

City of Beresford

Independent Auditor's Report and Financial Statements

**For the Year Ended
December 31, 2024**

City of Beresford
City Officials
December 31, 2024

Mayor:

Eli Seeley

Governing Board:

William Roelke

Sarah Antonson

Art Schott

Patrick Bickett

Michael Tiedeman

Larry Rohrer

Finance Officer:

Elaine Johnson

City of Beresford

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**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Governing Board
Beresford, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beresford, South Dakota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 25, 2025. A disclaimer of opinion was issued on the aggregate discretely presented component units because the financial data of the component units were not audited.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Beresford's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Beresford's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Beresford's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Beresford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in dark ink, appearing to read "CIO of LLC".

Elk Point, South Dakota
July 25, 2025



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the City Council
City of Beresford
Union County, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Beresford, South Dakota, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs.

In our opinion, the City of Beresford complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

A handwritten signature in cursive script that reads "CLO Ref LLC".

Elk Point, South Dakota

July 25, 2025

City of Beresford
Schedule of Prior and Current Audit Findings and Questioned Costs
For the Year Ended December 31, 2024

Schedule of Prior Audit Findings:

No Previous Audit Findings.

Schedule of Current Audit Findings:

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: _____ Yes X No

Significant deficiencies identified that are not considered material weakness(es): _____ Yes X None reported

Noncompliance material to the financial statements noted? _____ Yes X No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified: _____ Yes X No

Significant deficiencies identified: _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

There are no findings which are required to be reported in accordance with Government Auditing Standards.

Section III - Federal Award Findings and Questioned Costs

There are no findings or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 20.516(a).



Independent Auditor's Report

City Council
City of Beresford
Beresford, South Dakota

Report on the Audit of the Financial Statements

Disclaimer of Opinion and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beresford, South Dakota, as of and for the year ended December 31, 2024, and the related notes to the financial statements. We were not engaged to audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the City of Beresford's basic financial statements as listed in the table of contents.

Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

Because of the Significance of the matter described in the Basis for Disclosure of Opinion and Unmodified Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of the City of Beresford. Accordingly, we do not express opinions on those financial statements.

Unmodified Opinions on the Governmental Activities, Business-type Activities, Each Major Fund, and Aggregate Remaining Fund Information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beresford, South Dakota as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinion and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of The United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Beresford and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

Matter Giving Rise to disclaimer of Opinion on the Aggregate Discretely Presented Component Units

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Beresford, South Dakota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the City of Beresford, South Dakota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Beresford, South Dakota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the Municipal Proportionate Share of the Net Pension Liability (Asset), and Schedule of the City's Contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

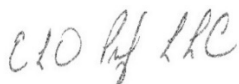
The City has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Nonmajor Fund Financial Statements and Schedule of Expenditures of Federal Awards, which is required by the *Title U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniformed Guidance) as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Elk Point, South Dakota
July 25, 2025

City of Beresford
Statement of Net Position
December 31, 2024

	Primary Government			Unaudited Component Units	
	Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment	Economic Development
Assets:					
Cash and cash equivalents	\$ 2,284,951	\$ 7,294,739	\$ 9,579,690	\$ 207,816	\$ 278,509
Accounts receivable, net	24,242	877,004	901,246	--	--
Inventories	101,374	1,778,403	1,879,777	360,000	631,900
Other assets	604,458	174,225	778,683	--	--
Restricted assets:					
Investments	367,450	477,077	844,527	--	--
Net pension asset	3,096	--	3,096	--	--
Capital assets:					
Land	3,518,352	451,487	3,969,839	--	--
Other capital assets, net of depreciation	6,847,911	31,017,699	37,865,610	--	--
Total Assets	13,751,834	42,070,634	55,822,468	567,816	910,409
Deferred Outflows of Resources:					
Pension related deferred outflows	528,735	--	528,735	--	--
Liabilities:					
Accounts payable and other current liabilities	--	604,729	604,729	--	--
Noncurrent liabilities:					
Due within one year	444,342	518,765	963,107	--	--
Due in more than one year	5,349,761	8,949,031	14,298,792	--	397,022
Total Liabilities	5,794,103	10,072,525	15,866,628	--	397,022
Deferred Inflows of Resources:					
Pension related deferred inflows	389,128	--	389,128	--	--
Net Position:					
Net investment in capital assets	4,676,919	22,160,094	26,837,013	--	--
Restricted for:					
Debt services	165,406	477,077	642,483	--	--
Library	70,274	--	70,274	--	--
Meter Deposits	--	25,770	25,770	--	--
SDRS pension purposes	142,703	--	142,703	--	--
Unrestricted	3,042,036	9,335,168	12,377,204	567,816	513,387
Total Net Position	\$ 8,097,338	\$ 31,998,109	\$ 40,095,447	\$ 567,816	\$ 513,387

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Beresford
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Unaudited Component Units	
		Charges for Services	Operating Grants and Contributions	Primary Government		Total	Housing & Redevelopment	Economic Development
				Governmental Activities	Business-Type Activities			
Primary Government:								
Governmental Activities:								
General government	\$ 727,482	\$ --	\$ --	\$ (727,482)	\$ --	\$ (727,482)		
Public safety	805,106	17,919	--	(787,187)	--	(787,187)		
Public works	660,456	13,096	--	(647,360)	--	(647,360)		
Health and welfare	248	--	--	(248)	--	(248)		
Culture and recreation	645,399	32,636	--	(612,763)	--	(612,763)		
Conservation and development	132,325	--	--	(132,325)	--	(132,325)		
Interest on long-term debt	108,315	--	--	(108,315)	--	(108,315)		
Total Governmental Activities	3,079,331	63,651	--	(3,015,680)	--	(3,015,680)		
Business-type Activities:								
Water	962,453	825,397	--	--	(137,056)	(137,056)		
Electric	3,563,943	4,435,465	--	--	871,522	871,522		
Sewer	329,556	5,773,359	--	--	5,443,803	5,443,803		
Telephone	1,519,041	1,796,809	--	--	277,768	277,768		
Garbage	235,196	327,123	--	--	91,927	91,927		
Cablevision	390,335	383,292	--	--	(7,043)	(7,043)		
Golf Course	991,785	721,383	--	--	(270,402)	(270,402)		
Total Business-Type Activities	7,992,309	14,262,828	--	--	6,270,519	6,270,519		
Total Primary Government	\$ 11,071,640	\$ 14,326,479	\$ --	(3,015,680)	6,270,519	3,254,839		
Component Units:								
Housing and redevelopment	\$ 15,532	\$ --					\$ (15,532)	
Economic development	\$ 36,966	\$ 55,621						\$ 18,655
General Revenues:								
Taxes:								
Property tax				965,849	--	965,849	--	--
Sales tax				1,539,036	--	1,539,036	--	--
State shared revenues				105,381	--	105,381	--	--
County shared revenues				10,860	--	10,860	--	--
Unrestricted investment earnings				59,706	278,566	338,272	3,740	268
Miscellaneous revenue				365,007	8,180	373,187	9,662	--
Transfers				816,464	(816,464)	--	--	--
Total General Revenues and Transfers				3,862,303	(529,718)	3,332,585	13,402	268
Change in Net position				846,623	5,740,801	6,587,424	(2,130)	18,923
Net Position-Beginning of Year				7,250,715	26,257,308	33,508,023	569,946	494,464
Net Position-End of Year				\$ 8,097,338	\$ 31,998,109	\$ 40,095,447	\$ 567,816	\$ 513,387

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Beresford
Balance Sheet – Governmental Funds
December 31, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 1,547,472	\$ 737,479	\$ 2,284,951
Taxes receivable:			
Delinquent	10,602	--	10,602
Notes receivable	183,070	382,560	565,630
Due from state government	13,640	--	13,640
Supply inventory	90,644	10,730	101,374
Prepaid expense	38,828	--	38,828
Restricted investments	--	367,450	367,450
	<u>\$ 1,884,256</u>	<u>\$ 1,498,219</u>	<u>\$ 3,382,475</u>
Total Assets			
	<u>\$ 1,884,256</u>	<u>\$ 1,498,219</u>	<u>\$ 3,382,475</u>
Deferred Inflows of Resources:			
Property taxes	\$ 10,602	\$ --	\$ 10,602
Total Deferred Inflows of Resources	<u>10,602</u>	<u>--</u>	<u>10,602</u>
Fund Balances:			
Nonspendable			
Inventory, prepaid expense & note receivable	312,542	382,560	695,102
Restricted			
Debt Service	--	165,406	165,406
Library	--	70,274	70,274
Unassigned	<u>1,561,112</u>	<u>879,979</u>	<u>2,441,091</u>
Total Fund Balances	<u>1,873,654</u>	<u>1,498,219</u>	<u>3,371,873</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,884,256</u>	<u>\$ 1,498,219</u>	<u>\$ 3,382,475</u>

The accompanying Notes to 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, 2024

Total Fund Balances - Government Funds	\$ 3,371,873
--	--------------

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

Net pension asset reported in governmental activities is not an available resource and therefore is not reported in the funds.	3,096
--	-------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,366,263
---	------------

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	528,735
--	---------

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

Accrued Leave	(104,759)	
Lease Payable	(2,986)	
Certificates of Participation	<u>(5,686,358)</u>	(5,794,103)

Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are not deferred in the funds.	10,602
--	--------

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(389,128)</u>
---	------------------

Net Position - Governmental Funds	<u><u>\$ 8,097,338</u></u>
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City of Beresford

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds For the Year Ended December 31, 2024

	General	Formerly Major Additional	Other	Total
	Fund	Sales Tax Fund	Governmental Funds	Governmental Funds
Revenues:				
Taxes				
General property taxes	\$ 840,085	\$ --	\$ 123,503	\$ 963,588
General sales taxes	806,880	--	732,156	1,539,036
Penalties and interest	2,261	--	--	2,261
Licenses and permits	51,031	--	--	51,031
State shared revenues				
Bank franchise tax	13,821	--	--	13,821
Liquor tax reversion	20,530	--	--	20,530
Motor vehicles licenses	40,331	--	--	40,331
Local government highway and bridge	30,699	--	--	30,699
County shared revenues	10,860	--	--	10,860
Charges for goods and services				
General government	17,554	--	--	17,554
Highways and streets	13,096	--	--	13,096
Culture and recreation	32,636	--	--	32,636
Fines and forfeits				
Court fines and costs	365	--	--	365
Miscellaneous revenue				
Investment earnings	40,830	--	18,876	59,706
Rentals	58,498	--	--	58,498
Contributions	26,310	--	20,408	46,718
Other	50,389	--	3,298	53,687
Total Revenue	<u>\$ 2,056,176</u>	<u>\$ --</u>	<u>\$ 898,241</u>	<u>\$ 2,954,417</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Beresford

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds For the Year Ended December 31, 2024 (Continued)

	General Fund	Formerly Major Additional Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Expenditures:				
Current:				
General government:				
Legislative	\$ 109,441	\$ --	\$ --	109,441
Executive administration	180,350	--	--	180,350
Elections	159,423	--	--	159,423
Legal	24,308	--	--	24,308
Planning and zoning	142,557	--	--	142,557
Public safety:				
Police	618,775	--	--	618,775
Fire	46,884	--	--	46,884
Public works:				
Highways and streets	452,720	--	--	452,720
Health and welfare:				
Health	248	--	--	248
Culture and recreation:				
Parks	214,577	--	--	214,577
Library	238,144	--	5,408	243,552
Pool	141,209	--	--	141,209
Community subsidies	70,030	--	--	70,030
Economic development and assistance (industrial development)	8,822	--	123,503	132,325
Debt service	--	--	499,711	499,711
Capital outlay	1,159,420	--	582,897	1,742,317
Total Expenditures	3,566,908	--	1,211,519	4,778,427
Excess of Revenues Over (Under)				
Expenditures	(1,510,732)	--	(313,278)	(1,824,010)
Other Financing Sources:				
Transfers in	1,063,100	--	73,369	1,136,469
Transfers out	--	--	(320,005)	(320,005)
Long-term debt issued	--	--	568,794	568,794
Compensation for loss or damage to capital assets	5,073	--	--	5,073
Sale of Municipal Property	150,000	--	--	150,000
Total Other Financing Sources	1,218,173	--	322,158	1,540,331
Net Change in Fund Balance	(292,559)	--	8,880	(283,679)
Fund Balance, as previously presented	2,166,213	1,346,205	143,134	3,655,552
Change within financial reporting entity (major to nonmajor fund)	--	(1,346,205)	1,346,205	--
Fund Balances- Adjusted Beginning of Year	2,166,213	--	1,489,339	3,655,552
Fund Balances - End of Year	\$ 1,873,654	\$ --	\$ 1,498,219	\$ 3,371,873

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Beresford

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities For the Year Ended December 31, 2024

Net Change in Fund Balances - Total Government Funds	\$ (283,679)
--	--------------

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

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	1,742,317
---	-----------

This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	(484,611)
---	-----------

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net assets.	547,309
--	---------

The issuance of long-term debt is an other financing source in the fund statements but an increase in the long-term liabilities on the government wide statements.	(568,794)
--	-----------

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	(82,417)
--	----------

Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.	<u>(23,502)</u>
---	-----------------

Change in Net Position of Governmental Activities	<u><u>\$ 846,623</u></u>
---	--------------------------

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Beresford
Statement of Net Position – Proprietary Funds
December 31, 2024

	Water Fund	Electric Fund	Sewer Fund	Telephone Fund	Garbage Fund	Non-Major Cablevision Fund	Golf Course Fund	Totals
Assets:								
Current Assets:								
Cash and cash equivalents	\$ 8,997	\$ 3,177,366	\$ 700,425	\$ 2,904,432	\$ 291,927	\$ 165,684	\$ 45,908	\$ 7,294,739
Accounts receivable, net	56,834	511,101	82,257	195,826	30,986	--	--	877,004
Supply inventory	54,668	1,493,719	59,299	111,403	--	47,034	12,280	1,778,403
Prepaid expense	6,364	19,716	2,960	22,509	714	--	6,503	58,766
Total Current Assets	<u>126,863</u>	<u>5,201,902</u>	<u>844,941</u>	<u>3,234,170</u>	<u>323,627</u>	<u>212,718</u>	<u>64,691</u>	<u>10,008,912</u>
Noncurrent Assets:								
Restricted investments	--	477,077	--	--	--	--	--	477,077
Deposit	--	15,603	--	99,856	--	--	--	115,459
Capital assets:								
Land	30,738	22,250	19,000	15,300	62,931	--	301,268	451,487
Buildings	1,069,484	218,654	--	389,971	65,345	--	1,522,624	3,266,078
Improvements other than buildings	4,778,610	14,123,038	4,884,596	--	51,195	--	1,757,973	25,595,412
Machinery and equipment	93,850	1,490,878	171,675	10,493,379	46,623	913,753	371,445	13,581,603
Other Assets	1,803,174	--	--	--	--	--	35,865	1,839,039
Accumulated depreciation	(2,827,175)	(6,585,941)	(2,005,413)	(5,653,651)	(120,035)	(912,038)	(1,525,182)	(19,629,435)
Accumulated amortization	(540,951)	--	--	--	--	--	(35,865)	(576,816)
Construction in Progress	140,834	23,172	6,691,446	--	--	--	86,366	6,941,818
Total Capital Assets:	<u>4,548,564</u>	<u>9,292,051</u>	<u>9,761,304</u>	<u>5,244,999</u>	<u>106,059</u>	<u>1,715</u>	<u>2,514,494</u>	<u>31,469,186</u>
Total Noncurrent Assets	<u>4,548,564</u>	<u>9,784,731</u>	<u>9,761,304</u>	<u>5,344,855</u>	<u>106,059</u>	<u>1,715</u>	<u>2,514,494</u>	<u>32,061,722</u>
Total Assets	<u>4,675,427</u>	<u>14,986,633</u>	<u>10,606,245</u>	<u>8,579,025</u>	<u>429,686</u>	<u>214,433</u>	<u>2,579,185</u>	<u>42,070,634</u>
Liabilities:								
Current Liabilities:								
Accounts payable	--	16,031	429,638	--	13,653	59,587	60,050	578,959
Customer deposits	--	14,785	--	10,985	--	--	--	25,770
Current portion of long term debt	146,992	335,000	36,773	--	--	--	--	518,765
Total Current Liabilities	<u>146,992</u>	<u>365,816</u>	<u>466,411</u>	<u>10,985</u>	<u>13,653</u>	<u>59,587</u>	<u>60,050</u>	<u>1,123,494</u>
Noncurrent Liabilities:								
Accrued leave payable	18,000	43,509	22,669	56,269	--	--	18,257	158,704
Other long-term debt	861,481	5,475,000	2,453,846	--	--	--	--	8,790,327
Total Noncurrent Liabilities	<u>879,481</u>	<u>5,518,509</u>	<u>2,476,515</u>	<u>56,269</u>	<u>--</u>	<u>--</u>	<u>18,257</u>	<u>8,949,031</u>
Total Liabilities	<u>1,026,473</u>	<u>5,884,325</u>	<u>2,942,926</u>	<u>67,254</u>	<u>13,653</u>	<u>59,587</u>	<u>78,307</u>	<u>10,072,525</u>
Net Position:								
Net investment in capital assets	3,540,091	3,482,051	7,270,685	5,244,999	106,059	1,715	2,514,494	22,160,094
Restricted net position restricted for:								
Debt service	--	477,077	--	--	--	--	--	477,077
Customer deposits	--	14,785	--	10,985	--	--	--	25,770
Unrestricted net position	<u>108,863</u>	<u>5,128,395</u>	<u>392,634</u>	<u>3,255,787</u>	<u>309,974</u>	<u>153,131</u>	<u>(13,616)</u>	<u>9,335,168</u>
Total Net Position	<u>\$ 3,648,954</u>	<u>\$ 9,102,308</u>	<u>\$ 7,663,319</u>	<u>\$ 8,511,771</u>	<u>\$ 416,033</u>	<u>\$ 154,846</u>	<u>\$ 2,500,878</u>	<u>\$ 31,998,109</u>

The accompanying Notes to 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, 2024

	Water Fund	Electric Fund	Sewer Fund	Telephone Fund	Garbage Fund	Non-Major Cablevision Fund	Golf Course Fund	Totals
Operating Revenues:								
Charges for goods and services	\$ 763,265	\$ 4,435,465	\$ 5,773,359	\$ 1,796,809	\$ 327,123	\$ 383,292	\$ 721,383	\$ 14,200,696
Surcharges	52,329	--	--	--	--	--	--	52,329
Other	9,803	--	--	--	--	--	--	9,803
Total Operating Revenues	825,397	4,435,465	5,773,359	1,796,809	327,123	383,292	721,383	14,262,828
Operating Expenses:								
Personal services	455,934	480,935	156,470	613,470	27,074	--	313,178	2,047,061
Other current expense	187,859	90,667	20,263	302,604	8,023	381,335	419,477	1,410,228
Materials	153,872	2,470,582	16,202	346,941	198,792	8,690	179,524	3,374,603
Amortization	36,063	--	--	--	--	--	--	36,063
Depreciation	105,205	402,959	99,036	256,026	1,307	310	79,606	944,449
Total Operating Expenses	938,933	3,445,143	291,971	1,519,041	235,196	390,335	991,785	7,812,404
Operating Income (Loss)	(113,536)	990,322	5,481,388	277,768	91,927	(7,043)	(270,402)	6,450,424
Nonoperating Revenues:								
Investment earnings	2,021	155,163	4,268	111,462	2,626	918	2,108	278,566
Interest expense	(23,520)	(118,800)	(37,585)	--	--	--	--	(179,905)
Gain/Loss on sale of capital assets	--	--	--	--	--	--	8,180	8,180
Total Nonoperating Revenue	(21,499)	36,363	(33,317)	111,462	2,626	918	10,288	106,841
Net Income (Loss) Before Contributions	(135,035)	1,026,685	5,448,071	389,230	94,553	(6,125)	(260,114)	6,557,265
Transfers in	--	--	--	--	--	--	246,636	246,636
Transfers out	--	(599,050)	--	(424,050)	(40,000)	--	--	(1,063,100)
Net Change in Net Position	(135,035)	427,635	5,448,071	(34,820)	54,553	(6,125)	(13,478)	5,740,801
Net Position - Beginning of Year	3,783,989	8,674,673	2,215,248	8,546,591	361,480	160,971	2,514,356	26,257,308
Net Position - End of Year	\$ 3,648,954	\$ 9,102,308	\$ 7,663,319	\$ 8,511,771	\$ 416,033	\$ 154,846	\$ 2,500,878	\$ 31,998,109

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Beresford
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2024

	Water Fund	Electric Fund	Sewer Fund	Telephone Fund	Garbage Fund	Cablevision Fund	Golf Course Fund	Totals
Cash Flows from Operating Activities:								
Receipt from customers	\$ 815,226	\$ 4,324,011	\$ 5,724,328	\$ 1,810,597	\$ 318,525	\$ 383,292	\$ 721,383	\$ 14,097,362
Payments to suppliers	(341,794)	(2,561,016)	391,210	(660,536)	(206,402)	(386,383)	(542,615)	(4,307,536)
Payments to employees	(454,852)	(475,509)	(155,915)	(600,961)	(27,074)	--	(308,714)	(2,023,025)
Net Cash Provided (Used) by Operating Activities:	<u>18,580</u>	<u>1,287,486</u>	<u>5,959,623</u>	<u>549,100</u>	<u>85,049</u>	<u>(3,091)</u>	<u>(129,946)</u>	<u>7,766,801</u>
Cash Flows from Non-Capital Financing Activities:								
Transfers to other funds	--	(599,050)	--	(424,050)	(40,000)	--	246,636	(816,464)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>--</u>	<u>(599,050)</u>	<u>--</u>	<u>(424,050)</u>	<u>(40,000)</u>	<u>--</u>	<u>246,636</u>	<u>(816,464)</u>
Cash Flows from Capital and Related Financing Activities:								
Purchase of capital assets	(140,834)	(385,441)	(6,417,612)	(95,342)	--	--	(136,575)	(7,175,804)
Proceeds from sales of capital assets	--	--	--	--	--	--	8,180	8,180
Proceeds of new long term debt	122,128	--	995,638	--	--	--	--	1,117,766
Payments on long term debt	(151,344)	(330,000)	(35,601)	--	--	--	--	(516,945)
Debt interest paid	(23,520)	(118,800)	(37,585)	--	--	--	--	(179,905)
Net Cash (Used) by Capital and Related Financing Activities:	<u>(193,570)</u>	<u>(834,241)</u>	<u>(5,495,160)</u>	<u>(95,342)</u>	<u>--</u>	<u>--</u>	<u>(128,395)</u>	<u>(6,746,708)</u>
Cash Flows from Investing Activities:								
Interest earnings	2,021	155,163	4,268	111,462	2,626	918	2,108	278,566
Net Cash Provided (Used) by Investing Activities	<u>2,021</u>	<u>155,163</u>	<u>4,268</u>	<u>111,462</u>	<u>2,626</u>	<u>918</u>	<u>2,108</u>	<u>278,566</u>
Net Increase in Cash and Cash Equivalents	(172,969)	9,358	468,731	141,170	47,675	(2,173)	(9,597)	482,195
Cash and Cash Equivalents - Beginning of Year	<u>181,966</u>	<u>3,168,008</u>	<u>231,694</u>	<u>2,763,262</u>	<u>244,252</u>	<u>167,857</u>	<u>55,505</u>	<u>6,812,544</u>
Cash and Cash Equivalents - End of Year	<u>\$ 8,997</u>	<u>\$ 3,177,366</u>	<u>\$ 700,425</u>	<u>\$ 2,904,432</u>	<u>\$ 291,927</u>	<u>\$ 165,684</u>	<u>\$ 45,908</u>	<u>\$ 7,294,739</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Beresford
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2024 (Continued)

Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by Operating Activities:

Operating income (loss)	\$ (113,536)	\$ 990,322	\$ 5,481,388	\$ 277,768	\$ 91,927	\$ (7,043)	\$ (270,402)	\$ 6,450,424
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Provided by operating activities:								
Depreciation expense	105,205	402,959	99,036	256,026	1,307	310	79,606	944,449
Amortization expense	36,063	--	--	--	--	--	--	36,063
(Increase) decrease in:								
Receivables	(10,171)	(111,454)	(49,031)	13,788	(8,598)	--	--	(165,466)
Prepaid expenses	(38)	--	--	(10,991)	--	--	--	(11,029)
Increase (decrease) in:								
Accounts and other payables	(25)	233	427,675	--	413	3,642	56,386	488,324
Accrued wages and leave payable	1,082	5,630	555	5,044	--	--	4,464	16,775
Deposits	--	(204)	--	7,465	--	--	--	7,261
Cash Flows Provided by Operating Activities	<u>\$ 18,580</u>	<u>\$ 1,287,486</u>	<u>\$ 5,959,623</u>	<u>\$ 549,100</u>	<u>\$ 85,049</u>	<u>\$ (3,091)</u>	<u>\$ (129,946)</u>	<u>\$ 7,766,801</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Beresford
Notes to the Financial Statements
December 31, 2024

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, plus those funds for which the primary government has a fiduciary responsibility), 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 elects its own chairperson, 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 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 their relationship with the City.

City of Beresford
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

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. Discretely presented component units are legally separate organizations that meet certain criteria, as described in note 1.a, above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a, above.

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 10 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 5 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's financial reporting entity are described below:

City of Beresford
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

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 not 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.

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 not a major fund.

Tax Increment Debt Service Fund #2 – to account for special assessments taxes, which may be used only for the payment of the debt principal, interest, and related costs. This is not a major fund.

Hybrid Turkey Tax Increment Fund – to account for the special assessment's taxes, which may be used only for the payment of the debt principle, interest, and related costs. This is not a major fund.

Capital Projects Funds – capital projects 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).

Grace V. Nelson Fund – to account for the financial resources to be used for the construction of a new ballfield. This is not a major fund.

1. Summary of Significant Accounting Policies: (Continued)

Proprietary Funds:

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources:

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Water Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal waterworks system and related facilities (SDCL 9-47-1). This is a major fund.

Electric Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal electrical system and related facilities (SDCL 9-39-1 and 9-39-96). This is a major fund.

Sewer Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal sanitary sewer system and related facilities (SDCL 9-48-2). This is a major fund.

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

Garbage Fund – financed by user charges, this fund accounts for the construction and operation of the municipal solid waste system and related facilities. This is not a major fund.

Golf Course Fund – financed by user charges, this fund accounts for the operations of the golf course services. This is not a major fund.

Cablevision Fund – financed by user charges, this fund accounts for the operations of the cable television service. This is not a major fund.

1. Summary of Significant Accounting Policies: (Continued)

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 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 for the City of Beresford is 30 days. The revenues which are accrued at December 31, 2024 are amounts due from the county and state interest.

Under the modified accrual basis of accounting, receivables may be measured but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenues, where asset recognition criteria have been met but for which revenue recognition criteria have not been met, are reported as a deferred inflow of resources.

City of Beresford
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

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.

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.

e. 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 term to maturity at a date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist of those types of investments authorized by South Dakota Codified Laws (SDCL) 4-5-6.

f. 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 normally can be preserved for a 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 government-wide or fund financial statements.

City of Beresford
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial 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 acquisition 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 to useful life of a capital asset are also capitalized.

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. Capital assets used in business-type activities/proprietary fund operations, construction-period interest is also not capitalized; this is in accordance with USGAAP.

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which reported as Unallocated Depreciation/Amortization, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
*Land and land rights	All	N/A	N/A
Improvements other than buildings	\$ 5,000	Straight-line	10-50 years
Buildings	5,000	Straight-line	50 years
Machinery and equipment	4,000	Straight-line	2-20 years
Intangible Lease Assets	4,000	Straight-line	5-20 years
Telephone property and improvement	1,000	Straight-line	5-23 years

*Land, an inexhaustible capital asset, is not depreciated

City of Beresford
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

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 acquired for use in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide financial statements.

g. 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 consist primarily of general obligation bonds, revenue bonds, certificates of participation, lease liabilities, 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.

h. Leases:

The City is a lessee for noncancellable leases of a postage meter. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$4,000 in the government wide statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

City of Beresford
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

i. Subscription-Based Information Technology Arrangements:

The City has not entered into subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements if this should happen. The City recognizes subscription liabilities with an initial, individual value of \$4,000 or more.

j. 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.

k. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

City of Beresford
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

l. Proprietary Funds Revenue and Expense Classifications:

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

m. 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.

n. Equity Classifications:

Government-Wide Financial Statements:

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

1. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisitions, construction or improvement of those assets.
2. Restricted net position – Consists of net position 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 position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between “non-spendable,” “restricted,” “committed,” “assigned” and “unassigned” components. Proprietary fund equity is classified the same as in the government-wide financial statements.

City of Beresford
Notes to the Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

o. Application of Net Position:

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

p. Fund Balance Classification Policies and Procedures:

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

Nonspendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the City 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.

q. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. City contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

City of Beresford
Notes to the Financial Statements
December 31, 2024

2. Deposits and Investments Fair Value Measurement, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk:

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

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

Investments – In General, SDCL 4-5-6 permits City funds to be invested 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.

Fair Value Measurement – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based upon the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

The City has U.S. Treasury Notes at Level 2 holdings.

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.

City of Beresford
Notes to the Financial Statements
December 31, 2024

2. Deposits and Investments Fair Value Measurement, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk: (Continued)

As of December 31, 2024, the City had the following investments, not including certificates of deposits.

<u>Fund</u>	<u>Investments</u>	<u>Credit Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
Electric	U.S. Treasury Notes	N/A	12/1/2039	\$ 477,077
Community Center	U.S. Treasury Notes	N/A	12/1/2026	71,684
Second Penny	U.S. Treasury Notes	N/A	12/1/2035	295,766
	Subtotal			<u>844,527</u>
External	SDFIT-Government			
Investment Pools	Cash Reserves	N/A	N/A	6,513,015
	Total Investments			<u>\$ 7,357,542</u>

The South Dakota Public Funds Investment Trust (SDFIT) 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.

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer.

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

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

3. Restricted Cash and Investments:

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

<u>Fund</u>	<u>Amount:</u>	<u>Purpose:</u>
Additional Sales Tax	\$ 295,766	Debt Services, by debt covenants
Community Center	71,684	Debt Services, by debt covenants
Electric	477,077	Debt Services, by debt covenants
Total	<u>\$ 844,527</u>	

City of Beresford
Notes to the Financial Statements
December 31, 2024

4. Receivables and Payables:

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

5. 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.

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

The City is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable real property in the City.

City of Beresford
Notes to the Financial Statements
December 31, 2024

7. Changes in Capital Assets:

A summary of changes in capital assets for the year ended December 31, 2024 is as follows:

	Balance 12/31/2023	Increases	Decreases	Balance 12/31/2024
Governmental Activities:				
Capital assets, not being depreciated/amortized				
Land	\$ 577,045	\$ --	\$ --	\$ 577,045
Construction in progress	2,249,497	872,262	180,452	2,941,307
Total, not being depreciated/amortized	<u>2,826,542</u>	<u>872,262</u>	<u>180,452</u>	<u>3,518,352</u>
Capital assets, being depreciated/amortized				
Buildings	3,365,715	285,872	--	3,651,587
Improvements	7,331,464	109,742	--	7,441,206
Machinery & Equipment	2,360,940	638,663	--	2,999,603
Library Books	323,564	16,230	34,964	304,830
Intangible Lease Assets	11,299	--	--	11,299
Total, being depreciated/amortized	<u>13,392,982</u>	<u>1,050,507</u>	<u>34,964</u>	<u>14,408,525</u>
Less accumulated depreciation/amortization for:				
Buildings	1,661,531	117,467	--	1,778,998
Improvements	3,247,115	201,722	--	3,448,837
Machinery & Equipment	2,104,577	148,674	--	2,253,251
Library Books	93,226	15,242	34,964	73,504
Intangible Lease Assets	4,518	1,506	--	6,024
Total accumulated depreciation/amortization	<u>7,110,967</u>	<u>484,611</u>	<u>34,964</u>	<u>7,560,614</u>
Capital Assets Net	<u>\$ 9,108,557</u>	<u>\$ 1,438,158</u>	<u>\$ 180,452</u>	<u>\$ 10,366,263</u>

Depreciation/amortization expense was charged to functions as follows:

General government	\$ 28,986
Public safety	115,945
Public works	207,736
Culture and recreation	130,438
Amortization	1,506
	<u>\$ 484,611</u>

City of Beresford
Notes to the Financial Statements
December 31, 2024

7. Changes in Capital Assets: (Continued)

Construction Work in Progress at December 31, 2024 is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended thru 12/31/2024</u>	<u>Committed</u>
Governmental			
Grace V Nelson Ballfield	\$ 3,400,000	\$ 2,756,258	\$ 643,742
New City Hall Building	157,476	157,476	--
Seventh Street Utility Expansion	27,573	27,573	--
Enterprise			
Waste Water Treatment Facility	6,850,000	6,509,129	340,871
Seventh Street Utility Expansion	631,421	92,363	539,058
CIPP Lining	3,833,540	253,960	3,579,580
Parks and Rec Building	526,029	86,366	439,663
Total Work in Progress	<u>\$ 15,426,039</u>	<u>\$ 9,883,125</u>	<u>\$ 5,542,914</u>

City of Beresford
Notes to the Financial Statements
December 31, 2024

7. Changes in Capital Assets: (Continued)

A summary of changes in capital assets for the year ended December 31, 2024 is as follows: (Continued)

	<u>Balance 12/31/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2024</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 451,487	\$ --	\$ --	\$ 451,487
CIP	<u>273,834</u>	<u>6,667,984</u>	<u>--</u>	<u>6,941,818</u>
Total, not being depreciated	<u>725,321</u>	<u>6,667,984</u>	<u>--</u>	<u>7,393,305</u>
Capital assts, being depreciated/amortized:				
Buildings	3,198,961	67,117	--	3,266,078
Improvements	25,266,412	329,000	--	25,595,412
Machinery & Equipment	2,422,833	111,703	--	2,534,536
Outside Plant	585,266	--	--	585,266
Head End Equipment	289,728	--	--	289,728
General Support Assets	348,351	--	--	348,351
Central Office Switching	1,751,077	--	--	1,751,077
Central Office Transmission	840,524	--	--	840,524
Origination and Termination	87,709	--	--	87,709
Cable and Wire	7,144,412	--	--	7,144,412
Intangible Lease Assets	35,864	--	--	35,864
Other Intangible Assets	<u>1,803,175</u>	<u>--</u>	<u>--</u>	<u>1,803,175</u>
Total, being depreciated/amortized	<u>43,774,312</u>	<u>507,820</u>	<u>--</u>	<u>44,282,132</u>
Less accumulated depreciation/amortization for:				
Buildings	1,978,586	51,556	--	2,030,142
Improvements	8,764,776	587,491	--	9,352,267
Machinery & Equipment	2,147,769	77,851	--	2,225,620
Outside Plant	583,380	171	--	583,551
Head End Equipment	289,589	139	--	289,728
General Support Assets	300,764	5,153	--	305,917
Central Office Switching	1,700,050	29,122	--	1,729,172
Central Office Transmission	814,790	8,120	--	822,910
Origination and Termination	87,709	--	--	87,709
Cable and Wire	2,017,573	184,846	--	2,202,419
Intangible Lease Assets	35,865	--	--	35,865
Other Intangible Assets	<u>504,888</u>	<u>36,063</u>	<u>--</u>	<u>540,951</u>
Total accumulated depreciation/amortization	<u>19,225,739</u>	<u>980,512</u>	<u>--</u>	<u>20,206,251</u>
Capital Assets Net	<u>\$ 25,273,894</u>	<u>\$ 6,195,292</u>	<u>\$ --</u>	<u>\$ 31,469,186</u>

City of Beresford
Notes to the Financial Statements
December 31, 2024

7. Changes in Capital Assets: (Continued)

Depreciation/Amortization expense was charged to functions as follows:

Water	\$ 141,268
Electric	402,959
Sewer	99,036
Telephone	256,026
Solid Waste	1,307
Cablevision	310
Golf Course	<u>79,606</u>
Total Depreciation/Amortization Expense -	
Business-Type Activities	<u><u>\$ 980,512</u></u>

8. Long-Term Debt:

A summary of changes in long-term debt follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government					
Government Activities:					
Bonds Payable:					
Certificates of Participation	\$ 5,662,564	\$ 568,794	\$ 545,000	\$ 5,686,358	\$ 358,156
Intangible Lease	<u>5,295</u>	<u>--</u>	<u>2,309</u>	<u>2,986</u>	<u>2,379</u>
Total Debt	5,667,859	568,794	547,309	5,689,344	360,535
Accrued Leave	<u>81,257</u>	<u>104,759</u>	<u>81,257</u>	<u>104,759</u>	<u>83,807</u>
Total Governmental Activities	<u>5,749,116</u>	<u>673,553</u>	<u>628,566</u>	<u>5,794,103</u>	<u>444,342</u>
Business-Type Activities:					
Bonds Payable:					
Revenue	2,183,271	1,117,766	56,945	3,244,092	58,765
General Obligation	385,000	--	130,000	255,000	125,000
Certificates of Participation	<u>6,140,000</u>	<u>--</u>	<u>330,000</u>	<u>5,810,000</u>	<u>335,000</u>
Total Debt	8,708,271	1,117,766	516,945	9,309,092	518,765
Accrued Leave	<u>141,929</u>	<u>158,704</u>	<u>141,929</u>	<u>158,704</u>	<u>--</u>
Total Business-Type Activities	<u>8,850,200</u>	<u>1,276,470</u>	<u>658,874</u>	<u>9,467,796</u>	<u>518,765</u>
Total Primary Government	<u><u>\$ 14,599,316</u></u>	<u><u>\$ 1,950,023</u></u>	<u><u>\$ 1,287,440</u></u>	<u><u>\$ 15,261,899</u></u>	<u><u>\$ 963,107</u></u>

City of Beresford
Notes to the Financial Statements
December 31, 2024

8. Long-Term Debt: (Continued)

Debt payable at December 31, 2024, is comprised of the following:

Governmental Activities:

Certificates of participation:

Certificate of Participation, Series 2020D Community Center/clubhouse project	varying interest rate of .7 to 2.0%; matures and final payment due December, 2026. This debt is serviced by the Community Center Fund.	\$ 450,000
Certificate of Participation, Series 2016 Swimming pool project	varying interest rate of 2.5 to 4%; matures and final payment due December 1, 2035. This debt is serviced by the Additional Sales Tax Fund.	2,735,000
Certificate of Participation, Series 2022A Grace V. Nelson project	2% fixed; matures and final payment due December 1, 2042. This debt is serviced by the Additional Sales Tax Fund.	<u>2,501,358</u>
Total Certificate of Participation Debt		<u>5,686,358</u>
Intangible Lease:		
Quadient Leasing USA, Inc. for postage meter.	3% fixed; matures and final payment due April, 2026. This debt is serviced by the General Fund.	<u>2,986</u>
Accrued Leave Payable	The liability for accrued leave represents leave benefits earned as of December 31, 2024. This debt is serviced by the General Fund.	<u>104,759</u>
Total Governmental Activities Debt		<u>\$ 5,794,103</u>

City of Beresford
Notes to the Financial Statements
December 31, 2024

8. Long-Term Debt: (Continued)

Debt payable at December 31, 2024, is comprised of the following: (Continued)

Business-type Activities:

State Revolving Fund (SRF) Loans:

Series 2013 State Revolving Fund	3.25%; matures April 15, 2044. This debt will be repaid from the Sewer Fund.	\$ 1,057,204
Series 2013 State Revolving Fund	3%; matures April 15, 2044. This debt will be repaid from the Water Fund.	624,625
Series 2023 State Revolving Fund	2.125%; matures February 15, 2054. This debt will be repaid from the Sewer Fund.	1,433,415
Series 2023 State Revolving Fund	1.875%; matures February 15, 2054. This debt will be repaid from the Water Fund.	<u>128,848</u>
Total Revenue Debt		<u>3,244,092</u>

Certificates of participation:

Certificate of Participation, Series 2020A East Substation project	varying interest rate of .6 to 3.0%; matures and final payment due December 1, 2039. This debt is serviced by the Electric Fund.	<u>5,810,000</u>
Total Certificate of Participation Debt		<u>5,810,000</u>

General Obligation Bonds:

General Obligation Bonds, Series 2020 Lewis & Clark Rural Water Systems Construction Costs (city's share)	varying interest rates of .55 to .9%; matures and final payment due 2026. This debt is serviced by the Water Fund.	<u>255,000</u>
Accrued Leave Payable	The liability for accrued leave represents leave benefits earned as of December 31, 2024. This debt is serviced by the proprietary fund making the payroll payment.	<u>158,704</u>
Total Business Activity Debt		<u>9,467,796</u>
Grand Total		<u><u>\$ 15,261,899</u></u>

City of Beresford
Notes to the Financial Statements
December 31, 2024

8. Long-Term Debt: (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2024, except for compensated absences are as follows:

Government Activities:

Years Ending

Dec. 31,	Certificates of Participation		Intangible Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 358,156	\$ 130,356	\$ 2,379	\$ 57	\$ 360,535	\$ 130,413
2026	345,600	148,412	606	3	346,206	148,415
2027	377,812	93,276	--	--	377,812	93,276
2028	390,068	135,168	--	--	390,068	135,168
2029	397,370	124,767	--	--	397,370	124,767
2030-2034	2,178,012	445,599	--	--	2,178,012	445,599
2035-2039	1,037,856	129,665	--	--	1,037,856	129,665
2040-2044	601,485	30,372	--	--	601,485	30,372
Total	<u>\$ 5,686,359</u>	<u>\$ 1,237,615</u>	<u>\$ 2,985</u>	<u>\$ 60</u>	<u>\$ 5,689,344</u>	<u>\$ 1,237,675</u>

Business-Type Activities:

Years Ending

Dec. 31,	General Obligation Bonds		Certificates of Participation		State Revolving Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 125,000	\$ 2,170	\$ 335,000	\$ 136,091	\$ 58,765	\$ 52,407
2026	130,000	1,170	340,000	131,569	1,622,905	50,530
2027	--	--	345,000	126,469	62,579	48,593
2028	--	--	350,000	120,949	64,578	46,594
2029	--	--	360,000	114,649	66,641	44,531
2030-2034	--	--	1,910,000	456,441	366,533	189,325
2035-2039	--	--	2,170,000	195,139	428,958	126,900
2040-2044	--	--	--	--	485,902	53,826
2045-2049	--	--	--	--	87,231	3,049
Total	<u>\$ 255,000</u>	<u>\$ 3,340</u>	<u>\$ 5,810,000</u>	<u>\$ 1,281,307</u>	<u>\$ 3,244,092</u>	<u>\$ 615,755</u>

City of Beresford
Notes to the Financial Statements
December 31, 2024

8. Long-Term Debt: (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2024, except for compensated absences are as follows: (Continued)

Years Ending Dec. 31,	Total	
	Principal	Interest
2025	\$ 518,765	\$ 190,668
2026	2,092,905	183,269
2027	407,579	175,062
2028	414,578	167,543
2029	426,641	159,180
2030-2034	2,276,533	645,766
2035-2039	2,598,958	322,039
2040-2044	485,902	53,826
2045-2049	87,231	3,049
Total	<u>\$ 9,309,092</u>	<u>\$ 1,900,402</u>

Utilities Revenues Pledged:

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

The Water Fund will repay \$1,600,000 in water system bonds issued in March 2012. Proceeds from the bonds provided financing for the City's share of Lewis and Clark Rural Water Systems construction costs. The bonds are payable solely from water customer net revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 35 percent of net revenues. The total principal and interest remaining to paid on the bonds is \$258,340. Principal and interest paid for the current year and total customer net revenues were \$133,080 and \$815,594, respectively.

City of Beresford
Notes to the Financial Statements
December 31, 2024

9. Restricted Net Position:

Restricted Net Position for the year ended December 31, 2024 was as follows:

	Governmental Funds	Proprietary Funds	Total
Debt service	\$ 165,406	\$ 477,077	\$ 642,483
Library	70,274	--	70,274
Customer deposits	--	25,770	25,770
SDRS pension purposes	142,703	--	142,703
Total	<u>\$ 378,383</u>	<u>\$ 502,847</u>	<u>\$ 881,230</u>

These balances are restricted due to federal grant and statutory requirements.

10. Interfund Transfers:

Interfund transfers for the year ended December 31, 2024 were as follows:

Transfer from Electric, Telephone, and Solid Waste funds to cover temporary cash shortages in the General Fund.	\$ 1,063,100
Transfer from Additional Sales Tax Fund to cover debt payments in the Community Center and Clubhouse Debt Service Fund.	\$ 73,369
Transfer from Additional Sales Tax Fund to the Golf Course Fund to cover temporary cash shortages.	\$ 246,636

11. Pension Plan:

Plan Information:

All employees, working for more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit pension plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605)773-3731.

11. Pension Plan: (Continued)

Benefits Provided:

SDRS has four classes of employees, Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouse of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

City of Beresford
Notes to the Financial Statements
December 31, 2024

11. Pension Plan: (Continued)

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A members, 6% of salary; Class B Judicial Members, 9% of salary; and Class B Public Safety Members, 8% of salary. State Statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2024, 2023, and 2022 equal to the required contributions each year as follows:

2024	\$	132,724
2023		123,002
2022		116,054

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2024, SDRS is 100.0% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ending June 30, 2024, and reported by the City as of December 31, 2024 are as follows:

Proportionate share of pension liability	\$ 11,411,127
Less proportionate share of total pension restricted for pension benefits	<u>11,414,223</u>
Proportionate share of net pension liability (asset)	<u>\$ (3,096)</u>

At December 31, 2024, the City reported an asset of (\$3,096) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024 and the total pension asset used to calculate the net pension asset was based on a projection of the City's share of contributions to the plan relative to the contributions of all participating entities. As of June 30, 2024, the City's proportion was 0.076491%, which is a decrease of -0.002629% from its proportion measured as of June 30, 2023.

City of Beresford
Notes to the Financial Statements
December 31, 2024

11. Pension Plan: (Continued)

For the year ended December 31, 2024 the City recognized a pension expense of \$82,417. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 286,723	\$ --
Changes in assumption	51,049	389,128
Net Difference between projected and actual earnings on pension plan investments	116,631	--
Changes in proportion and difference between City contributions and proportionate share of contributions	8,317	--
City contributions subsequent to the measurement date	66,015	--
Total Revenues	<u>\$ 528,735</u>	<u>\$ 389,128</u>

\$66,015 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions recognized in pension expense (reduction of pension expense) as follows:

Year Ended December 31:	
2025	\$ (104,879)
2026	152,025
2027	16,791
2028	9,655
	<u>\$ 73,592</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.5% and real returns of 4%
Future COLAs	1.71%

City of Beresford
Notes to the Financial Statements
December 31, 2024

11. Pension Plan: (Continued)

Mortality Rates:

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020.

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above.

Public Safety Retirees: PubS-2010; 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2023.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e. the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.) The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (see discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	100%	

City of Beresford
Notes to the Financial Statements
December 31, 2024

11. Pension Plan: (Continued)

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of Liability to Changes in the Discount Rate:

The following presents the City's proportionate share of net pension asset calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 – percentage point lower (5.50%) or 1 – percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset)	\$ 1,573,391	\$ (3,096)	\$ (1,293,154)

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

12. 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 \$89,490. The City received \$69,271 in revenue distributions from this investment during 2024.

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

City of Beresford
Notes to the Financial Statements
December 31, 2024

12. Joint Ventures: (Continued)

The following is the percentages of stock ownership as of December 31, 2024:

Alliance Communication Coop	7.51%
City of Beresford/Beresford Municipal Telephone	1.28%
City of Brookings/Swiftel Communications	7.84%
City of Faith/Faith Municipal Telephone	0.89%
CRST Telephone Co.	2.39%
Golden West Telecommunications	26.72%
Interstate Telecommunications Coop.	10.56%
James Valley Telecommunications	4.31%
Kennebec Telephone Co.	1.16%
Midstates Communications	4.37%
RC Technologies	2.35%
Santel Communications Coop.	4.70%
Triotel Communications Inc	5.31%
Valley Telecommunications Coop.	3.88%
Venture Communications Coop.	9.45%
West River Cooperative Telephone Co.	4.21%
West River Telecommunications Coop.	3.07%

13. 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, 2024, the City managed its risks as follows:

Employee Health Insurance:

The City purchases employee health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The City purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims 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.

City of Beresford
Notes to the Financial Statements
December 31, 2024

13. Risk Management: (Continued)

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.

During the year ended December 31, 2024, one claim was filed for unemployment benefits. This claim resulted in payment of benefits in the amount of \$0. At December 31, 2024, no claims were outstanding. One claim is anticipated for 2025. The amount of the claim is currently unknown.

14. Component Unit Notes Receivable:

In August of 2014, the City of Beresford issued a loan to BEDCO in the amount of \$665,000 for development and construction of 28 new housing lots on the south end of the Bridges Golf Course on land that was owned by BEDCO. An additional \$200,000 was issued to BEDCO on November 4, 2015 to complete the next phase which included three more lots. In November of 2023, the City of Beresford issued an additional \$150,000 to BEDCO for the purchase of property at 13th and Cottonwood for future development. The remaining amount due on this note as of December 31, 2024 is \$183,070.

In January of 2024, the City of Beresford issued a loan to Beresford Housing and Redevelopment Commission in the amount of \$380,000 plus 4% interest to construct the infrastructure necessary on the Bak Property for future development. The remaining amount due on this note as of December 31, 2024 is \$382,560.

15. Implementation of New Accounting Standard:

In 2024, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. GASB 100 provides guidance on the accounting and financial reporting for accounting changes and error corrections. It distinguishes between different types of accounting changes—such as changes in accounting principles, changes in estimates, and changes to or within the financial reporting entity—and prescribes specific reporting and disclosure requirements for each. This Statement aims to improve consistency and transparency in financial reporting by requiring retroactive application of changes in accounting principles and corrections of errors, when practicable, and enhancing disclosures. The effect of the implementation of this standard on beginning net position is disclosed in Note 16.

City of Beresford
Notes to the Financial Statements
December 31, 2024

16. Restatements of and Adjustments to Beginning Balances:

The City restated the net position and fund balance of the funds indicated below to appropriately reflect the January 1, 2024 balances as follows:

	Funds	
	Additional Sales Tax Fund	Nonmajor Governmental
12/31/23, as previously reported	\$ 1,346,205	\$ 143,134
Change from major to nonmajor fund	(1,346,205)	1,346,205
12/31/24, as adjusted	<u>\$ --</u>	<u>\$ 1,489,339</u>

Required Supplementary Information

City of Beresford
 Budgetary Comparison Schedules-Budgetary Basis – General Fund
 For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
General property tax	\$ 857,200	\$ 857,200	\$ 840,085	\$ (17,115)
General sales and use tax	690,000	690,000	806,880	116,880
Penalties and interest on taxes	2,000	2,000	2,261	261
Licenses and permits	23,050	23,050	51,031	27,981
Intergovernmental:				
State shared revenues				
Bank franchise tax	13,500	13,500	13,821	321
Liquor tax reversion	24,500	24,500	20,530	(3,970)
Motor vehicle licenses (5%)	36,200	36,200	40,331	4,131
Local government highway and bridge fund	30,500	30,500	30,699	199
County Shared Revenue:				
County road tax (25%)	13,500	13,500	10,860	(2,640)
Charges for Goods and Services:				
General government	15,000	15,000	17,554	2,554
Highway and streets	6,500	6,500	13,096	6,596
Culture and recreation	38,000	38,000	32,636	(5,364)
Fines and Forfeits:				
Court fines and costs	100	100	365	265
Miscellaneous Revenue:				
Investment earnings	11,950	11,950	40,830	28,880
Rentals	54,775	54,775	58,498	3,723
Contributions and donations	--	--	26,310	26,310
Liquor operating agreement income	45,000	45,000	42,032	(2,968)
Other	95,000	95,000	8,357	(86,643)
Total Revenues	<u>\$ 1,956,775</u>	<u>\$ 1,956,775</u>	<u>\$ 2,056,176</u>	<u>\$ 99,401</u>

City of Beresford
 Budgetary Comparison Schedules-Budgetary Basis – General Fund
 For the Year Ended December 31, 2024 (Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				Positive
				(Negative)
General Government:				
Mayor & council	\$ 109,461	\$ 109,461	\$ 109,441	\$ 20
Elections	168,356	168,356	159,423	8,933
Executive Admin	181,315	181,315	180,350	965
Legal	26,800	26,800	24,308	2,492
General Government Building	318,044	318,044	318,009	35
Public Safety:				
Police	662,151	662,151	647,689	14,462
Fire	396,276	396,276	351,984	44,292
Public Works:				
Highways and streets	985,743	985,743	787,454	198,289
Health and Welfare:				
Health	3,000	3,000	248	2,752
Culture and Recreation:				
Parks	486,046	486,046	451,164	34,882
Libraries	323,404	323,404	316,777	6,627
Pool	174,703	174,703	141,209	33,494
Community Subsidies	70,030	70,030	70,030	--
Conservation and Development:				
Economic Development and Assistance	10,945	10,945	8,822	2,123
Total Expenditures	<u>3,916,274</u>	<u>3,916,274</u>	<u>3,566,908</u>	<u>349,366</u>
Excess of Revenues Over				
Expenditures	<u>(1,959,499)</u>	<u>(1,959,499)</u>	<u>(1,510,732)</u>	<u>448,767</u>
Other Financing Sources:				
Transfers in	1,137,000	1,137,000	1,063,100	(73,900)
Compensation for loss or damage to				
capital assets	--	--	5,073	5,073
Sale of Municipal Property	<u>--</u>	<u>--</u>	<u>150,000</u>	<u>150,000</u>
Total Other Financing Sources	<u>1,137,000</u>	<u>1,137,000</u>	<u>1,218,173</u>	<u>81,173</u>
Net Changes in Fund Balance	(822,499)	(822,499)	(292,559)	529,940
Fund Balance, Beginning of Year	<u>2,166,213</u>	<u>2,166,213</u>	<u>2,166,213</u>	<u>--</u>
Fund Balance, End of Year	<u><u>\$ 1,343,714</u></u>	<u><u>\$ 1,343,714</u></u>	<u><u>\$ 1,873,654</u></u>	<u><u>\$ 529,940</u></u>

City of Beresford
Notes to the Required Supplementary Information
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget
For the Year Ended December 31, 2024

Note 1. Budgets and Budgetary Accounting:

The City follows these procedures in establishing the budgetary data reflected in the schedules:

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 5 percent of the total municipal budget and may be transferred by 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. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board/City Commission.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a 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 applied within the context of the modified accrual basis of accounting present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

City of Beresford

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
Years Ended December 31,

<u>Calendar Year</u>	<u>Municipality's Proportion of the Net Pension Liability/Asset</u>	<u>Municipality's Proportionate Share of the Net Pension Liability/Asset</u>	<u>Municipality's Covered Payroll</u>	<u>Municipality's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2024	0.076491%	\$ (3,096)	\$ 2,025,793	0.15%	100.00%
2023	0.079120%	\$ (7,722)	\$ 1,933,952	0.40%	100.10%
2022	0.081058%	\$ (7,660)	\$ 1,836,317	0.42%	100.10%
2021	0.084033%	\$ (643,549)	\$ 1,812,601	35.50%	105.52%
2020	0.082489%	\$ (3,582)	\$ 1,860,625	0.19%	100.04%
2019	0.083813%	\$ (8,882)	\$ 1,756,104	0.51%	100.09%
2018	0.083133%	\$ (1,939)	\$ 1,676,233	0.12%	100.02%
2017	0.086847%	\$ (7,881)	\$ 1,671,218	0.47%	100.10%
2016	0.092504%	\$ 312,468	\$ 1,690,379	-18.49%	96.89%
2015	0.088526%	\$ (375,464)	\$ 1,601,740	23.44%	104.10%

*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30.

City of Beresford
Schedule of the City's Contributions (SDRS)
As of December 31,

Calendar Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 132,724	\$ 132,724	\$ --	\$ 2,088,104	6.36%
2023	\$ 123,002	\$ 123,002	\$ --	\$ 1,936,935	6.35%
2022	\$ 116,054	\$ 116,054	\$ --	\$ 1,836,562	6.32%
2021	\$ 114,672	\$ 114,672	\$ --	\$ 1,812,601	6.33%
2020	\$ 116,691	\$ 116,691	\$ --	\$ 1,860,625	6.27%
2019	\$ 106,983	\$ 106,983	\$ --	\$ 1,756,104	6.09%
2018	\$ 105,048	\$ 105,048	\$ --	\$ 1,676,233	6.27%
2017	\$ 104,995	\$ 104,995	\$ --	\$ 1,671,218	6.28%
2016	\$ 105,936	\$ 105,936	\$ --	\$ 1,690,379	6.27%
2015	\$ 100,390	\$ 100,390	\$ --	\$ 1,601,740	6.27%

City of Beresford

Notes to Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions

As of December 31, 2024

Changes from Prior Valuation

The June 30, 2024, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023, Actuarial Valuation.

The details of the changes since the last valuation are as follows.

Benefit Provision Changes

During the 2024 Legislative Session no significant SDRS benefit changes were made.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027, Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

Supplementary Information

City of Beresford
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

	Special Revenue		Debt Service			Capital Projects	Total Nonmajor Governmental Funds
	Library Fund	Additional Sales Tax Fund	Community Center & Clubhouse Debt Service	TIF #2 Fund	Hybrid Turkey TIF Fund	Grace V. Nelson Fund	
Assets:							
Cash and cash equivalents	\$ 70,274	\$ 664,799	\$ --	\$ 2,406	\$ --	\$ --	\$ 737,479
Notes receivable	--	382,560	--	--	--	--	382,560
Due from state government	--	10,730	--	--	--	--	10,730
Restricted investments	--	295,766	71,684	--	--	--	367,450
Total Assets	<u>70,274</u>	<u>1,353,855</u>	<u>71,684</u>	<u>2,406</u>	<u>--</u>	<u>--</u>	<u>1,498,219</u>
Fund Balances:							
Nonspendable	--	382,560	--	--	--	--	382,560
Restricted	70,274	163,000	--	2,406	--	--	235,680
Unassigned	--	808,295	71,684	--	--	--	879,979
Total Fund Balances	<u>70,274</u>	<u>1,353,855</u>	<u>71,684</u>	<u>2,406</u>	<u>--</u>	<u>--</u>	<u>1,498,219</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 70,274</u>	<u>\$ 1,353,855</u>	<u>\$ 71,684</u>	<u>\$ 2,406</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,498,219</u>

City of Beresford
Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2024

	Special Revenue		Debt Service			Capital Projects	
	Library Fund	Additional Sales Tax Fund	Community Center & Clubhouse Debt Service	TIF #2 Fund	Hybrid Turkey TIF Fund	Grace V. Nelson Fund	Total Governmental Funds
Revenues:							
Taxes							
General property taxes	\$ --	\$ --	\$ --	\$ --	\$ 123,503	\$ --	\$ 123,503
General sales and use tax	--	732,156	--	--	--	--	732,156
Miscellaneous revenue							
Investment earnings	333	18,543	--	--	--	--	18,876
Contributions	20,408	--	--	--	--	--	20,408
Other	--	3,298	--	--	--	--	3,298
Total Revenue	20,741	753,997	--	--	123,503	--	898,241
Expenditures:							
Culture and recreation:							
Library	\$ 5,408	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 5,408
Conservation and development:							
Economic development and assistance (industrial development)	--	--	--	--	123,503	--	123,503
Debt service	--	426,342	73,369	--	--	--	499,711
Capital outlay	14,103	--	--	--	--	568,794	582,897
Total Expenditures	19,511	426,342	73,369	--	123,503	568,794	1,211,519
Excess of Revenues Over (Under)							
Expenditures	1,230	327,655	(73,369)	--	--	(568,794)	(313,278)
Transfers in	--	--	73,369	--	--	--	73,369
Transfers out	--	(320,005)	--	--	--	--	(320,005)
Long-term debt issued	--	--	--	--	--	568,794	568,794
Total Other Financing Sources	--	(320,005)	73,369	--	--	568,794	322,158
Net Change in Fund Balance	1,230	7,650	--	--	--	--	8,880
Fund Balances as previously presented	69,044	--	71,684	2,406	--	--	143,134
Change within financial reporting entity (major to nonmajor fund)	--	1,346,205	--	--	--	--	1,346,205
Fund Balances- Beginning of Year	69,044	1,346,205	71,684	2,406	--	--	1,489,339
Fund Balances - End of Year	\$ 70,274	\$ 1,353,855	\$ 71,684	\$ 2,406	\$ --	\$ --	\$ 1,498,219

City of Beresford
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
US Department of Transportation - Pass-Through Programs:			
SD Department of Transportation			
State and Community Highway Safety	20.600	SSB-00087	\$ 14,881
Total US Department of Transportation			<u>14,881</u>
US Department of Treasury - Direct Programs:			
Coronavirus State and Local Fiscal Recovery Funds (Note 3)	21.027	2022G-ARP-112	<u>4,987,550</u>
Total US Department of Treasury			<u>4,987,550</u>
Grand Total			<u><u>\$ 5,002,431</u></u>

City of Beresford
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024 (Continued)

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.