

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 (including all departments and the public corporations)	Major activities of the municipality (excluding the public corporations, public trust funds and public utility funds)	Municipal activities that are self-supporting and are financed by the activities within the fund 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 or proprietary accounting basis	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 Info/Output Information	All government-wide activities and financial results of the municipality and public corporations	Reported separately for each major activity of the municipality (excluding the public corporations, public trust funds and public utility funds) and for each fund within each activity	Major activities are reported separately for each fund system

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

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net 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	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.

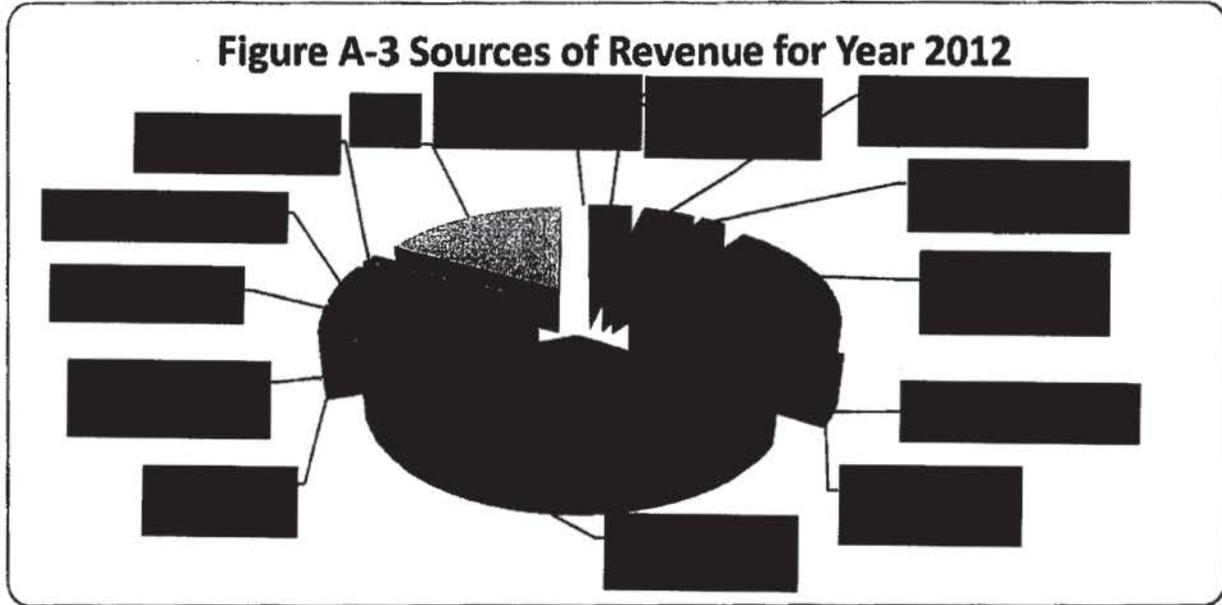
At the end of the current year, the City is able to report positive balances in total net position for both the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

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

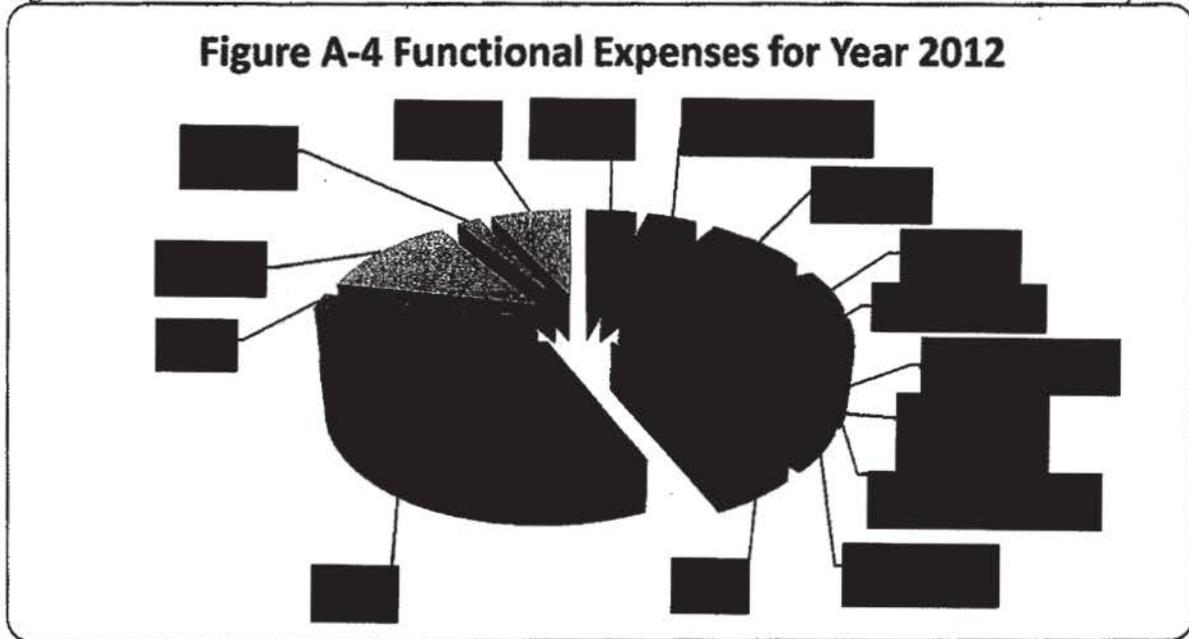
**Changes in Net Position**

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.

	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]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change in Net Position	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Position Beginning	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Position Ending	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[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 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						
<b>Total Capital Assets (Net)</b>						

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		
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. 3<sup>rd</sup> 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
<b>ASSETS:</b>					
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]
<b>TOTAL ASSETS</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>LIABILITIES :</b>					
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]
<b>TOTAL LIABILITIES</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>NET POSITION:</b>					
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]
<b>TOTAL NET POSITION</b>	\$ [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	Business-Type Activities	Total	Housing & Redevelopment	Economic Development
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]		
Public Safety	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Public Works	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Health and Welfare	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Culture and Recreation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Conservation and Development	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Miscellaneous	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
*Interest on Long-term Debt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Total Governmental Activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Business-type Activities:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Total Business-type Activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Total Primary Government	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
<b>Component Unit:</b>								
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]		[REDACTED]	
Total Component Units	[REDACTED]		[REDACTED]	
<b>General Revenues:</b>				
<b>Taxes:</b>				
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]
<b>Transfers:</b>				
Total General Revenues and Transfers	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change in Net Position	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Position-Beginning	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>NET POSITION - ENDING</b>	[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	Library Special Revenue Fund	
<b>ASSETS:</b>						
Cash and Cash Equivalents	[REDACTED]					
Taxes Receivable—Delinquent						
Accounts Receivable						
Due from Other Governments						
Note Receivable—Component Unit						
Inventory of Supplies						
Restricted Cash and Cash Equivalents						
Restricted Investments						
<b>TOTAL ASSETS</b>						
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Due to ██████████ Fund						
Wages Payable						
Deferred Revenue						
<b>Total Liabilities</b>						
<b>Fund Balances:</b>						
Nonspendable						
Restricted						
Committed						
Unassigned						
<b>Total Fund Balances</b>						
<b>TOTAL LIABILITIES AND FUND BALANCES</b>						

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

**CITY OF BERESFORD  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET 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	
<b>Revenues:</b>							
<b>Taxes:</b>							
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]
<b>Intergovernmental Revenue:</b>							
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]
<b>Charges for Goods and Services:</b>							
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]
<b>Fines and Forfeits:</b>							
Court Fines and Costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Miscellaneous Revenue:

Investment Earnings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Rentals	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Special Assessments	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Contributions & Donations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total Revenue</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Expenditures:

General Government:

Legislative	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Executive	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Financial Administration	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total General Government</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Public Safety:

Police	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fire	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other Protection	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total Public Safety</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Public Works:

Highways and Streets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total Public Works</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Health and Welfare:

Health	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total Health and Welfare</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Culture and Recreation:

Recreation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Parks	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Libraries	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total Culture and Recreation</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**CITY OF BERESFORD  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 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							
23 Excess of Revenue Over (Under) Expenditures							
<b>Other Financing Sources (Uses):</b>							
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

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

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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								
<b>Total Current Liabilities</b>								

**Noncurrent Liabilities:**

Bonds Payable:								
Revenue								
<b>Total Noncurrent Liabilities</b>								

**NET POSITION:**

Net Investment in Capital Assets								
Restricted for:								
Revenue Bond for Debt Service								
Unrestricted Net Position								
<b>Total Net Position</b>								

**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

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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
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>									
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									
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>									
Interfund Loans									
Operating Transfers Out									
Net Cash (Used) by Noncapital Financing Activities									
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>									
Purchase of Capital Assets									
Principal Paid on Capital Debt									
Interest Paid on Capital Debt									
Net Cash (Used) by Capital and Related Financing Activities									
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>									
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]

[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.