

CITY OF MOBRIDGE  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

CITY OF MOBRIDGE  
CITY OFFICIALS  
DECEMBER 31, 2007

Mayor:

Taylor Oster

Governing Board:

Rick Godkin  
Tom O'Connell  
Tony Yellow Boy  
Jerry Weischedel  
Gene Cox  
Dennis Wheeler

City Administrator:

Steve Gasser

Finance Officer:

Lori Heil

Attorney:

Rick Cain

CITY OF MOBRIDGE

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WITH OFFICES IN  
LEMMON, SOUTH DAKOTA  
MILLER, SOUTH DAKOTA

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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota, as of and for the year ended December 31, 2007, which collectively comprise the City of Mobridge, South Dakota's basic financial statements of the City's primary government and have issued our report thereon dated August 29, 2008. The report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information was adverse because of financial statement deficiencies. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Mobridge, South Dakota's internal control over financial reporting as a basis for designing our auditing procedures 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 of Mobridge, South Dakota's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Mobridge, South Dakota's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Mobridge, South Dakota's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Mobridge, South Dakota's financial statements that is more than inconsequential will not be prevented or detected by the City of Mobridge, South Dakota's internal control. We consider the deficiencies described in the accompanying Schedule of Current Auditing Findings and Questioned Costs as items 2007-01, 2007-02, 2007-03, 2007-05 and 2007-06 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Mobridge, South Dakota's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-01, 2007-02, 2007-03, 2007-05 and 2007-06 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mobridge, South Dakota'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 which are described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2007-02 through 2007-07.

We noted certain matters that we reported to the management of the City of Mobridge, South Dakota, in a separate communication dated August 29, 2008.

City of Mobridge, South Dakota's response to the findings identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. We did not audit City of Mobridge, South Dakota's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, and the governing board and management of the City of Mobridge, South Dakota, and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 Section .320(a), this report is a matter of public record and its distribution is not limited.

*Kohlman, Bierachbach + Anderson, LLP*

August 29, 2008

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

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LEMMON, SOUTH DAKOTA  
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City Council  
City of Mobridge  
Mobridge, South Dakota

Compliance

We have audited the compliance of City of Mobridge, South Dakota, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. City of Mobridge, South Dakota'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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Mobridge, South Dakota's management. Our responsibility is to express an opinion on the City of Mobridge, South Dakota's compliance based on our audit.

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 of Mobridge, South Dakota'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. Our audit does not provide a legal determination on the City of Mobridge, South Dakota's compliance with those requirements.

In our opinion, the City of Mobridge, South Dakota, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.



## Internal Control Over Compliance

The management of the City of Mobridge, South Dakota, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Mobridge, South Dakota's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 of Mobridge, South Dakota's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2007-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs, we consider item 2007-01 to be a material weakness.

City of Mobridge, South Dakota's response to the findings identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. We did not audit the City of Mobridge, South Dakota's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, and the governing board and management of the City of Mobridge, South Dakota, and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 Section .320(a), this report is a matter of public record and its distribution is not limited.

*Kohlman, Buechler & Anderson, LLP*

August 29, 2008

CITY OF MOBRIDGE  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2007

PRIOR AUDIT FINDINGS:

2006-01

A significant deficiency and material weakness was reported for a lack of segregation of duties for revenues, expenditures and payroll. This condition is restated as current federal audit finding 2007-01.

2006-02

Fixed asset records, except for land and equipment, were not properly established and maintained to support the amounts reported for general fixed assets. This resulted in diminished control over fixed assets and can result in misleading information being presented to users of the financial statements. This comment has not been corrected and is restated as current other audit finding 2007-02.

2006-03

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 2007-03.

CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2007

Summary of the Independent Auditors' Results:

Financial Statements:

- a. An adverse opinion on the financial statements was issued because of financial statement deficiencies.
- b. Significant deficiencies and material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2007-01, 2007-02, 2007-03, 2007-05 and 2007-06.
- c. Our audit did disclose instances of noncompliance which were material to the financial statements. They are described in findings 2007-02 through 2007-07.

Federal Awards:

- d. A significant deficiency and material weakness was disclosed for internal control over major federal programs for a lack of segregation of duties affecting the revenues, expenditures and payroll compliance requirement category as discussed in finding #2007-01.
- e. An unqualified opinion was issued on compliance with the requirements applicable to major programs.
- f. Our audit did disclose audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a). See finding 2007-01.
- g. The federal awards tested as major programs were:
  - 1. CDBG Grant #14.228
  - 2. SD DOT Highway Grant #20.205
  - 3. SRF Loan #66.458
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- i. City of Mobridge, South Dakota, did not qualify as a low-risk entity.

Current Federal Audit Findings:

Internal Control-Related Findings - Material Weakness and Significant Deficiencies:

CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2007  
(Continued)

2007-01

The major federal programs affected are:

- (1) CDBG Grant - CDFA# 14.228
- (2) SD DOT Hwy Grant - CDFA# 20.205
- (3) SRF Loan - CFDA# 66.458

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 significant deficiency and material weakness was reported for a lack of segregation of duties for revenues, expenditures and payroll, which could result in errors not being found in a timely manner.

Questioned Costs Amount

Questioned costs: \$0

Other Information

The City of Mobridge, South Dakota, has a limited number of employees who prepare all records for revenues, 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 revenues, expenditures and payroll.

Corrective Action Plan

Due to our size, the City of Mobridge has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for revenues, expenditures and payroll. We are aware of the problem and are attempting to provide compensating controls wherever and whenever possible and practical.

Federal Compliance-Related Audit Findings and Questioned Costs:

There are no additional current federal compliance audit findings other than Current Federal Audit Finding 2007-01.

CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2007  
(Continued)

Current Other Audit Findings:

2007-02

Criteria

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

Condition Found

A significant deficiency and 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 records, 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 users of the financial statements, as capital asset costs are included as expenses.

Recommendation

We recommend general fixed assets, enterprise fixed assets, and depreciation records be established and maintained.

Corrective Action Plan

The City of Mobridge is continuing its work on correcting this deficiency.

2007-03

Criteria

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

Condition Found

A significant deficiency and material weakness was reported for not maintaining sufficient inventory records for the governmental activities, business-type activities and each major fund. The City of Mobridge has an inventory listing but the report does not contain any values, therefore, the City is not in compliance with SDCL 5-24-2.

CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2007  
(Continued)

Effect

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

Recommendation

We recommend the City Council prepare an inventory listing using the actual cost or the estimated cost at the time of acquisition.

Corrective Action Plan

The City will attempt to complete an accurate inventory listing in the future.

2007-04

Criteria

The City of Mobridge is responsible for complying with South Dakota Codified Law (SDCL) 32-14-3.

Condition Found

The City is issuing traffic citations occurring on state trunk highway systems 12 and 1804 as municipal ordinance violations. These citations are to be issued as violations of state law per SDCL 32-14-3.

Effect

Traffic citations issued as violations of municipal ordinance instead of violations of state law would cause the City to be incurring a potential liability to the State and a possible overstatement of revenues, as revenues collected for state law violations are distributed to school districts rather than cities.

Recommendations

We recommend that the City comply with SDCL 32-14-3.

Corrective Action Plan

The City of Mobridge is currently consulting with our Attorney.

CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2007  
(Continued)

2007-05

Criteria

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

Condition Found

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

Effect

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

Recommendation

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

Corrective Action Plan

The City of Mobridge is continuing its work on correcting this deficiency.

2007-06

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.



CITY OF MOBRIDGE  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2007  
(Continued)

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 statement.

Recommendation

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

Corrective Action Plan

The City of Mobridge is continuing its work in correcting this deficiency.

2007-07

Criteria

The City of Mobridge is responsible for complying with South Dakota Codified Law (SDCL) 5-18-9.4 relating to competitive bids.

Condition Found

A contractor was awarded a bid for services totaling \$48,650, however, the contractor was paid \$111,030. Also, a contractor was hired for a maintenance contract that exceeded \$25,000 without being bid.

Effect

Contracts awarded without using the bid process do not allow for proper allocation of the City's resources. Also, not adhering to contracts does not allow for proper allocation of the City's resources, therefore, the City is not in compliance with SDCL.

Recommendations

We recommend that the City comply with SDCL 5-18-9.4.

Corrective Action Plan

The City of Mobridge is currently consulting with our attorney.

Closing Conference

The contents of this report were discussed with Lori Heil, Finance Officer; Steve Gasser, City Administrator; Jerry Weischedel, Councilman; and Dennis Wheeler, Councilman; on May 13, 2008.

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

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WITH OFFICES IN  
LEMMON, SOUTH DAKOTA  
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

City Council  
City of Mobridge  
Mobridge, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mobridge, South Dakota, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements of the City's primary government as listed in the Table of Contents. These financial statements are the responsibility of the City of Mobridge's management. Our responsibility is to express opinions 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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 the financial data for the component unit 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. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component unit would have been reported

liabilities, net assets, revenues, and expenses of the aggregate discretely presented component unit would have been reported as \$956,396, \$798,305, \$158,091, \$863,586 and \$798,920.

In our opinion, because of the omission of the discretely presented component unit, as discussed above, 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 aggregate discretely presented component unit of the City of Mobridge, South Dakota, as of December 31, 2007, or the changes in financial position thereof for the year then ended.

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 recorded certain capital assets, including land, buildings, and equipment, in governmental activities 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 assets, and expenses of the governmental activities and business-type activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities and business-type activities 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.

In our opinion, because of the effects of the matters discussed in the fourth, fifth, sixth and seventh paragraphs, the financial statements referred to above do not present fairly, in all material respects, the financial position of the activities of the primary government of the City of Mobridge, South Dakota, as of December 31, 2007, or the changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 29, 2008, on our consideration of the City of Mobridge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 and should be considered in assessing the results of our audit.

The Budgetary Comparison Schedules on pages 26 through 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The City has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mobridge'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 and individual 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements, however, for reasons stated in the fourth, fifth, sixth and seventh paragraphs above, 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 activity and the changes in financial position. Therefore, we do not express an opinion on the accompanying combining and individual nonmajor fund financial statements.

*Kohlman, Benschbach & Anderson, LLP*

August 29, 2008

CITY OF MOBRIDGE  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2007

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$1,110,735	\$1,031,191	\$2,141,926
Accounts receivable, net	285,089	48,778	333,867
Internal balances	(103,370)	103,370	--
Inventories	885	69,768	70,653
Deferred charges	--	24,733	24,733
Restricted Assets:			
Cash and cash equivalents	30,184	4,619	34,803
Capital Assets:			
Land, improvements and construction in progress	167,758	104,993	272,751
Other capital assets, net of depreciation	<u>1,664,705</u>	<u>3,343,833</u>	<u>5,008,538</u>
<b>TOTAL ASSETS</b>	<u>\$3,155,986</u> =====	<u>\$4,731,285</u> =====	<u>\$7,887,271</u> =====
<b>LIABILITIES:</b>			
Accounts payable	\$ 48,085	\$ 103,284	\$ 151,369
Deferred revenue	68,463	--	68,463
Other current liabilities	830	--	830
Noncurrent Liabilities:			
Due within one year	844,345	123,783	968,128
Due in more than one year	<u>620,306</u>	<u>1,247,450</u>	<u>1,867,756</u>
<b>TOTAL LIABILITIES</b>	<u>1,582,029</u>	<u>1,474,517</u>	<u>3,056,546</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	414,143	2,106,820	2,520,963
Restricted for:			
Debt services purposes	1,372	--	1,372
Other purposes	--	649,130	649,130
Unrestricted	<u>1,158,442</u>	<u>500,818</u>	<u>1,659,260</u>
<b>TOTAL NET ASSETS</b>	<u>1,573,957</u>	<u>3,256,768</u>	<u>4,830,725</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$3,155,986</u> =====	<u>\$4,731,285</u> =====	<u>\$7,887,271</u> =====

CITY OF MOBRIDGE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 754,946	\$ 32,068	\$ --	\$ 10,000	\$ (712,878)	\$ --	\$ (712,878)
Public safety	704,696	120,573	40,915	11,754	(531,454)	--	(531,454)
Public works	1,908,445	163,948	99,873	1,495,918	(148,706)	--	(148,706)
Health and welfare	25,887	4,629	2,406	--	(18,852)	--	(18,852)
Culture and recreation	669,244	34,051	1,225	359,532	(274,436)	--	(274,436)
Conservation and development	86,556	--	--	--	(86,556)	--	(86,556)
Miscellaneous expenditures	207	1,798	--	--	1,591	--	1,591
*Interest on long-term debt	<u>38,493</u>	--	--	--	<u>(38,493)</u>	--	<u>(38,493)</u>
<b>Total Governmental Activities</b>	<b><u>4,188,474</u></b>	<b><u>357,067</u></b>	<b><u>144,419</u></b>	<b><u>1,877,204</u></b>	<b><u>(1,809,784)</u></b>	<b>--</b>	<b><u>(1,809,784)</u></b>
<b>Business-Type Activities:</b>							
Water	801,008	541,316	25,000	--	--	(234,692)	(234,692)
Sewer	245,269	374,565	--	--	--	129,296	129,296
Cemetery	97,484	15,410	--	25,219	--	(56,855)	(56,855)
Water and sewer main	<u>9,934</u>	<u>11,414</u>	--	--	--	<u>1,480</u>	<u>1,480</u>
<b>Total Business-Type Activities</b>	<b><u>1,153,695</u></b>	<b><u>942,705</u></b>	<b><u>25,000</u></b>	<b><u>25,219</u></b>	<b><u>(1,809,784)</u></b>	<b><u>(160,771)</u></b>	<b><u>(160,771)</u></b>
<b>Total Primary Government</b>	<b><u>\$5,342,169</u></b> =====	<b><u>\$1,299,772</u></b> =====	<b><u>\$169,419</u></b> =====	<b><u>\$1,902,423</u></b> =====	<b><u>(1,809,784)</u></b>	<b><u>(160,771)</u></b>	<b><u>(1,970,555)</u></b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes					485,321	--	485,321
Sales taxes					1,326,224	--	1,326,224
State shared revenues					28,476	--	28,476
Grants and contributions not restricted to specific programs					5,000	--	5,000
Unrestricted investment earnings					46,578	34,770	81,348
Miscellaneous revenue					70,059	2,501	72,560
Transfers					<u>41,070</u>	<u>(41,070)</u>	--
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>					<b><u>2,002,728</u></b>	<b><u>(3,799)</u></b>	<b><u>1,998,929</u></b>
<b>Change in Net Assets</b>					<b>192,944</b>	<b>(164,570)</b>	<b>28,374</b>
<b>Net Assets - Beginning</b>					<b><u>1,381,013</u></b>	<b><u>3,421,338</u></b>	<b><u>4,802,351</u></b>
<b>Net Assets - Ending</b>					<b>\$ 1,573,957</b> =====	<b>\$3,256,768</b> =====	<b>\$ 4,830,725</b> =====

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

CITY OF MOBRIDGE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007

	<u>General Fund</u>	<u>Railroad Crossing Fund</u>	<u>National Guard Armory Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$1,059,277	\$ --	\$26,880	\$24,578	\$1,110,735
Taxes receivable - delinquent	19,440	--	--	--	19,440
Accounts receivable, net	10,047	--	--	11,196	21,243
Special assessments receivable - current	2,892	--	--	--	2,892
Special assessments receivable - delinquent	5,560	--	--	--	5,560
Interest receivable - special assessments	--	--	--	115	115
Due from Capital Projects Funds	137,005	--	--	--	137,005
Due from federal governments	--	29,627	--	12,678	42,305
Due from state governments	183,097	--	--	--	183,097
Interest receivable	10,374	--	--	63	10,437
Inventory of supplies	885	--	--	--	885
Restricted cash and cash equivalents	<u>30,184</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>30,184</u>
<b>TOTAL ASSETS</b>	<b>\$1,458,761</b> =====	<b>\$ 29,627</b> =====	<b>\$26,880</b> =====	<b>\$48,630</b> =====	<b>\$1,563,898</b> =====
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 42,885	\$ --	--	\$ 5,200	\$ 48,085
Due to General Fund	--	125,337	--	11,668	137,005
Accrued taxes payable	830	--	--	--	830
Deferred revenue	138,345	--	--	1,941	140,286
Advance from Sewer Fund	<u>103,370</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>103,370</u>
<b>TOTAL LIABILITIES</b>	<b><u>285,430</u></b>	<b><u>125,337</u></b>	<b><u>--</u></b>	<b><u>18,809</u></b>	<b><u>429,576</u></b>
<b>FUND BALANCES:</b>					
Reserved for:					
Debt Service	1,372	--	--	--	1,372
Unreserved fund balances:					
Designated for:					
Next year's appropriation	435,862	--	--	--	435,862
Other purposes	294,617	--	--	--	294,617
Undesignated	441,480	(95,710)	26,880	--	372,650
Reported in non-major:					
Special Revenue Funds	--	--	--	24,337	24,337
Capital Projects Funds	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,484</u>	<u>5,484</u>
<b>TOTAL FUND BALANCES</b>	<b><u>1,173,331</u></b>	<b><u>(95,710)</u></b>	<b><u>26,880</u></b>	<b><u>29,821</u></b>	<b><u>1,134,322</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$1,458,761</b> =====	<b>\$ 29,627</b> =====	<b>\$26,880</b> =====	<b>\$48,630</b> =====	<b>\$1,563,898</b> =====

CITY OF MOBRIDGE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2007

Total Fund Balances - Governmental Funds \$ 1,134,322

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 1,832,463

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Revenue bonds	\$1,332,506	
Accrued leave	46,331	
Other long-term debt	<u>85,814</u>	(1,464,651)

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	\$ 19,398	
Special assessments	9,839	
Sales taxes	<u>42,586</u>	<u>71,823</u>

Net Assets - Governmental Activities \$ 1,573,957  
=====



CITY OF MOBRIDGE  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>General Fund</u>	<u>South Main Extension Fund</u>	<u>Railroad Crossing Fund</u>	<u>National Guard Armory Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>						
<b>Taxes:</b>						
General property taxes	\$ 478,864	\$ --	\$ --	\$ --	\$ --	\$ 478,864
Airflight property tax	1,137	--	--	--	--	1,137
General sales and use taxes	1,267,938	--	--	--	78,477	1,346,415
Gross receipts business taxes	1,649	--	--	--	--	1,649
Amusement taxes	1,332	--	--	--	--	1,332
Tax deed revenue	628	--	--	--	--	628
Penalties and interest on delinquent taxes	2,075	--	--	--	--	2,075
Licenses and Permits	24,703	--	--	--	--	24,703
<b>Intergovernmental Revenue:</b>						
Federal grants	33,024	617,889	808,827	--	305,875	1,765,615
State grants	16,792	--	--	--	25,000	41,792
<b>State shared revenue:</b>						
Bank franchise tax	9,028	--	--	--	--	9,028
Motor vehicle commercial prorate	3,856	--	--	--	--	3,856
Liquor tax reversion	19,448	--	--	--	--	19,448
Motor vehicle licenses (5%)	12,766	--	--	--	--	12,766
Local government highway and bridge fund	56,013	--	--	--	--	56,013
<b>County shared revenue:</b>						
County road tax (25%)	4,108	--	--	--	--	4,108
County HBR tax (25%)	913	--	--	--	--	913
County wheel tax	3,740	--	--	--	--	3,740
County payments in lieu of taxes	519	--	--	--	--	519
<b>Charges for Goods and Services:</b>						
General government	429	--	--	--	--	429
Public safety	107,032	--	--	--	4,114	111,146
Highways and streets	2,919	--	--	--	--	2,919
Sanitation	161,029	--	--	--	--	161,029
Health	4,629	--	--	--	--	4,629
Culture and recreation	20,091	--	--	--	--	20,091
Other	2,712	--	--	--	--	2,712
<b>Fines and Forfeits:</b>						
Court fines and costs	2,850	--	--	--	--	2,850
Library	6,577	--	--	--	--	6,577
<b>Miscellaneous Revenue:</b>						
Investment earnings	45,811	--	--	--	767	46,578
Rentals	22,694	--	--	--	--	22,694
Special assessments	67,039	--	--	--	--	67,039
Contributions and donations from private sources	48,618	--	--	10,000	10,000	68,618
Other	<u>26,312</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>26,312</u>
<b>TOTAL REVENUE</b>	<b><u>2,457,275</u></b>	<b><u>617,889</u></b>	<b><u>808,827</u></b>	<b><u>10,000</u></b>	<b><u>424,233</u></b>	<b><u>4,318,224</u></b>

EXPENDITURES:

General Government:						
Legislative	23,141	--	--	--	--	23,141
Executive	64,077	--	--	--	--	64,077
Elections	953	--	--	--	--	953
Financial administration	97,786	--	--	--	--	97,786
Other	70,128	--	--	498,342	--	568,470
Public Safety:						
Police	665,720	--	--	--	2,667	668,387
Fire	40,713	--	--	--	--	40,713
Other protection	519	--	--	--	--	519
Public Works:						
Highways and streets	414,385	317,150	737,385	--	--	1,468,920
Sanitation	108,405	147,907	--	--	--	256,312
Water	--	124,092	--	--	--	124,092
Airport	58,065	--	--	--	--	58,065
Health and Welfare:						
Health	23,887	--	--	--	--	23,887
Hospitals, nursing homes and rest homes	2,000	--	--	--	--	2,000
Culture and Recreation:						
Recreation	61,039	--	--	--	--	61,039
Parks	126,130	--	--	--	253,074	379,204
Libraries	97,850	--	--	--	--	97,850
Auditorium	122,146	--	--	--	5,036	127,182
Museums	6,000	--	--	--	--	6,000
Conservation and Development:						
Economic development and assistance (industrial development)	8,356	--	--	--	78,200	86,556
Debt Service	11,754	--	--	--	168,391	180,145
Miscellaneous:						
Liquor operating agreements	207	--	--	--	--	207
<b>TOTAL EXPENDITURES</b>	<b><u>2,003,261</u></b>	<b><u>589,149</u></b>	<b><u>737,385</u></b>	<b><u>498,342</u></b>	<b><u>507,368</u></b>	<b><u>4,335,505</u></b>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>454,014</u>	<u>28,740</u>	<u>71,442</u>	<u>(488,342)</u>	<u>(83,135)</u>	<u>(17,281)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	41,070	7,958	--	--	233,242	282,270
Long-term debt issued	--	--	--	650,000	--	650,000
Sale of municipal property	40,516	--	--	--	--	40,516
Transfers out	<u>(241,200)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(241,200)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>(159,614)</u></b>	<b><u>7,958</u></b>	<b><u>--</u></b>	<b><u>650,000</u></b>	<b><u>233,242</u></b>	<b><u>731,586</u></b>
NET CHANGE IN FUND BALANCES	294,400	36,698	71,442	161,658	150,107	714,305
FUND BALANCE - BEGINNING	<u>878,931</u>	<u>(36,698)</u>	<u>(167,152)</u>	<u>(134,778)</u>	<u>(120,286)</u>	<u>420,017</u>
FUND BALANCE - ENDING	<u>\$1,173,331</u> =====	<u>\$ --</u> =====	<u>\$ (95,710)</u> =====	<u>\$ 26,880</u> =====	<u>\$ 29,821</u> =====	<u>\$1,134,322</u> =====

CITY OF MOBRIDGE  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

Net Change in Fund Balances - Total Governmental Funds                      \$ 714,305

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

Payment of principal on long-term debt is an  
expenditure in the governmental funds but the  
payment reduces long-term liabilities in the  
statement of net assets.

Revenue bonds	\$133,891	
Other long-term debt	<u>7,761</u>	141,652

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.

Revenue bonds	\$ <u>650,000</u>	(650,000)
---------------	-------------------	-----------

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".

(364)

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".

(20,190)

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.

2,162

Governmental funds do not reflect the change in  
accrued leave, but the statement of activities  
reflects the change in accrued leave through  
expenditures

5,379

Change in Net Assets of Governmental Activities                      \$ 192,944  
=====

CITY OF MOBRIDGE  
BALANCE SHEET  
PROPRIETARY FUNDS  
DECEMBER 31, 2007

	Business-Type Activities Enterprise Funds			Totals
	Major			
	Water Fund	Sewer Fund	Nonmajor	
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 325,312	\$ 587,959	\$117,920	\$ 1,031,191
Accounts receivable, net	36,579	2,315	57	38,951
Interest receivable	3,100	5,603	1,124	9,827
Inventory of supplies	47,992	21,776	--	69,768
Total Current Assets	412,983	617,653	119,101	1,149,737
Noncurrent Assets:				
Restricted cash and cash equivalents	--	--	4,619	4,619
Deferred charges	24,733	--	--	24,733
Advance to General Fund	--	103,370	--	103,370
Capital Assets:				
Land	104,394	34	565	104,993
Buildings	4,619,438	3,816,428	--	8,435,866
Machinery and equipment	127,851	206,163	18,789	352,803
Less: accumulated depreciation	(2,779,084)	(2,647,733)	(18,019)	(5,444,836)
Total Noncurrent Assets	2,097,332	1,478,262	5,954	3,581,548
TOTAL ASSETS	\$ 2,510,315	\$ 2,095,915	\$125,055	\$ 4,731,285

Business-Type Activities  
Enterprise Funds

	Major			Totals
	Water Fund	Sewer Fund	Nonmajor	
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts payable	\$ 89,370	\$ 11,817	\$ 2,097	\$ 103,284
Bonds payable Current:				
Revenue	4,326	90,230	--	94,556
Total Current Liabilities	93,696	102,047	2,097	197,840
Noncurrent Liabilities:				
Bonds payable:				
Revenue	976,616	270,834	--	1,247,450
Accrued leave payable	18,191	11,036	--	29,227
Total Noncurrent Liabilities	994,807	281,870	--	1,276,677
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	1,091,657	1,013,828	1,335	2,106,820
Restricted net assets, restricted for:				
Equipment repair and/or replacement	215,094	429,417	--	644,511
Other purposes	--	--	4,619	4,619
Unrestricted net assets	115,061	268,753	117,004	500,818
Total Net Assets	1,421,812	1,711,998	122,958	3,256,768
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,510,315</b>	<b>\$ 2,095,915</b>	<b>\$125,055</b>	<b>\$ 4,731,285</b>
	=====	=====	=====	=====

CITY OF MOBRIDGE  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-Type Activities Enterprise Funds			Totals
	Major			
	Water Fund	Sewer Fund	Nonmajor	
OPERATING REVENUE				
Charges for goods and services	\$ 541,316	\$ 374,565	\$ 26,824	\$ 942,705
Contributions and donations	--	--	25,219	25,219
Miscellaneous	--	--	340	340
	<u>541,316</u>	<u>374,565</u>	<u>52,383</u>	<u>968,264</u>
TOTAL OPERATING REVENUE				
OPERATING EXPENSES:				
Personal services	198,892	110,543	--	309,435
Other current expense	562,701	121,667	105,013	789,381
Materials (cost of goods sold)	3,679	--	--	3,679
	<u>765,272</u>	<u>232,210</u>	<u>105,013</u>	<u>1,102,495</u>
TOTAL OPERATING EXPENSES				
OPERATING INCOME (LOSS)	<u>(223,956)</u>	<u>142,355</u>	<u>(52,630)</u>	<u>(134,231)</u>
NONOPERATING REVENUE (EXPENSE):				
Operating grants	25,000	--	--	25,000
Investment earnings	10,694	18,107	5,969	34,770
Interest expense	(35,736)	(12,370)	--	(48,106)
Other	714	758	(2,405)	(933)
	<u>672</u>	<u>6,495</u>	<u>3,564</u>	<u>10,731</u>
TOTAL NONOPERATING REVENUE				
INCOME (LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS, EXTRAORDINARY ITEMS AND TRANSFERS	<u>(223,284)</u>	<u>148,850</u>	<u>(49,066)</u>	<u>(123,500)</u>
TRANSFERS OUT	<u>(20,535)</u>	<u>(20,535)</u>	<u>--</u>	<u>(41,070)</u>
CHANGE IN NET ASSETS	<u>(243,819)</u>	<u>128,315</u>	<u>(49,066)</u>	<u>(164,570)</u>
NET ASSETS - BEGINNING	<u>1,665,631</u>	<u>1,583,683</u>	<u>172,024</u>	<u>3,421,338</u>
NET ASSETS - ENDING	<u>\$1,421,812</u> =====	<u>\$1,711,998</u> =====	<u>\$122,958</u> =====	<u>\$3,256,768</u> =====

CITY OF MOBRIDGE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-Type Activities Enterprise Funds			<u>Totals</u>
	<u>Major</u>			
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 547,235	\$ 376,858	\$ 27,221	\$ 951,314
Other operating cash receipts	--	--	25,219	25,219
Cash payments to employees for services	(196,730)	(109,992)	--	(306,722)
Cash payments to suppliers of goods and services	<u>(508,774)</u>	<u>(140,734)</u>	<u>(104,138)</u>	<u>(753,646)</u>
Net cash provided (used) by operating activities	<u>(158,269)</u>	<u>126,132</u>	<u>(51,698)</u>	<u>(83,835)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating subsidies	25,000	--	--	25,000
Transfers out	<u>(20,535)</u>	<u>(20,535)</u>	<u>--</u>	<u>(41,070)</u>
Net cash provided (used) by noncapital financing activities	<u>4,465</u>	<u>(20,535)</u>	<u>--</u>	<u>(16,070)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital debt	275,942	--	--	275,942
Principal paid on capital debt	(95,000)	(94,511)	--	(189,511)
Interest paid on capital debt	(35,736)	(12,370)	--	(48,106)
Other receipts (payment)	<u>714</u>	<u>26,601</u>	<u>(2,405)</u>	<u>24,910</u>
Net cash provided (used) by capital and related financing activities	<u>145,920</u>	<u>(80,280)</u>	<u>(2,405)</u>	<u>63,235</u>

Business-Type Activities  
Enterprise Funds

	Major		Nonmajor	Totals
	Water Fund	Sewer Fund		
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash received for interest	<u>15,362</u>	<u>27,073</u>	<u>6,816</u>	<u>49,251</u>
Net cash provided by investing activities	<u>15,362</u>	<u>27,073</u>	<u>6,816</u>	<u>49,251</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,478	52,390	(47,287)	12,581
BALANCES - BEGINNING	<u>317,834</u>	<u>535,569</u>	<u>169,826</u>	<u>1,023,229</u>
BALANCES - ENDING	\$ 325,312 =====	\$ 587,959 =====	\$ 122,539 =====	\$1,035,810 =====
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$(223,956)	\$ 142,355	\$ (52,630)	\$ (134,231)
Change in assets and liabilities:				
Receivables	5,919	2,293	57	8,269
Inventories	--	(13,155)	--	(13,155)
Accounts and other payables	57,606	(5,912)	875	52,569
Accrued leave payable	<u>2,162</u>	<u>551</u>	<u>--</u>	<u>2,713</u>
Net cash provided (used) by operating activities	\$ (158,269) =====	\$ 126,132 =====	\$ (51,698) =====	\$ (83,835) =====



REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN MD&A

REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF MOBRIDGE  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
General property taxes	\$ 488,645	\$ 488,645	\$ 478,864	\$ (9,781)
Airflight property tax	300	300	1,137	837
General sales and use taxes	1,150,000	1,150,000	1,267,938	117,938
Gross receipts business taxes	1,700	1,700	1,649	(51)
Amusement taxes	1,200	1,200	1,332	132
Tax deed revenue	1,000	1,000	628	(372)
Penalties and interest on delinquent taxes	1,500	1,500	2,075	575
License and Permits	19,625	19,625	24,703	5,078
Intergovernmental Revenue:				
Federal grants	--	12,500	33,024	20,524
State grants	--	--	16,792	16,792
State shared revenue:				
Bank franchise tax	7,000	7,000	9,028	2,028
Motor vehicle commercial prorate	3,500	3,500	3,856	356
Liquor tax reversion	19,000	19,000	19,448	448
Motor vehicle licenses (5%)	13,000	13,000	12,766	(234)
Local government highway and bridge fund	50,000	50,000	56,013	6,013
Other	214,211	214,211	--	(214,211)
County shared revenue:				
County road tax (25%)	4,100	4,100	4,108	8
County HBR tax (25%)	775	775	913	138
County wheel tax	3,800	3,800	3,740	(60)
Other	2,100	2,100	--	(2,100)
County payments in lieu of taxes	--	--	519	519

Charges for Goods and Services:				
General government	--	--	429	429
Public safety	91,500	91,500	107,032	15,532
Highways and streets	750	750	2,919	2,169
Sanitation	163,200	163,200	161,029	(2,171)
Health	--	--	4,629	4,629
Culture and recreation	22,000	22,000	20,091	(1,909)
Other	--	--	2,712	2,712
Fines and Forfeits:				
Court fines and costs	3,400	3,400	2,850	(550)
Library	6,000	6,000	6,577	577
Miscellaneous Revenue:				
Investment earnings	12,000	12,000	45,811	33,811
Rentals	20,718	20,718	22,694	1,976
Special assessments	67,200	67,200	67,039	(161)
Contributions and donations from private sources	6,000	14,500	48,618	34,118
Other	<u>14,781</u>	<u>24,781</u>	<u>26,312</u>	<u>1,531</u>
<b>TOTAL REVENUE</b>	<b><u>2,389,005</u></b>	<b><u>2,420,005</u></b>	<b><u>2,457,275</u></b>	<b><u>37,270</u></b>
EXPENDITURES:				
General Government:				
Legislative	24,274	24,274	23,141	1,133
Executive	69,949	69,949	64,077	5,872
Elections	1,200	1,200	953	247
Financial administration	90,920	98,420	97,786	634
Other	71,204	71,654	70,128	1,526
Public Safety:				
Police	670,600	683,600	665,720	17,880
Fire	62,990	62,990	40,713	22,277
Other protection	330	530	519	11
Public Works:				
Highways and streets	423,290	423,290	414,385	8,905
Sanitation	109,750	109,750	108,405	1,345
Airport	261,877	261,877	58,065	203,812

(Continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION  
CITY OF MOBRIDGE  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Health and Welfare:				
Health	4,800	24,600	23,887	713
Hospitals, nursing homes, and rest homes	2,000	2,000	2,000	--
Culture and Recreation:				
Recreation	131,005	131,005	61,039	69,966
Parks	115,300	125,800	126,130	(330)
Libraries	97,901	97,901	97,850	51
Auditorium	109,378	121,878	122,146	(268)
Museums	6,000	6,000	6,000	--
Conservation and Development:				
Economic development and assistance (industrial development)	8,123	8,623	8,356	267
Debt Service	--	--	11,754	(11,754)
Miscellaneous:				
Liquor operating agreements	<u>150</u>	<u>235</u>	<u>207</u>	<u>28</u>
TOTAL EXPENDITURES	<u>2,261,041</u>	<u>2,325,576</u>	<u>2,003,261</u>	<u>322,315</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>127,964</u>	<u>94,429</u>	<u>454,014</u>	<u>359,585</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	--	--	41,070	41,070
Sale of municipal property	--	--	40,516	40,516
Transfers out	<u>(195,062)</u>	<u>(241,062)</u>	<u>(241,200)</u>	<u>(138)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(195,062)</u>	<u>(241,062)</u>	<u>(159,614)</u>	<u>81,448</u>

NET CHANGE IN FUND BALANCES	(67,098)	(146,633)	294,400	441,033
FUND BALANCE - BEGINNING	<u>878,931</u>	<u>878,931</u>	<u>878,931</u>	<u>--</u>
FUND BALANCE - ENDING	\$ <u>811,833</u> =====	\$ <u>732,298</u> =====	\$ <u>1,173,331</u> =====	\$ <u>441,033</u> =====

CITY OF MOBRIDGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A  
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND  
DECEMBER 31, 2007

Note 1 - Budgets and Budgetary Accounting

The City follows 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 City budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
7. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

Note 2 - GAAP/Budgetary Accounting Basis Differences

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

SUPPLEMENTARY INFORMATION

CITY OF MOBRIDGE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2007

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	24/7 Sobriety Fund	Auditorium Restoration Fund	Mural Restoration Fund	Bike Path Trail Fund	Total Nonmajor Governmental Funds
<b>ASSETS:</b>							
Cash and cash equivalents	\$12,008	\$6,649	\$1,447	\$4,453	\$21	\$ --	\$24,578
Accounts receivable, net	11,196	--	--	--	--	--	11,196
Interest receivable - special assessments	115	--	--	--	--	--	115
Due from federal government	--	--	--	--	--	12,678	12,678
Interest receivable	<u>    --</u>	<u>    63</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    63</u>
<b>TOTAL ASSETS</b>	<b>\$23,319</b> =====	<b>\$6,712</b> =====	<b>\$1,447</b> =====	<b>\$4,453</b> =====	<b>\$21</b> ==	<b>\$12,678</b> =====	<b>\$48,630</b> =====
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>LIABILITIES:</b>							
Accounts payable	\$ 5,200	\$ --	\$ --	\$ --	\$--	\$ --	\$ 5,200
Due to General Fund	--	--	--	--	--	11,668	11,668
Deferred revenue	<u>1,941</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>1,941</u>
<b>TOTAL LIABILITIES</b>	<b><u>7,141</u></b>	<b><u>    --</u></b>	<b><u>    --</u></b>	<b><u>    --</u></b>	<b><u>    --</u></b>	<b><u>11,668</u></b>	<b><u>18,809</u></b>
<b>FUND BALANCES:</b>							
Unreserved Fund Balances:							
Undesignated, reported							
in non-major:							
Special Revenue Funds	16,178	6,712	1,447	--	--	--	24,337
Capital Projects Funds	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>4,453</u>	<u>21</u>	<u>1,010</u>	<u>5,484</u>
<b>TOTAL FUND BALANCES</b>	<b><u>16,178</u></b>	<b><u>6,712</u></b>	<b><u>1,447</u></b>	<b><u>4,453</u></b>	<b><u>21</u></b>	<b><u>1,010</u></b>	<b><u>29,821</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$23,319</b> =====	<b>\$6,712</b> =====	<b>\$1,447</b> =====	<b>\$4,453</b> =====	<b>\$21</b> ==	<b>\$12,678</b> =====	<b>\$48,630</b> =====



CITY OF MOBRIDGE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2007

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	24/7 Sobriety Fund	Debt Service Fund	Main Street Project Fund	Auditorium Restoration Fund	Mural Restoration Fund	Bike Path Trail Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>									
Taxes:									
General sales and use taxes	\$78,477	\$ --	\$ --	\$ --	\$ --	\$ --	\$--	\$ --	\$ 78,477
Intergovernmental Revenue:									
Federal grants	--	--	--	--	--	31,424	--	274,451	305,875
State grants	--	--	--	--	--	25,000	--	--	25,000
Charges for Goods and Services:									
Public safety	--	--	4,114	--	--	--	--	--	4,114
Miscellaneous Revenue:									
Investment earnings	485	282	--	--	--	--	--	--	767
Contributions and donations from private sources	--	--	--	--	--	10,000	--	--	10,000
<b>TOTAL REVENUE</b>	<b>78,962</b>	<b>282</b>	<b>4,114</b>	<b>--</b>	<b>--</b>	<b>66,424</b>	<b>--</b>	<b>274,451</b>	<b>424,233</b>
<b>EXPENDITURES:</b>									
Public Safety:									
Police	--	--	2,667	--	--	--	--	--	2,667
Culture and Recreation:									
Parks	--	--	--	--	--	--	--	253,074	253,074
Auditorium	--	--	--	--	--	5,036	--	--	5,036
Conservation and Development:									
Economic development and assistance (industrial development)	78,200	--	--	--	--	--	--	--	78,200
Debt Service	--	--	--	168,391	--	--	--	--	168,391
<b>TOTAL EXPENDITURES</b>	<b>78,200</b>	<b>--</b>	<b>2,667</b>	<b>168,391</b>	<b>--</b>	<b>5,036</b>	<b>--</b>	<b>253,074</b>	<b>507,368</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>762</b>	<b>282</b>	<b>1,447</b>	<b>(168,391)</b>	<b>--</b>	<b>61,388</b>	<b>--</b>	<b>21,377</b>	<b>(83,135)</b>
<b>OTHER FINANCING SOURCES:</b>									
Transfers in	--	--	--	168,391	64,851	--	--	--	233,242
<b>NET CHANGE IN FUND BALANCES</b>	<b>762</b>	<b>282</b>	<b>1,447</b>	<b>--</b>	<b>64,851</b>	<b>61,388</b>	<b>--</b>	<b>21,377</b>	<b>150,107</b>
<b>FUND BALANCE - BEGINNING</b>	<b>15,416</b>	<b>6,430</b>	<b>--</b>	<b>--</b>	<b>(64,851)</b>	<b>(56,935)</b>	<b>21</b>	<b>(20,367)</b>	<b>(120,286)</b>
<b>FUND BALANCE - ENDING</b>	<b>\$16,178</b>	<b>\$6,712</b>	<b>\$1,447</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 4,453</b>	<b>\$21</b>	<b>\$ 1,010</b>	<b>\$ 29,821</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

CITY OF MOBRIDGE  
 COMBINING BALANCE SHEET  
 NONMAJOR ENTERPRISE FUNDS  
 DECEMBER 31, 2007

	Business-Type Activities Nonmajor Enterprise Funds		Totals
	Cemetery Fund	Water and Sewer Main Fund	
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 21,910	\$96,010	\$117,920
Accounts receivable, net	--	57	57
Interest receivable	<u>209</u>	<u>915</u>	<u>1,124</u>
Total Current Assets	<u>22,119</u>	<u>96,982</u>	<u>119,101</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	4,619	--	4,619
Capital Assets:			
Land	565	--	565
Machinery and equipment	18,789	--	18,789
Less: accumulated depreciation	<u>(18,019)</u>	<u>--</u>	<u>(18,019)</u>
Total Noncurrent Assets	<u>5,954</u>	<u>--</u>	<u>5,954</u>
TOTAL ASSETS	\$ 28,073 =====	\$96,982 =====	\$125,055 =====
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ <u>2,097</u>	\$ <u>--</u>	\$ <u>2,097</u>
Total Current Liabilities	<u>2,097</u>	<u>--</u>	<u>2,097</u>
NET ASSETS:			
Invested in capital assets, net of related debt	1,335	--	1,335
Restricted net assets, restricted for:			
Other purposes	4,619	--	4,619
Unrestricted net assets	<u>20,022</u>	<u>96,982</u>	<u>117,004</u>
Total Net Assets	<u>25,976</u>	<u>96,982</u>	<u>122,958</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 28,073 =====	\$96,982 =====	\$125,055 =====

CITY OF MOBRIDGE  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-Type Activities Nonmajor Enterprise Funds		Totals
	Cemetery Fund	Water and Sewer Main Fund	
OPERATING REVENUE:			
Charges for goods and services	\$ 15,410	\$11,414	\$ 26,824
Contributions and donations	25,219	--	25,219
Miscellaneous	<u>340</u>	<u>--</u>	<u>340</u>
TOTAL OPERATING REVENUE	<u>40,969</u>	<u>11,414</u>	<u>52,383</u>
OPERATING EXPENSES:			
Other current expense	<u>97,484</u>	<u>7,529</u>	<u>105,013</u>
TOTAL OPERATING EXPENSES	<u>97,484</u>	<u>7,529</u>	<u>105,013</u>
OPERATING INCOME (LOSS)	<u>(56,515)</u>	<u>3,885</u>	<u>(52,630)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment earnings	1,808	4,161	5,969
Other	<u>--</u>	<u>(2,405)</u>	<u>(2,405)</u>
TOTAL NONOPERATING REVENUE	<u>1,808</u>	<u>1,756</u>	<u>3,564</u>
CHANGE IN NET ASSETS	(54,707)	5,641	(49,066)
NET ASSETS - BEGINNING	<u>80,683</u>	<u>91,341</u>	<u>172,024</u>
NET ASSETS - ENDING	\$ 25,976 =====	\$96,982 =====	\$122,958 =====

CITY OF MOBRIDGE  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Enterprise Funds		
	Cemetery Fund	Water and Sewer Main Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	\$ 15,750	\$11,471	\$ 27,221
Other operating cash receipts	25,219	--	25,219
Cash payments to suppliers for goods and services	<u>(96,609)</u>	<u>(7,529)</u>	<u>(104,138)</u>
Net cash provided (used) by operating activities	<u>(55,640)</u>	<u>3,942</u>	<u>(51,698)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>--</u>	<u>--</u>	<u>--</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Other receipts (payments)	<u>--</u>	<u>(2,405)</u>	<u>(2,405)</u>
Net cash used by capital and related financing activities	<u>--</u>	<u>(2,405)</u>	<u>(2,405)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received for interest	<u>2,271</u>	<u>4,545</u>	<u>6,816</u>
Net cash provided by investing activities	<u>2,271</u>	<u>4,545</u>	<u>6,816</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(53,369)	6,082	(47,287)
BALANCES - BEGINNING	<u>79,898</u>	<u>89,928</u>	<u>169,826</u>
BALANCES - ENDING	\$ 26,529 =====	\$96,010 =====	\$ 122,539 =====
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$(56,515)	\$ 3,885	\$ (52,630)
Change in assets and liabilities:			
Receivables	--	57	57
Accounts and other payables	<u>875</u>	<u>--</u>	<u>875</u>
Net cash provided (used) by operating activities	<u>\$(55,640)</u> =====	<u>\$ 3,942</u> =====	<u>\$ (51,698)</u> =====

CITY OF MOBRIDGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures FY 2007
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Indirect Federal Funding:		
South Dakota Governor's Office of Economic Development, Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii (Note 2)	14.228	\$ 617,889
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	<u>287,041</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>904,930</u>
U.S. DEPARTMENT OF THE INTERIOR:		
Direct Federal Funding:		
South Dakota Department of Game, Fish & Parks, Save America's Treasures	15.929	<u>31,424</u>
TOTAL U.S. DEPARTMENT OF THE INTERIOR		<u>31,424</u>
U.S. DEPARTMENT OF JUSTICE:		
Indirect Federal Funding:		
South Dakota Attorney General's Office, Bullet Proof Vest Partnership Program	16.607	<u>301</u>
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>301</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
Indirect Federal Funding:		
South Dakota Department of Transportation, Airport Improvement Program	20.106	18,477
Highway Planning and Construction: Transportation Enhancement Projects (Note 2)	20.205	<u>796,237</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>814,714</u>
U.S. GENERAL SERVICES ADMINISTRATION:		
Indirect Federal Funding:		
South Dakota Federal Property Agency, Donation of Federal Surplus Personal Property (Note 4)	39.003	<u>30,093</u>
TOTAL U.S. GENERAL SERVICES ADMINISTRATION		<u>30,093</u>

CITY OF MOBRIDGE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007  
 (Continued)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures FY 2007
NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES: Pass-Through the SD Department of Tourism: Promotion of the Arts - Partnership Agreements	45.025	<u>500</u>
TOTAL NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES		<u>500</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY: Indirect Federal Funding: South Dakota Department of Environment and Natural Resources, Capitalization Grants for Clean Water State Revolving Fund (Federal Portion) (Notes 2 & 3)	66.458	<u>275,942</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY		<u>275,942</u>
U.S. DEPARTMENT OF EDUCATION: Indirect Federal Funding: South Dakota Office of Elementary and Secondary Education, Safe and Drug-Free Schools and Communities - State Grants	84.186	<u>1,246</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>1,246</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: Indirect Federal Funding: South Dakota Centers for Disease Control, Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	<u>12,500</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>12,500</u>
GRAND TOTAL		\$2,071,650 =====

CITY OF MOBRIDGE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007  
 (Continued)

NOTE 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified 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 basic financial statements.

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

NOTE 3: The City had the following loan balances outstanding at December 31, 2007. The loan balances outstanding, which have continuing compliance requirements, are also included in the federal expenditures presented in the schedule.

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>	<u>Included as Federal Expenditure on this Schedule</u>
State Revolving Fund - 3%			
All Federal	66.458	\$361,064	
State Revolving Fund - 4.5%			
All Federal	66.458	\$682,506	\$275,942

Note 4: The amount reported represents 23.3 percent of the original acquisition cost of the federal surplus property received by the City.