

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

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

CITY OF BERESFORD

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NOTES TO THE FINANCIAL STATEMENTS

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Note 1 – Summary of Significant Accounting Policies

a. Financial Reporting Entity

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

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

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

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

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

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

b. Basis of Presentation

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

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

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

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

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

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

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

Proprietary Funds:

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

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

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

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

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

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

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

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

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

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

c. Measurement Focus and Basis of Accounting

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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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.

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Government-Wide Statements

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

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

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

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

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

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

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

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

f. Long-Term Liabilities

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

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

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

g. Program Revenues

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

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

h. Proprietary Funds Revenue and Expense Classifications

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

i. Cash and Cash Equivalents

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

j. Deposits and Investments:

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

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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. PCC Mail Room

k. Equity Classifications

Government-wide Statements:

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

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

Fund Financial Statements:

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

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

l. Application of Net Assets

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

m. Fund Balance Classification Policies and Procedures:

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

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

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

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

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

A schedule of fund balances is provided as follows:

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

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

Note 2 – Deficit Fund Balances/Fund Net Assets

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

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

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

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

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

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

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

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

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

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

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

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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 post office Mail Room credit all income from deposits and investments to the fund making the investment.

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

Note 4 – Restricted Cash and Investments

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

Fund	Amount	Purpose
<div style="background-color: black; width: 100%; height: 40px; margin-bottom: 5px;"></div> Telephone <div style="background-color: black; width: 100%; height: 20px;"></div>	<div style="background-color: black; width: 100%; height: 80px;"></div>	<div style="background-color: black; width: 100%; height: 80px;"></div>

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

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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.

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

Note 8 – Changes in Capital Assets

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

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

Depreciation Expense was charged to functions as follows:

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

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

Depreciation expense was charged to functions as follows:

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

Other Assets Not Being Depreciated:

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

A summary of changes in long-term debt follows:

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

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

Revenue Bonds

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

\$ [REDACTED]

General Obligation Bonds

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

[REDACTED]

[REDACTED]

[REDACTED]

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Certificates of Participation

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

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

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

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

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

Financing(Capital Acquisition) Leases

[REDACTED] for [REDACTED] with an interest rate of [REDACTED] Final maturity September 1, 2014. Payments made from [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, 2011, except for compensated absences, are as follows:

Governmental Activities:

Year Ending Dec 31,	Revenue Bonds		Certificates of Participation		Financing (Capital Acquisition) Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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]
2017-2021	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2022-2026	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
TOTAL	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Business-Type Activities:

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

Revenues Pledged:

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

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

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

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

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

Note 10 – Conduit Debt

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

Note 11 – Operating Leases

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

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

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

Note 12 – Individual Fund Interfund Receivable and Payable Balances

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

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

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

Note 13 – Restricted Net Assets

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

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

Note 14 – Interfund Transfers

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

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

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

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

Note 15 – Retirement Plan

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

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

Note 16 – Joint Ventures

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

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

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

Beresford Municipal

--	--

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

Note 17 – Risk Management

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

Liability Insurance:

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

Worker's Compensation:

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

Unemployment Benefits:

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

Note 18 – Significant Commitments

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

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Note 19 – Significant Contingencies - Litigation

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

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

Note 20 – Subsequent Events

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

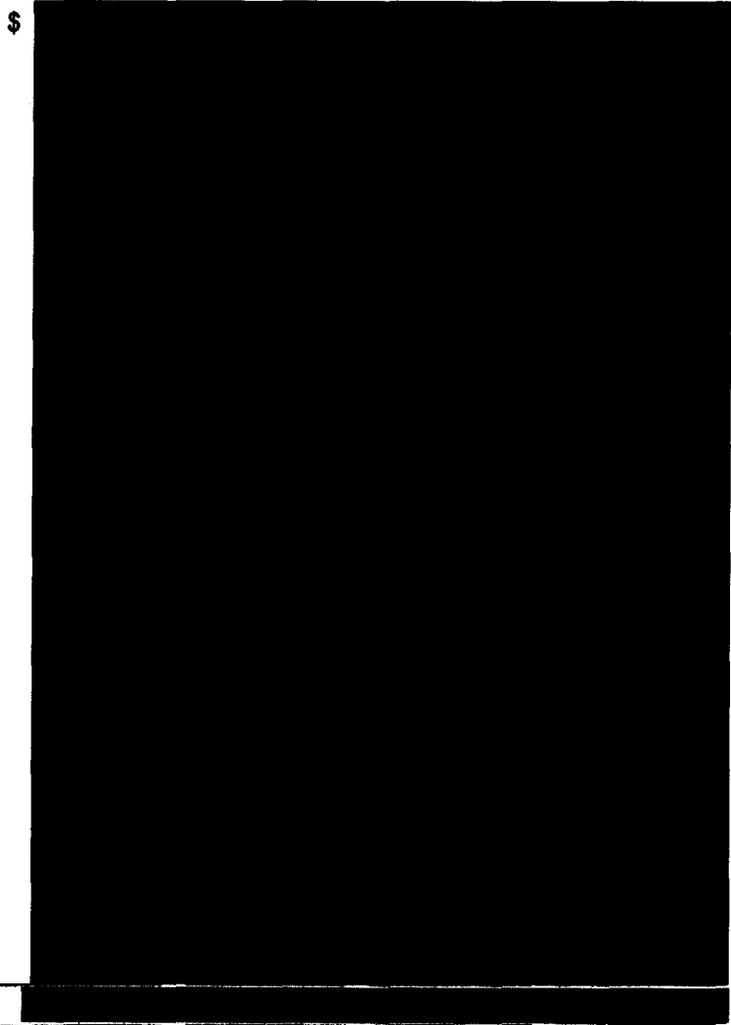
The City also plans to refund two Certificates of Participation notes and one General Obligation Bond. These notes include: Series 2003 Certificate of Participation, which is currently funded from the [REDACTED] Series 2004 Certificate of Participation, which is currently funded from the [REDACTED] and,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

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

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	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				
911 Surcharge				
Penalties and Interest				
Licenses and Permits				
Intergovernmental Revenue:				
Federal Grants				
State Shared Revenue:				
Bank Franchise Tax				
Liquor Tax Reversion				
Motor Vehicle Licenses				
Local Government Highway and Bridge Fund				
Other				
County Shared Revenue:				
County HBR Tax				
County Wheel Tax				
Charges for Goods and Services:				
Public Safety				
Highways and Streets				
Culture and Recreation				
Fines and Forfeits:				
Court Fines and Costs				
Miscellaneous Revenue:				
Investment Earnings				
Rentals				
Street Assessments				
Contributions & Donations				
Other				
Total Revenue				



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

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

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

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

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CITY OF BERESFORD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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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 [REDACTED] 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.

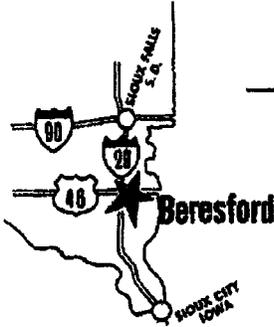
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and each major special revenue fund. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation 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.

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City Of Beresford FCC Mail Room



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

CORRECTIVE PLAN OF ACTION
 12/31/11

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

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

[Handwritten Signature]
 Mayor

[Handwritten Signature]
 Finance Officer

OCT 24 2013

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

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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

October 18, 2012

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

We have reviewed and accepted your audit report on the:

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

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

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

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

Yours very truly,

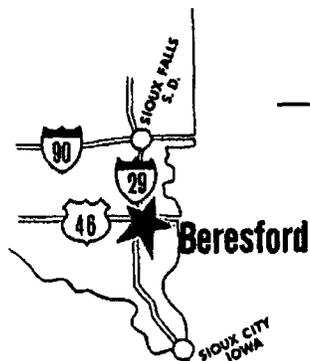
Martin L. Guindon, CPA
Auditor General

MLG:sld

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

OCT 24 2013

City Of Beresford
Post Office



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

May 3, 2013

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

RE: 2012 Annual Report

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

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

Sincerely,

Handwritten signature of Kathy Moller in cursive.

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

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

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QUAM & BERGLIN, P.C.

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

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(605) 358-3374

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

May 1, 2013

City Council
City of Beresford
Beresford, SD 57004

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

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

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

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

Quam & Berglin, P.C.

Quam & Berglin, PC
Certified Public Accountants

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

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	Major Funds				Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents					
110 Taxes Receivable--Delinquent					
115 Accounts Receivable					
132 Due from Other Governments					
141 Inventory of Supplies					
107.1 Restricted Cash and Cash Equivalents					
TOTAL ASSETS					
LIABILITIES AND FUND BALANCES:					
Liabilities:					
216 Accrued Wages Payable					
224 Deferred Revenue					
Total Liabilities					
Fund Balances:					
263 Nonspendable					
264 Restricted					
267 Unassigned					
Total Fund Balances					
TOTAL LIABILITIES AND FUND BALANCES					

See Accountant's Compilation Report

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

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

Expenditures:

410 General Government:
 411 Legislative
 412 Executive
 414 Financial Administration
 419 Other
 Total General Government

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

420 Public Safety:
 421 Police
 422 Fire
 429 Other Protection
 Total Public Safety

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

430 Public Works:
 431 Highways and Streets
 Total Public Works

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

440 Health and Welfare:
 441 Health
 Total Health and Welfare

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

450 Culture and Recreation:
 451 Recreation
 452 Parks
 455 Libraries
 Total Culture and Recreation

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

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

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

See Accountant's Compilation Report

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

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

See Accountant's Compilation Report

Schedule of Long Term Debt

Received & Inspected

OCT 24 2013

FOC Mail Room
One Year

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

REDACTED - FOR PUBLIC INSPECTION

CITY OF BERESFORD
BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2012

Received & Inspected

OCT 24 2013

FCC Mail Room
Component Unit

Enterprise Funds

Telephone
Fund

Totals

ASSETS:

Current Assets:

- Cash and Cash Equivalents
- Investments
- Accounts Receivable, Net
- Interest Receivable
- Inventory of Supplies
- Inventory of Stores Purchased for Resale

⊖ Total Current Assets

Noncurrent Assets:

- Deposits
- Unamortized Discounts on Bonds Sold

Capital Assets:

- Land
- Buildings
- Improvements Other Than Buildings
- Machinery and Equipment
- Less: Accumulated Depreciation
- Intangible Assets

Total Noncurrent Assets

TOTAL ASSETS

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

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

Received & Inspected

OCT 24 2013

FCC Mail Room
Component Unit

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

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