
CITY OF MOBRIDGE
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

CITY OF MOBRIDGE

CITY OFFICIALS

DECEMBER 31, 2014

Mayor:

Jamie Dieterle

Governing Board:

Gene Cox, President

Amy Cerney, Vice President

Rose Henderson

Tom O'Connell

Tony Yellowboy

Randy Carlson

City Administrator:

Christine Goldsmith

Finance Officer:

Heather Beck

Attorney:

Rick Cain

CITY OF MOBRIDGE

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CITY OF MOBRIDGE

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CERTIFIED PUBLIC ACCOUNTANTS

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WITH OFFICE IN
MILLER, SOUTH DAKOTA

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

City Council
City of Mobridge
Mobridge, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota (City), as of December 31, 2014, and for the year then ended, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 11, 2015, which was adverse because of financial statement deficiencies.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2014-001 through 2014-008 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are

required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2014-001, 2014-003, 2014-007, and 2014-008.

City's Response to Findings

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.

Kahlan, Scumblak & Anderson, LLP

December 11, 2015

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
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PARTNERS

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WITH OFFICE IN
MILLER, SOUTH DAKOTA

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

City Council
City of Mobridge
Mobridge, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the City of Mobridge, South Dakota (City), compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City's major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Mobridge 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, 2014.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Kahlan, Beinhart & A. Lee, LLP

December 11, 2015

CITY OF MOBRIDGE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014

PRIOR OTHER AUDIT FINDINGS:

2013-01

A material weakness was reported for not maintaining proper fixed asset records to support the amounts reported for general fixed assets, enterprise fixed assets, and depreciation expense; therefore, the City is not in compliance with SDCL 5-24-4. This comment has not been corrected and is restated as current other audit finding 2014-001.

2013-02

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, and payroll. This comment has not been corrected and is restated as current other audit finding 2014-002.

2013-03

Sufficient records do not exist to verify the amounts reported as inventories. This comment has not been corrected and is restated as current other audit finding 2014-003.

2013-04

No internal control structure to provide for the recording of all necessary material adjustments. This comment has not been corrected and is restated as current other audit finding 2014-004.

2013-05

No internal control system designed to provide for the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP). This comment has not been corrected and is restated as current other audit finding 2014-005.

2013-06

The City does not have controls in place to restrict access of Mayor's signature stamp. This finding has not been corrected and has been restated as current other audit finding 2014-006.

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014

SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS:

Financial Statements:

- a. An adverse opinion on the financial statements of each opinion unit was issued because of financial statement deficiencies.
- b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2014-001 through 2014-008.
- c. Our audit did disclose noncompliance which was material to the financial statements as described in findings 2014-001 and 2014-003.

Federal Awards:

- d. An unmodified opinion was issued on compliance with the requirements applicable to the major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, §.510(a).
- f. The federal awards tested as major programs were:
 - a. Capitalization Grants for Drinking Water State Revolving Funds - Recovery Act #66.468
 - b. Congressionally Mandated Projects #66.202
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- h. City of Mobridge, South Dakota, did not qualify as a low-risk entity

CURRENT FEDERAL AUDIT FINDINGS:

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

CURRENT OTHER AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

2014-001

Criteria

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

Condition Found

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

Effect

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

Recommendation

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

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014
(Continued)

Corrective Action Plan

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

2014-002

Criteria

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

Condition Found

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

Effect

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

Recommendation

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

Corrective Action Plan

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

2014-003

Criteria

SDCL 5-24-1 states that municipal officers or employees, having in their custody any public personal property, requiring inventory, as defined in rules issued by the commissioner of the Bureau of Administration shall annually on the thirty-first day of December, or within ten days thereafter, make in duplicate an inventory of all the public personal property. SDCL 5-24-2 states inventories required by §5-24-1 shall show the actual cost for each item, or the estimated cost at the time of acquisition, if the actual cost cannot be ascertained. In the case of gifts, the estimated fair market value at the time of acquisition shall be used.

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

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014
(Continued)

Condition Found

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

Effect

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

Recommendation

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

Corrective Action Plan

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

2014-004

Criteria

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

Condition Found

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

Effect

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

Recommendation

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

Corrective Action Plan

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

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014
(Continued)

2014-005

Criteria

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

Condition Found

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

Effect

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

Recommendation

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

Corrective Action Plan

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

2014-006

Criteria

The City's Finance Officer has access to the Mayor's signature stamp without restriction. The City's internal control structure should be designed to prevent unauthorized use.

Condition Found

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

Effect

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

Recommendation

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

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014
(Continued)

Corrective Action Plan

Management accepts the risk associated with lack of controls over the signature stamp of the Mayor. The City Council will continue to provide oversight and review of financial transactions to mitigate the risk associated with this condition as much as possible. Jamie Dietterle, Mayor, is the person responsible for the corrective action plan for this finding.

2014-007

Criteria

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

Condition Found

The City overspent the annual appropriations ordinance for the Pool function in the Pool Capital Project Fund by material amounts without adopting a supplemental appropriations ordinance. The Pool function in the Pool Capital Project Fund was overspent by \$171,325.90.

Effect

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

Recommendation

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

Corrective Action Plan

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

2014-008

Criteria

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

Condition Found

The City failed to publish appropriations ordinances or supplemental appropriations ordinances for the Storm Sewer Capital Project and Pool Capital Project Funds.

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014
(Continued)

Effect

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

Recommendation

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

Corrective Action Plan

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

Closing Conference

The contents of this report were discussed with Heather Beck, Finance Officer; Christine Goldsmith, City Administrator; and Jamie Dietterle, Mayor, on September 15, 2015.

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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WITH OFFICE IN
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

City Council
City of Mobridge
Mobridge, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota (City), as of December 31, 2014, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Adverse Opinion

The financial statements referred to above include only the primary government of the City, which consist of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial

statements do not include financial data for the City's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the City's legally separate component units to be reported with the financial data of the City's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

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

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

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

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" paragraphs, the financial statements referred to previously do not present fairly the financial position of the activities reporting entity of the City of Mobridge as of December 31, 2014, or the changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated, December 11, 2015 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.

Kahlan, DeLuca & Arden, LLP

December 11, 2015

CITY OF MOBRIDGE
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 1,297,684	\$ 614,921	\$ 1,912,605
Investments	1,367,275	815,127	2,182,402
Accounts receivable, net	409,928	397,358	807,286
Inventory of supplies	-	183,135	183,135
Prepaid expenses	15,993	-	15,993
Restricted cash and cash equivalents	220,241	6,356	226,597
Capital Assets:			
Land, improvements and construction in progress	167,758	104,994	272,752
Other capital assets, net of depreciation	1,664,704	4,503,856	6,168,560
TOTAL ASSETS	<u>5,143,583</u>	<u>6,625,747</u>	<u>11,769,330</u>
LIABILITIES:			
Accounts payable	94,909	90,368	185,277
Other current liabilities	13,012	-	13,012
Noncurrent Liabilities:			
Due within one year	139,651	38,638	178,289
Due in more than one year	1,728,301	2,048,889	3,777,190
TOTAL LIABILITIES	<u>1,975,873</u>	<u>2,177,895</u>	<u>4,153,768</u>
NET POSITION:			
Net investment in capital assets		2,534,792	2,534,792
Restricted for:			
Capital project purposes	36,439	-	36,439
Debt service purposes	106,189	12,353	118,542
Other purposes	874,823	2,571	877,394
Unrestricted	2,150,259	1,898,136	4,048,395
TOTAL NET POSITION	<u>\$ 3,167,710</u>	<u>\$ 4,447,852</u>	<u>\$ 7,615,562</u>

CITY OF MOBRIDGE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 322,719	\$ 32,472	\$ -	\$ 10,000	\$ (280,247)		\$ (280,247)
Public safety	1,166,914	923,884	23,065	107,504	(112,461)		(112,461)
Public works	1,374,860	275,372	177,773	369,864	(551,851)		(551,851)
Health and welfare	10,111	-	-	-	(10,111)		(10,111)
Culture and recreation	717,725	7,707	4,119	124,788	(581,111)		(581,111)
Conservation and development	138,636	-	-	-	(138,636)		(138,636)
Miscellaneous expenditures	69	-	-	-	(69)		(69)
*Interest on long-term debt	50,554	-	-	-	(50,554)		(50,554)
Total Governmental Activities	3,781,588	1,239,435	204,957	612,156	(1,725,040)		(1,725,040)
Business-Type Activities:							
Water	2,569,319	819,013	-	485,000		\$ (1,265,306)	(1,265,306)
Sewer	369,627	391,498	-	-		21,871	21,871
Airport	290,963	249,791	-	5,000		(36,172)	(36,172)
Cemetery	37,505	17,425	-	-		(20,080)	(20,080)
Water and sewer main	180	10,312	-	16		10,148	10,148
Total Business-Type Activities	3,267,594	1,488,039	-	490,016		(1,289,539)	(1,289,539)
Total Primary Government	\$ 7,049,182	\$ 2,727,474	\$ 204,957	\$ 1,102,172	(1,725,040)	(1,289,539)	(3,014,579)
General Revenues:							
Taxes:							
					611,656	-	611,656
					1,810,591	-	1,810,591
					38,048	-	38,048
					2,484	1,604	4,088
					42,608	8,814	51,422
					(183,954)	73,000	(110,954)
					2,321,433	83,418	2,404,851
					596,393	(1,206,121)	(609,728)
					2,571,317	5,653,973	8,225,290
					\$3,167,710	\$ 4,447,852	\$7,615,562

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

CITY OF MOBRIDGE

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2014

	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 564,479	\$ 528,186	\$ 205,019	\$ 1,297,684
Investments	1,350,470	-	16,805	1,367,275
Taxes receivable - delinquent	55,456	-	-	55,456
Accounts receivable, net	4,377	48,864	814	54,055
Special assessments receivable - delinquent	12,324	-	1,645	13,969
Notes receivable	67,511	-	-	67,511
Due from capital projects funds	228,153	-	-	228,153
Due from state government	207,963	-	9,418	217,381
Interest receivable	1,536	-	20	1,556
Prepaid expenses	15,993	-	-	15,993
Restricted cash and cash equivalents	<u>220,241</u>	<u>-</u>	<u>-</u>	<u>220,241</u>
TOTAL ASSETS	<u>\$2,728,503</u>	<u>\$ 577,050</u>	<u>\$ 233,721</u>	<u>\$ 3,539,274</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$ 29,373	\$ 3,306	\$ 62,230	\$ 94,909
Due to the General Fund	-	-	228,153	228,153
Accrued taxes payable	11,255	-	-	11,255
Customer deposits	<u>1,757</u>	<u>-</u>	<u>-</u>	<u>1,757</u>
TOTAL LIABILITIES	<u>42,385</u>	<u>3,306</u>	<u>290,383</u>	<u>336,074</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	44,937	-	-	44,937
Unavailable revenue - special assessments	11,474	-	1,220	12,694
Other deferred inflows of resources	<u>47,756</u>	<u>-</u>	<u>1,293</u>	<u>49,049</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>104,167</u>	<u>-</u>	<u>2,513</u>	<u>106,680</u>
FUND BALANCES:				
Nonspendable:				
Prepays	15,993	-	-	15,993
Restricted:				
Debt service	22,523	-	83,666	106,189
Capital project purposes	-	-	36,439	36,439
Facilities and promoting the City	-	-	8,125	8,125
Park purposes	-	-	2,550	2,550
911 service purposes	-	573,744	-	573,744
24/7 sobriety purposes	-	-	63,637	63,637
Other	197,718	-	26,536	224,254
Assigned:				
Subsequent year's budget	274,720	-	-	274,720
Capital outlay accumulations	686,946	-	-	686,946
Unassigned	<u>1,384,051</u>	<u>-</u>	<u>(280,128)</u>	<u>1,103,923</u>
TOTAL FUND BALANCES	<u>2,581,951</u>	<u>573,744</u>	<u>(59,175)</u>	<u>3,096,520</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$2,728,503</u>	<u>\$ 577,050</u>	<u>\$ 233,721</u>	<u>\$ 3,539,274</u>

CITY OF MOBRIDGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014

Total Fund Balances - Governmental Funds \$ 3,096,520

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 1,832,462

Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.

Revenue bonds	\$	1,296,932	
Accrued leave		51,965	
Other long-term debt		<u>519,055</u>	(1,867,952)

Assets, such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred in the funds

Property taxes	\$	44,937	
Special assessments		12,694	
Other deferred inflows		<u>49,049</u>	<u>106,680</u>

Net Position - Governmental Activities \$ 3,167,710

	General Fund	PSAP Fund	Other Governmental Funds	Total Governmental Funds
Health and Welfare:				
Health	8,111	-	-	8,111
Hospitals, nursing homes and rest homes	2,000	-	-	2,000
Culture and Recreation:				
Recreation	179	-	171,326	171,505
Parks	153,360	-	1,800	155,160
Libraries	138,300	-	40,969	179,269
Auditorium	112,768	-	91,137	203,905
Museums	6,000	-	-	6,000
Conservation and Development:				
Economic development and assistance (industrial development)	24,364	-	114,272	138,636
Debt Service	169,052	-	34,626	203,678
Miscellaneous:				
Liquor operating agreements	69	-	-	69
TOTAL EXPENDITURES	<u>2,977,110</u>	<u>120,152</u>	<u>840,394</u>	<u>3,937,656</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>108,438</u>	<u>780,517</u>	<u>(316,540)</u>	<u>572,415</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	206,773	-	91,750	298,523
Sale of municipal property	3,549	-	-	3,549
Compensation for loss or damage to capital assets	1,831	-	-	1,831
Transfers out	<u>(164,750)</u>	<u>(206,773)</u>	<u>-</u>	<u>(371,523)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>47,403</u>	<u>(206,773)</u>	<u>91,750</u>	<u>(67,620)</u>
NET CHANGE IN FUND BALANCES	155,841	573,744	(224,790)	504,795
FUND BALANCE - BEGINNING	<u>2,426,110</u>	<u>-</u>	<u>165,615</u>	<u>2,591,725</u>
FUND BALANCE - ENDING	<u>\$2,581,951</u>	<u>\$ 573,744</u>	<u>\$ (59,175)</u>	<u>\$ 3,096,520</u>

CITY OF MOBRIDGE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	504,795
Amounts reported for governmental activities in the statement of activities are different because:		
Payment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.		
Revenue bonds	\$ 20,574	
Other long-term debt	<u>132,550</u>	153,124
The issuance of long-term debt is an other financing source in the fund statements, but an increase in long-term liabilities on the government wide-statements.		
Other long-term debt	<u>\$ 110,954</u>	(110,954)
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".		
		5,059
The fund financial statement governmental fund sales tax accruals differ from the government-wide statement sales tax accruals in that the fund financial statements require the amounts to be "available".		
		40,875
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises.		
		2,381
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.		
		<u>1,113</u>
Change in Net Position of Governmental Activities	\$	<u><u>596,393</u></u>

CITY OF MOBRIDGE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Enterprise Funds			Totals
	Major		Nonmajor	
	Water Fund	Sewer Fund		
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 95,351	\$ 472,828	\$ 46,742	\$ 614,921
Investments	127,452	633,988	53,687	815,127
Accounts receivable, net	76,562	5,480	536	82,578
Due from other government	313,582	-	-	313,582
Interest receivable	405	739	54	1,198
Inventory of supplies	121,869	35,624	25,642	183,135
Total Current Assets	735,221	1,148,659	126,661	2,010,541
Noncurrent Assets:				
Restricted cash and cash equivalents	3,785	-	2,571	6,356
Capital Assets:				
Land	104,395	34	565	104,994
Buildings	4,619,438	3,816,429	-	8,435,867
Improvements other than buildings	1,136,091	-	-	1,136,091
Machinery and equipment	151,782	206,163	18,789	376,734
Less: accumulated depreciation	(2,779,084)	(2,647,733)	(18,019)	(5,444,836)
Total Noncurrent Assets	3,236,407	1,374,893	3,906	4,615,206
TOTAL ASSETS	3,971,628	2,523,552	130,567	6,625,747
LIABILITIES:				
Current Liabilities:				
Accounts payable	66,196	9,348	14,824	90,368
Bonds payable - current	37,292	-	-	37,292
Compensated absences payable - current	1,041	124	181	1,346
Total Current Liabilities	104,529	9,472	15,005	129,006
Noncurrent Liabilities:				
Bonds payable:				
Revenue	2,036,763	-	-	2,036,763
Compensated absences payable - noncurrent	9,374	1,119	1,633	12,126
Total Noncurrent Liabilities	2,046,137	1,119	1,633	2,048,889
TOTAL LIABILITIES	2,150,666	10,591	16,638	2,177,895
NET POSITION:				
Net investment in capital assets	1,158,565	1,374,892	1,335	2,534,792
Restricted for:				
Revenue bond debt service	12,353	-	-	12,353
Other purposes	-	-	2,571	2,571
Unrestricted	650,044	1,138,069	110,023	1,898,136
TOTAL NET POSITION	\$ 1,820,962	\$ 2,512,961	\$ 113,929	\$ 4,447,852

CITY OF MOBRIDGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2014

	Enterprise Funds			Totals
	Major		Nonmajor	
	Water Fund	Sewer Fund		
OPERATING REVENUE:				
Charges for goods and services	\$ 819,013	\$ 391,498	\$ 277,528	\$ 1,488,039
Miscellaneous	577	7,238	-	7,815
TOTAL OPERATING REVENUE	819,590	398,736	277,528	1,495,854
OPERATING EXPENSES:				
Personal services	240,122	107,103	38,908	386,133
Other current expense	2,297,818	262,524	76,085	2,636,427
Materials (cost of goods sold)	862	-	213,655	214,517
TOTAL OPERATING EXPENSES	2,538,802	369,627	328,648	3,237,077
OPERATING INCOME (LOSS)	(1,719,212)	29,109	(51,120)	(1,741,223)
NONOPERATING REVENUE (EXPENSE):				
Capital grants	485,000	-	5,016	490,016
Investment earnings	567	973	64	1,604
Interest expense	(30,517)	-	-	(30,517)
Gain on disposition of assets	-	-	999	999
TOTAL NONOPERATING REVENUE (EXPENSE)	455,050	973	6,079	462,102
INCOME (LOSS) BEFORE TRANSFERS	(1,264,162)	30,082	(45,041)	(1,279,121)
TRANSFERS IN	-	-	73,000	73,000
CHANGE IN NET POSITION	(1,264,162)	30,082	27,959	(1,206,121)
NET POSITION - BEGINNING	3,085,124	2,482,879	85,970	5,653,973
NET POSITION - ENDING	\$ 1,820,962	\$ 2,512,961	\$ 113,929	\$ 4,447,852

CITY OF MOBRIDGE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Enterprise Funds			Totals
	Major		Nonmajor	
	Water Fund	Sewer Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 809,283	\$ 398,127	\$ 279,237	\$ 1,486,647
Cash payments to employees for services	(244,766)	(112,253)	(37,094)	(394,113)
Cash payments to suppliers of goods and services	(2,249,346)	(272,627)	(301,447)	(2,823,420)
Net cash provided (used) by operating activities	<u>(1,684,829)</u>	<u>13,247</u>	<u>(59,304)</u>	<u>(1,730,886)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	73,000	73,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>73,000</u>	<u>73,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital debt	1,255,700	-	-	1,255,700
Proceeds from sale of capital assets	-	-	999	999
Principal paid on capital debt	(91,434)	-	-	(91,434)
Interest paid on capital debt	(30,517)	-	-	(30,517)
Capital grants received	485,000	-	5,016	490,016
Other receipts	(310,049)	-	-	(310,049)
Net cash provided by capital and related financing activities	<u>1,308,700</u>	<u>-</u>	<u>6,015</u>	<u>1,314,715</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash received for interest	886	1,557	108	2,551
Net cash provided by investing activities	<u>886</u>	<u>1,557</u>	<u>108</u>	<u>2,551</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(375,243)	14,804	19,819	(340,620)
BALANCES - BEGINNING	<u>601,831</u>	<u>1,092,012</u>	<u>83,181</u>	<u>1,777,024</u>
BALANCES - ENDING	<u>\$ 226,588</u>	<u>\$ 1,106,816</u>	<u>\$ 103,000</u>	<u>\$ 1,436,404</u>

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

Operating income (loss)	\$ (1,719,212)	\$ 29,109	\$ (51,120)	\$ (1,741,223)
Change in assets and liabilities:				
Accounts receivable	(10,307)	(609)	1,709	(9,207)
Inventories	-	-	(25,642)	(25,642)
Accounts payable	49,334	(10,103)	13,935	53,166
Accrued leave payable	(4,644)	(5,150)	1,814	(7,980)
Net cash provided (used) by operating activities	<u>\$ (1,684,829)</u>	<u>\$ 13,247</u>	<u>\$ (59,304)</u>	<u>\$ (1,730,886)</u>

SUPPLEMENTARY INFORMATION

CITY OF MOBRIDGE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	Storm Sewer Maintenance Fund	24/7 Sobriety Fund	Debt Service Fund	Storm Sewer Project Fund	Airport Project Fund	Pool Project Fund	Mural Restoration Project Fund	Bike Path Trail Fund	Library Building Fund	Riverfront Development Fund	Total Nonmajor Governmental Funds
ASSETS:													
Cash and cash equivalents	\$ 8,891	\$ 1,021	\$ 11,241	\$ 64,186	\$ 83,241	\$ 286	\$ -	\$ -	\$ -	\$ 34,153	\$ -	\$ 2,000	\$ 205,019
Investments	-	1,528	15,277	-	-	-	-	-	-	-	-	-	16,805
Accounts receivable, net	-	-	-	814	-	-	-	-	-	-	-	-	814
Special assessments receivable - delinquent	-	-	-	-	1,645	-	-	-	-	-	-	-	1,645
Due from state government	9,418	-	-	-	-	-	-	-	-	-	-	-	9,418
Interest receivable	-	2	18	-	-	-	-	-	-	-	-	-	20
TOTAL ASSETS	\$ 18,309	\$ 2,551	\$ 26,536	\$ 65,000	\$ 84,886	\$ 286	\$ -	\$ -	\$ -	\$ 34,153	\$ -	\$ 2,000	\$ 233,721
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:													
LIABILITIES:													
Accounts payable	\$ 8,891	\$ 1	\$ -	\$ 1,363	\$ -	\$ -	\$ 12,051	\$ 35,654	\$ 4,270	\$ -	\$ -	\$ -	\$ 62,230
Due to the General Fund	-	-	-	-	-	-	85,069	135,672	7,412	-	-	-	228,153
TOTAL LIABILITIES	8,891	1	-	1,363	-	-	97,120	171,326	11,682	-	-	-	290,383
DEFERRED INFLOWS OF RESOURCES:													
Unavailable revenue - special assessments	-	-	-	-	1,220	-	-	-	-	-	-	-	1,220
Other deferred inflows of resources	1,293	-	-	-	-	-	-	-	-	-	-	-	1,293
TOTAL DEFERRED INFLOWS OF RESOURCES	1,293	-	-	-	1,220	-	-	-	-	-	-	-	2,513
FUND BALANCES:													
Restricted:													
Capital project purposes	-	-	-	-	-	286	-	-	-	-	-	2,000	36,439
Facilities and promoting the City	8,125	-	-	-	-	-	-	-	-	34,153	-	-	8,125
Park purposes	-	2,550	-	-	-	-	-	-	-	-	-	-	2,550
24/7 sobriety purposes	-	-	-	63,637	-	-	-	-	-	-	-	-	63,637
Other	-	-	26,536	-	83,666	-	-	-	-	-	-	-	110,202
Unassigned	-	-	-	-	-	-	(97,120)	(171,326)	(11,682)	-	-	-	(280,128)
TOTAL FUND BALANCES	8,125	2,550	26,536	63,637	83,666	286	(97,120)	(171,326)	(11,682)	34,153	-	2,000	(59,175)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 18,309	\$ 2,551	\$ 26,536	\$ 65,000	\$ 84,886	\$ 286	\$ -	\$ -	\$ -	\$ 34,153	\$ -	\$ 2,000	\$ 233,721

CITY OF MOBRIDGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	Storm Sewer Maintenance Fund	24/7 Sobriety Fund	Debt Service Fund	Storm Sewer Project Fund	Airport Project Fund	Pool Project Fund	Mural Restoration Project Fund	Bike Path Trail Fund	Library Building Fund	Riverfront Development Fund	Total Nonmajor Governmental Funds
REVENUES:													
Taxes:													
General sales and use taxes	\$108,783	-	-	-	-	-	-	-	-	-	-	-	\$108,783
Intergovernmental Revenue:													
Federal grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Slate grants	-	-	-	17,082	-	-	263,992	-	10,000	-	-	-	273,992
Charges for Goods and Services:													
Public safety	-	-	-	8,635	-	-	14,666	-	20,000	-	-	-	51,748
Miscellaneous Revenue:													
Investment earnings	-	1	25	-	-	-	-	-	-	-	-	-	8,635
Special assessments	-	-	-	-	28,600	-	-	-	-	-	-	-	28,600
Contributions and donations from private sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	2,615	-	-	-	-	49,455	-	-	-	49,455
TOTAL REVENUE	108,783	1	25	28,332	28,600	-	278,658	-	79,455	-	-	-	523,854
EXPENDITURES:													
Public Safety:													
Police	-	-	-	5,861	-	-	-	-	-	-	-	-	5,861
Public Works:													
Highways and streets	-	-	-	-	-	1,240	-	-	-	-	-	-	1,240
Airport	-	-	-	-	-	-	379,163	-	-	-	-	-	379,163
Culture and Recreation:													
Recreation	-	-	-	-	-	-	-	171,326	-	-	-	-	171,326
Parks	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	1,800	-	-	1,800
Auditorium	-	-	-	-	-	-	-	-	-	-	40,969	-	40,969
Conservation and Development:													
Economic development and assistance (industrial development)	114,272	-	-	-	-	-	-	-	-	-	-	-	114,272
Debt Service	-	-	-	-	34,626	-	-	-	-	-	-	-	34,626
TOTAL EXPENDITURES	114,272	-	-	5,861	34,626	1,240	379,163	171,326	91,137	1,800	40,969	-	840,394
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,489)	1	25	22,471	(6,026)	(1,240)	(100,505)	(171,326)	(11,682)	(1,800)	(40,969)	-	(316,540)
OTHER FINANCING SOURCES:													
Transfers in	-	-	-	-	60,000	-	31,750	-	-	-	-	-	91,750
TOTAL OTHER FINANCING SOURCES	-	-	-	-	60,000	-	31,750	-	-	-	-	-	91,750
NET CHANGE IN FUND BALANCES	(5,489)	1	25	22,471	53,974	(1,240)	(68,755)	(171,326)	(11,682)	(1,800)	(40,969)	-	(224,790)
FUND BALANCE - BEGINNING	13,614	2,549	26,511	41,166	29,692	1,526	(28,365)	-	-	35,953	40,969	2,000	165,615
FUND BALANCE - ENDING	\$ 8,125	\$2,550	\$26,536	\$63,637	\$83,666	\$ 286	\$97,120	\$(171,326)	\$(11,682)	\$(34,153)	\$ -	\$ 2,000	\$(59,175)

CITY OF MOBRIDGE
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2014

	Cemetery Fund	Water and Sewer Main Fund	Airport Fund	Totals
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 6,104	\$ 34,063	\$ 6,575	\$ 46,742
Investments	8,293	45,394	-	53,687
Accounts receivable, net	-	135	401	536
Interest receivable	7	47	-	54
Inventory of supplies	-	-	25,642	25,642
	<u>14,404</u>	<u>79,639</u>	<u>32,618</u>	<u>126,661</u>
Total Current Assets				
Noncurrent Assets:				
Restricted cash and cash equivalents	2,571	-	-	2,571
Capital Assets:				
Land	565	-	-	565
Machinery and equipment	18,789	-	-	18,789
Less: accumulated depreciation	<u>(18,019)</u>	<u>-</u>	<u>-</u>	<u>(18,019)</u>
	<u>3,906</u>	<u>-</u>	<u>-</u>	<u>3,906</u>
Total Noncurrent Assets				
TOTAL ASSETS	<u>18,310</u>	<u>79,639</u>	<u>32,618</u>	<u>130,567</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable	1,847	-	12,977	14,824
Compensated absences payable - current	-	-	181	181
	<u>1,847</u>	<u>-</u>	<u>13,158</u>	<u>15,005</u>
Total Current Liabilities				
Noncurrent Liabilities:				
Compensated absences payable - noncurrent	-	-	1,633	1,633
	<u>-</u>	<u>-</u>	<u>1,633</u>	<u>1,633</u>
Total Noncurrent Liabilities				
TOTAL LIABILITIES	<u>1,847</u>	<u>-</u>	<u>14,791</u>	<u>16,638</u>
NET POSITION:				
Net investment in capital assets	1,335	-	-	1,335
Restricted for:				
Other purposes	2,571	-	-	2,571
Unrestricted	<u>12,557</u>	<u>79,639</u>	<u>17,827</u>	<u>110,023</u>
TOTAL NET POSITION	<u>\$ 16,463</u>	<u>\$ 79,639</u>	<u>\$ 17,827</u>	<u>\$ 113,929</u>

CITY OF MOBRIDGE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

NONMAJOR PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2014

	<u>Cemetery Fund</u>	<u>Water and Sewer Main Fund</u>	<u>Airport Fund</u>	<u>Totals</u>
OPERATING REVENUE:				
Charges for goods and services	\$ 17,425	\$ 10,312	\$ 249,791	\$ 277,528
TOTAL OPERATING REVENUE	<u>17,425</u>	<u>10,312</u>	<u>249,791</u>	<u>277,528</u>
OPERATING EXPENSES:				
Personal services	-	-	38,908	38,908
Other current expense	37,505	180	38,400	76,085
Materials (cost of goods sold)	-	-	213,655	213,655
TOTAL OPERATING EXPENSES	<u>37,505</u>	<u>180</u>	<u>290,963</u>	<u>328,648</u>
OPERATING INCOME (LOSS)	<u>(20,080)</u>	<u>10,132</u>	<u>(41,172)</u>	<u>(51,120)</u>
NONOPERATING REVENUE:				
Capital grants	-	16	5,000	5,016
Investment earnings	9	55	-	64
Gain on disposition of assets	-	-	999	999
TOTAL NONOPERATING REVENUE	<u>9</u>	<u>71</u>	<u>5,999</u>	<u>6,079</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(20,071)</u>	<u>10,203</u>	<u>(35,173)</u>	<u>(45,041)</u>
TRANSFERS IN	<u>20,000</u>	<u>-</u>	<u>53,000</u>	<u>73,000</u>
CHANGE IN NET POSITION	<u>(71)</u>	<u>10,203</u>	<u>17,827</u>	<u>27,959</u>
NET POSITION - BEGINNING	<u>16,534</u>	<u>69,436</u>	<u>-</u>	<u>85,970</u>
NET POSITION - ENDING	<u>\$ 16,463</u>	<u>\$ 79,639</u>	<u>\$ 17,827</u>	<u>\$ 113,929</u>

CITY OF MOBRIDGE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Cemetery Fund	Water and Sewer Main Fund	Airport Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 19,550	\$ 10,297	\$ 249,390	\$ 279,237
Cash payments to employees for services	-	-	(37,094)	(37,094)
Cash payments to suppliers of goods and services	(36,547)	(180)	(264,720)	(301,447)
Net cash provided (used) by operating activities	(16,997)	10,117	(52,424)	(59,304)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	20,000	-	53,000	73,000
Net cash provided by noncapital financing activities	20,000	-	53,000	73,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES :				
Proceeds from sale of capital assets	-	-	999	999
Capital grants received	-	16	5,000	5,016
Net cash provided by capital financing and related activities	-	16	5,999	6,015
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash received for interest	16	92	-	108
Net cash provided by investing activities	16	92	-	108
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,019	10,225	6,575	19,819
BALANCES - BEGINNING	13,949	69,232	-	83,181
BALANCES - ENDING	\$ 16,968	\$ 79,457	\$ 6,575	\$ 103,000

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

Operating income (loss) -	\$ (20,080)	\$ 10,132	\$ (41,172)	\$ (51,120)
Change in assets and liabilities:				
Accounts receivable	2,125	(15)	(401)	1,709
Inventories	-	-	(25,642)	(25,642)
Accounts payable	958	-	12,977	13,935
Accrued leave payable	-	-	1,814	1,814
Net cash provided (used) by operating activities	<u>\$ (16,997)</u>	<u>\$ 10,117</u>	<u>\$ (52,424)</u>	<u>\$ (59,304)</u>

CITY OF MOBRIDGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures 2014
U.S. DEPARTMENT OF AGRICULTURE:		
Direct Federal Funding:		
Community Facilities Grants	10.766	\$ <u>45,200</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>45,200</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
Indirect Federal Funding:		
South Dakota Department of Transportation, Airport Improvement Program	20.106	263,992
Highway Safety Cluster:		
South Dakota Department of Public Safety		
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	<u>18,833</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>282,825</u>
NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES:		
Direct Federal Funding:		
Promotion of the Arts - Grants to Organizations and Individuals	45.024	<u>10,000</u>
TOTAL NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES		<u>10,000</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY:		
Indirect Federal Funding:		
South Dakota Department of Environment and Natural Resources		
Congressionally Mandated Projects (Note 2)	66.202	485,000
Capitalization Grants for Drinking Water State Revolving Funds (Federal Portion) (Note 2)	66.468	<u>1,255,700</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY		<u>1,740,700</u>
GRAND TOTAL		<u>\$ 2,078,725</u>

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

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