



Special Meeting Agenda City Council

12:00 pm (noon) Special Meeting
Monday, July 16, 2012
Large Conference Room
25 Center Street
Vermillion, South Dakota 57069

1. **Roll Call**
2. **Educational Session – Auditor – Jeff Peters from Williams & Company, P.C.**
3. **Informational session – Swimming Pool Project Update.**
4. **Informational Sessions – Way-Finding Signs - Jose Dominguez.**
5. **Briefing on the July 16, 2012 City Council Regular Meeting Agenda-** Briefings are intended to be informational only and no deliberation or decision will occur on this item.
6. **Adjourn**

Access the City Council Agenda on the web – www.vermillion.us

Addressing the Council: Persons addressing the Council shall use the microphone at the podium. Please state your name and address. Presentations are limited to 5 minutes. For those who do not appear on the agenda, no decision is to be expected at this time.

Meeting Assistance: If you require assistance, alternative formats and/or accessible locations consistent with the Americans with Disabilities Act, please contact the City Manager's Office at 677-7050 at least 3 working days prior to the meeting.

Council Meetings: City Council regular meetings are held the first and third Monday of each month at 7:00 p.m. If a meeting falls on a City holiday, the meeting will be scheduled for the following Tuesday.

Live Broadcasts of Council Meetings On Cable Channel: Regular City Council meetings are broadcast live on Cable Channel 3.

As a courtesy to others, we ask that cellular phones and pagers be turned off during the meeting.



City of Vermillion Council Agenda

7:00 p.m. Regular Meeting

Monday, July 16, 2012

City Council Chambers

25 Center Street

Vermillion, South Dakota 57069

1. **Roll Call**
2. **Pledge of Allegiance**
3. **Minutes**
 - a. July 2, 2012 Special Session; July 2, 2012 Regular Session.
4. **Adoption of the Agenda**
5. **Visitors To Be Heard**
 - a. National Night Out proclamation.
6. **Public Hearings**
7. **Old Business**
8. **New Business**
 - a. Street Closure Request for Routing of Dakota Days Parade for Main and Plum Streets on Saturday, October 6, 2012.
 - b. Resolution of Necessity and Notice of Hearing for Sidewalk Safety Improvements.
 - c. First reading of Ordinance 1283 – Adding Section 152.04(N) establishing an exemption for Employment Related signs in the Sign Code.
 - d. Resolution amending the permit fees for permanent, non-permanent, portable and billboard signs.
 - e. Authorization to Notify Cooperative of Intent to Serve Annexed Area (Lot 3, Block 1 of Park Avenue Addition – south side of E. Main Street east of Cypress Drive).
 - f. Resolution correcting the Resolution Establishing Fees in Lieu of Assessment along University Road from South Dakota Highway 50 to Coyote Street.
 - g. 2011 Audited Annual Comprehensive Financial Report.
 - h. Amendment Adding the High Priority Funded Bike Path Project to Agreement 713314 (Hike/bike trail along the East side of Stanford Street from W. Cherry Street to South Dakota Highway 50).
9. **Bid Openings**
 - a. Parallel Taxiway Extension Project.
10. **City Manager's Report**
11. **Invoices Payable**

12. Consensus Agenda

- a. Set a public hearing date of August 6, 2012 for a special daily malt beverage and wine license for Ribs, Rods & Rock'n Roll on or about September 7 & 8, 2012 on W. Main Street between High and Prospect Streets, Ratingen Platz, and Market Street from Main to Kidder Street.
- b. Set a public hearing date of August 6, 2012 for a special permit to exceed permissible sound levels by no more than 50% for a street dance on W. Main Street between High and Prospect on Friday, September 7, 2012 between 8:00 pm and 1:00 am and on Saturday, September 8, 2012 between 5:00 pm and 1:00 am Sunday.
- c. Set a bid opening date of August 14, 2012 for construction of a water tower.
- d. Set a bid opening date of July 31, 2012 for construction of a parallel taxiway extension at Harold Davidson Airport Field.
- e. Set a public hearing date of August 6, 2012 for a special daily malt beverage and wine license for the Fraternal Order of Eagles on or about August 10 & 11, 2012 at the Clay County Fair Grounds.

13. Adjourn

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Addressing the Council: Persons addressing the Council shall use the microphone at the podium. Please raise your hand to be recognized, go to the podium and state your name and address.

a. Items Not on the Agenda Members of the public may speak under Visitors to Be Heard on any topic NOT on the agenda. Remarks are limited to 5 minutes and no decision will be made at this time.

b. Agenda Items: Public testimony will be taken at the beginning of each agenda item, after the subject has been announced by the Mayor and explained by staff. Any citizen who wishes may speak one time for 5 minutes on each agenda item. Public testimony will then be closed and the topic will be given to the governing body for possible action. At this point, only City Council members and staff may discuss the current agenda item unless a Council member moves to allow another person to speak and there is unanimous consent from the Council. Questions from Council members, however, may be directed to staff or a member of the public through the presiding officer at any time.

Meeting Assistance: The City of Vermillion fully subscribes to the provisions of the Americans with Disabilities Act of 1990. If you desire to attend this public meeting and are in need of special accommodations, please notify the City Manager's Office at 677-7050 at least 3 working days prior to the meeting so appropriate auxiliary aids and services can be made available.

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Vermillion City Council's Values and Vision

This community values its people, its services, its vitality and growth, and its quality of life and sees itself reinforcing and promoting these ideals to a consistently increasing populace.



Unapproved Minutes
Council Special Session
July 2, 2012
Monday 12:00 noon

The special session of the City Council, City of Vermillion, South Dakota was held on Monday, July 2, 2012 at 12:00 noon in the City Hall large conference room.

1. Roll Call

Present: Davies, French, Grayson, Meins, Osborne, Ward, Willson, Zimmerman, Mayor Powell

2. Informational Session - Swimming Pool Project Update

John Prescott, City Manager, reported that, in planning for the Prentis Park swimming pool reaching the end of its useful life, a committee was formed and charged with reporting on if there is a need a for a new pool, where should it be and, if needed, what features should it have. John reported on the committee members noting that the first step was a review of the current pool with the committee decision that a new pool is needed. To assist the committee with the next steps, the committee interviewed firms that would serve as an architect with the recommendation of Waters Edge Aquatic Design. Next the committee, with the assistance of the architect, reviewed locations and recommended that the pool stay in Prentis Park. Following that, the committee did a citizen survey and also polled middle school students on features to include in a new pool. The committee worked with the architect to bring forward the proposed design of the pool. Proposed designs were handed out to all members and the individual features were reviewed. John reported that the architect cost estimate for the proposed plan was \$6.8 million that included a 15% contingency.

John reviewed funding options available to the City for such a project that included General Obligation bonds that would require a 60% voter approval. The other bonding option would be a revenue bond that would pledge sales tax to repay the bond. This would commit second penny sales tax revenues for 20 years. The City Hall bond payment is already pledged for second penny sales tax.

John noted the committee discussed using BBB sales tax as the admissions to the pool would include this penny of sales tax and as it is anticipated that the pool will draw from a larger area. John noted that this tax revenue would not be large enough in relation to

the bond payment or cost of the project and suggested using other sources.

John noted that there may be some reserves in the general fund that, at the option of the City Council, could be used for this project and second penny sales tax should be reviewed to determine if there are funds available there similar to the library project.

John reported that there will be two maybe three tax increment districts paid off in 2013 that is projected to increase the general fund tax receipts by \$180,000 providing another revenue stream.

In conclusion, John noted that a combination of funding sources may be the best option along with the timing of the project will determine the amounts of funds available. The Committee is looking to the City Council for direction on timing of the project as well as size. John noted that the committee plans public meetings to review the proposal in the near future. John wanted to thank the committee members who have worked hard on this project.

Discussion followed with the Committee answering questions of the City Council. The Council requested time to consider the options including a 50 meter pool and what would be the impact on property taxes of a general obligation bond.

3. Briefing on the July 2, 2012 City Council Regular Meeting Agenda

Council reviewed items on the agenda with City staff. No action was taken.

4. Adjourn

225-12

Alderman Osborne moved to adjourn the Council special session at 12:56 p.m. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 2nd day of July, 2012.

THE GOVERNING BODY OF THE CITY
OF VERMILLION, SOUTH DAKOTA
BY _____
John E (Jack) Powell, Mayor

ATTEST:

BY _____
Michael D. Carlson, Finance Officer

Unapproved Minutes
City Council Regular Session
July 2, 2012
Monday 7:00 p.m.

The regular session of the City Council, City of Vermillion, South Dakota was called to order on July 2, 2012 at 7:00 p.m. by Mayor Powell.

1. Roll Call

Present: Davies, French, Grayson, Meins, Osborne, Ward, Willson, Zimmerman, Mayor Powell, Student Representative Thiel

2. Pledge of Allegiance

3. Minutes

A. June 18, 2012 Special Session; June 18, 2012 Regular Session

226-12

Alderman Zimmerman moved approval of the June 18, 2012 regular session minutes and the June 18, 2012 special session minutes. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

4. Adoption of Agenda

227-12

Alderman Zimmerman moved approval of the agenda. Alderman French seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

5. Visitors to be Heard - None

6. Public Hearings

A. Second Reading of Ordinance No. 1282 - Repealing Section 51.32(F) relating to the removal of a fee charged to mobile home court owners upon installation of service

John Prescott, City Manager, reported that this ordinance follows the report by Mark Koller, Electric Superintendent, made at the June

4, 2012 information session whereby the existing City Code Section 51.32 provides that the City will install pedestals for mobile home park units and wire the mobile home court. John noted that it had been explained and included in the packet that the ordinance has led to the City providing a higher level of service to mobile home courts than other utility customers. He reported that the ordinance would remove section 51.32(F) that provides that the City will provide electric service to the individual mobile home lots. John stated the ordinance would be effective on October 1st to allow time to notify the court owners.

228-12

Mayor Powell read the title to the above named Ordinance, and Alderman Grayson moved adoption of the following:

BE IT RESOLVED that the minutes of this meeting shall show that the title to the proposed Ordinance No. 1282 - Repealing Section 51.32(F) relating to the removal of a fee charged to mobile home court owners upon installation of service was first read and the Ordinance considered substantially in its present form and content at a regularly called meeting of the Governing Body on the 18th day of June, 2012 and that the title was again read at this meeting, being a regularly called meeting of the Governing Body on this 2nd day of July, 2012 at the City Hall Council Chambers in the manner prescribed by SDCL 9-19-7 as amended.

BE IT RESOLVED and ordained that said Ordinance be adopted to read as follows:

ORDINANCE NO. 1282

AN ORDINANCE AMENDING TITLE V, CHAPTER 51, SECTION 51.32 SPECIAL SERVICE, REPEALING SECTION 51.32(F) RELATING TO THE REMOVAL OF A FEE CHARGED TO MOBILE HOME COURT OWNERS UPON INSTALLATION OF SERVICE.

BE IT ORDAINED, BY THE GOVERNING BODY OF THE CITY OF VERMILLION, SOUTH DAKOTA, THAT CHAPTER 51 BE AMENDED AS FOLLOWS:

Repeal Section 51.32(F). Effective October 1, 2012.

BE IT FURTHER ORDAINED, that Sections 51.32(G) through 51.32(I) are numbered 51.32(F) through 51.32(H).

Dated at Vermillion, South Dakota, this 2nd day of July, 2012.

FOR THE GOVERNING BODY OF THE
CITY OF VERMILLION, SOUTH DAKOTA

By: John E. (Jack) Powell, Mayor

ATTEST:

By: Michael D. Carlson, Finance Officer

Adoption of the Ordinance was seconded by Alderman French. Thereafter, the question of the adoption of the Ordinance was put to a roll call vote of the Governing Body, and the members voted as follows: Davies-Y, French-Y, Grayson-Y, Meins-Y, Osborne-Y, Ward-Y, Willson-Y, Zimmerman-Y, Mayor Powell-Y.

Motion carried 9 to 0. Mayor Powell declared that the Ordinance has been adopted and directed publication thereof as required by law.

7. Old Business

A. Proclamation of Appreciation for Jennifer French

Mayor Powell read the Proclamation of Appreciation for Jennifer French for her service on the City Council and to the community. Mayor Powell presented the proclamation to Jenny.

8. Adjourn

229-12

Alderman French moved to adjourn the Council Meeting at 7:07 p.m. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 2nd day of July, 2012.

THE GOVERNING BODY OF THE CITY
OF VERMILLION, SOUTH DAKOTA

BY John E. (Jack) Powell, Mayor

ATTEST:

BY Michael D. Carlson, Finance Officer

NEW CITY COUNCIL

1. Installation of Alderman

Mike Carlson, Finance Officer, administered the Oath of Office to Alderman Collier-Wise, Meins, Ward and Willson.

The regular session of the City Council, City of Vermillion, South Dakota was called to order on Monday, July 2, 2012 at 7:10 p.m. by Mayor Powell.

2. Roll Call

Present: Collier-Wise, Davies, Grayson, Meins, Osborne, Ward, Willson, Zimmerman, Mayor Powell, Student Representative Thiel

3. Adoption of the Agenda

230-12

Alderman Osborne moved approval of the agenda. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

4. Election of Officers

A. President

Mayor Powell opened nominations for President of the Council.

Alderman Zimmerman nominated Alderman Osborne for President. Alderman Meins seconded the nomination.

231-12

Alderman Willson moved that nominations cease and a unanimous ballot be cast for Alderman Osborne for President of the City Council. Alderman Zimmerman seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

B. Vice President

Mayor Powell opened nominations for Vice President of the Council.

Alderman Meins nominated Alderman Willson for Vice President. Alderman Ward seconded the nomination

232-12

Alderman Osborne moved that nominations cease and a unanimous ballot be cast for Alderman Willson for Vice President of the City Council.

Alderman Zimmerman seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

5. Appointment of Administrative Officers

A. Finance Officer

Mayor Powell recommended the appointment of Mike Carlson as Finance Officer.

233-12

Alderman Willson moved approval of the appointment of Mike Carlson as Finance Officer. Alderman Zimmerman seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

B. City Attorney

Mayor Powell recommended the appointment of James McCulloch as City Attorney.

234-12

Alderman Grayson moved approval of the appointment of James McCulloch as City Attorney. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

6. Other Appointments and Designations

A. City Council Committees and Other Committee Assignments

Mayor Powell read the appointments to the City Council committees for Labor and Finance, Policies and Procedures, Utilities and Surplus Property Appraisal.

235-12

Alderman Zimmerman moved approval of the following City Council Committee appointments: Labor and Finance: Davies - Chair, Collier-Wise, Ward and Zimmerman; Policies and Procedures: Osborne - Chair, Davies, Meins and Willson; Utilities: Powell - Chair, Grayson, Ward and Willson; Surplus Property Appraisal: Meins - Chair, Grayson, Osborne and Zimmerman. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

Mayor Powell read his recommendations for other City committee assignments.

236-12

Alderman Willson moved approval of the Mayor's recommendations for the following appointments to other City boards: Joint

Jurisdictional Committee - Collier-Wise and Willson; Joint Powers - Grayson; Library Board - Osborne; Tree Board - Aaron Baedke, Pete Jahn, Jim Stone, Sol Redlen, Alderman Willson; Other City liaison/representatives: Clay County - Mayor Powell; Clay County Fair Board - Mike Carlson; Clay County Fire Company - Lee Huber; Clay County Health Liaison - Lee Huber; Clay County Park Board - Jessica Kennedy; GVAC - Matt Betzen and John Prescott; Missouri River Energy Services - John Prescott and Jason Anderson as alternate; SECOG - John Prescott and Mayor Powell as alternate; Dakota Hospital Foundation - Mike Carlson; University of South Dakota - Mayor Powell, Vermillion Chamber of Commerce & Development Company - Mayor Powell and John Prescott; Vermillion NOW! - Mayor Powell and Vermillion Watershed RC&D - John Prescott. Alderman Zimmerman seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

B. Official Newspaper

Mike Carlson, Finance Officer, reported that State law requires the designation of an official newspaper, which has been the Vermillion Plain Talk.

237-12

Alderman Davies moved approval of the designation of the Vermillion Plain Talk as the official newspaper. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

C. Official Depositories

Mike Carlson reported that State law requires the designation of official depositories of the City funds and requested designation for the following: CorTrust Bank, First Bank & Trust, First Dakota National Bank, Bank of the West, S.D. Public Funds Investment Trust, Wells Fargo and First National Bank in Sioux Falls.

238-12

Alderman Zimmerman moved approval of the designation of the following as official depositories: CorTrust Bank, First Bank & Trust, First Dakota National Bank, Bank of the West, S.D. Public Funds Investment Trust, Wells Fargo and First National Bank in Sioux Falls. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

D. Consolidated Board of Equalization

Mike Carlson, Finance Officer, reported that the County, School, and City have adopted a resolution to consolidate the Board of Equalization and the County requests that the entities reaffirm their intent before November of each year.

239-12

Alderman Zimmerman moved approval of the consolidation of the Board of Equalization with the County and School for the coming year. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

E. Determination of Rules of Order

John Prescott, City Manager, stated that the City Council Rules and Procedures call for the City Council to designate an edition of Robert's Rules of Order. He stated that the City is currently using the 9th edition and has copies of this version available. The City Council, in 2006, developed a rules and procedures manual for the Council and now, with a new Council, it would be a good time to adopt the rules and procedures again.

240-12

Alderman Ward moved approval of the determination of Robert's Rules of Order 9th Edition as the rules of order for City Council meetings and to re-affirm the City Council Rules and Procedures dated March 2006. Alderman Grayson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

7. Visitors to be Heard - None

8. Public Hearings

A. Special daily malt beverage and wine license for the Fraternal Order of Eagles on or about July 4, 2012 in Barstow Park

Mike Carlson, Finance Officer, reported that an application for a special daily malt beverage and wine license was received from the Fraternal Order of Eagles for the 4th of July events in Barstow Park. The Notice of Hearing and Police Captain's report are included in the packet.

241-12

Alderman Willson moved approval of the special daily malt beverage and wine license for the Fraternal Order of Eagles on or about July 4, 2012 in Barstow Park. Alderman Zimmerman seconded the motion. Alderman Osborne requested to abstain. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

B. Retail on-off sale malt beverage license for Guo Fei Zheng for the Asian Buffet at 404 Bower Street

Mike Carlson, Finance Officer, reported that an application was received from Guo Fei Zheng for a retail on-off sale malt beverage license for Asian Buffet at 404 Bower Street. The applicant completed the DCI background check that was provided to the Chief of Police. The notice of hearing and Police Chief's report are included in the packet. Mia Weng representing the Asian Buffet is present to answer any questions.

242-12

Alderman Davies moved approval of the retail on-off sale malt beverage license for Guo Fei Zheng for the Asian Buffet at 404 Bower Street. Alderman Ward seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

9. Old Business - None

10. New Business

A. Request to close Main Street from Bank of the West entrance to Prospect Street, one-half block south on Court Street, and one-half block north on Center Street from 4:00 p.m. to 8:00 p.m. on Wednesday, July 18, 2012 for the Tri-State Cruisers/Dakota Classic Cruisers

Mike Carlson, Finance Officer, reported that a street closing request was received from Dakota Classic Cruisers to close Main Street from Bank of the West drive-up to Market Street, Court Street to one half block south and Center Street from Main Street to one half block north on July 18, 2012 from 4:00 p.m. to 8:00 p.m. for Tri-State Cruisers Car Show. The request was included in the packet and is similar to what has been done in previous years. Mike noted that Police, Fire and EMS had been notified and have found no safety concerns.

243-12

Alderman Grayson moved approval of the closing of Main Street from Bank of the West drive-up to Market Street, Court Street one half block south from Main Street and Center Street from Main Street to one half block north on Wednesday, July 18th from 4:00 p.m. to 8:00 p.m. Alderman Zimmerman seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

B. Request to close four (4) Main Street parking stalls in front of Hollywood Video on Thursday, July 26, 2012 from 7:00 a.m. to 5:00 p.m. for a sidewalk sale

Andy Colvin, Assistant to the City Manager, reported that a request was received to close four parking stalls in front of Coyote Twin Theatre/Hollywood Video at 10 & 12 E. Main Street on Thursday, July 26, 2012 from 7:00 a.m. to 5:00 p.m. for their annual Customer Appreciation Day sale. Andy noted that no concerns have been raised in the past for closing the parking stalls.

244-12

Alderman Grayson moved approval of the closing of four parking stalls at 10 & 12 E. Main Street from 7:00 a.m. to 5:00 p.m. on Thursday, July 26, 2012. Alderman Ward seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

C. Ambulance billing agreement

Lee Huber, EMS Director, reported that this item had been presented to the City Council at the June 18th noon session. Lee reported that the City currently uses an in-house system of billing for EMS calls. The current system faces numerous challenges which include changes in Medicare and the coding system utilized to describe injuries, diagnoses and treatment. The coding system change will increase the number of available codes from approximately 16,000 to over 150,000. These changes would result in increased training and hours for our billing process to remain compliant with standards. Lee stated that third party billing companies had been interviewed with the recommendation of contracting with Physicians Claims Company, Inc (PCS) as a third party billing company for the EMS billing. Lee reported that they will manage all aspects of the billing process, including sending statements, follow-up with insurance companies, report generation and phone customer service. Lee stated that the fee is 8% of net generated revenues and with this service there will be a reduction in part time hours, software maintenance costs along with postage and office supplies. Lee stated the proposed agreement is being reviewed by the City Attorney and would be for a two year period. Discussion followed.

245-12

Alderman Grayson moved approval of the third party ambulance billing services contract with PCC contingent upon approval of the final agreement by the City Attorney. Alderman Ward seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

D. Declaration of Surplus Property - North ½ of the vacated alley adjacent to Lots 8, 9 and 10, Block 12, Van Meter's Addition to the City of Vermillion

Andy Colvin, Assistant to the City Manager, reported that the City had been contacted by Mackoff Kellogg Law Firm, on behalf of their client, seeking to obtain title to property owned by the City that is currently occupied by a house. The house is located at 713 W. Chestnut Street. Andy reported on the property location noting that the property in question is the north half of the vacated alley adjoining the Lots 8, 9 and 10 Block 12, Van Meter's Addition. Andy noted that, in order to sell the property, the city needs to declare the property surplus and have it appraised by the Surplus Property Committee. If the value is less than \$500, the City can sell the property to a private party without advertising. Discussion followed on the property, structure on the property, along with access to the property.

246-12

Alderman Ward moved to declare the north ½ of the vacated alley adjacent to Lots 8, 9 and 10, Block 12, Van Meter's Addition as surplus and authorize the appraisal by the Surplus Property Appraisal Committee to be offered for sale. Alderman Grayson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

E. Planning Commission appointments

Mayor Powell reported that four terms of Planning Commission members are expiring this year. The openings were advertised on the local cable channel, the City website and at the library. A total of four applications were received from all four existing members. Mayor Powell recommended the reappointment of Bob Iverson, Debora Gruhn, Tom Reasoner and Matthew Fairholm to five year terms on the Planning Commission.

247-12

Alderman Grayson moved approval of the Mayor's recommendation for the reappointment of Bob Iverson, Debora Gruhn, Tom Reasoner and Matthew Fairholm to five year terms on the Planning Commission. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

F. Resolution authorizing prepayment of Special Assessment Bonds

Mike Carlson, Finance Officer, reported that the City issues special assessment bonds to pay for the improvements that are assessed as a

benefit to the adjoining property for curb and gutter, street paving, street lights, water and sanitary sewer mains. After the project is completed, a special assessment bond is prepared that is sold to the Electric Utility fund as an inter fund loan. With the internal loan, there are no bond issuance fees that would need to be passed along as costs of the project to the benefiting property owners. The bond resolution provides that all payments are to be restricted until the bond has been repaid. The special assessment bonds are issued to the City Electric Utility by the City and provide that they may be prepaid upon notice to the bond holder which is the City. The special assessment amounts are files with the County Treasurer and the annual principal and interest payment is included on the property tax statements. The payments made with the property taxes are collected by the County and remitted to the City. Special assessments can be prepaid with interest to the City as long as the payments to the County are current. Due to the amount of prepayments by property owners, it is in the best interest of the debt service fund to repay the electric utility to avoid future interest costs.

Mike stated that a resolution has been prepared to serve as the notice and lists the amounts to be prepaid on the individual bonds by the debt service fund, water utility and wastewater utility. Discussion followed.

248-12

After reading the same once, Alderman Osborne moved adoption of the following:

RESOLUTION AUTHORIZING THE PREPAYMENT
OF SPECIAL ASSESSMENT BONDS

WHEREAS, the City of Vermillion has issued special assessment bonds to finance the curb and gutter, street pavement, water and sewer main improvements, that were authorized by Resolutions of Necessity adopted by the City Council, and;

WHEREAS, these special assessment bonds were purchased by the Electric Utility fund as an investment of electric utility reserve funds, accounted for as an inter fund loan, and;

WHEREAS, the bonds provide for annual payments of principal and interest from the special assessment debt service fund, water utility fund and wastewater utility fund, to the electric utility fund, and;

WHEREAS, the bond resolution provides that all, or a portion, of the individual bonds may be called without penalty upon notice, and

WHEREAS, the special assessment bonds were secured by an assessment levied against the parcels of property benefiting from the improvement to be repaid in annual assessments with the property taxes or may be prepaid at any time, and

WHEREAS, the special assessment debt service fund, water utility and wastewater utility fund have received prepayments that are restricted for the payment of the outstanding bonds and, as such, elect to exercise the option to call this portion of the individual special assessment bonds that are currently outstanding,

NOW, THEREFORE, BE IT RESOLVED, that the City Council authorizes to exercise the option to call the following portions of the special assessment bonds in the amounts stated:

2005 Special Assessment Bond	\$ 18,184.48	Debt Service
2006 Special Assessment Bond	\$ 37,145.83	Debt Service
2006 Special Assessment Bond	\$ 13,919.00	Water Fund
2006 Special Assessment Bond	\$ 7,199.34	Wastewater Fund
2008 Special Assessment Bond	\$108,630.24	Debt Service
2010 Special Assessment Bond	\$ 24,163.28	Debt Service
2010 Special Assessment Bond	\$ 2,536.00	Wastewater Fund

BE IT FURTHER RESOLVED, that the City Council authorizes the Finance Officer to make the advance bond payments, as authorized, from and to the respective city funds.

Dated in Vermillion, South Dakota this 2nd day July, 2012.

THE GOVERNING BODY OF THE
CITY OF VERMILLION, SOUTH DAKOTA

By _____
John E. (Jack) Powell, Mayor

ATTEST:

by _____
Michael D. Carlson, Finance Officer

The motion was seconded by Alderman Zimmerman. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

G. Final Plat of Lot 1, Block 1, Solomon's Addition in the NE ¼ of the NE ¼ of 15-92-51

Jose Dominguez, City Engineer, reported on the location of the two acre lot that is in the Joint Jurisdictional Area. Final plats within this area are required by State statute and City ordinance to be presented to the County's Planning Commission for their recommendation to the City Council. In addition to the final plat requirements, the City requires that a preliminary plat be presented to the City's Planning Commission for their review and approval. Jose reported that the City's Planning Commission recommended approval of the preliminary plat, which is the same as the final plat, and the County's Planning Commission recommended approval of the final plat.

249-12

After reading the same once, Alderman Grayson moved approval of the following plat:

WHEREAS IT APPEARS that the owners thereof have caused a plat to be made of the following described real property: Lot 1, Block 1, Solomon's Addition in the NE ¼ of the NE ¼ of 15-92-51 Clay County, South Dakota for approval.

BE IT RESOLVED that the attached and foregoing plat has been submitted to and a report and recommendations thereon made by the Vermillion Planning Commission to the City Council of Vermillion which has approved the same.

BE IT ALSO RESOLVED that access shall be granted to the lot in accordance with the City of Vermillion street access and driveway approach policy, which requires an application permit.

BE IT FURTHER RESOLVED that the attached and foregoing plat has been submitted to the Governing Body of the City of Vermillion which has examined the same, and it appears that the systems of streets and alleys set forth therein conforms to the system of streets and alleys of the existing plat of such city, and that all taxes and special assessments, if any, upon the tract or subdivision have been fully paid and that such plat and survey thereof have been executed according to law, and the same is hereby accordingly approved.

The motion was seconded by Alderman Willson. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

H. Final plat of Lot 3, Block 1, Park Avenue Addition to the City of Vermillion

Jose Dominguez, City Engineer, reported on the location of the lot that is in the Joint Jurisdictional Area, but is contiguous to the city limits. Final plats within this area are required by State statute and City ordinance to be presented to the County's Planning Commission for their recommendation to the City Council. In addition to the final plat requirements, the City requires that a preliminary plat be presented to the City's Planning Commission for their review and approval. Jose reported that the City's Planning Commission recommended approval of the preliminary plat, which is the same as the final plat. The proposed plat meets all of the requirements set within the City's Zoning and Subdivision ordinances. However, it does not meet the 2-acre minimum lot size requirement or with the density requirements set within the Joint Zoning Regulations for the Joint Jurisdictional Area. Both of these requirements are being waived due to the fact that the property owner's intent is to annex into the City.

Jose reported that the property owners have also agreed to enter into a Developer's Agreement with the City. The agreement would allow the property owner to construct a house without all of the required street improvements to be brought up to City standards. The agreement also removes the property owner's right to remonstrate against any future street assessments. Discussion followed.

250-12

After reading the same once, Alderman Grayson moved approval of the following plat contingent upon the land being annexed into the city and authorized the Mayor to sign the Developer's Agreement:

WHEREAS IT APPEARS that the owners thereof have caused a plat to be made of the following described real property: Lot 3, Block 1, Park Avenue Addition to the City of Vermillion Clay County, South Dakota for approval.

BE IT RESOLVED that the attached and foregoing plat has been submitted to and a report and recommendations thereon made by the Vermillion Planning Commission to the City Council of Vermillion which has approved the same.

BE IT ALSO RESOLVED that the Governing Body of the City of Vermillion herein approves the vacation of said "Lots 1 and 2. Block 1, Park Avenue Addition to the City of Vermillion, Clay County South Dakota." As filed in Book 7 of Plats, Page 59.

BE IT FURTHER RESOLVED that the attached and foregoing plat has been submitted to the Governing Body of the City of Vermillion which has examined the same, and it appears that the systems of streets and alleys set forth therein conforms to the system of streets and alleys of the existing plat of such city, and that all taxes and special assessments, if any, upon the tract or subdivision have been fully paid and that such plat and survey thereof have been executed according to law, and the same is hereby accordingly approved.

Access shall be granted to the lots in accordance with the City of Vermillion Street Access and Driveway Approach Policy; which requires an application and permit.

The motion was seconded by Alderman Ward. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

I. Annexation of Lot 3, Block 1, Park Avenue Addition to the City of Vermillion

Jose Dominguez, City Engineer, reported that this annexation request is for the lot just platted. He noted that the County Planning Commission recommended approval of the plat of this lot contingent upon the annexation and the property owners have presented a petition to annex the property. The petition is included in the packet. Jose noted that, as the property is contiguous to the city limits and utility services are available, he recommended adoption of the resolution to annex.

251-12

After reading the same once, Alderman Zimmerman moved adoption of the following:

A RESOLUTION ANNEXING CERTAIN CONTIGUOUS TERRITORY TO
THE CITY OF VERMILLION,
CLAY COUNTY, SOUTH DAKOTA

WHEREAS, there has been presented to the Governing Body of the City of Vermillion, and filed with the City Finance Officer, a petition to annex contiguous territory into the corporate limits of the City of Vermillion; and

WHEREAS, said petition was signed by the owners of the west 238-feet of Thomas Tract 2, NW ¼ NE ¼, S20-T92-R51, and represents all the registered voters residing within the boundaries of the territory to be annexed; and

WHEREAS, these owners, of more than three-fourths of the value of the territory to be annexed and representing all the registered voters residing within the boundaries of the territory to be annexed, have requested that their property be included within the boundary of the City of Vermillion; and

WHEREAS, such annexation is provided for in SDCL 9-4-1 upon resolution of the Governing Body.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Vermillion that the following territory be described as:

WEST 238-FEET OF THOMAS TRACT 2, NW ¼ NE ¼, S20-T92-R51, CLAY COUNTY, SOUTH DAKOTA

is hereby included within the corporate limits of the City of Vermillion and the boundary of the City of Vermillion is hereby extended to include such territory.

Adopted by the Vermillion City Council this 2nd day of July, 2012.

FOR THE GOVERNING BODY OF THE
CITY OF VERMILLION, SOUTH DAKOTA

John E. (Jack) Powell, Mayor

ATTEST:

Michael D. Carlson, Finance Officer

The motion was seconded by Alderman Grayson. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

J. Funding Request from VCDC for Workforce Housing Analysis

Steve Howe, Executive Director of the VCDC, reported that he was representing a group of community leaders working in cooperation with the VCDC to address the housing shortage in the community. As the community continues to attract and create new jobs, we also need to be aware of the need for housing for these new workers/families

in the community. Steve reported on the need for housing to continue the community growth at an April 30th community advancement meeting that was identified as strategy to move Vermillion forward. Steve reported that the City Council discussed this issue at their special meeting on April 30th with the consensus to have the VCDC determine the cost of a housing study. Steve reported that included in the packet is a proposal from Community Housing Laboratory for workforce housing analysis at a cost of \$30,000 plus up to \$5,000 for expenses. Steve noted that this is currently a draft and the City might want to make changes to this agreement. Steve noted that the study will serve as a starting point in a community partnership to address the housing shortage. Steve requested City funding for this study.

Discussion followed with Steve answering questions of the City Council on the proposal as to the timing of the report. Steve also noted that the City might want to add items to the study.

Upon request, John Prescott, City Manager, noted that the City has set aside \$150,000 for housing development incentives and that this request could be considered as economic development to be funded from the BBB sales tax. John noted that he would like to see the study report on the concerns raised about who pays the infrastructure development costs as housing sites are developed. Discussion followed.

252-12

Alderman Ward moved approval of the workforce housing analysis with Community Housing Laboratory with the funding of up to \$35,000 from the BBB Sales Tax fund and requesting the City Manager to include into the proposal additional information to address city housing development issues. Alderman Grayson seconded the motion. Discussion followed. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

11. Bid Openings

A. Fuel Quotes

Mike Carlson, Finance Officer, read the only monthly fuel quote and recommended the acceptance of all four items from Stern Oil.

4,350 gal unleaded 10% ethanol: Stern Oil \$2.9748; 1,000 gal unleaded: Stern Oil \$3.0591; 3,000 gal No. 2 diesel fuel-dyed: Stern Oil \$3.0668; 1,000 gal No. 2 diesel fuel-clear: Stern Oil \$3.3033

253-12

Alderman Osborne moved approval of the only monthly fuel quote from Stern Oil on all four items. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

12. City Manager's Report

A. John reported that City offices would be closed on Wednesday, July 4th for the holiday and the Wednesday curbside recycling collection will take place on Monday, July 9th.

B. John reported that the library construction project is moving along well. The project is on schedule and is estimated to be about 25% complete. The next week or two will be relatively noisy as a temporary wall is installed on the north side and the north wall is removed.

C. Jose Dominguez reported on the status of the Stanford Street project.

D. John reported that, based upon the replies from Council members, the budget hearings will be August 15th and 16th.

PAYROLL ADDITIONS AND CHANGES

Recreation: Elizabeth Bye \$8.00/hr, Shelby Christopherson \$7.75/hr;
Police: Nathan Goette \$18.18/hr, Jonathan Warner \$22.41/hr; Golf Clubhouse: Kelly Amundson \$7.25/hr

13. Invoices Payable

254-12

Alderman Davies moved approval of the following bill:

UNIVERSITY CLEANERS	HEMMING	36.00
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Alderman Willson seconded the motion. Alderman Meins requested to abstain. Motion carried 8 to 0. Mayor Powell declared the motion adopted.

Alderman Davies moved approval of the following bills:

A & B BUSINESS, INC	MAINTENANCE CONTRACT	604.87
ADOLPH KIEFER & ASSOC LLC	SUPPLIES	70.67
ALLEGIANT EMERGENCY SERVICE	SUPPLIES	89.85
AMETEK DREXELBROOK	PARTS	740.37
APPEARA	SUPPLIES	164.64

AQUA-PURE INC	SUPPLIES/CHEMICALS	4,496.00
ARAMARK UNIFORM SERVICES	UNIFORM CLEANING	263.89
ARGUS LEADER MEDIA #1085	SUBSCRIPTION	95.79
ATCO INTERNATIONAL	SUPPLIES	112.00
AUDIO GO	BOOKS	371.85
BAKER & TAYLOR BOOKS	BOOKS	564.44
BANNER ASSOCIATES, INC	PROFESSIONAL SERVICES	7,410.00
BARCO MUNICIPAL PRODUCTS	SUPPLIES	335.16
BATTERIES PLUS	SUPPLIES	100.50
BEAU BARRETT & APRIL LIESWALD	UNDERGROUND REIMBURSEMENT	400.00
BIERSCHBACH EQPT & SUPPLY	SUPPLIES	3,108.55
BIKE PLUS	PARTS	185.85
BOBS CANDY SERVICE, INC	SUPPLIES	237.75
BOOK WHOLESALERS, INC	BOOKS	107.50
BORDER STATES ELEC SUPPLY	SUPPLIES	654.22
BOUND TREE MEDICAL, LLC	SUPPLIES	366.39
BROADCASTER PRESS	ADVERTISING	162.00
BROCK WHITE CO	SUPPLIES	5,510.54
BROWN TRAFFIC PRODUCTS	SUPPLIES	137.50
BRUNICKS SERVICE INC	PROPANE	133.00
BRYAN BERINGER	MEMBERSHIP & SAFETY BOOT REIM	225.00
BUTLER MACHINERY CO.	PARTS	152.29
BW INSURANCE AGENCY, INC	NOTARY BOND	100.00
CAMPBELL SUPPLY	SUPPLIES	1,688.04
CANON FINANCIAL SERVICES, INC	COPIER/PLOTTER CONTRACT	252.43
CASK & CORK	MERCHANDISE	891.43
CENTER POINT LARGE PRINT	BOOKS	362.61
CENTURY BUSINESS LEASING	COPIER CONTRACT	138.25
CENTURYLINK	911 RELAY SERVICE	5.00
CENTURYLINK	TELEPHONE	734.40
CHEMCO, INC	SUPPLIES	665.28
CHERRY STREET GRILLE	CATERING	2,425.00
CHESTERMAN CO	SUPPLIES	1,893.68
CITY OF VERMILLION	COPIES/POSTAGE	1,057.23
CITY OF VERMILLION	UTILITY BILLS	38,076.85
CLAY COUNTY AUDITOR	UNDERGROUND REIMBURSEMENT	135.00
CLAY RURAL WATER SYSTEM	WATER USAGE	42.20
CLEMET BOSTUCK	MOWING	490.00
CLEVELAND GOLF	MERCHANDISE	314.52
COFFEE KING, INC	SUPPLIES	57.75
COLONIAL LIFE ACC INS.	INSURANCE	3,179.90
CONCRETE MATERIALS	GOLF SAND	860.88
COX AUTO SUPPLY	PARTS	141.65

CROSSROADS HOTEL & CONVENTION	LODGING	288.00
CULLIGAN WATER	WATER COOLER/BOTTLED WATER	118.50
CUMMINS CENTRAL POWER, LLC	REPAIRS & TRANSFER SWITCHES	10,581.82
D & D PEST CONTROL	INSPECTION/TREATMENT	17.50
D & G CONCRETE CONSTRUCTION	STANFORD ST UTIL CONSTRUCTION	65,076.47
D-P TOOLS	SUPPLIES	84.25
DAKOTA BEVERAGE	MERCHANDISE	9,416.28
DAKOTA PC WAREHOUSE	COMPUTER/MONITOR	493.94
DEAR READER.COM	SUBSCRIPTION	550.00
DELTA DENTAL PLAN	INSURANCE	6,023.40
DENNIS MARTENS	MAINTENANCE	833.34
DEPT OF REVENUE	TESTING	377.00
DEWILD GRANT RECKERT & ASSOC	PROFESSIONAL SERVICES	1,594.50
DIAMOND VOGEL PAINTS	TRAFFIC PAINT	1,506.94
DIANE'S GREENHOUSE	PLANTS	952.57
DORSEY & WHITNEY	PROF SERVICES WATER SRF LOAN	4,000.00
DOUG AKINS	UNDERGROUND REIMBURSEMENT	480.00
DUST TEX	SUPPLIES	46.60
E.A SWEEN COMPANY	SUPPLIES	202.53
EARTHGRAINS BAKING CO'S INC	SUPPLIES	145.46
EBSCO	SUBSCRIPTION	4,279.35
ECHO ELECTRIC SUPPLY	SUPPLIES	4,465.49
ELECTRONIC ENGINEERING	INSTALLATION POLICE EQUIPMENT	5,779.36
ELLIOTT EQUIPMENT CO	PARTS	2,350.24
ENERGY LABORATORIES	TESTING	1,220.00
ERIN J. SEEP	MAINTENANCE	66.25
EZ-LINER INDUSTRIES	PARTS	600.81
FARMER BROTHERS CO.	SUPPLIES	40.88
FEDEX.	SHIPPING	10.97
FOREMOST EQUIPMENT	SUPPLIES	252.00
FOX RUN GOLF COURSE	MERCHANDISE	475.00
G & R CONTROLS	REPAIRS	1,126.58
GALE	BOOKS	254.13
GEAR FOR SPORTS	MERCHANDISE	1,366.78
GRAHAM TIRE CO.	TIRES	461.76
GREGG PETERS	FREIGHT	991.25
GREGG PETERS	RENT	937.50
HANSEN LOCKSMITHING	REPAIRS	30.00
HARLAN'S BIKE AND TOUR	REPAIRS	238.80
HAUGER YARD/SNOW SERVICE	MOWING	63.00
HAWKINS WATER TREATMENT	CHEMICALS	4,315.01
HD SUPPLY WATERWORKS	SUPPLIES	3,469.75
HDR ENGINEERING, INC	PROFESSIONAL SERVICES	13,196.38

HELMS & ASSOCIATES	PROFESSIONAL SERVICES	20,755.15
HENDERSONS ULTIMATE CAR WASH	CAR WASH CARD	80.00
HERREN-SCHEMPP BUILDING	MATERIALS	9,156.83
HIGMAN SAND & GRAVEL	GOLF SAND	280.96
HILLYARD FLOOR CARE SUPPLY	SUPPLIES	84.32
HY VEE FOOD STORE	SUPPLIES	227.74
INDEPENDENCE WASTE	WASTE HAULING	1,030.50
INGRAM	BOOKS	3,153.33
INTELLI TRACK	MAINTENANCE CONTRACT	495.00
JACKS UNIFORM & EQPT	UNIFORM	1,775.80
JAY'S PLUMBING	REPAIRS	41.85
JAYMEE HARVEY	SUPPLIES	142.14
JERRY ANDERSON	UNDERGROUND REIMBURSEMENT	645.00
JOHN A CONKLING DIST.	MERCHANDISE	8,671.15
JOHNSON BROTHERS FAMOUS BRANDS	MERCHANDISE	19,623.00
JOHNSON CONTROLS	REPAIRS/SVC AGREEMENT	5,040.87
JOHNSTONE SUPPLY	SUPPLIES	209.22
JONATHAN WARNER	MEALS REIMBURSEMENT	40.00
JONES ACE HARDWARE	SUPPLIES	1,291.64
JONES FOOD CENTER	SUPPLIES	916.34
KALINS INDOOR COMFORT	REPAIRS	465.29
KARSTEN MFG CORP	MERCHANDISE	1,053.08
KINETIC LEASING	MOTOR GRADER LEASE	12,737.00
KNOLOGY	911 CIRCUIT	1,365.50
KOLETZKY IMPLEMENT	PARTS	657.36
KRIS O'CONNOR	REFUND SERVICE FEES	20.60
LEISURE LAWN CARE	TREATMENT	75.00
LESSMAN ELEC. SUPPLY CO	SUPPLIES	644.70
LINCOLN MUTUAL LIFE	INSURANCE	521.30
LOCATORS AND SUPPLIES, INC	SUPPLIES	90.22
LUDEY'S READY MIX	SUPPLIES	241.00
MALLOY ELECTRIC	PARTS	116.67
MARKS MACHINERY	PARTS	153.98
MART AUTO BODY	TOWING	735.00
MATHESON TRI-GAS, INC	MEDICAL OXYGEN	45.65
MCCULLOCH LAW OFFICE	PROFESSIONAL SERVICES	1,320.00
MEAD LUMBER	SUPPLIES	242.69
MEDIBADGE, INC	SUPPLIES	101.20
MEDICAL WASTE TRANSPORT, INC	HAUL MEDICAL WASTE	82.50
MICRO MARKETING ASSOC	BOOKS	138.65
MIDWEST ALARM CO	ALARM MONITORING	135.00
MIDWEST BUILDING MAINTENANCE	MAT SVC	553.85
MIDWEST READY MIX & EQUIPMENT	ROCK/CONCRETE	5,149.00

MIDWEST TURF & IRRIGATION	PARTS	1,630.27
MINNESOTA'S HERITAGE	SUBSCRIPTION	25.00
MISSOURI VALLEY MAINT & REPAIR	REPAIRS	1,175.50
MURPHS APPLIANCE & TV INC	REPAIRS	105.89
N B GOLF LLC	LEASE & REPAIRS	3,901.45
NATHAN GOETTE	MEALS REIMBURSEMENT	40.00
NCL OF WISCONSIN, INC	SUPPLIES	612.45
NEBRASKA JOURNAL-LEADER	ADVERTISING	135.00
NETSYS+	PROFESSIONAL SERVICES/REPAIRS	310.00
NEW YORK LIFE	INSURANCE	95.00
NIKE INC	MERCHANDISE	715.85
NORTHERN SAFETY CO. INC	SUPPLIES	95.37
NOVELTY MACHINE & SUPPLY	REPAIRS	53.00
OFFICE OF WEIGHTS & MEASURE	TEST REPORT	151.00
OFFICE SYSTEMS CO	COPIER CONTRACT	959.44
OKOBOJI WINES-WEST	MERCHANDISE	486.00
OLSON WELDING	REPAIRS	75.00
OVERHEAD DOOR OF YANKTON	REPAIRS	98.25
OXMOOR HOUSE	BOOKS	73.82
PAULS PLUMBING	REPAIRS	3,576.61
PETE LIEN & SONS, INC	CHEMICALS	8,887.70
PITNEY BOWES	POSTAGE METER	242.49
PNC EQUIPMENT FINANCE	DEFIBRILLATOR LEASE	741.27
PRAIRIE BERRY WINERY	MERCHANDISE	1,995.00
PRESSING MATTERS	SUPPLIES	124.00
PRESTO-X-COMPANY	TREATMENT	87.95
PROPET DISTRIBUTORS	SUPPLIES	236.90
PUMP N PAK	FUEL	2,605.47
QUEEN CITY WHOLESALE	MERCHANDISE	969.39
QUILL	SUPPLIES	1,772.49
RACOM CORPORATION	MAINTENANCE CONTRACT	368.50
RADIANT HEAT, INC	HEATING SYSTEM REPAIRS	3,466.50
RANDOM HOUSE, INC	BOOKS	153.75
RASMUSSEN MOTORS, INC	REPAIRS	46.39
RECORDED BOOKS, INC	BOOKS	4,132.40
RECREONICS	SUPPLIES	85.95
REINHART FOODSERVICE, LLC	SUPPLIES	1,521.16
REPUBLIC NATIONAL DIST	MERCHANDISE	17,055.60
RESCO	SUPPLIES	1,972.00
ROSEWOOD GREENHOUSE	PLANTS	94.18
SANFORD USD MEDICAL CENTER	SUPPLIES	54.12
SAYRE ASSOCIATES, INC	PROFESSIONAL SERVICES	1,014.39
SCHAEFFER MFG. CO	SUPPLIES	793.60

SD DEPT OF PUBLIC SAFETY	LICENSE FEE	12.00
SD GOLF ASSOCIATION	HANDICAP	4,302.00
SD POLICE CHIEFS ASSOCIATION	TESTS	165.00
SD RETIREMENT SYSTEM	CONTRIBUTIONS	46,824.90
SD SECRETARY OF STATE	NOTARY FILING FEE	30.00
SD STATE HISTORICAL SOCIETY	MEMBERSHIP	35.00
SDN TECHNOLOGIES	REPAIRS	919.57
SENSUS METERING SYSTEMS	SOFTWARE SUPPORT	1,524.60
SERVALL TOWEL & LINEN	SHOP TOWELS	58.80
SEVERN TRENT WATER		
PURIFICATION	REPAIRS	10,039.22
SHARE CORPORATION	SUPPLIES	358.72
SIEMENS POWER TRANSMISSION	PARTS	100.00
SIOUX FALLS TWO WAY RADIO	REPAIRS	280.88
SPECIAL T'S AND MORE	UNIFORM SHIRTS	817.00
STANLEY SECURITY SOLUTIONS	SUPPLIES	414.89
STEFFEN	PICKUP LIFT GATE	3,235.00
STEVEN WALLER	WATER HEATER/WIRING REBATE	200.00
STEWART OIL-TIRE CO	REPAIRS	263.85
STOCKMEN'S TRAILER SALES	PARTS	81.76
STUART C. IRBY CO.	TRANSFORMERS	16,200.00
STURDEVANTS AUTO PARTS	PARTS	1,285.40
TAYLOR MADE	MERCHANDISE	229.94
THATCHER COMPANY	CHEMICALS	20,723.20
THE EQUALIZER	ADVERTISING	304.80
THE NEW SIOUX CITY IRON CO	SUPPLIES	33.46
TITAN ACCESS ACCOUNT	PARTS	1,447.04
TITLEIST DRAWER CS	MERCHANDISE	8,441.41
TRUE VALUE	SUPPLIES	566.26
TURNER PLUMBING	REPAIRS	133.49
UNITED LABORATORIES	SUPPLIES	170.22
UNITED WAY	CONTRIBUTIONS	330.80
UPSTART	SUPPLIES	36.25
VALIANT VINEYARDS	MERCHANDISE	252.00
VERIZON WIRELESS	POLICE COMMUNICATION	212.18
VERMEER HIGH PLAINS	PARTS	79.32
VERMILLION COMMUNITY CPR	CPR CARD	4.00
VERNON MANUFACTURING	PARTS	350.00
VISA/FIRST BANK & TRUST	LODGING/FUEL/SUPPLIES	5,558.03
WAL-MART COMMUNITY	SUPPLIES	945.54
WALKER CONSTRUCTION	JUNK/DEBRIS REMOVAL	155.00
WALT'S HOMESTYLE FOODS, INC	SUPPLIES	302.20
WEEDCOPE, INC	HERBICIDE APPLICATION	400.00

WELFL CONSTRUCTION CO	LIBRARY EXPANSION/REMODEL	114,856.00
WESCO DISTRIBUTION, INC	SUPPLIES	3,292.50
WEST GROUP PAYMENT CENTER	SUBSCRIPTION	221.04
YANKTON FIRE & SAFETY	EXTINGUISHER RECHARGE	32.50
YANKTON JANITORIAL SUPPLY	REPAIRS	1,416.91
YANKTON NURSERIES, LLC	PLANTS	201.73
YANKTON WINNELSON CO	REPAIRS	130.00
ZEE MEDICAL SERVICE	SUPPLIES	104.50
ZEP SALES & SERVICE	SUPPLIES	210.17
ZIMCO SUPPLY CO	SUPPLIES	6,487.56
ZUERCHER TECHNOLOGIES LLC	POLICE/COMMUNICATIONS INTERFACE	5,400.00
DAWNA DAVIS	BRIGHT ENERGY REBATE	250.00
STEVEN WALLER	BRIGHT ENERGY REBATE	525.00

Alderman Zimmerman seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

14. Consensus Agenda - None

15. Adjourn

255-12

Alderman Osborne moved to adjourn the Council Meeting at 8:13 p.m. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 2nd day of July, 2012.

THE GOVERNING BODY OF THE CITY
OF VERMILLION, SOUTH DAKOTA
BY _____
John E. (Jack) Powell, Mayor

ATTEST:

BY _____
Michael D. Carlson, Finance Officer

Published once at the approximate cost of _____.

Proclamation National Night Out 2012

WHEREAS, the National Association of Town Watch (NATW) is sponsoring a unique, nationwide crime, drug and violence prevention program on August 7, 2012 entitled "National Night Out"; and

WHEREAS, the "29th Annual National Night Out provides a unique opportunity for VERMILLION to join forces with thousands of other communities across the country in promoting cooperative, police-community crime prevention efforts; and

WHEREAS, VERMILLION plays a vital role in assisting the VERMILLION POLICE DEPARTMENT through joint crime, drug and violence prevention efforts in VERMILLION and is supporting "NATIONAL NIGHT OUT 2012" locally; and

WHEREAS, it is essential that all citizens of VERMILLION be aware of the importance of crime prevention programs and impact that their participation can have on reducing crime, drugs and violence in VERMILLION; and

WHEREAS, police-community partnerships, neighborhood safety, awareness and cooperation are important themes of the "NATIONAL NIGHT OUT" program;

NOW, THEREFORE we, the governing body of the CITY OF VERMILLION, do hereby call upon all citizens to join the VERMILLION POLICE DEPARTMENT and the NATIONAL ASSOCIATION OF TOWN WATCH in supporting the "29TH ANNUAL NATIONAL NIGHT OUT" on August 7th, 2012.

BE IT FURTHER RESOLVED, that we, the Governing Body of the City of Vermillion, do hereby proclaim that August 7, 2012, be observed as "NATIONAL NIGHT OUT" in Vermillion and encourage all citizens to participate in this observance.

Dated this 16th day of July, 2012

FOR THE GOVERNING BODY OF THE
CITY OF VERMILLION, SOUTH DAKOTA

John E. (Jack) Powell, Mayor

ATTEST:

Michael Carlson, Finance Officer



Council Agenda Memo

From: John Prescott, City Manager
Meeting: July 16, 2012
Subject: Street Closures for Routing of Dakota Days Parade
Presenter: Darcy Leischner, USD Dakota Days Committee

Background: Every year, the University of South Dakota holds a parade on the streets of Vermillion to celebrate Dakota Days, the University's homecoming. The parade requires closing portions of several streets for most of the morning on the day of the parade.

Bar owners have taken a more active role in monitoring their patrons, during the last three parades, which has helped to minimize past concerns. While it is not a charge of the Dakota Days Committee, it is hoped that bar owners will again actively participate, when possible and appropriate, in controlling their patrons during the parade.

Discussion: This year's parade is set to take place on Saturday, October 6, 2012. The route request submitted by the Dakota Days Committee remains the same as previous years. The Dakota Days committee is requesting that the following streets be closed for the duration of the parade, scheduled to last from 8:00 am to 12:30 pm:

Main Street from Walnut to High Streets (8:00 am – 12:30 pm)
Main Street from High to Plum Streets (8:00 am – 12:30 pm)
Plum Street from Main to Clark Streets (10:15 am – 12:30 pm)
Franklin Street from Main to Clark Streets (9:30 a.m. – 12:30 pm)

The student organization, Students Enhancing Resources of Vermillion Enrichment (SERVE), will assist with cleanup after the parade. Approving the request for the parade street closing is a good time to remind the Committee of the importance of cleaning up after the parade. Approval should be conditional upon providing proper clean up after the parade.

The police, fire departments, and EMS departments have been notified of the street closings.

Financial Consideration: In preparing the 2012 budget, Police Department overtime wages for monitoring this parade route and Street Department overtime wages for setting up and removing barricades for the street closure were included.

Conclusion/Recommendations: Administration recommends that the City Council approve a parade route and times which best meet the needs of the community.

Request to Close Public Street

Requests to close a public street for an event or activity are taken to the City Council for approval. The following application is requested to be submitted to the City Managers office for a street closing one week prior to the Council Meeting.

**REQUEST TO CLOSE CITY STREET
CITY OF VERMILLION**

This application shall be completed in time to be submitted to the City Council for consideration. City Council meetings are the first and third Mondays of each month. Requests are to be submitted to the City Managers office one week prior to the meeting to be included on the meeting agenda. The proposal shall contain all applicable information relative to the nature and purpose of the event the street closing is requested for, if additional space is needed please attach additional sheets or application letter with the required information.

Organization Requesting 2012 Dakota Days Executive Board

Contact Person Darcy Leischner Phone 605-770-8928

Contact Person Address 1204 Lincoln St. Vermillion, SD 57069

Event 2012 Dakota Days Parade Date(s) of Event Saturday, October 6th, 2012

Street(s) Requesting to be closed (Include a map if needed.)

Street (see attached letter) from _____ to _____

Street Closing Times _____ to _____

If the street closing requested would affect other residents or businesses have they been notified of the request. Yes ___ No x

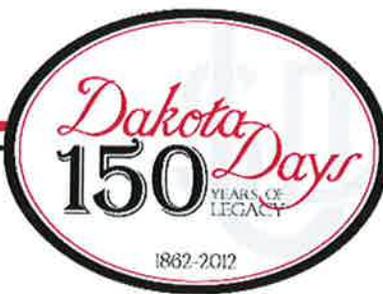
Have arrangements been made for clean up after the event and other facilities? Please describe:

Yes, We have been in contact with the student organization SERVE to help with cleanup of the event.

We will also make arrangements with the Vermillion Street Cleaners to ensure they are the last float in the parade.

If approved the contact person will need to make arrangements with the Street Department for barricades to properly denote the street closing.

Signature of applicant Darcy Leischner date 07-09-2012



To: Vermillion City Council
From: 2012 Dakota Days Executive Board
Date: July 9, 2012
Re: Dakota Days Parade Route

The annual Dakota Days Parade will begin on Saturday, October 6th, 2012 at 10:00 AM in downtown Vermillion. This will be a special year, as the university is celebrating its 150th birthday. The 2012 Dakota Days committee requests the permission of the city council to move forward with the same parade route as has successfully been used in previous years, which will be described below.

The student organization Students Enhancing Resources for Vermillion Enrichment (SERVE) has been contacted and confirmed to aid in the cleanup of the 2012 Dakota Days Parade. We will also make arrangements with the Street Cleaners of Vermillion to ensure they are the last float in the parade and will have the streets completely clean directly following the event.

The parade will begin at the corner of High Street and Main Street. It proceeds until the corner of Plum Street and Clark Street, which is marked in bold on the map. The check-in site is on West Main Street and Carr Street and the line-up will be on Main Street until High Street which is marked by the dotted line.

The streets that will need to be closed on the day of the parade are as follows:

Main from Walnut to High 8:00 am – 12:30 pm
Main from High to Plum 8:00 am – 12:30 pm
Franklin from Main to Clark 9:00am – 12:30 pm
Plum from Main to Clark 10:00 am – 12:30 pm

Any questions regarding the 2012 Dakota Days parade may be directed to dakotadays@usd.edu or 677-5334. Thank you!



Council Agenda Memo

From: Jose Dominguez, City Engineer
Meeting: July 16, 2012
Subject: Resolution of Necessity and Notice of Hearing for Sidewalk Safety Improvements
Presenter: Jose Dominguez

Background: In 2009, City Staff was asked, by the City Council, to compile a list of sidewalk gaps within the City. Since then, the original list has been refined several times through discussions with the City Council. The list of properties that are included in the attached resolution are designed to complete gaps in the existing sidewalk system. In some instances, the City has received correspondence requesting the sidewalks be completed.

Discussion: The affected property owners have been contacted regarding the proposed sidewalk improvements. All of the owners were given several choices: complete the work themselves, hire a contractor, be assessed by the City or be included as an alternate bid in the upcoming 2012 Sidewalk Repair Assessment project. In many cases, the City has not received a response from the property owner about how they might resolve the situation. Out of the twenty-two property owners contacted, only three chose to be included in the upcoming sidewalk repair project as a bid alternate.

While determining the selection criteria, the City Council required that the work be completed during the 2012 construction year. The proposed special assessment states that the sidewalks need to be completed by October 31, 2012, or be under contract to be completed by the end of the year.

The special assessment process provides that the governing body: (1) set a public hearing; and (2) notify the property owners of the hearing by both sending notice and publishing the notice of the hearing. The notice calls for the public hearing to be held on August 6, 2012. Following the hearing, the City Council will be asked to adopt a resolution approving the special assessment roll with any added adjustments in the amounts.

In addition to the sending the property owners a letter notifying them of the hearing, the City will provide packet information on the City website at www.vermillion.us/sidewalks. Packets will also be sent to property owners upon request. The packet will include: a list of contractors that they could use, a copy of the City's specifications and a sidewalk repair permit.

Financial Consideration: The cost will include postage and the publication of the notice. The City will budget for this project during the 2012 budget revision sessions.

Conclusion/Recommendations: Administration recommends adoption of the resolution that sets the public hearing date for August 6, 2012.

RESOLUTION OF NECESSITY AND NOTICE OF HEARING
FOR SIDEWALK SAFETY IMPROVEMENTS
IN THE CITY OF VERMILLION, SD

BE IT HEREBY RESOLVED, by the Governing Body of the City of Vermillion, South Dakota, at a regularly called meeting thereof, in the Council Chambers of said City Hall at 7:00 p.m. on the 16th day of July, 2012, that a necessity has arisen for sidewalk improvements along the parcels of land hereinafter named, viz:

Violation Address	Violation Legal Description	Violation Addition	Violation Parcel Number	Estimated Cost
425 Pinehurst Avenue	Lot 20, Block 14	Eastgate Manor 3 rd	15260-01400-200-00	\$1,307.00
16 N. Dakota Street	Lots 1, 2, 3 & 4, Block 33	Snyders	15720-03300-040-00	\$2,069.00
421 Jefferson Street	Lot 3, Block 1	Dakota	15206-00100-030-00	\$1,867.00
1708 Vonnie Street	Lot 3 Exc. E 48', Block 4	Westgate	15840-00400-030-00	\$731.00
818 James Street	Lot 2 & E 48' of Lot 3, Block 4	Westgate	15840-00400-020-00	\$747.00
1804 Vonnie Street	Lot 28, Block 4	Westgate	15840-00400-280-00	\$902.00
1822 Vonnie Street	Lot 25, Block 4	Westgate	15840-00400-250-00	\$1,225.00
1846 Vonnie Street	Lot 21 & N 40' of Lot 22, Block 4	Westgate	15840-00400-210-00	\$623.00
1840 Vonnie Street	Lot 22 Exc. N 40', Block 4	Westgate	15840-00400-220-01	\$466.00
1800 Constance Drive	Lot 2, 3, 4, 5 and 5A, Block 5	Westgate		\$2,956.00
1700 Constance Drive	Lot 1, Block 5	Westgate	15840-00500-010-00	\$4,197.00
916 N. University Street	S 111.75' of E 143' of Lot M-2 NE ¼ 13-92-52	Miscellaneous Entries	15880-09252-131-04	\$1,738.00
501 N. Crawford Road	N 45' of Lot 7 & All of Lot 8, Block 1	LaCroix	15365-00100-080-00	\$2,125.00
515 N. Crawford Road	Lot 10, Block 1	LaCroix	15365-00100-100-00	\$2,100.00
716 Rose Street	Lot 1 & E ½ of Lot 2	McKellars	15430-00000-020-00	\$1,064.00
1722 Baylor Street	Lot 7 & 8, Block 3	Westgate	15840-00300-070-00	\$1,400.00
409 N. Crawford Road	Lot 4, Block 1	LaCroix	15365-00100-040-00	\$1,424.00
1415 Lewis Street	Lot 12, Block 11	Eastgate Manor 3 rd	15260-01100-120-00	\$3,345.00
103 Franklin Street	Lot 8, Block 41	Snyders	15720-04100-080-00	\$2,334.00
100 Washington Street	Lot 7, Block 41	Snyders	15720-04100-070-00	\$2,334.00
223 W. Duke Street	Lot 3, Block 1	Lotuswood	15415-00100-030-00	\$3,382.00
303 W. Duke Street	Lot 1, Block 2	Lotuswood	15415-00200-010-00	\$3,454.00
611 Olive Street	Lots 6, 7 & 8, Block 1 of Lot E NW ¼ SE ¼ 14-92-52	Miscellaneous Entries	15880-09252-144-26	\$1,323.00

BE IT FURTHER RESOLVED, that the property owner shall, at their own expense, construct the sidewalk according to the specifications filed in the office of the City Engineer. The repairs must be completed by the 31st day of October, 2012, or be under contract to be completed no later than the end of 2012.

BE IT FURTHER RESOLVED, that if a property owner does not repair their sidewalk properly, within the time specified, the City of Vermillion will cause the repairs to be made and assess the costs, plus a fiscal fee. The fiscal fee will be EIGHT PERCENT (8%) of the cost or FIFTY DOLLARS (\$50.00), whichever is greater.

BE IT FURTHER RESOLVED, that the assessment shall be payable in TWO (2) equal annual installments. Any assessment or installment not paid within THIRTY (30) days after filing the approved assessment roll in the Finance Office shall be collected under Plan One, collection by the County Treasurer, as set forth in SDCL 9-43, and that all deferred payments shall bear interest at the rate of TEN PERCENT (10%) per annum.

BE IT FURTHER RESOLVED, that any person interested may appear and show cause, before the Governing Body of the City of Vermillion, at the City Council Chambers of said City, at 7:00 p.m. on the 6th day of August 2012, why the above and foregoing resolution should not, at said time and place, be adopted and passed by the Governing Body, at which time the Governing Body will finally approve, disapprove, or modify the same in its discretion.

Dated this 16th day of July, 2012.

THE GOVERNING BODY OF THE
CITY OF VERMILLION, SOUTH DAKOTA:

John E. (Jack) Powell

ATTEST:

Michael D. Carlson, Finance Officer



Council Agenda Memo

From: John Prescott, City Manager
Meeting: July 16, 2012
Subject: Ordinance No. 1283 Amending Sign Ordinance to Exempt Employment Related Signs
Presenter: John Prescott

Background: Recently, the City was contacted by members of the Vermillion Chamber of Commerce and Development Company legislative committee about providing for temporary “Help Wanted” signs. The letter from the VCDC Legislative Affairs Committee was included with the July 2, 2012 packet. The sign code does not provide for the placement of temporary “Help Wanted” signs.

Discussion: Many of the industrial businesses, which do not have display boards or other types of signage which allow for temporary messages, have found that “Help Wanted” signage have provided increased contacts from prospective employees. The ability to attract applicants for open positions is a challenge that many businesses, in the community, currently experience.

Ordinance No. 1283 provides that a temporary sign could be used to advertise the need for employees. The signage must be displayed in a crisp manner and off of the public right-of-way. This is to make sure the placement of signage is consistent with other requirements and that the signs look nice as they are typically made on material designed for temporary usage. “Help Wanted” signs will be allowed in the Heavy Industrial (HI), General Industrial (GI) and General Business (GB) zoning districts.

Financial Consideration: None. A permit is not required

Conclusion/Recommendations: Administration recommends approval of Ordinance No. 1283.

ORDINANCE NO. 1283

AN ORDINANCE AMENDING CHAPTER 152 SIGNS, SECTION 152.04, OF THE 2008 REVISED ORDINANCES OF THE CITY OF VERMILLION, SOUTH DAKOTA, TO ADD A DEFINITION FOR SIGNS EXEMPT FROM DIVISION REGULATIONS.

BE IT ORDAINED, BY THE GOVERNING BODY OF THE CITY OF VERMILLION, SOUTH DAKOTA, THAT CHAPTER 152, SECTION 152.04 SHALL BE AMENDED AS FOLLOWS:

Add Section 152.04(N).

(N) *Employment related signs.* A temporary non-illuminated sign located on private property for the purpose of advertising employment opportunities on the property. Signage shall not exceed 70 square feet in the Heavy Industrial (HI) and General Industrial (GI) zoning districts. Signage shall not exceed 30 square feet in the General Business (GB) zoning district. Such signage is not permitted to advertise services offered or available on the property. Signage shall be securely fastened to supports so as not to sag or otherwise move.

BE IT FURTHER ORDAINED, that Sections 152.04(N) be added to Section 152.04.

Dated at Vermillion, South Dakota, this 6th day of August, 2012.

FOR THE GOVERNING BODY OF THE
CITY OF VERMILLION, SOUTH DAKOTA

By: _____
John E. (Jack) Powell, Mayor

ATTEST:

By: _____
Michael D. Carlson, Finance Officer

Seal

First Reading: July 16, 2012
Second Reading: August 6, 2012
Publication Date: August 17, 2012
Effective Date: September 6, 2012

Dear Mayor Powell and Vermillion City Council members,

In discussion with our members it was reported several of our growing businesses have been asked by City of Vermillion Code Enforcement to take down their "Now Hiring" banners placed near the roadways because they were in violation of the City's sign ordinance. The ordinance currently prohibits such banners unless secured flat against the building. We appreciate the need for sign regulations as a way to maintain an orderly appearance, but we feel the ordinance should be consistent with the stated goals of the community, namely job growth. Placing the banners on the building as current ordinance requires significantly limits their effectiveness, particularly on the larger buildings set further back from the road, such as Polaris or Masaba, where the difference in scale of sign to building is so great. Given the workforce shortage Vermillion is currently experiencing, businesses need to broaden their search tactics to meet the demand, not encounter ordinances that limit.

The City of Vermillion and the Vermillion Area Chamber and Development Company has committed considerable time and money towards economic development, and specifically to growing job opportunities in the community. To ask our businesses to remove signage they need to fill these new jobs seems counter intuitive to these stated goals.

While possible modification to the ordinance should not necessarily be limited to this suggestion, in the spirit of collaboration we would like to propose a change to Section 1582.04 (Signs Exempt From Division Regulations) by adding "Employment related signage" as exemption (N). We feel employment opportunity signage complies with the spirit of these exemptions which include 1) real estate signs, 2) construction site signs, 3) holiday decorations/banners, and 4) housing development maps/signs. They are temporary by design, noncommercial in nature, and are in the public interest as they let everyone know that Vermillion is growing and "open for business."

Proposed language is as follows:

Section 152.04 (N):

"Employment related signage - A temporary non-illuminated sign placed upon a property for the purpose of advertising employment opportunities, not to exceed 100 square feet in the Heavy Industrial (HI) and General Industrial (GI) zone, and 27 square feet in the General Business (GB) and Central Business zones, unless located on the wall of a building. The signs shall not be located in any public right of way."

We appreciate your time and attention to this matter, and look forward to working with you towards a positive solution.

Sincerely,

The Legislative Affairs Committee of the VCDC:

Michelle Maloney

Ted Muenster

Raymond Ring

Vermillion Business representatives:

Jerad Higman, *President of Masaba Mining, Inc.*

Paul Eikhoff, *Polaris Industries*

Doug Standley, *Stream Global*



Council Agenda Memo

From: John Prescott, City Manager
Meeting: July 16, 2012
Subject: Resolution Amending Sign Fees
Presenter: John Prescott

Background: The City was contacted, by billboard companies, about the cost of signage. Each new covering of a billboard is treated as a new sign. Given that most billboards exceed 100 square feet or more, each new display on a billboard incurs a \$50 charge.

Discussion: In discussion with one of the companies, some cities and the State of South Dakota have gone to an annual fee. This allows the billboard company to change the face of the sign several times a year in a more economical fashion. The length of time that a client may rent a billboard may vary depending on the resources of the client and the demand for a particular location.

The proposed resolution provides for an annual fee for billboard signage. A company would pay the same annual fee regardless of the number of times the message is changed. While the City doesn't regulate messages, a billboard is off-premise signage that is potentially advertising a different message each time the copy is changed. Billboard companies appear to like the convenience and ease of an annual permit vs. a permit and fee each time the message is changed.

Financial Consideration: There are likely two billboard companies that would take advantage of the new fee schedule.

Conclusion/Recommendations: Administration recommends approval of the resolution.

**RESOLUTION REVISING PERMANENT, NON-PERMANENT
AND PORTABLE SIGN PERMIT FEES**

WHEREAS Section 152.07(B)(2); Section 152.07(C)(2); and Section 152.10(E)(1) of Chapter 152 of the 2008 Revised Ordinances of the City of Vermillion allows the City Council to establish permit fees for permanent, non-permanent, and portable signs.

BE IT HEREBY RESOLVED by the Governing Body of the City of Vermillion, South Dakota, at a regular meeting thereof in the Council Chambers of said City at 7:00 p.m. on the 16th day of July, 2012, that the permit fee for type of sign is established as follows:

Any permanent, non-permanent and portable sign shall pay a permit fee based as follows:

\$25.00	For each portable sign
\$30.00	For each building sign
\$30.00	For each freestanding sign of less than 100 square feet
\$50.00	For each freestanding sign of 100 square feet or more*

* In lieu of the individual permit, for unlimited changes for each freestanding sign meeting the definition of a billboard, per calendar year, or fraction thereof, with notification prior to installation, the fee shall be \$100 per billboard.

Dated at Vermillion, South Dakota this 16th day of July, 2012.

FOR THE GOVERNING BODY OF THE
CITY OF VERMILLION, SOUTH DAKOTA

By _____
John E. (Jack) Powell, Mayor

ATTEST:

By _____
Michael D. Carlson, Finance Officer



Council Agenda Memo

From: Jason Anderson, Assistant City Engineer

Meeting: July 16, 2012

Subject: Authorization to Notify Cooperative of Intent to Serve Annexed Area

Presenter: Jason Anderson

Background: The City Council approved the resolution to annex Lot 3, Block 1, Park Avenue Addition, at the July 2, 2012 meeting. The lot is located on the south side of E. Main Street, just east of Cypress Drive. The current property owners, Rodney and Susan Oberle, had petitioned the City for annexation of the above mentioned lot into the city limits. The intent of the owners is to have land available for residential construction in the future. The southern 140-feet of the property is currently in the electric service territory of Clay Union Electric Corporation. By State law, if the City does not notify Clay Union Electric Corporation, within one year of annexation of its intent to serve the annexed area, the annexed area shall continue to be served by the rural electric cooperative.

Discussion: The City has typically elected to serve all annexed areas since a 1992 State law changed the notification time to one year from annexation. The City is not aware of any Clay Union Electric Corporation customers in the annexed area, so lost revenue payments would not start unless a City electric customer service is established in the area during the next eleven years. The City only would be responsible to make lost revenue payments for a maximum of seven years.

Financial Consideration: None at this time. Should a City service be established during the next eleven years, lost payments may be needed for a maximum of seven years.

Conclusion/Recommendations: Administration recommends the City elect to serve the annexed area and approve the attached Notice of Intent to Purchase Electric Utility Properties in Annexed Areas.

**NOTICE OF INTENT TO PURCHASE
ELECTRIC UTILITY PROPERTIES
IN ANNEXED AREAS**

TO CLAY UNION ELECTRIC CORPORATION, A RURAL ELECTRIC COOPERATIVE,
VERMILLION, SOUTH DAKOTA:

Pursuant to SDCL 49-34A-49, the City of Vermillion (the City), a municipal corporation, which operates an electrical utility, hereby notifies Clay Union Electric Corporation (Clay Union), a rural electric cooperative, that the City intends to exercise its statutorily conferred rights to serve electrical energy to customers in areas, which are hereinafter more particularly described and which were annexed to the City on the date hereinafter mentioned, to-wit:

SOUTH 140-FEET OF LOT 3, BLOCK 1, PARK AVENUE ADDITION, CLAY COUNTY,
SOUTH DAKOTA

(Formerly known as the West 238-feet of Thomas Tract 2, NW ¼ NE ¼ 20-92-51, Clay County,
South Dakota)

Annexed on July 2, 2012.

The above described area is currently in the Clay Union service area. Said service areas are also described graphically on maps of the City of Vermillion, copies of which are attached hereto and served herewith.

The City further notifies Clay Union that the City is not aware of any Clay Union distribution properties being located within the hereinabove described property. The City offers to pay, as compensation for service rights, an annual amount equal to the sum of twenty-five (25%) percent of the gross revenues received from power sales to consumers of electric power within the annexed area. The obligation of the City to compensate Clay Union for service rights shall continue for eleven (11) years from the date of the offer to purchase by the City. During the eleven (11) year period, compensation for service rights to any one customer location within the annexed area shall be paid by the City for a period of seven (7) years, or until the expiration of the eleven (11) year period, whichever is less. Gross revenues received shall be determined by applying the rate in effect by the City at the time of purchase.

In the event the City and Clay Union are unable to agree as to the amount to be paid, the City will apply to the Public Utilities Commission of the State of South Dakota, requesting the Commission, after notice and hearing, to determine the amount of the payment in accordance with SDCL 49-34A-50.

Dated at Vermillion, South Dakota this 16th day of July, 2012.

THE GOVERNING BODY OF THE
CITY OF VERMILLION, SOUTH DAKOTA:

By _____
John E. (Jack) Powell, Mayor

ATTEST:

By _____
Michael D. Carlson, Finance Officer

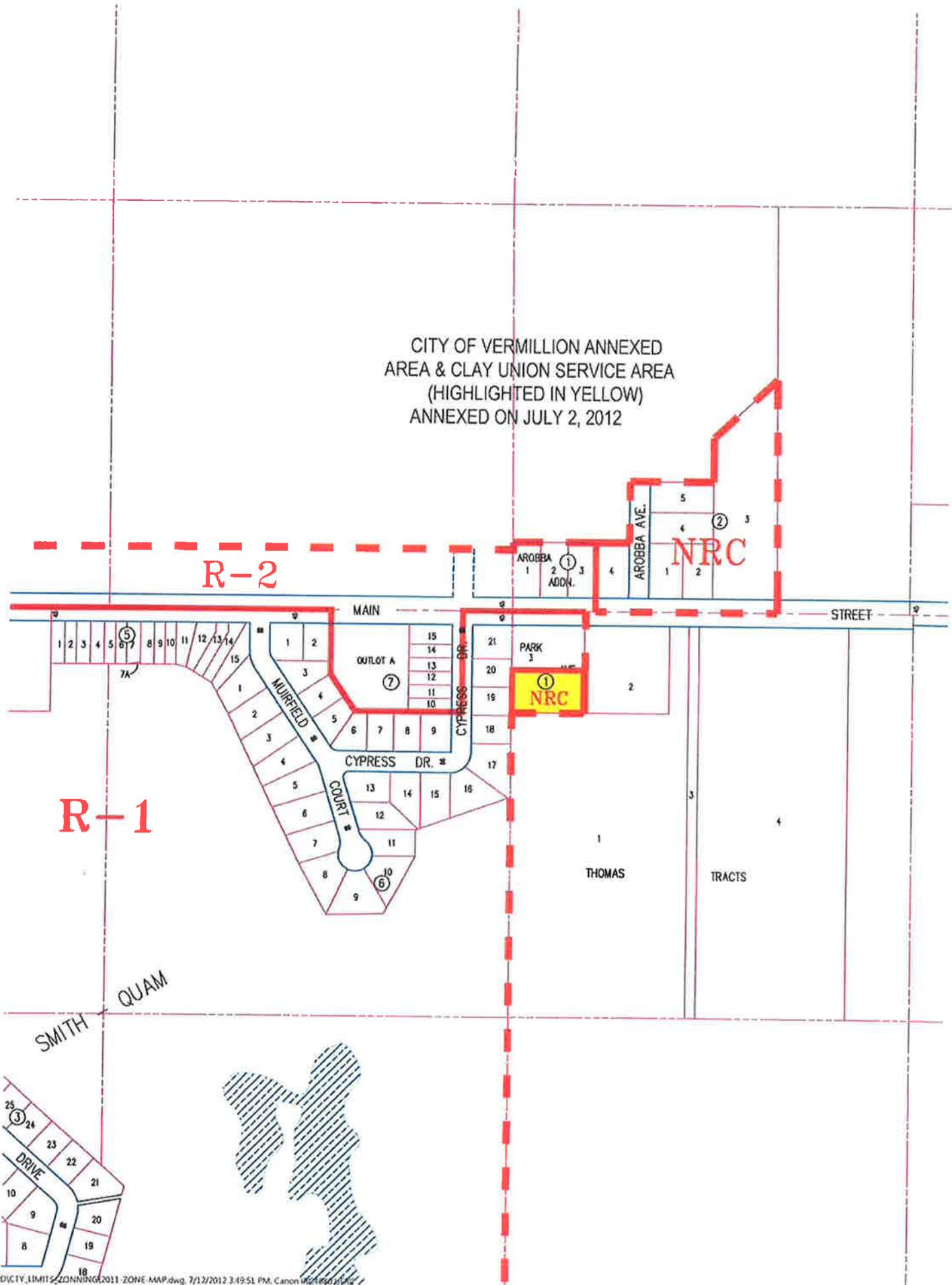
CITY OF VERMILLION ANNEXED
AREA & CLAY UNION SERVICE AREA
(HIGHLIGHTED IN YELLOW)
ANNEXED ON JULY 2, 2012

R-2

NRC

R-1

NRC





Council Agenda Memo

From: Jason Anderson, Assistant City Engineer

Meeting: July 16, 2012

Subject: Resolution Correcting the Resolution Establishing Tapping Fees in Lieu of Assessment for Construction of Water Main along University Road from South Dakota Highway 50 to Coyote Street

Presenter: Jason Anderson

Background: The Clay Rural Water Interconnect project, a water main extension along University Road from South Dakota Highway 50 to a point 375 feet east of University Road on Coyote Street, was completed in 2006. The project was initiated and managed by Clay Rural Water to improve their system in the area. The project extends the City water main to the Clay Rural Water treatment and pumping facility. The agreement between the City and Clay Rural Water states that in the event that a property owner will receive service from this line, the City will collect the tapping fee and reimburse Clay Rural Water.

On June 4, 2012, the City Council adopted the resolution establishing tapping fees in lieu of assessment for the construction of water main along University Road from South Dakota Highway 50 to Coyote Street. The resolution established the tapping fee for each property that is adjacent to this water main. The tapping fee is due prior to these lots or parcels receiving City water.

Discussion: After adoption of the June 4, 2012 Resolution, it was discovered that two properties were not included in the Resolution. Both properties are located south of Highway 50 and owned by the University of South Dakota. The addition of these two properties reduced the unit price, thereby reducing the amount owed by all affected properties. To correct this error, the attached resolution was prepared for City Council consideration.

Financial Consideration: There is no monetary gain to the City from the assessments. In this instance, we only recover what Clay Rural Water has already expended during construction.

Conclusion/Recommendations: Administration recommends the adoption of this resolution to correct and replace the resolution adopted on June 4, 2012 establishing tapping fees in lieu of assessment for water main improvements along University Road.

**RESOLUTION CORRECTING ESTABLISHING TAPPING FEES IN LIEU OF
ASSESSMENT FOR CONSTRUCTION OF WATER MAIN ALONG UNIVERSITY
ROAD FROM SOUTH DAKOTA HIGHWAY 50 TO COYOTE STREET**

WHEREAS, On June 4, 2012, the City Council of the City of Vermillion, adopted a Resolution Establishing Tapping Fees in Lieu of Assessment for Construction of Water Main along University Road from South Dakota Highway 50 to Coyote Street; and

WHEREAS, it has been determined that the proportionate share of the cost of such construction, and properties benefiting, was in error and the correct proportionate share of the cost of such construction to be apportioned against said property is listed below; and

WHEREAS, Clay Rural Water System, has constructed a water main from University Road from South Dakota Highway 50 to Coyote Street at a cost of \$55,729.43, which Clay Rural Water System has paid, and which has not been apportioned against the property which may be benefited thereby as provided by SDCL 9-47-5 and SDCL 9-48-15, as amended, and will require such property owner to pay its proportionate share of the cost of such construction, without interest, according to the benefits which the Governing Body has determined to accrue to such property before such property may be served by the facility; and

WHEREAS the governing body has agreed to collect such fee and remit same to Clay Rural Water System, as collected, for all property fronting and abutting said water.

WHEREAS, that the Resolution Establishing Tapping Fees in Lieu of Assessment for Construction of Water Main along University Road from South Dakota Highway 50 to Coyote Street, adopted June 4, 2012, be replaced by this Resolution with the amount to be apportioned against said property.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that each of the lots, hereinafter described in Column 2, has been benefited by the construction of the water main in the amount set forth in Column 3, opposite such description, viz:

PROPERTY OWNER	LEGAL DESCRIPTION	AMOUNT
Joshua J. & Katie L. Fisher	Lot 4, Block 1, Deyonge Addition	\$ 1,124.97
Joshua J. & Katie L. Fisher	Lot 5, Block 1, Deyonge Addition	\$ 1,782.65
Barbara J. Iacino	Lot 1, Block 1, Deyonge Addition	\$ 1,572.37
Robert J. & Heidi N. Moser	Lot 5, Lowells Subdivision	\$ 121.15
Kal D. Simons	West ½ of the SW ¼, exc. Deyonge Addition, Lot A, Lot S-2, Lot S-1 of Gov. Lot 2 & exc. Macy Tract 1 & 2, 7-92-51	\$ 15,964.92

Eric Olson	Lot S-2, Gov. Lot 2 in SW ¼, 7-92-51	\$ 1,295.45
Sol & Mary Redlin	Lot A, Gov. Lot 2 in SW ¼, 7-92-51	\$ 1,582.75
University of South Dakota	East ½ SE ¼ exc. Lot H-1 & exc. West 732-feet of North 1,475-feet, 12-92-52	\$ 22,198.14
Joyce P. Zimmerman	Lot 6, Lowells Subdivision	\$ 3,028.77
The Board of Regents of the State of South Dakota	Lot 3C in the W ½ of the NW ¼, S18-T92N-R51	\$ 3,529.13
University of South Dakota	E ½ of the NE ¼ of the NE ¼, Except Lot H-1 & Except the W. 100', S13-T92N-R52	\$ 3,529.13

Dated at Vermillion, South Dakota, this 16th day of July, 2012.

THE GOVERNING BODY OF THE CITY
OF VERMILLION, SOUTH DAKOTA

By: _____
John E. (Jack) Powell, Mayor

ATTEST:

By: _____
Michael D. Carlson, Finance Officer



Council Agenda Memo

From: Mike Carlson, Finance Officer
Meeting: July 16, 2012
Subject: 2011 Audited Annual Comprehensive Financial Report
Presenter: Mike Carlson

Background: The 2011 unaudited annual report was presented to the City Council in March of 2011. Williams & Company P.C. has completed and submitted the final audit, which is included in the packet. As the Department of Legislative Audit has oversight over all City audits, a copy of the report has been submitted to their office as well.

Discussion: The completed audit has been submitted and accepted by the South Dakota Department of Legislative Audit. The Department of Legislative Audit letter of acceptance is attached. Williams & Company, P.C. has also included a letter to the Mayor and City Council regarding the audited financial statements. In addition to the printed copies of the annual report, an electronic copy is available on the city web site under Finance Resources.

Financial Consideration: An annual audit is a requirement based upon the amount of grants the City receives and is a requirement of bond resolutions. The audit fee was included in a three year contract with the last year being 2011 at an annual fee of \$21,100, plus \$2,500 for each major federal grant. There were no major federal grants during 2011.

Conclusion/Recommendations: Administration recommends the City Council accept the audited comprehensive annual report.



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-6070
(605) 773-3595
FAX (605) 773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

July 6, 2012

Michael Carlson, Finance Officer
City of Vermillion
25 Center Street
Vermillion, SD 57069

We have reviewed and accepted your audit report on the:

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

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

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

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

Yours very truly,

Martin L. Guindon, CPA
Auditor General

MLG:sld

cc: Williams & Company, P.C.
Certified Public Accountants
PO Box 1010
Le Mars, IA 51031

**Comprehensive Annual Financial Report
For the City of
Vermillion, South Dakota**



Prepared by THE CITY FINANCE OFFICE-----Michael Carlson, Finance Officer
FISCAL YEAR: January 1, 2011-----December 31, 2011

MISSIONS STATEMENT

CITY OF VERMILLION

Working within a revenue base which is acceptable to the Community, the City of Vermillion is dedicated to a service structure that promotes the health, safety, and well-being of the Public. Entrusted with the responsible management and delivery of Community-owned goods and services, City employees and officials shall strive to improve service reliability, responsiveness, accountability, impartiality, and the quality of communication between themselves and the Vermillion Community.

CITY OF VERMILLION
AUDITED FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

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**CITY OF VERMILLION
INTRODUCTORY SECTION**



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May 29, 2012

Honorable Mayor and Members of the City Council
City of Vermillion
Vermillion, South Dakota 57069

I am pleased to submit to you the Comprehensive Annual Financial Report for the City of Vermillion, South Dakota, for the fiscal year ended December 31, 2011.

The report was prepared by the City Finance Office in accordance with Generally Accepted Accounting Principles (GAAP) applicable to government as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data and the completeness and fairness of presentations, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds; and that all disclosures necessary to enable readers to gain an understanding of the City's financial affairs have been included.

Management of the City is responsible for establishing and maintaining an accounting and internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles. Because the cost of internal controls should not outweigh their benefits, the City of Vermillion's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's financial statements have been audited by Williams & Company, P.C. a firm of certified public accounts authorized by the State of South Dakota Department of Legislative Audit to conduct the audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Vermillion for the year ended December 31, 2011, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's conclude, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Vermillion's financial statements for the year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Vermillion's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Vermillion

The City of Vermillion was founded in 1859, located in the southeastern corner of South Dakota, 6 miles west of I-29 between Sioux Falls, SD and Sioux City, IA. Vermillion is situated atop a bluff of the Vermillion River and also overlooks the mighty, natural Missouri River, which contains the red clay that prompted our county name of Clay County. Vermillion is home to the University of South Dakota with Division I athletics, and enrollment of 9,970, offering majors in 132 undergraduate programs and 65 graduate programs. The 2010 census had the city population increasing 3% over 2000 to 10,571.

The city operates under the Council-Manager form of government and is aldermanic in form. The City Council consists of a part-time Mayor and 8 part-time aldermen who hire a City Manager as the chief executive officer. The City is divided into four wards with representation on the City Council by two members from each ward. The Mayor is elected at large. The terms of the Mayor and Alderman are four years with elections held in each even-numbered year. The City Council meets the first and third Monday of the month in regular session and, in addition, numerous special meetings and work sessions throughout the year.

The City provides the full range of basic services normally associated with a municipality. These basic services include police, emergency communications, fire, emergency medical services, building inspection, street construction and maintenance, planning and zoning, airport, recreation and parks, golf course, liquor store, general administration services and utility services including water, electric, wastewater, landfill/recycling and curbside recycling. For financial reporting purposes, all funds involved in providing these services are included based on financial accountability. Financial accountability is determined by several inherent factors, including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entity status. The Housing and Redevelopment commission is a legally separate authority whose board is appointed by the City Council and reported separately as a component unit within the City of Vermillion financial statements.

The annual budget serves as the basis for the City of Vermillion's financial planning, development and control. The budget ordinance must be adopted by a majority of the Council members no later than September 30 of each year. Once the budget is approved, the expenditures incorporated within the budget become legally binding and the actual expenditures cannot exceed the budgeted amounts unless amended through a supplemental appropriation ordinance or other permitted means. Even though it is not necessary to make formal appropriations for proprietary funds, an annual budget is developed and published with the annual budget ordinance. Because enterprise fund revenues and expenses fluctuate with changing services and delivery levels, flexible budgets are used for planning, control and evaluation purposes. All appropriations shall lapse at the close of the fiscal year.

Budgetary control is monitored at the function level. All funds budgeted in accordance with state statute are included in the budget-to-actual comparisons, presented on pages 61-65 as part of the required supplemental information and supplementary information.

Factor Affecting Financial Condition

The information presented in the financial statement is perhaps best understood when it is considered for a broader perspective of the specific environment within which the City of Vermillion operates.

Local economy.

The economy in the Vermillion as reflected in the sales tax collections saw a slight decrease in 2011. The total City sales tax revenues decreased \$90,918 or 4.86% over 2010. This would include the first cent used for general fund, the second penny sales tax used for capital projects decreasing \$110,252 while the BBB sales tax used for advertising and promotion of the City increased \$19,334 or 7.4% over 2010. It is projected that the decrease in the first and second penny of sales tax is related to the lack of major construction projects in the city during 2011 as there was an increase in the third penny of sales tax. As the South Dakota Department of Revenue collects the sales tax on behalf of the City information as to the individual areas of the increase/decrease is not available. For the first quarter of 2012 total City sales tax revenue is up 0.9% (\$5,667) over 2011. The sales tax receipts will be monitored and the budget will be reviewed in August 2012 to determine if adjustments are needed.

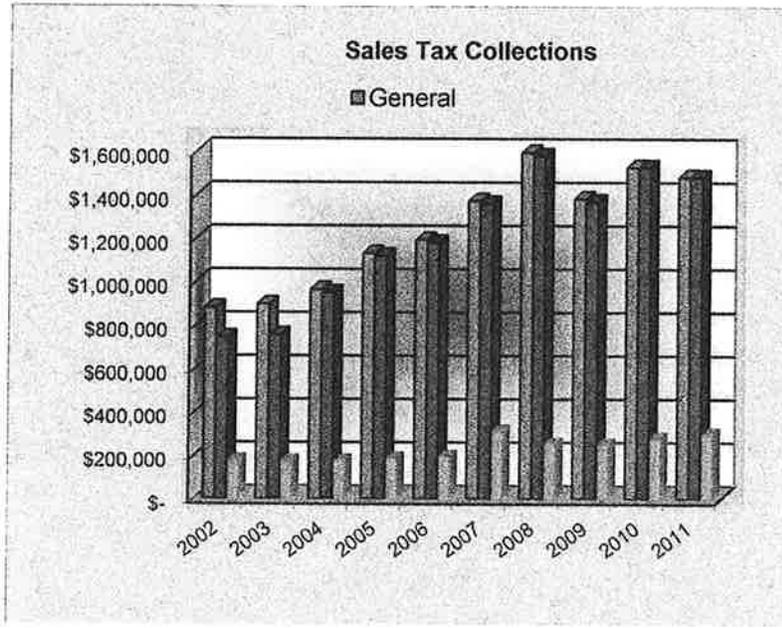
In October 2011 Builders Choice, LLC announced their expansion of its commercial products division to Vermillion. The company renovated an existing 45,000 square foot building for its modular building manufacturing facility and started production in late 2011. As of year end they had announced that 30 employees had been hired and they were anticipating adding 20-30 additional jobs during 2012.

Masaba Mining Equipment, Inc. started construction in late 2011 of a \$1.25 million, over 50,000 square foot building to expand their manufacturing operations. Masaba manufactures high quality aggregate, mining, and agricultural equipment that is marketed internationally. Masaba relocated to Vermillion in 2005 and is currently housed in a 160,000 square feet state-of-the-art engineering and manufacturing facility. The new facility is scheduled to be operational in 2012 and will increase the number of employees at the facilities.

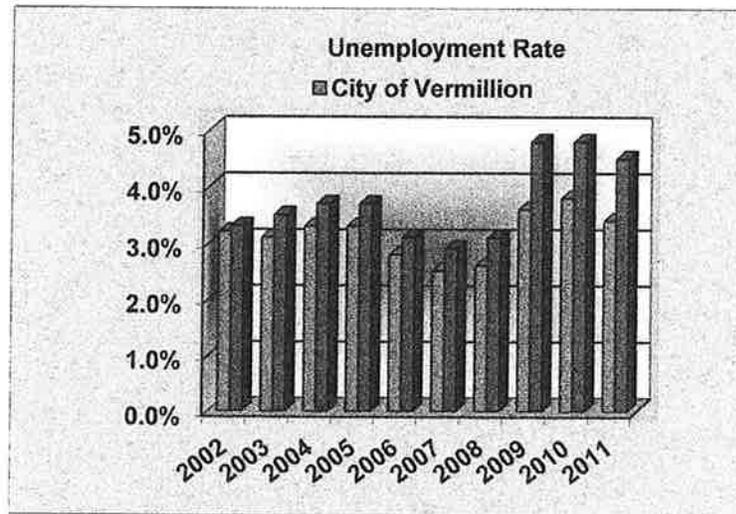
In March 2012 The Governor's Office of Economic Development announced that Navigant Consulting, Inc., a Chicago-based global consulting firm with locations in Mitchell and Plankinton, will be expanding its presence in South Dakota with a new location in Vermillion. The expansion is expected to bring an additional 50-60 jobs to the city by the end of 2012 and 120 by the end of 2013.

The State of South Dakota, to balance the state budget, has implemented reductions in financial support for state agencies and public schools. As the University of South Dakota is the largest employer in the community, the reduction in state funding for higher education as well as the

public school is being monitored to determine the impact on the local economy. There have been reductions in previous years in funding for higher education that could not be correlated to any impact on the local economy.



The unemployment rate for the City of Vermillion decreased during 2011 from 3.8% to 3.4% while the state unemployment rate decreased from 4.8% to 4.5%. The unemployment rate for the City of Vermillion saw a high in June 2011 of 4.4% but decreased the rest of the year to 3.4% at year end. The state unemployment rate was as high as 5.6% early in the year but continued to decrease the rest of the year. With the higher state rate than city rate it appears that individuals are attracted to the community for the job availability.



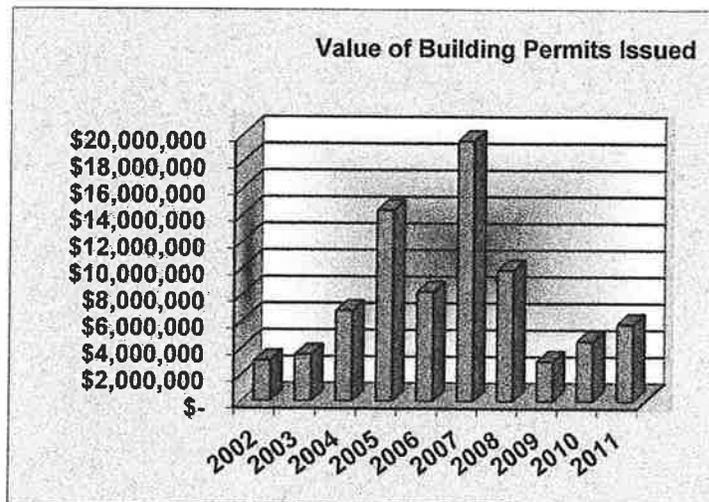
The City of Vermillion is home to the University of South Dakota that has been ranked among the top doctoral institutions in the country. It is the home to South Dakota's only School of Medicine, Law, College of Fine Arts and internationally accredited Business School. The University is the City's largest employer and saw a decrease in enrollment of 1.8% to 9,970 for the fall of 2011.

On the University campus, Coyote Village opened in August of 2010. This facility is a 175 unit complex providing suite style and apartment living for 548 students with a project cost of \$26.8 million. The 61,000 square foot, \$15 million, wellness center opened for use in January 2011. The wellness center facilities are available for community member's use with a membership fee. The renovation of Slagle Hall was completed in the spring of 2011. The restoration of the 1,200 seat auditorium built in 1925 was completed at a cost of \$8.2 million. The University moved to Division I for all athletics in 2008 increasing the athletic scholarships offered along with additional fundraising to support programs at that level. There are a number of projects in the planning and design phase on the campus that consist of the expansion to the University Center, an athletic arena that will be connected to the Dakota Dome to support basketball, volleyball and related programs along with smaller improvement projects.

Sanford Vermillion operates a 25-bed hospital constructed in 1993, medical clinic, 66 bed care center and Dakota Gardens senior living. The Sanford Vermillion Clinic contracted with the University of South Dakota to provide student health services starting in the fall of 2002. The Sanford Vermillion Clinic, Vermillion Medical Clinic, and Olson Medical Clinic have been instrumental in increasing the availability of medical care in the community. In addition, all clinics are providing outreach programs bringing specialists into the community.

The 18-hole golf course and residential development project, which was undertaken by the City after significant review by citizen committees, will provide for the orderly growth of the City with all the development being served by City utility services. All developed housing sites have been sold resulting in eighty-two single family, four-twin homes, fifteen town home units, and one multi unit with a taxable value of over twenty million dollars. An area on the south side of the course remains to be developed due to lack of infrastructure. Marketing of this area will begin when infrastructure is extended, which will open up approximately 17 housing sites.

The value of building permits issued in 2011 totaled \$5,786,357 up from \$4,502,352 in 2010. The number of single family dwellings constructed totaled nine in 2011, with four new multi-family units and three commercial permits. It should be noted that construction by the State of South Dakota on the University property are not required to obtain building permits thus these building values are not reported in any of the building permit numbers.



Major initiatives.

Construction continued during 2011 with final payment made to the contractor in March 2012, on the wastewater treatment Phase II improvements that includes the following major items; replacement of the existing primary and final clarifier mechanisms and repainting of basins, replacement of existing primary and secondary digester covers and repainting tanks, construction of a new main lift station and abandonment of the existing lift station, and construction of a new supplemental force main between the new lift station and the wastewater treatment facility. The project is funded by a \$765,000 Community Development Block Grant and a \$4,668,535 State Revolving Fund Loan.

A solid waste master planning process was started in 2011 in planning for the construction of the next landfill cell and to review the current recycling system operation. Following a request for proposal process the firm of HDR was contracted to complete the master plan. The process included public outreach meetings starting in June with the draft report presented to the Joint Powers Board in November. The final report was presented to the City Council in April 2012. The report recommended to continue the landfill operations and to maximize the existing landfill capacity by re-permitting it to allow for higher waste placement and steeper sideslopes. The South Dakota Department of Environment and Natural Resources has approved the steeper sideslopes and the application is being prepared to re-permit for vertical expansion of the existing cells and future cells. As the current cells are reaching their capacity, grant/loan applications were submitted in December for the funding of cell 5 and related leachate collection system. On March 30, 2012 the South Dakota Board of Water and Natural Resources approved a \$1,639,000 Clean Water State Revolving Fund Loan and a \$522,210 Regional Landfill Assistance grant. The resolution approving the State Revolving Loan has not been adopted by the City Council at this time pending resolution of the landfill re-permit to allow for a vertical expansion of the existing cells that will increase the landfill life postponing the need for current construction.

In June 2011 the City received a gift of over \$800,000 from Edith Siegrist for the library expansion project. Following the receipt of the gift and the funding commitments from the

Library Board and Library Foundation, the city moved forward with the development of plans and specifications and awarded a bid to Welfl Construction on February 6, 2012 for \$2,375,700. The project consists of an expansion to the existing library building and renovation of the existing building.

The equipment replacement fund added the following equipment during 2011 a police car, administrative vehicle, dump truck, wastewater jet truck, mower and a utility vehicle totaling \$409,987.

Long-term financial planning.

The City has made and will continue to make investments in infrastructure improvements in streets, parks and buildings. The City utilities have made significant improvements to continue to provide the quality of service that the citizens have come to expect and have planned for future needs.

In 2005 the city was awarded a \$750,000 grant with 20% local matching for bike path improvements. The first phase of the bike path extension along the Vermillion River started in 2009 with completion in 2010. The City Council awarded a bid in January 2012 for the next phase of bike path extension along SD Hwy 50. Planning is in process for a bike path along Stanford Street between Cherry Street and SD Hwy 50.

The City Council has designated the reconstruction of Stanford Street from Main Street to Cherry Street as its next Federal Aid Urban street project. The project estimated at \$1,515,000 is to be funded from the State allocated Federal Aid Urban funds estimated at \$985,000, special assessments to adjoining property owners estimated at \$96,000, the utility portion of \$258,000 from the water and wastewater fund with the balance from second penny sales tax. Based upon the use of Federal Aid Urban funding, the State Department of Transportation will be administering this project. The state awarded bids in April 2012 with construction scheduled to be completed in November 2012.

As the existing swimming pool is reaching the end of its useful life, a committee was appointed charged with providing the City Council information as to what type of swimming pool would best fit the community's needs going forward. The city contracted with a pool consultant to work with the committee in developing designs for the new pool. The committee will hold public meetings to review the project designs to refine the project. With a project design, an estimated cost can be determined for fundraising efforts and City Council deliberation during the upcoming year's budget process.

To assist with planning for future growth of the city, the 2012 budget included \$125,000 for a transportation study that is to be 80% funded with a state grant and \$70,000 was included for a storm water drainage study.

The 2012 budget included \$228,000 for the bike path paving, \$277,500 for equipment replacement in the equipment replacement fund, \$430,000 for airport improvement, \$60,000 for miscellaneous concrete projects including city sidewalks, \$50,000 for replacement of the boiler

in the National Guard Armory, and \$80,000 for skate park project in Barstow Park. The City will continue to provide the same quality services to the citizens during the next budget year.

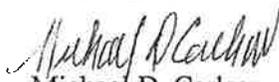
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Vermillion for its comprehensive annual financial report (CAFR) for the year ended December 31, 2010. This was the fifth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the dedicated services of the entire staff of the Finance Office. We should like to express our appreciation to all members of the Departments who assisted and contributed to its presentation. Without the leadership and support of the City Council, preparation of this report would not have been possible.

Sincerely,



Michael D. Carlson
Finance Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vermillion
South Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

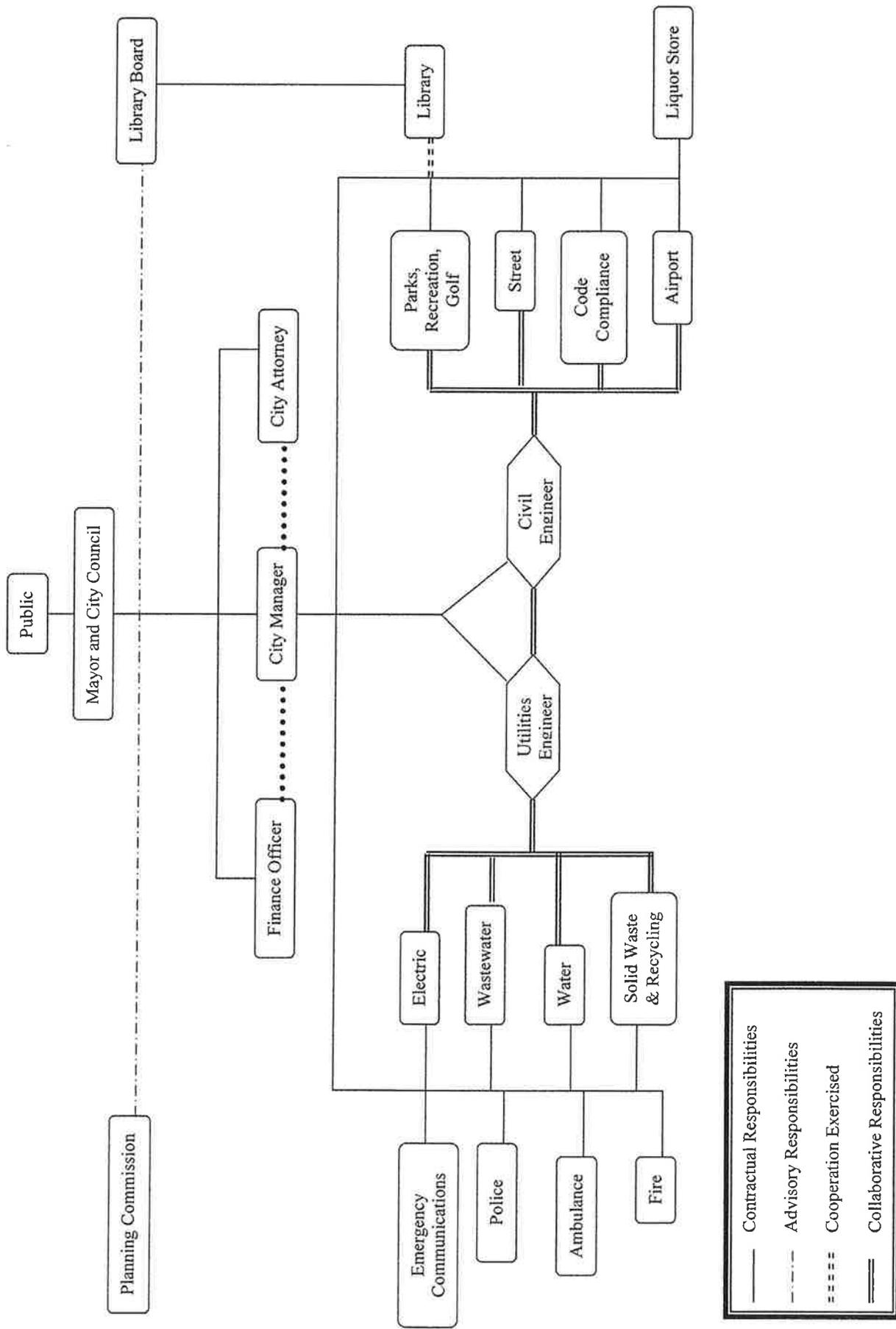


Linda C. Danison

President

Jeffrey R. Emmer

Executive Director



CITY OF VERMILLION MUNICIPAL OFFICIALS

For the Period January 1, 2011 through December 31, 2011

Mayor

John E. (Jack) Powell

Alderman Central Ward

Jennifer French

John Grayson

Alderman Northeast Ward

Clarene Meins

Kent Osborne

Alderman Northwest Ward

Howard Willson

Tom Davies

Alderman Southeast Ward

Steve Ward

Dennis Zimmerman

City Manager

John Prescott

**CITY OF VERMILLION
FINANCIAL SECTION**



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INDEPENDENT AUDITORS' REPORT

The Mayor and Members of the
City Council
City of Vermillion, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF VERMILLION, SOUTH DAKOTA, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Vermillion Housing and Redevelopment Commission (a discretely presented component unit), which statements reflect total assets of \$87,418 and total revenues of \$952,455 as of and for the year ended June 30, 2011. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Vermillion Housing and Redevelopment Commission, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Vermillion, South Dakota as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 29, 2012, on our consideration of the City of Vermillion's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in

accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis and budgetary comparison information on pages 5 through 17 and 61 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 U.S. generally accepted auditing standards, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining nonmajor fund financial statements, budgetary compliance schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements and budgetary compliance schedules are the responsibility of management and were derived from and relate 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
May 29, 2012



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Management's Discussion and Analysis December, 31, 2011

As management of the City of Vermillion, we offer readers of the City of Vermillion's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter, which can be found on pages i-ix of this report.

FINANCIAL HIGHLIGHTS

- The net assets of the City increased by \$2,708,932 as a result of the current year's operations. Net assets of our governmental activities increased by \$1,549,616 or 5.28% and the net assets of our business-type activities also increased by \$1,159,316 or 3.69%.
- Total revenues from all sources increased in 2011 by \$422,799 to \$21,218,439. In 2011, charges for services increased \$459,084, operating grants & contributions decreased \$111,073, capital grants & contributions decreased \$40,544, property taxes increased \$46,993, sales tax decreased \$90,918, and other general revenues increased by \$159,257.
- Total costs of all programs were \$18,509,507 for 2011. This is an increase of \$578,945 (3.23%) over 2010.
- The City's long-term debt decreased \$1,202,019 over 2010 from repayment of existing bond issues and continued drawdown of \$621,045 on the City's State Revolving Fund Loan for the wastewater treatment plant. During 2011 the City retired \$1,823,064 of existing debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Vermillion's basic financial statements. The comprehensive annual financial report presents the following three components of the financial statement:

1. Government-wide financial statements provide information of the City as a whole.
2. Fund financial statements provide detailed information for the City's significant funds.
3. Notes to the financial statements provide additional information essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Vermillion's finances, in a manner similar to private-sector businesses.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2011**

Management's Discussion and Analysis

assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Assets and the Statement of Activities present information as follows:

- Governmental activities – This includes general government, public safety, public works, health and welfare, economic development and culture and recreation, which are principally supported by taxes and intergovernmental revenues.
- Business-type activities – This includes the Electric, Water, Sewer, Liquor Store, Golf Course, Solid Waste System, and Curbside Recycling that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements include not only the City of Vermillion itself (known as the *primary government*) but also a legally separate entity for which the City of Vermillion is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Separately issued financial statements of the Vermillion Housing and Redevelopment Commission are available and may be obtained from the Commission at PO Box 362, Vermillion, SD 57069.

The government-wide financial statements can be found on pages 21-23 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Vermillion, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the City's significant funds and not the City as a whole. The City's funds can be divided into two categories-governmental and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental fund statements provide a detailed short-term view of the governments operations and the basic services it provides, and are reported on the modified accrual basis of accounting with focuses on available spendable resources. This allows the reader to evaluate the City's short term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the government-wide financial statements.

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The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund and sales tax fund which are considered to be major funds. Data for the other thirteen governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

The City adopted an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget on page 61.

The basic governmental fund financial statements can be found on pages 24-27 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report activities that charge for services provided to outside customers. The Enterprise funds are presented as business-type activities in the government-wide statements. The City uses enterprise funds to account for its electric utility, water utility, wastewater utility, liquor store, golf course, Joint Powers landfill operations, and curbside recycling. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles; self funded unemployment insurance, custodial services and copier-fax-postage activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Electric Utility, Water Utility, Wastewater Utility, Liquor Store, Golf course, Joint Powers Landfill operations, all of which are considered to be major funds of the City, and Curbside Recycling which is considered a non-major fund. Conversely, all the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 28-30 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-57 on this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the general fund and sales tax fund schedule of revenues, expenditures, and changes in fund balance budget and actual. Required supplementary information can be found on pages 61-65 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on general fund and major special revenue funds budget and actual revenues and expenditures. Combining and individual fund statements and schedules can be found on pages 72-79 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following two tables present condensed information on the City of Vermillion's Net Assets (Exhibit 1) and Changes in Net Assets (Exhibit 2) for the fiscal year ended December 31, 2011

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with comparative data for the fiscal year ended December 31, 2010. Assets exceeded liabilities by \$63,476,467 at the close of the most recent fiscal year.

	Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 8,092,458	\$ 6,658,607	\$ 12,732,608	\$ 12,429,401	\$ 20,825,066	\$ 19,088,008
Capital Assets	27,432,945	28,132,651	41,858,060	41,971,102	69,291,005	70,103,753
Total Assets	35,525,403	34,791,258	54,590,668	54,400,503	90,116,071	89,191,761
Long-term Liabilities Outstanding	4,223,008	4,457,038	19,629,220	20,289,572	23,852,228	24,746,610
Other Liabilities	593,690	987,387	2,193,686	2,690,229	2,787,376	3,677,616
Total Liabilities	4,816,698	5,444,425	21,822,906	22,979,801	26,639,604	28,424,226
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	23,217,945	23,357,651	21,411,403	20,882,426	44,629,348	44,240,077
Restricted	1,693,874	1,733,186	1,740,975	1,729,746	3,434,849	3,462,932
Unrestricted	5,796,886	4,255,996	9,615,384	8,808,530	15,412,270	13,064,526
Total Net Assets	\$ 30,708,705	\$ 29,346,833	\$ 32,767,762	\$ 31,420,702	\$ 63,476,467	\$ 60,767,535

	City of Vermillion Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,317,755	\$ 1,316,458	\$ 12,482,186	\$ 12,024,399	\$ 13,799,941	\$ 13,340,857
Operating Grants & Contributions	71,739	89,026	100	93,886	71,839	182,912
Capital Grants & Contributions	944,239	223,818	14,473	775,438	958,712	999,256
General Revenues:						
Property Taxes	1,893,823	1,872,491	505,713	480,052	2,399,536	2,352,543
Other Taxes	3,331,784	3,422,702	-	-	3,331,784	3,422,702
Other	345,475	290,696	311,152	206,674	656,627	497,370
Total Revenues	7,904,815	7,215,191	13,313,624	13,580,449	21,218,439	20,795,640
Expenses:						
General Government	1,324,803	1,336,341	-	-	1,324,803	1,336,341
Public Safety	2,028,921	2,118,547	-	-	2,028,921	2,118,547
Public Works	1,714,248	1,656,337	-	-	1,714,248	1,656,337
Health & Welfare	424,263	412,409	-	-	424,263	412,409
Culture & Recreation	1,161,245	1,177,757	-	-	1,161,245	1,177,757
Conservation & Development	397,229	368,202	-	-	397,229	368,202
Interest on Long-term Debt	241,902	272,722	-	-	241,902	272,722
Electric	-	-	4,995,547	4,661,735	4,995,547	4,661,735
Water	-	-	1,389,184	1,342,632	1,389,184	1,342,632
Wastewater	-	-	1,605,314	1,345,153	1,605,314	1,345,153
Liquor	-	-	1,018,600	1,017,680	1,018,600	1,017,680
Golf	-	-	841,741	834,736	841,741	834,736
Joint Powers Landfill	-	-	1,273,463	1,288,114	1,273,463	1,288,114
Curbside Recycling	-	-	93,047	98,197	93,047	98,197
Total Expenses	7,292,611	7,342,315	11,216,896	10,588,247	18,509,507	17,930,562
Increase(Decrease) in Net Assets						
Before Transfers	612,204	(127,124)	2,096,728	2,992,202	2,708,932	2,865,078
Transfers	937,412	937,999	(937,412)	(937,999)	-	-
Increase in Net Assets	1,549,616	810,875	1,159,316	2,054,203	2,708,932	2,865,078
Net Assets January 1	29,346,833	28,535,958	31,420,702	29,366,499	60,767,535	57,902,457
Prior period adjustment	(187,744)	-	187,744	-	-	-
Adjusted net assets-beginning	29,159,089	28,535,958	31,608,446	29,366,499	60,767,535	57,902,457
Net Assets December 31	\$ 30,708,705	\$ 29,346,833	\$ 32,767,762	\$ 31,420,702	\$ 63,476,467	\$ 60,767,535

By far the largest portion of the City's net assets (70.3%) reflects its investment in capital assets (e.g. land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets \$3,430,410 (5.40%) represents resources that are subject to external restriction on how they may be used. Restricted net assets include the

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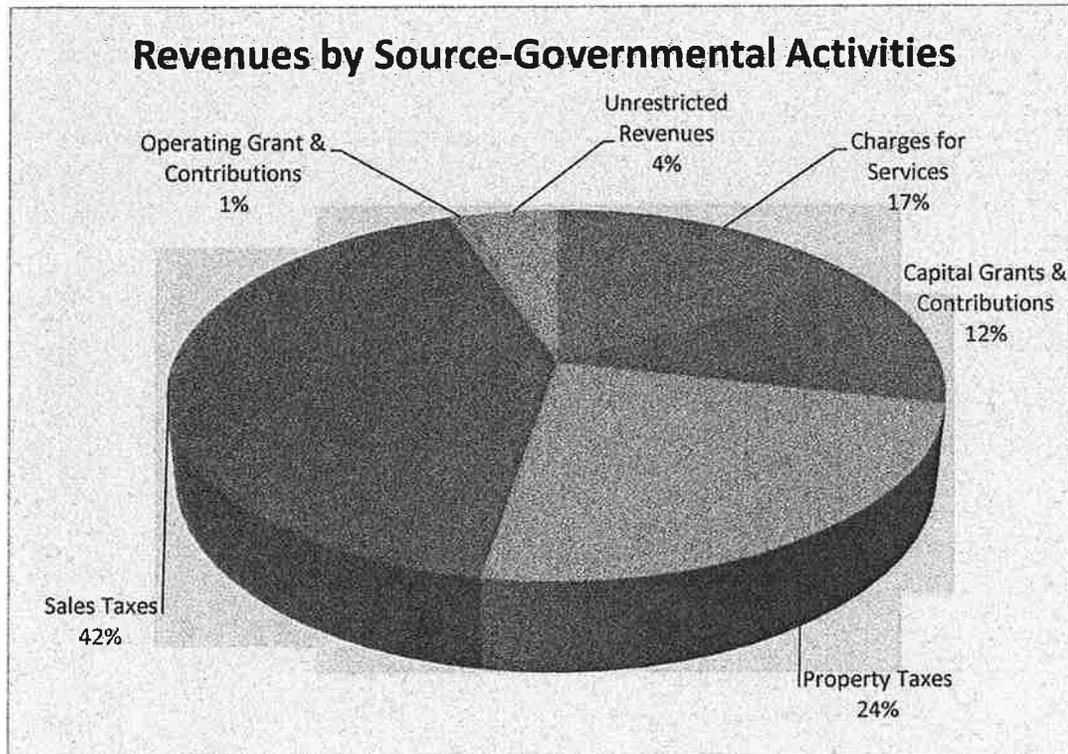
amounts restricted for debt service of \$2,139,965 (a decrease of \$322,412), Stormwater construction of \$659,022 (an increase of \$168,720), Landfill Closure/Postclosure of \$196,362 (a decrease of \$11,553), Cumulative reserve of \$158,060, Library \$106,132 and other restrictions of \$175,308 (an increase of \$31,027), The remaining balance of unrestricted net asset of \$15,416,709 may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities: Governmental activities increased the City's net assets by \$1,549,616, thereby accounting for 57.20% of the total growth in the net assets of the City Vermillion. Elements of this increase are as follows:

- Charges for goods & services increased \$1,297 in 2011. Public Works increased \$9,185 which is attributable to the increase of county motor vehicle of \$7,139, increase in county highway and bridge of \$9,674, increase in storm water fees \$6,174 and a decrease in special assessment collections of \$12,378. General Government decreased \$33,945 with the major factor being large collections in 2010 of nuisance abatements for property clean up of \$28,252. Health and Welfare increased \$21,570 with the majority \$15,485 being from an increase in ambulance revenues.
- Operating Grants decreased by \$17,287 in 2011. 2011 culture and recreation operating grants consisted of a work study grant of \$15,177 and the final use of state grant funds for the mosquito control program of \$3,897. Public safety operating grants consisted of police vests grant of \$625 and a COPS grant for one officers wages and benefits of \$49,363.
- Capital grants and contributions increased by \$720,421 in 2011. 2011 capital grants and contributions consist of General government receiving a contribution for the plaza clock of \$10,495; public safety had contributions of fire radios \$2,829, public works had contributions of \$69,402 for E. Clark Street paving and a grant of \$17,537 for the airport project; health and welfare had a contribution for an ambulance power cot of \$4,285 and new radios \$8,560; culture and recreation received \$804,772 in a private donation for the library renovation project, \$1,386 for baseball fencing, grants for the bike path project of \$6,867 and capital purchases of \$14,265.
- Property taxes increased by \$21,332 or 1.14% during the year. This increase is the product of the tax revenue for general purposes that increased \$40,456 and a decrease in the tax revenue for the tax increment district of \$19,124. State law limits the property tax increase to the lesser of inflation or 3% plus new property additions less any reduction in valuation.
- Other Taxes decreased by \$90,918 or 4.86%. This would include the first cent used for general fund, the second penny sales tax used for capital projects, and BBB used for advertising and promotion of the City. The first cent used for the general fund and the second cent used for capital projects decreased \$110,252 while the BBB used for advertising and promotion increased by \$19,334. As the South Dakota Department of Revenue collects the sales tax on behalf of the City, information as to the individual area of the increase/decrease is not available.
- Other General Revenues increased \$54,779 or 18.38%. Contributing to this increase is a decrease in investment earnings of \$10,719, a decrease in other revenue of \$1,342, an increase in contributions and donations \$12,936, an increase in proceeds from sale of property \$7,059, and an increase in the gain on the sale of assets of \$44,130.

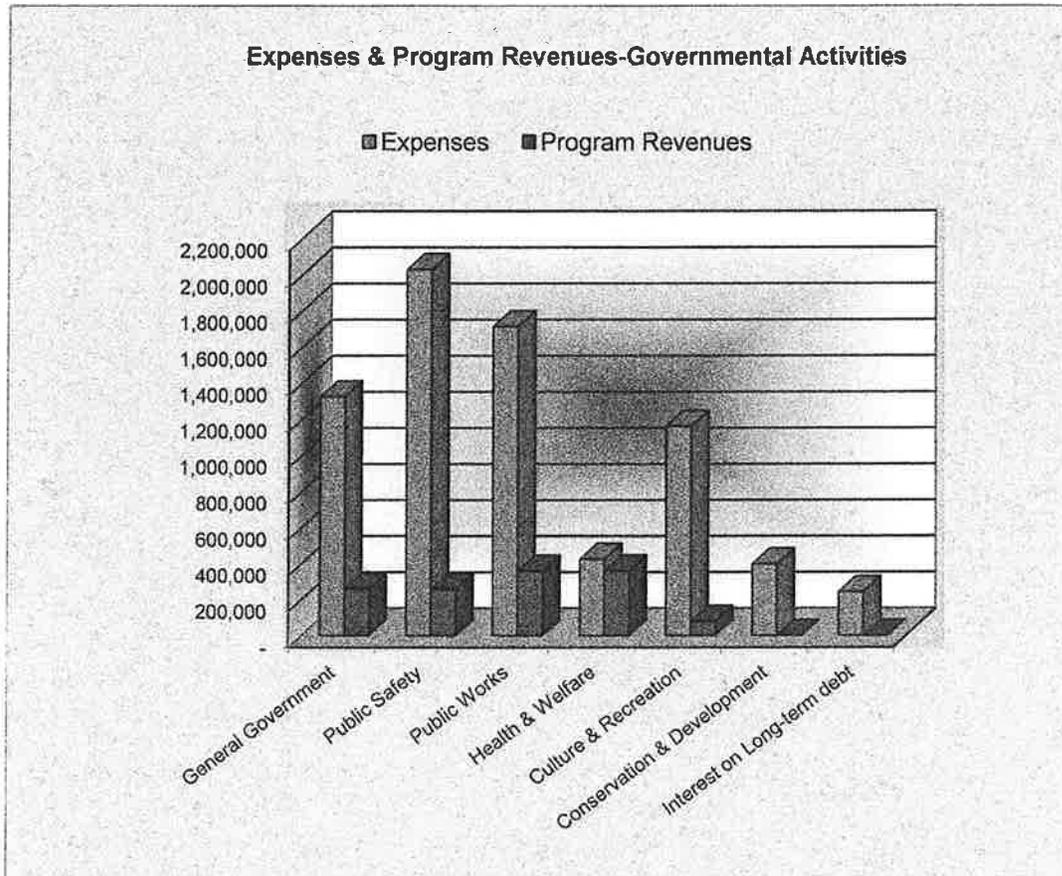
Management's Discussion and Analysis



- General government expenses decreased by \$11,538 or 0.86% in large part due to the retirement of a senior employee in the engineering department whose position was filled by an entry level employee.
- Public Safety expenses decreased by \$89,626 or 4.09%. The police administration and patrol wages decreased \$91,355. This decrease is from several positions being vacant during a portion of the year during the hiring process. Fire and rescue had a decrease capital purchase of \$6,479.
- Public works expenses increased \$57,911 or 3.49% with the majority \$36,692 being for an increase in miscellaneous concrete repair work done throughout the City.
- Health and Welfare expenses increased \$11,854 or 2.87% with the majority of the increase due to the accrual of vacation and sick leave as the ambulance director position was filled during 2011 that was vacant at the end of 2010.
- Culture and Recreation expenses decreased \$16,512 or 1.40% due to repairs done to the armory roof in 2010.
- Conservation and development expenses increased \$29,027 from increased support of various programs. The largest ones being Vermillion Housing Authority \$9,333, Vermillion NOW \$8,713 and Dakota Senior Meals \$3,500.

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Business-type activities: Business-type activities increased the City of Vermillion's net assets by \$1,159,316, accounting for 42.8% of the total growth in the government's net assets. Key elements of this increase are as follows:

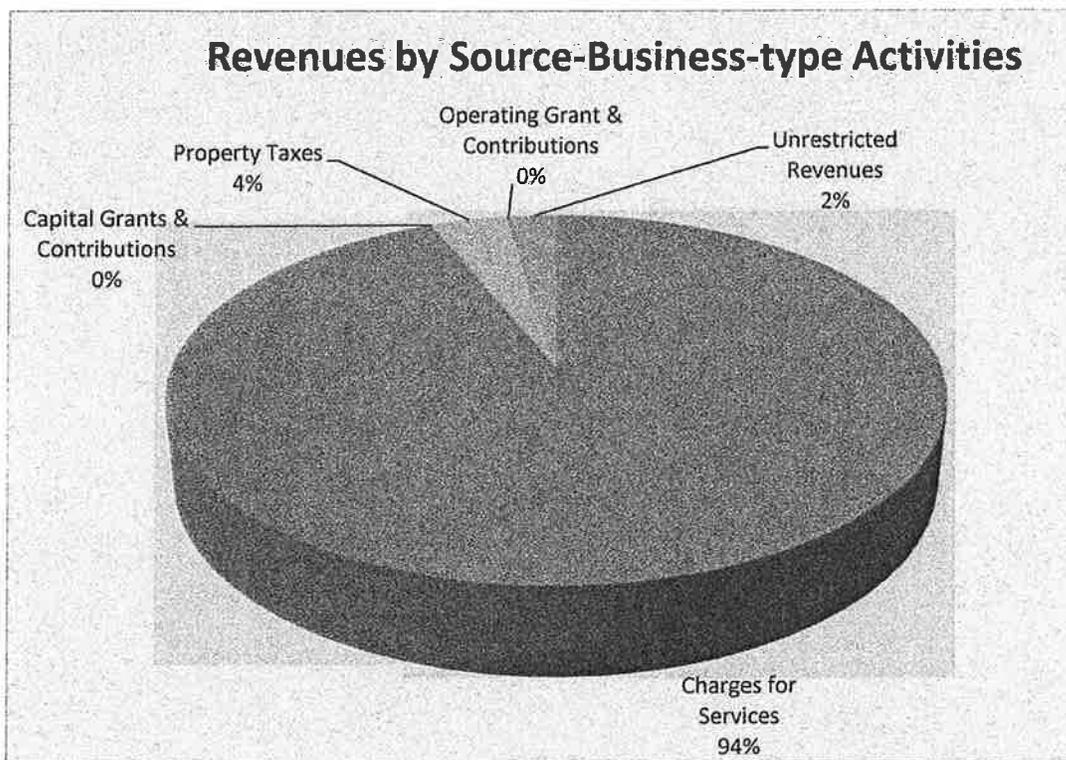
- Charges for services increased by 3.89% or \$457,787. The Electric Fund charges for services increased 3.28% or \$193,053. Electric kwh sales increased 2.3% during 2011 and electric rates were increased in June because of increased power supply costs and debt service for the transmission line. As our supplemental power supplier has adopted seasonal power supply rates, the city also adopted seasonal utility rates that went into effect with billing in December 2011. The Water Fund charges for services increased 5.46% or \$82,274. Water rates increased 2% in January 2011 and sales of water increased by 1,886,415 cubic feet over 2010. Wastewater Fund rates increased 9% in April 2011 for the debt service on the Phase II as this was the first full year of debt service on the project. The Liquor Fund sales increased \$3,666 over 2010 even though there was increased competition for wine sales due to the increased number of locations selling wine. The Joint Powers-Landfill revenue increased \$4,945 over 2010. The landfill revenues decreased \$53,399 because of less tonnage received offset by a 10% rate increase in October 2011. The sale of recycling materials revenues portion of the Joint Powers increased \$58,344 due to increased market rates for materials being sold. The Golf Fund revenues increased \$14,716 due to a 3% increase in green fees and other

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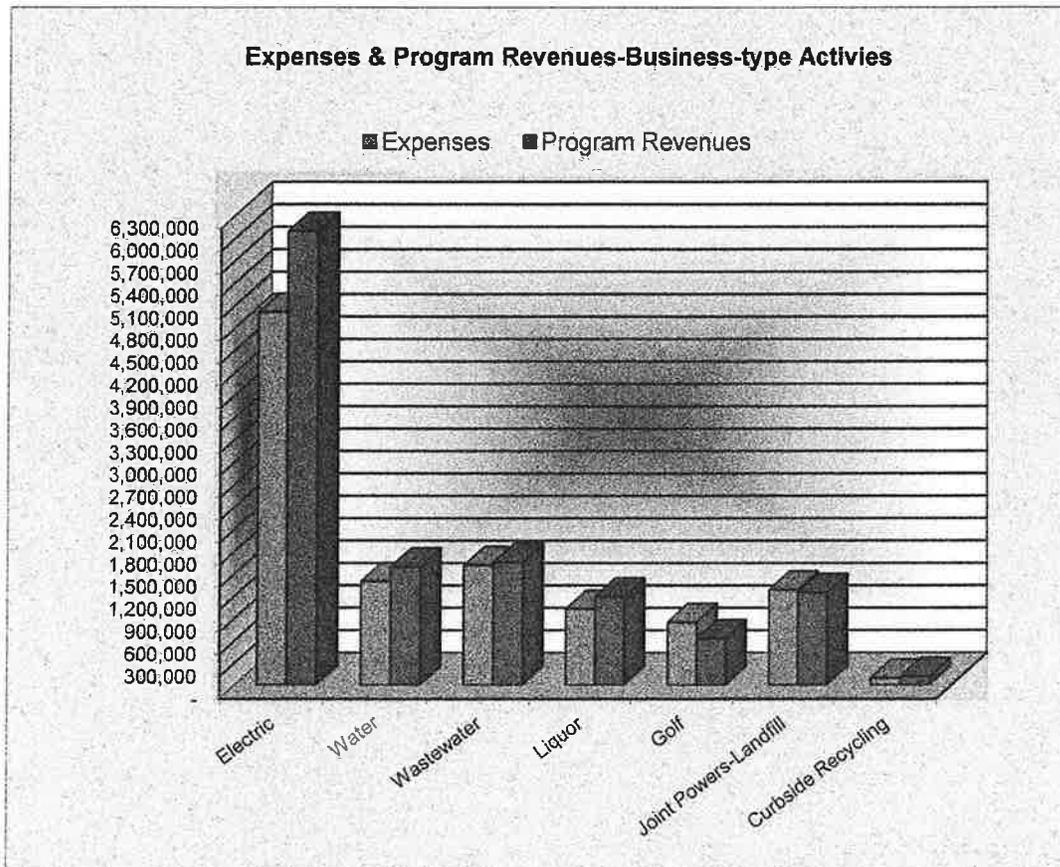
Management's Discussion and Analysis

fees along with better weather during the golfing season. An increase in the Curbside Recycling program of \$4,921 resulted from an increase in number of customers.

- Operating grants and contributions decreased \$93,786 in 2011. There were no grants received in 2011 and contributions totaled \$100.
- Capital grants and contributions decreased \$760,965 in 2011. There were no grants received in 2011 and contributions totaled \$14,473 for developer installed utilities on East Clark.
- Tax incremental property taxes increased \$25,661 in 2011. This is attributed to increased investment in the property included in the tax increment financing district.
- Other revenues increased \$104,478 in 2011 with \$129,907 being from the Electric Utility Build America Bonds interest payments.



Management's Discussion and Analysis



Financial analysis of the Government's Funds

As noted earlier, the City of Vermillion uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Vermillion's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,004,204, as shown on Exhibit 3, which is an increase of \$1,591,456 in comparison with the prior year. Approximately 28.51% of this total amount \$1,996,643 constitutes *unassigned fund balance* which is available for spending at the government's discretion. The remainder of fund balance is either 1) *nonspendable* \$201,366, \$43,306 for inventory and \$158,060 in cumulative reserve 2) *restricted* \$1,510,490 consisting of \$165,955 in liquor, lodging and dining, \$654,854 in storm water, \$105,648 library and \$584,033 for debt service 3) *committed* \$3,095,226 with \$2,398,647 in sales tax and \$696,579 for capital projects or 4) assigned \$200,479 for parks capital \$22,344 and \$178,135 for the 2012 budget.

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The general fund is the chief operating fund of the City of Vermillion. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,331,213, as shown in Exhibit 3, while total fund balance reached \$2,710,714. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42% of total general fund expenditures, while total fund balance represents 49% of the same amount.

The fund balance of the City's general fund increased \$203,462 during the current fiscal year, as shown in Exhibit 4. Factors in this increase are as follows:

- An increase in property taxes of \$43,512 or 2.7% and a decrease sales tax collection of \$45,176 or 2.9%.
- Charges for goods and services decreased \$10,708 or 2% due to a large collection in 2010 for nuisance abatement for property clean up.
- Other revenue increased \$6,398 or 12% due to an increase in miscellaneous property sales of \$7,059.
- Expenditures in the General Fund decreased \$64,556 or 1.1%. Public Safety decreased \$80,940 of which the majority is from a decrease in police patrol and administrative personnel service costs due to vacancies during the hiring process. Public Works decreased \$24,580 with the largest single factor being a decrease of \$13,445 in snow removal costs due to the lack of snow at the end of 2011. Culture and recreation increased \$19,439 with the majority \$13,994 being an increase in wages and employee benefits for operating the different programs. Conservation and Development increased \$12,177 with the major increase in the funding of the Vermillion Housing Authority of \$9,333.

The sales tax fund has a total fund balance \$2,398,647, all of which is committed for capital outlay and debt service. The net increase in fund balance during the current year is \$704,709. Revenues during this period decreased by \$38,248 compared to the prior year. This is due to a decrease in sales tax revenue of \$44,862 and a increase in investment earnings of \$6,614. Expenditures decreased during this period by \$333,773, which is largely due to the decrease in capital outlay. Transfers out decreased by \$211,203 to \$553,325. Of this amount \$338,447 was for support of city hall debt service, \$471 the City's matching for airport projects, \$1,513 for bike path construction, \$200,000 to support of debt service at the golf course, and \$12,894 to equipment replacement fund for the purchase of equipment.

Proprietary funds. The City of Vermillion's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail.

Unrestricted net assets of the proprietary funds are as follows, Electric \$5,588,356, Water \$1,444,609, Wastewater \$986,712, Liquor \$326,772, Golf Course \$272,074, Joint Powers-Landfill \$921,518 and Curbside Recycling \$53,989. The total growth in net assets for all funds in the current year was \$1,154,473. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City of Vermillion adopted a revised budget in September of 2010 to refine the budget numbers adopted a year earlier. The revenue was increased by \$2,590 (.05% of the original budget). Expenditures were decreased by \$29,310 (.49% of the original budget) with public safety decreasing \$79,532. The original and final budgets are reported on Exhibit 8 on page 59.

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Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets. The City of Vermillion's investment in capital assets for its governmental and business type activities as of December 31, 2011 amount to \$69,291,005 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements other than buildings, furniture and equipment, infrastructure, and construction in progress. During 2011 there was \$950,118 of additions to the governmental capital assets while the depreciation for the year was \$1,560,752 and \$540,476 of capital assets were disposed. The total decrease in the City's investment in capital assets for the current fiscal year was \$812,748 or 1.1% (a 2.4%, \$699,706 decrease for governmental activities and a .2%, \$113,042 decrease for business-type activities).

Major capital assets events during the current fiscal year included the following:

- Planning for the library expansion and renovation project began in 2011 totaling \$140,076 of construction in progress. Construction will begin in the spring of 2012 with completion slated in 2013.
- Construction was completed during 2011 on Phase II of the Wastewater Treatment Plant Improvements totaling \$5,137,146.
- East Clark Street was extended by a developer with curb, gutter and street paving adding \$51,550 and the utility extensions were \$14,573.
- During 2011 the city invested \$65,946 in technological equipment consisting of computers and GPS equipment.

City of Vermillion's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,564,503	\$ 1,560,878	\$ 2,457,547	\$ 2,457,547	\$ 4,022,050	\$ 4,018,425
Building & Structure Improvements other buildings	12,132,038	12,532,999	23,466,813	18,882,359	35,598,851	31,415,358
Furniture & Equipment	-	-	13,642,470	13,623,798	13,642,470	13,623,798
Infrastructure	3,407,339	3,398,382	2,101,440	2,153,515	5,508,779	5,551,897
Construction in Progress	10,173,714	10,640,392	-	-	10,173,714	10,640,392
	155,351	-	189,790	4,853,883	345,141	4,853,883
Total	\$ 27,432,945	\$ 28,132,651	\$ 41,858,060	\$ 41,971,102	\$ 69,291,005	\$ 70,103,753

Additional information on the City of Vermillion's capital assets can be found in Note 4 on pages 44-47 of this report.

Long-term debt. At the end of the current fiscal year, the City of Vermillion had a total long-term debt outstanding of \$24,661,657. Total note and bonded debt outstanding totaled \$20,836,657 with the remainder being capital leases of \$3,825,000.

The City's total outstanding debt decreased by \$1,202,019 or 4.65% during the current fiscal year. The City retired \$1,863,003 of outstanding debt while continuing to drawdown on wastewater State Revolving Fund Loan (SRF) for which \$621,045 was drawn down in the current year.

Additional information on the City's long-term debt can be found in Note 5 on pages 47-51 of this report.

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City of Vermillion's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue Bonds	\$ 390,000	\$ 765,000	\$ 19,759,654	\$ 20,287,816	\$ 20,149,654	\$ 21,052,816
Notes Payable	-	-	687,003	800,860	687,003	800,860
Capital Lease	3,825,000	4,010,000	-	-	3,825,000	4,010,000
Total	\$ 4,215,000	\$ 4,775,000	\$ 20,446,657	\$ 21,088,676	\$ 24,661,657	\$ 25,863,676

Economic Factors and Next Year's Budgets and Rates

During the current fiscal year, the fund balance in the general fund increased by \$203,462 to \$2,710,714. The final budget for 2011 had projected the fund balance to decrease by \$145,310. The City has appropriated \$178,135 of the general fund reserve for spending in the 2012 fiscal year.

Utility rates were increased in 2011 for electric, water and wastewater with seasonal electric rates starting in December and landfill rates were increased in October. During the 2012 budget process wastewater utility rate increases were also proposed for the debt service on the Phase II improvements, the water rates were increased for 2013, 2014 and 2015 for the debt service on the water tower and an increase was made in the storm water drainage fee.

Request for Information

This financial report is designed to provide a general overview of the City of Vermillion's finances for all those with the interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed the City Finance Office, 25 Center, Vermillion, SD 57069.

**CITY OF VERMILLION
BASIC FINANCIAL STATEMENTS**

CITY OF VERMILLION
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government			Component Unit Housing & Redevelopment
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash & cash equivalents	\$ 371,771	\$ 512,612	\$ 884,383	\$ 6,688
Investments	6,053,371	6,490,000	12,543,371	-
Receivables (net, where applicable, of allowance for uncollectibles)				
Taxes receivables	38,794	-	38,794	-
Accounts receivable	144,699	922,914	1,067,613	1,503
Unbilled accounts receivable	-	368,873	368,873	-
Special assessments receivable	342,614	18,325	360,939	-
Interest receivable	38,375	48,223	86,598	-
Due from other governments	524,097	23,316	547,413	-
Internal balances	(853,841)	853,841	-	-
Inventories	43,306	1,084,394	1,127,700	-
Prepaid expenses	70,193	58,568	128,761	534
Deposits	158,699	-	158,699	-
Restricted assets:				
Cash	270,627	1,420,978	1,691,605	78,136
Investments	777,357	776,144	1,553,501	-
Interest receivable	6,680	11,207	17,887	-
Deferred charges:				
Bond issuance costs net	105,716	143,213	248,929	-
Capital assets:				
Land and construction in progress	1,719,854	2,647,337	4,367,191	-
Other capital assets, net of depreciation	25,713,091	39,210,723	64,923,814	557
Total capital assets	<u>27,432,945</u>	<u>41,858,060</u>	<u>69,291,005</u>	<u>557</u>
Total assets	<u>35,525,403</u>	<u>54,590,668</u>	<u>90,116,071</u>	<u>87,418</u>
LIABILITIES				
Accounts payable	187,358	716,707	904,065	8,427
Customer deposits	-	79,303	79,303	-
Accrued interest payable	8,272	46,080	54,352	-
Revenue collected in advance	9,200	2,337	11,537	-
Noncurrent liabilities:				
Due within one year:				
Bonds payable	35,000	1,092,125	1,127,125	-
Notes payable	-	116,595	116,595	-
Capital lease	190,000	-	190,000	-
Accrued leave payable	163,860	140,539	304,399	-
Due in more than one year:				
Bonds payable	355,000	18,667,529	19,022,529	-
Notes payable	-	570,408	570,408	-
Capital lease	3,635,000	-	3,635,000	-
Closure - postclosure liability	-	191,440	191,440	-
Accrued leave payable	233,008	199,843	432,851	-
Total liabilities	<u>4,816,698</u>	<u>21,822,906</u>	<u>26,639,604</u>	<u>8,427</u>
NET ASSETS				
Invested in capital assets, net of related debt	23,217,945	21,411,403	44,629,348	557
Restricted for:				
BBB Purposes	175,308	-	175,308	-
Stomwater	659,022	-	659,022	-
Library	106,132	-	106,132	-
Debt service	595,352	1,544,613	2,139,965	-
Landfill closure postclosure	-	196,362	196,362	-
Cumulative reserve-SDPAA	158,060	-	158,060	-
Other purposes	-	-	-	78,208
Unrestricted	5,796,886	9,615,384	15,412,270	226
Total net assets	<u>\$ 30,708,705</u>	<u>\$ 32,767,762</u>	<u>\$ 63,476,467</u>	<u>\$ 78,991</u>

See Accompanying Notes to Financial Statements

CITY OF VERMILLION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Housing & Redevelopment
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary government								
Governmental activities:								
General government	\$ 1,324,803	\$ 260,385	\$ -	\$ 10,495	\$ (1,053,923)	\$ -	\$ (1,053,923)	\$ -
Public safety	2,028,921	258,152	50,561	2,829	(1,717,379)	-	(1,717,379)	-
Public works	1,714,248	359,478	-	86,939	(1,267,831)	-	(1,267,831)	-
Health & welfare	424,263	360,623	-	12,845	(50,795)	-	(50,795)	-
Culture & recreation	1,161,245	79,117	21,178	831,131	(229,819)	-	(229,819)	-
Conservation & development	397,229	-	-	-	(397,229)	-	(397,229)	-
Interest on long-term debt	241,902	-	-	-	(241,902)	-	(241,902)	-
Total governmental activities	<u>7,292,511</u>	<u>1,317,755</u>	<u>71,739</u>	<u>944,239</u>	<u>(4,958,878)</u>	<u>-</u>	<u>(4,958,878)</u>	<u>-</u>
Business-type activities:								
Electric	4,995,547	6,077,336	-	-	-	1,081,789	1,081,789	-
Water	1,389,184	1,588,609	-	-	-	199,425	199,425	-
Wastewater	1,605,314	1,647,990	-	14,473	-	57,149	57,149	-
Liquor	1,018,600	1,185,843	-	-	-	167,043	167,043	-
Golf	841,741	624,007	-	-	-	(217,734)	(217,734)	-
Joint powers landfill	1,273,463	1,241,842	100	-	-	(31,521)	(31,521)	-
Curbside recycling	93,047	116,759	-	-	-	23,712	23,712	-
Total business-type activities	<u>11,216,896</u>	<u>12,482,186</u>	<u>100</u>	<u>14,473</u>	<u>-</u>	<u>1,279,863</u>	<u>1,279,863</u>	<u>-</u>
Total primary government	<u>\$ 18,509,507</u>	<u>\$ 13,799,941</u>	<u>\$ 71,839</u>	<u>\$ 958,712</u>	<u>\$ (4,958,878)</u>	<u>\$ 1,279,863</u>	<u>\$ (3,679,015)</u>	<u>\$ -</u>
Component Unit								
Housing & redevelopment	956,802	-	906,515	-	-	-	-	(50,287)
Total component unit	<u>\$ 956,802</u>	<u>\$ -</u>	<u>\$ 906,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,287)</u>
General revenues:								
Taxes:								
Property taxes - levied for general purposes					1,659,149	-	1,659,149	-
Property taxes - levied for debt service					234,674	505,713	740,387	-
Sales taxes					3,026,369	-	3,026,369	-
Sales taxes for special revenues					305,415	-	305,415	-
Unrestricted state/county shared revenue					70,970	-	70,970	-
Unrestricted investment earnings					125,594	249,674	375,268	1,164
Miscellaneous revenue					76,419	60,988	137,407	44,776
Gain on sale of capital assets					72,492	490	72,982	-
Transfers					937,412	(937,412)	-	-
Total general revenues & transfers					<u>6,508,494</u>	<u>(120,547)</u>	<u>6,387,947</u>	<u>45,940</u>
Change in net assets					1,549,616	1,159,316	2,708,932	(4,347)
Net assets - beginning					29,346,833	31,420,702	60,767,535	83,338
Prior period adjustment					(187,744)	187,744	-	-
Adjusted net assets-beginning					<u>29,159,089</u>	<u>31,608,446</u>	<u>60,767,535</u>	<u>83,338</u>
Net assets - ending					<u>\$ 30,708,705</u>	<u>\$ 32,767,762</u>	<u>\$ 63,476,467</u>	<u>\$ 78,991</u>

See Accompanying Notes to Financial Statements

CITY OF VERMILLION
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2011

	General	Sales Tax	Other Governmental Funds	2011 Total
ASSETS				
Cash and cash equivalents	\$ 118,518	\$ 87,563	\$ 135,238	\$ 341,319
Investments	2,104,000	2,170,000	1,489,371	5,763,371
Receivables (net, where applicable, of allowance for uncollectibles)				
Property taxes: delinquent	38,794	-	-	38,794
Accounts receivable	138,412	-	3,948	142,360
Special assessment receivable	2,044	-	340,570	342,614
Interest receivable	11,726	12,179	13,303	37,208
Due from other governments	283,686	161,290	79,121	524,097
Due from other funds	-	22,000	-	22,000
Inventory of supplies	13,859	-	-	13,859
Inventory of stores purchased for resale	29,447	-	-	29,447
Deposits	158,699	-	-	158,699
Restricted assets:				
Cash and cash equivalents	-	-	270,627	270,627
Investments	-	-	777,357	777,357
Interest receivable	-	-	6,680	6,680
Total assets	\$ 2,899,185	\$ 2,453,032	\$ 3,116,215	\$ 8,468,432
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	142,902	12,541	5,377	160,820
Due to other funds	-	-	305,414	305,414
Deferred revenue	41,406	41,844	356,471	439,721
Revenue collected in advance	4,163	-	5,037	9,200
Advance from other funds	-	-	549,073	549,073
Total liabilities	188,471	54,385	1,221,372	1,464,228
Fund balances:				
Nonspendable:				
Inventory	43,306	-	-	43,306
Cumulative Reserve-SDPAA	158,060	-	-	158,060
Restricted:				
BBB Purposes	-	-	165,955	165,955
Stormwater	-	-	654,854	654,854
Library	-	-	105,648	105,648
Debt Service Funds	-	-	584,033	584,033
Committed				
Sales Tax Purposes	-	2,398,647	-	2,398,647
Capital Projects	-	-	699,400	699,400
Assigned:				
Parks Capital	-	-	22,344	22,344
Next Year's Budget	178,135	-	-	178,135
Unassigned	2,331,213	-	(337,391)	1,993,822
Total fund balances	2,710,714	2,398,647	1,894,843	7,004,204
Total liabilities and fund balances	\$ 2,899,185	\$ 2,453,032	\$ 3,116,215	\$ 8,468,432

See Accompanying Notes to Financial Statements

CITY OF VERMILLION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 DECEMBER 31, 2011

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

Total fund balance - governmental Funds (page 24)		\$ 7,004,204
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		24,838,618
Long-term liabilities, including bonds payable, capital lease payable and accrued leave payable are not due and payables in the current period and therefore are not reported in the funds.		
	Bonds payable/capital lease payable (4,215,000)	
	Accrued leave payable <u>(391,817)</u>	(4,606,817)
Assets such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred in the funds.		439,721
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		70,193
Bond issuance costs, net of accumulated amortization are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		105,716
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(8,272)
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.		<u>2,865,342</u>
Total net assets - governmental activities (page 21)		<u>\$ 30,708,705</u>

CITY OF VERMILLION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

	General	Sales Tax	Other Governmental Funds	2011 Total
Revenue:				
Taxes:				
General property taxes	\$ 1,654,443	\$ -	\$ 234,674	\$ 1,889,117
General sales & use taxes	1,483,970	1,483,166	296,062	3,263,198
Stormwater fees	-	-	169,414	169,414
Penalties & interest on delinquent taxes	4,428	-	278	4,706
Licenses & permits	220,361	-	-	220,361
Intergovernmental revenue	559,503	-	27,404	586,907
Charges for goods & services	475,425	-	10,801	486,226
Fines & forfeits	35,463	-	3,252	38,715
Public payments for improvements	-	-	59,949	59,949
Investment earnings	35,485	28,728	24,049	88,262
Rentals	13,957	-	4,155	18,112
Special assessments	94	-	153,200	153,294
Contributions & donations from private sources	19,349	-	821,578	840,927
Other	56,368	-	3,438	59,806
Total revenue	<u>4,558,846</u>	<u>1,511,894</u>	<u>1,808,254</u>	<u>7,878,994</u>
Expenditures:				
Current:				
General government	1,140,412	3,361	-	1,143,773
Public safety	1,914,189	13,809	-	1,927,998
Public works	865,156	50,664	26,273	942,093
Health and welfare	404,509	-	-	404,509
Culture-recreation	985,822	-	21,711	1,007,533
Conservation and development	56,082	76,713	264,434	397,229
Debt service:				
Principal	-	-	560,000	560,000
Interest	-	-	232,991	232,991
Capital outlay:				
General government	4,985	18,072	-	23,057
Public safety	14,333	18,492	-	32,825
Public works	700	72,749	18,008	91,457
Health and welfare	10,885	-	-	10,885
Culture-recreation	98,352	-	148,456	246,808
Total expenditures	<u>5,495,425</u>	<u>253,860</u>	<u>1,271,873</u>	<u>7,021,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(936,579)</u>	<u>1,258,034</u>	<u>536,381</u>	<u>857,836</u>
Other financing sources (uses):				
Transfers in	1,140,041	-	371,506	1,511,547
Transfers out	-	(553,325)	(33,704)	(587,029)
Total other financing sources (uses)	<u>1,140,041</u>	<u>(553,325)</u>	<u>337,802</u>	<u>924,518</u>
Net change in fund balances	203,462	704,709	874,183	1,782,354
Fund balance - beginning	2,510,406	1,693,938	1,208,404	5,412,748
Prior period adjustment	-	-	(187,744)	(187,744)
Adjusted fund balance - beginning	2,510,406	1,693,938	1,020,660	5,225,004
Change in inventory	(3,154)	-	-	(3,154)
Fund balance - ending	<u>\$ 2,710,714</u>	<u>\$ 2,398,647</u>	<u>\$ 1,894,843</u>	<u>\$ 7,004,204</u>

See Accompanying Notes to Financial Statements

CITY OF VERMILLION
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2011

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

Net change in fund balances - total governmental funds (page 26)	\$ 1,782,354
Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding asset is exhausted.	(3,154)
Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlay in the current year as follows:	
Expenditures for capital assets	\$ 405,032
Contribution & Donations of Capital Assets	91,286
Depreciation expense	<u>(1,246,207)</u>
	(749,889)
Governmental funds report the proceeds from the sale of fixed assets as revenue whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net assets on the statement of activities.	(10,961)
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, however, has no effect on net assets. This is the amount of repayment of long term debt.	560,000
The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	(9,351)
Governmental funds report special assessments as revenue when it becomes available, but the statement of activities includes special assessments as revenue when levied.	(109,040)
Governmental funds do not reflect the change in accrued leave as it does not consume current financial resources. The Statement of Activities reflects the change in accrued leave through expenditures.	20,546
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues.	(31,737)
The effect of the change in prepaid insurance which is not reported in the governmental funds as it is not available to provide current financial resources.	1,736
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	440
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	98,672
Change in net assets of governmental activities (page 23)	<u>\$ 1,549,616</u>

See Accompanying Notes to Financial Statements

CITY OF VERMILLION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

	Business-Type Activities-Enterprise Funds							Totals	Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Liquor	Golf Course	Joint Powers Landfill	Non-Major Curbside Recycling		
ASSETS									
Current assets:									
Cash	\$ 30,859	\$ 99,504	\$ 78,299	\$ 28,211	\$ 6,313	\$ 225,161	\$ 46,265	\$ 512,612	\$ 30,452
Investments	3,450,000	1,100,000	800,000	225,000	290,000	625,000	-	6,490,000	290,000
Receivables (net of allowance for uncollectibles of \$37,128)									
Accounts	530,513	143,063	148,653	8,094	7,975	75,282	9,334	922,914	2,339
Unbilled	236,041	56,134	72,421	-	-	-	4,277	368,873	-
Special assessments	-	11,762	6,563	-	-	-	-	18,325	-
Interest	21,906	12,804	4,782	2,103	1,513	5,115	-	48,223	1,167
Due from other governments	-	-	-	-	-	23,316	-	23,316	-
Inventory of supplies	573,100	172,573	36,529	-	7,773	-	-	789,975	-
Inventory of stores purchased for resale	-	-	-	170,912	35,253	88,254	-	294,419	-
Prepaid expenses	27,400	8,106	9,132	6,006	2,377	4,928	819	58,568	-
Due from other funds	314,817	-	-	-	-	-	-	314,817	-
Total current assets	5,184,636	1,603,946	1,156,379	438,326	351,204	1,047,056	60,495	9,842,042	323,958
Noncurrent assets:									
Restricted assets:									
Bonds payable:									
Cash	335,270	171,317	58,507	-	457,777	10,305	-	1,033,176	-
Investments	560,144	-	-	-	196,000	-	-	776,144	-
Interest receivable	11,207	-	-	-	-	-	-	11,207	-
Landfill closure & postclosure Cash	-	-	-	-	-	387,802	-	387,802	-
Total restricted assets	926,621	171,317	58,507	-	653,777	398,107	-	2,208,329	-
Advance to other funds	582,990	-	-	-	-	-	-	582,990	-
Deferred Charges:									
Bond issuance costs net	134,550	-	-	-	6,663	-	-	143,213	-
Capital assets									
Land & improvements	1,311	100,663	96,429	-	2,201,152	57,902	-	2,457,547	-
Buildings	5,374,855	8,315,988	14,120,427	6,410	903,404	1,736,981	-	30,458,065	-
Improvements other than buildings	11,508,114	3,213,992	3,669,435	-	-	1,964,163	-	20,355,704	-
Furniture & equipment	524,123	137,512	2,502,329	57,689	592,151	1,516,240	54,434	5,384,478	4,572,289
Construction in progress	40,353	11,943	-	-	43,973	93,521	-	189,790	-
Less: accumulated depreciation	(4,087,884)	(3,061,415)	(6,456,990)	(34,382)	(768,237)	(2,558,272)	(18,344)	(16,987,524)	(1,977,962)
Total capital assets (net depreciation)	13,360,872	8,718,683	13,929,630	29,717	2,972,443	2,810,625	36,090	41,858,060	2,594,327
Total noncurrent assets	15,005,033	8,890,000	13,988,137	29,717	3,634,883	3,208,732	36,090	44,792,592	2,594,327
Total assets	20,189,669	10,493,946	15,144,516	468,043	3,986,087	4,255,788	96,585	54,634,634	2,916,285
LIABILITIES									
Current liabilities:									
Accounts payable	387,404	40,458	92,530	111,554	14,215	69,203	1,343	716,707	26,538
Customer deposits	52,959	26,344	-	-	-	-	-	79,303	-
Accrued interest payable	31,874	-	590	-	12,278	1,257	81	46,080	-
Due to other funds	-	5,918	3,485	-	22,000	-	-	31,403	-
Bonds payable - current	190,000	202,201	254,924	-	445,000	-	-	1,092,125	-
Notes payable - current	-	-	-	-	-	109,123	7,472	116,595	-
Revenue collected in advance	-	-	-	-	665	-	1,672	2,337	-
Accrued leave payable	48,513	27,264	24,661	-	15,952	22,741	1,408	140,539	2,085
Total current liabilities	710,750	302,185	376,190	111,554	510,110	202,324	11,976	2,225,089	28,623
Noncurrent liabilities:									
Revenue bonds	6,845,000	4,392,374	6,805,729	-	624,426	-	-	18,667,529	-
Closure-postclosure liability	-	-	-	-	-	191,440	-	191,440	-
Accrued leave payable	68,984	38,770	35,067	-	22,683	32,337	2,002	199,843	2,966
Advance from other funds	-	20,583	13,334	-	-	-	-	33,917	-
Notes payable	-	-	-	-	-	538,593	31,815	570,408	-
Total noncurrent liabilities	6,913,984	4,451,727	6,854,130	-	647,109	762,370	33,817	19,663,137	2,966
Total liabilities	7,624,734	4,753,912	7,230,320	111,554	1,157,219	964,694	45,793	21,888,226	31,589
NET ASSETS									
Invested in capital assets, net of related debt	8,325,872	4,124,108	6,868,977	29,717	1,903,017	2,162,909	(3,197)	21,411,403	2,594,327
Restricted for debt service	650,707	171,317	58,507	-	653,777	10,305	-	1,544,613	-
Restricted for landfill closure & postclosure	-	-	-	-	-	196,362	-	196,362	-
Unrestricted	5,588,356	1,444,609	986,712	326,772	272,074	921,518	53,889	9,594,030	292,369
Total net assets	\$ 12,564,935	\$ 5,740,034	\$ 7,914,196	\$ 356,489	\$ 2,828,868	\$ 3,291,094	\$ 50,792	\$ 32,746,408	\$ 2,886,696
Adjustment to reflect the consolidation of internal service fund activities related to enterprise activities								21,354	
Net Assets of Business-type Activities								\$ 32,767,762	

See Accompanying Notes to Financial Statements

CITY OF VERMILLION
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-Type Activities-Enterprise Funds							Governmental Activities- Internal Service Funds	
	Electric	Water	Wastewater	Liquor	Golf Course	Joint Powers Landfill	Non-Major Curbside Recycling		Totals
Operating revenue:									
Charges for goods and services	\$ 5,222,232	\$ 1,297,129	\$ 1,346,120	\$ 1,185,643	\$ 624,007	\$ 871,308	\$ 116,759	\$ 10,663,198	\$ 435,548
Surcharge as security for debt	738,404	261,909	300,259	-	-	-	-	1,300,572	-
Miscellaneous	116,700	29,571	1,611	-	-	370,534	-	518,416	-
Total operating revenue	<u>6,077,336</u>	<u>1,588,609</u>	<u>1,647,990</u>	<u>1,185,643</u>	<u>624,007</u>	<u>1,241,842</u>	<u>116,759</u>	<u>12,482,186</u>	<u>435,548</u>
Operating expenses:									
Personal services	762,443	503,609	407,452	-	343,114	458,976	74,092	2,549,686	71,817
Other current expense	282,855	126,204	518,656	219,017	239,842	474,671	6,713	1,867,958	33,877
Materials (cost of goods sold)	3,036,594	368,856	-	795,166	134,721	9,640	-	4,344,977	-
Depreciation/amortization	516,716	247,878	509,019	3,898	59,544	313,362	7,338	1,657,555	314,545
Total operating expenses	<u>4,998,608</u>	<u>1,246,547</u>	<u>1,435,127</u>	<u>1,017,881</u>	<u>777,221</u>	<u>1,256,649</u>	<u>88,143</u>	<u>10,420,176</u>	<u>420,239</u>
Operating income (loss)	<u>1,478,728</u>	<u>342,062</u>	<u>212,863</u>	<u>167,762</u>	<u>(153,214)</u>	<u>(14,807)</u>	<u>28,616</u>	<u>2,062,010</u>	<u>15,309</u>
Nonoperating revenue (expense):									
Interest earned	207,577	14,798	11,270	2,581	4,103	9,345	-	249,674	2,820
Rental revenue	-	9,370	-	-	51,618	-	-	60,988	-
Incremental property taxes	-	-	-	-	505,713	-	-	505,713	-
Interest expense and fiscal charges	(389,105)	(143,196)	(168,722)	-	(66,754)	(16,874)	(1,104)	(785,755)	-
Gain(loss) on discarded equipment	(11,600)	-	(3,489)	(719)	-	490	-	(15,318)	72,492
Total nonoperating revenue (expense)	<u>(193,128)</u>	<u>(119,028)</u>	<u>(160,941)</u>	<u>1,862</u>	<u>494,680</u>	<u>(7,039)</u>	<u>(1,104)</u>	<u>15,302</u>	<u>75,312</u>
Income before contributions and transfers	1,285,600	223,034	51,922	169,624	341,466	(21,846)	27,512	2,077,312	90,621
Capital contributions & grants	-	-	14,473	-	-	100	-	14,573	-
Transfer in	9,000	-	-	-	200,000	-	-	209,000	12,894
Transfer out	(884,950)	(38,583)	(28,679)	(194,200)	-	-	-	(1,146,412)	-
Change in net assets	409,650	184,451	37,716	(24,576)	541,466	(21,746)	27,512	1,154,473	103,515
Total net assets - beginning	<u>11,967,541</u>	<u>5,555,583</u>	<u>7,876,480</u>	<u>381,065</u>	<u>2,287,402</u>	<u>3,312,840</u>	<u>23,280</u>		<u>2,783,181</u>
Adjustments:									
Prior Period Adjustment	187,744	-	-	-	-	-	-	-	-
Adjusted net assets - beginning	<u>12,155,285</u>	<u>5,555,583</u>	<u>7,876,480</u>	<u>381,065</u>	<u>2,287,402</u>	<u>3,312,840</u>	<u>23,280</u>		<u>2,783,181</u>
Total net assets - ending	<u>\$ 12,564,935</u>	<u>\$ 5,740,034</u>	<u>\$ 7,914,196</u>	<u>\$ 356,489</u>	<u>\$ 2,828,868</u>	<u>\$ 3,291,094</u>	<u>\$ 50,792</u>		<u>\$ 2,886,696</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise activities								4,843	
Change in Net Assets of Business-type Activities (page 23)								<u>\$ 1,159,316</u>	

See Accompanying Notes to Financial Statements

CITY OF VERMILLION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-Type Activities-Enterprise Funds							Governmental Activities- Internal Service Funds	
	Electric	Water	Wastewater	Liquor	Golf Course	Joint Powers Landfill	Non-Major Curbside Recycling		Totals
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from customers	\$ 5,726,549	\$ 1,582,942	\$ 1,839,118	\$ 1,180,210	\$ 675,388	\$ 1,229,604	\$ 116,547	\$ 12,150,336	\$ -
Cash received from interfund services provided	372,536	29,160	9,135	-	-	-	-	410,831	436,273
Cash paid for personal services	(753,262)	(499,378)	(402,144)	-	(341,459)	(453,496)	(73,268)	(2,523,009)	(70,182)
Cash paid for interfund services	(769)	(75,983)	(99,513)	(7,114)	(24,549)	(6,839)	-	(214,767)	-
Cash paid to suppliers	(3,190,817)	(405,404)	(426,169)	(1,022,583)	(341,619)	(510,559)	(7,477)	(5,904,628)	(39,546)
Net cash provided (used) by operating activities	2,154,237	631,337	720,425	150,513	(32,259)	258,708	35,802	3,918,763	326,543
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Acquisition and construction of capital assets	(355,402)	(126,611)	(694,059)	(555)	(73,505)	(499,320)	-	(1,749,452)	(402,379)
Grants	-	-	5,589	-	-	100	-	5,689	-
Proceeds from sale of assets	4,184	-	-	-	-	490	-	4,674	106,790
Proceeds from sale of bonds	-	-	621,045	-	-	-	-	621,045	-
Principal paid on bonds and capital leases	(185,000)	(262,332)	(307,282)	-	(430,000)	(108,569)	(7,288)	(1,298,471)	-
Interest paid on bonds and capital leases	(389,297)	(143,196)	(229,108)	-	(36,675)	(22,757)	(1,119)	(822,150)	-
Net cash (used for) capital and related financing activities	(925,515)	(532,139)	(603,813)	(555)	(540,180)	(628,058)	(8,407)	(3,238,665)	(285,589)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES									
Incremental property taxes	-	-	-	-	509,648	-	-	509,648	-
Due to other funds	-	(154)	(57)	-	-	-	-	(211)	-
Due from other funds	66,288	51,808	-	-	-	-	-	117,996	-
Advances to other funds	104,244	-	-	-	-	-	-	104,244	-
Advances from other funds	-	(5,145)	(3,017)	-	-	-	-	(8,162)	-
Transfer in	9,000	-	-	-	200,000	-	-	209,000	12,894
Transfer (out)	(684,950)	(38,583)	(28,679)	(104,200)	-	-	-	(1,148,412)	-
Net cash provided (used for) non-capital financing activities	(705,418)	7,726	(31,753)	(104,200)	709,648	-	-	(213,997)	12,894
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest on investments	197,400	8,640	12,971	4,139	2,743	12,764	-	238,657	3,167
Purchase of investments	(470,513)	(100,000)	(75,000)	-	(240,000)	-	-	(885,513)	(70,000)
Sale of investments	-	-	-	50,000	-	250,000	-	300,000	-
Net cash provided (used for) investing activities	(273,113)	(91,360)	(62,029)	54,139	(237,257)	262,764	-	(346,856)	(66,833)
Net increase (decrease) in cash and cash equivalents	250,191	15,584	22,830	9,897	(100,048)	(108,584)	27,395	119,245	(22,985)
Cash and cash equivalents beginning of year	115,938	253,257	113,976	16,314	564,138	729,852	18,870	1,814,345	53,437
Cash and cash equivalents end of year	\$ 366,129	\$ 270,821	\$ 136,806	\$ 26,211	\$ 464,090	\$ 623,268	\$ 46,265	\$ 1,933,590	\$ 30,452
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES									
Operating income (loss)	\$ 1,478,728	\$ 342,062	\$ 212,863	\$ 167,762	\$ (153,214)	\$ (14,807)	\$ 28,616	\$ 2,062,010	\$ 15,309
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:									
Depreciation	511,316	247,878	509,019	3,698	49,511	313,362	7,338	1,642,122	314,545
Amortization	5,400	-	-	-	10,033	-	-	15,433	-
Rental revenue	-	9,370	-	-	51,618	-	-	60,988	-
(Increase) decrease in assets and increase (decrease) in liabilities:									
Accounts receivable	20,150	(2,809)	(16,969)	(5,433)	(647)	(12,994)	(212)	(20,814)	725
Due from other governments	-	18,268	19,130	-	-	756	-	36,154	-
Inventory	78,828	15,217	1,007	(12,012)	2,815	(87,751)	-	(1,896)	-
Prepaid expenses	(1,173)	(560)	(318)	(40)	(12)	(347)	(14)	(2,465)	-
Accounts payable	50,210	(984)	(7,714)	(3,462)	5,592	35,692	(750)	78,584	(5,871)
Revenue collected in advance	-	-	-	-	380	-	-	390	-
Leave liability	9,181	4,231	5,308	-	1,655	5,476	824	26,677	1,635
Closure liability	-	-	-	-	-	19,319	-	19,319	-
Customer deposits	1,599	664	-	-	-	-	-	2,263	-
Net cash provided (used) by operating activities	\$ 2,154,237	\$ 631,337	\$ 720,425	\$ 150,513	\$ (32,259)	\$ 258,708	\$ 35,802	\$ 3,918,763	\$ 326,543
Noncash investing, capital and financing activities:									
Capital contributions	\$ -	\$ -	\$ 14,473	\$ -	\$ -	\$ -	\$ -	\$ 14,473	\$ -
Exchange of payables for capital assets	-	-	36,250	-	-	-	-	36,250	24,427
Gain(loss) on disposal of capital assets not affecting operating income	(6,854)	(1,383)	(3,488)	(719)	(650)	-	-	(13,095)	-
Total noncash investing, capital and financing activities	\$ (6,854)	\$ (1,383)	\$ 47,234	\$ (719)	\$ (650)	\$ -	\$ -	\$ 37,628	\$ 24,427
Reconciliation of cash and cash equivalents:									
Unrestricted	\$ 30,859	\$ 99,504	\$ 78,299	\$ 26,211	\$ 6,313	\$ 225,161	\$ 46,265	\$ 512,612	\$ 30,452
Restricted	335,270	171,317	58,507	-	457,777	398,107	-	1,420,978	-
Total reconciliation of cash & cash equivalents	\$ 366,129	\$ 270,821	\$ 136,806	\$ 26,211	\$ 464,090	\$ 623,268	\$ 46,265	\$ 1,933,590	\$ 30,452

See Accompanying Notes to Financial Statements

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2011**

Notes to Financial Statements

Note 1- Summary of Significant Accounting Policies

The City of Vermillion was incorporated February 16, 1877, under the provisions of South Dakota Codified Law, as amended. The City operates under the Council-Manager form of government. The funds included in this report are controlled by or dependent upon the municipality's governing board.

The City's financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The enterprise funds and business type activities do not apply any FASB Statements and Interpretations issued after November 30, 1989. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The City of Vermillion 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, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its City Council 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 to 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 Vermillion, South Dakota (Commission) is a proprietary fund-type, and is required to be reported as a discretely presented component unit. The five members of the Commission are appointed by the Mayor, with the approval of the City Council, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The City Council, 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 City Council the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained by writing to the Commission at PO Box 362, Vermillion, SD 57069.

Joint Ventures – A joint powers agreement between the City of Yankton, City of Vermillion, Yankton County and Clay County was adopted in 1994. The purpose of this agreement is to provide for the joint ownership, administration and operation of a solid waste disposal and recycling system including; a solid waste transfer station or stations, the transportation of solid waste, a sanitary landfill licensed by the State of South Dakota, recycling program and facilities, establishing and collecting such fees as are necessary to support the joint operation and such

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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

other operations and facilities as are necessary to exercise the primary responsibilities established under the joint powers agreement. It is not the purpose of the agreement to create a separate entity. The membership of the Advisory Board consists of: one member of the governing body of each participating government, the city managers of the Cities of Yankton and Vermillion, and one citizen chosen by each participating governing body. The undivided interest in the joint agreement is reported as Joint Powers-Landfill as an enterprise fund. A separate financial statement for the joint venture is not issued.

B. Government-wide and fund financial statements

Government-wide Financial Statements:

The City's government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities. The City's general, special revenue, debt service, capital projects, and internal service funds are classified as governmental activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts—invested in capital assets, net of related debt, restricted net assets and unrestricted net assets. The City first uses restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (general governmental, public works, public safety, health & welfare, culture & recreation, conservation & development) and each segment of the business-type activities. The functions are supported by general government revenues and related program revenues, operating grants and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the City are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single

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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City can electively add a fund, as a major fund, which has a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. The various funds reported in the financial statements are grouped into fund types as follows:

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental fund types of the City:

General Fund – The General fund is the general operating fund of the municipality. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds – The Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

Debt Service Fund – The Debt Service fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs not being financed by proprietary funds.

Capital Projects Funds – The Capital Projects fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by Proprietary Funds.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. Generally Accepted Accounting Principles used are those applicable to similar businesses in the private sector.

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

Internal Service Funds – Internal Service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

The City's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, the

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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

financial statements of the internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

A description of the City's internal service funds is as follows:

Copier-Fax-Postage Fund – The copier-fax-postage fund is used to account for all operating cost and replacement of the central copier, postage and fax machine at city hall. All departments are billed for copies, postage, and faxes used at a cost plus depreciation.

Unemployment Insurance Fund – This fund has been established to account for the City self-insurance for unemployment insurance claims.

Equipment Replacement Fund – The equipment replacement fund is used to account for rental of equipment used by all City departments and to provide the means to purchase replacement equipment when needed. All the major items of the city's rolling stock are contained in this fund. Each department on a quarterly basis pays rental amounts.

Custodial Services – The custodial services fund is used to account for the costs associated with providing janitorial services for city buildings.

The City reports the following major governmental funds:

General Fund – See the description above. The General Fund is always considered to be a major fund.

Special Revenue Fund:

Sales Tax Fund – This fund is used to account for sales tax revenue in excess of the amount received if the rate of sales tax were one percent. The state law was changed to remove the language that restricted the use of the second penny sales tax revenues allowing for local control of the two percent tax revenues. A City ordinance was adopted that designated the usage of the sales tax proceeds in excess of one percent and provides these funds may be used only for capital improvement (definition of "capital" to include the accounting definition of capital item currently being an item over \$500), land acquisition, the funding of public ambulances and medical emergency response vehicles, nonprofit hospitals with fifty or fewer licensed beds, and other public care facilities or nonprofit health care facilities with fifty or fewer licensed beds, the transfer to the special 911 fund authorized by SDCL § 34-45-12, the purchasing of fire fighting vehicles and equipment, debt retirement, major building repair projects (roof repair, etc.), capital project planning, feasibility studies, and the minor rehabilitation, major rehabilitation, or reconstruction of streets as defined in the June 1994 South Dakota Department of Transportation's pavement Condition Survey Guide for City Streets.

The City reports the following major enterprise funds:

Electric Fund – This fund accounts for the activities of the governments' electric distribution operation.

Water Fund – This fund accounts for the activities of the government's water treatment and distribution operation.

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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Wastewater Fund – This fund accounts for the activities for the government's sanitary sewer collection and treatment operations.

Liquor Fund – This fund accounts for the operation of the City liquor store. In November 2008 the City entered into a contract for management of the liquor store. Under the contract, the city accounts for all the operations with the manager paid a fee plus a percentage of the profits.

Golf Course Fund – This fund accounts for the activities of the public 18-hole golf course and residential housing development. All marketed housing sites have been sold resulting in eighty-two single family homes, four twin homes, fifteen townhouse units and one multiunit.

Joint Powers Landfill-Recycling – On April 9, 1994 The City of Vermillion, City of Yankton, Clay County and Yankton County entered into a joint powers operation for landfill and recycling. The fund accounts for the activities of the landfill and recycling center located in Vermillion. The transfer station and recycling in Yankton are accounted for by the City of Yankton.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

**City of Vermillion
Comprehensive Annual Financial Report
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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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 is 30 days. The revenues which are accrued at December 31, 2011 are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

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

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary and fiduciary 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:

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements while direct expenses are not eliminated.

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:

- a. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.
- b. In order to minimize the doubling-up effect of internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the Internal Service Funds so that expenses are reported only by the function to which they relate.

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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments

State statutes authorize the City to invest 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 revocable 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 better or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota. Deposits and investments during the year have not varied from these statutes and were consistent with those held by the City at year-end.

Deposits

The City's deposits at December 31, 2011 consist of bank deposits that are covered by Federal depository insurance or for the accounts which exceed deposit insurance eligible collateral or revocable standby letter of credit as required by SDCL 4-6A-3 were maintained to insure there will be no loss of public funds. Deposits also consist of nonnegotiable certificate of deposits with a carrying value of \$13,139,371. The City's bank deposits, per banks, at December 31, 2011 were \$13,826,126 and \$84,824 in deposits of the Vermillion Housing and Redevelopment Commission for total bank deposits of \$13,910,950.

Investment

In general, SDCL 4-5-6 permits municipal funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly, including without limitations, United States treasury bills, notes, bonds, and other obligations issued or directly or indirectly guaranteed by the United States government, or otherwise directly or indirectly backed by the full faith and credit of the United States government; provided that, for other than permanent, trust, retirement, building, and depreciation reserve funds, such securities shall either mature within eighteen months from the date of purchase or be redeemable at the option of the holder within eighteen months from the date of purchase; or (b) repurchase agreements fully collateralized by securities described in (a) and meeting the requirements of SDCL 4-5-9, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the one hundred largest United States commercial banks, as measured by domestic deposits; or (c) in shares of an open-end, no-load fund administered by an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933 and whose only investment are in securities described in (a) and repurchase agreements as described in (b).

The City also participates in the South Dakota Public Funds Investment Trust (SDFIT). The SDFIT was established under SDCL 1-24 and is an external investment pool created for South Dakota local government investing. A nine-member board regulates it 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. The investment in SDFIT is unrated. The City's SDFIT balance at December 31, 2011 was \$1,575,467.

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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Investments are stated at fair value. Accordingly, changes in fair value of investments at year-end are reflected as a component of earnings on investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's strategy has been to establish a maturity schedule that has investments maturing in a laddered fashion with only a portion of the total portfolio being reinvested each month. This technique reduces the risk that all or most of the investments will mature and be reinvested at a time of relatively low interest rates.

Credit Risk

The City complies with the state law limits for investments as stated above. In 2009 the City adopted a separate policy for credit risk that complies with the state law.

Custodial Risk – Deposits

In the case of deposits this is the risk that in the event of a bank failure, the City's deposits may not be returned. State law SDCL 4-6A-3 requires depositories 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.

Custodial Risk – Investment

In the case of investments this is the risk that in the event of a bank failure, the City's investments may not be returned.

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 investments to the fund making the investment.

F. Restricted Cash and Investments

The City's restricted cash and investments and the nature of the restriction is as follows:

Fund	Restricted By	Amount
Special Assessment Bonds Fund	Bond Covenants	\$ 463,951
TIF District		
No. 4 Bonds	Bond Covenants	206,676
City Hall Debt Service Fund	External Parties	377,357
Electric Fund	Bond Covenants	915,414
Water Fund	Bond Covenants	171,317
Wastewater Fund	Bond Covenants	58,507
Golf Course Fund	Bond Covenants	653,777
Joint Powers-Landfill Fund	Bond Covenants	10,305
	State Agency	387,802
Total Restricted Cash and Investments		<u>\$ 3,245,106</u>

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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

The City's restricted investments are comprised of investments issued by government-sponsored enterprises (GSE's) or federally related institutions that are guaranteed directly or indirectly by the U.S. government (U.S. Agencies) as follows:

Restricted Investments	Carrying Amount	Credit Rating 12/31/2011
Federal Home Loan Bank System	\$ 376,904	AAA
Restricted Investments	<u>\$ 376,904</u>	

G. Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of December 31, 2011, balances of short-term interfund amounts payable or receivable have been recorded as: "due to other funds", and "due from other funds", respectively. Noncurrent portions of interfund loan receivables are reported as advances. Any residual balance outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. The purpose of interfund balances is to finance short-term cash flow shortages of various funds and to account for the current portion of special assessment bonds.

The composition of short-term interfund balances as of December 31, 2011 is as follows:

	Short-term Interfund Receivables	Short-term Interfund Payables
Special Revenue Funds:		
Sales Tax	\$ 22,000	\$ -
Enterprise Funds:		
Electric	314,817	-
Water	-	5,918
Wastewater	-	3,485
Golf Course	-	22,000
Capital Projects Funds:		
Special Assessments	-	15,862
Airport	-	24,947
Bike Path	-	14,876
Debt Service Funds:		
Special Assessments	-	111,849
Tif #3	-	137,880
	<u>\$ 336,817</u>	<u>\$ 336,817</u>

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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

The composition of Long-term advances as of December 31, 2011, is as follows:

	Advance to	Advance (from)
Enterprise Funds:		
Electric	\$ 582,990	\$ -
Water	-	20,583
Wastewater	-	13,334
Debt Service Funds:		
Special Assessments	-	440,536
TIF #3	-	108,537
	<u>\$ 582,990</u>	<u>\$ 582,990</u>

The advances consist of Special Assessment Bonds which were purchased by the Electric Enterprise Fund and are payable from the Water, Wastewater and Special Assessment Debt Service Fund and advances to TIF #3 fund to meet bond payments which will be repaid with property tax collections. The current portion of the bonds is shown as short-term interfund receivable/payable while those amounts due and payable after one year are recorded as advances.

H. Inventory and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. In the government-wide financial statements and proprietary fund statements inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed. In the governmental fund financial statements, purchases of inventory items are recorded as expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net assets.

Payments made to vendors for services that will benefit periods beyond December 31, 2011 are recorded as prepaid items in the government-wide financial statements and in the proprietary funds financial statements.

I. Deferred Revenue

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

J. Cash Flows

For the purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

**City of Vermillion
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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

L. Capital Assets

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Assets with an initial individual cost of \$500 or more are considered capital assets. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost beginning in 1980 as required by GASB 34. Depreciation on all assets excluding land and construction in process is provided on the straight-line basis over the following estimated lives:

Buildings	33-50 Years
Improvement Other Than Buildings	30-33 Years
Furniture & Equipment	3-15 Years
Infrastructure	15-10 Years

Interest costs for capital asset construction within enterprise funds are capitalized. However, all other interest costs are recorded in the debt service fund. Interest costs incurred during 2011 were \$1,079,069 of which \$60,323 has been capitalized.

M. Accumulated Unpaid Vacation and Sick Leave

Annual leave is earned by the employees at the rate of 48 hours to 200 hours per year depending on length of service. Upon termination, employees are entitled to receive compensation for their accrued annual leave balance on the basis of their current rate of pay. Sick leave is earned by the employees at the rate of 120 to 160 hours per year depending on length of service to a maximum of 1700 hours. Upon termination, employees with five years or more of service are entitled to receive compensation for their accrued sick leave balance on the basis of their current rate of pay times one-third of their sick leave balance. Compensation may not exceed one third of 720 hours for 5 to 10 years of service, and one-third of 760 hours for more than 10 years of service.

Vested or accumulated vacation and sick leave including related employee benefits that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. Amounts of vested or accumulated vacation and sick leave including related employee benefits that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. Vested or accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

O. Fund Equity

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

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balances may be assigned by action of the City Council.
- Unassigned – includes positive fund balance with in the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Municipality 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.

P. Bond issuance Costs/Discounts

Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs for governmental fund types are deferred and amortized over the term of the bonds in the governmental activities column of the government-wide Statement of Net Assets.

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Notes to Financial Statements

Note 2 – Property Tax

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1 and payable in two installments on or before April 30 and October 31 of the following year. The county bills and collects the City's taxes and remits them to the City. The City accrues all delinquent property tax revenue received with 30 days after December 31, 2011.

The City is permitted by state statute to levy the following amounts of taxes per \$1,000 of taxable valuation of the property in the municipality:

General Fund	\$27
Bond Redemption Funds	Amounts Required by Bond Agreements
Judgement Fund (Upon Judgement Being Made)	\$10

The combined tax rate to finance municipal services including principal and interest on long-term debt for the year ended December 31, 2011 was \$6.02 per \$1,000 of taxable valuation.

Note 3 – Receivables

Receivables are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to special assessments	\$ 5,914
Uncollectibles related to ambulance charges	37,932
Uncollectibles related to mobile home fees	215
Uncollectibles related to miscellaneous fees	15,068
Uncollectibles related to electric charges	26,084
Uncollectibles related to water charges	6,546
Uncollectibles related to wastewater charges	3,893
Uncollectibles related to curbside recycling charges	602
	<u>\$ 96,254</u>

Amounts due from other governments include \$426,932 from the State of South Dakota, \$72,671 due from Clay County, \$23,316 due from the City of Yankton, and \$24,494 due from the Federal Government.

**City of Vermillion
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Notes to Financial Statements

Note 4 – Capital Assets

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

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 1,221,441	\$ -	\$ -	\$ 1,221,441
Infrastructure Land	339,437	3,625	-	343,062
Construction in Progress	-	155,351	-	155,351
Total capital assets, not being depreciated	<u>1,560,878</u>	<u>158,976</u>	<u>-</u>	<u>1,719,854</u>
Capital Assets, being depreciated				
Buildings	15,318,802	29,474	-	15,348,276
Furniture & Equipment	7,064,036	564,078	(540,537)	7,087,577
Books	1,743,519	80,263	(22,939)	1,800,843
Infrastructure	17,313,353	117,327	-	17,430,680
Total capital assets, being depreciated	<u>41,439,710</u>	<u>791,142</u>	<u>(563,476)</u>	<u>41,667,376</u>
Less: Accumulated Depreciation for:				
Buildings	(2,785,803)	(430,435)	-	(3,216,238)
Furniture & Equipment	(3,665,654)	(473,619)	459,035	(3,680,238)
Books	(791,692)	(35,423)	15,369	(811,746)
Infrastructure	(7,624,788)	(621,275)	-	(8,246,063)
Total Accumulated Depreciation	<u>(14,867,937)</u>	<u>(1,560,752)</u>	<u>474,404</u>	<u>(15,954,285)</u>
Total Capital Assets, being depreciated, net	<u>26,571,773</u>	<u>(769,610)</u>	<u>(89,072)</u>	<u>25,713,091</u>
Governmental activities capital assets, net	<u>\$ 28,132,651</u>	<u>\$ (610,634)</u>	<u>\$ (89,072)</u>	<u>\$ 27,432,945</u>

The following is included in construction in progress:

	Total Project Authorization	Expended thru 12/31/2011
Public Works- Airport	\$ 67,641	\$ 6,895
Culture & Recreation:		
Bike Path	155,599	8,380
Library Renovation	2,819,294	140,076
	<u>\$ 3,042,534</u>	<u>\$ 155,351</u>

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Notes to Financial Statements

Note 4 – Capital Assets (Continued)

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Business-Type Activities:				
Capital Assets, not being depreciated				
Land and Improvements	\$ 2,457,547	\$ -	\$ -	\$ 2,457,547
Construction in Progress	4,853,883	473,053	(5,137,146)	189,790
Total capital assets, not being depreciated	<u>7,311,430</u>	<u>473,053</u>	<u>(5,137,146)</u>	<u>2,647,337</u>
Capital Assets, being depreciated				
Buildings	25,167,334	5,321,204	(30,473)	30,458,065
Improvements Other than Buildings	19,753,666	620,012	(17,994)	20,355,704
Furniture & Equipment	5,137,647	265,059	(18,228)	5,384,478
Total capital assets, being depreciated	<u>50,058,667</u>	<u>6,206,275</u>	<u>(66,695)</u>	<u>56,198,247</u>
Less: Accumulated Depreciation for:				
Buildings	(6,284,975)	(733,703)	27,426	(6,991,252)
Improvements Other than Buildings	(6,129,888)	(593,131)	9,785	(6,713,234)
Furniture & Equipment	(2,984,132)	(315,288)	16,382	(3,283,038)
Total Accumulated Depreciation	<u>(15,398,995)</u>	<u>(1,642,122)</u>	<u>53,593</u>	<u>(16,987,524)</u>
Total Capital Assets, being depreciated, net	\$ <u>34,659,672</u>	\$ <u>4,564,153</u>	\$ <u>(13,102)</u>	\$ <u>39,210,723</u>
Business-type activities capital assets, net	<u>\$ 41,971,102</u>	<u>\$ 5,037,206</u>	<u>\$ (5,150,248)</u>	<u>\$ 41,858,060</u>

The following was included in construction in progress:

	Total Project Authorization	Expended thru 12/31/2010
Golf Course Housing Sites	\$ 252,804	\$ 43,973
Electric Replay Upgrade	86,157	40,353
Water Dept - Stanford Street	165,038	11,943
Joint Powers Lechate Project and Cell 5	153,084	93,521
	<u>\$ 657,083</u>	<u>\$ 189,790</u>

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Notes to Financial Statements

Note 4 – Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 198,168
Public Safety	121,250
Public Works	772,363
Health & Welfare	16,111
Culture & Recreation	<u>138,315</u>
Total depreciation expense	
- governmental activities	1,246,207
- Internal Service Funds	<u>314,545</u>
	<u>\$ 1,560,752</u>
Business-Type Activities:	
Electric	\$ 511,316
Water	247,878
Wastewater	509,019
Liquor	3,698
Golf Course	49,511
Joint Powers Landfill	313,362
Curbside Recycling	<u>7,338</u>
Total depreciation expense	
- business-type activities	<u>\$ 1,642,122</u>

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit:				
Capital Assets, being depreciated				
Furniture & Equipment	\$ 6,698	\$ -	\$ -	\$ 6,698
Total capital assets being depreciated	<u>6,698</u>	<u>-</u>	<u>-</u>	<u>6,698</u>
Less:				
Accumulated Depreciation	<u>(5,536)</u>	<u>(605)</u>	<u>-</u>	<u>(6,141)</u>
Total Capital Assets, being depreciated, net	<u>\$ 1,162</u>	<u>(605)</u>	<u>-</u>	<u>\$ 557</u>

**City of Vermillion
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Notes to Financial Statements

Note 4 – Capital Assets (Continued)

Reconciliation of Invested in Capital Assets:

	<u>Governmental</u>	<u>Business-Type</u>
Land and Improvements	\$ 1,564,503	\$ 2,457,547
Construction in Progress	155,351	189,790
Capital Assets (Net of Accumulated Depreciation)	25,713,091	39,210,723
Less:		
Revenue Bonds	(390,000)	(19,759,654)
Notes Payable	-	(687,003)
Capital Leases	<u>(3,825,000)</u>	<u>-</u>
Invested in Capital Assets		
Net of Related Debt	<u>\$ 23,217,945</u>	<u>\$ 21,411,403</u>

Note 5 – Long-Term Debt

Notes Payable

The City currently has four notes payable outstanding. The first is a loan agreement entered into in 2006 with the Solid Waste Management Program for solid waste improvements in the amount of \$445,000. The rate on this loan is 2.5%; repayment began June 1, 2008 and matures December 1, 2015.

The second was entered into in 2009 with the Solid Waste Management Program for purchase of equipment to initiate and establish a new curbside recycling program in the amount not to exceed \$175,000. The City drew down \$53,685 in 2009; no monies were drawn down in the current year. The rate on this loan is 2.5%, repayment began on June 1, 2010 and matures December 1, 2016.

The third was entered into in 2010 with the Solid Waste Management Program for purchase of Landfill Dozer in the amount of \$200,000. The rate on this loan is 2.25%, repayment began on June 1, 2011 and matures December 1, 2017.

The fourth was entered into in 2010 with the Solid Waste Management Program for purchase of Landfill Baler in the amount of \$255,519. The rate on this loan is 2.25%, repayment began on June 1, 2011 and matures December 1, 2020.

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Notes to Financial Statements

Note 5 – Long Term Debt (Continued)

Notes Payable outstanding at December 31, 2011 is as follows:

Purpose	Interest Rate	Outstanding Amounts
Solid Waste Management-2006-204	2.50%	\$ 241,944
Solid Waste Management-2008-402	2.50%	39,287
Solid Waste Management-2010-402	2.25%	173,310
Solid Waste Management-2010-203	2.25%	232,462
		<u>\$ 687,003</u>

Annual debt service requirements to maturity are as follows:

Year Ending December 31	Business-Type Activities	
	Principal	Interest
2012	\$ 116,595	\$ 15,468
2013	119,399	12,663
2014	122,272	9,791
2015	125,214	6,849
2016	63,888	4,237
2017-2020	139,635	6,112
Total	<u>\$ 687,003</u>	<u>\$ 55,120</u>

Revenue Bonds

The City received draw downs on one of their SRF loans in 2011.

On September 30, 2008 the City entered into a loan with the South Dakota Conservancy District for \$4,851,000 of State Revolving Fund Loan (SRF) for Phase II of the wastewater facility improvements. The loan is for 3.25% for twenty (20) years and repayment started July 1st, 2010. To date the City has drawn down \$4,168,161, with the remaining \$45,030 of construction costs drawn down in March of 2012.

A detail of revenue bonds outstanding follows:

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Notes to Financial Statements

Note 5 – Long Term Debt (Continued)

Purpose	Interest	
	Rate	Amounts
Governmental Activities:		
Tax Increment #4 Revenue Bond, Series 2005	4.25%	\$ 390,000
Business-Type Activities:		
Electric Revenue Bond, Series 2009 A & B	1.65%-6.25%	7,035,000
Wastewater System Revenue Bond, Series 1990 (SRF)	3.00%	10,187
Wastewater System Revenue Bond, Series 2003 (SRF)	3.50%	195,816
Wastewater System Revenue Bond, Series 2005 (SRF)	3.25%	2,626,090
Wastewater System Revenue Bond, Series 2008 (SRF)	3.25%	3,988,313
Wastewater System Revenue Bond, Series 2009 (SRF)	2.50%	240,247
Tax Increment #1 Revenue Refunding Bond, Series 2009	3.00%	1,069,426 *
Water Utility Bond, Series 1999 (SRF)	5.00%	435,034
Water Utility Bond, Series 2002 (SRF)	3.50%	1,059,603
Water Utility Bond, Series 2006 (SRF)	2.50%	3,099,938
		<u>\$ 20,149,654</u>

* This note is reported net of unamortized deferred refunding asset of \$34,488 and bond premium of \$3,914

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Governmental		Enterprise	
	Principal	Interest	Principal	Interest
2012	\$ 35,000	\$ 16,575	\$ 1,092,125	\$ 677,856
2013	35,000	15,088	1,458,506	731,230
2014	35,000	13,600	826,286	699,378
2015	40,000	12,112	851,802	674,474
2016	40,000	10,413	878,011	645,066
2017-2021	205,000	24,012	4,758,240	2,733,591
2022-2026	-	-	4,983,112	1,830,090
2027-2031	-	-	2,982,146	992,085
2032-2036	-	-	1,960,000	377,813
Total	<u>\$ 390,000</u>	<u>\$ 91,800</u>	<u>\$ 19,790,228</u>	<u>\$ 9,361,583</u>

Capital Lease

The following is the City's one capital lease outstanding:

An agreement with The First National Bank in Sioux Falls (Lessor/Trustee) for the financing to construct a new city hall building. The Declaration of Trust Agreement, the Lease-Purchase Agreement and Ground Lease Agreement between the City and The First National Bank along with the issuance of \$4,475,000 of Certificates of Participation were completed in September 2007. These agreements are evidence of the Bank's ownership interest in the lease-purchase assets with the City of Vermillion. In addition to the Certificate of Participation proceeds available for the building construction, the City contributed \$1,140,000 of sales tax funds for completion of the building project. The bid was awarded and construction began on the new city hall building in October 2007 and completed in March 2009. The interest rate on the Certificates of Participation varies from 3.80% to 4.40% and the lease payment terms match the terms of the certificates with

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Notes to Financial Statements

Note 5 – Long Term Debt (Continued)

final payment December 15, 2026. Sales tax funds have been pledged to make the lease payments over the term of the lease.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum leases payments as of December 31, 2011.

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2012	\$ 190,000	\$ 159,854	\$ 349,854
2013	200,000	152,634	352,634
2014	205,000	144,934	349,934
2015	215,000	137,041	352,041
2016	220,000	128,710	348,710
2017-2021	1,250,000	501,140	1,751,140
2022-2026	1,545,000	209,440	1,754,440
Minimum Lease Payments			5,258,753
Less:			
Amount Representing Interest			(1,433,753)
Present Value of Minimum Lease Payments			\$ 3,825,000

Closure/Postclosure Liability

State and federal laws and regulations require the City of Vermillion to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City of Vermillion reports a portion of these closure and postclosure care costs as an operating expense in each period based upon landfill capacity used as of each balance sheet date. The conversion to balefill operations extended the useful life of the landfill due to the higher compaction and less cover. The \$191,440 reported as landfill closure and post closure care liability at December 31, 2011, represents the cumulative amount reported to date based on the use of 58 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$138,668 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. The City expects to close the landfill in the year 2031. Actual cost may be higher due to inflation, changes in technology, or changes in regulation. The City reports the closure and postclosure care funds as restricted assets on the balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earning are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenues.

**City of Vermillion
Comprehensive Annual Financial Report
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Notes to Financial Statements

Note 5 – Long Term Debt (Continued)

Changes in Long-Term Liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue Bonds Payable	\$ 765,000	\$ -	\$ 375,000	\$ 390,000	\$ 35,000
Capital Leases	4,010,000	-	185,000	3,825,000	190,000
Compensated Absences	415,779	396,868	415,779	396,868	163,860
Governmental Activities Long-Term Liabilities	\$ 5,190,779	\$ 396,868	\$ 975,779	\$ 4,611,868	\$ 388,860
Business-Type Activities:					
Notes Payable	\$ 800,860	\$ -	\$ 113,857	\$ 687,003	\$ 116,595
Revenue Bonds Payable	20,362,243	621,045	1,189,146	19,794,142	1,092,125
Less Deferred Amounts:					
On Refunding	74,427	-	39,939	34,488	-
Total Bonds Payable	20,287,816	621,045	1,149,207	19,759,654	1,092,125
Closure/Postclosure Liability	172,121	19,319	-	191,440	-
Compensated Absences	313,705	340,382	313,705	340,382	140,539
Business-Type Activities Long-Term Liabilities	\$ 21,574,502	\$ 980,746	\$ 1,576,769	\$ 20,978,479	\$ 1,349,259

For the governmental activities, compensated absences are generally liquidated by the general fund, the revenue bonds will be repaid by the tax incremental property taxes, and the capital lease will be paid out of the sales tax fund.

Note 6 – Leases

The City has the following operating leases:

Barstow Park Lease – leased from the public school for twenty years, the land for use as a city park for \$20. The lease will expire on February 23, 2029.

The liquor store building is leased with the current lease expiring in February 2015. The following is the amount of current lease payments:

Year	Amount
2012	\$ 11,250
2013	11,250
2014	11,250
2015	1,875

**City of Vermillion
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Notes to Financial Statements

Note 6 – Leases (Continued)

The ambulance defibrillators are leased for five years beginning in October 2009. The following is the amount of the current lease payments:

Year	Amount
2012	\$ 8,895
2013	8,895
2014	5,190

The Bluff's golf course entered into a lease with Midwest Golf Car to lease 40 golf carts for 5 years beginning February 1, 2009. The following is the amount of the current lease payments:

Year	Amount
2012	\$ 22,449
2013	22,449

Note 7 – Conduit Debt

In previous years, the municipality has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the municipality, the State of South Dakota, nor any other political subdivision of the state, is obligated in any manner for the repayment of their conduit debt issues. Accordingly, the bond is not reported as liabilities in the accompanying financial statements. As of December 31, 2011, there was one series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$315,000.

Note 8 – Deficit Fund Equity

As of December 31, 2011 the following funds had deficit fund equity in the amount of:

Debt Service Funds	
Special Assessments Bonds	\$ 75,112
TIF District No. 3 Bonds	246,417

These deficits will be eliminated with the collections of assessments and property tax collections.

Capital Projects Funds:	
Special Assessments Projects	\$ 15,862

The deficit will be eliminated with an advance from the electric fund in 2012.

**City of Vermillion
Comprehensive Annual Financial Report
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Notes to Financial Statements

Note 9 – Transfers

The following is a summary of transfers between funds:

	Governmental Fund Types		Business-Fund Type		Internal Service Fund	Total Transfers Out
	Nonmajor Governmental		Electric	Golf		
	General	Funds				
Sales Tax	\$ -	\$ 340,431	\$ -	\$ 200,000	\$ 12,894	\$ 553,325
Electric	884,950	-	-	-	-	884,950
Water	29,583	-	9,000	-	-	38,583
Wastewater	28,679	-	-	-	-	28,679
Liquor	194,200	-	-	-	-	194,200
Nonmajor Governmental Funds	2,629	31,075	-	-	-	33,704
Total Transfers In	\$ 1,140,041	\$ 371,506	\$ 9,000	\$ 200,000	\$ 12,894	\$ 1,733,441

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10 – Risk Management

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

Employee Health Insurance:

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

Liability Insurance and Property Insurance:

The municipality has been unable to obtain liability coverage for torts; theft of or damage to property; and errors and omission of public officials at a cost it considered to be economically justifiable. The municipality joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The Municipality's responsibility is to

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2011**

Notes to Financial Statements

Note 10 – Risk Management (Continued)

promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the Municipality. The Municipality pays an annual premium to the pool to provide general liability, property, inland marine, automobile liability, official's liability, law enforcement liability, boiler and liquor liability coverage. The agreement with the South Dakota Public Assurance Alliance provides that the above coverages will be provided to a \$1,000,000 limit. Member's premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. The municipality carries \$2,000 deductible for the officials liability coverage; \$3,000 deductible for law enforcement liability coverage; zero deductible for general liability; \$1,000 deductible for buildings, contents, miscellaneous property and EDP hardware; automobile liability with \$100 deductible for comprehensive and \$500 for collision and liquor liability coverage.

A portion of the member premiums are also allocated to a cumulative reserve fund. The Municipality would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

End of Municipality's First Full Year	50%
End of Municipality's Second Full Year	60%
End of Municipality's Third Full Year	70%
End of Municipality's Fourth Full Year	80%
End of Municipality's Fifth Full Year	90%
End of Municipality's Six Full Year and Thereafter	100%

As of December 31, 2011 the Municipality has vested balance in the cumulative reserve fund of \$158,060.

The municipality does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Workmen's Compensation:

The municipality has been unable to obtain workmen's compensation coverage at a cost it considered to be economically justifiable. The Municipality joined the South Dakota Municipal League Worker Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Municipality's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The Municipality pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

The municipality does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2011**

Notes to Financial Statements

Note 10 – Risk Management (Continued)

Unemployment Insurance:

The municipality has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. The municipality has equity in the unemployed insurance fund in the amount of \$12,664 for the payment of future unemployment benefits. During the current year ended December 31, 2011 the City paid \$5,034 in unemployment benefits. No material claims are anticipated in the next fiscal year.

The City does not have any changes in employment practices or elimination of any positions currently held.

Note 11 – Retirement Plan

All employees, except for part-time and seasonal employees, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605)773-3731.

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2011, 2010, and 2009 was \$285,664, \$290,088, and \$276,420, respectively, equal to the required contributions each year.

Note 12 – Violations of Finance-Related Legal Requirements

The City is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents the overdrafts of the expenditures compared to appropriations:

	<u>Year Ended</u> <u>12/31/2011</u>
Special Revenue Fund	
Culture & Recreation	
Parks Capital	\$ 1,916

We will continue to review monthly expenditures to budget reports and make supplemental appropriations as time is available at year end.

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2011**

Notes to Financial Statements

Note 13 – Prior Period Adjustment

The debt service TIF District #3 bond fund records the collections and payments on the outstanding tax incremental financing bonds principal and interest. The bond resolution also pledged revenue from the Electric Utility Fund should there not be enough revenues to make the annual debt service requirements and that such amount may be reimbursed after the bonds are retired. In 2011 the City Council took action to require the TIF district to reimburse the Electric Utility for the funds advanced. The prior period adjustment of \$187,744 reclassifies these transfers as of January 1, 2011 as due to other funds and advance from other funds. Correspondingly the Electric Fund has reclassified the transfers to due from other funds and advance to other funds.

Note 14 – Commitments

The Vermillion Chamber of Commerce and Development Company conducted a capital campaign titled Vermillion NOW! with a goal to raise \$1.5 million over five years for economic development in the community. The Vermillion City Council pledged to match private sector commitments at the rate of fifty cents per dollar raised until August 1, 2009 with a maximum contribution over a five year period of \$450,000. Vermillion NOW! exceeded its goal with commitments of over \$1.6 million. During 2009 the city paid \$20,000 of this pledge, \$30,000 in 2010, and \$38,713 in 2011 and has budgeted \$80,000 in the 2012 budget.

In December 2008 the University of South Dakota and the City of Vermillion entered into a Memorandum of Understanding whereby the University will construct a wellness facility and the city will contribute \$340,000. The contributions will be from the second penny sales tax fund of \$68,000 per year for five years starting in the fourth quarter of 2010. Payments have been made in 2010 and 2011 and the third payment was included in the 2012 budget. The City Parks & Recreation Department will be able to use the facility to conduct programs and residents can purchase memberships to access the facility.

Note 15 – Contingency

The City receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of December 31, 2011, the City estimates that no material liabilities will result from such audits.

Note 16 – Subsequent Events

On February 6, 2012 the City Council awarded a contract for expansion and renovation of the public library in the amount of \$2,375,700. The total project cost is estimated at \$2,800,000 which included architect fees, professional services for testing, contingency and fixtures. Funding for the project will be from a Community Development Block Grant of \$200,000, private donation of \$800,000, City budget of \$1,400,000 of second penny sales tax funds, Library Board contribution of \$120,000 and \$300,000 from the Library Foundation. The project completion date is the spring of 2013.

On March 25, 2011 the South Dakota Board of Water and Natural Resources approved a Drinking Water State Revolving Loan in the amount of \$1,532,000 for construction of a new water tower with \$153,200 of principal forgiveness. After unsuccessful attempts for additional grant

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2011**

Notes to Financial Statements

Note 16 – Subsequent Events (Continued)

funding, the City Council adopted the resolution approving the State Revolving Loan on March 19, 2012 and hired an engineering firm to complete the plans for the new water tower. It is anticipated that the project will go to bid in 2012 with project completion in 2014. To reduce the annual debt service requirements of the new and existing SRF loans the City prepaid the 1999 SRF loan in March 2012 in the principal amount of \$435,033.

On March 30, 2012 the South Dakota Board of Water and Natural Resources approved a \$1,639,000 Clean Water State Revolving Fund Loan and a \$522,210 Regional Landfill Assistance grant for the construction of landfill cell 5, a leachate collection system and pond at the landfill. The resolution approving the State Revolving Loan has not been adopted by the City Council at this time pending resolution of the landfill permit amendment to allow for a vertical expansion of the existing cells that will increase the existing landfill cell life postponing the need to construct cell 5 and the related leachate collection system and pond.

On April 6, 2012 the Governor's Office of Economic Development awarded the City a \$32,500 Community Development Block Grant to assist with workforce training needs in the community. The grant will be a pass through the city from the state to the Vermillion Chamber of Commerce and Development Company to assist with a welding training program for the next three years.

On April 18, 2012 the South Dakota Department of Transportation opened bids for the reconstruction of Stanford Street. The City had agreed to participate in a portion of the street paving and all the water and sanitary sewer costs. The city portion of the street paving is \$269,878 and the utility improvement bid is \$258,347. The 2012 budget included funding for this project from the second penny sales tax and the water and wastewater enterprise funds.

REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

In accordance with the Governmental Accounting Standards Statements No. 25, No. 27 and No. 34, the following information is a required part of the general purpose financial statements.

CITY OF VERMILLION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance
	Original	Final		Amended Budget Favorable (Unfavorable)
Revenue:				
Taxes:				
General property taxes	\$ 1,645,900	\$ 1,642,160	\$ 1,654,443	\$ 12,283
General sales & use taxes	1,586,000	1,530,000	1,483,970	(46,030)
Penalties & interest on delinquent taxes	4,000	4,000	4,428	428
Licenses & permits	223,750	226,225	220,361	(5,864)
Intergovernmental revenue	553,331	583,112	559,503	(23,609)
Charges for goods & services	480,400	483,525	475,425	(8,100)
Fines & forfeits	39,050	44,050	35,463	(8,587)
Special assessments	-	50	94	44
Investment earnings	35,000	29,200	35,485	6,285
Rentals	10,600	13,700	13,957	257
Contributions & donations from private sources	-	17,849	19,349	1,500
Other	52,875	59,825	56,368	(3,257)
Total revenue	<u>4,630,906</u>	<u>4,633,496</u>	<u>4,558,846</u>	<u>(74,650)</u>
Expenditures:				
General government:				
Executive	498,255	502,762	469,944	32,818
Financial administration	159,747	156,783	152,697	4,086
Other	543,970	551,987	522,756	29,231
Total general government	<u>1,201,972</u>	<u>1,211,532</u>	<u>1,145,397</u>	<u>66,135</u>
Public safety:				
Police	2,016,672	1,941,575	1,766,261	175,314
Fire	173,428	172,993	159,897	13,096
Other protection	7,000	3,000	2,364	636
Total public safety	<u>2,197,100</u>	<u>2,117,568</u>	<u>1,928,522</u>	<u>189,046</u>
Public works:				
Highways & streets	755,833	754,271	665,259	89,012
Sanitation	102,140	101,493	93,483	8,010
Airport	116,733	116,533	107,114	9,419
Total public works	<u>974,706</u>	<u>972,297</u>	<u>865,856</u>	<u>106,441</u>
Health and welfare:				
Health	186,628	190,049	165,362	24,667
Ambulance	260,391	259,177	250,012	9,165
Total health and welfare	<u>447,019</u>	<u>449,226</u>	<u>415,394</u>	<u>33,832</u>
Culture-recreation:				
Recreation	251,999	259,025	249,322	9,703
Parks	277,150	284,528	275,883	8,645
Libraries	508,601	508,477	508,238	239
Armory	55,110	57,991	50,731	7,260
Total culture-recreation	<u>1,092,860</u>	<u>1,110,021</u>	<u>1,084,174</u>	<u>25,847</u>
Conservation and development:				
	34,500	58,203	56,082	2,121
Total expenditures	<u>5,948,157</u>	<u>5,918,847</u>	<u>5,495,425</u>	<u>423,422</u>
Other financing sources (uses):				
Operating transfers in	1,149,212	1,140,041	1,140,041	-
Total other financing sources (uses)	<u>1,149,212</u>	<u>1,140,041</u>	<u>1,140,041</u>	<u>-</u>
Net change in fund balances	(168,039)	(145,310)	203,462	348,772
Fund balance - beginning	2,510,406	2,510,406	2,510,406	-
Change in inventory	-	-	(3,154)	(3,154)
Fund balance - ending	<u>\$ 2,342,367</u>	<u>\$ 2,365,096</u>	<u>\$ 2,710,714</u>	<u>\$ 345,618</u>

CITY OF VERMILLION
 MAJOR SPECIAL REVENUE FUNDS
 SALES TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
General sales & use taxes	\$ 1,572,000	\$ 1,528,000	\$ 1,483,166	\$ (44,834)
Intergovernmental Revenue:				
State Grant	40,000	-	-	-
Miscellaneous revenue:				
Interest earned	<u>27,000</u>	<u>30,700</u>	<u>28,728</u>	<u>(1,972)</u>
Total revenue	<u>1,639,000</u>	<u>1,558,700</u>	<u>1,511,894</u>	<u>(46,806)</u>
EXPENDITURES				
Current:				
General	20,000	22,000	21,433	567
Public safety	51,500	32,550	32,301	249
Public works	106,500	226,500	123,413	103,087
Conservation & development	118,000	118,000	76,713	41,287
Culture-recreation	<u>1,515,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total expenditures	<u>1,811,000</u>	<u>434,050</u>	<u>253,860</u>	<u>180,190</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(590,352)</u>	<u>(576,578)</u>	<u>(553,325)</u>	<u>23,253</u>
Total other financing sources (uses)	<u>(590,352)</u>	<u>(576,578)</u>	<u>(553,325)</u>	<u>23,253</u>
Net change in fund balance	<u>(762,352)</u>	<u>548,072</u>	<u>704,709</u>	<u>156,637</u>
Fund balance - beginning	<u>1,693,938</u>	<u>1,693,938</u>	<u>1,693,938</u>	<u>-</u>
Fund balance - ending	<u>\$ 931,586</u>	<u>\$ 2,242,010</u>	<u>\$ 2,398,647</u>	<u>\$ 156,637</u>



CITY OF VERMILLION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
 DECEMBER 31, 2011

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the governing board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the governing board, the operating budget of the general fund, the special revenue funds, and the capital projects fund 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 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 budget. In September 2011 the City Council adopted a supplemental appropriation ordinance that included reductions in the previously budgeted amounts as a result of changes since the budget was adopted in September 2010. The following supplemental budgets were adopted by the governing board during the year.

General Fund

Expenditures:

General Government	\$	9,560
Public Safety		(79,532)
Public Works		(2,409)
Health and Welfare		2,207
Culture-Recreation		17,161
Conservation & Development		23,703

Special Revenue Fund

Sales Tax Fund

Expenditures:

General Government	\$	2,000
Public Safety		(18,950)
Public Works		120,000
Culture-Recreation		(1,480,000)

CITY OF VERMILLION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
DECEMBER 31, 2011

5. Unexpended appropriations lapse at year-end. The procedure used by the city is to adopt a supplemental appropriation ordinance during the following year by the council to provide additional funds for certain purchase commitments outstanding at year-end. Any transfers of budgeted amounts between departments of the General fund, transfers between other funds, and any revision that alter the total expenditure of any department or fund must be approved by the City Council. This is the legal level of control.

6. Formal budgetary integration is employed as a management control device during the year for the General, Capital Projects and Special Revenue funds.

Formal budgetary integration is not employed for Debt Service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

7. Budgets for the General, Capital Projects and Special Revenue funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

Encumbrances-Encumbrances carry over from one year to the next unless canceled by the City. These encumbrances are charged against the new year's budget until a supplemental appropriation ordinance is adopted as described in #5 above.

8. GAAP/Budgetary Accounting Basis Differences-The financial statements prepared in conformity with U.S. GAAP 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 are related.



**CITY OF VERMILLION
OTHER SUPPLEMENTARY INFORMATION**

**CITY OF VERMILLION
COMBINING AND INDIVIDUAL FUND STATEMENTS
GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS - Special Revenue Funds are used to account for revenues derived from special tax levies and other earmarked revenue sources. These funds are utilized to finance allowable functions, which may be for either capital outlays or current expenditures, or both.

The following funds included in this fund type and their purposes are as follows:

Major Funds:

Sales Tax Fund - Any revenue received in excess of the amount received if the rate of tax is one percent (1%) may be used only for capital improvement, land acquisition, the funding of public ambulances and medical emergency response vehicles, nonprofit hospitals with fifty or fewer licensed beds, and other public care facilities or nonprofit health care facilities with fifty or fewer licensed beds, the transfer to the special 911 fund authorized by SDCL § 34-45-12, the purchasing of fire fighting vehicles and equipment, debt retirement, major building repair projects, capital project planning, feasibility studies, and the minor rehabilitation, major rehabilitation, or reconstruction of streets. (Reported in Exhibit 3 and Exhibit 4)

Non-Major Funds:

Liquor, Lodging and Dining Tax - This fund is used to account for the revenues and expenditures of the additional one percent (1%) city sales tax on lodgings, alcoholic beverages, prepared food and admissions. All revenues received from the collection of the tax are used only for the purpose of land acquisition, architectural fees, construction costs, payment for civic center, auditorium or athletic facility buildings, including the maintenance, staffing and operation of such facilities and the promotion and advertising of the city, its facilities, attractions and activities.

Stormwater Fee Fund - This fund was established during the 1993 budget process as a funding source for new Stormwater construction and maintenance of the existing Stormwater system. The fee is charged to every parcel of property based upon the area and the use. The fee is collected by the county treasurer with the property taxes and remitted to the city with the tax receipts.

Parks Capital Fund - This fund is used to account for contributions received for capital improvements to be made in the City's parks.

Library Fund - This fund is used to account for fines, gift moneys and interest received by the library and is expended at the direction of the Library Board.

CAPITAL PROJECTS FUNDS - Capital Projects Funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

The following funds included in this fund type and their purposes are as follows:

Non-Major Funds:

Special Assessment Project Funds - This fund is used to account for receipt and disbursements of monies used for the construction of capital improvements, which are to be assessed to property owners. The projects are financed by the sale of special assessment bonds reported as a transfer in from the debt service fund and payments received from the property owners.

Streetscape Fund - This fund is used to account for private contributions, federal grant proceeds and expenditures for the implementation of the downtown streetscape plan.

Bike Path Fund - This fund is used to account for the receipts and disbursements of monies used for the construction of bike paths with the use of the federal matching funds. Easements for the bike path extension south of HWY 50 were obtained and engineering was completed and a bid date was set for January 2012 for construction in 2012.

Library Renovation - This fund is used to account for the receipts and disbursements of monies used for the expansion and renovation of the library. A major gift was received during 2011 and with the award of a \$200,000 CDBG, \$1,400,000 of second penny sales tax, Library Board and Library Foundation donation the project was advertised for bids in late 2011. The bid was awarded in February, 2012 for the project.

Airport Fund - This fund is used to account for receipts and disbursements of monies from federal, state and local matching for taxiway and fuel system at Harold Davidson Field.

DEBT SERVICE FUNDS: Debt Service Funds account for the accumulation of resources and payment of general long-term obligation bond principal and interest from governmental resources.

The following funds included in this fund type and their purposes are as follows:

Non-Major Funds:

Special Assessment Bonds - This fund accounts for the accumulation of monies for payment of special assessment bonds. The collection of the special assessments levied against the properties benefiting from the improvements from 2001 through 2010 are recorded in this fund. As the special assessment bonds were purchased by the electric utility the current portion of the inter fund loan is reported as "Due to other funds" and the long term portion is reported as "Advance from other funds". The principal payment for the inter fund loan reduces the liability and the interest is reported as a fund expenditure. The transfer out is the 8% fiscal fee for engineering services transferred to the general fund. No bonds were issued during 2011 as the improvement project assessments were all paid by the property owners. The deficit fund balance is for sidewalk improvements completed in late 2011 and with the adoption of the resolution of necessity adopted in February, 2012.

TIF District No 3 Bonds - This fund accounts for the accumulation of monies for payment of tax incremental financing bonds principal and interest and funds advanced from the electric utility. The final payment on this bond is July 1, 2011 with City Council action to repay the advances made by the electric utility in prior years to meet the bond payments. The prior period adjustment of \$187,744 is to record the advances made by the electric utility. Based upon current tax collections this advance should be repaid in 2013.

TIF District No 4 Bonds - This fund accounts for the accumulation of monies for payment of tax incremental financing bonds principal and interest. The tax incremental financing bonds were issued June 1, 2005 with the bond reserve and capitalized interest being recorded in this fund. The final payment on this bond is scheduled for December 1, 2020.

City Hall Bonds - This fund accounts for the reserve and the accumulation of monies for payment of the principal and interest on the certificates of participation in a lease-purchase agreement issued to build the new city hall. The certificates of participation were issued September 15, 2007 with the reserve and capitalized interest being recorded in this fund. The city has pledged sales tax revenues for the principal and interest payments through December 15, 2026.

CITY OF VERMILLION
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2011

	Special Revenue Funds					Capital Project Funds	
	Liquor Lodging, Dining Tax	Stormwater Fee	Parks Capital	Library	Total	Special Assessment Projects	Streetscape
ASSETS							
Cash and cash equivalents	\$ 64,640	\$ 14,984	\$ 32,692	\$ 16,277	\$ 128,593	\$ -	\$ 364
Investments	75,000	635,000	-	89,371	799,371	-	-
Receivables (net, where applicable, of allowance for uncollectibles)							
Accounts receivable	-	3,948	-	-	3,948	-	-
Special assessment receivable	-	-	-	-	-	-	-
Interest receivable	113	4,168	-	484	4,765	-	-
Due from other governments	35,555	922	-	-	36,477	-	-
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
Total assets	\$ 175,308	\$ 659,022	\$ 32,692	\$ 106,132	\$ 973,154	\$ -	\$ 364
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 5,311	\$ -	\$ 5,311	\$ -	\$ -
Due to other funds	-	-	-	-	-	15,862	-
Deferred revenue	9,353	4,168	-	484	14,005	-	-
Revenue collected in advance	-	-	5,037	-	5,037	-	-
Advance from other funds	-	-	-	-	-	-	-
Total liabilities	9,353	4,168	10,348	484	24,353	15,862	-
FUND BALANCES:							
Restricted							
BBB Purposes	165,955	-	-	-	165,955	-	-
Stormwater	-	654,854	-	-	654,854	-	-
Library	-	-	-	105,648	105,648	-	-
Debt Service	-	-	-	-	-	-	-
Committed							
Capital Projects	-	-	-	-	-	-	364
Assigned							
Parks Capital	-	-	22,344	-	22,344	-	-
Unassigned							
Total fund balances	165,955	654,854	22,344	105,648	948,801	(15,862)	364
Total liabilities and fund balances	\$ 175,308	\$ 659,022	\$ 32,692	\$ 106,132	\$ 973,154	\$ -	\$ 364

Capital Project Funds				Debt Service Funds					Total
Bike Path	Library Renovation	Airport	Total	Special Assessment Bonds	TIF District No. 3 Bonds	TIF District No. 4 Bonds	City Hall Bonds	Total	Nonmajor Governmental Funds
\$ -	\$ 6,281	\$ -	\$ 6,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,238
-	690,000	-	690,000	-	-	-	-	-	1,489,371
-	-	-	-	-	-	-	-	-	3,948
-	-	-	-	340,570	-	-	-	340,570	340,570
-	1,346	-	1,346	7,192	-	-	-	7,192	13,303
14,876	-	27,768	42,644	-	-	-	-	-	79,121
-	-	-	-	63,951	-	206,676	-	270,627	270,627
-	-	-	-	400,000	-	-	377,357	777,357	777,357
-	-	-	-	2,183	-	-	4,497	6,680	6,680
<u>14,876</u>	<u>697,627</u>	<u>27,768</u>	<u>740,635</u>	<u>813,896</u>	<u>-</u>	<u>206,676</u>	<u>381,854</u>	<u>1,402,426</u>	<u>3,116,215</u>
-	66	-	66	-	-	-	-	-	5,377
14,876	-	24,947	55,685	111,849	137,880	-	-	249,729	305,414
-	1,346	-	1,346	336,623	-	-	4,497	341,120	356,471
-	-	-	-	-	-	-	-	-	5,037
-	-	-	-	440,536	108,537	-	-	549,073	549,073
<u>14,876</u>	<u>1,412</u>	<u>24,947</u>	<u>57,097</u>	<u>889,008</u>	<u>246,417</u>	<u>-</u>	<u>4,497</u>	<u>1,139,922</u>	<u>1,221,372</u>
-	-	-	-	-	-	-	-	-	165,955
-	-	-	-	-	-	-	-	-	654,854
-	-	-	-	-	-	-	-	-	105,648
-	-	-	-	-	-	206,676	377,357	584,033	584,033
-	696,215	2,821	699,400	-	-	-	-	-	699,400
-	-	-	-	-	-	-	-	-	22,344
-	-	-	(15,862)	(75,112)	(246,417)	-	-	(321,529)	(337,391)
-	696,215	2,821	683,538	(75,112)	(246,417)	206,676	377,357	262,504	1,894,843
<u>\$ 14,876</u>	<u>\$ 697,627</u>	<u>\$ 27,768</u>	<u>\$ 740,635</u>	<u>\$ 813,896</u>	<u>\$ -</u>	<u>\$ 206,676</u>	<u>\$ 381,854</u>	<u>\$ 1,402,426</u>	<u>\$ 3,116,215</u>

CITY OF VERMILLION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Special Revenue Funds					Capital Project Funds	
	Liquor Lodging, Dining Tax	Stormwater Fee	Parks Capital	Library	Total	Special Assessment Projects	Streetscape
REVENUES							
Taxes:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General sales & use	296,062	-	-	-	296,062	-	-
Stormwater fees	-	169,414	-	-	169,414	-	-
Penalties & interest	-	278	-	-	278	-	-
Intergovernmental:							
Federal grant	-	-	-	-	-	-	-
State grant	-	-	-	-	-	-	-
County shared revenue	-	-	-	3,000	3,000	-	-
Charges for goods & services							
Culture & recreation	-	-	10,801	-	10,801	-	-
Fines & forfeits:							
Library	-	-	-	3,252	3,252	-	-
Miscellaneous:							
Public payments for improvements	-	-	-	-	-	59,949	-
Interest earned	498	5,968	33	1,976	8,475	-	-
Rentals	-	-	-	-	-	-	-
Contributions & donations from private sources	-	-	12,965	3,841	16,806	-	-
Special assessments (principal & interest)	-	-	-	-	-	-	-
Other	-	-	-	3,438	3,438	-	-
Total revenue	296,560	175,660	23,799	15,507	511,526	59,949	-
EXPENDITURES							
Current							
Public works	-	9,026	-	-	9,026	15,862	1,385
Culture-recreation	-	-	14,466	7,245	21,711	-	-
Conservation & development	264,434	-	-	-	264,434	-	-
Capital outlay:							
Public works	-	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	-	-
Debt services:							
Principal	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-
Total expenditures	264,434	9,026	14,466	7,245	295,171	15,862	1,385
Excess (deficiency) of revenues over (under) expenditures	32,126	166,634	9,333	8,262	216,355	44,087	(1,385)
OTHER FINANCING SOURCES(USES)							
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	(31,075)	(31,075)	(2,629)	-
Total other financing sources(uses)	-	-	-	(31,075)	(31,075)	(2,629)	-
Net change in fund balances	32,126	166,634	9,333	(22,813)	185,280	41,458	(1,385)
Fund balances - beginning	133,829	488,220	13,011	128,461	763,521	(57,320)	1,749
Prior period adjustment	-	-	-	-	-	-	-
Adjusted fund balances - beginning	133,829	488,220	13,011	128,461	763,521	(57,320)	1,749
Fund balances - ending	\$ 165,955	\$ 654,854	\$ 22,344	\$ 105,648	\$ 948,801	\$ (15,862)	\$ 364

EXHIBIT A-2

Capital Project Funds				Debt Service Funds				Total Nonmajor Funds	
Bike Path	Library Renovation	Airport	Total	Special Assessment Bonds	TIF District No. 3 Bonds	TIF District No. 4 Bonds	City Hall Bonds		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,478	\$ 110,196	\$ -	\$ 234,674	\$ 234,674
-	-	-	-	-	-	-	-	-	296,062
-	-	-	-	-	-	-	-	-	169,414
-	-	-	-	-	-	-	-	-	278
6,867	-	17,108	23,975	-	-	-	-	-	23,975
-	-	429	429	-	-	-	-	-	429
-	-	-	-	-	-	-	-	-	3,000
-	-	-	-	-	-	-	-	-	10,801
-	-	-	-	-	-	-	-	-	3,252
-	-	-	59,949	-	-	-	-	-	59,949
-	444	-	444	6,570	47	54	8,459	15,130	24,049
-	-	-	-	-	4,155	-	-	4,155	4,155
-	804,772	-	804,772	-	-	-	-	-	821,578
-	-	-	-	153,200	-	-	-	153,200	153,200
-	-	-	-	-	-	-	-	-	3,438
<u>6,867</u>	<u>805,216</u>	<u>17,537</u>	<u>889,569</u>	<u>159,770</u>	<u>128,680</u>	<u>110,250</u>	<u>8,459</u>	<u>407,159</u>	<u>1,808,254</u>
-	-	-	17,247	-	-	-	-	-	26,273
-	-	-	-	-	-	-	-	-	21,711
-	-	-	-	-	-	-	-	-	264,434
-	-	18,008	18,008	-	-	-	-	-	18,008
8,380	140,076	-	148,456	-	-	-	-	-	148,456
-	-	-	-	-	345,000	30,000	185,000	560,000	560,000
-	-	-	-	34,389	11,368	18,350	168,884	232,991	232,991
<u>8,380</u>	<u>140,076</u>	<u>18,008</u>	<u>183,711</u>	<u>34,389</u>	<u>356,368</u>	<u>48,350</u>	<u>353,884</u>	<u>792,991</u>	<u>1,271,873</u>
(1,513)	665,140	(471)	705,858	125,381	(227,688)	61,900	(345,425)	(385,832)	536,381
1,513	31,075	471	33,059	-	-	-	338,447	338,447	371,505
-	-	-	(2,629)	-	-	-	-	-	(33,704)
<u>1,513</u>	<u>31,075</u>	<u>471</u>	<u>30,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,447</u>	<u>338,447</u>	<u>337,802</u>
-	696,215	-	736,288	125,381	(227,688)	61,900	(6,978)	(47,385)	874,183
-	-	2,821	(52,750)	(200,493)	169,015	144,776	384,335	497,633	1,208,404
-	-	-	-	-	(187,744)	-	-	(187,744)	(187,744)
-	-	2,821	(52,750)	(200,493)	(18,729)	144,776	384,335	309,889	1,020,660
-	696,215	2,821	683,536	(75,112)	(246,417)	206,676	377,357	262,504	1,894,843

CITY OF VERMILLION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Liquor, Lodging, Dining Tax			Stormwater Fee		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes:						
General sales & use	\$ 275,000	\$ 296,062	\$ 21,062	\$ -	\$ -	-
Stormwater fees	-	-	-	168,012	169,414	1,402
Penalties & interest	-	-	-	100	278	178
Intergovernmental :						
County shared revenue	-	-	-	-	-	-
Charges for goods & services						
Culture & recreation	-	-	-	-	-	-
Fines & forfeits:						
Library	-	-	-	-	-	-
Miscellaneous:						
Interest earned	1,425	498	(927)	6,600	5,968	(632)
Contributions & donations from private sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenue	<u>276,425</u>	<u>296,560</u>	<u>20,135</u>	<u>174,712</u>	<u>175,660</u>	<u>948</u>
EXPENDITURES						
Current						
Public works	-	-	-	25,000	9,026	15,974
Culture-recreation	-	-	-	-	-	-
Conservation & development	264,950	264,434	516	-	-	-
Total expenditures	<u>264,950</u>	<u>264,434</u>	<u>516</u>	<u>25,000</u>	<u>9,026</u>	<u>15,974</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,475</u>	<u>32,126</u>	<u>20,651</u>	<u>149,712</u>	<u>166,634</u>	<u>16,922</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>11,475</u>	<u>32,126</u>	<u>20,651</u>	<u>149,712</u>	<u>166,634</u>	<u>16,922</u>
Fund balances - beginning		<u>133,829</u>			<u>488,220</u>	
Fund balances - ending		<u>\$ 165,955</u>			<u>\$ 654,854</u>	

EXHIBIT A-3

Parks Capital			Library		
Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
-	-	-	2,800	3,000	200
9,000	10,801	1,801	-	-	-
-	-	-	3,000	3,252	252
50	33	(17)	1,800	1,976	176
13,000	12,965	(35)	3,500	3,841	341
-	-	-	2,500	3,438	938
<u>22,050</u>	<u>23,799</u>	<u>1,749</u>	<u>13,600</u>	<u>15,507</u>	<u>1,907</u>
-	-	-	-	-	-
12,550	14,466	(1,916)	13,600	7,245	6,355
<u>12,550</u>	<u>14,466</u>	<u>(1,916)</u>	<u>13,600</u>	<u>7,245</u>	<u>6,355</u>
<u>9,500</u>	<u>9,333</u>	<u>(167)</u>	-	8,262	8,262
-	-	-	(31,075)	(31,075)	-
-	-	-	(31,075)	(31,075)	-
<u>9,500</u>	<u>9,333</u>	<u>(167)</u>	<u>(31,075)</u>	<u>(22,813)</u>	<u>8,262</u>
	<u>13,011</u>			<u>128,461</u>	
\$ <u>22,344</u>			\$ <u>105,648</u>		

CITY OF VERMILION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Special Assessments			Streetscape		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
REVENUES						
Intergovernmental :						
Federal grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grant	-	-	-	-	-	-
Miscellaneous:						
Public payments for improvements	59,949	59,949	-	-	-	-
Interest	-	-	-	-	-	-
Contributions and donations from private sources	-	-	-	-	-	-
Total revenue	<u>59,949</u>	<u>59,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current						
Public works	60,000	15,862	44,138	1,749	1,385	364
Culture & recreation	-	-	-	-	-	-
Conservation & development	-	-	-	-	-	-
Total expenditures	<u>60,000</u>	<u>15,862</u>	<u>44,138</u>	<u>1,749</u>	<u>1,385</u>	<u>364</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51)</u>	<u>44,087</u>	<u>44,138</u>	<u>(1,749)</u>	<u>(1,385)</u>	<u>364</u>
OTHER FINANCING SOURCES(USES)						
Transfer in	64,800	-	(64,800)	-	-	-
Transfer out	(2,629)	(2,629)	-	-	-	-
Total other financing sources(uses)	<u>62,171</u>	<u>(2,629)</u>	<u>(64,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>62,120</u>	<u>41,458</u>	<u>(20,662)</u>	<u>(1,749)</u>	<u>(1,385)</u>	<u>364</u>
Fund balances - beginning		<u>(57,320)</u>			<u>1,749</u>	
Fund balances - ending		<u>\$ (15,862)</u>			<u>\$ 364</u>	

Bike Path			Library Renovation			Airport		
Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 6,867	\$ 6,867	\$ 200,000	\$ -	\$ (200,000)	\$ 52,250	\$ 17,108	\$ (35,142)
-	-	-	-	-	-	1,650	429	(1,221)
-	-	-	450	444	(6)	-	-	-
-	-	-	804,772	804,772	-	-	-	-
-	6,867	6,867	1,005,222	805,216	(200,006)	53,900	17,537	(36,363)
-	-	-	-	-	-	55,000	18,008	36,992
23,700	8,380	15,320	766,311	140,076	626,235	-	-	-
23,700	8,380	15,320	766,311	140,076	626,235	55,000	18,008	36,992
(23,700)	(1,513)	22,187	238,911	665,140	426,229	(1,100)	(471)	629
23,700	1,513	(22,187)	31,075	31,075	-	1,100	471	(629)
23,700	1,513	(22,187)	31,075	31,075	-	1,100	471	(629)
-	-	-	269,986	696,215	426,229	-	-	-
-	-	-	-	-	-	-	2,821	-
\$ -	-	-	\$ 696,215	-	-	\$ 2,821	-	-

**CITY OF VERMILLION
COMBINING STATEMENTS
INTERNAL SERVICE FUNDS**

INTERNAL SERVICE FUNDS - Internal Service Funds are established to account for the financing of goods or services provided by one department to other departments of the governmental unit, or to other governmental units, on a cost reimbursement basis.

The following funds included in this fund type and their purposes are as follows:

Copier-Fax-Postage Fund - The copier-fax fund is used to account for all the operating cost and replacement of the central copier and fax machine in city hall. All departments are billed for copies, postage and faxes used at a cost plus depreciation

Unemployment Insurance Fund – This fund has been established to account for the City self-insurance for unemployment insurance claims.

Equipment Replacement Fund - The equipment replacement fund is used to account for rental of equipment used by all City departments and to provide the means to purchase replacement equipment when needed. All the major items of the city's rolling stock are contained in this fund. Each department on a quarterly basis pays the rental amounts.

Custodial Services Fund – The custodial services fund is used to account for the costs associated with providing janitorial services for all City buildings.

CITY OF VERMILLION
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2011

	Copier- Fax- Postage	Unemployment Insurance	Equipment Replacement	Custodial Services	Totals
ASSETS:					
Current assets:					
Cash	\$ 13,226	\$ 264	\$ 8,097	\$ 8,865	\$ 30,452
Investments	-	13,000	277,000	-	290,000
Accounts receivable	2,339	-	-	-	2,339
Interest receivable	-	52	1,115	-	1,167
Total current assets	<u>15,565</u>	<u>13,316</u>	<u>286,212</u>	<u>8,865</u>	<u>323,958</u>
Capital assets:					
Machinery & equipment	12,797	-	4,557,176	2,316	4,572,289
less accumulated depreciation	(7,998)	-	(1,969,041)	(923)	(1,977,962)
Total capital assets	<u>4,799</u>	<u>-</u>	<u>2,588,135</u>	<u>1,393</u>	<u>2,594,327</u>
Total assets	<u>20,364</u>	<u>13,316</u>	<u>2,874,347</u>	<u>10,258</u>	<u>2,918,285</u>
LIABILITIES					
Current liabilities:					
Accounts payable	341	652	24,427	1,118	26,538
Accrued leave payable	-	-	-	2,085	2,085
Total current liabilities	<u>341</u>	<u>652</u>	<u>24,427</u>	<u>3,203</u>	<u>28,623</u>
Noncurrent liabilities:					
Accrued leave payable	-	-	-	2,966	2,966
Total non current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,966</u>	<u>2,966</u>
Total liabilities	<u>341</u>	<u>652</u>	<u>24,427</u>	<u>6,169</u>	<u>31,589</u>
NET ASSETS					
Invested in capital assets, net of related debt	4,799	-	2,588,135	1,393	2,594,327
Unreserved	15,224	12,664	261,785	2,696	292,369
Total net assets	<u>\$ 20,023</u>	<u>\$ 12,664</u>	<u>\$ 2,849,920</u>	<u>\$ 4,089</u>	<u>\$ 2,886,696</u>

CITY OF VERMILLION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES
EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Copier- Fax- Postage	Unemployment Insurance	Equipment Replacement	Custodial Services	Totals
Operating Revenues:					
Charges for goods and services	\$ 19,452	\$ -	\$ 335,896	\$ 80,200	\$ 435,548
Total operating revenue	<u>19,452</u>	<u>-</u>	<u>335,896</u>	<u>80,200</u>	<u>435,548</u>
Operating expenses:					
Personnel services	-	-	-	71,817	71,817
Other current expenses	18,612	5,034	-	10,231	33,877
Depreciation	3,199	-	311,167	179	314,545
Total operating expenses	<u>21,811</u>	<u>5,034</u>	<u>311,167</u>	<u>82,227</u>	<u>420,239</u>
Operating income(loss)	<u>(2,359)</u>	<u>(5,034)</u>	<u>24,729</u>	<u>(2,027)</u>	<u>15,309</u>
Nonoperating revenue:					
Interest earned	-	288	2,532	-	2,820
Gain(loss) on disposition of assets	-	-	72,492	-	72,492
Total nonoperating revenue	<u>-</u>	<u>288</u>	<u>75,024</u>	<u>-</u>	<u>75,312</u>
Income before contributions and transfers	<u>(2,359)</u>	<u>(4,746)</u>	<u>99,753</u>	<u>(2,027)</u>	<u>90,621</u>
Transfer in	-	-	12,894	-	12,894
Change in net assets	<u>(2,359)</u>	<u>(4,746)</u>	<u>112,647</u>	<u>(2,027)</u>	<u>103,515</u>
Total net assets - beginning	<u>22,382</u>	<u>17,410</u>	<u>2,737,273</u>	<u>6,116</u>	<u>2,783,181</u>
Total net assets - ending	<u>\$ 20,023</u>	<u>\$ 12,664</u>	<u>\$ 2,849,920</u>	<u>\$ 4,089</u>	<u>\$ 2,886,696</u>

CITY OF VERMILLION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Copier- Fax- Postage	Unemployment insurance	Equipment Replacement	Custodial Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 20,177	\$ -	\$ 335,896	\$ 80,200	\$ 436,273
Cash paid for personal services	-	-	-	(70,182)	(70,182)
Cash paid to suppliers	(19,381)	(9,003)	-	(11,164)	(39,548)
Net cash provided (used for) operating activities	<u>796</u>	<u>(9,003)</u>	<u>335,896</u>	<u>(1,146)</u>	<u>326,543</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	-	(402,379)	-	(402,379)
Proceeds from sale of assets	-	-	106,790	-	106,790
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(295,589)</u>	<u>-</u>	<u>(295,589)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	12,894	-	12,894
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>12,894</u>	<u>-</u>	<u>12,894</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	-	377	2,790	-	3,167
Purchase and sale of investments	-	7,000	(77,000)	-	(70,000)
Net cash provided (used for) investing activities	<u>-</u>	<u>7,377</u>	<u>(74,210)</u>	<u>-</u>	<u>(66,833)</u>
Net increase (decrease) in cash and cash equivalents	796	(1,626)	(21,009)	(1,146)	(22,985)
Cash and cash equivalents beginning of year	12,430	1,890	29,106	10,011	53,437
Cash and cash equivalents end of year	<u>\$ 13,226</u>	<u>\$ 264</u>	<u>\$ 8,097</u>	<u>\$ 8,865</u>	<u>\$ 30,452</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (2,359)	\$ (5,034)	\$ 24,729	\$ (2,027)	\$ 15,309
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:					
Depreciation	3,199	-	311,167	179	314,545
(Increase) decrease in assets and increase (decrease) in liabilities:					
Accounts receivable	725	-	-	-	725
Accounts payable	(769)	(3,969)	-	(933)	(5,671)
Accrued leave payable	-	-	-	1,635	1,635
Net cash provided by (used for) operating activities	<u>\$ 796</u>	<u>\$ (9,003)</u>	<u>\$ 335,896</u>	<u>\$ (1,146)</u>	<u>\$ 326,543</u>
Noncash investing, capital and financing activities:					
Exchange of payables for capital assets	-	-	24,427	-	24,427
Gain(loss) on disposal of fixed assets	-	-	72,492	-	72,492
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,919</u>	<u>\$ -</u>	<u>\$ 96,919</u>

CITY OF VERMILLION STATISTICAL SECTION

This part of the City of Vermillion's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:	Pages
Financial Trends	87-92
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	93-97
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	98-104
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	105-106
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	107-109
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the formation in these schedules is derived for the comprehensive annual reports for the relevant year.

TABLE 1

CITY OF VERMILION
GOVERNMENT-WIDE NET ASSETS BY COMPONENT¹
LAST NINE FISCAL YEARS²
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in Capital Assets,									
Net of Related Debt	\$ 11,867,339	\$ 13,818,734	\$ 15,224,263	\$ 16,197,173	\$ 16,775,209	\$ 17,468,499	\$ 22,167,991	\$ 23,357,651	\$ 23,217,945
Restricted for:									
BBB	89,623	47,533	24,759	36,499	129,654	154,418	125,799	144,278	175,308
Capital Projects	-	-	-	-	3,531,936	-	-	-	-
Debt Service	866,967	694,016	711,656	1,056,138	1,376,495	1,679,918	1,600,924	940,546	595,352
Additional 1% Sales Tax	1,125,180	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-
Stormwater	47,261	127,235	84,162	180,487	272,825	249,860	366,220	490,302	106,132
Cumulative Reserve	-	-	-	-	158,060	158,060	158,060	158,060	659,022
Unrestricted	955,153	1,352,583	2,129,764	4,072,094	992,569	5,136,891	4,116,964	4,255,996	158,060
Total Governmental Activities									
Net Assets	\$ 14,951,523	\$ 16,040,101	\$ 18,174,626	\$ 21,542,391	\$ 23,237,049	\$ 24,847,546	\$ 28,535,958	\$ 29,346,833	\$ 30,708,705
Business-Type Activities									
Invested in Capital Assets,									
Net of Related Debt	\$ 12,679,381	\$ 13,144,108	\$ 15,108,493	\$ 16,738,269	\$ 17,189,168	\$ 17,817,417	\$ 19,705,309	\$ 20,882,426	\$ 21,411,403
Restricted for:									
Debt Service	995,783	419,593	779,022	810,174	838,309	834,790	1,444,260	1,521,831	1,544,613
Landfill Closure Postclosure	158,984	178,829	214,281	224,505	230,238	214,880	210,879	207,915	196,362
Unrestricted	4,620,319	5,258,568	5,284,511	5,681,029	7,053,543	7,966,465	8,006,051	8,808,530	9,615,364
Total Business-Type Activities									
Net Assets	\$ 18,454,467	\$ 19,001,098	\$ 21,386,307	\$ 23,453,977	\$ 25,311,258	\$ 26,863,572	\$ 29,366,499	\$ 31,420,702	\$ 32,767,762
Primary Government									
Invested in Capital Assets,									
Net of Related Debt	\$ 24,546,720	\$ 26,962,842	\$ 30,332,756	\$ 32,935,442	\$ 33,964,377	\$ 35,285,916	\$ 41,873,300	\$ 44,240,077	\$ 44,629,348
Restricted for:									
BBB	89,623	47,533	24,759	36,499	129,654	154,418	125,799	144,278	175,308
Capital Projects	-	-	-	-	3,531,936	-	-	-	-
Debt Service	1,862,750	1,113,609	1,490,680	1,866,312	2,214,805	2,514,706	3,045,164	2,462,377	2,139,965
Additional 1% Sales Tax	1,125,180	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-
Stormwater	47,261	127,235	84,162	180,487	272,825	249,860	366,220	490,302	106,132
Landfill Closure Postclosure	158,984	178,829	214,281	224,505	230,238	214,880	210,879	207,915	196,362
Cumulative Reserve	-	-	-	-	158,060	158,060	158,060	158,060	158,060
Unrestricted	5,575,472	6,611,151	7,414,295	9,753,123	8,046,412	13,133,376	12,123,015	13,084,526	15,412,270
Total Primary Government									
Net Assets	\$ 33,405,990	\$ 35,041,199	\$ 39,560,933	\$ 44,996,368	\$ 48,548,307	\$ 51,711,216	\$ 57,902,457	\$ 60,767,535	\$ 63,476,467

¹ The City implemented GASE Statement No. 34 in fiscal year 2003, therefore, nine years of government-wide financial data is presented.

² Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt, restricted, and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of South Dakota or the Federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.

TABLE 2

CITY OF VERMILLION
CHANGES IN NET ASSETS
LAST NINE YEARS*
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities:									
General Government	\$ 906,806	\$ 928,314	\$ 978,770	\$ 1,004,096	\$ 1,038,217	\$ 1,097,670	\$ 1,185,168	\$ 1,336,341	\$ 1,324,803
Public Safety	1,495,636	1,582,090	1,604,653	1,661,678	1,748,482	1,923,413	2,026,733	2,118,547	2,028,921
Public Works	962,223	999,893	1,205,512	1,237,318	1,353,987	1,602,031	1,561,217	1,656,337	1,714,248
Health & Welfare	331,500	338,169	343,780	365,189	374,133	402,620	415,740	412,409	424,263
Culture & Recreation	869,835	929,704	977,583	978,573	1,006,229	1,171,859	1,203,636	1,177,757	1,161,245
Conservation & Development	219,607	680,161	546,219	786,823	732,787	708,482	388,202	368,202	397,229
Interest on Long-term debt	140,517	142,663	91,455	134,858	181,374	298,297	301,118	272,722	241,902
Total Governmental Activities Expenses	4,926,124	5,600,984	5,747,972	5,635,932	6,489,245	7,228,677	7,402,094	7,342,315	7,292,611
Business-Type Activities:									
Electric	2,280,813	2,526,674	2,825,935	2,982,411	3,405,570	3,539,287	4,025,288	4,661,735	4,995,547
Water	876,409	1,015,709	1,010,703	1,057,672	1,171,661	1,264,548	1,336,150	1,342,632	1,389,184
Wastewater	953,118	1,010,170	1,069,647	1,049,072	1,305,808	1,284,315	1,336,169	1,345,153	1,605,314
Liquor	628,154	671,465	755,798	818,302	917,741	1,003,575	1,000,796	1,017,680	1,018,600
Golf	975,027	914,987	1,109,776	1,047,729	902,370	897,527	840,409	834,736	841,741
Joint Powers Landfill	737,505	743,960	792,584	839,151	927,407	1,220,527	1,022,888	1,288,114	1,273,463
Curbside Recycling	-	-	-	-	-	-	33,047	98,197	93,047
Total Business-Type Activities Expenses	6,451,026	6,882,965	7,564,443	7,794,337	8,630,557	9,209,779	9,595,107	10,588,247	11,216,896
Total Primary Government Expenses	11,377,150	12,483,959	13,312,415	13,430,269	15,119,802	16,438,456	16,997,201	17,930,562	18,509,507
Program Revenues									
Governmental Activities:									
Charges for Services:	\$ 146,269	\$ 139,638	\$ 137,785	\$ 158,477	\$ 197,706	\$ 291,204	\$ 249,372	\$ 294,330	\$ 260,385
General Government	29,954	35,747	37,253	35,933	32,973	43,680	43,573	44,364	258,152
Public Safety	7,119	590,077	436,122	590,078	487,046	764,960	402,603	563,566	359,478
Health & Welfare	197,606	193,907	226,651	191,584	261,861	289,839	344,652	339,053	360,623
Culture & Recreation	69,909	67,386	59,349	73,217	81,003	67,716	63,524	75,145	79,117
Operating Grants & Contributions	126,756	-	307,500	-	26,697	257,213	64,553	89,026	71,739
Capital Grants & Contributions	-	1,208,768	1,791,371	1,513,499	723,410	410,251	3,677,885	223,818	944,239
Total Governmental Activities Program Revenues	577,613	2,235,623	2,996,031	2,911,788	1,810,696	2,124,863	4,846,162	1,629,302	2,333,733
Business-Type Activities:									
Charges for Services:	\$ 3,386,418	\$ 3,595,419	\$ 4,073,646	\$ 4,282,382	\$ 4,669,319	\$ 4,900,026	\$ 5,262,358	\$ 5,884,283	\$ 6,077,336
Electric	1,041,327	1,098,268	1,253,081	1,449,187	1,556,163	1,497,831	1,514,565	1,506,335	1,588,609
Water	806,124	905,007	1,022,771	1,175,089	1,267,106	1,335,134	1,420,454	1,493,778	1,647,990
Wastewater	704,118	767,567	857,975	967,937	1,094,738	1,179,545	1,165,625	1,181,977	1,185,643
Liquor	686,104	677,061	929,292	756,419	731,073	669,459	683,709	609,291	624,007
Golf	779,472	811,613	862,070	868,051	1,303,408	1,171,794	1,088,488	1,236,897	1,241,842
Joint Powers Landfill	-	-	-	-	-	-	29,941	111,838	116,759
Curbside Recycling	5,101	1,065	350	429	4,100	40,625	1,972	93,886	100
Operating Grants & Contributions	48,453	11,608	1,270,244	683,679	19,033	279,226	1,198,705	775,438	14,473
Total Business-Type Activities Program Revenues	7,457,117	7,867,608	10,289,429	10,183,173	10,644,940	11,073,640	12,365,817	12,893,723	12,496,759
Total Primary Government Program Revenues	8,034,730	10,103,131	13,285,460	13,094,961	12,455,636	13,198,503	17,211,979	14,523,025	14,830,492
Net(Expense)/Revenue*	\$ (4,348,511)	\$ (3,365,471)	\$ (2,751,941)	\$ (2,724,144)	\$ (4,678,549)	\$ (5,103,814)	\$ (2,555,932)	\$ (5,713,013)	\$ (4,958,878)
Business-Type Activities	1,006,091	984,643	2,724,986	2,014,383	2,388,836	1,869,861	2,770,710	2,305,476	1,279,863
Total Primary Government Net Revenues (Expenses)	\$ (3,342,420)	\$ (2,380,828)	\$ (26,955)	\$ (335,308)	\$ (2,864,166)	\$ (3,233,953)	\$ 214,778	\$ (3,407,537)	\$ (3,679,015)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues									
Governmental Activities:									
Property Taxes	\$ 1,324,306	\$ 1,415,026	\$ 1,446,240	\$ 1,459,641	\$ 1,547,450	\$ 1,620,798	\$ 1,827,924	\$ 1,872,491	\$ 1,893,823
Sales Taxes	1,774,819	2,091,280	2,436,466	2,636,754	3,273,209	3,513,311	3,108,356	3,422,702	3,331,784
Stormwater	113,209	-	-	-	-	-	-	-	-
Unrestricted State/County Shared Revenue	435,909	84,877	64,386	74,564	90,355	93,542	74,396	72,312	70,970
Unrestricted Investment Earnings	52,917	45,306	71,553	162,096	343,118	370,622	251,231	136,313	125,594
Miscellaneous Revenue	79,764	82,215	79,236	69,437	79,600	84,002	58,729	53,709	76,419
Special Assessments	43,091	-	-	-	-	-	-	-	-
Gain/(Loss) on sale of capital assets	60,054	11,744	87,428	803,280	35,096	9,335	11,951	28,362	72,492
Transfers	717,440	723,601	701,157	886,137	846,319	1,022,801	911,657	937,989	937,412
Total Governmental Activities	4,601,509	4,454,049	4,886,466	6,091,909	6,215,147	6,714,411	6,244,244	6,523,888	6,508,494
Business-Type Activities									
Property Taxes	145,335	168,175	187,035	254,823	300,773	373,187	435,805	480,052	505,713
Unrestricted Investment Earnings	108,449	90,791	137,883	267,403	345,272	295,630	164,057	145,933	249,674
Miscellaneous Revenue	26,761	26,623	36,462	42,745	43,172	42,437	44,012	60,741	60,988
Gain/(Loss) on sale of capital assets	(168,037)	-	-	-	-	-	-	-	490
Transfers	(717,440)	(723,601)	(701,157)	(886,137)	(846,319)	(1,022,801)	(911,657)	(937,989)	(937,412)
Total Business-Type Activities	(594,932)	(438,012)	(339,777)	(321,166)	(157,102)	(311,547)	(267,783)	(251,273)	(120,547)
Total Primary Government	\$ 4,006,577	\$ 4,016,037	\$ 4,546,689	\$ 5,770,743	\$ 6,058,045	\$ 6,402,864	\$ 5,976,461	\$ 6,272,615	\$ 6,387,947
Change in Net Assets									
Governmental Activities	\$ 252,998	\$ 1,088,578	\$ 2,134,525	\$ 3,367,765	\$ 1,536,598	\$ 1,610,597	\$ 3,688,312	\$ 810,875	\$ 1,549,616
Business-Type Activities	411,159	546,631	2,385,209	2,067,670	1,857,281	1,552,314	2,502,927	2,054,203	1,159,316
Total Primary Government	\$ 664,157	\$ 1,635,209	\$ 4,519,734	\$ 5,435,435	\$ 3,393,879	\$ 3,162,911	\$ 6,191,239	\$ 2,865,078	\$ 2,708,932

¹ The City Implemented GASB Statement No. 34 in fiscal year 2003, therefore, nine years of government-wide financial data is presented.

² Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

TABLE 3

CITY OF VERMILLION
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 LAST NINE FISCAL YEARS¹
 (accrual basis of accounting)

Fiscal Year	Property Taxes	General Sales Tax 1st Penny	Capital Improvement Sales Tax 2nd Penny	Liquor Lodging & Dining Tax 3rd Penny	Liquor Tax	Other Shared Taxes	Total Taxes
2003	\$ 1,324,306	\$ 876,899	\$ 735,668	\$ 162,252	\$ 63,804	\$ 20,360	\$ 3,183,289
2004	1,415,026	965,767	951,199	174,344	51,577	33,300	3,591,213
2005	1,446,240	1,131,967	1,120,657	183,842	52,244	12,142	3,947,092
2006	1,459,641	1,224,475	1,210,604	201,675	53,489	21,075	4,170,959
2007	1,547,450	1,483,129	1,469,435	320,645	55,506	34,849	4,911,014
2008	1,620,798	1,634,487	1,618,610	260,214	59,422	34,120	5,227,651
2009	1,827,924	1,430,573	1,416,874	260,909	59,348	15,048	5,010,676
2010	1,872,491	1,568,879	1,567,741	286,082	61,116	11,196	5,367,505
2011	\$ 1,893,823	\$ 1,513,651	\$ 1,512,831	\$ 305,302	\$ 61,679	\$ 9,291	\$ 5,296,577

¹ The City implemented GASB Statement No. 34 in fiscal year 2003, therefore, nine years of government-wide financial data is presented.

TABLE 4

CITY OF VERMILLION
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 13,749	\$ 190,214	\$ 17,778	\$ 14,490	\$ 7,902	\$ 184,714	\$ 199,518	\$ 191,878	\$ 204,520	\$ -
Unreserved	612,575	330,382	473,428	835,236	1,869,700	1,850,283	2,101,902	2,173,805	2,305,886	-
Nonspendable ²	-	-	-	-	-	-	-	-	-	201,366
Restricted ²	-	-	-	-	-	-	-	-	-	-
Committed ²	-	-	-	-	-	-	-	-	-	-
Assigned ²	-	-	-	-	-	-	-	-	-	178,135
Unassigned ²	-	-	-	-	-	-	-	-	-	2,331,213
Total General Fund	<u>626,324</u>	<u>520,596</u>	<u>491,206</u>	<u>849,726</u>	<u>1,877,602</u>	<u>2,034,997</u>	<u>2,301,420</u>	<u>2,365,683</u>	<u>2,510,406</u>	<u>2,710,714</u>
All Other Governmental Funds										
Reserved	1,986,755	1,935,799	447,415	519,171	557,164	4,496,827	995,897	1,089,107	497,633	-
Unreserved reported in:										
Special Revenue Fund	-	88,584	1,026,341	1,511,164	1,921,754	2,440,337	2,747,582	2,112,502	2,457,459	-
Capital Projects Fund ¹	23,147	4,095	(173,829)	(431,537)	25,470	(66,835)	45,238	(57,251)	(52,750)	-
Nonspendable ²	-	-	-	-	-	-	-	-	-	-
Restricted ²	-	-	-	-	-	-	-	-	-	1,510,490
Committed ²	-	-	-	-	-	-	-	-	-	3,098,047
Assigned ²	-	-	-	-	-	-	-	-	-	22,344
Unassigned ²	-	-	-	-	-	-	-	-	-	(337,391)
Total All Other Governmental Funds	<u>2,009,902</u>	<u>2,028,478</u>	<u>1,299,927</u>	<u>1,598,798</u>	<u>2,504,388</u>	<u>6,870,329</u>	<u>3,788,717</u>	<u>3,144,358</u>	<u>2,902,342</u>	<u>4,293,490</u>
Total Governmental Funds	<u>2,000,504</u>	<u>2,126,013</u>	<u>465,193</u>	<u>533,661</u>	<u>565,066</u>	<u>4,681,541</u>	<u>1,195,415</u>	<u>1,280,985</u>	<u>702,153</u>	<u>-</u>
Reserved	612,575	330,382	473,428	835,236	1,869,700	1,850,283	2,101,902	2,173,805	2,305,886	-
Unreserved, reported in:										
Special Revenue Funds	-	88,584	1,026,341	1,511,164	1,921,754	2,440,337	2,747,582	2,112,502	2,457,459	-
Capital Projects Funds	23,147	4,095	(173,829)	(431,537)	25,470	(66,835)	45,238	(57,251)	(52,750)	-
Nonspendable ²	-	-	-	-	-	-	-	-	-	201,366
Restricted ²	-	-	-	-	-	-	-	-	-	1,510,490
Committed ²	-	-	-	-	-	-	-	-	-	3,098,047
Assigned ²	-	-	-	-	-	-	-	-	-	200,479
Unassigned ²	-	-	-	-	-	-	-	-	-	1,993,822
Total Governmental Funds	<u>\$ 2,636,226</u>	<u>\$ 2,549,074</u>	<u>\$ 1,791,133</u>	<u>\$ 2,448,524</u>	<u>\$ 4,381,990</u>	<u>\$ 8,905,326</u>	<u>\$ 6,090,137</u>	<u>\$ 5,510,041</u>	<u>\$ 5,412,748</u>	<u>\$ 7,004,204</u>

¹ The fluctuations in the fund balance result from construction projects in which funds are spent in one year and reimbursed in another fiscal year.

² The City implemented GASB 54 in fiscal 2011, which changed fund balance classifications for periods beginning after June 15, 2010.

TABLE 5

CITY OF VERMILLION
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 3,224,310	\$ 3,267,651	\$ 3,544,796	\$ 3,943,805	\$ 4,162,763	\$ 4,734,679	\$ 5,198,227	\$ 4,988,765	\$ 5,368,562	\$ 5,326,435
Licenses & Permits	143,977	171,670	174,515	187,226	169,888	191,586	201,064	215,277	219,374	220,361
Intergovernmental Revenue	412,725	617,415	1,639,453	1,755,996	1,833,413	956,276	965,288	4,138,907	743,632	586,907
Charges for Goods & Services	218,187	243,899	236,981	260,000	260,440	358,960	455,395	454,080	495,782	486,226
Fines & Forfeits	43,870	41,809	31,734	31,370	32,263	28,904	40,033	41,480	41,336	38,715
Public Payments for Improvements ¹	-	-	53,724	14,775	106,246	639	173,240	-	14,999	59,949
Investment Earnings ¹	-	58,721	28,674	44,585	58,241	210,947	274,834	202,694	69,130	88,262
Rentals ¹	-	13,174	14,958	11,520	30,919	24,742	14,080	12,670	15,891	18,112
Special Assessments ¹	-	147,318	95,012	73,789	113,314	167,061	141,726	168,406	196,310	153,294
Contributions & Donations ¹	-	6,982	14,802	16,226	48,189	4,494	3,238	20,275	15,170	840,927
Miscellaneous	405,825	46,584	74,157	298,041	47,667	88,194	79,881	58,194	53,354	59,806
Total Revenues	4,448,894	4,615,023	5,908,806	6,637,338	6,863,343	6,766,482	7,547,006	10,300,748	7,253,540	7,878,994
Expenditures										
General Government	840,220	878,645	903,168	943,019	1,083,423	1,008,509	1,066,024	1,074,365	1,129,960	1,143,773
Public Safety	1,342,850	1,413,092	1,444,275	1,491,879	1,565,366	1,642,693	1,809,125	1,910,230	2,001,762	1,927,998
Public Works	487,160	589,463	603,471	736,852	700,058	797,688	1,006,391	857,217	908,703	942,093
Health and Welfare	300,897	320,762	325,725	326,857	349,458	361,284	392,330	389,563	403,645	404,509
Culture-Recreation	723,660	764,315	816,575	855,042	864,365	883,955	968,093	1,018,139	1,018,487	1,007,533
Conservation and Development	251,804	219,607	721,067	587,125	295,126	827,730	732,787	708,482	368,202	397,229
Debt Service										
Principal ¹	303,902	201,663	400,626	218,136	230,920	288,763	405,142	489,290	412,156	560,000
Interest	-	132,168	137,445	127,801	115,359	129,696	339,870	283,218	262,297	232,991
Bond Issuance Costs	-	-	-	-	-	116,342	-	-	-	-
Capital Outlay	757,436	1,120,113	2,031,529	1,973,160	2,047,732	1,724,974	4,986,263	4,984,357	978,348	405,032
Total Expenditures	5,007,949	5,639,658	7,383,881	7,259,871	7,251,807	7,761,634	11,706,125	11,734,861	7,483,560	7,021,158
Excess of Revenues over (under) Expenditures	(559,055)	(1,024,835)	(1,475,075)	(622,533)	(388,464)	(985,152)	(4,159,119)	(1,484,113)	(230,020)	857,836
Other Financing Sources (Uses)										
Issuance of Bonds	79,282	163,625	-	604,521	405,755	4,492,254	326,325	-	-	-
Discount on Bonds Issued	-	-	-	(11,500)	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	1,041,426	-	-	-	-	-	-
Transfer In	927,363	960,294	1,523,601	1,083,195	1,147,553	1,496,554	1,745,905	2,654,412	1,657,913	1,511,547
Transfer Out	(48,585)	(264,516)	(800,000)	(373,004)	(266,216)	(657,132)	(743,104)	(1,792,755)	(820,501)	(587,029)
Total Other Financing Sources (Uses)	958,060	859,403	723,601	1,283,212	2,328,518	5,331,676	1,329,126	861,657	837,412	924,518
Net Change in Fund Balances	\$ 399,005	\$ (165,432)	\$ (751,474)	\$ 660,679	\$ 1,940,054	\$ 4,336,524	\$ (2,829,993)	\$ (572,456)	\$ 607,392	\$ 1,782,354
Change in Inventory	(8,105)	10,496	(6,467)	(3,288)	(6,588)	18,752	14,804	(7,640)	12,642	(3,154)
Debt Service as a percentage of non-capital expenditures	7.70%	7.98%	11.18%	7.00%	7.13%	8.53%	11.09%	11.59%	10.37%	11.95%

¹ The information for years prior to 2003 is not readily available.

TABLE 6

CITY OF VERMILLION
 ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS

Fiscal Year	Taxable Value Residential Property	Taxable Value Commercial Property	Total Taxable Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
2002	\$ 113,908,935	\$ 87,918,646	\$ 201,827,581	6.03	\$ 219,855,753	92%
2003	119,463,770	90,659,814	210,123,584	6.06	221,415,789	95%
2004	124,155,095	88,843,240	212,998,335	6.17	238,253,171	89%
2005	128,161,269	93,259,570	221,420,839	6.24	246,296,818	90%
2006	140,513,785	105,942,366	246,456,151	6.06	260,249,367	95%
2007	154,265,781	111,927,169	266,192,950	5.97	301,806,066	88%
2008	161,396,656	123,046,250	284,442,906	6.06	323,230,575	88%
2009	158,545,014	123,827,060	282,372,074	6.38	318,345,067	89%
2010	167,307,757	130,355,951	297,663,708	6.19	350,192,598	85%
2011	\$ 179,874,956	\$ 137,302,095	\$ 317,177,051	6.02	\$ 373,149,472	85%

Received from Clay County Treasurer.

TABLE 7

CITY OF VERMILLION
 PROPERTY TAX RATES
 DIRECT AND OVERLAPPING GOVERNMENTS
 (Per \$1,000 of Assessed Value)
 LAST TEN YEARS

Fiscal Year	City of Vermillion				Overlapping Rates				Total Direct and Overlapping Rates		
	Operating Millage	Debt Service Millage	Total City Millage	Clay County			Vermillion School District				
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage		Total School Millage	
2002 a	6.060	-	6.060	5.980	-	5.980	17.630	0.920	18.550	0.070	29.740
2002 b	6.060	-	6.060	5.980	-	5.980	9.230	0.920	10.150	0.070	21.340
2003 a	6.060	-	6.060	5.670	-	5.670	16.770	0.870	17.640	0.060	28.560
2003 b	6.060	-	6.060	5.670	-	5.670	10.200	0.870	11.070	0.060	21.990
2004 a	6.170	-	6.170	5.810	-	5.810	16.260	0.860	17.120	0.060	28.300
2004 b	6.170	-	6.170	5.810	-	5.810	10.100	0.860	10.960	0.060	22.140
2005 a	6.240	-	6.240	5.780	-	5.780	19.930	0.820	20.750	0.060	32.010
2005 b	6.240	-	6.240	5.780	-	5.780	11.810	0.820	12.630	0.060	23.890
2006 a	6.060	-	6.060	5.610	-	5.610	17.230	0.750	17.980	0.050	28.950
2006 b	6.060	-	6.060	5.610	-	5.610	10.510	0.750	11.260	0.050	22.230
2007 a	5.970	-	5.970	5.530	-	5.530	16.070	0.680	16.750	0.050	27.620
2007 b	5.970	-	5.970	5.530	-	5.530	10.020	0.680	10.700	0.050	21.570
2008 a	6.060	-	6.060	5.350	-	5.350	16.870	0.640	17.510	0.050	28.330
2008 b	6.060	-	6.060	5.350	-	5.350	10.390	0.640	11.030	0.050	21.850
2009 a	6.380	-	6.380	5.470	-	5.470	16.637	0.572	17.209	0.044	28.531
2009 b	6.380	-	6.380	5.470	-	5.470	10.284	0.572	10.856	0.044	22.178
2010 a	6.185	-	6.185	5.366	-	5.366	16.335	0.565	16.900	0.044	27.930
2010 b	6.185	-	6.185	5.366	-	5.366	10.142	0.565	10.707	0.044	21.737
2011 a	6.016	-	6.016	5.193	-	5.193	16.552	0.542	17.094	0.042	27.803
2011 b	6.016	-	6.016	5.193	-	5.193	10.275	0.542	10.817	0.042	21.526

a Non Owner Occupied
 b Owner Occupied

Received from Clay County Treasurer.

TABLE 8

CITY OF VERMILLION
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2011			2002		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuations	Assessed Valuation	Rank	Percentage of Total Assessed Valuations
Walmart Stores, Inc	\$ 7,117,610	1	1.91%	\$ -	-	-
Polaris Industries, Inc.	5,004,746	2	1.34%	5,587,849	1	2.77%
JH Investments	4,577,652	3	1.23%	-	-	-
Hatle Investments	2,537,683	4	0.68%	3,252,549	2	1.61%
East River Properties LLC	2,290,691	5	0.61%			
Kirk Hogen	1,955,415	6	0.52%	1,788,714	6	0.89%
TMBL LLC	1,933,622	7	0.52%	-	-	-
Hy-Vee Food Store Inc	1,857,700	8	0.50%	-	-	-
Radha INC	1,765,353	9	0.47%	-	-	-
MarketPlace Vermillion LLC	1,621,893	10	0.43%	-	-	-
Laurence and Beth Brady	-	-	-	2,870,191	4	1.42%
Qwest	-	-	-	2,980,504	3	1.48%
David C. DeRouchey Trustee	-	-	-	1,832,179	5	0.91%
Brighton Heights LLC	-	-	-	1,497,143	7	0.74%
Charles Darcene Allison	-	-	-	1,128,939	8	0.56%
SNG, LLC	-	-	-	1,168,317	9	0.58%
Gregg Peters	-	-	-	1,187,151	10	0.59%
Total Principal Taxpayers	30,662,365		8.22%	23,293,536		11.54%
All Other Taxpayers	342,487,107		91.78%	178,534,045		88.46%
Total Assessed Valuation	\$ <u>373,149,472</u>		<u>100%</u>	\$ <u>201,827,581</u>		<u>100%</u>

Received from Clay County Treasurer.

TABLE 9

CITY OF VERMILLION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy	Outstand. Delinquent Taxes	Percentage of Delinq. Taxes to Tax Levy
2002	\$ 1,092,442	\$ 1,083,499	99.18%	\$ 2,362	\$ 1,085,861	99.40%	\$ 37,168	3.40%
2003	1,144,247	1,132,537	98.98%	6,742	1,139,279	99.57%	39,349	3.44%
2004	1,180,072	1,173,370	99.43%	1,027	1,174,397	99.52%	35,245	2.99%
2005	1,234,902	1,223,476	99.07%	1,987	1,225,463	99.24%	40,773	3.30%
2006	1,285,714	1,267,410	98.58%	8,006	1,275,416	99.20%	49,807	3.87%
2007	1,376,499	1,358,759	98.71%	6,899	1,365,658	99.21%	27,206	1.98%
2008	1,436,746	1,412,780	98.33%	5,683	1,418,463	98.73%	37,427	2.60%
2009	1,548,344	1,521,174	98.25%	4,055	1,525,229	98.51%	43,787	2.83%
2010	1,607,062	1,583,404	98.53%	9,744	1,593,148	99.13%	37,600	2.34%
2011	\$ 1,688,792	\$ 1,629,803	96.51%	\$ -	\$ 1,629,803	96.51%	\$ 38,794	2.30%

TABLE 10

CITY OF VERMILLION
SPECIAL ASSESSMENTS BILLINGS & COLLECTIONS
LAST TEN YEARS

Year	Special Assessments Outstanding	Assessment Paid or Cancelled	Ratio of Collection To Amount Outstanding	Total Outstanding Assessments December 31
2002	\$ 444,727	\$ 95,080	21.38%	\$ 349,647
2003	349,647	122,554	35.05%	227,093
2004	393,282	80,530	20.48%	359,029
2005	358,029	68,046	19.01%	289,983
2006	806,507	112,275	13.92%	694,232
2007	711,485	103,058	14.48%	608,428
2008	979,380	112,240	11.46%	867,140
2009	886,278	166,206	18.75%	720,072
2010	773,570	290,668	37.57%	482,902
2011	\$ 484,926	\$ 118,074	24.35%	\$ 366,852

Table 11

CITY OF VERMILLION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases			
2002	\$ 2,279,273	\$ -	\$ -	\$ 5,675,606	\$ 161,749	\$ 266,599	\$ 8,383,227	3.49%	833
2003	2,077,580	163,625	-	6,161,810	131,297	203,316	8,737,628	3.39%	868
2004	1,676,954	122,719	-	6,133,044	99,924	284,290	8,316,931	2.95%	834
2005	2,063,339	81,813	-	7,525,398	67,603	318,082	10,056,235	3.39%	984
2006	2,238,174	40,907	-	10,025,790	309,483	234,072	12,848,426	4.26%	1,303
2007	1,986,665	-	4,475,000	11,510,482	324,721	87,864	18,384,732	5.52%	1,843
2008	2,027,848	-	4,355,000	11,201,109	396,737	24,912	18,005,606	4.41%	1,716
2009	1,698,558	-	4,185,000	18,159,279	407,878	-	24,450,715	5.79%	2,347
2010	765,000	-	4,010,000	20,287,816	800,860	-	25,863,676	n/a	n/a
2011	\$ 390,000	\$ -	\$ 3,825,000	\$ 19,759,654	\$ 687,003	\$ -	\$ 24,661,657	n/a	n/a

n/a - This data was not available at the time of this report.

TABLE 12

CITY OF VERMILLION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2011

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable To This Governmental Unit ¹	City's Share of Debt
School District	\$ 1,900,000	62.49%	\$ <u>1,187,351</u>
Total Direct and Overlapping Debt			\$ <u><u>1,187,351</u></u>

Assessed value data used to estimate applicable percentages provided by the Clay County Director of Equalization. Debt outstanding provided by the Vermillion School District.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Vermillion. This process recognizes that, when considering the government's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using the taxable property values. Applicable percentages were estimated by determining the portion the City's taxable value that is within the government's boundaries and dividing it by the School District's total taxable property value.

TABLE 13

CITY OF VERMILION
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

	2002	2003	2004	2005	2005	2007	2008	2009	2010	2011
Debt Limit	\$ 10,992,788	\$ 11,070,789	\$ 12,085,741	\$ 12,314,841	\$ 13,012,361	\$ 15,090,303	\$ 16,161,529	\$ 15,917,253	\$ 17,508,630	\$ 18,657,474
Total, net debt applicable to limit	\$ 6,388,053	\$ 6,550,775	\$ 7,193,530	\$ 8,316,034	\$ 9,566,972	\$ 8,825,608	\$ 8,125,471	\$ 7,236,640	\$ 6,979,204	\$ 5,888,649
Legal Debt Margin	\$ 4,604,735	\$ 4,420,014	\$ 4,892,211	\$ 3,998,807	\$ 3,455,389	\$ 6,264,697	\$ 8,036,058	\$ 8,680,613	\$ 10,530,426	\$ 12,768,824
Total net debt applicable to limit as a percentage of debt limit	58.11%	60.07%	59.52%	67.53%	73.45%	58.49%	50.28%	45.46%	39.86%	31.45%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2010

Total 2011 Taxable Value	\$ 317,177,051
Assessed Value	<u>373,149,472</u>
Debt Limit - 5% of Assessed Value	<u>18,657,474</u>
AMOUNT OF DEBT APPLICABLE TO LIMIT	6,743,980
Total Bonded Debt and Long-Term Notes Payable	
Less: amount set aside for repayment of debt	
General Revenue Bonds	(860,453)
Joint Powers Revenue Bonds	(10,305)
Curbside Revenue Bonds	-
Electric Revenue Bonds	-
Water Revenue Bonds	-
Wastewater Revenue Bonds	(4,573)
DEBT APPLICABLE TO DEBT LIMIT	<u>(875,331)</u>
LEGAL DEBT MARGIN	<u>\$ 5,868,649</u>
	<u>\$ 12,768,824</u>

Table 14

CITY OF VERMILLION
REVENUE BOND COVERAGE
ELECTRIC ENTERPRISE
LAST TEN FISCAL YEARS¹

Fiscal Year	Net Revenue	Direct Operating Expenses	Depreciation Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
2002	\$ 3,376,113	\$ 2,464,823	\$ 256,545	\$ 1,167,835	\$ 65,000	\$ 24,540	\$ 89,540	13.04	\$ 1,424,380	15.91
2003	3,294,679	2,252,931	262,589	1,304,337	70,000	22,034	92,034	14.17	1,566,926	17.03
2004	3,540,836	2,500,095	266,257	1,306,998	75,000	18,735	93,735	13.94	1,573,255	16.78
2005	3,984,129	2,808,651	277,325	1,452,803	80,000	15,131	95,131	15.27	1,730,128	18.19
2006	4,191,995	2,965,244	275,317	1,502,068	80,000	11,380	91,380	16.44	1,777,385	19.45
2007	4,592,516	3,362,594	286,811	1,516,733	90,000	7,018	97,018	15.63	1,803,544	18.59
2008	4,868,374	3,507,191	306,305	1,667,488	90,000	763	90,763	18.37	1,973,793	21.75
2009 ²	5,158,478	4,004,115	311,894	1,466,257	-	-	-	n/a	1,778,151	n/a
2010 ³	517,889	-	-	517,889	-	391,211	391,211	1.32	517,889	1.32
2011 ³	\$ 738,404	\$ -	\$ -	\$ 738,404	\$ 185,000	\$ 384,797	\$ 569,797	1.30	\$ 738,404	1.30

¹ GAAP Basis

² General Obligation Bonds were paid off in 2009

³ Starting in 2010 a surcharge fee was pledged for the debt service

Table 15

CITY OF VERMILLION
REVENUE BOND COVERAGE
WATER ENTERPRISE
LAST TEN FISCAL YEARS¹

Fiscal Year	Net Revenue	Direct Operating Expenses	Depreciation Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
2002	\$ 962,932	\$ 785,098	\$ 90,796	\$ 268,630	\$ 25,340	\$ 37,899	\$ 63,239	4.25	\$ 359,426	5.68
2003	1,016,664	838,573	94,720	272,811	26,630	36,508	63,138	4.32	367,531	5.82
2004	1,052,652	953,217	110,643	210,078	63,489	91,486	154,975	1.36	320,721	2.07
2005	1,210,698	922,383	132,650	420,965	83,214	84,093	167,307	2.52	553,615	3.31
2006	1,350,043	975,516	143,885	518,412	87,145	82,757	169,902	3.05	662,297	3.90
2007 ²	1,354,889	1,091,290	148,379	411,978	90,721	77,441	168,162	2.45	560,357	3.33
2007 ³	145,748	-	-	145,748	-	74,969	74,969	1.94	145,748	1.94
2008 ²	1,158,017	1,099,739	187,002	245,280	94,446	73,716	168,162	1.46	432,282	2.57
2008 ³	293,627	-	-	293,627	137,706	88,447	226,153	1.30	293,627	1.30
2009 ²	1,222,490	1,172,310	232,343	282,523	98,331	69,832	168,163	1.68	514,866	3.06
2009 ³	263,810	-	-	263,810	147,946	87,413	235,359	1.12	263,810	1.12
2010 ²	1,200,469	1,189,028	241,817	253,258	102,381	65,621	168,002	1.51	495,075	2.95
2010 ³	266,174	-	-	266,174	151,896	83,772	235,668	1.13	266,174	1.13
2011 ²	1,297,129	1,246,547	247,878	298,460	106,603	63,412	170,015	1.76	546,338	3.21
2011 ³	261,909	-	-	261,909	155,729	79,939	235,668	1.11	261,909	1.11

¹ GAAP Basis² Bond obligations not covered with surcharge pledge³ Starting in 2007 bonds were paid with surcharge pledge

Table 16

CITY OF VERMILLION
REVENUE BOND COVERAGE
WASTEWATER ENTERPRISE
LAST TEN FISCAL YEARS¹

Fiscal Year	Net Revenue	Direct Operating Expenses	Depreciation Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
2002	\$ 770,486	\$ 598,071	\$ 222,419	\$ 394,834	\$ 6,021	\$ 2,313	\$ 8,334	47.38	\$ 617,253	74.06
2003	806,120	948,583	231,064	88,601	6,204	2,149	8,353	10.61	319,665	38.27
2004	898,561	996,396	232,964	135,129	8,771	13,362	22,133	6.11	368,093	16.63
2005	1,019,556	1,057,775	230,778	192,559	16,313	11,126	27,439	7.02	423,337	15.43
2006	1,125,387	1,012,040	307,791	421,138	70,040	38,925	108,965	3.86	728,929	6.69
2007	1,260,442	1,191,304	380,627	449,765	139,674	114,424	254,098	1.77	830,392	3.27
2008	1,332,533	1,168,515	380,848	544,866	144,728	110,244	254,972	2.14	925,714	3.63
2009	1,418,108	1,230,161	387,288	575,235	149,498	105,646	255,144	2.25	962,523	3.77
2010 ²	1,344,143	1,236,230	413,192	521,105	154,426	140,768	295,194	1.77	934,297	3.17
2010 ³	145,131	-	-	145,131	41,335	49,870	91,205	1.59	145,131	1.59
2011 ²	1,346,120	1,435,127	509,019	420,012	168,769	104,201	272,970	1.54	929,031	3.40
2011 ³	\$ 300,259	\$ -	\$ -	\$ 300,259	\$ 138,513	\$ 124,963	\$ 263,476	1.14	\$ 300,259	1.14

¹ GAAP Basis

² Bond obligations not covered with surcharge pledge

³ Starting in 2010 a surcharge fee was pledged for the debt service

Table 17

CITY OF VERMILLION
REVENUE BOND COVERAGE
GOLF COURSE ENTERPRISE
LAST TEN FISCAL YEARS¹

Fiscal Year	Net Revenue	Direct Operating Expenses	Depreciation Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
2002	\$ 905,101	\$ 699,132	\$ 65,378	\$ 271,347	\$ 95,000	\$ 279,247	\$ 374,247	0.73	\$ 336,725	0.90
2003	1,019,718	704,022	62,600	378,296	170,000	269,626	439,626	0.86	440,896	1.00
2004	1,141,205	735,976	61,873	467,102	4,155,000	177,981	4,332,981	0.11	528,975	0.12
2005	1,361,620	939,204	64,933	487,349	25,000	169,046	194,046	2.51	552,282	2.85
2006	1,075,012	877,881	67,434	264,565	360,000	171,876	531,876	0.50	331,999	0.62
2007	1,108,569	747,385	63,868	425,052	395,000	156,143	551,143	0.77	488,920	0.89
2008	1,102,842	761,423	63,065	404,484	405,000	136,699	541,699	0.75	467,549	0.86
2009	1,163,153	759,146	49,779	453,786	430,000	82,496	512,496	0.89	503,565	0.98
2010	1,141,943	743,668	62,441	460,716	430,000	92,280	522,280	0.88	523,157	1.00
2011	\$ 1,185,441	\$ 777,221	\$ 59,544	\$ 467,764	\$ 430,000	\$ 66,754	\$ 496,754	0.94	\$ 527,308	1.06

¹ GAAP Basis

Table 18

CITY OF VERMILLION
PRINCIPAL EMPLOYERS
DECEMBER 31, 2011

Employer	2011		Percentage of Total City Employees
	# of Employees	Rank	
University of South Dakota	1,112	1	14.76%
Sanford Vermillion Medical Center	250	2	3.32%
Walmart	220	4	2.92%
Masaba Mining Equipment	188	3	2.50%
Stream Global Solutions	185	5	2.46%
Hy Vee Food Stores	166	6	2.20%
Vermillion Public Schools	160	7	2.12%
SESDAC	140	8	1.86%
Polaris Industries	130	9	1.73%
City of Vermillion	110	10	1.46%
Total Principal Employers	2,661		35.32%
Other Employers	4,874		64.68%
Total Employers	7,535		100%

¹ Comparative data for nine years ago not currently available.

Information in table provided from South Dakota Economic Development Office.

TABLE 19

CITY OF VERMILLION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Calendar Year	Population ¹	Total Personal Income	Per Capita Personal Income ²	Educational Attainment Bachelor's Degree or Higher ¹	Median Age ¹	Public School Enrollment ³	University of South Dakota Enrollment ⁴	Unemployment Rate ¹
2002	10,065	240,533,370	23,898	n/a	24.8	1,358	8,703	3.20%
2003	10,070	257,489,900	25,570	n/a	24.9	1,298	7,917	3.10%
2004	9,975	281,863,575	28,257	n/a	25.1	1,305	8,120	3.30%
2005	10,218	296,792,028	29,046	n/a	25.4	1,327	8,641	3.30%
2006	9,862	301,481,340	30,570	n/a	n/a	1,318	8,746	2.80%
2007	9,975	333,145,050	33,398	n/a	n/a	1,282	9,243	2.50%
2008	10,495	408,087,580	38,884	n/a	n/a	1,288	9,291	2.60%
2009	10,417	422,117,674	40,522	2,358	n/a	1,275	9,617	3.60%
2010	10,571	\$ n/a	\$ n/a	2,358	n/a	1,251	10,151	4.00%
2011	10,571	\$ n/a	\$ n/a	n/a	n/a	1,239	9,970	3.40%

¹ State of South Dakota website.

² United States Census Bureau per Business Research Bureau, USD.

³ Vermillion Public School Business Office.

⁴ USD website. Fall Semester enrollment figures.

n/a - This data was unavailable at the time of the report.

TABLE 20

CITY OF VERMILLION
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General										
Executive	3.29	3.59	2.99	2.99	2.82	3.71	3.07	3.63	3.88	3.31
Finance	6.07	5.92	6.30	5.96	6.00	6.02	6.00	6.02	5.94	6.00
Engineering	5.05	4.96	4.75	4.70	4.83	4.64	4.87	4.22	4.71	4.73
Service Center	2.13	2.01	2.24	2.52	2.55	2.57	2.46	2.54	2.56	2.53
Public Safety										
Police Administration	5.83	5.87	6.02	5.45	5.53	5.71	5.10	5.10	5.67	5.26
Police Patrol	14.50	15.82	15.50	14.50	13.92	13.77	15.04	15.57	16.44	15.77
Communications	7.54	7.47	7.56	7.88	7.22	8.83	7.44	7.43	8.01	8.33
Fire	1.00	1.00	1.01	1.00	1.00	1.00	1.01	1.00	1.00	1.00
Public Works										
Street Department	6.64	6.65	6.66	6.45	5.51	5.72	5.94	6.71	6.69	6.48
Carpentry	1.06	1.06	1.06	1.05	1.04	1.07	1.08	1.04	1.05	1.04
Health & Welfare										
Code Compliance	3.05	3.17	3.03	3.00	3.04	3.01	3.02	3.01	2.91	3.25
Ambulance	3.62	3.91	3.72	3.85	4.04	4.13	4.57	3.02	3.06	3.44
Culture-Recreation										
Pool	5.03	4.66	5.37	4.99	4.81	4.61	4.43	5.06	4.65	4.83
Recreation	3.71	4.21	4.03	4.41	3.79	4.27	4.22	4.53	4.01	4.25
Libraries	8.34	8.76	8.36	8.23	8.10	8.08	8.24	8.56	8.84	8.56
Parks	4.17	3.64	3.83	3.89	4.76	4.00	4.56	4.43	4.49	4.30
Electric	11.56	11.49	11.82	11.91	11.27	10.87	10.67	11.15	10.85	10.91
Water	8.75	8.72	9.03	8.62	8.36	8.64	8.48	8.56	8.70	8.35
Wastewater	6.55	7.28	7.46	7.14	7.01	7.67	7.41	7.15	6.98	6.95
Golf	9.08	9.77	10.29	9.74	9.42	9.13	9.71	9.65	9.85	9.32
Joint Powers	8.73	9.06	9.06	9.08	9.20	9.10	9.70	9.95	9.95	9.76
Curbside Recycling	-	-	-	-	-	-	-	0.72	1.96	1.95
Internal Service										
Custodial	-	0.98	1.72	1.66	1.73	1.81	1.82	2.01	2.16	2.14
	<u>125.70</u>	<u>129.99</u>	<u>131.80</u>	<u>129.00</u>	<u>125.96</u>	<u>128.38</u>	<u>128.84</u>	<u>131.05</u>	<u>134.36</u>	<u>132.46</u>

Information in table provided from City of Vermillion payroll data base.

Table 21

CITY OF VERMILLION
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police											
Non-Traffic Violations	449	573	965	1,026	701	735	905	821	821	747	561
Traffic Violations	747	777	570	705	599	603	705	936	906	1,219	660
Parking Violations	3,142	3,167	2,801	2,172	2,323	2,341	2,297	2,576	1,839	1,865	1,399
Fire											
Structure Fires	13	16	19	16	13	14	13	12	12	12	14
Other Fires & Incidents Calls	90	111	81	87	106	79	79	116	104	102	92
Ambulance											
Total Calls	493	467	553	526	541	518	574	702	771	740	727
Total Stand-By	n/a	34	41	42	43	37	28	38	44	45	52
Code Compliance											
Rental Housing Inspections		858	780	456	764	600	912	1,184	970	1,105	1,086
Building Permits-Single Family	29	24	16	30	36	36	37	30	11	10	9
Building Permits-Multiple Family	1	-	-	8	6	7	7	9	1	7	4
Building Permits-Commercial	4	1	3	8	6	6	8	12	13	6	3
Value of New Construction	\$ 5,684,063	\$ 3,027,100	\$ 3,466,180	\$ 6,763,326	\$ 14,331,000	\$ 8,212,480	\$ 19,544,721	\$ 9,839,155	\$ 2,983,296	\$ 4,502,352	\$ 5,786,357
Municipal Garage											
Service Jobs	248	302	282	258	266	260	239	273	243	248	241
Repairs	302	419	386	349	367	374	359	288	353	376	368
Library											
Circulation	87,465	89,079	98,752	89,875	79,813	78,652	78,196	78,711	77,979	79,168	78,344
Number of Card Holders	7,177	7,784	7,910	7,784	7,239	7,772	8,137	7,319	7,634	7,158	4,763
Swimming Pool											
Swim Lesson Participation	389	401	445	442	408	351	389	392	402	427	406
Open Swim Hours	37,212	40,013	38,772	36,770	21,000	18,700	18,700	19,125	13,090	12,320	12,320
Parks & Recreation											
Fall/Winter Participants	6,052	6,143	4,620	6,714	4,571	4,588	4,204	4,041	3,657	3,009	2,799
Summer Participants	2,725	3,790	2,754	2,000	1,947	2,352	1,936	1,889	2,048	2,130	2,034
Electric											
Total Number Meters	4,166	4,163	4,166	4,155	4,218	4,277	4,357	4,374	4,414	4,431	4,447
Total Metered Kilowatts	52,801,816	55,662,753	54,634,466	54,351,153	59,015,023	61,249,026	64,290,866	63,777,094	62,286,446	65,537,825	67,118,551
Summer Peak Demand Kilowatts	14,746	14,288	13,964	13,995	14,533	16,132	15,424	14,746	14,620	15,619	16,720
Winter Peak Demand Kilowatts	9,298	8,742	8,217	9,187	11,587	10,850	11,294	11,486	11,059	11,148	11,240
Water											
Number of Connections	2,446	2,561	2,590	2,603	2,669	2,709	2,746	2,847	2,826	2,856	2,875
Average Daily Consumption	1,090,132	1,258,951	1,115,912	1,091,298	1,061,452	1,102,886	1,199,674	1,070,737	1,017,585	921,929	958,603
Daily Peak Demand	2,212,000	2,319,000	2,212,000	2,317,000	2,102,000	2,231,000	2,549,000	2,387,000	1,647,000	1,365,000	1,864,000
Wastewater											
Number of Connections	2,503	2,517	2,522	2,559	2,607	2,612	2,683	2,759	2,761	2,763	2,809
Average Daily Flow	1,026,000	982,000	990,000	1,095,000	1,232,000	1,102,000	1,109,000	1,025,000	1,033,000	1,248,000	1,374,000
Daily Peak Demand	n/a	n/a	n/a	1,915,000	2,918,000	2,133,000	1,959,000	1,767,000	1,730,000	3,517,000	2,835,000
Joint Powers											
Tonnage in Landfill Trenches	25,293	26,280	25,979	26,245	25,677	28,912	32,090	36,382	35,420	36,468	34,813
Tonnage Recycled	857	900	927	1,039	934	972	1,163	1,211	1,805	1,085	1,066
Bluff's Golf Course											
Rounds of Golf	28,215	23,966	23,476	22,756	22,465	21,188	23,376	21,443	23,012	21,476	20,703
Liquor Store											
Gross Sales	670,589	661,589	704,118	767,567	857,976	967,937	1,094,738	1,179,546	1,165,625	1,181,977	1,185,643
Gross Profit %	20.66%	24.60%	25.94%	28.63%	27.04%	33.53%	33.37%	31.25%	30.93%	31.17%	30.97%
Street Department											
Tons of Sand for Ice	1237	363	675	572	422	524	1,001	959	630	767	450
Truckloads of Snow Hauled	557	116	364	620	363	193	595	538	713	1,874	316

Information in table provided from City of Vermillion Department Superintendents

Table 22

CITY OF VERMILLION
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	4	5	5	5	5	5	5	5	5	5
Fire										
Stations	2	2	2	2	2	1	1	1	1	1
Engines/Trucks	6	6	6	6	6	6	6	6	6	6
Hydrants				384	385	387	388	392	398	398
Ambulance										
Ambulances	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	44.00	45.00	45.00	46.00	46.69	46.77	46.94	46.94	46.94	47.39
Streetlights	-	1,141	1,165	1,183	1,172	1,187	1,211	1,285	1,243	1,243
Culture & Recreation										
Parks (acres)	115.00	115.00	115.50	115.50	115.50	115.50	115.50	115.50	115.50	115.50
Parks	6	6	7	7	7	7	7	7	7	7
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Softball Diamonds	2	2	2	2	2	2	2	2	2	2
Baseball Diamonds	3	3	3	3	3	3	3	3	3	3
Golf Courses	1	1	1	1	1	1	1	1	1	1
Electric										
Total Number Meters	4,163	4,166	4,155	4,218	4,277	4,357	4,374	4,414	4,431	4,447
Total Metered Kilowatts	55,662,753	54,634,466	54,351,153	59,015,023	61,249,026	64,250,866	63,777,094	62,286,446	65,537,825	67,118,551
Summer Peak Demand Kilowatts	14,288	13,964	13,995	14,533	16,132	15,424	14,746	14,620	15,619	16,720
Winter Peak Demand Kilowatts	8,742	8,217	9,187	11,587	10,850	11,294	11,496	11,059	11,148	11,240
Water										
Water Mains (miles)	54.14	57.67	57.96	59.63	61.07	61.21	62.17	63.41	64.01	64.69
Maximum Daily Capacity (gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Wastewater										
Sanitary Sewer (miles)	56.44	56.57	56.57	57.23	57.85	57.85	57.93	58.15	58.18	58.27
Stormwater Sewer (miles)	4.64	5.11	5.11	6.26	6.26	6.26	6.57	6.81	6.82	6.84
Maximum Daily Capacity (gallons)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

Information in table provided from City of Vermillion Department Superintendents

**CITY OF VERMILLION
COMPLIANCE SECTION**

CITY OF VERMILLION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

Part I. Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) No significant deficiency in internal control over financial were reported in the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

Part II. Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

No matters were reported.





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**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***

Honorable Members of the City Council
City of Vermillion, South Dakota

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF VERMILLION, SOUTH DAKOTA as of and for the year ended December 31, 2011 which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 29, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of the Vermillion Housing and Redevelopment Commission which statements reflect total assets of \$87,418 and total revenues of \$952,455 as of and for the year ended June 30, 2011. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Vermillion Housing and Redevelopment Commission, is based solely on the report of the other auditors.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the City of Vermillion's internal control over financial reporting as a basis for designing our auditing procedures 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 Vermillion's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Vermillion's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or

material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters:

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

This report is intended solely for the information and use of the City Council, management and others within the City of Vermillion, South Dakota, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
May 29, 2012



Council Agenda Memo

From: José Dominguez, City Engineer

Meeting: July 16, 2012

Subject: Amendment Adding the High Priority Funded Bike Path Project to Agreement 713314

Presenter: José Dominguez

Background: The original agreement made with the State for the construction of the bike trails was for two trails: one along the Vermillion River and another along Highway 50. This amendment would add a third trail along Highway 19 between Highway 50 and Cherry Street to the list.

Discussion: The proposed amendment would allow the City to complete the trail system between Highway 50 and Cherry Street. In addition, the trail would provide a safer path for the recreational bike rider by allowing them to use the trail rather than riding on the street.

The proposed bike path will be designed this year with the bids being opened later in the year. The project will either be constructed this year or early summer 2013.

Financial Consideration: It is estimated that the construction and engineering will cost approximately \$190,000. This does not include any construction administration, which is required by the State. Due to this unknown, we proposed to set aside \$225,000 for the project. This amount would cover the estimated costs, the construction administration and also provide for a small contingency.

This project was not budgeted for during the 2011 year. The project will be included in the budget during the upcoming 2012 budget revision ordinance which will be presented in September. Although the City will pay for the entire project, the State will refund the City 81.95%.

Conclusion/Recommendations: Administration recommends approving the amendment to Agreement 713314.



Department of Transportation

Division of Planning & Engineering

Local Government Assistance

700 East Broadway Avenue

Pierre, South Dakota 57501-2586

OFFICE: 605/773-6253

FAX: 605/773-4870

July 10, 2012

Dave Nelson
Parks & Recreation Director
City of Vermillion
603 Princeton Street
Vermillion, SD 57069

Dear Mr. Nelson:

Enclosed are three copies of an amendment adding a project number to the High Priority Funded bike path projects. Please have all three copies of the agreement signed and returned for SDDOT signatures. I will return a copy of the amendment with SDDOT signatures for your records. Please include the city council meeting minutes authorizing the mayor to sign the amendment as well.

If you have any questions please feel free to call me or email me at paula.huizenga@state.sd.us.

Sincerely,



Paula Huizenga
Grant Program Engineer
(605) 773-6253

AMENDMENT NUMBER 1 TO AGREEMENT NUMBER 713314

BACKGROUND:

1. On December 27, 2011, the State of South Dakota, acting by and through its Department of Transportation, referred to in this Amendment as "STATE," and the City of Vermillion, South Dakota, referred to in this Amendment as "CITY," entered into a funding agreement to construct project number EM 8014(29) PCN 010F, which agreement, referred to in this Amendment as the "AGREEMENT," was signed by representatives of each party and assigned agreement number 713314 by STATE; and,
2. STATE and CITY wish to amend the AGREEMENT.

STATE AND CITY MUTUALLY AGREE AS FOLLOWS:

1. The first "Whereas" paragraph on Page 1 is revised to read as follows:

WHEREAS, the State of South Dakota, acting by and through its Department of Transportation, referred to in this Amendment as "STATE," and the City of Vermillion, South Dakota, referred to in this Amendment as "CITY," want to let for construction the following projects to design and construct two segments of a bike path along the Vermillion River. These two segments will be collectively referred to in this Agreement as "PROJECT."

- EM 8014(29) PCN 010F: let for construction in federal fiscal years (FFY) 2010 and 2012, to construct a shared use path along the Vermillion River and South Dakota Highway 50; and,
 - EM 8014(33) PCN 03WA: let for construction in FFY 2012, to construct a shared use path along SD Highway 19 and Cherry Street in Vermillion, South Dakota.
2. CITY and STATE agree, except as amended, all other terms and conditions of the original AGREEMENT, will remain in full force and effect.
 3. CITY has designated its Mayor as CITY'S authorized representative and has empowered the Mayor with the authority to sign this Amendment on behalf of CITY. A copy of CITY'S Commission minutes or resolution authorizing the execution of this Amendment by the Mayor as the authorized representative for CITY is attached to this Amendment as Exhibit 2.

This Amendment is binding upon signatories not as individuals but solely in their capacities as officials of their respective organizations and acknowledges proper action of STATE and CITY to enter into the same.

City of Vermillion, South Dakota	State of South Dakota Department of Transportation
By: _____	By: _____
Its: Mayor	Its: Secretary
Date: _____	Date: _____
Attest:	Recommended By:
_____	_____
City Auditor/Clerk	Program Manager, Office of Administration
[City Seal]	Approved as to Form:  Special Assistant Attorney General



Council Agenda Memo

From: José Dominguez, City Engineer
Meeting: July 16, 2012
Subject: Parallel Taxiway Extension Project
Presenter: José Dominguez

Background: The existing capital improvement plan for the airport calls for the construction of the parallel taxiway extension. The project would have also included the construction of the jet fuel system at the airport.

Bids were opened June 26, 2012. Three bids were received. The low bid was from Welfl Construction at \$527,378.00, while the high bid came in at \$575,251.66. The low bid also included a bid for the jet fueling system for \$92,623.00. No other bids included a cost for the jet fueling system.

Discussion: Bidding is required by State law when the cost of the project exceeds \$50,000. This project was estimated to cost more than the bid limit so bids were requested.

The original estimate for the parallel taxiway extension and the jet fueling system was \$500,000. The low bid, including the fueling system, was high by \$120,001. The high bids can be attributed to a change in the specifications required by the FAA. The change requires that if asphalt already placed did not pass inspection, the entire asphalt already constructed would have had to be removed and replaced. Prior to this change to the specifications, only sections that did not pass inspection would have been removed.

The City and the Consultant have been in contact with the FAA and the State to see if the specifications may be changed back to the prior requirements. Both of the entities have agreed to allow the City to change the specifications to the prior requirements.

Financial Consideration: This project will be paid for with City, State and Federal funds. The City would pay for the entire cost and later be reimbursed by the State and Federal government for 95% of the cost. The City originally budgeted for \$500,000, of which \$475,000 would be reimbursed.

Conclusion/Recommendations: Administration recommends rejecting all bids for the project and readvertising for a new bid opening. The specifications will be updated and the project rebid. The proposed bid opening will be July 31, 2012.

CITY OF VERMILLION
 INVOICES PAYABLE-JULY 16, 2012

1 JOHN POWELL	MEALS REIMBURSEMENT	63.00
2 A-OX WELDING SUPPLY CO	CHEMICLES	796.90
3 ADVANCED WEIGHING SYSTEMS	ANNUAL SUPPORT	1,550.00
4 ARCHITECTURE INC.	PROFESSIONAL SERVICES	2,715.00
5 BROADCASTER PRESS	ADVERTISING	2,155.80
6 BUREAU OF ADMINISTRATION	TELEPHONE	272.44
7 CENTURYLINK	TELEPHONE	1,460.99
8 CITY OF VERMILLION	LANDFILL VOUCHERS	552.00
9 CLAY-UNION ELECTRIC CORP	ELECTRICITY	1,225.23
10 CLEMET BOSTUCK	MOWING	217.50
11 DEPT. ENVIRONMENT NATL RES	DRINKING WATER FEE/LANDFILL OPERATIONS FEE	7,583.93
12 FOREMAN MEDIA	COUNCIL MTG	100.00
13 GEOTEK ENGINEERING	PROFESSIONAL SERVICES	1,069.50
14 GREGG PETERS	MANAGERS PROFITS/FEEs	18,180.10
15 KALINS INDOOR COMFORT	REPAIRS	67.00
16 KNOLOGY	DIALUP SERVICE	49.95
17 LAUREN L. TOLSMA	MILEAGE	96.20
18 LOREN FISCHER DISPOSAL	HAUL CARDBOARD	140.00
19 MATHESON TRI-GAS, INC	OXYGEN	97.88
20 MIDAMERICAN	GAS USAGE	862.12
21 MIDCONTINENT COMMUNICATION	CABLE/INTERNET SERVICE	105.95
22 RESERVE ACCOUNT	POSTAGE FOR METER	950.00
23 SOUTH DAKOTA OPEN	ADVERTISING	500.00
24 SPRINT	CELL PHONES	1,219.86
25 STERN OIL CO.	FUEL	18,737.08
26 THE EQUALIZER	ADVERTISING	111.00
27 THURSDAYS ON THE PLATZ	MARKETING SUPPORT	500.00
28 UNITED PARCEL SERVICE	SHIPPING	8.54
29 US POSTMASTER	POSTAGE FOR UTILITY BILLS	1,050.00
30 VERMILLION DEVELOPMENT CO	CONTRIBUTION	46,350.00
31 VISA/FIRST BANK & TRUST	FUEL/SUPPLIES	52.97
32 WALKER CONSTRUCTION	PROFESSIONAL SERVICES	140.00
	GRAND TOTAL	\$108,980.94

City of Vermillion
Labor and Finance Committee
Tuesday – July 10, 2012
8:00 a.m. City Hall

The meeting of the City of Vermillion Labor and Finance Committee was called to order on Tuesday, July 10, 2013 at 8:00 a.m. by Chairman Davies.

Present: Collier-Wise, Zimmerman, Ward, and Chairman Davies

Also Present: John Prescott, Andy Colvin, Mike Carlson

Labor Union Negotiations

John Prescott, City Manager, reported that the three year contracts with both city labor unions are expiring this year and opening proposals have been received from both unions. John reviewed the proposals that have been received from each union noting that each had included a request for a three year contract. John reviewed his recommendations as responses to the proposals requesting input from the committee on the proposals. As to the cost of living adjustment John requested direction from the committee. Discussion followed on the proposals along with the recommendation for the cost of living adjustment. John noted that a meeting is set for later this week with the AFSCME Union and next month with the Teamsters Union. The committee reviewed their recommendations for John to proceed with union negotiations.

Hearing no further business for the committee the meeting was adjourned at 8:40 a.m.

**VERMILLION PUBLIC LIBRARY
BOARD OF TRUSTEES
MONTHLY MEETING**

**Tuesday, July 17, 2012
6:00pm
South Dakota Room**

AGENDA

- I Roll Call
- II Approval of the minutes of the June 19, 2012 meeting Pages 2-3
- III Reports of the Director
 - A. June Commentary Pages 4-5
 - B. June Statistics Pages 6-7
 - C. Fines & Gifts Pages 8-9
 - D. June Budget Sheet Pages 10-11
- IV Approval of the Expenditures for July Pages 12-13
- V Library Newsletter and Calendar Pages 14-17
- VI Reports
 - A. SD Library Network
 - B. Friends of the Library
 - C. VPL Foundation
- VII Unfinished Business
 - A. Building Project
 - B. 2013 Budget
- VIII New Business
 - A. New Logo
 - B. Personnel

MINUTES

TRUSTEES PRESENT: Janet Hoff, Kent Osborne, Carl Gutzman, Cyndy Chaney and Jon Flanagin.

OTHERS PRESENT: Jane Larson

On a motion by Hoff, seconded by Chaney the minutes of the May 17, 2012 meeting were read and approved.

The reports of the Director were reviewed and discussed. Larson provided additional statistics and details on the Summer Reading Program.

On a motion by Hoff, seconded by Chaney the proposed expenditures for June were approved for payment. All present voted aye.

REPORTS:

SDLN – Larson reported that SDLN will be migrating in 2013 to OCLC or Sirsi/Dynix. Today we were informed it will probably be OCLC if costs can be litigated.

FRIENDS – The Friends donated \$1000 to the Summer Reading Program.

FOUNDATION – Larson reported that a few donations and pledges are coming in but the campaign is officially completed.

UNFINISHED BUSINESS:

The building project was discussed. Larson reported that on June 27 there will be design and progress meetings. The RFPs for changes in finishes were discussed. Larson reported that most of the steel has arrived and the HVAC unit has been placed in the basement. The temporary north wall will be installed the first week of July.

The proposed 2013 budget was discussed. Larson reported that there will be increases for city utilities that were not reported until the 2013 budget was submitted. Those line items will be adjusted and the Board will view those adjustments at the July meeting or the August budget sessions.

The state broadband initiative was discussed. Larson reported that we requested our review in July and we are awaiting word as to the actual date and time.

Larson reported that the staff name tags, as requested, will be available in the next 10 days. We chose lanyards with changeable name tags to accommodate continuously changing work-study employees and to highlight programming.

NEW BUSINESS:

None

Respectfully submitted,

Jane A. Larson
Jane A. Larson
Secretary for the Board

DIRECTOR'S REPORT – JUNE 2012

June 4 – First day of Summer Reading Program

June 5 – I presented a program on the Library's building project to a local chapter of PEO.

June 6 – The roof on the new children's section was installed.

June 11 – I proctored an exam for WIT.

June 12 – At the monthly staff meeting the following topics were discussed: Department Head meetings; construction project; new ILS; tokens; movie schedule; name tags and reading logs.

June 13 – I attended a Department Head meeting at City Hall.

June 14,15,18– I was on vacation.

June 22 – I proctored an exam for WIT.

June 27 – I attended a Department Head meeting at City Hall.

June 27 – I attended a design meeting and a construction progress meeting.

Circulation Statistics for June 2012

Circulation												
By Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1) Adult Fiction	1621	1583	1603	1387	1742	1769						
2) Adult Non-Fiction	578	589	555	580	540	523						
3) Video	704	819	1051	853	838	965						
4) Child Non-Fiction	419	480	458	357	376	630						
5) Child Fiction	1572	1579	1466	1340	1560	2633						
7) Child A/V	26	29	47	35	57	74						
8) Adult A/V	444	415	434	380	466	450						
9) Child Periodicals	2	2	4	4	6	12						
10) Adult Periodicals	155	182	185	205	209	223						
11) Art Prints	3	5	2	1	2	4						
14) Toys	5	4	1	11	2	4						
15) CD-Rom	1	4	4	2	2	2						
16) New Books	909	916	889	986	1139	1122						
17) Book Club Bags	3	3	2	3	2	3						
18) Parent/Teacher	11	13	12	11	10	17						
OneClick Digital	13	23	52	1	5	68						
OverDrive	42	*	88	81	76	128						
Total	6508	6646	6853	6237	7032	8627	0	0	0	0	0	0
Year's Comparison			Outreach				Book and A/V Drop					
	<u>June 2011</u>	<u>June 2012</u>	<u>Month</u>	<u>Items</u>	<u>Patrons</u>	<u>Deliveries</u>	<u>Month</u>	<u>Total</u>	<u>#/Day</u>			
Adult	4130	3958	Jun 2011	545	35	70	Jun 2011	1879	72			
Child	3694	3349	Jul 2011	569	37	70	Jul 2011	2044	82			
New	1366	1122	Aug 2011	625	34	74	Aug 2011	2275	84			
CD-Rom	3	2	Sep 2011	605	34	87	Sep 2011	1588	53			
Total	9193	8431	Oct 2011	601	34	62	Oct 2011	1865	60			
			Nov 2011	681	34	110	Nov 2011	1734	62			
Interlibrary Loan			Dec 2011	457	33	45	Dec 2011	1710	61			
Borrowed	187		Jan 2012	645	33	72	Jan 2012	1598	57			
Loaned	128		Feb 2012	579	35	69	Feb 2012	1710	61			
Total	315		Mar 2012	586	36	79	Mar 2012	1785	58			
			Apr 2012	567	35	69	Apr 2012	1764	58			
Items Returned:	8326		May 2012	659	36	94	May 2012	1749	60			
			Jun 2012	644	39	82	Jun 2012	1723	66			
Activities												
Adult Programs		Attended		Room Usage				Open Days:		26		
Film Festival		40						Sessions		Users		
				Community Room				8		112		Reference Questions
				South Dakota Room				17		156		
												Website Visits:
												2770
				Computer Usage:				945				In-Library Browse:
												1944
Miscellaneous			People Alarms		Holds Placed		Adult Items				59	
Patron Gate			Jun 2011		6539		50		Children's Items		14	
			Jun 2012		4546		64		New Items		32	

FINES AND GIFTS CHECKING ACCOUNT - JUNE 2012

Month	Revenue				Expenditures		Balance
	Copier	Fines	Other	Donations	Paid Out	Checks	
							4570.67
January	161.15	353.50	73.09	3100.30	20.20	100.00	8138.51
February	233.85	171.94	626.99	0.00	7.98	1168.74	7994.57
March	250.43	104.91	72.34	23.15	101.15	144.10	8200.15
April	153.30	135.51	56.00	1207.29	73.60	0.00	9678.65
May						1745.18	7933.47
June	428.55	525.60	354.85	2458.50	375.26	238.60	11087.11
July							
August							
September							
October							
November							
December							
Totals	1227.28	1291.46	1183.27	6789.24	578.19	3396.62	

CHECKS

\$ 44.91 HyVee
 \$ 332.00 City of Vermillion (WalMart)
 \$ 138.31 Voided May check

RECEIPTS

DONATIONS

Matt Knutson	\$ 100.00	Catholic Daughters	\$ 25.00
Lion's Club	\$ 100.00	Misi Kayl	\$ 50.00
Civic Council	\$ 250.00	Friends of the Library	\$ 1,000.00
VFW	\$ 50.00	Eagles Auxiliary	\$ 25.00
Cortrust Bank	\$ 50.00	Alpha Lamba ESA	\$ 25.00
American Legion	\$ 100.00	1st Dakota Bank	\$ 25.00
John Geppert	\$ 50.00	Amer. Legion Auxiliary	\$ 50.00
Jerad Higman	\$ 200.00	Betty Clifford Memorials	\$ 30.00
Coyote Convenience	\$ 300.00	Anonymous	\$ 28.50
Total Donations			\$ 2,458.50

OTHER REVENUE

Repl.	\$	18.45
Misc.	\$	179.40
Cards	\$	157.00

FINES AND GIFTS CHECKING ACCOUNT - JUNE 2012

INVESTMENTS

Institution	Type	Amount	Rate	Maturity	Total
1st Bank & Trust	Money Market	2.06 YTD \$11.62	0.20%		\$ 11,717.25
1st Bank & Trust	CD	Cashed 3-13-12		\$ 52,572.53	
CorTrust	CD	Cashed 4-11-12		\$ 6,139.95	
TOTAL:					\$ 11,717.25

1st Bank & Trust Money Market Account

No transactions during the month of June

PROPOSED EXPENDITURES – JULY 2012

2300 PUBLISHING AND ADVERTISING

Atlas Pen & Pencil Corp (pencils)	\$	229.22
PrintSource (Visitor's Guide)	\$	165.00
	\$	<u>394.22</u>

2540 BUILDING REPAIR AND MAINTENANCE

Hauger Lawn Service (3 mowings)	\$	63.00
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2590 OTHER REPAIR AND MAINTENANCE

SD Library Network (computer fees July-Dec 2012)	\$	9,618.50
Voss Computer Services (technical services)	\$	200.00
		<u>9818.50</u>

2612 OPERATING SUPPLIES AND MATERIALS

HyVee (3 invoices, program & meeting supplies)	42.21
Quill (3 invoices, glue sticks, lanyards, envelopes)	279.48
Upstart (2 invoices, program supplies)	119.75
	<u>441.44</u>

2613 CLEANING SUPPLIES AND SERVICES

Dust-Tex (1 invoice, 1 mat cleaning)	\$	11.65
Yankton Janitorial (2 invoices, towels,tissue)		356.10
		<u>367.75</u>

2629 OTHER SUPPLIES AND MATERIALS

Minitex (barcodes)	71.00
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2700 TRAVEL AND TRAINING

Linda Calleja (mileage Jan-June)	101.38
Shelly Koller (mileage Jan-June)	110.11
	<u>\$ 211.49</u>

2840 GAS

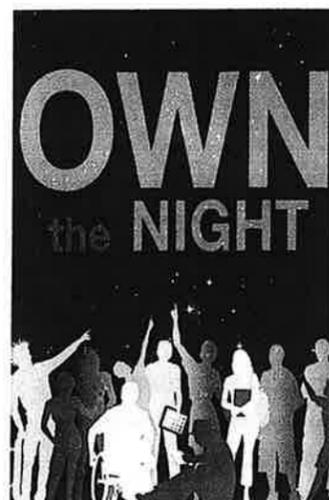
MidAmeric an Energy (5-25 to 6-25)	23.12
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3400 LIBRARY MATERIALS

AudioGo (3 adult audiobooks)	\$	195.91
Baker & Taylor (9 invoices, 35 adult titles)	\$	802.36
Better Homes & Gardens (1 invoice, 1 adult title)	\$	35.94
BWI (4 invoices, 60 children's titles)	\$	705.07
FACES (1 invoice, 1 subscription)		25.00
Gale Group (3 invoices, 15 adult LP titles)	\$	297.77
Ingram (4 invoices, 16 231 adult titles)	\$	2,202.03
Large Print Overstocks(1 adult LP title)		12.90
MicroMarketing (2 invoices, 3 children's DVDs)		36.97
Random House (3 invoices, 4 adult audiobooks)	\$	110.25
Recorded Books (3 invoices, 10 audiobooks)	\$	652.10
SD State Archives (1 invoice, 1 roll microfilm)		28.80
VISA (8 invoices, 2 credits, 10 titles)	\$	139.15
	\$	<u>5,244.25</u>

TOTAL \$ 16,634.77

Summer Reading Program / Own The Night 6th - 12th grade



Advanced Readers (Young Adults going into 6th through 12 grade)

Young adults will read books of their choice, at their level, and keep track of the number of books read on a reading log.

Each young adult will be encouraged to attend YA events and volunteer throughout the Summer Reading Program. Each young adult will earn points for books read, events attended, and volunteering.

YA prizes will be given!!

Level 1 (10 points): Name entered in Grand Prize Drawing & a FREE book!

Level 2 (20 points): Name entered in Grand Prize Drawing & YA SRP t-shirt!

Level 3 (30 points): Name entered in Grand Prize Drawing & ticket to Laser Tag Party!

Level 4+ (40+ points): Name entered in Grand Prize Drawing & gift certificate!

Every Monday @ 10:00 am.
BOOKS & BRUNCH
Meet us in the South Dakota Room for food, fun and friends! We'll talk about what everyone is reading, favorite books, and suggest some new titles for you to check out!

Every Wednesday @ 4:00 pm.
CREATIVE CREATURES
Get your energy out in new and creative ways! Meet us in the Community Room!

Preschool Story Times

Preschool story time is open to children 3-5 only. We will read a story and do a related craft project. Toddler story time is open to children ages 1-3 along with a parent or caregiver. Older and younger siblings are welcome at Toddler Story Time. Programs include short books, music, and movement. There is no fee for these pro-

grams. Call 605-677-7060, e-mail vp1@sdl.net or stop in at the library to register for Story Times. Sessions will begin the week of June 4th and run through the week of July 23rd.

Registration is still open and will continue until July 26th.

PRESCHOOL SESSIONS:
Mondays: 6:30 - 7:00 pm. or 7 - 7:30 pm.
Wednesdays: 11:15 - 11:45 am.
Thursdays: 10:30 - 11:00 am. 11:15 - 11:45 am.

TODDLER SESSIONS:
Tuesdays: 10:30 - 11:00 am., 11:15 - 11:45 am. or 6 - 6:30 pm.

"Reading is to the mind what exercise is to the body."
-- Sir Richard Steel



Titanic: Voices From the Disaster

New Books in Children's and Young Adult

Children

The night before preschool / Natasha Wing
E F WIN
Kali's song / Jeanette Winterson
P WIN
How zebras got their stripes : a tale from Africa / retold by Lesley Sims
BR SIM
One small backyard / Donald M.

Silver
E 574.5 SIL
Titanic : voices from the disaster / Deborah Hopkinson
E 910.453 HOP
Saga of the Sioux : an adaptation of Dee Brown's Bury My Heart at Wounded Knee / Dwight Jon Z
E 978 BRO
Young Adult
The miseducation of Cameron

Post / Emily M. Danforth
YA F DAN
The butterfly dives / Kate Ellison
YA F ELL
Artistotle and Dante discover the secrets of the universe / Benjamin Alire Saeny
YA F SAE
The Final Four / Paul Volponi
YA F VOL

Big Dreams Store Opens July 23

Book Bucks earned during the Summer Reading Program can be spent on prizes in the Big Dreams Store. The store, in the Community Room, will open at 10 am on Monday, July 26th and will remain open during library hours throughout the week. The store will close on Thursday, July 26th at 5:00 so participants and staff can attend the Pool Party at Prentis Park.

Dream Big Events Preschool through 5th grade

MONDAYS - THEME RELATED CRAFTS @ 1:30 or 2:30 pm
TUESDAYS - Dream Big at the MOVIES! 1:30 pm
July 3rd: Yogi Bear (PG)
July 10th: Monsters Inc. (G)
July 17th: Aladdin (G)
PERFORMERS IN JULY
Thursday, July 5 1:30 pm
Nat'l Park Service: Mighty Mo!
Thursday, July 12 1:30 pm
Mr. Twister: Balloon Dreams!
Wednesday, July 18 1:30 pm
Indiana Bones: Dream Big!



Vermillion Public Library on Facebook



"Like" the Vermillion Public Library page on Facebook and keep up with the events in the library!

<http://www.facebook.com/vermillionpubliclibrary>

YA Reward Party at Yankton Laser Barn

YA participants who reach Level 3 will be invited to the YA Reward Party at the Yankton Laser Barn on July 27th at 6 pm. Participants are responsible for their own rides to and from the Yankton Laser Barn. See Becca Roberts at the Library ahead of time for your ticket!

PIZZA!

POP!

PRIZES!

Hope to see you there!

Between the Covers Adult Reading Program

Adults are encouraged to read 5 books of their choice. When 5 books have been read from June 4th - July 27th, turn in the book list to become eligible for prize drawings at the end of the summer program. Winners will be notified by phone in early August.

"Perhaps no place in any community is so totally democratic as the town library. The only entrance requirement is interest."
-- Lady Bird Johnson

What's On the New Bookshelf?

Adult Fiction

You : a novel / Joanna Briscoe
Traveler of the century / Andrés Neuman
Flatscreen / Adam Wilson
Fantasy
The wind through the keyhole / Stephen King
The rook / Daniel O'Malley
Historical Fiction
Master & God : a novel of the

Roman Empire / Lindsey Davis
Horror
Pale demon / Kim Harrison
Mystery
Freezing / Clea Koff
Non-Fiction
To free a family : the journey of Mary Walker / Sydney Nathans
326 N275t
The northern heartland kitchen / Beth Dooley

641.5977 D691n
The social media strategist / Christopher Barger
658.872 B251s
Norwegians on the prairie : ethnicity and the development of the country town / Odd S. Lovoll
977.6 L911n
Empire of shadows : the epic story of Yellowstone / George Black
978.7 B627e



Norwegians on the Prairie: Ethnicity and the Development of the Country Town



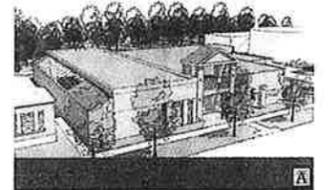
Library Expansion Project On Schedule!

It's an exciting time for the community as the Vermillion Public Library expands and renovates! The project is moving forward on schedule and is due to be completed in March of 2013. Please be advised that the construction will be impacting the current space during the coming months.

During the first week of July a temporary north wall will be installed and the old wall will be demolished. There will be

additional dust, as well as noise and some library materials will need to be temporarily relocated. The adult Horror section and most of the Westerns can be found on the west wall near the Mysteries. This area doesn't have quite enough room, so the last section of the Westerns will be found near the newspapers. Please ask the Circulation staff for assistance if you can't locate materials. Thanks so much for your

Patience. We know you'll find the newly expanded library worth the temporary disruptions!



1000 Minute Party *SRP Family Picnic* *The Mighty Mo*

If you finished one reading log, you have finished 1000 minutes and are invited to celebrate at the **1000 Minute Club Party at Prentis Park Pool, Thursday, July 26th from 5-6 pm.** Bring your family and your floatie toys and join the fun!

All Summer Reading Program participants are invited to a **Family Picnic** at the picnic shelter near the playground at **Prentis Park, July 26th at 6:30 pm.** We will be serving hot dots, chips and pop. You may bring a salad or dessert to share, but it's not required. Serving begins at 6:30 pm.

An additional program for Dream Big Summer Reading Program has been added that is sure to be a treat! Learn all about the Missouri River in a program presented by the National Park Service and the Missouri National Recreational River at **1:30 pm on Thursday, July 5th!** Kids will love it!

Print Newsletter

July 2012

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SUMMER HOURS:

Monday - Thursday
10 am - 9 pm
Friday
10 am - 6 pm
Saturday
10 am - 5 pm
Sunday: CLOSED
Phone: 677-7060
vpl@sdl.n.net
website: vpl.sdl.n.net

Summer Reading Program 2012



JULY 2012

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 LIBRARY CLOSED	2 YA Books & Brunch 10 am SRP 1:30 or 2:30 pm Theme Crafts (Bear Keychains) Storytime 6:30 or 7 pm City Council Meeting 7 pm	3 Storytime 10:30, 11:15 am or 6 pm SRP Movie 1:30 pm (Yogi Bear)	4 INDEPENDENCE DAY LIBRARY CLOSED	5 SRP 1:30 pm Big and Mighty Mo (Nat'l Park Service & Missouri Nat'l Recreational River)	6	7
8 LIBRARY CLOSED	9 YA Books & Brunch 10 am SRP 1:30 or 2:30 pm Theme Crafts (Monsters) Storytime 6:30 or 7 pm School Board Meeting 7 pm	10 Storytime 10:30, 11:15 am or 6 pm SRP Movie 1:30 pm (Monsters Inc.)	11 Storytime 11:15 am YA Creative Creatures 4 pm (Crayon Art)	12 Storytime 10:30 or 11:15 am SRP Mr. Twister - Balloon Dreams 1:30 pm	13	14
15 LIBRARY CLOSED	16 YA Books & Brunch 10 am SRP 1:30 or 2:30 pm Theme Crafts (Luminary/Lanterns) Storytime 6:30 or 7 pm City Council Meeting 7 pm	17 Storytime 10:30, 11:15 am or 6 pm SRP Movie 1:30 pm (Aladdin) Library Board Meeting 6 pm	18 Storytime 11:15 am SRP 1:30 pm Dream Big with Indiana Bones YA Creative Creatures 4 pm (Murder Mystery)	19 Storytime 10:30 or 11:15 am	20	21
22 LIBRARY CLOSED	23 Big Dreams Store opens Community Room 10 am Storytime 6:30 or 7 pm School Board Meeting 7 pm	24 Storytime 10:30, 11:15 am or 6 pm Big Dreams Store open	25 Storytime 11:15 am Big Dreams Store open	26 Storytime 10:30 or 11:15 am 1000 Minute Party 5 - 6 pm Prentis Park Pool SRP Family Picnic 6:30 pm Prentis Park Big Dreams Store open until 5 pm	27 Big Dreams Store closes at 5 pm YA Reward Party Yankton Laser Barn 6 pm	28
29 LIBRARY CLOSED	30	31				