

CITY OF MOBRIDGE
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

CITY OF MOBRIDGE
CITY OFFICIALS
DECEMBER 31, 2011

Mayor:

Kyle Jensen

Governing Board:

Rick Godkin
Tom O'Connell
Amy Cerney
Jamie Dietterle
Gene Cox
Tony Yellowboy

City Administrator:

Steve Gasser

Finance Officer:

Heather Beck

Attorney:

Rick Cain

CITY OF MOBRIDGE

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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 December 31, 2011, and for the year then ended, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 30, 2012. 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'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Current Audit Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting 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 2011-01 through 2011-05 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2011-01.

The City of Mobridge's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

We also noted certain additional matters that we reported to management of the City in a separate letter dated July 30, 2012.

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 §__.320, this report is a matter of public record and its distribution is not limited.

Kohlen, Beinhart & Anderson, LLP

July 30, 2012

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
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MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON 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 City of Mobridge, South Dakota, compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended December 31, 2011. The City's major federal program is identified in the summary of auditors' 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 its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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'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's compliance with those requirements.

In our opinion, the City of Mobridge, South Dakota, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2011-01.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements

that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2011-01 to be a material weakness.

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

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, 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 §___.320, this report is matter of public record and its distribution is not limited.

Kahler, Beinhart & Anderson, P.C.

July 30, 2012

CITY OF MOBRIDGE
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011

PRIOR FEDERAL AUDIT FINDINGS:

2010-01

A material weakness was reported affecting the Cash Management compliance requirements that indicate recipients of federal awards should have procedures in place to reduce the time between the receipt and use of federal funds. Reimbursement requests were submitted before funds were spent or in excess of the time allowed. This deficiency was corrected for the current period.

2010-02

A material weakness was reported affecting the Equipment and Real Property compliance requirements that indicate recipients of federal awards should have an adequate equipment and property management system. The City's list of assets was found to be incomplete and lacking in supporting documentation. This deficiency has not been corrected and is restated as current federal audit finding 2011-01.

PRIOR OTHER AUDIT FINDINGS:

2010-03

A material weakness was reported for a lack of segregation of duties for revenues, receivables, inventories, payables, capital assets, equity, expenditures, signature stamp and payroll. This condition is restated as current other audit finding 2011-02.

2010-04

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 2011-03.

2010-05

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 2011-04.

2010-06

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 2011-05.

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2011

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 2011-01 through 2011-05.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards:

- d. A material weakness was disclosed for internal control over major federal programs affecting the Equipment and Real Property compliance requirement as described in finding 2011-01.
- e. An unqualified opinion was issued on compliance with the requirements applicable to major programs.
- f. Our audit disclosed an audit finding that is required to be disclosed in accordance with the Office of Management and Budget Circular A-133, §.510(a). See finding number 2011-01.
- g. The federal award tested as a major program was:
 - a. Rural Development - Water and Waste Disposal Systems
for Rural Communities - ARRA #10.781
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- i. City of Mobridge, South Dakota, did not qualify as a low-risk entity

CURRENT FEDERAL AUDIT FINDINGS:

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

2011-01

The major federal program affected is Rural Development - Water and Waste Disposal Systems for Rural Communities - ARRA - CFDA #10.781, Federal Award Year 2011, U.S. Department of Agriculture, Rural Development.

Criteria

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

Condition Found

Fixed asset records were inadequate.

Questioned Costs

There are no questioned costs involved.

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2011
(Continued)

Recommendation

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

Corrective Action Plan

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

CURRENT OTHER AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

2011-02

Criteria

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

Condition Found

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

Effect

The City of Mobridge, South Dakota, has a limited number of employees who prepare all records for cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, signature stamp 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, signature stamp and payroll.

Corrective Action Plan

The City of Mobridge has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for cash, revenues, receivables, inventories, payables, capital assets, equity, expenditures, signature stamp 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.

2011-03

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.

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2011
(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 5-24-2.

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 using the actual cost or the estimated cost at the time of acquisition. We also recommend more controls be implemented at the airport. A log of sales activity should be maintained by employees at the site. This log should include dollar amounts and gallons sold. An inventory should be performed monthly by management.

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.

2011-04

Criteria

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

Condition Found

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

Effect

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

Recommendation

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

Corrective Action Plan

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

CITY OF MOBRIDGE
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2011
(Continued)

2011-05

Criteria

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

Condition Found

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

Effect

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

Recommendation

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

Corrective Action Plan

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

Closing Conference

The contents of this report were discussed with Heather Beck, Finance Officer; Steve Gasser, City Administrator; Amy Cerney, Council Member; and Jamie Dietterle, Mayor; on June 7, 2012.

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 December 31, 2011, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City'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 express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 discretely presented component unit would have been reported as \$1,498,184, \$1,332,992, \$165,192, \$1,080,294, and \$889,680.

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 discretely presented component unit of the City of Mobridge, South Dakota, as of December 31, 2011, or 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 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, 2011, 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 July 30, 2012, 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 and should be considered in assessing the results of our audit.

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.

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

Kahlem, Sembler & Anderson, LLP

July 30, 2012

CITY OF MOBRIDGE
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 587,321	\$ 644,533	\$ 1,231,854
Investments	776,676	807,730	1,584,406
Accounts receivable, net	297,339	82,244	379,583
Inventory of supplies	12,127	102,035	114,162
Prepaid expenses	16,710	-	16,710
Deferred charges	-	10,600	10,600
Restricted cash and cash equivalents	18,069	3,785	21,854
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>\$ 3,540,704</u>	<u>\$ 6,259,777</u>	<u>\$ 9,800,481</u>
LIABILITIES:			
Accounts payable	\$ 54,449	\$ 80,829	\$ 135,278
Other current liabilities	13,285	-	13,285
Noncurrent Liabilities:			
Due within one year	104,724	128,165	232,889
Due in more than one year	710,511	1,065,238	1,775,749
TOTAL LIABILITIES	<u>882,969</u>	<u>1,274,232</u>	<u>2,157,201</u>
NET ASSETS:			
Invested in capital assets, net of related debt	1,069,104	3,442,589	4,511,693
Restricted for:			
Capital project purposes	23,611	-	23,611
Debt service purposes	18,069	3,785	21,854
Other purposes	49,854	2,571	52,425
Unrestricted	1,497,097	1,536,600	3,033,697
TOTAL NET ASSETS	<u>2,657,735</u>	<u>4,985,545</u>	<u>7,643,280</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,540,704</u>	<u>\$ 6,259,777</u>	<u>\$ 9,800,481</u>

CITY OF MOBRIDGE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General government	\$ 273,676	\$ 59,173	\$ -	\$ -	\$ (214,503)	\$ -	\$ (214,503)
Public safety	880,163	188,074	4,220	39,947	(647,922)	-	(647,922)
Public works	964,809	378,327	189,358	117,335	(279,789)	-	(279,789)
Health and welfare	25,436	-	-	-	(25,436)	-	(25,436)
Culture and recreation	466,790	21,075	2,127	-	(443,588)	-	(443,588)
Conservation and development	150,784	-	-	-	(150,784)	-	(150,784)
Miscellaneous expenditures	114	-	-	-	(114)	-	(114)
*Interest on long-term debt	39,753	-	-	-	(39,753)	-	(39,753)
Total Governmental Activities	2,801,525	646,649	195,705	157,282	(1,801,889)	-	(1,801,889)
Business-Type Activities:							
Water	874,674	747,044	-	190,052	-	62,422	62,422
Sewer	277,030	391,950	-	-	-	114,920	114,920
Cemetery	38,420	12,711	-	-	-	(25,709)	(25,709)
Water and sewer main	8,230	13,109	-	-	-	4,879	4,879
Total Business-Type Activities	1,198,354	1,164,814	-	190,052	-	156,512	156,512
Total Primary Government	\$ 3,999,879	\$ 1,811,463	\$ 195,705	\$ 347,334	(1,801,889)	156,512	(1,645,377)
General Revenues:							
Taxes:							
Property taxes					550,283	-	550,283
Sales taxes					1,593,615	-	1,593,615
State shared revenues					29,153	-	29,153
Grants and contributions not restricted to specific programs							
Unrestricted investment earnings					47,373	-	47,373
Miscellaneous revenue					5,758	5,689	11,447
					44,088	7,559	51,647
Transfers					(25,000)	25,000	-
Total General Revenues and Transfers					2,245,270	38,248	2,283,518
Change in Net Assets					443,381	194,760	638,141
Net Assets - Beginning					2,214,354	4,790,785	7,005,139
Net Assets - Ending					\$ 2,657,735	\$ 4,985,545	\$ 7,643,280

*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, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 537,594	\$ 49,727	\$ 587,321
Investments	760,198	16,478	776,676
Taxes receivable - delinquent	30,275	-	30,275
Accounts receivable, net	13,219	290	13,509
Special assessments receivable - delinquent	7,379	-	7,379
Due from capital projects funds	99,282	-	99,282
Due from state government	169,229	9,914	179,143
Due from federal government	42,013	-	42,013
Due from county government	22,261	-	22,261
Interest receivable	2,701	58	2,759
Inventory of supplies	12,127	-	12,127
Prepaid expenses	16,710	-	16,710
Restricted cash and cash equivalents	18,069	-	18,069
TOTAL ASSETS	<u>\$ 1,731,057</u>	<u>\$ 76,467</u>	<u>\$ 1,807,524</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts payable	\$ 51,447	\$ 3,002	\$ 54,449
Due to the General Fund	-	99,282	99,282
Accrued taxes payable	13,285	-	13,285
Deferred revenue	63,831	2,375	66,206
TOTAL LIABILITIES	<u>128,563</u>	<u>104,659</u>	<u>233,222</u>
FUND BALANCES:			
Nonspendable:			
Inventory	12,127	-	12,127
Prepays	16,710	-	16,710
Restricted:			
Debt service	18,069	-	18,069
Capital project purposes	-	23,611	23,611
Facilities and promoting the City	-	16,661	16,661
Park purposes	-	2,510	2,510
24/7 sobriety purposes	-	1,263	1,263
Other	-	27,045	27,045
Assigned:			
Subsequent year's budget	223,590	-	223,590
Capital outlay accumulations	388,480	-	388,480
Unassigned	943,518	(99,282)	844,236
TOTAL FUND BALANCES	<u>1,602,494</u>	<u>(28,192)</u>	<u>1,574,302</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,731,057</u>	<u>\$ 76,467</u>	<u>\$ 1,807,524</u>

CITY OF MOBRIDGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Total Fund Balances - Governmental Funds \$ 1,574,302

Amounts reported for governmental activities in the statement of net assets
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	\$711,130		
Accrued leave	51,876		
Other long-term debt	<u>52,228</u>		(815,234)

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	\$ 29,600		
Special assessments	6,114		
Sales taxes	<u>30,491</u>		<u>66,205</u>

Net Assets - Governmental Activities \$ 2,657,735

	General Fund	Other Governmental Funds	Total Governmental Funds
Elections	760	-	760
Financial administration	100,148	-	100,148
Other	68,938	-	68,938
Public Safety:			
Police	808,137	8,641	816,778
Fire	64,936	-	64,936
Other protection	254	-	254
Public Works:			
Highways and streets	489,692	80,304	569,996
Sanitation	172,521	-	172,521
Airport	190,316	32,136	222,452
Health and Welfare:			
Health	23,476	-	23,476
Hospitals, nursing homes and rest homes	1,960	-	1,960
Culture and Recreation:			
Recreation	66,129	-	66,129
Parks	141,770	-	141,770
Libraries	103,704	-	103,704
Auditorium	147,875	-	147,875
Museums	5,880	-	5,880
Conservation and Development:			
Economic development and assistance (industrial development)	37,539	113,245	150,784
Debt Service	46,854	168,391	215,245
Miscellaneous:			
Liquor operating agreements	114	-	114
TOTAL EXPENDITURES	<u>2,574,340</u>	<u>402,717</u>	<u>2,977,057</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>474,498</u>	<u>(148,721)</u>	<u>325,777</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	21	176,391	176,412
Sale of municipal property	2,962	-	2,962
Transfers out	(201,391)	(21)	(201,412)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(198,408)</u>	<u>176,370</u>	<u>(22,038)</u>
NET CHANGE IN FUND BALANCES	276,090	27,649	303,739
FUND BALANCE - BEGINNING	<u>1,326,404</u>	<u>(55,841)</u>	<u>1,270,563</u>
FUND BALANCE - ENDING	<u>\$ 1,602,494</u>	<u>\$ (28,192)</u>	<u>\$ 1,574,302</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, 2011

Net Change in Fund Balances - Total Governmental Funds \$ 303,739

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 assets.

Revenue bonds	\$ 166,798	
Other long-term debt	<u>8,694</u>	175,492

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". (1,547)

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". (32,573)

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. (1,769)

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. 39

Change in Net Assets of Governmental Activities \$ 443,381

	Enterprise Funds			Totals
	Major		Nonmajor	
	Water Fund	Sewer Fund		
NET ASSETS:				
Invested in capital assets, net of related debt	2,066,361	1,374,893	1,335	3,442,589
Restricted net assets, restricted for:				
Debt service	3,785	-	-	3,785
Other purposes	-	-	2,571	2,571
Unrestricted net assets	<u>574,997</u>	<u>861,698</u>	<u>99,905</u>	<u>1,536,600</u>
Total Net Assets	<u>2,645,143</u>	<u>2,236,591</u>	<u>103,811</u>	<u>4,985,545</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,896,582</u>	<u>\$ 2,259,193</u>	<u>\$ 104,002</u>	<u>\$ 6,259,777</u>

CITY OF MOBRIDGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011

	Enterprise Funds			Totals
	Major			
	Water Fund	Sewer Fund	Nonmajor	
OPERATING REVENUE:				
Charges for goods and services	\$ 747,044	\$ 391,950	\$ 25,820	\$ 1,164,814
Miscellaneous	1,596	5,963	-	7,559
TOTAL OPERATING REVENUE	<u>748,640</u>	<u>397,913</u>	<u>25,820</u>	<u>1,172,373</u>
OPERATING EXPENSES:				
Personal services	215,705	132,280	-	347,985
Other current expense	615,368	143,001	46,650	805,019
Materials (cost of goods sold)	264	-	-	264
TOTAL OPERATING EXPENSES	<u>831,337</u>	<u>275,281</u>	<u>46,650</u>	<u>1,153,268</u>
OPERATING INCOME (LOSS)	<u>(82,697)</u>	<u>122,632</u>	<u>(20,830)</u>	<u>19,105</u>
NONOPERATING REVENUE				
(EXPENSE):				
Capital Grants	190,052	-	-	190,052
Investment earnings	1,505	3,753	431	5,689
Interest expense	(43,337)	(1,749)	-	(45,086)
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>148,220</u>	<u>2,004</u>	<u>431</u>	<u>150,655</u>
INCOME (LOSS) BEFORE TRANSFERS	65,523	124,636	(20,399)	169,760
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
CHANGE IN NET ASSETS	65,523	124,636	4,601	194,760
NET ASSETS - BEGINNING	<u>2,579,620</u>	<u>2,111,955</u>	<u>99,210</u>	<u>4,790,785</u>
NET ASSETS - ENDING	<u>\$ 2,645,143</u>	<u>\$ 2,236,591</u>	<u>\$103,811</u>	<u>\$ 4,985,545</u>

	Enterprise Funds			Totals
	Major		Nonmajor	
	Water Fund	Sewer Fund		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (82,697)	\$ 122,632	\$ (20,830)	\$ 19,105
Change in assets and liabilities:				
Accounts receivable	(8,784)	(2,737)	(66)	(11,587)
Inventories	20,519	4,650	-	25,169
Accounts payable	(416,500)	(4,529)	168	(420,861)
Accrued leave payable	384	1,617	-	2,001
Net cash provided (used) by operating activities	<u>\$ (487,078)</u>	<u>\$ 121,633</u>	<u>\$ (20,728)</u>	<u>\$ (386,173)</u>

SUPPLEMENTARY INFORMATION

CITY OF MOBRIDGE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Third Penny Sales Tax Fund	Special Park Gift Project Fund	Storm Sewer Maintenance Fund	24/7 Sobriety Fund	Storm Sewer Project Fund	Airport Project Fund	Railroad Crossing Fund	Bike Path Trail Fund	Riverfront Development Fund	Total Nonmajor Governmental Funds
ASSETS:										
Cash and cash equivalents	\$ 9,122	\$ 1,079	\$ 11,940	\$ 1,135	\$ 2,840	\$ -	\$ -	\$ 21,611	\$ 2,000	\$ 49,727
Investments	-	1,426	15,052	-	-	-	-	-	-	16,478
Accounts receivable, net	-	-	-	290	-	-	-	-	-	290
Due from state government	9,914	-	-	-	-	-	-	-	-	9,914
Interest receivable	-	5	53	-	-	-	-	-	-	58
TOTAL ASSETS	<u>\$ 19,036</u>	<u>\$ 2,510</u>	<u>\$ 27,045</u>	<u>\$ 1,425</u>	<u>\$ 2,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,611</u>	<u>\$ 2,000</u>	<u>\$ 76,467</u>
LIABILITIES AND FUND BALANCES:										
LIABILITIES:										
Accounts payable	\$ -	\$ -	\$ -	\$ 162	\$ 2,840	\$ -	\$ -	\$ -	\$ -	\$ 3,002
Due to the General Fund	-	-	-	-	-	1,607	97,675	-	-	99,282
Deferred revenue	2,375	-	-	-	-	-	-	-	-	2,375
TOTAL LIABILITIES	<u>2,375</u>	<u>-</u>	<u>-</u>	<u>162</u>	<u>2,840</u>	<u>1,607</u>	<u>97,675</u>	<u>-</u>	<u>-</u>	<u>104,659</u>
FUND BALANCES:										
Restricted:										
Capital project purposes	-	-	-	-	-	-	-	21,611	2,000	23,611
Facilities and promoting the City	16,661	-	-	-	-	-	-	-	-	16,661
Park purposes	-	2,510	-	-	-	-	-	-	-	2,510
24/7 sobriety purposes	-	-	-	1,263	-	-	-	-	-	1,263
Other	-	-	27,045	-	-	-	-	-	-	27,045
Unassigned	-	-	-	-	-	(1,607)	(97,675)	-	-	(99,282)
TOTAL FUND BALANCES	<u>16,661</u>	<u>2,510</u>	<u>27,045</u>	<u>1,263</u>	<u>-</u>	<u>(1,607)</u>	<u>(97,675)</u>	<u>21,611</u>	<u>2,000</u>	<u>(28,192)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,036</u>	<u>\$ 2,510</u>	<u>\$ 27,045</u>	<u>\$ 1,425</u>	<u>\$ 2,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,611</u>	<u>\$ 2,000</u>	<u>\$ 76,467</u>

CITY OF MOBRIDGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	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	Railroad Crossing Fund	Mural Restoration Fund	Bike Path Trail Fund	Riverfront Development Fund	Total Nonmajor Governmental Funds
REVENUES:												
Taxes:												
General sales and use taxes	\$100,505	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,505
Intergovernmental Revenue:												
Federal grants	-	-	-	-	-	79,230	30,529	-	-	-	-	109,759
Charges for Goods and Services:												
Public safety	-	-	-	7,775	-	-	-	-	-	-	-	7,775
Miscellaneous Revenue:												
Investment earnings	27	11	53	-	-	-	-	-	-	-	-	91
Special assessments	-	-	28,066	-	-	-	-	-	-	-	-	28,066
Contributions and donations from private sources	-	-	-	-	-	-	-	-	-	4,600	2,000	6,600
Other	-	-	-	1,200	-	-	-	-	-	-	-	1,200
TOTAL REVENUE	<u>100,532</u>	<u>11</u>	<u>28,119</u>	<u>8,975</u>	<u>-</u>	<u>79,230</u>	<u>30,529</u>	<u>-</u>	<u>-</u>	<u>4,600</u>	<u>2,000</u>	<u>253,996</u>
EXPENDITURES:												
Public Safety:												
Police	-	-	-	8,641	-	-	-	-	-	-	-	8,641
Public Works:												
Highways and streets	-	-	1,074	-	-	79,230	-	-	-	-	-	80,304
Airport	-	-	-	-	-	-	32,136	-	-	-	-	32,136
Conservation and Development:												
Economic development and assistance (industrial developme	113,245	-	-	-	-	-	-	-	-	-	-	113,245
Debt Service	-	-	-	-	168,391	-	-	-	-	-	-	168,391
TOTAL EXPENDITURES	<u>113,245</u>	<u>-</u>	<u>1,074</u>	<u>8,641</u>	<u>168,391</u>	<u>79,230</u>	<u>32,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,717</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(12,713)</u>	<u>11</u>	<u>27,045</u>	<u>334</u>	<u>(168,391)</u>	<u>-</u>	<u>(1,607)</u>	<u>-</u>	<u>-</u>	<u>4,600</u>	<u>2,000</u>	<u>(148,721)</u>
OTHER FINANCING SOURCES (USES):												
Transfers in	-	-	-	-	168,391	-	-	-	-	8,000	-	176,391
Transfers out	-	-	-	-	-	-	-	-	(21)	-	-	(21)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21)</u>	<u>8,000</u>	<u>-</u>	<u>176,370</u>
NET CHANGE IN FUND BALANCES	<u>(12,713)</u>	<u>11</u>	<u>27,045</u>	<u>334</u>	<u>-</u>	<u>-</u>	<u>(1,607)</u>	<u>-</u>	<u>(21)</u>	<u>12,600</u>	<u>2,000</u>	<u>27,649</u>
FUND BALANCE - BEGINNING	<u>29,374</u>	<u>2,499</u>	<u>-</u>	<u>929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,675)</u>	<u>21</u>	<u>9,011</u>	<u>-</u>	<u>(55,841)</u>
FUND BALANCE - ENDING	<u>\$ 16,661</u>	<u>\$ 2,510</u>	<u>\$ 27,045</u>	<u>\$ 1,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,607)</u>	<u>\$ (97,675)</u>	<u>\$ -</u>	<u>\$ 21,611</u>	<u>\$ 2,000</u>	<u>\$ (28,192)</u>

CITY OF MOBRIDGE
COMBINING BALANCE SHEET
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2011

	Cemetery Fund	Water and Sewer Main Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 2,349	\$ 43,246	\$ 45,595
Investments	2,852	53,870	56,722
Accounts receivable, net	-	149	149
Interest receivable	10	191	201
Total Current Assets	<u>5,211</u>	<u>97,456</u>	<u>102,667</u>
Noncurrent Assets:			
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>1,335</u>	<u>-</u>	<u>1,335</u>
TOTAL ASSETS	<u>\$ 6,546</u>	<u>\$ 97,456</u>	<u>\$ 104,002</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 191	\$ -	\$ 191
Total Current Liabilities	<u>191</u>	<u>-</u>	<u>191</u>
NET ASSETS:			
Invested in capital assets, net of related debt	1,335	-	1,335
Restricted net assets, restricted for:			
Other purposes	2,571	-	2,571
Unrestricted net assets	<u>2,449</u>	<u>97,456</u>	<u>99,905</u>
Total Net Assets	<u>6,355</u>	<u>97,456</u>	<u>103,811</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,546</u>	<u>\$ 97,456</u>	<u>\$ 104,002</u>

CITY OF MOBRIDGE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011

	<u>Cemetery Fund</u>	<u>Water and Sewer Main Fund</u>	<u>Totals</u>
OPERATING REVENUE:			
Charges for goods and services	\$ 12,711	\$ 13,109	\$ 25,820
TOTAL OPERATING REVENUE	<u>12,711</u>	<u>13,109</u>	<u>25,820</u>
OPERATING EXPENSES:			
Other current expense	<u>38,420</u>	<u>8,230</u>	<u>46,650</u>
TOTAL OPERATING EXPENSES	<u>38,420</u>	<u>8,230</u>	<u>46,650</u>
OPERATING INCOME (LOSS)	<u>(25,709)</u>	<u>4,879</u>	<u>(20,830)</u>
NONOPERATING REVENUE:			
Investment earnings	<u>-</u>	<u>431</u>	<u>431</u>
TOTAL NONOPERATING REVENUE	<u>-</u>	<u>431</u>	<u>431</u>
INCOME (LOSS) BEFORE TRANSFERS	(25,709)	5,310	(20,399)
TRANSFERS IN	<u>25,000</u>	<u>-</u>	<u>25,000</u>
CHANGE IN NET ASSETS	(709)	5,310	4,601
NET ASSETS - BEGINNING	<u>7,064</u>	<u>92,146</u>	<u>99,210</u>
NET ASSETS - ENDING	<u>\$ 6,355</u>	<u>\$ 97,456</u>	<u>\$ 103,811</u>

CITY OF MOBRIDGE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011

	Cemetery Fund	Water and Sewer Main Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	\$ 12,711	\$ 13,043	\$ 25,754
Cash payments to suppliers of goods and services	<u>(38,252)</u>	<u>(8,230)</u>	<u>(46,482)</u>
Net cash provided (used) by operating activities	<u>(25,541)</u>	<u>4,813</u>	<u>(20,728)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net cash provided by noncapital financing activities	<u>25,000</u>	<u>-</u>	<u>25,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received for interest	<u>6</u>	<u>501</u>	<u>507</u>
Net cash provided by investing activities	<u>6</u>	<u>501</u>	<u>507</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(535)	5,314	4,779
BALANCES - BEGINNING	<u>5,736</u>	<u>91,802</u>	<u>97,538</u>
BALANCES - ENDING	<u>\$ 5,201</u>	<u>\$ 97,116</u>	<u>\$ 102,317</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (25,709)	\$ 4,879	\$ (20,830)
Change in assets and liabilities:			
Accounts receivable	-	(66)	(66)
Accounts payable	<u>168</u>	<u>-</u>	<u>168</u>
Net cash provided (used) by operating activities	<u>\$ (25,541)</u>	<u>\$ 4,813</u>	<u>\$ (20,728)</u>

CITY OF MOBRIDGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures 2011
U.S. DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT:		
Direct Federal Funding:		
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 170,521
Water and Waste Disposal Systems for Rural Communities - ARRA (Note 2)	10.781	<u>433,717</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT		<u>604,238</u>
U.S. DEPARTMENT OF JUSTICE:		
Indirect Federal Funding:		
South Dakota Department of Public Safety, Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	<u>19,775</u>
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>19,775</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
Indirect Federal Funding:		
South Dakota Department of Transportation, Airport Improvement Program	20.106	38,105
Recreational Trails Program	20.219	2,127
Highway Safety Cluster: South Dakota Department of Public Safety, State and Community Highway Safety	20.600	<u>4,220</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>44,452</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:		
Indirect Federal Funding:		
South Dakota Department of Public Safety, Office of Emergency Management: Hazard Mitigation Grant	97.039	79,230
Homeland Security Grant Program	97.067	<u>39,702</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		<u>118,932</u>
GRAND TOTAL		<u>\$ 787,397</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.