City of Beresford

Independent Auditor's Report
and Financial Statements

For the Year Ended
December 31, 2025

City of Beresford
City Officials
December 31, 2025

Mayor:

Eli Seeley

Governing Board:

William Roelke

Sarah Antonson

Kayla Bullis

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 11, 2026. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, described in the accompanying Schedule of Current Audit Findings as item 2025-001.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit. The City's response to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

ELO Prof LLC

Yankton, South Dakota
June 11, 2026

Schedule of Prior Audit Findings:

No Previous Audit Findings.

Schedule of Current Audit Findings:

Finding No. 2025-001 – Compliance Over Interfund Borrowing

Criteria: There is a material weakness resulting from negative cash balances in the Water Fund and the Golf Course Fund. Negative cash balances represents borrowings from other funds, but no such borrowings were approved by the governing body. The City maintains these funds as self-supporting enterprise funds, and the City has the responsibility of evaluating rates and monitoring expenditures to prevent these funds from having negative cash balances.

Condition: SDCL 9-22-24 requires the governing body to approve of interfund borrowing.

Cause: In 2025, there was interfund borrowing for multiple funds that was not approved of by the governing body.

Effect: The City of Beresford is in violation of SDCL 9-22-24 for the failure to obtain approval from the governing body for interfund borrowing.

Recommendation: We recommend that the City officials evaluate the water and golf rate structures and ongoing expenses of these funds to address the negative cash balances or rectify the negative cash balances through board-approved interfund transfers.

Views of Responsible Individuals: Management agrees with the finding and recommendation.

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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, 2025, 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, 2025, 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 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 June 11, 2026, 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.

CLO Cpf LLC

Yankton, South Dakota
June 11, 2026

City of Beresford
Statement of Net Position
December 31, 2025

	Primary Government			Unaudited Component Units	
	Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment	Economic Development
Assets:					
Cash and cash equivalents	$ 1,806,093	$ 8,512,212	$ 10,318,305	$ 330,829	$ 215,722
Accounts receivable, net	850,340	908,080	1,758,420	--	--
Inventories	90,644	1,778,403	1,869,047	300,000	631,900
Other assets	604,458	193,408	797,866	--	--
Restricted assets:					
Investments	682,382	486,371	1,168,753	--	--
Net pension asset	6,479	--	6,479	--	--
Capital assets:					
Land	3,570,285	451,487	4,021,772	--	--
Other capital assets, net of depreciation	10,022,495	35,764,248	45,786,743	--	--
Total Assets	17,633,176	48,094,209	65,727,385	630,829	847,622
Deferred Outflows of Resources:					
Pension related deferred outflows	615,018	--	615,018	--	--
Liabilities:					
Accounts payable and other current liabilities	151,279	948,143	1,099,422	--	--
Noncurrent liabilities:					
Due within one year	472,597	530,642	1,003,239	--	--
Due in more than one year	8,081,397	13,839,053	21,920,450	--	298,191
Total Liabilities	8,705,273	15,317,838	24,023,111	--	298,191
Deferred Inflows of Resources:					
Pension related deferred inflows	343,906	--	343,906	--	--
Net Position:					
Net investment in capital assets	5,153,773	22,163,989	27,317,762	--	--
Restricted for:					
Debt services	684,788	486,371	1,171,159	--	--
Library	81,286	--	81,286	--	--
Meter Deposits	--	23,020	23,020	--	--
SDRS pension purposes	277,591	--	277,591	--	--
Unrestricted	3,001,577	10,102,991	13,104,568	630,829	549,431
Total Net Position	$ 9,199,015	$ 32,776,371	$ 41,975,386	$ 630,829	$ 549,431

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, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Unaudited Component Units: Housing & Redevelopment	Unaudited Component Units: Economic Development
Primary Government:								
Governmental Activities:								
General government	402,478	--	930,214	527,736	--	527,736		
Public safety	876,292	2,249	--	(874,043)	--	(874,043)		
Public works	769,418	13,640	--	(755,778)	--	(755,778)		
Culture and recreation	1,147,979	32,108	--	(1,115,871)	--	(1,115,871)		
Conservation and development	400,741	--	--	(400,741)	--	(400,741)		
Interest on long-term debt	173,748	--	--	(173,748)	--	(173,748)		
Total Governmental Activities	3,770,656	47,997	930,214	(2,792,445)	--	(2,792,445)		
Business-type Activities:								
Water	945,245	817,791	--	--	(127,454)	(127,454)		
Electric	3,688,087	4,053,932	--	--	365,845	365,845		
Sewer	585,064	1,060,793	--	--	475,729	475,729		
Telephone	1,426,661	1,879,523	--	--	452,862	452,862		
Garbage	228,232	292,914	--	--	64,682	64,682		
Cablevision	271,985	321,525	--	--	49,540	49,540		
Golf Course	840,475	769,362	--	--	(71,113)	(71,113)		
Total Business-Type Activities	7,985,749	9,195,840	--	--	1,210,091	1,210,091		
Total Primary Government	11,756,405	9,243,837	930,214	(2,792,445)	1,210,091	(1,582,354)		
Component Units:								
Housing and redevelopment	1,050	--					(1,050)	
Economic development	29,981	65,760						35,779
General Revenues:								
Taxes:								
Property tax				1,013,419	--	1,013,419	--	--
Sales tax				1,722,800	--	1,722,800	--	--
State shared revenues				98,105	--	98,105	--	--
County shared revenues				21,197	--	21,197	--	--
Unrestricted investment earnings				48,986	234,171	283,157	6,997	265
Miscellaneous revenue				323,615	--	323,615	57,066	--
Transfers				666,000	(666,000)	--	--	--
Total General Revenues and Transfers				3,894,122	(431,829)	3,462,293	64,063	265
Change in Net position				1,101,677	778,262	1,879,939	63,013	36,044
Net Position-Beginning of Year				8,097,338	31,998,109	40,095,447	567,816	513,387
Net Position-End of Year				9,199,015	32,776,371	41,975,386	630,829	549,431

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

City of Beresford
Balance Sheet – Governmental Funds
December 31, 2025

	General Fund	Additional Sales Tax Fund	Bak Housing Project Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 673,119	$ 982,298	$ 66,984	$ 83,692	$ 1,806,093
Taxes receivable:					
Delinquent	10,602	--	--	--	10,602
Notes receivable	183,070	382,560	--	--	565,630
Due from other fund	812,868	--		--	812,868
Due from state government	14,767	12,103	--	--	26,870
Supply inventory	90,644	--	--	--	90,644
Prepaid expense	38,828	--	--	--	38,828
Restricted investments	--	297,224	--	385,158	682,382
Total Assets	$ 1,823,898	$ 1,674,185	$ 66,984	$ 468,850	$ 4,033,917
Liabilities and Fund Balances:					
Accounts payable	$ 2,081	$ --	$ 149,198	$ --	$ 151,279
Total Liabilities	2,081	--	149,198	--	151,279
Deferred Inflows of Resources:					
Property taxes	$ 10,602	$ --	$ --	$ --	$ 10,602
Total Deferred Inflows of Resources	10,602	--	--	--	10,602
Fund Balances:					
Nonspendable					
Inventory, prepaid expense & note receivable	312,542	382,560	--	--	695,102
Restricted					
Debt Service	--	297,224	--	387,564	684,788
Library	--	--	--	81,286	81,286
Committed					
Capital Improvements		994,401			994,401
Unassigned	1,498,673	--	(82,214)	--	1,416,459
Total Fund Balances	1,811,215	1,674,185	(82,214)	468,850	3,872,036
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,823,898	$ 1,674,185	$ 66,984	$ 468,850	$ 4,033,917

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, 2025

Total Fund Balances - Government Funds		$ 3,872,036
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.		6,479
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		13,592,780
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		615,018
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	(114,987)	
Lease Payable	(607)	
Certificates of Participation	(8,438,400)	(8,553,994)
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.		(343,906)
Net Position - Governmental Funds		$ 9,199,015

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

City of Beresford
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended December 31, 2025

	General Fund	*Formerly Non-Major* Additional Sales Tax Fund	Bak Housing Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes					
General property taxes	$ 886,835	$ --	$ --	$ 123,918	$ 1,010,753
General sales taxes	903,060	819,740	--	--	1,722,800
Penalties and interest	2,666	--	--	--	2,666
Licenses and permits	47,615	--	--	--	47,615
Intergovernmental revenue					
Federal grants	8,764	--	--	--	8,764
State grants	--	--	921,450	--	921,450
State shared revenues					
Bank franchise tax	12,492	--	--	--	12,492
Motor vehicle commercial prorate	4,069	--	--	--	4,069
Liquor tax reversion	15,345	--	--	--	15,345
Motor vehicles licenses	34,367	--	--	--	34,367
Local government highway and bridge	31,832	--	--	--	31,832
County shared revenues					
County road and bridge tax (25%)	9,693	--	--	--	9,693
County wheel tax	11,504	--	--	--	11,504
Charges for goods and services					
General government	2,249	--	--	--	2,249
Highways and streets	13,185	--	--	--	13,185
Culture and recreation	32,108	--	--	--	32,108
Miscellaneous revenue					
Investment earnings	32,578	15,482	--	926	48,986
Rentals	58,860	--	--	--	58,860
Special assessments	455	--	--	--	455
Contributions	27,613	--	--	38,010	65,623
Other	61,144	--	--	--	61,144
Total Revenue	$ 2,196,434	$ 835,222	$ 921,450	$ 162,854	$ 4,115,960

City of Beresford

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
For the Year Ended December 31, 2025 (Continued)

	General Fund	*Formerly Non-Major* Additional Sales Tax Fund	Bak Housing Project Fund	Other Governmental Funds	Total Governmental Funds
Expenditures:					
Current:					
General government:					
Legislative	$ 26,386	$ --	$ --	$ --	$ 26,386
Executive administration	208,535	--	--	--	208,535
Legal	26,749	--	--	--	26,749
Financial administration	171,867	--	--	--	171,867
Planning and zoning	66,574	--	--	--	66,574
Public safety:					
Police	657,942	--	--	--	657,942
Fire	59,102	--	--	--	59,102
Public works:					
Highways and streets	502,424	--	--	--	502,424
Culture and recreation:					
Parks	222,742	--	--	269,407	492,149
Library	245,205	--	--	27,902	273,107
Pool	139,909	--	--	--	139,909
Community subsidies	75,167	--	--	--	75,167
Conservation and development:					
Economic development and assistance (industrial development)	13,657	--	263,166	123,918	400,741
Debt service	--	281,738	80	267,803	549,621
Capital outlay	598,987	--	2,940,366	309,586	3,848,939
Total Expenditures	3,015,246	281,738	3,203,612	998,616	7,499,212
Excess of Revenues Over (Under) Expenditures	(818,812)	553,484	(2,282,162)	(835,762)	(3,383,252)
Other Financing Sources:					
Transfers in	746,000	--	--	233,154	979,154
Transfers out	(80,000)	(233,154)	--	--	(313,154)
Long-term debt issued	--	--	2,199,948	927,094	3,127,042
Compensation for loss or damage to capital assets	13,923	--	--	--	13,923
Sale of Municipal Property	76,450	--	--	--	76,450
Total Other Financing Sources	756,373	(233,154)	2,199,948	1,160,248	3,883,415
Net Change in Fund Balance	(62,439)	320,330	(82,214)	324,486	500,163
Fund Balance, as previously presented	1,873,654	--	--	1,498,219	3,371,873
Change within financial reporting entity (nonmajor to major fund)	--	1,353,855	--	(1,353,855)	--
Fund Balances- Adjusted Beginning of Year	1,873,654	1,353,855	--	144,364	3,371,873
Fund Balances - End of Year	$ 1,811,215	$ 1,674,185	$ (82,214)	$ 468,850	$ 3,872,036

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, 2025

Net Change in Fund Balances - Total Government Funds	$ 500,163
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.	3,848,939
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.	(622,422)
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.	377,379
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.	(3,127,042)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	134,888
Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.	(10,228)
Change in Net Position of Governmental Activities	$ 1,101,677

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

City of Beresford

Statement of Net Position – Proprietary Funds

December 31, 2025

					Non-Major			
	Water Fund	Electric Fund	Sewer Fund	Telephone Fund	Garbage Fund	Cablevision Fund	Golf Course Fund	Totals
Assets:								
Current Assets:								
Cash and cash equivalents	$ --	$ 3,321,090	$ 1,297,027	$ 3,348,331	$ 329,695	$ 216,069	$ --	$ 8,512,212
Accounts receivable, net	57,537	519,992	84,497	214,081	31,973	--	--	908,080
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	44,420	714	--	6,503	80,677
Total Current Assets	118,569	5,354,517	1,443,783	3,718,235	362,382	263,103	18,783	11,279,372
Noncurrent Assets:								
Restricted investments	--	486,371	--	--	--	--	--	486,371
Deposit	--	14,180	--	98,551	--	--	--	112,731
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	--	2,321,389	4,064,843
Improvements other than buildings	5,090,689	14,146,210	12,969,162	--	51,195	--	1,757,973	34,015,229
Machinery and equipment	93,850	1,550,523	171,675	10,533,421	46,623	913,753	408,335	13,718,180
Other Assets	1,803,174	--	--	--	--	--	35,865	1,839,039
Accumulated depreciation	(2,946,047)	(6,990,284)	(2,281,797)	(5,895,993)	(121,342)	(912,209)	(1,639,194)	(20,786,866)
Accumulated amortization	(577,014)	--	--	--	--	--	(35,865)	(612,879)
Construction in Progress	127,717	--	3,398,985	--	--	--	--	3,526,702
Total Capital Assets:	4,692,591	8,947,353	14,277,025	5,042,699	104,752	1,544	3,149,771	36,215,735
Total Noncurrent Assets	4,692,591	9,447,904	14,277,025	5,141,250	104,752	1,544	3,149,771	36,814,837
Total Assets	4,811,160	14,802,421	15,720,808	8,859,485	467,134	264,647	3,168,554	48,094,209
Liabilities:								
Current Liabilities:								
Accounts payable	--	--	--	--	12,102	56,655	--	68,757
Accrued taxes payable	74	17,014	3,428	15,250	1,558	2,618	3,556	43,498
Due to other funds	101,932	--	--	--	--	--	710,936	812,868
Customer deposits	--	13,310	--	9,710	--	--	--	23,020
Current portion of long term debt	152,659	340,000	37,983	--	--	--	--	530,642
Total Current Liabilities	254,665	370,324	41,411	24,960	13,660	59,273	714,492	1,478,785
Noncurrent Liabilities:								
Bonds payable:								
General obligation	130,000	--	--	--	--	--	--	130,000
Revenue	877,408	--	7,508,696	--	--	--	--	8,386,104
Accrued leave payable	26,135	52,449	24,293	62,527	--	--	22,545	187,949
Other long-term debt	--	5,135,000	--	--	--	--	--	5,135,000
Total Noncurrent Liabilities	1,033,543	5,187,449	7,532,989	62,527	--	--	22,545	13,839,053
Total Liabilities	1,288,208	5,557,773	7,574,400	87,487	13,660	59,273	737,037	15,317,838
Net Position:								
Net investment in capital assets	3,662,524	3,472,353	6,730,346	5,042,699	104,752	1,544	3,149,771	22,163,989
Restricted net position restricted for:								
Debt service	--	486,371	--	--	--	--	--	486,371
Customer deposits	--	13,310	--	9,710	--	--	--	23,020
Unrestricted net position	(139,572)	5,272,614	1,416,062	3,719,589	348,722	203,830	(718,254)	10,102,991
Total Net Position	$ 3,522,952	$ 9,244,648	$ 8,146,408	$ 8,771,998	$ 453,474	$ 205,374	$ 2,431,517	$ 32,776,371

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, 2025

	Water Fund	Electric Fund	Sewer Fund	Telephone Fund	Non-Major Garbage Fund	Non-Major Cablevision Fund	Non-Major Golf Course Fund	Totals
Operating Revenues:								
Charges for goods and services	$ 721,866	$ 4,053,932	$ 508,247	$ 1,879,523	$ 292,914	$ 321,525	$ 769,362	$ 8,547,369
Surcharges	86,930	--	552,546	--	--	--	--	639,476
Other	8,995	--	--	--	--	--	--	8,995
Total Operating Revenues	817,791	4,053,932	1,060,793	1,879,523	292,914	321,525	769,362	9,195,840
Operating Expenses:								
Personal services	432,724	508,411	165,665	656,329	27,940	--	327,383	2,118,452
Other current expense	213,125	99,206	19,651	322,518	2,548	266,146	218,082	1,141,276
Materials	120,160	2,559,140	25,168	205,472	196,437	5,668	180,998	3,293,043
Amortization	36,063	--	--	--	--	--	--	36,063
Depreciation	118,872	404,343	276,384	242,342	1,307	171	114,012	1,157,431
Total Operating Expenses	920,944	3,571,100	486,868	1,426,661	228,232	271,985	840,475	7,746,265
Operating Income (Loss)	(103,153)	482,832	573,925	452,862	64,682	49,540	(71,113)	1,449,575
Nonoperating Revenues/(Expenses):								
Investment earnings	1,452	127,495	7,360	92,365	2,759	988	1,752	234,171
Interest expense	(24,301)	(116,987)	(98,196)	--	--	--	--	(239,484)
Total Nonoperating Revenue/(Expenses)	(22,849)	10,508	(90,836)	92,365	2,759	988	1,752	(5,313)
Net Income (Loss) Before Contributions	(126,002)	493,340	483,089	545,227	67,441	50,528	(69,361)	1,444,262
Transfers in	--	40,000	--	40,000	--	--	--	80,000
Transfers out	--	(391,000)	--	(325,000)	(30,000)	--	--	(746,000)
Net Change in Net Position	(126,002)	142,340	483,089	260,227	37,441	50,528	(69,361)	778,262
Net Position - Beginning of Year	3,648,954	9,102,308	7,663,319	8,511,771	416,033	154,846	2,500,878	31,998,109
Net Position - End of Year	$ 3,522,952	$ 9,244,648	$ 8,146,408	$ 8,771,998	$ 453,474	$ 205,374	$ 2,431,517	$ 32,776,371

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, 2025

	Water Fund	Electric Fund	Sewer Fund	Telephone Fund	Garbage Fund	Cablevision Fund	Golf Course Fund	Totals
Cash Flows from Operating Activities:								
Receipt from customers	$ 817,088	$ 4,045,041	$ 1,058,553	$ 1,861,268	$ 291,927	$ 321,525	$ 769,362	$ 9,164,764
Payments to suppliers	(333,211)	(2,657,363)	(471,029)	(534,651)	(198,978)	(272,128)	(455,574)	(4,922,934)
Payments to employees	(424,589)	(499,523)	(164,041)	(650,041)	(27,940)	--	(323,095)	(2,089,229)
Net Cash Provided (Used) by Operating Activities:	59,288	888,155	423,483	676,576	65,009	49,397	(9,307)	2,152,601
Cash Flows from Non-Capital Financing Activities:								
Transfers in	--	40,000	--	40,000	--	--	--	80,000
Transfers out	--	(391,000)	--	(325,000)	(30,000)	--	--	(746,000)
Loans (to) from other funds	101,932	--	--	--	--	--	710,936	812,868
Net Cash Provided (Used) by Non-Capital Financing Activities	101,932	(351,000)	--	(285,000)	(30,000)	--	710,936	146,868
Cash Flows from Capital and Related Financing Activities:								
Purchase of capital assets	(298,962)	(59,645)	(4,792,105)	(40,042)	--	--	(749,289)	(5,940,043)
Proceeds of new long term debt	298,586	--	7,508,696	--	--	--	--	7,807,282
Payments on long term debt	(146,992)	(335,000)	(2,452,636)	--	--	--	--	(2,934,628)
Debt interest paid	(24,301)	(116,987)	(98,196)	--	--	--	--	(239,484)
Change in restricted cash	--	(9,294)	--	--	--	--	--	(9,294)
Net Cash Provided (Used) by Capital and Related Financing Activities:	(171,669)	(520,926)	165,759	(40,042)	--	--	(749,289)	(1,316,167)
Cash Flows from Investing Activities:								
Interest earnings	1,452	127,495	7,360	92,365	2,759	988	1,752	234,171
Net Cash Provided by Investing Activities	1,452	127,495	7,360	92,365	2,759	988	1,752	234,171
Net Increase (Decrease) in Cash and Cash Equivalents	(8,997)	143,724	596,602	443,899	37,768	50,385	(45,908)	1,217,473
Cash and Cash Equivalents - Beginning of Year	8,997	3,177,366	700,425	2,904,432	291,927	165,684	45,908	7,294,739
Cash and Cash Equivalents - End of Year	$ --	$ 3,321,090	$ 1,297,027	$ 3,348,331	$ 329,695	$ 216,069	$ --	$ 8,512,212

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, 2025 (Continued)

Reconciliation of Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:								
Operating income (loss)	$ (103,153)	$ 482,832	$ 573,925	$ 452,862	$ 64,682	$ 49,540	$ (71,113)	$ 1,449,575
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Provided by operating activities:								
Depreciation expense	118,872	404,343	276,384	242,342	1,307	171	114,012	1,157,431
Amortization expense	36,063	--	--	--	--	--	--	36,063
(Increase) decrease in:								
Receivables	(703)	(8,891)	(2,240)	(18,255)	(987)	--	--	(31,076)
Prepaid expenses	--	--	--	(21,911)	--	--	--	(21,911)
Increase (decrease) in:								
Accounts and other payables	74	983	(426,210)	15,250	7	(314)	(56,494)	(466,704)
Accrued wages and leave payable	8,135	8,940	1,624	6,258	--	--	4,288	29,245
Deposits	--	(52)	--	30	--	--	--	(22)
Cash Flows Provided (Used) by Operating Activities	$ 59,288	$ 888,155	$ 423,483	$ 676,576	$ 65,009	$ 49,397	$ (9,307)	$ 2,152,601

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

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.

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:

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 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.

Bak Housing Project Fund– to account for the financial resources to be used for the construction of new housing. This is 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, 2025 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.

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, construction in progress, 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.

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 file 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 Assets (Leases & SBITAs)	4,000	Straight-line	5-20 years
Telephone property and improvements	1,000	Straight-line	5-23 years

*Land, an inexhaustible capital asset, is not depreciated/amortized.

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.

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.

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

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

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

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription 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 subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

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

1. Summary of Significant Accounting Policies: (Continued)

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.

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.

1. Summary of Significant Accounting Policies: (Continued)

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.

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.

1. Summary of Significant Accounting Policies: (Continued)

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 Nonspendable Fund Balance is comprised of the following:

- Amount reported in non-spendable form, such as inventory and prepaid expenses.
- Amount not in cash form, such as the long-term portion of a notes receivable.

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.

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:

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

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.

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

As of December 31, 2025, the City had the following investments, not including certificates of deposits.

Fund	Investments	Credit Rating	Maturity	Fair Value
Electric	U.S. Treasury Notes	N/A	12/1/2039	$ 486,371
Community Center	U.S. Treasury Notes	N/A	12/1/2026	71,706
Grace V Nelson Fund	U.S. Treasury Notes	N/A	12/1/2042	313,452
Second Penny	U.S. Treasury Notes	N/A	12/1/2035	297,224
	Subtotal			1,168,753
External Investment Pools	SDFIT-Government Cash Reserves	N/A	N/A	7,258,724
	Total Investments			$ 8,427,477

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:

Fund	Amount:	Purpose:
Additional Sales Tax	$ 297,224	Debt Services, by debt covenants
Grace V Nelson Project Fund	313,452	Debt Services, by debt covenants
Community Center	71,706	Debt Services, by debt covenants
Electric	486,371	Debt Services, by debt covenants
Total	$ 1,168,753	

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 constitutes “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.

7. Changes in Capital Assets:

A summary of changes in capital assets for the year ended December 31, 2025 is as follows:

	Balance 12/31/2024	Increases	Decreases	Balance 12/31/2025
Governmental Activities:				
Capital assets, not being depreciated/amortized				
Land	$ 577,045	$ --	$ --	$ 577,045
Construction in progress	2,941,307	3,507,573	3,455,640	2,993,240
Total, not being depreciated/amortized	3,518,352	3,507,573	3,455,640	3,570,285
Capital assets, being depreciated/amortized				
Buildings	3,651,587	349,105	--	4,000,692
Improvements	7,441,206	3,113,687	--	10,554,893
Machinery & Equipment	2,999,603	306,312	--	3,305,915
Library Books	304,830	27,902	--	332,732
Intangible Lease Assets	11,299	--	--	11,299
Total, being depreciated/amortized	14,408,525	3,797,006	--	18,205,531
Less accumulated depreciation/amortization for:				
Buildings	1,778,998	155,794	--	1,934,792
Improvements	3,448,837	277,523	--	3,726,360
Machinery & Equipment	2,253,251	169,974	--	2,423,225
Library Books	73,504	17,625	--	91,129
Intangible Lease Assets	6,024	1,506	--	7,530
Total accumulated depreciation/amortization	7,560,614	622,422	--	8,183,036
Capital Assets Net	$ 10,366,263	$ 6,682,157	$ 3,455,640	$ 13,592,780

Depreciation/amortization expense was charged to functions as follows:

General government	$ 37,255
Public safety	149,020
Public works	266,994
Culture and recreation	167,647
Amortization	1,506
Total Depreciation/Amortization Expense - Governmental Activities	$ 622,422

7. Changes in Capital Assets: (Continued)

Construction Work in Progress at December 31, 2025 is composed of the following:

Project Name	Project Authorization	Expended thru 12/31/2025	Committed
Governmental			
Bak Housing Development	$ 2,996,383	$ 2,993,240	$ 3,143
Enterprise			
CIPP Lining	3,833,540	583,796	3,249,744
Sanitary Sewer Replacement	4,909,725	2,942,906	1,966,819
Total Work in Progress	$ 11,739,648	$ 6,519,942	$ 5,219,706

7. Changes in Capital Assets: (Continued)

A summary of changes in capital assets for the year ended December 31, 2025 is as follows: (Continued)

	Balance 12/31/2024	Increases	Decreases	Balance 12/31/2025
Business-Type Activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 451,487	$ --	$ --	$ 451,487
Construction in progress	6,941,818	5,803,467	9,218,583	3,526,702
Total, not being depreciated/amortized	7,393,305	5,803,467	9,218,583	3,978,189
Capital assts, being depreciated/amortized:				
Buildings	3,266,078	798,765	--	4,064,843
Improvements	25,595,412	8,419,818	--	34,015,230
Machinery & Equipment	2,534,536	136,576	--	2,671,112
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	1,803,175	--	--	1,803,175
Total, being depreciated/amortized	44,282,132	9,355,159	--	53,637,291
Less accumulated depreciation/amortization for:				
Buildings	2,030,142	83,507	--	2,113,649
Improvements	9,352,267	775,281	--	10,127,548
Machinery & Equipment	2,225,620	92,242	--	2,317,862
Outside Plant	583,551	171	--	583,722
Head End Equipment	289,728	--	--	289,728
General Support Assets	305,917	5,155	--	311,072
Central Office Switching	1,729,172	8,458	--	1,737,630
Central Office Transmission	822,910	8,120	--	831,030
Origination and Termination	87,709	--	--	87,709
Cable and Wire	2,202,419	184,497	--	2,386,916
Intangible Lease Assets	35,865	--	--	35,865
Other Intangible Assets	540,951	36,063	--	577,014
Total accumulated depreciation/amortization	20,206,251	1,193,494	--	21,399,745
Capital Assets Net	$ 31,469,186	$ 13,965,132	$ 9,218,583	$ 36,215,735

7. Changes in Capital Assets: (Continued)

Depreciation/Amortization expense was charged to functions as follows:

Water	$ 154,935
Electric	404,343
Sewer	276,384
Telephone	242,342
Solid Waste	1,307
Cablevision	171
Golf Course	114,012
Total Depreciation/Amortization Expense - Business-Type Activities	$ 1,193,494

8. Long-Term Debt:

A summary of changes in long-term debt follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government					
Government Activities:					
Bonds Payable:					
Certificates of Participation	$ 5,686,358	$ 3,127,042	$ 375,000	$ 8,438,400	$ 380,000
Intangible Lease	2,986	--	2,379	607	607
Total Debt	5,689,344	3,127,042	377,379	8,439,007	380,607
Accrued Leave	104,759	114,987	104,759	114,987	91,990
Total Governmental Activities	5,794,103	3,242,029	482,138	8,553,994	472,597
Business-Type Activities:					
Bonds Payable:					
Revenue	3,244,092	5,391,419	58,765	8,576,746	60,642
General Obligation	255,000	--	125,000	130,000	130,000
Certificates of Participation	5,810,000	--	335,000	5,475,000	340,000
Total Debt	9,309,092	5,391,419	518,765	14,181,746	530,642
Accrued Leave	158,704	187,949	158,704	187,949	--
Total Business-Type Activities	9,467,796	5,579,368	677,469	14,369,695	530,642
Total Primary Government	$ 15,261,899	$ 8,821,397	$ 1,159,607	$ 22,923,689	$ 1,003,239

8. Long-Term Debt: (Continued)

Debt payable at December 31, 2025, 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.	$ 225,000
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.	2,965,000
Certificate of Participation, Series 2022A Grace V. Nelson project	varying interest rate from TIF; matures and final payment due December 1, 2042. This debt is serviced by the Additional Sales Tax Fund.	3,048,452
Certificate of Participation, Series 2025 Bak Housing Development	TIF Housing funds; payments made as development is finished. This debt is serviced by the Additional Sales Tax Fund.	2,199,948
Total Certificate of Participation Debt		8,438,400
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.	607
Accrued Leave Payable	The liability for accrued leave represents leave benefits earned as of December 31, 2025. This debt is serviced by the General Fund.	114,987
Total Governmental Activities Debt		$ 8,553,994

8. Long-Term Debt: (Continued)

Debt payable at December 31, 2025, 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.	$ 1,020,431
Series 2013 State Revolving Fund	3%; matures April 15, 2044. This debt will be repaid from the Water Fund.	602,633
Series 2023 State Revolving Fund	2.125%; matures February 15, 2054. This debt will be repaid from the Sewer Fund.	6,526,248
Series 2023 State Revolving Fund	1.875%; matures February 15, 2054. This debt will be repaid from the Water Fund.	427,434
Total Revenue Debt		8,576,746
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.	5,475,000
Total Certificate of Participation Debt		5,475,000
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.	130,000
Accrued Leave Payable	The liability for accrued leave represents leave benefits earned as of December 31, 2025. This debt is serviced by the proprietary fund making the payroll payment.	187,949
Total Business Activity Debt		14,369,695
Grand Total		$ 22,923,689

8. Long-Term Debt: (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2025, 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
2026	$ 380,000	$ 226,651	$ 607	$ 3	$ 380,607	$ 226,654
2027	2,903,400	169,160	--	--	2,903,400	169,160
2028	400,000	209,371	--	--	400,000	209,371
2029	415,000	197,334	--	--	415,000	197,334
2030	425,000	184,756	--	--	425,000	184,756
2031-2035	2,370,000	733,724	--	--	2,370,000	733,724
2036-2040	1,050,000	271,463	--	--	1,050,000	271,463
2041-2045	495,000	35,625	--	--	495,000	35,625
Total	$ 8,438,400	$ 2,028,084	$ 607	$ 3	$ 8,439,007	$ 2,028,087

Business-Type Activities:

Years Ending Dec. 31,	General Obligation Bonds		Certificates of Participation		State Revolving Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 130,000	$ 1,170	$ 340,000	$ 131,569	$ 60,642	$ 50,530
2027	--	--	345,000	126,469	7,016,261	48,593
2028	--	--	350,000	120,949	64,578	46,594
2029	--	--	360,000	114,649	66,641	44,531
2030	--	--	365,000	107,449	68,770	42,402
2031-2035	--	--	1,955,000	411,794	378,244	177,614
2036-2040	--	--	1,760,000	132,337	442,667	113,192
2041-2045	--	--	--	--	436,145	39,062
2046-2050	--	--	--	--	42,798	830
Total	$ 130,000	$ 1,170	$ 5,475,000	$ 1,145,216	$ 8,576,746	$ 563,348

8. Long-Term Debt: (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2025, except for compensated absences are as follows: (Continued)

Years Ending Dec. 31,	Total	
	Principal	Interest
2026	$ 530,642	$ 183,269
2027	7,361,261	175,062
2028	414,578	167,543
2029	426,641	159,180
2030	433,770	149,851
2031-2035	2,333,244	589,408
2036-2040	2,202,667	245,529
2041-2045	436,145	39,062
2046-2050	42,798	830
Total	$ 14,181,746	$ 1,709,734

Utilities Revenues Pledged:

The City has pledged future water 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 $131,170. Principal and interest paid for the current year and total customer net revenues were $258,080 and $808,796, respectively.

9. Restricted Net Position:

Restricted Net Position for the year ended December 31, 2025 was as follows:

	Governmental Funds	Proprietary Funds	Total
Debt service	$ 684,788	$ 486,371	$ 1,171,159
Library	81,286	--	81,286
Customer deposits	--	23,020	23,020
SDRS pension purposes	277,591	--	277,591
Total	$ 1,043,665	$ 509,391	$ 1,553,056

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

10. Interfund Transfers:

Interfund transfers for the year ended December 31, 2025 were as follows:

Transfer from the General Fund to Electric Fund to repay a loan.	$ 40,000
Transfer from the General Fund to Telephone Fund to repay a loan.	$ 40,000
Transfer from Additional Sales Tax Fund to cover debt payments in the Community Center and Clubhouse Debt Service Fund.	$ 233,154
Transfers from the Electric, Telephone, and Garbage funds to the General Fund to cover temporary cash shortages.	$ 746,000

11. Pension Plan:

<u>Plan Information</u>:

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.

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 statue 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, 2025, 2024, and 2023 equal to the required contributions each year as follows:

2025	$	142,578
2024		132,724
2023		123,002

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

At June 30, 2025, SDRS is 100.1% 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, 2025, and reported by the City as of December 31, 2025 are as follows:

Proportionate share of pension liability	$ 11,626,752
Less proportionate share of total pension restricted for pension benefits	11,633,231
Proportionate share of net pension liability (asset)	$ (6,479)

At December 31, 2025, the City reported an asset of ($6,479) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2025 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, 2025, the City's proportion was 0.076176%, which is a decrease of -0.000315% from its proportion measured as of June 30, 2024.

11. Pension Plan: (Continued)

For the year ended December 31, 2025 the City recognized a reduction of pension expense of $134,888. At December 31, 2025, 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	$ 221,819	$ --
Changes in assumption	315,670	343,906
Changes in proportion and difference between City contributions and proportionate share of contributions	4,924	--
City contributions subsequent to the measurement date	72,605	--
Total Revenues	$ 615,018	$ 343,906

$72,605 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:	
2026	$ 152,554
2027	17,872
2028	10,760
2029	17,321
	$ 198,507

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2025 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	1.56%

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, 2025, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

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, 2025 (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%	3.8%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.9%
Real estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	100%	

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:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset)	$ 1,587,837	$ (6,479)	$ (1,312,604)

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 $67,301 in revenue distributions from this investment during 2025.

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

12. Joint Ventures: (Continued)

The following is the percentages of stock ownership as of December 31, 2025:

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, 2025, 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.

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, 2025 no claims were filed for unemployment benefits and no claims were outstanding. No claims are anticipated for 2026.

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, 2025 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, 2025 is $382,560.

Required Supplementary Information

City of Beresford
Budgetary Comparison Schedules-Budgetary Basis – General Fund
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
General property tax	$ 984,585	$ 984,585	$ 886,835	$ (97,750)
General sales and use tax	725,000	725,000	903,060	178,060
Penalties and interest on taxes	2,000	2,000	2,666	666
Licenses and permits	15,250	15,250	47,615	32,365
Intergovernmental:				
Federal grants	54,480	54,480	8,764	(45,716)
State shared revenues				
Bank franchise tax	13,500	13,500	12,492	(1,008)
Motor vehicle commercial prorate	4,500	4,500	4,069	(431)
Liquor tax reversion	18,000	18,000	15,345	(2,655)
Motor vehicle licenses (5%)	35,000	35,000	34,367	(633)
Local government highway and bridge fund	31,000	31,000	31,832	832
County Shared Revenue:				
County road and bridge tax (25%)	1,500	1,500	9,693	8,193
County wheel tax	10,550	10,550	11,504	954
Charges for Goods and Services:				
General government	2,237	2,237	2,249	12
Highway and streets	7,400	7,400	13,185	5,785
Culture and recreation	35,000	35,000	32,108	(2,892)
Fines and Forfeits:				
Court fines and costs	200	200	--	(200)
Miscellaneous Revenue:				
Investment earnings	12,000	12,000	32,578	20,578
Rentals	41,700	41,700	58,860	17,160
Special assessments	--	--	455	455
Contributions and donations	--	--	27,613	27,613
Liquor operating agreement income	43,500	43,500	38,227	(5,273)
Other	--	--	22,917	22,917
Total Revenues	$ 2,037,402	$ 2,037,402	$ 2,196,434	$ 159,032

City of Beresford
Budgetary Comparison Schedules-Budgetary Basis – General Fund
For the Year Ended December 31, 2025 (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Expenditures				
General Government:				
Mayor & council	$ 99,993	$ 99,993	$ 79,261	$ 20,732
Executive admin	208,556	208,556	208,535	21
Financial administration	177,996	177,996	171,867	6,129
Legal	26,800	26,800	26,749	51
General Government Building	66,617	66,617	66,574	43
Public Safety:				
Police	711,843	711,843	705,480	6,363
Fire	104,783	104,783	59,102	45,681
Public Works:				
Highways and streets	856,058	856,058	739,389	116,669
Health and Welfare:				
Health	3,500	3,500	--	3,500
Culture and Recreation:				
Parks	572,325	572,325	456,449	115,876
Libraries	273,785	273,785	273,107	678
Pool	194,135	194,135	139,909	54,226
Community Subsidies	75,167	75,167	75,167	--
Conservation and Development:				
Economic Development and Assistance	24,970	24,970	13,657	11,313
Total Expenditures	3,396,528	3,396,528	3,015,246	381,282
Excess of Revenues Over Expenditures	(1,359,126)	(1,359,126)	(818,812)	540,314
Other Financing Sources:				
Transfers in	948,000	948,000	746,000	(202,000)
Transfers (out)	--	--	(80,000)	(80,000)
Compensation for loss or damage to capital assets	--	--	13,923	13,923
Sale of Municipal Property	227,000	227,000	76,450	(150,550)
Total Other Financing Sources	1,175,000	1,175,000	756,373	(418,627)
Net Changes in Fund Balance	(184,126)	(184,126)	(62,439)	121,687
Fund Balance, Beginning of Year	1,873,654	1,873,654	1,873,654	--
Fund Balance, End of Year	$ 1,689,528	$ 1,689,528	$ 1,811,215	$ 121,687

City of Beresford
Budgetary Comparison Schedules-Budgetary Basis – Additional Sales Tax Fund
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
General sales and use tax	$ 725,000	$ 725,000	$ 819,740	$ 94,740
Miscellaneous Revenue:				
Investment earnings	--	--	15,482	15,482
Total Revenues	725,000	725,000	835,222	110,222
Expenditures				
Debt Service	$ 381,877	$ 381,877	$ 281,738	$ 100,139
Total Expenditures	381,877	381,877	281,738	100,139
Excess of Revenues Over Expenditures	343,123	343,123	553,484	210,361
Other Financing Sources:				
Transfers (out)	(233,154)	(233,154)	(233,154)	--
Total Other Financing Sources	(233,154)	(233,154)	(233,154)	--
Net Changes in Fund Balance	109,969	109,969	320,330	210,361
Fund Balance, Beginning of Year	1,353,855	1,353,855	1,353,855	--
Fund Balance, End of Year	$ 1,463,824	$ 1,463,824	$ 1,674,185	$ 210,361

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,

Calendar Year	City's Proportion of the Net Pension Liability/Asset	City's Proportionate Share of the Net Pension Liability/Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2025	0.076176%	$ (6,479)	$ 2,138,569	0.30%	100.10%
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%

*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
2025	$ 142,578	$ 142,578	$ --	$ 2,239,981	6.37%
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%

Changes from Prior Valuation

The June 30, 2025, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2024, Actuarial Valuation.

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

Benefit Provision Changes

During the 2025 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, 2024, the FVFR, assuming the long-term COLA is equal to the baseline COLA assumption (2.25%), was less than 100% and the July 2025 SDRS COLA was limited to a restricted maximum of 1.71%. For the June 30, 2024, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.71%.

As of June 30, 2025, the FVFR, assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2026 SDRS COLA is limited to a restricted maximum of 1.56%. The July 2026 SDRS COLA will equal inflation, no less than 0% and no greater than 1.56%. For this June 30, 2025, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.56%.

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, 2025

	Special Revenue	Debt Service			Capital Projects	
	Library Fund	**Community Center & Clubhouse Debt Service**	**TIF #2 Fund**	**Hybrid Turkey TIF Fund**	**Grace V. Nelson Fund**	**Total Nonmajor Governmental Funds**
Assets:						
Cash and cash equivalents	$ 81,286	$ --	$ 2,406	$ --	$ --	$ 83,692
Restricted investments	--	71,706	--	--	313,452	385,158
Total Assets	81,286	71,706	2,406	--	313,452	468,850
Fund Balances:						
Restricted	81,286	71,706	2,406	--	313,452	468,850
Total Fund Balances	$ 81,286	$ 71,706	$ 2,406	$ --	$ 313,452	$ 468,850

City of Beresford

Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2025

	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	$ --	$ --	$ --	$ --	$ 123,918	$ --	$ 123,918
Miscellaneous revenue							
Investment earnings	904	--	22	--	--	--	926
Contributions	38,010	--	--	--	--	--	38,010
Total Revenue	38,914	--	22	--	123,918	--	162,854
Expenditures:							
Culture and recreation:							
Parks	$ --	$ --	$ --	$ --	$ --	$ 269,407	$ 269,407
Library	27,902	--	--	--	--	--	27,902
Conservation and development:							
Economic development and assistance (industrial development)	--	--	--	--	123,918	--	123,918
Debt service	--	--	233,154	--	--	34,649	267,803
Capital outlay	--	--	--	--	--	309,586	309,586
Total Expenditures	27,902	--	233,154	--	123,918	613,642	998,616
Excess of Revenues Over (Under) Expenditures	11,012	--	(233,132)	--	--	(613,642)	(835,762)
Other Financing Sources:							
Transfers in	--	--	233,154	--	--	--	233,154
Long-term debt issued	--	--	--	--	--	927,094	927,094
Total Other Financing Sources	--	--	233,154	--	--	927,094	1,160,248
Net Change in Fund Balance	11,012	--	22	--	--	313,452	324,486
Fund Balances as previously presented	70,274	1,353,855	71,684	2,406	--	--	1,498,219
Change within financial reporting entity (nonmajor to major fund)	--	(1,353,855)	--	--	--	--	(1,353,855)
Fund Balances- Beginning of Year	70,274	--	71,684	2,406	--	--	144,364
Fund Balances - End of Year	$ 81,286	$ --	$ 71,706	$ 2,406	$ --	$ 313,452	$ 468,850