

EXHIBIT C

Attached is a copy of Beresford Municipal Telephone Company 's FCC Form 481 as required by 47 C.F.R. §54.313 and 54.422.

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code	391649
<015> Study Area Name	BERESFORD MUNICIPAL
<020> Program Year	2015
<030> Contact Name: Person USAC should contact with questions about this data	Judy Christiansen
<035> Contact Telephone Number: Number of the person identified in data line <030>	4028181322 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	jchristiansen@consortiaconsulting.com

ANNUAL REPORTING FOR ALL CARRIERS	54.313	54.422
	Completion Required	Completion Required

			<i>(check box when complete)</i>	
<100> Service Quality Improvement Reporting	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> <i>(attach descriptive document)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> <i>(attach descriptive document)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<450> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> <div style="border: 1px solid black; padding: 2px;">391649sd510.pdf</div>	<i>(attached descriptive document)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> <div style="border: 1px solid black; padding: 2px;">391649sd610.pdf</div>	<i>(attached descriptive document)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	<input type="radio"/> <input checked="" type="radio"/> <i>(if yes, complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010> <div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<i>(attach descriptive document)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)?	<input checked="" type="radio"/> <input type="radio"/> <i>(if not, check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

<2000> <i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>	<i>(check to indicate certification)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<3005>	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	391649
<015> Study Area Name	BERESFORD MUNICIPAL
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035> Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

<110> Has your company received its ETC certification from the FCC? If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
<111> year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.



Name of Attached Document

Please check these boxes below to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets
- <114> Report how much universal service (USF) support was received
- <115> How (USF) was used to improve service quality
- <116> How (USF) was used to improve service coverage
- <117> How (USF) was used to improve service capacity
- <118> Provide an explanation of network improvement targets not met in the prior calendar year.

**(900) Tribal Lands Reporting
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select (Yes, No, NA)

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

 FCC Form 481
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 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)

(2000) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

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CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2010> 2nd Year Certification {47 CFR § 54.313(b)(1)}
- <2011> 3rd Year Certification {47 CFR § 54.313(b)(2)}

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

- <2012> 2013 Frozen Support Certification
- <2013> 2014 Frozen Support Certification
- <2014> 2015 Frozen Support Certification
- <2015> 2016 and future Frozen Support Certification

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

- <2016> Certification Support Used to Build Broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

- <2017> 3rd year Broadband Service Certification
- <2018> 5th year Broadband Service Certification
- <2019> Interim Progress Certification
- <2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

- <2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

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CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010) **Progress Report on 5 Year Plan**
Milestone Certification (47 CFR § 54.313(f)(1)(i))

Name of Attached Document Listing Required Information

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) (Yes/No) Yes No

(3014) If yes, does your company file the RUS annual report (Yes/No) Yes No

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

(3018) If the response is no on line 3014, Is your company audited? (Yes/No) Yes No

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit.

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,

(3023) Underlying information subjected to a review by an independent certified public accountant

(3024) Underlying information subjected to an officer certification.

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3026) Attach the worksheet listing required information

391649sd3026.pdf, 391649sd3026.xlsx

Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Todd Hansen</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	Todd Hansen
Name of Reporting Carrier:	BERESFORD MUNICIPAL
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 06/23/2014
Printed name of Authorized Officer:	Todd Hansen
Title or position of Authorized Officer:	General Manager
Telephone number of Authorized Officer:	6057632500 ext.
Study Area Code of Reporting Carrier:	391649 Filing Due Date for this form: 07/01/2014
<small>Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.</small>	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	BERESFORD MUNICIPAL
Name of Authorized Agent or Employee of Agent:	Judy Christiansen
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 06/23/2014
Printed name of Authorized Agent or Employee of Agent:	Judy Christiansen
Title or position of Authorized Agent or Employee of Agent:	Consultant
Telephone number of Authorized Agent or Employee of Agent:	4028181322 ext.
Study Area Code of Reporting Carrier:	391649 Filing Due Date for this form: 07/01/2014
<small>Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.</small>	

Attachments

Beresford Municipal Telephone Company

Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules for Voice and Broadband Services

Service quality standards and consumer protection rules for broadband are not as defined as the rules for voice services. The Company complies with any service quality standards and consumer protection rules for broadband that are out there now and any that will be defined in the future.

Service Quality Standards

For voice services, 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.

For voice and broadband services, the Company:

- Advertises the availability of its services and the charges using media of general distribution and/or on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call or toll-free telephone number during business hours.
- Directs after hour calls to the Company's help desk.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- 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.
- Meets or exceeds the standards established by the state commission and provides any reports required in accordance with the state commission's rules.

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.

If complaints are filed with the Company regarding consumer protection rules, the complaint is immediately investigated, the matter tracked and any corrective action noted. This process ensures that problems are addressed and corrections made.

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. The Internet connection to our upstream broadband provider is monitored on a daily basis and when additional capacity is needed we order additional bandwidth.

Five-Year Plan Language for Beresford Municipal Telephone Company

Pursuant to 47 C.F.R. 54.202(a)(1)(ii), Beresford Municipal Telephone Company (“Beresford”) submits a five-year plan that describes with specificity proposed improvements or upgrades to its network throughout its proposed service area. This plan is based on Beresford’s current business and financial conditions and is subject to change as a result of changes in those conditions.

Pursuant to 47 C.F.R. 54.313, in each subsequent year, Beresford will file a progress report on its five-year service quality improvement plan pursuant to 54.202(a), including maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year.

As of January 1, 2014, [REDACTED] of subscribers in the Beresford wire center have access to broadband Internet service through Beresford’s fiber optic and or copper facilities. Subscribers served by these facilities have access that meets or exceeds the 4/1 Mbps standard. No capital improvements are required for those subscribers meeting the 4/1 Mbps standard other than maintenance of facilities and as such, no capital investment to these subscribers is outlined in this plan.

Although no capital improvements are required in the Beresford wire center to bring subscribers to the 4/1 Mbps standard, universal service support is used for on-going maintenance and operating expenses as well as for capital recovery of past capital investments. It is reasonable to expect depreciation (capital recovery), maintenance, and operating expenses for the 2015 through 2019 calendar years.

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.

2014 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$15,755	\$19,683	\$18,117
2	\$21,236	\$26,541	\$24,422
3	\$26,717	\$33,399	\$30,726
4	\$32,198	\$40,257	\$37,031
5	\$37,679	\$47,115	\$43,335
6	\$43,160	\$53,973	\$49,640
7	\$48,641	\$60,831	\$55,944
8	\$54,122	\$67,689	\$62,249
For each additional person, add	\$5,481	\$6,858	\$6,305

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's Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. Beresford Municipal Telephone'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. 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, 2012



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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

November 7, 2013

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, 2012)

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

QUAM & BERGLIN, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
110 WEST MAIN - P.O. BOX 426
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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 for the year ended December 31, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 15, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year 2012. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and expertise about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimate of the governmental activities capital assets is based on estimates of original cost. We evaluated the key factors and assumptions used to develop the governmental activities capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation expense is based on estimated useful lives of the capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2013.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to the retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the City Council and management of the City, and is not intended to be and should not be used by anyone other than these specified parties.

Quam & Berglin, P.C.

Quam and Berglin, P.C.
Certified Public Accountants

October 30, 2013

**CITY OF BERESFORD
CITY OFFICIALS
DECEMBER 31, 2012**

Mayor:

Jim Feddersen

Governing Board:

Gerald Dahlin

Troy Doeden

Tom Erickson

Daniel Williams

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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Independent Auditor's 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beresford, South Dakota, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Beresford's basic financial statements and have issued our report thereon dated October 30, 2013. A disclaimer of opinion was issued on the aggregate discretely presented component units because the financial data of these components units was not audited.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Beresford's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Beresford's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Prior and Current Audit Findings, we identified a certain deficiency in internal control 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 2012-01 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*.

City's Response to Findings

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.

Purpose of This Report

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

Quam & Berglin, P.C.

Quam and Berglin, P.C.
Certified Public Accountants

October 30, 2013

**CITY OF BERESFORD
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
DECEMBER 31, 2012**

STATUS OF PRIOR AUDIT RECOMMENDATIONS:

The prior audit recommendation 2011-01 has not been corrected and is restated as Current Audit Finding Number 2012-01.

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 finding has not been corrected.

CURRENT AUDIT FINDING:

Audit Finding Number 2012-01:

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 and for the year ended December 31, 2012, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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. Because of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph we did not express an audit opinion on the discretely presented component unit.

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.

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

Basis for Disclaimer of Opinion on the Discretely Presented Component Units

The financial statements of the Housing and Redevelopment Commission (HRC) and of the Economic Development have not been audited, and we were not engaged to audit the HRC of the Economic Development's financial statements as part of the City's basic financial statements. The HRC's and Economic Development's financial activities are included in the City's basic financial statements as discretely presented component units and represent the assets, net position, and revenues of the City's discretely presented component units.

Disclaimer of Opinion

Because of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Units" paragraph, we did not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit of the City of Beresford. Accordingly, we do not express opinions on those financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to in the first paragraph 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, 2012, 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.

Other Matters

Required Supplementary Information

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013, 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* in considering the City of Beresford's internal control over financial reporting and compliance.

Quam & Berglin, P.C.

Quam and Berglin, P.C.
October 30, 2013

**CITY OF BERESFORD, SOUTH DAKOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

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, 2012. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City transferred to the [REDACTED] Fund a total of [REDACTED] from the following enterprise funds: [REDACTED] The transfers were made to the [REDACTED] 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] 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.

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 Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balance Sheet *Statement of Revenues, Expenses and Changes in Net Position *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 position 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 position and how it has changed. Net position – the difference between the City's assets and liabilities – is one way to measure the City's financial health or position.

- Increases or decreases in the City's net position are indicators 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] charges for services, state and federal grants and interest earnings 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] 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 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 Position

The City's combined net position changed between fiscal years 2011 and 2012 (See Table A-1).

	Governmental Activities		Business type Activities		Total Activities		Total Change
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2011-2012
Current and other assets	[REDACTED]						
Capital assets							
Total assets							
Long-Term Liabilities							
Other Liabilities							
Total Liabilities							
Net Position							
Net investment in Capital Assets							
Restricted							
Unrestricted							
Total net position							

The Statement of Net Position 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 absences payable, sales tax revenue bonds payable, certificates of participation and electric revenue bonds payable, have been reported in this manner on the Statement of Net Position. The difference between the City's assets and liabilities is its net position.

The City's net position reflects 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 investment in capital assets relates to the City's [REDACTED]

The City's restricted net position represents 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 position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

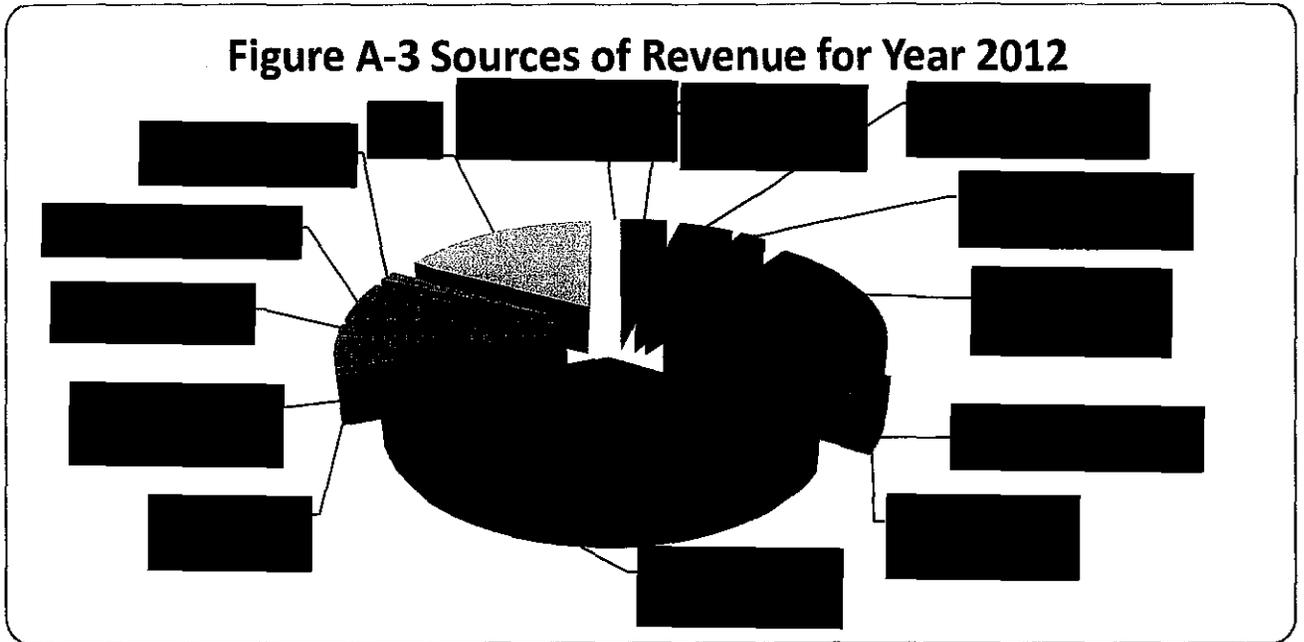
At the end of the current year, the City is able to report positive balances in total net position for both the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

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

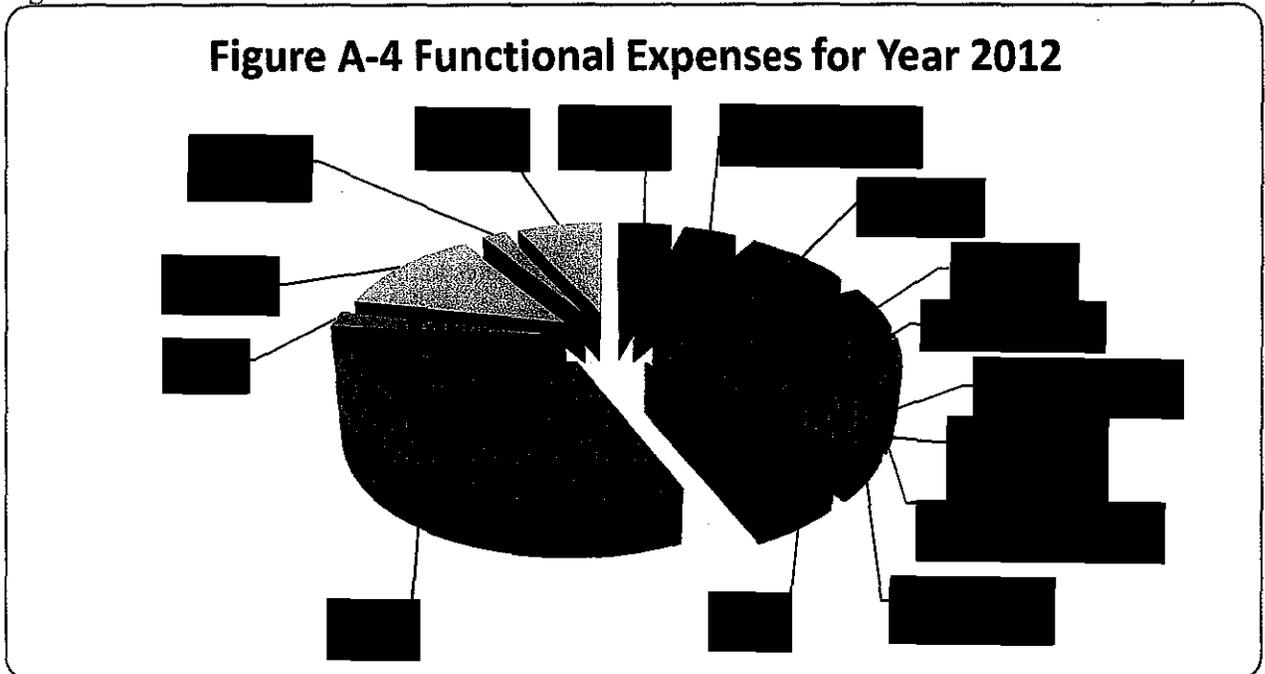
Changes in Net Position

The City's revenues totaled [REDACTED] (See Table A-2.) Well over [REDACTED] of the City's revenue comes from charges for services and taxes, with over [REDACTED] of every dollar raised coming from charges for services

(primarily [REDACTED] and [REDACTED] of every dollar raised coming from some type of tax (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] (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 2011 to [REDACTED] in 2012 largely due to increases in [REDACTED] for the year. The expenses decreased from \$ [REDACTED] in 2011 to [REDACTED] in 2012 due mostly to the decrease in [REDACTED] functions.

Table A-2
Changes in Net Position
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total Activities		Total Change December 31, 2011-2012
	December 31, 2012	2011	December 31, 2012	2011	December 31, 2012	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:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change in Net Position	[REDACTED]						
Net Position Beginning	[REDACTED]						
Net Position Ending	\$ [REDACTED]						

Business-type Activities

Revenues of the City's business-type activities increased from [REDACTED] in 2011 to [REDACTED] in 2012 and expenses increased from [REDACTED] in 2011 to [REDACTED] in 2012 for all business-type activities. The factors contributing to these results included:

- [REDACTED] are down.
- [REDACTED] funds transferred [REDACTED] to the [REDACTED] 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]

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

General Fund Budgetary Highlights

Over the course of the year, the City Council adopted Resolution 2012-21 [REDACTED] Transfers. This resolution authorized transferring funds to increase the [REDACTED] and [REDACTED] Salaries and other current expense.

Ordinance No. 2012-02, a Supplemental Appropriation Ordinance, was adopted to supplement the 2012 Council Department, DEDCO/Spec Building Project. Source of funding in SD Public Funds Investment Trust and Pool Committee, return of funds.

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for [REDACTED]
- 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 2012, the City had invested [REDACTED] in land and [REDACTED] of governmental funds 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 [REDACTED] (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
	2012	2011	2012	2011		
Land	[REDACTED]					
Construction Work in Progress						
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]
- 4 UG Switchgear
- Transformer
- [REDACTED] with Box
- 300 [REDACTED]
- 15' [REDACTED] Mower
- 84hp Skidsteer
- Headend Equipment
- Cable Dish cover
- ADA Deck Lifts
- Gravel & Asphalt
- Furnace & A/c
- Fire Protection System
- Transmission Equipment
- [REDACTED]

LONG-TERM DEBT

At the year-end the City had [REDACTED] Revenue Bonds, [REDACTED] Bonds, Notes Payable, Certificates of Participation and other long-term obligations. This is a [REDACTED] 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
	2012	2011	2012	2011	2010-2011	
Compensated Absences	[REDACTED]					
Certificates of Participation	[REDACTED]					
General Obligation Bond	[REDACTED]					
Sales Tax Revenue Bond	[REDACTED]					
Capital Leases	[REDACTED]					
Total Outstanding Debt and Obligations	[REDACTED]					

The City is liable for the accrued vacation leave payable to all full-time employees who have been employed for more than one year. The [REDACTED] is due to a [REDACTED] in the amount of leave accumulated and outstanding at the end of the year.

The City has outstanding [REDACTED] in [REDACTED] Bonds, [REDACTED]. These bonds are secured and are paid from the [REDACTED].

The City has outstanding [REDACTED] in Certificates of Participation, Series 2012A refunded. These certificates are secured and paid from the [REDACTED] Fund. They were purchased to finance the [REDACTED].

The City has an outstanding [REDACTED] Agreement with [REDACTED] Bank. This agreement is secured and paid from the [REDACTED] Fund. This agreement finances the [REDACTED] Project; payments are due annually.

The City has outstanding [REDACTED] in [REDACTED] Refunded. These certificates are secured and paid from the [REDACTED]. They were used to purchase and finance the sub-station project.

The City has outstanding [REDACTED] in [REDACTED]. These certificates are secured and paid from the [REDACTED]. They were used to purchase and finance 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 [REDACTED] in total property valuation from the prior year. The [REDACTED] in property valuation allows the City the ability to [REDACTED] the amount of revenue generated from [REDACTED] however the City Council has chosen not to [REDACTED] the base amount it levies for taxes. Under the state mandated property tax limitation, property taxes from one year to the next may [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 taxable retail sales in the community (sales tax).

The City's adopted [REDACTED] Fund budget for the next fiscal year will [REDACTED]. The City employees' wages will [REDACTED]

The City's business-type activities ([REDACTED] operations) expect that the results for 2015 will improve based on the past rate increases implemented to cover increasing cost of wages, costs of operation and debt repayment.

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.

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CITY OF BERESFORD
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government			Unaudited Component Units	
	Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment	Economic Development
ASSETS:					
Cash and Cash Equivalents	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Investments	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Taxes Receivable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accounts Receivable, Net	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Notes Receivable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Due from Other Governments	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Inventories	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Unamortized Discounts on Bonds Sold	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Restricted Assets:					
Cash and Cash Equivalents	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investments	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deposits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Capital Assets:					
Land and Construction Work in Progress	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other Capital Assets, Net of Depreciation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other Assets - Lewis & Clark	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
TOTAL ASSETS	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
LIABILITIES :					
Accounts Payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Internal Balances	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued Wages Payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sales Taxes Payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Customer Deposits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Noncurrent Liabilities:					
Due Within One Year	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Due in More than One Year	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
TOTAL LIABILITIES	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
NET POSITION:					
Net Investment in Capital Assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Restricted for:					
Other Purposes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Capital Improvements	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Library	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Debt Service	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Unrestricted (Deficit)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
TOTAL NET POSITION	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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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, 2012**

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

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* 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]	[REDACTED]	[REDACTED]
Sales Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gross Receipts Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
State Shared Revenues	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Unrestricted Investment Earnings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous Revenue	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Transfers:				
Total General Revenues and Transfers	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change in Net Position	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Position-Beginning	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
NET POSITION - ENDING	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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

	Major Funds			Nonmajor	Total Governmental Funds
	General Fund	Additional Sales Tax Fund	Tax Increment District No. 2 Debt Service Fund	Community Center & Clubhouse Debt Service Fund	
ASSETS:					
Cash and Cash Equivalents					
Taxes Receivable--Delinquent					
Accounts Receivable					
Due from Other Governments					
Note Receivable-Component Unit					
Inventory of Supplies					
Restricted Cash and Cash Equivalents					
Restricted Investments					
TOTAL ASSETS					
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Due to ██████████ Fund					
Wages Payable					
Deferred Revenue					
Total Liabilities					
Fund Balances:					
Nonspendable					
Restricted					
Committed					
Unassigned					
Total Fund Balances					
TOTAL LIABILITIES AND FUND BALANCES					

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

**CITY OF BERESFORD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012**

Total Fund Balances - Governmental Funds

[REDACTED]

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

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

[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
Accrued Leave
Financing (Capital Acquisition) Lease
Certificates of Participation

[REDACTED]

[REDACTED]

Unamortized balance of premiums and discounts are not due and payable in the current period and; therefore, are not reported in the funds.

[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 Position- 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, 2012**

	Major Funds				Nonmajor		Total Governmental Funds
	General Fund	Additional Sales Tax Fund	Tax Increment District No. 1 Debt Service Fund	Community Center & Clubhouse Debt Service Fund	North Industrial Park Improvement Project	Special Revenue Fund	
Revenues:							
Taxes:							
General Property Taxes	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
General Sales and Use Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gross Receipts Business Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Amusement Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] Surcharge	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Penalties and Interest on Delinquent Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Licenses and Permits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Intergovernmental Revenue:							
Federal Grants	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
State Shared Revenue:							
Bank Franchise Tax	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] Reversion	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Motor Vehicle Licenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Local Government Highway and Bridge Fund	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
County Shared Revenue:							
County HBR Tax [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
County Wheel Tax	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Charges for Goods and Services:							
Public Safety	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Highways and Streets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Culture and Recreation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fines and Forfeits:							
Court Fines and Costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Miscellaneous Revenue:							
Investment Earnings	[REDACTED]						
Rentals	[REDACTED]						
Special Assessments	[REDACTED]						
Contributions & Donations	[REDACTED]						
Other	[REDACTED]						
Total Revenue	[REDACTED]						
Expenditures:							
General Government:							
Legislative	[REDACTED]						
Executive	[REDACTED]						
Financial Administration	[REDACTED]						
Other	[REDACTED]						
Total General Government	[REDACTED]						
Public Safety:							
Police	[REDACTED]						
Fire	[REDACTED]						
Other Protection	[REDACTED]						
Total Public Safety	[REDACTED]						
Public Works:							
Highways and Streets	[REDACTED]						
Total Public Works	[REDACTED]						
Health and Welfare:							
Health	[REDACTED]						
Total Health and Welfare	[REDACTED]						
Culture and Recreation:							
Recreation	[REDACTED]						
Parks	[REDACTED]						
Libraries	[REDACTED]						
Total Culture and Recreation	[REDACTED]						

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

	Major Funds				Nonmajor	Total Governmental Funds	
	General Fund	Additional Sales Tax Fund	Tax Increment District No. 1 Debt Service Fund	Community Center & Clubhouse Debt Service Fund	North Industrial Park Improvement Project		Special Revenue Fund
Conservation and Development: Economic Development and Assistance (Industrial Development)							
Total Conservation and Development							
Debt Service Capital Outlay							
Total Expenditures							
Excess of Revenue Over (Under) Expenditures							
Other Financing Sources (Uses):							
Transfers In							
Proceeds of Long-Term Debt							
Payment to Refunding							
Total Other Financing Sources (Uses)							
Net Change in Fund Balances							
Fund Balance - Beginning							
FUND BALANCE - ENDING	\$	\$	\$	\$	\$	\$	\$

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, 2012**

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 depreciation exceeded capital outlays 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 Position.

[REDACTED]

Issuance of Long-Term Debt is recorded as a revenue in the Fund Financial Statements but is an increase in Long-Term Liabilities on the Government-wide Financial Statements.

[REDACTED]

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount amortized in the current period.

[REDACTED]

In the statement of activities, gains and losses on refunding debt are reported, whereas, in the governmental funds, the proceeds and payments of refunding debt are reflected, regardless of whether a gain or loss is realized.

[REDACTED]

Governmental funds report property taxes and special assessments as revenue when they meet the available criteria. Because some property taxes and special assessments will not be collected for several months after the city's calendar year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues decreased by this amount this year.

[REDACTED]

In the statement of activities, the loss on disposal of assets is reported, whereas in the governmental funds, the disposal of capital assets is not reflected.

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 Position 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, 2012

Enterprise Funds

	[REDACTED]								Totals
ASSETS:									
Current Assets:									
Cash and Cash Equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts Receivable, Net									
Due from Other Funds									
Inventory of Supplies									
Inventory of Stores Purchased for Resale									
Investments									
Total Current Assets									
Noncurrent Assets:									
Restricted Cash and Cash Equivalents									
Restricted Investments									
Deposits									
Unamortized Discounts on Bonds Sold									
Capital Assets:									
Land									
Buildings									
Improvements Other Than Buildings									
Machinery and Equipment									
Less: Accumulated Depreciation									
Construction Work In Process									
Intangible Assets									
Total Noncurrent Assets									
TOTAL ASSETS	\$	\$	\$	\$	\$	\$	\$	\$	\$

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LIABILITIES:

Current Liabilities:

Accounts Payable	\$		\$		\$		\$		\$		\$
Accrued Taxes Payable											
Due to [REDACTED]											
Customer Deposits											
Bonds Payable Current:											
Revenue											
Accrued Leave Payable - Current											
Total Current Liabilities											

Noncurrent Liabilities:

Bonds Payable:											
Revenue											
Total Noncurrent Liabilities											

NET POSITION:

Net Investment in Capital Assets											
Restricted for:											
Revenue Bond for Debt Service											
Unrestricted Net Position											
Total Net Position											

TOTAL LIABILITIES AND NET POSITION

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

**CITY OF BERESFORD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Enterprise Funds

	Enterprise Funds								Totals
Operating Revenue:									
Charges for Goods and Services	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue Dedicated to Servicing Debt									
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 & Fiscal Charges									
Total Nonoperating Revenue (Expense)									
Income (Loss) Before Transfers and Contributions									
Transfers (Out)									
Change in Net Position									
Net Position - Beginning									
NET POSITION - ENDING	\$	\$	\$	\$	\$	\$	\$	\$	\$

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

REDACTED - FOR PUBLIC INSPECTION

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CITY OF BERESFORD
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

Enterprise Funds

	Enterprise Funds								Totals
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 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:									
Change in Investments									
Interest Earnings									
Net Cash Provided by Investing Activities									
Net Increase (Decrease) in Cash and Cash Equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$

REDACTED - FOR PUBLIC INSPECTION

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 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.

The City participates in a cooperative unit with several other [REDACTED] in a venture called [REDACTED]. 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 Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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 [REDACTED] percent 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 [REDACTED] percent 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.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



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 Position 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 Position 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, 2012 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, 2012 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, 2012 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 Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position/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 Position, 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 position and is displayed in three components:

1. Net Investment in Capital Assets – 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 position – Consists of net position with constraints placed on 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 position – All other net position that does 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 “Nonspendable”, “Restricted”, “Committed”, “Assigned” and “Unassigned” components. Proprietary fund equity is classified the same as in the government-wide financial statements.

I. Application of Net Position

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

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, 2012**

	<u>General Fund</u>	<u>Additional Sales Tax Fund</u>	<u>TIF #2 Debt Service Fund</u>	<u>Community Center Debt Service Fund</u>	<u>Other Non-Major Governmental Funds</u>
Fund Balances:					
<i>Nonspendable:</i>					
Inventory	\$ [REDACTED]		\$	\$	\$
<i>Restricted for:</i>					
Gross Receipts Tax	[REDACTED]				
Debt Service		[REDACTED]			
Library					[REDACTED]
<i>Committed to:</i>					
Capital Improvements		[REDACTED]			
<i>Unassigned</i>					
Total Fund Balances	\$ [REDACTED]	\$ [REDACTED]		[REDACTED]	\$ [REDACTED]

Note 2 – Deficit Fund Balances/Fund Net Position

As of December 31, 2012, the General Fund and the Community Center & Clubhouse Debt Service 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 [REDACTED] 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, 2012, the City had the following investments.

<u>Investment</u>	<u>Credit Rating</u>	<u>Fair Value</u>
External Investment Pools:		
SDFIT - Government Cash Reserves	Unrated	[REDACTED]

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.

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, 2012, 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:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Additional Sales Tax	[REDACTED]	Debt Service, by debt covenants
Community Center	[REDACTED]	Debt Service, by debt covenants
[REDACTED]	[REDACTED]	Debt Service, by debt covenants

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

Governmental Activities	Balance 01/01/12	Increases	Decreases	Balance 12/31/12
Capital Assets Not Being Depreciated:				
Land	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]
Construction Work in Process depreciated	[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	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]

Depreciation Expense was charged to functions as follows:

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

	Balance 01/01/12	Increases	Decreases	Balance 12/31/12
Business - Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Construction Work in Progress*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Capital Assets, not being depreciated	[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]
Outside Plant	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Head End Equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
General Support Assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Central Office Switching	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Central Office Transmission (Restated)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Origination and Termination	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cable and Wire (Restated)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Being Depreciated	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Less Accumulated Depreciation for:				
Buildings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Improvements Other than Buildings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Machinery and Equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Outside Plant	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Head End Equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
General Support Assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Central Office Switching	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Central Office Transmission	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Origination and Termination	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cable and Wire	[REDACTED]	[REDACTED]	[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]
Total Depreciation Expense- Business-type Activities	\$ [REDACTED]

Other Assets Not Being Depreciated:

[REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
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Note 9 – Long-Term Debt

A summary of changes in long-term debt follows:

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

Debt payable at December 31, 2012 is comprised of the following:

Revenue Bonds

Tax Increment Revenue Bonds maturing 2015 with varying interest rates of depending on time to maturity. Payments from the TIF Debt Service Fund.

\$

General Obligation Bonds

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

Compensated Absences:

Accumulated unpaid leave balances. Payable from the General and Enterprise Funds.

Certificates of Participation

2006 Certificate of Participation for Community Center/Clubhouse with varying interest rates of [REDACTED] depending on length to maturity. Final maturity December 2026. Payments made from Community Center/Clubhouse Debt Service Fund. [REDACTED]

2012 Certificate of Participation for [REDACTED] Equipment with varying interest rates of [REDACTED] depending on time to maturity. Final maturity December 1, 2023. Payments made from [REDACTED] Fund [REDACTED]

2012 Certificate of Participation for [REDACTED] with varying interest rates of [REDACTED] depending on time to maturity. Final maturity January 1, 2024. Payments made from Additional Sales Tax Fund [REDACTED]

Financing(Capital Acquisition) Leases

2004 Financing Lease for Community Safety Building with an interest rate of [REDACTED] Final maturity September 1, 2014. Payments made from General Fund [REDACTED]

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

	Community Safety Building
Principal	\$ [REDACTED]
Interest	[REDACTED]
Total	\$ [REDACTED]

The annual requirements to amortize all debt outstanding as of December 31, 2012, 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
2013	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
2014	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2015	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2016	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2017	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2018-2022	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2023-2027	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
TOTAL	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Business-Type Activities:

Year Ending Dec 31,	General Obligation Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$	\$	\$	\$	\$	\$
2014						
2015						
2016						
2017						
2018-2022						
2023-2027						
TOTAL	\$	\$	\$	\$	\$	\$

[REDACTED] Pledged:

The City has pledged future [REDACTED] revenues, net of specified operating expenses:

The [REDACTED] fund will repay [REDACTED] bonds issued in March 2012. 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] percent 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] fund will repay [REDACTED] bonds issued in March 2013. 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] percent 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] fund repaid [REDACTED] bonds issued in June 2002. Proceeds from the bonds provided financing for improvements on the City's [REDACTED]. The bonds were payable solely from [REDACTED] customer net revenues and were payable through 2012. Annual principal and interest payments on the bonds were expected to require [REDACTED] percent of net revenues. No principal or interest is remaining to be paid on the bonds. Principal and interest paid for the current year and total customer net revenues were [REDACTED] and [REDACTED] respectively.

The [REDACTED] fund repaid [REDACTED] bonds issued in June 2002. Proceeds from the bonds provided financing for improvements on the City's [REDACTED]. The bonds were payable solely from [REDACTED] customer net revenues and were payable through 2012. Annual principal and interest payments on the bonds were expected to require [REDACTED] percent of net revenues. No principal and interest is remaining to be paid on the bonds. Principal and interest paid for the current year and total customer net revenues were [REDACTED] and [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, 2012, 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 copy machines, which include maintenance and repairs. Payments of [REDACTED] per month are made from the General Fund.

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

Year	General Fund
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, 2012 were:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ [REDACTED]	\$ [REDACTED]
Community Center Debt Service Fund	[REDACTED]	[REDACTED]
[REDACTED] Fund	[REDACTED]	[REDACTED]
[REDACTED] Fund	[REDACTED]	[REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]

The [REDACTED] Fund loaned money to the General Fund, Community Center Debt Service, and the [REDACTED] for funding temporary cash shortages.

Note 13 – Restricted Net Position

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

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Capital Improvements Additional Sales Tax Fund	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Gross Receipts Taxes	[REDACTED]		[REDACTED]
Library	[REDACTED]		[REDACTED]
Debt Service Additional Sales Tax Fund TIF #2 Debt Service Fund Community Center & Clubhouse Fund [REDACTED] Fund	[REDACTED]	[REDACTED]	[REDACTED]
Total Restricted Net Assets	\$ [REDACTED]		\$ [REDACTED]

Note 14 – Interfund Transfers

Interfund Transfers for the year ended December 31, 2012 were as follows:

<u>Transfer From:</u>	<u>Transfer to:</u>	
	<u>General Fund</u>	<u>North Industrial Park Improvement</u>
[REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]

The City typically budgets transfers to the General Fund to conduct the indispensable functions of the City. The [REDACTED] Fund received a transfer from the [REDACTED] fund in order to close out the fund.

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] years 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.

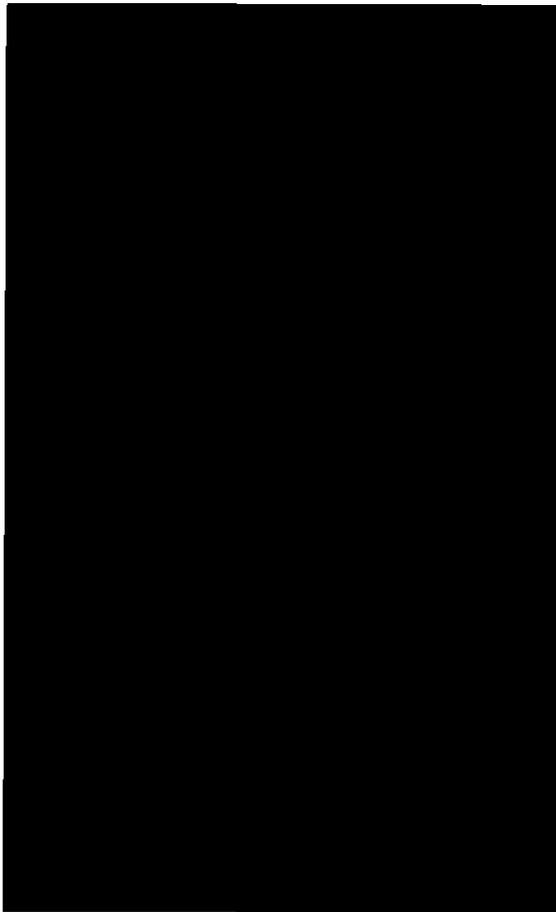
General employees are required by state statute to contribute [REDACTED] percent of their salary to the plan, while public safety and judicial employees contribute at [REDACTED] percent and [REDACTED] percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of [REDACTED] percent 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, 2012, 2011, and 2010 were [REDACTED] and [REDACTED] respectively, equal to the required contributions each year.

Note 16 – Joint Ventures

The City joined with numerous other [REDACTED] in the state in ownership of the [REDACTED] encompassing the state for [REDACTED]. 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 [REDACTED] based on its usage for the year ended December 31, 1998, and the [REDACTED] in existence on December 31, 1998. The City of Beresford's investment in the [REDACTED] is [REDACTED]. The City received [REDACTED] in revenue distributions from this investment during 2012.

Separate financial statements for the [REDACTED] are available from [REDACTED].

The following is the percentage of stock ownership as of December 31, 2012.



The member's equity interest varies based on its cumulative contributions. The City has an equity interest in the net position 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, 2012, 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, 2012, the current outstanding amount of debt issued is [REDACTED] creating a total contingent liability of [REDACTED]

Note 19 – Significant Contingencies - Litigation

At December 31, 2012, the city was not involved in any overtly threatening or pending litigation which would have a material impact upon the fair presentation of the City's financial statements.

Beresford [REDACTED] which is City owned, has been involved in litigation where it is seeking to recover funds due to them from a [REDACTED]. This is not a liability of the City but could increase the assets of the [REDACTED]

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF BERESFORD
BUDGETARY BASIS COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes	\$			
General Sales and Use Taxes				
Gross Receipt Taxes				
Amusement Taxes				
Penalties and Interest				
Licenses and Permits				
Intergovernmental Revenue:				
Federal Grants				
State Shared Revenue:				
Bank Franchise 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, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Legislative				
Executive				
Financial Administration				
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				
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				
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, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Sales and Use Taxes	\$			
Miscellaneous Revenue:				
Investment Earnings				
Total Revenue				
Expenditures:				
Debt Service				
Total Expenditures				
Excess of Revenue Over (Under) Expenditures				
Other Financing Sources (Uses):				
Proceeds of Long-term Debt				
Payment to Refunding Escrow				
Total Other Financing Sources (Uses)				
Net Change in Fund Balances				
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 █ percent 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.

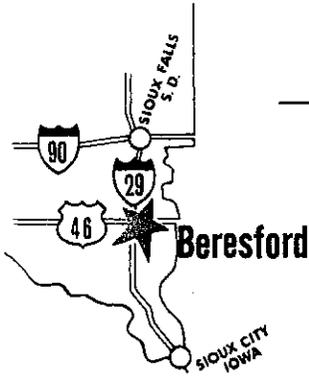
Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund, and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

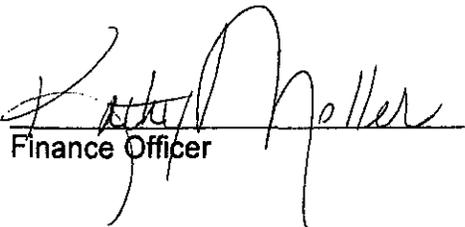
CORRECTIVE PLAN OF ACTION
12/31/12

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.



Mayor



Finance Officer

REDACTED - FOR PUBLIC INSPECTION

**CITY OF BERESFORD
COMPILATION REPORT
DECEMBER 31, 2013**

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

March 11, 2014

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, 2013. 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, 2013

	Major Funds					Nonmajor	Total Governmental Funds
	General Fund	Additional Sales Tax Fund	Tax Increment District No. 2 Debt Service Fund	Community Center & Clubhouse Debt Service Fund	Sanitary Sewer Improvement Project	Library Special Revenue Fund	
ASSETS:							
100 Cash and Cash Equivalents	\$		\$	\$	\$	\$	\$
106 Cash with Fiscal Agent							
110 Taxes Receivable--Delinquent							
115 Accounts Receivable							
128 Notes Receivable							
132 Due from Other Governments							
141 Inventory of Supplies							
107.1 Restricted Cash and Cash Equivalents							
107.2 Restricted Investments							
TOTAL ASSETS							
LIABILITIES AND FUND BALANCES:							
Liabilities:							
208 Due to							
216 Accrued Wages Payable							
217 Payroll Deductions and Withholdings and Employer Matching Payable							
224 Deferred Revenue							
Total Liabilities							
Fund Balances:							
263 Nonspendable							
264 Restricted							
267 Unassigned							
Total Fund Balances							
TOTAL LIABILITIES AND FUND BALANCES	\$	\$	\$	\$	\$	\$	\$

See Accountant's Compilation Report

**CITY OF BERESFORD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Major Funds				Nonmajor		Total Governmental Funds
	General Fund	Additional Sales Tax Fund	Tax Increment District No. 1 Debt Service Fund	Community Center & Clubhouse Debt Service Fund	Sanitary Sewer Improvement Project	Library Special Revenue Fund	
Revenues:							
310 Taxes:							
311 General Property Taxes	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
313 General Sales and Use Taxes	[REDACTED]	[REDACTED]					[REDACTED]
314 Gross Receipts Business Taxes	[REDACTED]						[REDACTED]
315 Amusement Taxes	[REDACTED]						[REDACTED]
316 [REDACTED] Surcharge	[REDACTED]						[REDACTED]
319 Penalties and Interest on Delinquent Taxes	[REDACTED]						[REDACTED]
320 Licenses and Permits	[REDACTED]						[REDACTED]
330 Intergovernmental Revenue:							
331 Federal Grants	[REDACTED]						[REDACTED]
335 State Shared Revenue:							
335.01 Bank Franchise Tax	[REDACTED]						[REDACTED]
335.03 [REDACTED] Reversion	[REDACTED]						[REDACTED]
335.04 Motor Vehicle Licenses	[REDACTED]						[REDACTED]
335.08 Local Government Highway and Bridge Fund	[REDACTED]						[REDACTED]
335.20 Other	[REDACTED]						[REDACTED]
338 County Shared Revenue:							
338.02 County HBR Tax [REDACTED]	[REDACTED]						[REDACTED]
338.03 County Wheel Tax	[REDACTED]						[REDACTED]
340 Charges for Goods and Services:							
342 Public Safety	[REDACTED]						[REDACTED]
343 Highways and Streets	[REDACTED]						[REDACTED]
346 Culture and Recreation	[REDACTED]						[REDACTED]
350 Fines and Forfeits:							
351 Court Fines and Costs	[REDACTED]						[REDACTED]

REDACTED - FOR PUBLIC INSPECTION

LIABILITIES:

Current Liabilities:

202 Accounts Payable	\$		\$		\$		\$		\$		\$		\$		\$		\$		
217 Payroll Deductions and Withholdings and Employer Matching Payable		\$		\$		\$		\$		\$		\$		\$		\$		\$	
220 Customer Deposits																			
226 Bonds Payable Current:																			
226.02 Revenue																			
230 Compensated Absences Payable - Current																			
Total Current Liabilities																			

Noncurrent Liabilities:

231 Bonds Payable:																			
231.02 Revenue																			
233 Accrued Leave Payable																			
Total Noncurrent Liabilities																			

NET ASSETS:

253.10 Net Investment in Capital Assets																			
253.20 Restricted for:																			
253.21 Revenue Bond for Debt Service																			
253.90 Unrestricted Net Assets																			
Total Net Assets																			
TOTAL LIABILITIES AND NET ASSETS																			

See Accountant's Compilation Report

REDACTED - FOR PUBLIC INSPECTION

CITY OF BERESFORD
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 12/31/13

	Enterprise Funds				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									
366 Gain (Loss) on Disposition of Assets									
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

	Beginning Balance <u>1/1/2013</u>	<u>Additions</u>	<u>Retired</u>	Ending Balance <u>12/31/2013</u>	Due within <u>One Year</u>
Primary Government:					
Governmental Activities:					
General Obligation Bonds, TIF Series Cert. of Part., Series 2012A & 2013 Financing (Capital Acquisition) Lease	\$	\$	\$	\$	\$
Accrued Compensated Absences - Governmental Funds		-			
Total Governmental Activities		-			
Business-Type Activities:					
Revenue Bonds - GO, Series 2012 Certificates of Participation, Series 2012B Accrued Compensated Absences - Business- Type Funds	\$	\$	\$	\$	\$
Total Business-Type Activities		-			
Total Primary Government	\$	\$	\$	\$	\$