

Attachments

Beresford Municipal Telephone Company

Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules

Service Quality Standards

The Company:

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.
- Advertises the availability of its services and the charges using media of general distribution and on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone number during normal business hours.
- Directs after hour calls to the Company's voice mail which automatically sends a notification to the technicians.
- Tracks all service orders to ensure they are completed in a timely manner.
- Reviews its service connection and service interruption performance.
- Trains employees to:
 - Answer all incoming calls promptly.
 - Respond to all inquiries for information promptly and courteously.
 - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
 - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

Beresford Municipal Telephone Company

Functionality in Emergency Situations

Back-Up Power

The Company can ensure functionality without an external power source. Beresford has a fixed stand-by generator that is equipped with a monitor panel and when commercial power is not present it immediately begins to supply power to the Central Office Equipment. Beresford uses a bank of batteries that would provide power to Central Office Equipment for approximately 8 hours in case of generator failure.

Rerouting of Traffic around Damaged Facilities

Beresford places its EAS and Interexchange carrier switched and special access traffic on a protected ring which allows for diverse routing. Local Loops are a dedicated cable pair from the CO to the customer premise. Repair kits and cable are kept on hand to repair damaged facilities in a timely manner.

Traffic Spikes

Beresford reviews trunk utilization on a monthly basis. On an average we have approximately 40% spare capacity for EAS and Toll traffic, Operator Assistance and LNP trunks. The Company has adequate spare capacity to handle sporadic traffic spikes resulting from emergency situations.

Beresford Municipal Telephone Company

Lifeline Terms and Conditions

Beresford Municipal Telephone Company offers Lifeline program-supported service to qualified low-income residential consumers for one telephone line per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain telephone service. Lifeline assistance lowers the cost of basic, monthly local telephone service. Eligible consumers can receive \$9.25 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

Lifeline Program Eligibility Information

Program Based Eligibility

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

Low-Income Home Energy Assistance Program (LIHEAP)
Federal Public Housing Assistance (Section 8)
Supplemental Nutrition Assistance Program (SNAP)
Medicaid
National School Lunch Program's Free Lunch Program
Supplemental Security Income (SSI)
Temporary Assistance for Needy Families (TANF)

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 135% of the federal poverty guidelines.

2013 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$15,512	\$19,373	\$17,861
2	\$20,939	\$26,163	\$24,098
3	\$26,366	\$32,954	\$30,335
4	\$31,793	\$39,744	\$36,572
5	\$37,220	\$46,535	\$42,809
6	\$42,647	\$53,325	\$49,046
7	\$48,074	\$60,116	\$55,283
8	\$53,501	\$66,906	\$61,520
For each additional person, add	\$5,427	\$6,791	\$6,237

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service

Beresford Municipal Telephone Company's Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. Beresford Municipal Telephone Company's Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by Beresford Municipal Telephone Company. Advertised rates do not include any applicable taxes or surcharges.

Recertification of Lifeline Eligibility

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

Additional Lifeline Program Information

The Lifeline program is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

CITY OF BERESFORD

AUDIT REPORT

DECEMBER 31, 2011

**CITY OF BERESFORD
CITY OFFICIALS
DECEMBER 31, 2011**

Mayor:

Jim Fedderson

Governing Board:

Gerald Dahlin

Troy Doeden

Tom Erickson

Teresa Kaltenbach

Gary Lambert

Arthur Schott

Finance Officer:

Kathy Moller

City Administrator:

Jerry Zeimetz

**CITY OF BERESFORD
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QUAM & BERGLIN, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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ELK POINT, SOUTH DAKOTA 57025

(605) 356-3374

**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 Beresford
Beresford, 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 Beresford, South Dakota, as of December 31, 2011, and for the year then ended, which collectively comprise the City of Beresford's financial statements and have issued our report thereon dated June 29, 2012. A disclaimer of opinion was issued on the aggregate discretely presented component units because the financial data of these components units was not audited. Except as discussed in the preceding sentence, 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 of the financial statements, we considered the City of Beresford's internal control over financial reporting as a basis for designing our audit 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 Beresford's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Beresford's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control 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 Prior and Current Audit Findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Prior and Current Audit Findings as item 2011-01 to be a material weakness.

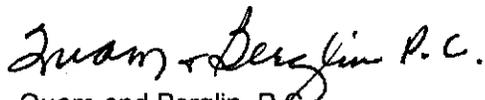
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Beresford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Beresford's response to the findings identified in our audit is described in the accompanying Corrective Plan of Action. We did not audit the City's response, and, accordingly, we express no opinion on it.

We also noted certain matters that we reported to the management of the City of Beresford in a separate communication dated June 29, 2012.

This report is intended solely for the information and use of the South Dakota Legislature, state granting agencies, and the governing board and management of the City of Beresford, 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, this report is a matter of public record and its distribution is not limited



Quam and Berglin, P.C.
Certified Public Accountants

June 29, 2012

**CITY OF BERESFORD
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
DECEMBER 31, 2011**

STATUS OF PRIOR AUDIT RECOMMENDATIONS:

The prior audit recommendation 2010-01 has not been corrected and is restated as Current Audit Finding Number 2011-01.

Audit Finding Number 2010-01:

The City of Beresford does not have an adequate segregation of duties for revenues, expenditures and payroll, resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. This finding has not been corrected.

CURRENT AUDIT FINDING:

Audit Finding Number 2011-01:

The City of Beresford does not have an adequate segregation of duties for revenues, expenditures and payroll, resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. This is the fifteenth report in which this finding has appeared.

Criteria:

In order to achieve proper internal control, it is necessary to have a segregation of duties provided between performance, review and record keeping of the tasks related to revenues, expenditures and payroll. Lack of this segregation of duties could adversely affect the organization's ability to record, process, summarize and report financial data consistent with management assertions.

Condition Found:

A material weakness in internal controls was reported due to a lack of adequate segregation of duties for revenues, expenditures and payroll resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Recommendation:

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

QUAM & BERGLIN, P.C.

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Beresford
Beresford, 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 Beresford, South Dakota, as of December 31, 2011 and for the year then ended, which collectively comprise the basic financial statements of the City of Beresford's primary government, as listed in the Table of Contents. These financial statements are the responsibility of the City of Beresford's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

The financial statements of the Beresford Housing and Redevelopment Commission and the Beresford Economic Development have not been audited, and we were not engaged to audit the Beresford Housing and Redevelopment Commission and the Beresford Economic Development's financial statements as part of our audit of the City's financial statements. These two component units mentioned in the previous sentence have financial activities which are included in the City's financial statements as discretely presented component units.

Because the Housing and Redevelopment Commission and the Economic Development's financial statements have not been audited, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the discretely presented component units of the City of Beresford.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Beresford, South Dakota as of December 31, 2010 and the respective changes in financial position and, where applicable, cash

flows 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 June 29, 2012, on our consideration of the City of Beresford 's internal control over financial reporting and 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedules listed in the Table of Contents be presented to supplement the basic financial statements. Such 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Quam and Berglin, P.C.
Certified Public Accountants

June 29, 2012

**CITY OF BERESFORD, SOUTH DAKOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011**

This section of City of Beresford, South Dakota financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended on December 31, 2011. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City transferred to the General Fund a total of [REDACTED] from the following enterprise funds:
[REDACTED] Telephone - [REDACTED]
The transfers were made to the General Fund to subsidize revenues and to help fund debt repayment.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, including related notes, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities that the City operates like businesses. The City has seven proprietary funds and one component unit – [REDACTED] Telephone, [REDACTED] and [REDACTED]

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

	Major Features of City of Beresford's Government-wide and Fund Financial Statements		
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire municipal government (except fiduciary funds and the fiduciary component units)	The activities of the municipality that are not proprietary or fiduciary, such as finance office, police, fire and parks	Activities the Municipality operates similar to private businesses, the water and sewer systems
Required Financial Statements	*Statement of Net Assets *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balance Sheet *Statement of Revenues, Expenses and Changes in Net Assets *Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets – the difference between the City's assets and liabilities – are one way to measure the City's financial health or position.

- Increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and changes in the sales tax revenue base.

The government-wide financial statements of the City are reported in two categories:

- Governmental Activities - This category includes the most of the City's basic services, such as [REDACTED] finance most of these activities.

- Business-type Activities -- The City charges a fee to customers to help cover the costs of certain services it provides. The City's [REDACTED] telephone, [REDACTED] and [REDACTED] are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- State Law requires some of the funds.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has two kinds of funds:

- Governmental Funds – Most of the City's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary Funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

The City's combined net assets changes between fiscal years 2010 and 2011 (See Table A-1).

Table A-1						
Condensed Statement of Net Assets						
(Expressed in Thousands)						
	Governmental Activities		Business type Activities		Total Activities	Total Change
	December 31, 2011	2010	December 31, 2011	2010		
Current and other assets						
Capital assets						
Total assets						
Long-Term Liabilities						
Other Liabilities						
Total Liabilities						
Net Assets						
Invested in capital assets net of related debt						
Restricted						
Unrestricted						
Total net assets						

The Statement of Net Assets presents the assets and liabilities in order of relative liquidity. Liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. Long-term liabilities of the City, consisting of compensated [REDACTED]

[REDACTED] have been reported in this manner on the Statement of Net Assets. The difference between the City's assets and liabilities is its net assets.

The City's net assets reflect its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The increase in net assets invested in capital assets, net of related debt relates to the City's work on the light wave network project.

The City's restricted net assets represent resources that are subject to external restrictions on how they may be used. These restrictions are normally set by state statute, federal regulations or debt covenants.

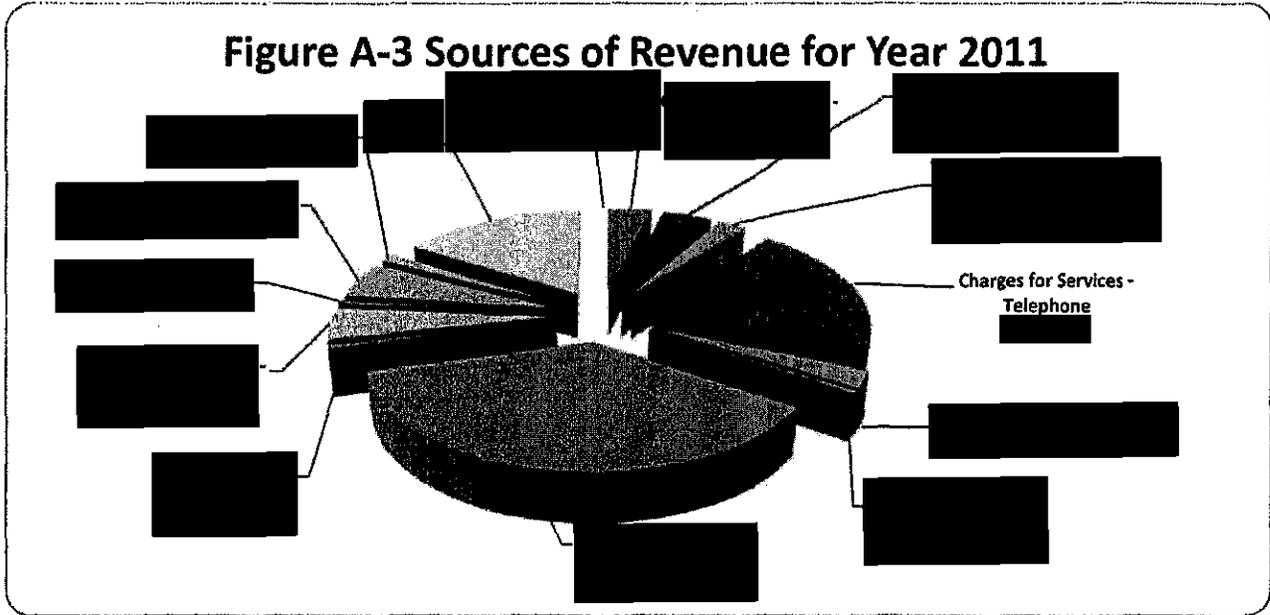
The remaining balance of net assets is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in total net asset for both the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

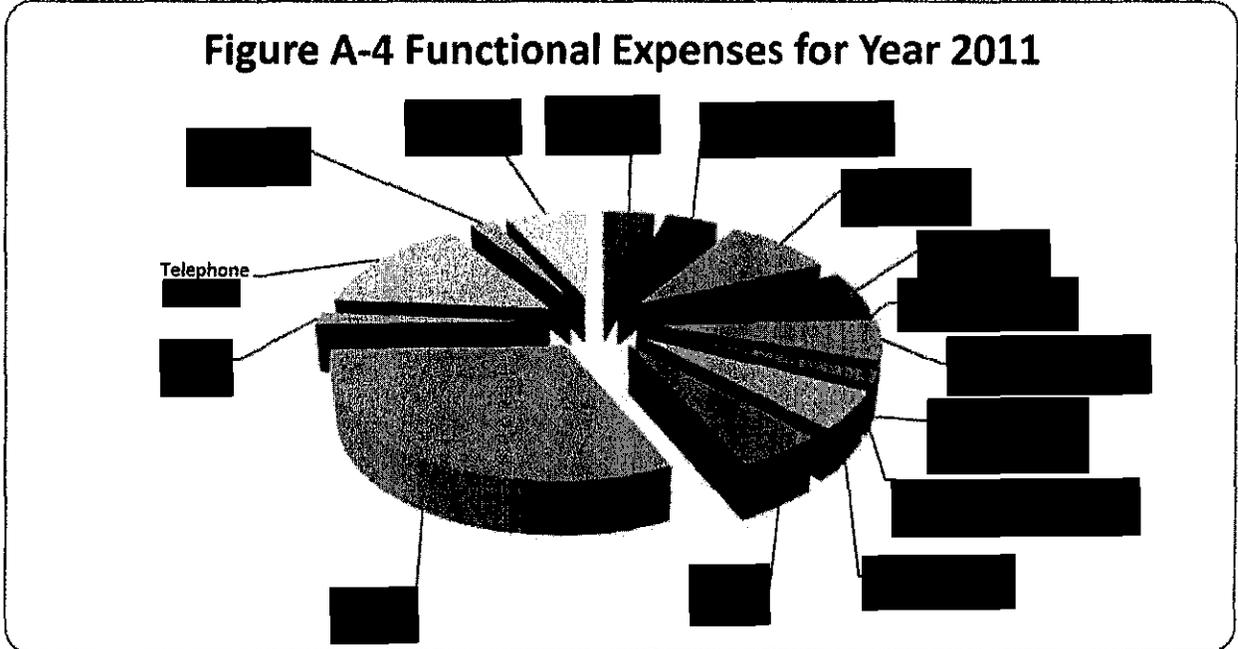
The overall increase in net assets is due to the capital assets completed during the year.

Changes in Net Assets

The City's revenues totaled [REDACTED] (See Table A-2.) Well over half of the City's revenue comes from [REDACTED] with over [REDACTED] of every dollar raised coming from charges for services (primarily [REDACTED] and telephone operations) and [REDACTED] of every dollar raised coming from some type of [REDACTED] (See Figure A-3). Most of the rest comes from state-shared revenues and interest earnings.



The City's expenses totaled [REDACTED] (See Figure A-2). The total cost of all programs and services have decreased from the prior year. The City's expenses cover a range of services, with [REDACTED] related to public works services ([REDACTED] telephone system, [REDACTED]) (See Figure A-4).



Governmental Activities

Table A-2 and the narrative that follows consider the operations of the governmental activities.

Total revenues for the City increased from [REDACTED] in 2010 to [REDACTED] in 2011 largely due to increases in [REDACTED] for the year. The expenses decreased from [REDACTED] in 2010 to [REDACTED] in 2011 due mostly to the decrease in [REDACTED] and [REDACTED] functions.

Table A-2 Changes in Net Assets (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total Activities		Total Change
	December 31,		December 31,		December 31,		December 31,
	2011	2010	2011	2010	2011	2010	2010-2011
Program Revenue:							
Charges for Service	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Capital Grants and Contributions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
General Revenues:							
Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Revenue State Sources	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Unrestricted Investment Earnings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Transfers:							
Total Revenues	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expenses:							
General Government	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Telephone	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change in Net Assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted Net Assets Beginning	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Assets Ending	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Business-type Activities

Revenues of the City's business-type activities increased from [REDACTED] in 2010 to [REDACTED] in 2011 and expenses increased from [REDACTED] in 2010 to [REDACTED] in 2011 for all business-type activities. The factors contributing to these results included:

- [REDACTED] are down.
- Business-type enterprise funds transferred [REDACTED] to the general fund to subsidize the operation of that fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The financial analyses of the City's funds mirror those highlighted in the analysis of governmental and business-type activities presented above. The City maintains seven governmental funds (six major and one non-major) - [REDACTED]

[REDACTED] and [REDACTED] Project Funds. The City maintains eight business type funds -- [REDACTED] Telephone, [REDACTED] Funds. The [REDACTED] Fund is a component unit along with being a major fund.

General Fund Budgetary Highlights

Over the course of the year, the City Council adopted [REDACTED] This resolution authorized transferring funds to increase the [REDACTED] and Telephone accounts, and [REDACTED] and other current expense.

[REDACTED] a Supplemental Appropriation Ordinance, was adopted to supplement the 2011 and for the [REDACTED] to purchase [REDACTED]. Source of funding: [REDACTED] and [REDACTED]

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for health and welfare of its citizens.
- Increases in appropriation line items, primarily by contingency transfer, to prevent budget overruns.

There were no significant budget changes during the year.

CAPITAL ASSET ADMINISTRATION

By the end of 2011, the City had invested [REDACTED] in land and [REDACTED] in a broad range of capital assets, including, buildings, construction in progress, various machinery and equipment. The City also had invested [REDACTED] in land and [REDACTED] of business-type activities, which include buildings, machinery and equipment. (See Note 8 in the Notes to the Financial Statements for the actual break down of capital assets.) This amount represents a net decrease (including additions and deductions) of [REDACTED] (net of depreciation), over the last year.

Table A-3
City of Beresford - Capital Assets
 (net of depreciation)

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change	
	2011	2010	2011	2010			
Land							
Buildings							
Improvements Other Than Buildings							
Machinery and Equipment							
Library Books							
Total Capital Assets (Net)							

This year's major capital asset additions and deletions included:

- [REDACTED]
- [REDACTED]
- Transformer and switchgear
- [REDACTED]
- [REDACTED]
- [REDACTED]
- DSLAM units for Internet
- [REDACTED]
- Voice mail system
- Ethernet equipment and FRRPA transmission equipment
- Roof on Telephone Switch building

LONG-TERM DEBT

At the year-end the City had [REDACTED] in [REDACTED], [REDACTED] Notes Payable, Certificates of Participation and other long-term obligations. This is a decrease of [REDACTED] which is due to the payments made by the City.

Table A-3
City of Beresford - Outstanding Debt and Obligations
(Expressed in Thousands)

	Governmental Activities		Business -type Activities		Total Dollar Change	Total Percentage Change
	2011	2010	2011	2010	2010-2011	
[REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Capital Leases	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Outstanding Debt and Obligations	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The City is liable for the [REDACTED] to all [REDACTED] who have been [REDACTED] for more than [REDACTED]. The increase is due to a increase in the amount of [REDACTED] and outstanding at the end of the year.

The City has outstanding [REDACTED]. These [REDACTED] and are paid from the [REDACTED].

The City has outstanding [REDACTED]. These [REDACTED] are [REDACTED] and paid from the [REDACTED]. They were purchased to finance the [REDACTED].

The City has an outstanding [REDACTED]. This agreement is [REDACTED] and paid from the [REDACTED]. This agreement finances the [REDACTED] payments are due annually.

The City has outstanding [REDACTED]. These [REDACTED] are [REDACTED] and paid from the Telephone Fund. They were used to purchase and finance the acquisition of telephone equipment.

The City has outstanding [REDACTED]. These [REDACTED] are [REDACTED] and paid from the [REDACTED]. They were used to [REDACTED] and [REDACTED] the acquisition of [REDACTED].

The City has outstanding [REDACTED]. These [REDACTED] are [REDACTED] and paid from the [REDACTED]. They were used to [REDACTED].

The City has outstanding [REDACTED]. These [REDACTED] are [REDACTED] and paid from the [REDACTED]. They were used to [REDACTED] and [REDACTED] the [REDACTED].

The City has outstanding [REDACTED] for the City's share of the [REDACTED] construction cost. The payments will be made from the [REDACTED].

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's current economic position has shown little change. The City did experience an increase in total [REDACTED] from the prior year. The increase in [REDACTED] allows the City the ability to increase the amount of revenue generated from [REDACTED] however the City Council has chosen not to increase the base amount it levies for [REDACTED]. Under the state mandated [REDACTED] [REDACTED] from one year to the next may increase [REDACTED] or an amount based on the Consumer Price Index (CPI), whichever is lower. One of the primary sources of revenue to the City is based on [REDACTED] [REDACTED] in the community [REDACTED].

The City's adopted [REDACTED] budget for the next fiscal year will increase by [REDACTED]. The City employees' wages [REDACTED], and, only those employees eligible for [REDACTED] will be considered for any [REDACTED].

The City's business-type activities ([REDACTED] telephone and [REDACTED] operations) expect that the results for 2011 will improve based on the past rate increases implemented to cover increasing cost of [REDACTED], costs of [REDACTED].

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Beresford's Finance Office, 101 N. 3rd Street, Beresford, SD 57004-1796.

CITY OF BERESFORD
 STATEMENT OF NET ASSETS
 DECEMBER 31, 2011

	Primary Government			Unaudited Component Units	
	Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment	Economic Development
ASSETS:					
Cash and Cash Equivalents					
Investments					
Taxes Receivable					
Accounts Receivable, Net					
Interest Receivable					
Due from Other Governments					
Inventories					
Unamortized Discounts on Bonds Sold					
Restricted Assets:					
Cash and Cash Equivalents					
Investments					
Deposits					
Capital Assets:					
Land					
Other Capital Assets, Net of Depreciation					
Other Assets - Lewis & Clark					
TOTAL ASSETS					
LIABILITIES :					
Accounts Payable					
Internal Balances					
Sales Taxes Payable					
Customer Deposits					
Noncurrent Liabilities:					
Due Within One Year					
Due in More than One Year					
TOTAL LIABILITIES					
NET ASSETS:					
Invested in Capital Assets, Net of Related Debt					
Restricted for:					
Library					
Debt Service					
Unrestricted (Deficit)					
TOTAL NET ASSETS					

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

CITY OF BERESFORD
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets			Unaudited Component Units	
				Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment	Economic Development
Primary Government:								
Governmental Activities:								
General Government	\$							
Public Safety								
Public Works								
Health and Welfare								
Culture and Recreation								
Conservation and Development								
Miscellaneous								
*Interest on Long-term Debt								
Total Governmental Activities								
Business-type Activities:								
Telephone								
Total Business-type Activities								
Total Primary Government	\$		\$					
Component Unit:								
Housing and Redevelopment	\$						\$	
Economic Development								\$

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

Total Primary Government	[REDACTED]			
Total Component Units	[REDACTED]			
General Revenues:				
Taxes:				
Property Taxes	[REDACTED]		[REDACTED]	
Sales Taxes				
Gross Receipts Taxes				
State Shared Revenues				
Unrestricted Investment Earnings		[REDACTED]		[REDACTED]
Miscellaneous Revenue				[REDACTED]
Transfers:		[REDACTED]		
Total General Revenues and Transfers	[REDACTED]			
Change in Net Assets	[REDACTED]			
Net Assets-Beginning	[REDACTED]			
NET ASSETS - ENDING	\$ [REDACTED]			

CITY OF BERESFORD
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Major Funds				Nonmajor	Total Governmental Funds
ASSETS:						
Cash and Cash Equivalents	\$	\$	\$	\$	\$	\$
Taxes Receivable--Delinquent						
Accounts Receivable						
Due from Other Governments						
Inventory of Supplies						
Restricted Cash and Cash Equivalents						
Restricted Investments						
TOTAL ASSETS						
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Due to Telephone Fund						
Deferred Revenue						
Total Liabilities						
Fund Balances:						
Nonspendable						
Restricted						
Committed						
Unassigned						
Total Fund Balances						
TOTAL LIABILITIES AND FUND BALANCES	\$					

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

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

Total Fund Balances - Governmental Funds \$ [REDACTED]

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. [REDACTED]

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

Revenue Bonds	\$	[REDACTED]
Accrued Leave		
Financing (Capital Acquisition) Lease		
Certificates of Participation		[REDACTED]

Assets such as taxes receivable (delinquent) and special assessments receivable (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred in the funds. [REDACTED]

Net Assets- Governmental Funds \$ [REDACTED]

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

**CITY OF BERESFORD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Major Funds				Nonmajor	Total Governmental Funds
Revenues:						
Taxes:						
General Property Taxes	\$	\$	\$	\$	\$	\$
General Sales and Use Taxes						
Gross Receipt Taxes						
Amusement Taxes						
911 Surcharge						
Penalties and Interest on Delinquent Taxes						
Licenses and Permits						
Intergovernmental Revenue:						
Federal Grants						
State Shared Revenue:						
Bank Franchise Tax						
Motor Vehicle Licenses						
Local Government Highway and Bridge Fund						
Other						
County Shared Revenue:						
County HBR Tax						
County Wheel Tax						
Charges for Goods and Services:						
Public Safety						
Highways and Streets						
Culture and Recreation						
Fines and Forfeits:						
Court Fines and Costs						

Miscellaneous Revenue:

Investment Earnings
 Rentals
 Special Assessments
 Contributions & Donations
 Other
 Total Revenue

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Expenditures:

General Government:

Legislative
 Executive
 City Administrator
 Financial Administration
 City Attorney
 Other

Total General Government

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Public Safety:

Police
 Fire
 Dispatch Office

Total Public Safety

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Public Works:

Highways and Streets

Health and Welfare

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Culture and Recreation:

Recreation
 Parks
 Community Subsidies
 Libraries

Total Culture and Recreation

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**CITY OF BERESFORD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Major Funds				Nonmajor	Total Governmental Funds
Conservation and Development:						
Economic Development and Assistance (Industrial Development)						
Debt Service						
Capital Outlay						
Total Expenditures						
Excess of Revenue Over (Under) Expenditures						
Other Financing Sources (Uses):						
Transfers In						
Transfers Out						
Total Other Financing Sources (Uses)						
Net Change in Fund Balances						
Fund Balance- Beginning						
FUND BALANCE- ENDING						

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

**CITY OF BERESFORD
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, 2011**

Net Change in Fund Balances - Total Governmental Funds \$ [REDACTED]

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

[REDACTED]

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

[REDACTED]

Governmental funds do not reflect the change in accrued leave, but the Statement of Activities reflects the change in accrued leave through expenditures.

[REDACTED]

Change in Net Assets of Governmental Activities \$ [REDACTED]

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

CITY OF BERESFORD
BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2011

	Enterprise Funds				Telephone Fund	Component Unit		Totals
ASSETS:								
Current Assets:								
Cash and Cash Equivalents	\$ [REDACTED]							
Accounts Receivable, Net	[REDACTED]							
Interest Receivable on Investments	[REDACTED]							
Due from [REDACTED]	[REDACTED]							
Due from [REDACTED]	[REDACTED]							
Due from [REDACTED]	[REDACTED]							
Due from [REDACTED]	[REDACTED]							
Inventory of Supplies	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Inventory of Stores Purchased for Resale	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investments	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Current Assets	[REDACTED]							
Noncurrent Assets:								
Restricted Cash and Cash Equivalents	[REDACTED]							
Restricted Investments	[REDACTED]							
Deposits	[REDACTED]							
Unamortized Discounts on Bonds Sold	[REDACTED]							
Capital Assets:								
Land	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Buildings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Improvements Other Than Buildings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Machinery and Equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Outside Plant	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Head End Equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
General Support Assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Central Office Switching	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Central Office Transmission	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Origination and Termination	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cable and Wire	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Less: Accumulated Depreciation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other Assets - Lewis & Clark	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Noncurrent Assets	[REDACTED]							
TOTAL ASSETS	\$ [REDACTED]							

**CITY OF BERESFORD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Enterprise Funds	Telephone Fund	Component Unit	Totals
Operating Revenue:				
Charges for Goods and Services (Revenue Securing Bond Issues)	\$			
Lottery Sales				
Miscellaneous				
Total Operating Revenue				
Operating Expenses:				
Personal Services				
Other Current Expense				
Materials (Cost of Goods Sold)				
Amortization				
Depreciation				
Total Operating Expenses				
Operating Income (Loss)				
Nonoperating Revenue (Expense):				
Investment Earnings				
Interest Expense and Fiscal Charges				
Total Nonoperating Revenue (Expense)				
Income (Loss) Before Transfers and Contributions				
Transfers In				
Transfers (Out)				
Change in Net Assets				
Net Assets - Beginning				
NET ASSETS - ENDING	\$			

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

**CITY OF BERESFORD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Enterprise Funds		Component Unit	Totals
		Telephone Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Receipts from Customers				
Internal Activity-Receipts from Other Funds				
Cash Payments to Employees for Services				
Cash Payments to Suppliers of Goods and Services				
Cash Payments for Interfund Services				
Other Cash Receipts				
Net Cash Provided (Used) by Operating Activities				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund Loans				
Operating Transfers In				
Operating Transfers Out				
Net Cash (Used) by Noncapital Financing Activities				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Capital Assets				
Principal Paid on Capital Debt				
Interest Paid on Capital Debt				
Net Cash (Used) by Capital and Related Financing Activities				
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Earnings				
Net Cash Provided by Investing Activities				
Net Increase (Decrease) in Cash and Cash Equivalents				

Cash and Cash Equivalents at Beginning of Year	\$	
Cash and Cash Equivalents at End of Year		
Net Increase (Decrease) in Cash and Cash Equivalents	\$	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$	
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation/Amortization Expense		
Change in Assets and Liabilities:		
Receivables		
Inventories		
Accounts and Other Payables		
Sales Tax Payable		
Accrued Wages Payable		
Accrued Leave Payable		
Customer Deposits		
Net Cash Provided (Used) by Operating Activities	\$	

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

CITY OF BERESFORD

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

a. Financial Reporting Entity

The reporting entity of the City of Beresford consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

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

The Beresford Economic Development Corporation is a legally separate proprietary fund-type, discretely presented component unit. The members of the City Council are members of the corporation along with four additional members elected by the City Council. Separately issued financial statements from the Beresford Economic Development Corporation may be obtained at Beresford City Hall.

Beresford Cablevision is a legally separate component unit of the City of Beresford, South Dakota for which the officials of the City of Beresford are financially accountable. The members of the Beresford City Council serve as the governing board for Beresford Cablevision. Beresford Cablevision's financial information is presented in these financial statements as a blended proprietary fund component unit.

The City participates in a cooperative unit with several other telephone companies, in a venture called South Dakota Network, Inc. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the City.

b. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

Additional Sales Tax Fund – to account for an additional one percent sales tax which may be used only for capital improvement, land acquisition, the funding of public ambulances

and medical emergency response vehicles, public hospitals, or nonprofit hospitals with fifty or fewer licensed beds and other public health care facilities or nonprofit health care facilities with fifty or fewer licensed beds, the transfer to the special 911 fund, the purchasing of fire fighting vehicles and equipment, and debt retirement (Ordinance #02-2005). This is a major fund.

Library Fund – to account for library operations obtained and used through governmental services. This is not a major fund.

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

Tax Increment District No. 1 Debt Service Fund – to account for property taxes, which may be used only for the payment of the debt principal, interest, and related costs. This is a major fund.

The Community Center and Clubhouse Debt Service Fund – to account for the required restricted cash and payments related to debt principal, interest and related costs of the community center and clubhouse bond issue. This is a major fund.

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

The North Industrial Park Improvement Project Fund – to account for the financial resources to be used for the construction of the North Industrial Park. This is a major fund.

Proprietary Funds:

Enterprise Funds – enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The enterprise funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

██████████ – financed by ██████████ and ██████████, this fund accounts for the operation of the ██████████. This is a major fund.

██████████ – financed primarily by user charges, this fund accounts for the construction and operation of the ██████████ and related facilities. ██████████. This is a major fund.

██████████ – financed primarily by user charges, this fund accounts for the construction and operation of the ██████████ and related facilities. This is a major fund.

██████████ – financed primarily by user charges, this fund accounts for the construction and operation of the ██████████ and related facilities. ██████████. This is a major fund.

Telephone Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal telephone system and related facilities. This is a major fund.

██████████ – financed primarily by user charges, this fund accounts for the construction and operation of the ██████████ and related facilities. This is a major fund.

██████████ – financed by user charges, this fund accounts for the operations of the ██████████. This is a major fund.

██████████ – financed by user charges, this fund accounts for the operations of the ██████████. This is a component unit and a major fund.

c. Measurement Focus and Basis of Accounting

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

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental fund while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Assets and Statement of Activities, governmental and business-type, and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the City of Beresford, the length of that cycle is thirty days. The revenues that were accrued at December 31, 2011 are amounts due from the county and state and interest.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The enterprise funds and business-type activities do not apply any FASB Statements and Interpretations issued after November 30, 1989.

d. Interfund Eliminations and Reclassifications

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.
2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the General Fund, so that expenses are reported only in the function to which they relate.

Fund Financial Statements:

Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a nonspendable fund balance account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources."

e. Capital Assets

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

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2011 balance of governmental activities capital assets includes approximately [REDACTED] for which the costs were determined by estimates of original costs. The total of December 31, 2011 balance of business-type capital assets are valued at original cost. These estimated costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 2004 are recorded at cost, and classified as "Improvements Other than Buildings."

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities with net capital assets reflected in the Statement of Net Assets. Accumulated depreciation is reported on the government-wide Statement of Net Assets and on each proprietary fund's Statement of Net Assets/Balance Sheet.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land and land rights	ALL	NA	NA
Improvements other than buildings	[REDACTED]	[REDACTED]	[REDACTED]
Buildings	[REDACTED]	[REDACTED]	[REDACTED]
Machinery and Equipment	[REDACTED]	[REDACTED]	[REDACTED]
Telephone property and improvements	[REDACTED]	[REDACTED]	[REDACTED]

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as Capital Outlay expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

f. Long-Term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of general obligation bonds, revenue bonds, certificates of participation, financing (capital acquisition) lease, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as in the government-wide financial statements.

g. Program Revenues

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

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

h. Proprietary Funds Revenue and Expense Classifications

In the proprietary fund's Statement of Revenues, Expenses, and Changes in Net Assets, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

i. Cash and Cash Equivalents

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

j. Deposits and Investments:

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

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6.

k. Equity Classifications

Government-wide Statements:

Equity is classified as net assets and is displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Consists of net assets with constraints places on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Proprietary fund equity is classified the same as in the government-wide financial statements.

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

l. Application of Net Assets

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

m. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered, restricted, or committed. Fund Balance may be assigned by the Municipal Council.
- Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

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

A schedule of fund balances is provided as follows:

**CITY OF BERESFORD
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
Fund Balances:								
<i>Nonspendable:</i>								
Inventory	\$	[REDACTED]	\$	[REDACTED]	\$	[REDACTED]	\$	[REDACTED]
<i>Restricted for:</i>								
Debt Service			[REDACTED]					
Library							[REDACTED]	
<i>Committed to:</i>								
Capital Improvements			[REDACTED]					
Debt Service				[REDACTED]				
<i>Unassigned</i>		[REDACTED]				[REDACTED]		
Total Fund Balances	\$	[REDACTED]						

Note 2 – Deficit Fund Balances/Fund Net Assets

As of December 31, 2011, the general fund and the industrial park improvement fund had deficit fund balances in the amounts of [REDACTED] and [REDACTED] respectively. The City will transfer from other funds to correct the negative fund balances.

Note 3 – Deposits and Investments Credit Risk, Concentrations of Credit Risk and Interest Rate Risk

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

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

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

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

As of December 31, 2011, the City had the following investments. Except for the investment in the SDFIT, all investments are in an internal deposit and investment pool.

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Federal Home Loan Bank Bonds			
External Investment Pools:			
SDFIT - Government Cash Reserves			
TOTAL INVESTMENTS			

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

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

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer. More than [REDACTED] of the City's investments are in Federal Home Loan Bank bonds.

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

Custodial Credit Risk – The risk that, in the event of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of December 31, 2011, there were no funds exposed to such credit risk.

Note 4 – Restricted Cash and Investments

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

Fund	Amount	Purpose
[REDACTED]	[REDACTED]	[REDACTED]
Telephone	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Note 5 – Receivables and Payables

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year.

Note 6 – Inventory

Inventory in the General Fund consists of expendable supplies held for consumption. Supply inventories are recorded at cost. Inventory acquired for resale in the proprietary funds is recorded as an asset when acquired. The consumption of inventories held for resale is charged to expense as it is consumed. Inventories held for resale are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption.

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed. Material supply inventories are offset by a nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Note 7 – Property Taxes

Property taxes are levied on or before October 1 of the year preceding the start of the fiscal year. They attach as an enforceable lien on property and become due and payable as of the

following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

The City is permitted by several state statutes to levy varying amounts of taxes per [REDACTED] of taxable valuation on taxable real property in the City.

Note 8 – Changes in Capital Assets

A summary of changes in capital assets for the year ended December 31, 2011 is as follows:

Governmental Activities	Balance 01/01/11	Increases	Decreases	Balance 12/31/11
Capital Assets Not Being Depreciated:				
Land	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Capital Assets Being Depreciated:				
Buildings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Improvements Other than Buildings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Machinery and Equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Library Books	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Being Depreciated	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Less Accumulated Depreciation for:				
Building	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Improvements Other than Buildings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Machinery and Equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Library Books	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Accumulated Depreciation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Governmental Activities Capital Assets, net	\$ [REDACTED]			

Depreciation Expense was charged to functions as follows:

General Government	\$ [REDACTED]
Public Safety	
Public Works	
Culture and Recreation	
Total Depreciation Expense-Governmental	\$ [REDACTED]

Business - Type Activities:	Balance 01/01/11	Increases	Decreases	Balance 12/31/11
Capital Assets Not Being Depreciated				
Land	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Capital Assets Being Depreciated:				
Buildings	[REDACTED]	[REDACTED]		[REDACTED]
Improvements Other than Buildings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Machinery and Equipment	[REDACTED]		[REDACTED]	[REDACTED]
Outside Plant	[REDACTED]			[REDACTED]
Head End Equipment	[REDACTED]	[REDACTED]		[REDACTED]
General Support Assets	[REDACTED]			[REDACTED]
Central Office Switching	[REDACTED]			[REDACTED]
Central Office Transmission	[REDACTED]			[REDACTED]
Origination and Termination	[REDACTED]			[REDACTED]
Cable and Wire	[REDACTED]			[REDACTED]
Total Being Depreciated	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Less Accumulated Depreciation for:				
Buildings	[REDACTED]	[REDACTED]		[REDACTED]
Improvements Other than Buildings	[REDACTED]		[REDACTED]	[REDACTED]
Machinery and Equipment	[REDACTED]		[REDACTED]	[REDACTED]
Outside Plant	[REDACTED]			[REDACTED]
Head End Equipment	[REDACTED]			[REDACTED]
General Support Assets	[REDACTED]			[REDACTED]
Central Office Switching	[REDACTED]			[REDACTED]
Central Office Transmission	[REDACTED]			[REDACTED]
Origination and Termination	[REDACTED]			[REDACTED]
Cable and Wire	[REDACTED]			[REDACTED]
Total Accumulated Depreciation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Business-Type Activities Capital Assets, net	\$ [REDACTED]			

Depreciation expense was charged to functions as follows:

[REDACTED]	\$ [REDACTED]
Telephone	
[REDACTED]	
Total Depreciation Expense- Business-type Activities	\$ [REDACTED]

Other Assets Not Being Depreciated:				
Other Assets- [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Note 9 – Long-Term Debt

A summary of changes in long-term debt follows:

	Beginning Balance <u>01/01/11</u>	<u>Additions</u>	<u>Retired</u>	Ending Balance <u>12/31/11</u>	Due within <u>One Year</u>
Primary Government:					
Governmental Activities:					
General Obligation Revenue Bonds	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	
Certificates of Participation					
Financing (Capital Acquisition) Lease					
Accrued Compensated Absences - Governmental Funds		[REDACTED]			
Total Governmental Activities					
Business-Type Activities:					
General Obligation Revenue Bonds	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	
Financing (Capital Acquisition) Lease					
Certificates of Participation					
Accrued Compensated Absences - Business-Type Funds		[REDACTED]			
Total Business-Type Activities					
Total Primary Government	\$ [REDACTED]				

Debt payable at December 31, 2011 is comprised of the following:

Revenue Bonds

[REDACTED] maturing 2015 with varying interest rates of [REDACTED] depending on time to maturity. Payments from the [REDACTED]

\$ [REDACTED]

General Obligation Bonds

[REDACTED] for the City's share of [REDACTED] construction costs with interest rates varying from [REDACTED] to [REDACTED] depending on time to maturity. The final maturity is in 2026. Payments will be made from the [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Certificates of Participation

██████████ for Telephone Equipment with an annual interest rate of ██████████ depending on time to maturity. Final maturity December 12, 2012. Payments made from Telephone Fund ██████████

██████████ with varying interest rates of ██████████ depending on time to maturity. Final maturity December 12, 2012. Payments made from ██████████ ██████████

██████████ for ██████████ with varying interest rates of ██████████ depending on time to maturity. Final maturity December 1, 2023. Payments made from ██████████ ██████████

██████████ with varying interest rates of ██████████ depending on time to maturity. Final maturity January 1, 2023. Payments made from ██████████ ██████████

██████████ with varying interest rates of ██████████ depending on length to maturity. Final maturity December 2026. Payments made from ██████████ ██████████

Financing(Capital Acquisition) Leases

██████████ for ██████████ with an interest rate of ██████████ Final maturity September 1, 2014. Payments made from ██████████ ██████████

The purchase price at the commencement of the financing (capital acquisition) lease was:

	Community Safety Building
Principal	\$ ██████████
Interest	██████████
Total	\$ ██████████

The annual requirements to amortize all debt outstanding as of December 31, 2011, except for compensated absences, are as follows:

Governmental Activities:

Year Ending Dec 31,	Revenue Bonds		Certificates of Participation		Financing (Capital Acquisition) Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$	██████████	██████████	██████████	██████████	██████████	██████████	██████████
2013		██████████	██████████	██████████	██████████	██████████	██████████	██████████
2014		██████████	██████████	██████████	██████████	██████████	██████████	██████████
2015		██████████	██████████	██████████	██████████	██████████	██████████	██████████
2016		██████████	██████████	██████████	██████████	██████████	██████████	██████████
2017-2021		██████████	██████████	██████████	██████████	██████████	██████████	██████████
2022-2026		██████████	██████████	██████████	██████████	██████████	██████████	██████████
TOTAL	\$	██████████	██████████	██████████	██████████	██████████	██████████	██████████

Business-Type Activities:

Year Ending Dec 31,	General Obligation Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$					
2013						
2014						
2015						
2016						
2017-2021						
2022-2026						
TOTAL	\$					

Revenues Pledged:

The City has pledged future [redacted] telephone and [redacted] customer revenues, net of specified operating expenses:

The [redacted] will repay [redacted] issued in May 2007. Proceeds from the bonds provided financing for the City's share of [redacted] construction costs. The bonds are payable solely from [redacted] customer net revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require [redacted] of net revenues. The total principal and interest remaining to be paid on the bonds is [redacted]. Principal and interest paid for the current year and total customer net revenues were [redacted] and [redacted] respectively.

The [redacted] will repay [redacted] issued in May 2003. Proceeds from the bonds provided financing for improvements on the City's [redacted]. The bonds are payable solely from [redacted] customer net revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require [redacted] of net revenues. The total principal and interest remaining to be paid on the bonds is [redacted]. Principal and interest paid for the current year and total customer net revenues were [redacted] and [redacted] respectively.

The telephone fund will repay [redacted] in telephone system bonds issued in June 2002. Proceeds from the bonds provided financing for improvements on the City's telephone utility system. The bonds are payable solely from telephone customer net revenues and are payable through 2012. Annual principal and interest payments on the bonds are expected to require [redacted] of net revenues. The total principal and interest remaining to be paid on the bonds is [redacted]. Principal and interest paid for the current year and total customer net revenues were [redacted] respectively.

The [redacted] will repay [redacted] in [redacted] bonds issued in June 2002. Proceeds from the bonds provided financing for improvements on the City's [redacted] system. The bonds are payable solely from [redacted] customer net revenues and are payable through 2012. Annual principal and interest payments on the bonds are expected to require [redacted] of net revenues. The total principal and interest remaining to be paid on the bonds is [redacted]. Principal and interest paid for the current year and total customer net revenues were [redacted] respectively.

Note 10 – Conduit Debt

In the past, the City has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the city, the state of South Dakota, nor any other political subdivision of the state is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2011, there was a conduit bond issue outstanding with an aggregate unpaid principal amount of [REDACTED]. Final payment for this debt is September of 2013.

Note 11 – Operating Leases

The City leases [REDACTED] which include maintenance and repairs. Payments of [REDACTED] per month are made from the [REDACTED].

The following are the minimum payments on the existing operating lease:

<u>Year</u>	<u>General Fund</u>
2012	\$ [REDACTED]
2013	[REDACTED]
2014	[REDACTED]
2015	[REDACTED]
2016	[REDACTED]

Note 12 – Individual Fund Interfund Receivable and Payable Balances

Interfund receivable and payable balances at December 31, 2011 were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
[REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Telephone Fund	[REDACTED]	[REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]

The Telephone Fund loaned money to the [REDACTED] and the [REDACTED] for funding temporary cash shortages.

Note 13 – Restricted Net Assets

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Assets:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Major Funds:			
Capital Improvements	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Library			
Debt Service	[REDACTED]	[REDACTED]	[REDACTED]
Telephone Fund			
Total Restricted Net Assets	\$ [REDACTED]	[REDACTED]	[REDACTED]

Note 14 – Interfund Transfers

Interfund Transfers for the year ended December 31, 2011 were as follows:

<u>Transfer From:</u>	<u>Transfer to:</u>	
[REDACTED]	[REDACTED]	[REDACTED]
Telephone Fund	\$ [REDACTED]	[REDACTED]
Total	\$ [REDACTED]	[REDACTED]

The City typically budgets transfers to the [REDACTED] to conduct the indispensable functions of the City.

The City transferred money from the [REDACTED] to the [REDACTED] for the right of way revenue that was received.

Note 15 – Retirement Plan

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after [REDACTED] of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1108, Pierre, SD 57501-1108 or by calling (605) 773-3731.

General employees are required by state statute to contribute [REDACTED] of their salary to the plan, while public safety and judicial employees contribute at [REDACTED] respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of [REDACTED] for any compensation exceeding the maximum taxable amount for social security for general employees only. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2011, 2010, and 2009 were [REDACTED] [REDACTED] and [REDACTED] respectively, equal to the required contributions each year.

Note 16 – Joint Ventures

The City joined with numerous other telephone companies in the state in ownership of the South Dakota Network, a fiber optic ring encompassing the state for communications transmission. The network is a revenue pooling arrangement in which revenues are derived based on the amount of usage of the system. The City invested in the network based on its usage for the year ended December 31, 1998, and the number of lines in existence on December 31, 1998. The City of Beresford's investment in the network is [REDACTED]. The City received [REDACTED] in revenue distributions from this investment during 2011.

Separate financial statements for the network are available from South Dakota Network, Inc. 2900 West 10th Street Sioux Falls, South Dakota 57104.

The following is the percentage of stock ownership as of December 31, 2011.



The member's equity interest varies based on its cumulative contributions. The City has an equity interest in the net assets and has a responsibility to fund its proportionate share of any deficits in the joint venture.

Note 17 – Risk Management

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2011, the City managed its risks as follows:

Liability Insurance:

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

Worker's Compensation:

The City purchases liability insurance for worker's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

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

Note 18 – Significant Commitments

The City is contingently liable for payment of up to [REDACTED] for the total debt issued to the Beresford Housing & Redevelopment Commission to provide financing for moderate income housing projects. The City will guarantee this payment if the net revenues of the projects are not sufficient to make all debt service payments. As of December 31, 2011, the current outstanding amount of debt issued is [REDACTED] creating a total contingent liability of [REDACTED]

Note 19 – Significant Contingencies - Litigation

At December 31, 2011, the City was involved in an ongoing lawsuit concerning a former employee. The City appealed a decision ruled by the State of South Dakota Department of Labor regarding this lawsuit during 2011. The original ruling against the city was upheld in favor of the Department of Labor as a result of this appeal. A decision on whether or not to appeal to the South Dakota Supreme Court has not yet been made.

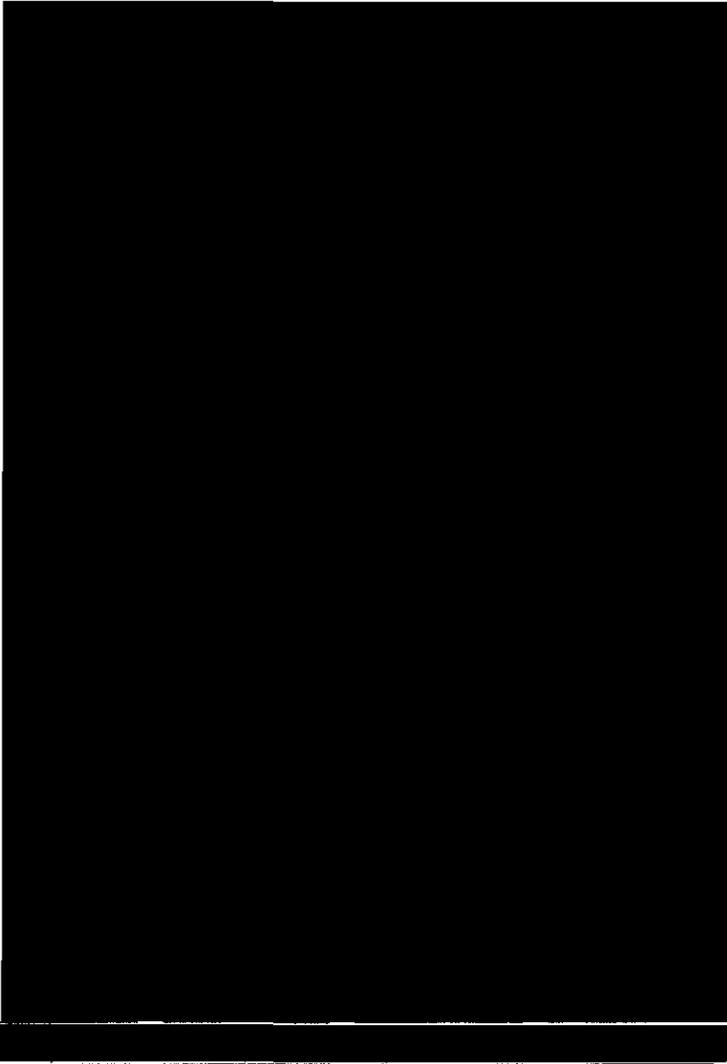
The issues regarding the amounts that the City would be liable for have not been addressed by the Department of Labor, and, may be subject to a further hearing. Therefore, the effects of this ongoing lawsuit cannot be fully determined as of December 31, 2011.

Note 20 – Subsequent Events

The City plans to receive funding in fiscal year 2012 to repair [REDACTED]. This funding will be in the form of two State Revolving Fund loans from the Department of Environmental Natural Resources for the amounts of [REDACTED]. Principal forgiveness for these loans is projected to be [REDACTED] and, the interest rates are planned to be in the [REDACTED] range.

The City also plans to refund two Certificates of Participation notes and one General Obligation Bond. These notes include: Series 2003 Certificate of Participation, which is currently funded from the [REDACTED]; Series 2004 Certificate of Participation, which is currently funded from the [REDACTED]; and, Series 2007 General Obligation Bond, which is funded from the [REDACTED].

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF BERESFORD
BUDGETARY BASIS COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes				
General Sales and Use Taxes				
Gross Receipt Taxes				
Amusement Taxes				
911 Surcharge				
Penalties and Interest				
Licenses and Permits				
Intergovernmental Revenue:				
Federal Grants				
State Shared Revenue:				
Bank Franchise Tax				
Liquor Tax Reversion				
Motor Vehicle Licenses				
Local Government Highway and Bridge Fund				
Other				
County Shared Revenue:				
County HBR Tax				
County Wheel Tax				
Charges for Goods and Services:				
Public Safety				
Highways and Streets				
Culture and Recreation				
Fines and Forfeits:				
Court Fines and Costs				
Miscellaneous Revenue:				
Investment Earnings				
Rentals				
Street Assessments				
Contributions & Donations				
Other				
Total Revenue				

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF BERESFORD
BUDGETARY BASIS COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Legislative				
Executive				
Financial Administration				
City Attorney				
Other				
Total General Government				
Public Safety:				
Police				
Fire				
Dispatch Office				
Total Public Safety				
Public Works:				
Highways and Streets				
Total Public Works				
Health and Welfare				
Culture and Recreation:				
Parks				
Recreation				
Community Subsidies				
Libraries				
Total Culture and Recreation				
Conservation and Development:				
Economic Development and Assistance (Industrial Development)				
Debt Service				
Contingency				
Total Expenditures				
Excess of Revenue Over (Under) Expenditures				
Other Financing Sources (Uses):				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)				
Net Change in Fund Balances				
Fund Balance - Beginning				
FUND BALANCE - ENDING				

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF BERESFORD
BUDGETARY BASIS COMPARISON SCHEDULE
ADDITIONAL SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Sales and Use Taxes	\$			
Miscellaneous Revenue:				
Investment Earnings				
Total Revenue				
Expenditures:				
Debt Service				
Total Expenditures				
Excess of Revenue Over (Under) Expenditures				
Fund Balance - Beginning				
FUND BALANCE - ENDING	\$			

CITY OF BERESFORD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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/City Commission introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board/City Commission, 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 ██████████ of the total municipal budget and may be transferred by the resolution of the Governing Board/City Commission 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. Unexpected appropriations lapse at year end unless encumbered by the resolution of the Governing Board/City Commission.

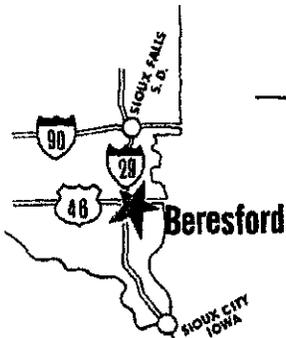
Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund, and Capital Projects Funds.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and each major special revenue fund. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
7. Budgets for the General Fund and each major special revenue fund are adapted on a consistent 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.

City Of Beresford



101 N. Third
 Beresford, S.D. 57004-1796
 PHONE: (605) 763-2008
 FAX: (605) 763-2329

CORRECTIVE PLAN OF ACTION
 12/31/11

The City of Beresford has considered the lack of segregation of duties for revenues, expenditures and payroll. At this time it is not cost efficient for the City of Beresford to hire the additional staff needed to achieve segregation of duties. Alternate procedures have been implemented by the City of Beresford to decrease the likelihood that financial data is adversely affected.

The City of Beresford will continue to monitor the necessity to have segregation of duties for revenues, expenditures and payroll and implement such segregation as budget dollars and board authority allows.

[Handwritten Signature]
 Mayor

[Handwritten Signature]
 Finance Officer



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX(605) 773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

October 18, 2012

Kathy Moller, Finance Officer
City of Beresford
101 N. Third
Beresford, SD 57004

We have reviewed and accepted your audit report on the:

City of Beresford
(For the Year Ended December 31, 2011)

Our review was limited to the report and did not include a review of the working papers.

It is our understanding that the Beresford Republic is the official newspaper for the City of Beresford. If this is not the case, please inform me of the name of the current official newspaper.

Please present a copy of this letter to the governing board to indicate our acceptance of the audit report.

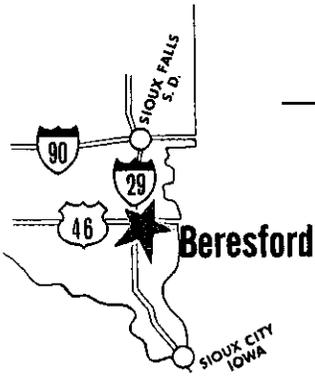
Yours very truly,

Martin L. Guindon, CPA
Auditor General

MLG:sld

cc: Quam & Berglin, P.C.
Certified Public Accountants
PO Box 426
Elk Point, SD 57025

City Of Beresford



101 N. Third
Beresford, S.D. 57004-1796
PHONE: (605) 763-2008
FAX: (605) 763-2329

May 3, 2013

Department of Legislative Audit
Attn: Deene Dayton
427 South Chapelle
C/O 500 East Capitol
Pierre, SD 57501-5070

RE: 2012 Annual Report

Enclosed please find the 2012 Compilation Report for the City of Beresford.

If you have any questions or comments, please contact me at (605) 763-2008. My e-mail address is: kathy@bmtc.net.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Moller".

Kathy Moller
Finance Officer
City of Beresford
101 North Third Street
Beresford, SD 57004

**CITY OF BERESFORD
COMPILATION REPORT
DECEMBER 31, 2012**

QUAM & BERGLIN, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
110 WEST MAIN -- P.O. BOX 426
ELK POINT, SOUTH DAKOTA 57025

(605) 356-3374

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

May 1, 2013

City Council
City of Beresford
Beresford, SD 57004

We have compiled 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 Beresford, South Dakota, as of and for the year ended December 31, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the City of Beresford, South Dakota, is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City's financial position, results of operation, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Quam & Berglin, P.C.

Quam & Berglin, PC
Certified Public Accountants

**CITY OF BERESFORD
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

Major Funds

ASSETS:

Cash and Cash Equivalents
 110 Taxes Receivable--Delinquent
 115 Accounts Receivable
 132 Due from Other Governments
 141 Inventory of Supplies
 107.1 Restricted Cash and Cash Equivalents
TOTAL ASSETS

	Major Funds				Total Governmental Funds
Cash and Cash Equivalents					
110 Taxes Receivable--Delinquent					
115 Accounts Receivable					
132 Due from Other Governments					
141 Inventory of Supplies					
107.1 Restricted Cash and Cash Equivalents					
TOTAL ASSETS					

LIABILITIES AND FUND BALANCES:

Liabilities:

216 Accrued Wages Payable
 224 Deferred Revenue
Total Liabilities

Fund Balances:

263 Nonspendable
 264 Restricted
 267 Unassigned
Total Fund Balances

TOTAL LIABILITIES AND FUND BALANCES

216 Accrued Wages Payable					
224 Deferred Revenue					
Total Liabilities					
263 Nonspendable					
264 Restricted					
267 Unassigned					
Total Fund Balances					
TOTAL LIABILITIES AND FUND BALANCES					

**CITY OF BERESFORD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Major Funds			Total Governmental Funds
Revenues:				
310 Taxes:				
311 General Property Taxes	\$		\$	\$
313 General Sales and Use Taxes				
314 Gross Receipts Business Taxes				
315 Amusement Taxes				
316 911 Telephone Surcharge				
319 Penalties and Interest on Delinquent Taxes				
320 Licenses and Permits				
330 Intergovernmental Revenue:				
331 Federal Grants				
335 State Shared Revenue:				
335.01 Bank Franchise Tax				
335.03 Liquor Tax Reversion				
335.04 Motor Vehicle Licenses				
335.08 Local Government Highway and Bridge Fund				
335.20 Other				
338 County Shared Revenue:				
338.02 County HBR Tax				
338.03 County Wheel Tax				
340 Charges for Goods and Services:				
342 Public Safety				
343 Highways and Streets				
346 Culture and Recreation				
350 Fines and Forfeits:				
351 Court Fines and Costs				

360 Miscellaneous Revenue:				
361 Investment Earnings				
362 Rentals				
363 Special Assessments				
367 Contributions & Donations				
369 Other				
Total Revenue				

Expenditures:

410 General Government:				
411 Legislative				
412 Executive				
414 Financial Administration				
419 Other				
Total General Government				
420 Public Safety:				
421 Police				
422 Fire				
429 Other Protection				
Total Public Safety				
430 Public Works:				
431 Highways and Streets				
Total Public Works				
440 Health and Welfare:				
441 Health				
Total Health and Welfare				
450 Culture and Recreation:				
451 Recreation				
452 Parks				
455 Libraries				
Total Culture and Recreation				

REDACTED - FOR PUBLIC INSPECTION
 CITY OF BERESFORD
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Major Funds				Total Governmental Funds
460 Conservation and Development:					
465 Economic Development and Assistance (Industrial Development)					
Total Conservation and Development					
470 Debt Service					
Total Expenditures					
Excess of Revenue Over (Under) Expenditures					
Other Financing Sources (Uses):					
391.01 Transfers In					
Total Other Financing Sources (Uses)					
Net Change in Fund Balances					
Fund Balance - Beginning					
FUND BALANCE - ENDING	\$	\$	\$	\$	\$

See Accountant's Compilation Report

REDACTED - FOR PUBLIC INSPECTION
 CITY OF BERESFORD
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Enterprise Funds			Telephone Fund	Component Unit		Totals
Operating Revenue:							
370/380 Charges for Goods and Services	\$		\$		\$		\$
Revenue Dedicated to Servicing Debt							
380.05 Lottery Sales							
369 Miscellaneous							
Total Operating Revenue							
Operating Expenses:							
410 Personal Services							
420 Other Current Expense							
426.2 Materials (Cost of Goods Sold)							
Total Operating Expenses							
Operating Income (Loss)							
Nonoperating Revenue (Expense):							
361 Investment Earnings							
442 Interest Expense							
Total Nonoperating Revenue (Expense)							
Income (Loss) Before Transfers and Contributions							
511 Transfers (Out)							
Change in Net Assets							
Net Assets - Beginning							
NET ASSETS - ENDING	\$						

See Accountant's Compilation Report

Schedule of Long Term Debt

	Beginning Balance 01/01/12	Additions	Retired	Ending Balance 12/31/12	Due within One Year
Primary Government:					
Governmental Activities:					
General Obligation Revenue Bonds	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Certificates of Participation		\$ [REDACTED]			
Financing (Capital Acquisition) Lease					
Accrued Compensated Absences - Governmental Funds		-	-		
Total Governmental Activities	[REDACTED]				
Business-Type Activities:					
Revenue Bonds	[REDACTED]				
Certificates of Participation	[REDACTED]				
Accrued Compensated Absences - Business- Type Funds	[REDACTED]				
Total Business-Type Activities	[REDACTED]				
Total Primary Government	[REDACTED]				

REDACTED - FOR PUBLIC INSPECTION

CITY OF BERESFORD
BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2012

	Enterprise Funds		Component Unit	Totals
		Telephone Fund		
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$			
Investments				
Accounts Receivable, Net				
Interest Receivable				
Inventory of Supplies				
Inventory of Stores Purchased for Resale				
10 Total Current Assets				
Noncurrent Assets:				
Deposits				
Unamortized Discounts on Bonds Sold				
Capital Assets:				
Land				
Buildings				
Improvements Other Than Buildings				
Machinery and Equipment				
Less: Accumulated Depreciation				
Intangible Assets				
Total Noncurrent Assets				
TOTAL ASSETS				

LIABILITIES:

Current Liabilities:

Accounts Payable	\$		\$		\$		\$		\$	
Accrued Wages Payable										
Accrued Taxes Payable										
Customer Deposits										
Bonds Payable Current:										
Revenue										
Compensated Absences Payable - Current										
Total Current Liabilities										

Noncurrent Liabilities:

Bonds Payable:										
Revenue										
Accrued Leave Payable										
Total Noncurrent Liabilities										

NET ASSETS:

Net Investment in Capital Assets										
Restricted for:										
Revenue Bond for Debt Service										
Unrestricted Net Assets										
Total Net Assets										
TOTAL LIABILITIES AND NET ASSETS	\$									

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

REDACTED - FOR PUBLIC INSPECTION
 CITY OF BERESFORD
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Enterprise Funds				Component Unit		
				Telephone Fund			Totals
Operating Revenue:							
Charges for Goods and Services	\$		\$		\$		\$
Revenue Dedicated to Servicing Debt							
Lottery Sales							
Miscellaneous							
Total Operating Revenue							
Operating Expenses:							
Personal Services							
Other Current Expense							
Materials (Cost of Goods Sold)							
Total Operating Expenses							
Operating Income (Loss)							
Nonoperating Revenue (Expense):							
Investment Earnings							
Interest Expense							
Total Nonoperating Revenue (Expense)							
Income (Loss) Before Transfers and Contributions							
Transfers (Out)							
Change in Net Assets							
Net Assets - Beginning							
NET ASSETS - ENDING	\$						

12

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