	(2,819,361)	(2,819,361)
Total primary government	$ 14,068,652	$ 3,254,126	$ 202,524	$ 4,465,938	$ (3,326,703)	$ (2,819,361)	$ (6,146,064)
General Revenues							
Taxes							
Property taxes					786,750	-	786,750
Sales tax					2,381,147	-	2,381,147
State shared revenue					32,931	-	32,931
Debt issued					-	3,877,693	3,877,693
Unrestricted investment earnings					275,373	84,345	359,718
Miscellaneous revenue					176,104	22,000	198,104
Transfers					(146,803)	146,803	-
Total general revenues					3,505,502	4,130,841	7,636,343
Change in net positions					178,799	1,311,480	1,490,279
Net positions - beginning					5,680,411	731,839	6,412,250
Net positions - ending					$ 5,859,210	$ 2,043,319	$ 7,902,529

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

CITY OF MOBRIDGE
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 3,503,711	$ 277,589	$ (70,821)	$ 3,710,479
Investments	1,951,673	154,625	5,309	2,111,607
Restricted cash and cash equivalents	37,124	-	-	37,124
TOTAL ASSETS	5,492,508	432,214	(65,512)	5,859,210
FUND BALANCES				
Restricted for				
Debt service requirements	35,100	-	-	35,100
Other purposes				
Pool purposes	2,024	-	-	2,024
Facilities and promoting the City	-	-	12,103	12,103
911 services purposes	-	432,214	-	432,214
24/7 sobriety	-	-	1,258	1,258
Assigned				
Applied to next year's budget	770,385	-	-	770,385
Capital outlay accumulations	431,195	-	-	431,195
Unassigned	4,253,804	-	(78,873)	4,174,931
TOTAL FUND BALANCES	$ 5,492,508	$ 432,214	$ (65,512)	$ 5,859,210

CITY OF MOBRIDGE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Primary Government			
	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
General property taxes	$ 781,824	$ -	$ -	$ 781,824
General sales and use taxes	2,232,061	-	149,086	2,381,147
Gross receipts business taxes	2,914	-	-	2,914
Penalties and interest on delinquent taxes	2,012	-	-	2,012
Licenses and permits	30,095	-	-	30,095
Intergovernmental revenue				
Federal grants	177,424	-	-	177,424
State grants	16,000	-	-	16,000
State shared revenue				
Bank franchise tax	11,152	-	-	11,152
Motor vehicle commercial prorate	1,030	-	-	1,030
Liquor tax reversion	21,779	-	-	21,779
Motor vehicle licenses	34,956	-	-	34,956
Local government highway and bridge fund	109,094	-	-	109,094
911 remittances	-	56,344	-	56,344
Other intergovernmental revenue	4,851	38,460		43,311
Charges for goods and services				
General government	126,696	-	-	126,696
Public safety	30,520	423,157	9,772	463,449
Highways and streets	11,432	-	-	11,432
Sanitation	361,968	-	-	361,968
Culture and recreation	92,605	-	-	92,605
Fines and forfeits				
Court fines and costs	2,376	-	-	2,376
Library	747	-	-	747
Miscellaneous revenue				
Investment earnings	260,433	13,633	1,307	275,373
Rentals	14,275	-	-	14,275
Special assessments	97,144	-	121,739	218,883
Contributions and donations from private sources	104,805	-	-	104,805
Other	113,955	5,688	-	119,643
Total revenues	$ 4,642,148	$ 537,282	281,904	$ 5,461,334

(Continued on next page)

CITY OF MOBRIDGE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Primary Government			
	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES				
General government				
Legislative	$ 44,401	$ -	-	$ 44,401
Executive	53,414	-	-	53,414
Elections	1,220	-	-	1,220
Financial administration	156,170	-	-	156,170
Other	52,151	-	-	52,151
Public safety				
Police	1,470,721	139,875	30,751	1,641,347
Fire	157,534	-	-	157,534
Other protection	3,563	-	-	3,563
Public works				
Highways and streets	985,916	-	-	985,916
Sanitation	292,752	-	-	292,752
Health and welfare				
Health	41,612	-	-	41,612
Hospital, nursing homes and rest homes	6,500	-	-	6,500
Culture and recreation				
Recreation	281,374	-	2,500	283,874
Parks	498,809	-	-	498,809
Libraries	237,569	-	-	237,569
Auditorium	78,165	-	-	78,165
Museums	7,500	-	-	7,500
Conservation and development				
Urban development and housing	90,089	-	-	90,089
Economic development and assistance	28,486	-	147,608	176,094
Debt service	135,100	-	204,862	339,962
Miscellaneous				
Liquor operating agreements	240	-	-	240
Total expenditures	4,623,286	139,875	385,721	5,148,882
Excess of revenue over (under) expenditures	18,862	397,407	(103,817)	312,452
Other financing sources (uses)				
Transfer in	322,398	-	50,000	372,398
Transfer out	(110,000)	(283,392)	(125,809)	(519,201)
Sale of municipal property	13,150	-	-	13,150
Total other financing sources	225,548	(283,392)	(75,809)	(133,653)
Net change in fund balances	244,410	114,015	(179,626)	178,799
Fund balance - beginning	5,248,098	318,199	114,114	5,680,411
Fund balance - ending	$ 5,492,508	$ 432,214	$ (65,512)	$ 5,859,210

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

CITY OF MOBRIDGE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Enterprise Funds				
	Major			Nonmajor	
	Water Fund	Sewer Fund	Airport Fund	Other Enterprise Funds	Totals
ASSETS					
Current assets					
Cash and cash equivalents	$ 1,288,170	$ (77,796)	$ (6,682)	$ 60,385	$ 1,264,077
Investments	717,550	-	-	32,203	749,753
Total current assets	2,005,720	(77,796)	(6,682)	92,588	2,013,830
Noncurrent assets					
Restricted cash and cash equivalents	29,489	-	-	-	29,489
Total noncurrent assets	29,489	-	-	-	29,489
Total assets	2,035,209	(77,796)	(6,682)	92,588	2,043,319
NET POSITION					
Restricted for					
Revenue bond debt service	29,489	-	-	-	29,489
Unrestricted	2,005,720	(77,796)	(6,682)	92,588	2,013,830
Total net position	$ 2,035,209	$ (77,796)	$ (6,682)	$ 92,588	$ 2,043,319

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

CITY OF MOBRIDGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds				
	Major			Nonmajor	
	Water Fund	Sewer Fund	Airport Fund	Other Enterprise	Totals
OPERATING REVENUE					
Surcharge as security for debt	$ 86,007	$ 111,755		$ -	$ 197,762
Charges for goods and services	1,353,426	437,228	119,107	28,623	1,938,384
Other	5,353	5,263	3,721	-	14,337
Total operating revenue	1,444,786	554,246	122,828	28,623	2,150,483
OPERATING EXPENSES					
Personal services	432,202	205,888	13,594	-	651,684
Other current expense	358,895	211,574	268,156	37,352	875,977
Materials	-	-	75,737	-	75,737
Total operating expenses	791,097	417,462	357,487	37,352	1,603,398
Operating income	653,689	136,784	(234,659)	(8,729)	547,085
NONOPERATING REVENUES (EXPENSES)					
Operating grants	3,747,296	6,000	196,630	-	3,949,926
Investment earnings	44,133	37,228	-	2,984	84,345
Capital assets	(6,566,263)	(547,812)	(923)	-	(7,114,998)
Debt service principle	(59,907)	(69,464)	-	-	(129,371)
Interest expense	(41,667)	(30,336)	-	-	(72,003)
Sale of municipal property	-	-	22,000		22,000
Long term debt issued	3,877,693	-	-		3,877,693
Total nonoperating expenses	1,001,285	(604,384)	217,707	2,984	617,592
INCOME (LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS, EXTRAORDINARY ITEMS AND TRANSFERS	1,654,974	(467,600)	(16,952)	(5,745)	1,164,677
Transfers in	-	86,803	40,000	20,000	146,803
CHANGE IN NET POSITION	1,654,974	(380,797)	23,048	14,255	1,311,480
NET POSITION - BEGINNING	380,235	303,001	(29,730)	78,333	731,839
NET POSITION - ENDING	$2,035,209	$ (77,796)	$ (6,682)	$ 92,588	$2,043,319

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity

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

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

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

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b. Basis of Presentation

Government-wide Financial Statements

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

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

Fund Financial Statements

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

a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and;

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined, or;

c. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the City financial reporting entity are described below within their respective fund types:

(Continued on next page)

Governmental Funds

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

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

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

Special Park Gift Fund - To account for any gift, grant, devise or bequest made by a person, private agency, agency of state government, the federal government, or any of its agencies for park purposes if so established by the park board (SDCL 9-38-112). This is not a major fund and was closed in 2025.

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 and was closed in 2025.

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 and was closed in 2025.

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.

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Capital Project Funds - Capital project funds are used to account for financial resources to be used for the acquisition or contruction 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 and was closed in 2025.

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 and was closed in 2025.

Proprietary Funds

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

a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit-even if that government is not expected to make any payments-is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from revenues of the activity.)

b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.

c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

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

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

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

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

c. Measurement Focus and Basis of Accounting

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

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

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

(Continued on next page)

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

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

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

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

d. Deposits and Investments

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

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

e. Capital Assets

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

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

f. Long-Term Liabilities

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

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

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

g. Program Revenues

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

1: Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services or privileges provided, or are otherwise directly affected by the services.

2: Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

3: Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

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h. Proprietary Funds Revenue and Expense Classifications

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

i. Cash and Cash Equivalents

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

j. Equity Classifications

Government-wide Statements

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

a: Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

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

Fund Financial Statements

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

k. Application of Net Positions

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

l. Fund Balance Classification and Policies and Procedures

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

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

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Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the City Council.

Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

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

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

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

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

As of December 31, 2025, the Pool Debt Service Fund, a nonmajor fund, had a deficit fund balance/net position in the amount of $80,351. The City plans to make an operating transfer to correct the deficit.

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

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

(Continued on next page)

Deposits - The City's 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 physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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

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

As of December 31, 2025, the City had the following investments:

Investment	Credit Rating	Maturities	Fair Value
External Investment Pools:			
SDFIT	Unrated	$ 4	$ 4

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

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer. Of the City's investments, 46% are invested in certificates of deposit at First Interstate Bank, 49% are invested in certificates of deposit at Dakota Community Bank, and 4% are invested in certificates of deposit at Dacotah Bank. The remaining 1% is invested in SDFIT.

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

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

NOTE 4 - RESTRICTED CASH

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

Amount:	Purpose:
$ 29,489	For debt service in the Water Fund.
35,100	For debt service in the General Fund for the Armory Loan.
2,024	For pool operating purposes in the General Fund.

NOTE 5 - PROPERTY TAXES

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

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

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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, 2025, there was 1 series of condiut bonds outstanding, with an aggregate unpaid principal amount of $41,492,000 with the intent to withdraw the obligation upon completion of construction.

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2025, were as follows:

	Transfer Out	Transfer In	Total
General Fund	$ (110,000)	$ 322,398	$ 212,398
PSAP Fund	(283,392)	-	(283,392)
Pool Debt Service Fund	-	50,000	50,000
Special Park Fund	(2,853)	-	(2,853)
Storm Sewer Fund	(29,964)	-	(29,964)
Storm Sewer Debt Service	(56,839)	-	(56,839)
Bike Path Trails Fund	(34,153)	-	(34,153)
Riverfront Development	(2,000)	-	(2,000)
Sewer Fund	-	86,803	86,803
Airport Fund	-	40,000	40,000
Cemetary Fund	-	20,000	20,000
	$ (519,201)	$ 519,201	$ -

The purpose of the interfund transfer from the PSAP Fund to the General Fund was to reimburse the police function for salaries and benefits of the 911 dispatchers. The purpose of the interfund transfer from General Fund to the Pool Debt Service Fund was for debt service. The transfers out of the Special Park Fund, Storm Sewer Fund, Storm Sewer Debt Service Fund, Bike Path Trails Fund, and the Riverfront Development Fund were to close the funds as they were no longer being used. The transfers from the General Fund to the Airport Fund and Cemetary Fund were to cover operating deficits of those Funds.

(Continued on next page)

NOTE 8 - PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is 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. 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 may be obtained at http://sdrs.sd.gov/publications.aspx or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has four different classes of employees, Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B elgible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.

If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:

The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%

If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:

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

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

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

Contribution:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2025, 2024, and 2023 were $126,315, $119,861 and $109,446 respectively, equal to the required contributions each year.

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

At June 30, 2025, SDRS is 100.10% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ending June 30, 2025 and reported by the City as of December 31, 2025 are as follows:

Proportionate share of pension liability	$ 10,442,953
Less proportionate share net pension restricted for pension benefits	10,448,772
Proportionate share of net pension liability (asset)	$ (5,819)

(Continued on next page)

The net pension asset was measured as of June 30, 2025 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, 2025, the City's proportion was 0.0684200%, which is an increase of 0.000743% from its proportion measured as of June 30, 2024.

Actuarial Assumptions:

The total pension asset in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.56%

Mortality Rates
All mortality rates based on Pub-2010 amount-weighted mortality tables, projected gernationally with improment scale MP-2020
Active and Terminated Vested Members:
Teachers, Certified Regents, and Judicial: PubT-2010
Other Class A Members: PubG-2010
Public Safety Members: PubS-2010
Retired Members:
Teachers, Certified Regents, and Judicial: PubT-2010, 108% of rates above age 65
Other Class A Members: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
Public Safety Members: PubS-2010, 102% of rates at all ages
Beneficiaries:
PubG-2010 contingent survivor mortality table
Disabled Members:
Public Safety: PubS-2010 disabled member mortality table
Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

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Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	LT Expected Real Rate of Return
Public Equity	56.30%	3.80%
Investment Grade Debt	22.80%	2.30%
High Yield Debt	7.00%	2.90%
Real Estate	12.00%	4.00%
Cash	1.90%	0.80%
Total	100%	

Discount Rate:

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension (asset) liability	$ 1,426,168	$ (5,819)	$(1,178,959)

Pension Plan Fiduciary Net Position:

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

NOTE 9 - SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2025, the City was not involved in any litigation.

NOTE 10 - SUBSEQUENT EVENTS

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

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NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2025, the Municipality managed its risks as follows:

Employee Health Insurance

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

Liability Insurance

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

Workmen's Compensation

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

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

Unemployment Benefits

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

SUPPLEMENTARY INFORMATION

CITY OF MOBRIDGE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
REVENUES				
Taxes				
General property tax	$ 782,595	$ 782,595	$ 781,824	$ (771)
General sales and use tax	1,900,000	1,900,000	2,232,061	332,061
Gross receipts business taxes	2,600	2,600	2,914	314
Penalties and interest on delinquent taxes	2,000	2,000	2,012	12
Licenses and permits	22,300	22,300	30,095	7,795
Intergovernmental revenue				
Federal grants	-	-	177,424	177,424
State grants	175,344	175,344	16,000	(159,344)
State shared revenue				
Bank franchise tax	17,000	17,000	11,152	(5,848)
Motor vehicle commercial prorate	3,500	3,500	1,030	(2,470)
Liquor tax reversion	22,000	22,000	21,779	(221)
Motor vehicle licenses (5%)	30,000	30,000	34,956	4,956
Local government highway and bridge fund	75,000	90,000	109,094	19,094
County shared revenue				
County road tax (25%)	4,100	4,100	-	(4,100)
Other	-	-	4,851	4,851
Charges for goods and services				
General government	3,000	3,000	126,696	123,696
Public safety	31,500	152,782	30,520	(122,262)
Highways and streets	5,000	5,000	11,432	6,432
Sanitation	316,500	316,500	361,968	45,468
Culture and recreation	85,000	85,000	92,605	7,605
Fines and forfeits				
Court fines and penalties	1,000	1,000	2,376	1,376
Library	1,000	1,000	747	(253)
Miscellaneous revenue				
Investment earnings	40,000	40,000	260,433	220,433
Rentals	8,000	8,000	14,275	6,275
Special assessments	80,500	80,500	97,144	16,644
Contributions and donations from private sources	-	-	104,805	104,805
Other	55,000	112,000	113,955	1,955
Total revenue	$ 3,662,939	$ 3,856,221	$ 4,642,148	$ 785,927

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CITY OF MOBRIDGE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
EXPENDITURES				
General government				
Legislative	$ 46,900	$ 46,900	$ 44,401	$ 2,499
Executive	47,726	53,586	53,414	172
Elections	2,950	2,950	1,220	1,730
Financial administration	156,313	156,313	156,170	143
Other	74,700	74,700	52,151	22,549
Public safety				
Police	1,495,187	1,495,187	1,470,721	24,466
Fire	93,083	185,083	157,534	27,549
Other	300	3,600	3,563	37
Public works				
Highways and streets	1,016,485	1,016,485	985,916	30,569
Sanitation	301,000	301,000	292,752	8,248
Health and welfare				
Health	67,071	68,521	41,612	26,909
Hospital, nursing homes, and rest homes	6,500	6,500	6,500	-
Culture and recreation				
Recreation	268,613	302,613	281,374	21,239
Parks	496,460	536,960	498,809	38,151
Libraries	148,962	237,962	237,569	393
Auditorium	78,800	78,800	78,165	635
Museums	7,500	7,500	7,500	-
Conservation and development				
Urban redevelopment and housing	80,719	90,219	90,089	130
Economic development and assistance	28,455	28,505	28,486	19
Debt service	135,100	135,100	135,100	-
Miscellaneous				
Liquor operating agreements	500	500	240	260
Total Expenditures	4,553,324	4,828,984	4,623,286	205,698
Excess revenue over/under expenditures	(890,385)	(972,763)	18,862	991,625
Other financing sources/(uses)				
Transfers in	270,000	270,000	322,398	(52,398)
Transfers out	(150,000)	(150,000)	(110,000)	(40,000)
Sale of municipal property	-	-	13,150	13,150
Total other financing sources (uses)	120,000	120,000	225,548	(79,248)
Net change in fund balances	(770,385)	(852,763)	244,410	1,097,173
Fund balance - beginning	5,248,098	5,248,098	5,248,098	-
Fund balance - ending	$ 4,477,713	$ 4,395,335	$ 5,492,508	$ 1,097,173

CITY OF MOBRIDGE
BUDGETARY COMPARISON SCHEDULE
PSAP FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
State shared revenue				
911 remittances	$ 30,000	$ 30,000	$ 56,344	$ 26,344
Other	20,000	20,000	38,460	18,460
Charges for services				
Public safety	215,000	215,000	423,157	208,157
Miscellaneous revenue				
Investment earnings	1,500	1,500	13,633	12,133
Other	2,000	2,000	5,688	3,688
Total revenue	$ 268,500	$ 268,500	$ 537,282	$ 268,782
EXPENDITURES				
Public safety				
Police	$ 156,951	$ 156,951	$ 139,875	$ 17,076
Total Expenditures	156,951	156,951	139,875	17,076
Excess revenue over/under expenditures	111,549	111,549	397,407	285,858
Other financing sources/(uses)				
Transfers out	(270,000)	(270,000)	(283,392)	13,392
Total other financing sources (uses)	(270,000)	(270,000)	(283,392)	13,392
Net change in fund balances	(158,451)	(158,451)	114,015	272,466
Fund balance - beginning	318,199	318,199	318,199	-
Fund balance - ending	$ 159,748	$ 159,748	$ 432,214	$ 272,466

CITY OF MOBRIDGE
NOTES TO SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.

2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.

3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.

4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.

5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board.

   The Municipality did not encumber any amounts at December 31, 2025.

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

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

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

CITY OF MOBRIDGE
SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2025

Indebtedness	Long-Term Debt 1/1/2025	Add New Debt	Less Debt Retired	Long-Term Debt 12/31/2025
GOVERNMENTAL LONG-TERM DEBT:				
Revenue bonds	$ 1,988,042	$ -	$ 282,555	$ 1,705,487
Enterprise Long-Term Debt				
Revenue bonds	2,702,823	3,877,693	129,380	6,451,136
Total	$ 4,690,865	$ 3,877,693	$ 411,935	$ 8,156,623

NOTE 1 - LONG-TERM DEBT

Debt payable at December 31, 2025 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.	$ 395,486
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.	1,310,000
Water Intake Revenue Borrower Bond , due in monthly installments of $2,373, including 3.25% interest, maturing February 12, 2049. This debt is serviced by the Water Fund.	463,566
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.	868,879
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.	273,375
Water Infrastructure Revenue Borrower Bond, the project is ongoing and the loan will be finalized in 2026. This debt is serviced by the Water Fund.	3,877,693
Clean Water Revenue Borrower Bond , due in quarterly installments of $24,950, including 3.00% interest, maturing April 15, 2037. This debt is serviced by the Sewer Fund.	967,624
	$ 8,156,623

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

Pension Plan	Fiscal Year Ending	Employer's Percentage of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
SDRS	6/30/2025	0.0684%	$ (5,819)	$ 1,881,056	-0.31%	100.10%
SDRS	6/30/2024	0.0677%	(2,740)	1,752,500	-0.16%	100.03%
SDRS	6/30/2023	0.0660%	(6,444)	1,571,995	-0.41%	100.10%
SDRS	6/30/2022	0.0715%	(6,756)	1,534,903	-0.44%	100.10%
SDRS	6/30/2021	0.0695%	(532,159)	1,436,721	-37.04%	105.52%
SDRS	6/30/2020	0.0702%	(3,048)	1,407,669	-0.22%	100.04%
SDRS	6/30/2019	0.0701%	(7,431)	1,362,027	-0.55%	100.09%
SDRS	6/30/2018	0.0747%	(1,742)	1,408,171	-0.12%	100.02%
SDRS	6/30/2017	0.0711%	(6,455)	1,315,458	-0.49%	100.10%
SDRS	6/30/2016	0.0716%	242,004	1,235,567	19.59%	96.89%

CITY OF MOBRIDGE
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Changes from Prior Valuation:

The June 30, 2025, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2024, Actuarial Valuation.

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

Benefit Provision Changes:

During the 2025 Legislative Session no significant SDRS benefit changes were made.

Actuarial Method Changes:

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

Actuarial Assumption Changes:

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2024, the FVFR, assuming the long-term COLA is equal to the baseline COLA assumption (2.25%), was less than 100% and the July 2025 SDRS COLA was limited to a restricted maximum of 1.71%. For the June 30, 2024, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.71%.

As of June 30, 2025, the FVFR, assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2026 SDRS COLA is limited to a restricted maximum of 1.56%. The July 2026 SDRS COLA will equal inflation, no less than 0% and no greater than 1.56%. For this June 30, 2025, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.56%.

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

CITY OF MOBRIDGE
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

		Liquor, Lodging, and Dinning Gross Receipts Tax Fund
ASSETS		
Cash and cash equivalents	$	8,722
Investments		4,859
TOTAL ASSETS		13,581
FUND BALANCES		
Restricted		
Facilities and promoting the City		12,103
24/7 sobriety purposes		-
Unassigned		1,478
TOTAL FUND BALANCES	$	13,581

24/7 Sobriety Fund	Pool Debt Service Fund	Total Other Governmental Funds
$ 808	$ (80,351)	$ (70,821)
450	-	5,309
1,258	(80,351)	(65,512)
-	-	12,103
1,258	-	1,258
-	(80,351)	(78,873)
$ 1,258	$ (80,351)	$ (65,512)

CITY OF MOBRIDGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Lodging, and Dinning Gross Receipts Tax Fund	Special Park Gift Fund	Storm Sewer Fund
REVENUES			
Taxes			
General sales and use taxes	$ 149,086	$ -	$ -
Charges for goods and services			
Public safety	-	-	-
Miscellaneous revenue			
Investment earnings	-	109	1,198
Special assessments	-	-	-
Total revenues	149,086	109	1,198
EXPENDITURES			
Public safety			
Police	-	-	-
Culture and recreation			
Recreation			
Conservation and development			
Economic development and assistance	147,608	-	-
Debt service	-	-	-
Total expenditures	147,608	-	-
Excess of revenue over (under) expenditures	1,478	109	1,198
Other financing sources (uses)			
Transfer in	-	-	-
Transfer out	-	(2,853)	(29,964)
Total other financing sources	-	(2,853)	(29,964)
Net change in fund balances	1,478	(2,744)	(28,766)
Fund balance - beginning	12,103	2,744	28,766
Fund balance - ending	$ 13,581	$ -	$ -

24/7 Sobriety Fund	Storm Sewer Debt Service Fund	Pool Debt Service Fund	Bike Path Trails Capital Project Fund	Riverfront Development Capital Project Fund	Total Other Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 149,086
9,772	-	-	-	-	9,772
-	-	-	-	-	1,307
-	-	121,739	-	-	121,739
9,772	-	121,739	-	-	281,904
30,751	-	-	-	-	30,751
		2,500	-	-	2,500
-	-	-	-	-	147,608
-	-	204,862	-	-	204,862
30,751	-	207,362	-	-	385,721
(20,979)	-	(85,623)	-	-	(103,817)
-	-	50,000	-	-	50,000
-	(56,839)	-	(34,153)	(2,000)	(125,809)
-	(56,839)	50,000	(34,153)	(2,000)	(75,809)
(20,979)	(56,839)	(35,623)	(34,153)	(2,000)	(179,626)
22,237	56,839	(44,728)	34,153	2,000	114,114
$ 1,258	$ -	$ (80,351)	$ -	$ -	$ (65,512)

CITY OF MOBRIDGE
COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2025

	Cemetary Fund	Water and Sewer Main Fund	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 10,303	$ 50,082	$ 60,385
Investments	4,306	27,897	32,203
Total assets	14,609	77,979	92,588
NET POSITION			
Unrestricted	14,609	77,979	92,588
Total net position	$ 14,609	$ 77,979	$ 92,588

CITY OF MOBRIDGE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds		
	Cemetary Fund	Water and Sewer Main Fund	Totals
OPERATING REVENUE			
Charges for goods and services	$ 17,350	$ 11,273	$ 28,623
Total operating revenue	17,350	11,273	28,623
OPERATING EXPENSES			
Other current expense	37,352	-	37,352
Total operating expenses	37,352	-	37,352
Operating income	(20,002)	11,273	(8,729)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	355	2,629	2,984
Total nonoperating expenses	355	2,629	2,984
INCOME (LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS, EXTRAORDINARY ITEMS AND TRANSFERS	(19,647)	13,902	(5,745)
Transfers in	20,000	-	20,000
CHANGE IN NET POSITION	353	13,902	14,255
NET POSITION - BEGINNING	14,256	64,077	78,333
NET POSITION - ENDING	$ 14,609	$ 77,979	$ 92,588

CITY OF MOBRIDGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Agency or Pass-Through Entity Identifying Number	Expenditures 2025
US Department of Housing and Urban Development - Pass-Through Programs:			
SD Governor's Office of Economic Development			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	2021-103-03	$6,000
Total US Department of Housing and Urban Development			$6,000
US Department of Transportation - Direct Programs:			
Airport Improvement Program	20.106	N/A	$185,624
Highway Safety Cluster:			
US Department of Transportation - Pass-Through Programs:			
SD Department of Public Safety,			
State and Coummunity Highway Safety	20.600	N/A	$7,067
Total US Department of Transportation			$192,691
US Department of Treasury - Pass Thru Programs:			
SD Bureau of Finance and Management,			
Coronavirus Relief Fund	21.219	N/A	$170,357
US Department of Treasury - Direct Programs:			
Coronavirus State and Local Fiscal			
Recovery Funds (Note 3)	21.027	N/A	$1,950,870
Total US Department of Transportation			$2,121,227
US Department of Homeland Security - Pass-Through Programs:			
SD Department of Public Safety,			
Office of Emergency Management,			
BRIC: Building Resilient Infrastructure and Communities	97.047	N/A	$265,195
Total US Department of Homeland Security			$265,195
GRAND TOTAL			$2,585,113

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.