Special Meeting Agenda
City Council

12:00 pm (noon) Special Meeting
Tuesday July 5, 2011
Large Conference Room
25 Center Street
Vermillion, South Dakota 57069

1. **Roll Call**

2. **Water Department – Decade of Excellence award recognition.**

3. **Informational Session - City Council redistricting proposal – Mike Carlson.**

4. **Briefing on the July 5, 2011 City Council Regular Meeting Agenda**- Briefings are intended to be informational only and no deliberation or decision will occur on this item.

5. **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.

Council Agenda Memo

From: Mike Carlson, Finance Officer

Meeting: July 5, 2011 noon

Subject: Redistricting of City Wards with 2010 Census Population

Presenter: Mike Carlson

Background: The Fourteenth Amendment to the United States Constitution guarantees equality of voting power. The courts have interpreted this as an honest and good faith effort to create districts as equal in population as is practicable. Apportionment with over 10% deviation is often determined to be malapportioned. The following state statutes address establishing ward boundaries for the first time noting that registered voters times two can be used until the next federal census is complete.

> 9-2-7. Determination of number of inhabitants in wards. For the purpose of dividing a municipality into wards, the number of inhabitants shall be determined by subdivision 2-14-2(20). However, the governing body may, by resolution, authorize its auditor, clerk, or finance officer to determine the number of inhabitants by filing in his office a certificate showing the whole number of persons registered to vote in each ward of the municipality. That number multiplied by two shall constitute the number of inhabitants until the next federal census is completed.

> 2-14-2. Definition of terms used in code. Terms used throughout the code of laws enacted by §2-16-13, mean:
> (20) "Population," the number of inhabitants as determined by the last preceding federal census;

Discussion: Using the 2010 city census count of 10,571, would have the ideal population of each ward at 2,643. SECOG has provided a City Ward Map showing the current ward boundaries with the 2010 census data. The following table includes the 2010 population with the current ward boundaries, the deviation for each ward, the 2000 population by ward and a column with the change in population by ward since the 2000 census. The total deviation is 16.27% made up of the largest negative deviation in the Central Ward of -10.33% and the largest positive deviation in the Southeast Ward of 5.94%. As the total deviation is greater than 10%, the ward boundaries need to be adjusted to reduce the total deviation.

	2010 Population by Ward	Deviation	2000 Population by Ward	Population Change since 2000
Northwest Ward	2,702	2.23%	2592	110
Central Ward	2,370	-10.33%	2686	(316)
Northeast Ward	2,699	2.12%	2466	233
Southeast Ward	2,800	5.94%	2532	268
	10,571		10276	295
		16.27%	total deviation	

In reviewing the population by ward, it should be noted that the Coyote Village was not occupied when the census count was being conducted, yet the mobile home park was removed, thus it would be reasonable to assume that the population of the Central Ward might increase with the occupancy of Coyote Village.

By moving the ward boundary from Yale Street to University Street, the population of the Central Ward would be increased 226 while the Southeast Ward would be reduced the same. The Central Ward would have a negative deviation that will be adjusted as the Coyote Village is occupied and the Southeast Ward has the greatest negative deviation but during the past decade showed the largest increase.

	2010 Population by Ward	Change Proposed	Revised Population by Ward	Deviation
Northwest Ward	2,702		2,702	2.23%
Central Ward	2,370	226	2,596	-1.78%
Northeast Ward	2,699		2,699	2.12%
Southeast Ward	2,800	-226	2,574	-2.61%
	10,571		10,571	
				4.84% total deviation

The proposal is just one suggestion to bring the total deviation of ward populations within the 10% required to comply with the Fourteenth Amendment. The proposal keeps the majority of the ward boundaries intact and doesn't displace any existing council members.

Two City Ward maps are attached, one lists the population by block with the proposed boundary change crosshatched and the second has street names but some of the block population numbers are lost.

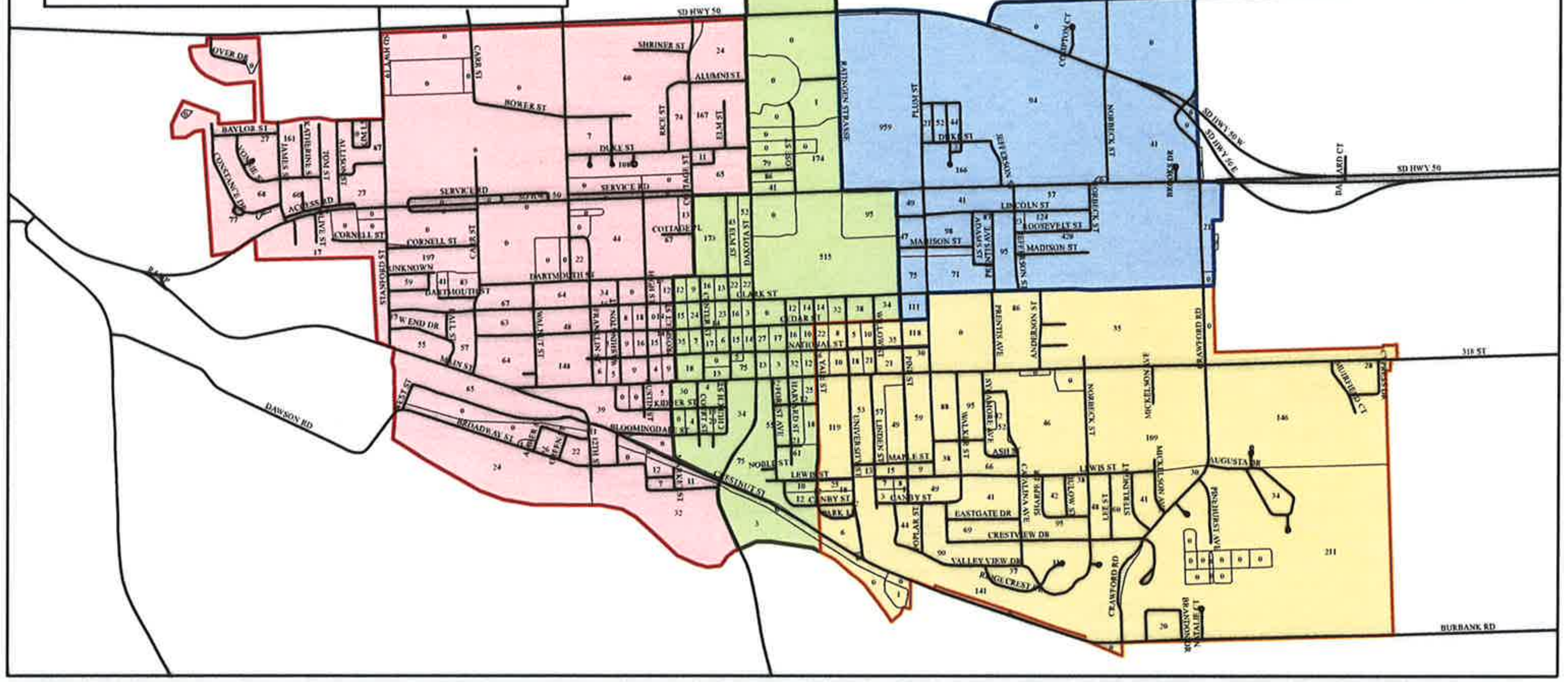
Financial Consideration: An ordinance is required to change the ward boundaries so the cost would be the publication of the ordinance.

Conclusion/Recommendations: Administration would recommend that the City Council review the proposal at this time. As this item is being presented for the first time, the City Council could provide direction about discussing it at a future meeting or sending it to a committee for review and recommendation.

City Ward Map
Current Wards with 2010 Data

City of Vermillion

2010 Census Population: 10,571
Ideal Population per Ward: 2,643



Total Population

Central: 2,370	
Northeast: 2,699	
Northwest: 2,702	
Southeast: 2,800	

N W E S

0 1,000 2,000 4,000 Feet

Deviation:
Central: 10.33%[1]
Southeast: 5.94%[2]
Total Deviation: 16.27%[3]

Source: U.S. Census Bureau
Created by
South Eastern Council of Governments
Date: June 20, 2011

[1] Ward with the highest negative deviation
[2] Ward with the highest postive deviation
[3] Sum of the highest postive deviation and the highest negative deviation

City Ward Map
Current Wards with 2010 Data

City of Vermillion

2010 Census Population: 10,571
Ideal Population per Ward: 2,643

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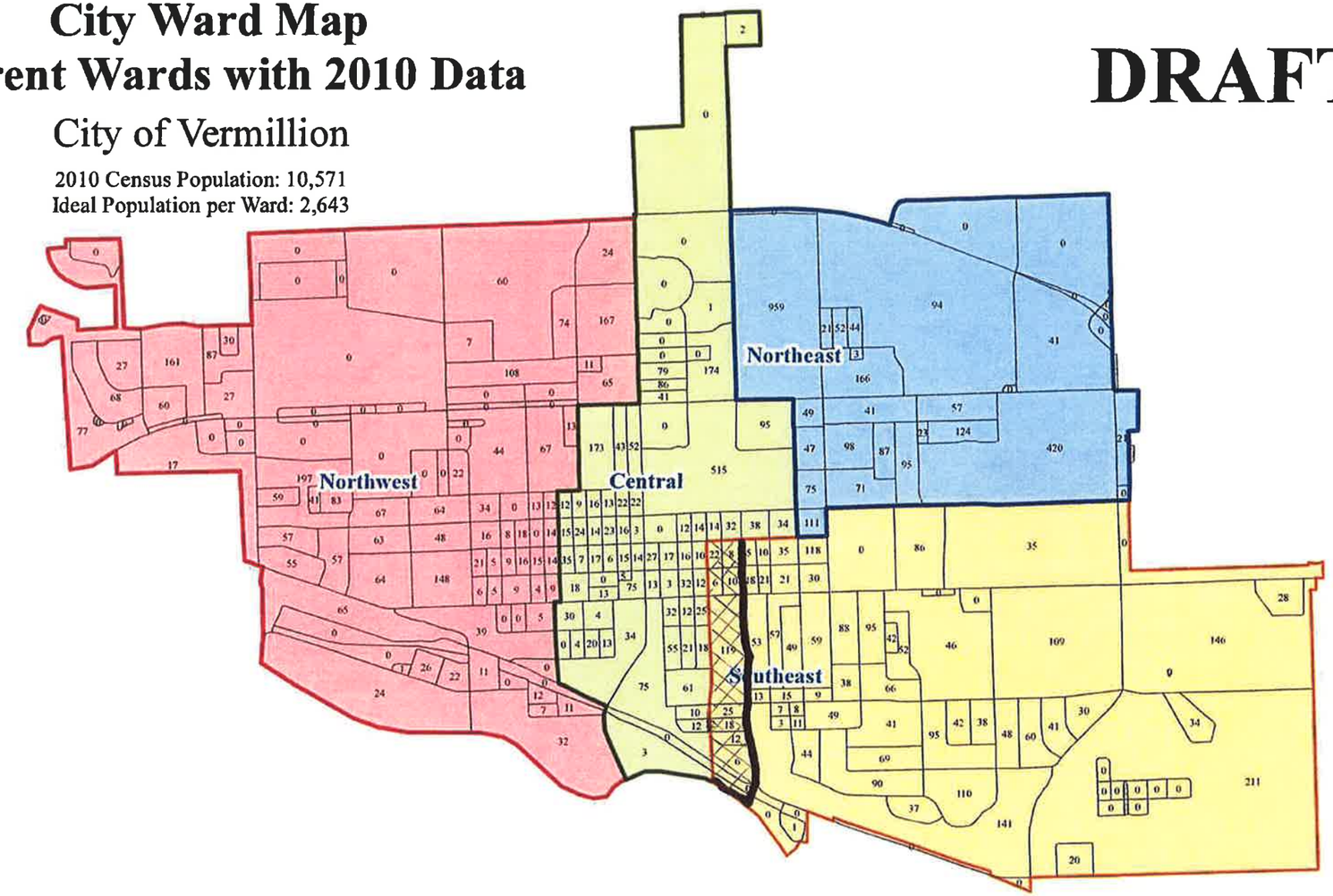

N
W E
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0 1,050 2,100 4,200 Feet

Total Population

- Central: 2,370
- Northeast: 2,699
- Northwest: 2,702
- **Southeast: 2,800**

Deviation:
Central: 10.33%[1]
Southeast: 5.94%[2]
Total Deviation: 16.27%[3]

Source: U.S. Census Bureau
Created by
South Eastern Council of Governments
Date: May 31, 2011

[1] Ward with the highest negative deviation
[2] Ward with the highest postive deviation
[3] Sum of the highest postive deviation and the highest negative deviation

City of Vermillion Council Agenda

7:00 p.m. Regular Meeting
Tuesday, July 5, 2011
City Council Chambers
25 Center Street
Vermillion, South Dakota 57069

1. **Roll Call**

2. **Pledge of Allegiance**

3. **Minutes**
   a. June 20, 2011 Special Session; June 20, 2011 Regular Session.

4. **Adoption of the Agenda**

5. **Appointment of Administrative Officers**
   a. Finance Officer.
   b. City Attorney.

6. **Other Appointments and Designations**
   a. Official Newspaper.
   b. Official Depositories
   c. Consolidated Board of Equalization.
   d. Determination of Rules of Order.

7. **Visitors To Be Heard**
   a. Corps of Discovery presentation – Larry Smith.

8. **Public Hearings**
   a. Special daily malt beverage and wine license for the Vermillion Chamber of Commerce and Development Company on or about July 21, August 4, August 25, and September 1, 2011 at the Ratingen Platz on the corner of W. Main Street and Market Street and the Market Street right-of-way from W. Main Street south one-half block.

9. **Old Business**

10. **New Business**
    a. 2010 Comprehensive Annual Financial Report.
    b. Street closing request for Thursdays on the Platz for half block of Market Street south of Main.
    c. Resolution adjusting zoning fees.

11. **Bid Openings**
    a. Fuel Quotes.
    b. Truck dump body and snow plow.

12. **City Manager's Report**

13. Invoices Payable

14. Consensus Agenda

a. Set a bid opening date of July 26, 2011 for wheel loader for Solid Waste.
b. Set a bid opening date of July 27, 2011 for annual supply of liquefied propane for Solid Waste and Waste Water Treatment.

15. 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 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
June 20, 2011
Monday 12:00 noon

The special session of the City Council, City of Vermillion, South Dakota was held on Monday, June 20, 2011 at 12:00 noon in the City hall large conference room.

1. Roll Call

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

Absent: Davies

John Prescott, City Manager, introduced Jason Anderson as the Engineer in training who started last week.

2. Information Session - Thursdays on the Platz in Downtown Vermillion - Michelle Maloney

Michelle Maloney and Laura Hollingsworth, representing Thursdays on the Platz group, reported on the events planned for this summer on July 21, August 4, August 25 and September 1, noting that the events will run from 6:00 p.m. to 8:00 p.m. each evening. Michelle noted that they are looking for sponsors for some of the evenings and requested $500 from the City for marketing of the events. Michelle and Laura answered questions of the City Council on the events.

3. Educational Session - Zoning Fees - Andy Colvin

Andy Colvin, Assistant to the City Manager, provided a handout of the comparisons of city zone change fees, conditional use permit fees, and variance fees of other fist class cities and Clay County. Andy noted that the City was lowest on two and second from the lowest on the third. Andy noted that the City fees have not been adjusted for several years and, in some cases, do not cover the publishing costs of the hearing and postage required for notices, let alone the staff time. Discussion followed on the fees with the consensus to have City staff bring forward a resolution to adjust the fees to be the same as Clay County and to provide a reduced rate for annexation and zone change if they are both done at the same time.

4. Educational Session - Property Maintenance and Rental Housing Code Discussion - Farrel Christensen

Farrel Christensen, Building Official, reported that the City adopted a rental housing code in 1975 that has had minor modifications since it was adopted. He stated that the City adopted the International Property Maintenance Code for all property in the City excluding the rental property covered by the existing rental housing code. Farrel reported that he felt the International Property Maintenance Code was more inclusive than the City rental housing code and proposed that the City ordinance be changed to use the International Property Maintenance Code in place of the existing rental housing code. He reviewed some of the areas that would be an improvement to the existing rental housing code noting that he would also like to see a penalty for failure to register a rental property. Discussion followed with Farrel answering questions of the City Council. The Council's consensus was to bring forward an ordinance to adopt the International Property Maintenance Code for rental housing inspections and to provide a penalty fee comparison from other cities in the region.

5. Briefing on the June 20, 2011 City Council Regular Meeting Agenda

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

6. Adjourn

170-11
Alderman Grayson moved to adjourn the Council special session at 1:02 p.m. Alderman French seconded the motion. Motion carried 8 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 20th day of June, 2011.

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
June 20, 2011
Monday 7:00 p.m.

The regular session of the City Council, City of Vermillion, South Dakota was called to order on June 20, 2011 at 7:00 p.m. by Mayor Powell.

1. Roll Call

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

2. Pledge of Allegiance

3. Minutes

A. June 6, 2011 Special Session; June 6, 2011 Regular Session

171-11
Alderman Osborne moved approval of the June 6, 2011 special session minutes and the June 6, 2011 regular session minutes. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

4. Adoption of Agenda

172-11
Alderman French moved approval of the agenda with the addition of New Business Item 8F - Funding Request for Thursdays on the Platz and Consensus Agenda Item 12A - Set a Public Hearing date of July 5, 2011 for special daily malt beverage and wine license for Vermillion Chamber and Development Company for Thursdays on the Platz on or about July 21, August 4, August 25, and September 1, 2011 at the Ratingen Platz on the corner of Market and Main Streets and on the Market Street right-of-way from Main Street south one half block. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

5. Visitors to be Heard

Alderman Grayson reported that the Joint Powers of Vermillion and Yankton are working on a strategic plan study. The first meeting was held last week for citizen input. John requested that citizens contact him if they have input for the Joint Powers Solid Waste Operations.

6. Public Hearings

A. Special daily malt beverage license on or about July 4, 2011 at Barstow Park for the Fraternal Order of Eagles

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.

173-11
Alderman Zimmerman moved approval of the special daily malt beverage and wine license for the Fraternal Order of Eagles on or about July 4, 2011 in Barstow Park. Alderman Grayson seconded the motion. Alderman Osborne requested to abstain. Motion carried 8 to 0. Mayor Powell declared the motion adopted.

B. Special permit to exceed allowable sound levels for the Vermillion Area Chamber and Development Company at Barstow Park on July 4, 2011 from 5:00 p.m. to 11:00 p.m. for 4th of July events

Mike Carlson, Finance Officer, reported that an application was received from the Vermillion Area Chamber and Development Company for a special permit to exceed allowable sound levels by no more than 50% for the 4th of July events planned in Barstow Park from 5:00 pm to 11:00 pm. The application and diagram are included in the packet.

174-11
Alderman Grayson moved approval of the special permit to exceed allowable sound levels for the Vermillion Area Chamber and Development Company for July 4th from 5:00 p.m. to 11:00 p.m. at Barstow Park. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

C. Special permit to exceed allowable sound levels for Thursdays on the Platz at the Ratingen Platz, corner of West Main and Market Streets, on July 21, August 4, August 25 and September 1 from 6:00 p.m. to 8:00 p.m. for Thursdays on the Platz events

Jordan McQuillen, Intern to the City Manager, reported that an application was received from the Thursdays on the Platz group for a special permit to exceed allowable sound levels by no more than 50% for the events planned for July 21, August 4, August 25 and September 1 at the Ratingen Platz from 6:00 p.m. to 8:00 p.m. each day.

175-11
Alderman Davies moved approval of the special permit to exceed allowable sound levels by no more than 50% for Thursdays on the Platz on July 21, August 4, August 25 and September 1 from 6:00 p.m. to 8:00 p.m. at Ratingen Platz. Alderman French seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

D. Special permit to exceed allowable sound levels for the Ride with Larry at Ratingen Platz, corner of West Main and Market Streets, on Saturday, June 25 from 10:00 a.m. to 2:00 p.m.

Jordan McQuillen, Intern to the City Manager, reported that an application was received from the Ride with Larry committee for a special permit to exceed allowable sound levels by no more than 50% for the event planned for June 25, 2011 from 10:00 a.m. to 2:00 p.m. at the Ratingen Platz. The Ride with Larry is an event to bring awareness of the benefit of exercise to individuals with Parkinson's Disease.

176-11
Alderman Willson moved approval of the special permit to exceed allowable sound levels by no more than 50% for the Ride with Larry event June 25th from 10:00 a.m. to 2:00 p.m. at the Ratingen Platz. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

E. Consider a four foot side yard variance request for 917 Cottage Avenue to construction a 24' x 40' garage

Farrel Christensen, Building Official, reported that he has been working with Jim Sinke on an expansion to his garage. The existing garage is fourteen feet wide and Jim wants to expand it to twenty-four feet wide but, in measuring the distance to the lot line, a four foot variance is required. Farrel reviewed the ordinance that gives the City Council, acting as the Board of Adjustment, the power to hear and decide variance requests. The request for variance received from Mr. Sinke, along with the ordinance sections on variances, is included in the packet. Farrel noted that the neighboring house is six feet from the side yard and, if the variance is approved, the setback of the garage would be four feet for a total of ten feet between the two structures which is the minimum allowed by the fire code.

Jim Sinke, owner of 916 Cottage, stated that the footings on the existing garage have failed and are in need of replacement. Since they need to be replaced, he wanted to expand the size of the garage

to 24′ X 40′ and the added width would require a variance of four feet into the side yard setback. Jim stated that he has talked to his neighbors who all have signed a petition to allow the variance.

Discussion followed on the variance request noting that the City ordinance requires an eight foot side yard setback on each property, thus a total of sixteen feet between structures, while the fire code is less restrictive and requires ten feet.

177-11
Alderman Davies moved approval of the four foot side yard variance at 917 Cottage to provide for a 24 X 40 foot garage. Alderman Osborne seconded the motion. Discussion followed on the ordinance. A roll call vote of the Governing Body was as follows: Davies-Yes, Grayson-No, French-Yes, Meins-Yes, Osborne-Yes, Ward-No, Willson-Yes, Zimmerman-Yes, Mayor Powell-Yes. Motion carried 7 to 2. Mayor Powell declared the motion adopted.

7. Old Business - None

8. New Business

A. Fireworks Display permit for July 4, 2011

Jordan McQuillen, Intern to the City Manager, reported that a Fireworks Public Display Permit was received from James Taylor on behalf of the Vermillion Area Chamber and Development Company for the July 4th fireworks display that will be discharged from the field south of Polaris, west of Carr Street.

178-11
Alderman French moved approval of the Fireworks Public Display Permit for the Vermillion Area Chamber and Development Company for the 4th of July fireworks display south of Polaris, west of Carr Street. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

B. Request to close Market Street from West Main Street to Kidder Street on Saturday, June 25, 2011 from 10:00 a.m. to 2:00 p.m. for the Ride with Larry

Jordan, McQuillen, Intern to the City Manager, reported that a request to close Market Street was received from the Ride with Larry committee for 9:30 a.m. to 3:00 p.m. on Saturday, June 25th for events planned for the end of the ride which are scheduled for 10:00 a.m. to 2:00 p.m.

179-11
Alderman Zimmerman moved approval of the closing of Market Street on Saturday, June 25th from Main Street to Kidder Street from 9:30 a.m. to 3:00 p.m. for the Ride with Larry event. Alderman French seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

C. Request to close Main Street from Market Street to Elm Street, one half block south on Court Street and one block north on Center Street from 5:00 p.m. to 8:00 p.m. Wednesday, July 6, 2011 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 National Street on July 6, 2011 from 5:00 p.m. to 8:00 p.m. for Tri-State Cruisers Car Show. The request and a map are included in the packet and Bob Gilkyson, representing Dakota Classic Cruisers, is present to answer questions. Discussion followed with the suggestion to start a half hour earlier to allow the cars parked on the street to move out of the area.

180-11
Alderman Willson 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 National Street on Wednesday, July 6th from 4:30 p.m. to 8:00 p.m. Alderman Ward seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

D. Request to close High Street from 7:00 a.m. Thursday, August 11, 2011 through Sunday, August 13, 2011 at 5:00 p.m. for the Clay County Fair

Jordan McQuillen, Intern to the City Manager, reported that a request was received from the Clay County Fair Association to close High Street through the Fairgrounds from 7:00 a.m. August 11th through 5:00 p.m. August 14th for the Clay County Fair, similar to previous years. The Fair Association also requested the use of the road ditch for parking. Discussion followed on if the weather conditions could cause damage to the ditch.

181-11
Alderman French moved approval of the closing of High Street through the Fairgrounds from 7:00 a.m. August 11th through 5:00 p.m. August

14th for the Clay County Fair and, weather permitting, the use of the road ditch for parking. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

E. Reappointment of Sandy Brown to serve on the Vermillion Housing Authority

Mayor Powell reported that, by State statute, the City Council is charged with appointing members of the Vermillion Housing Authority. The Board consists of five members with five year terms, one of which expires each June. Sandy Brown's term expires this June and she has expressed a desire to continue to serve.

182-11
Alderman Zimmerman moved approval of the reappointment of Sandy Brown to the Vermillion Housing Authority Board with a term expiring the end of June 2016. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

F. Funding Request for Thursdays on the Platz

John Prescott, City Manager, reported that the Thursdays on the Platz Committee has requested $500.00 of funding to promote the four events that are scheduled for this year. John noted that the BBB sales tax fund is for the promotion of the City. If the City Council wanted to fund the request, he would recommend the use of BBB Funds.

183-11
Alderman Davies moved approval of funding the Thursdays on the Platz in the amount of $500.00 for advertising and promotion of the event from the BBB Sales Tax Fund. Alderman Osborne seconded the motion. Discussion followed. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

9. Bid Openings

A. 2011 Miscellaneous Concrete

William Schaffer, Engineering Intern, reported that quotes were requested for the 2011 miscellaneous concrete repair project. Plans were sent to eleven potential bidders. Only one quote in the amount of $27,010.54 was received from Walker Construction for the project estimated at $35,000.00.

184-11
Alderman Willson moved approval of the quote of Walker Construction on the miscellaneous concrete repair project of $27,010.54. Alderman

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

10. City Manager's Report

A. John reported that the next City Council meeting will be on Tuesday, July 5th due to the holiday on Monday, July 4th.

B. John reported that the City has received a Decade of Drinking Water Excellence Award from the SD Department of Environment and Natural Resources. The award is in recognition of ten consecutive years of meeting the requirements of the Safe Drinking Water Act and South Dakota regulations.

C. John reported that the City parks and Bluffs Golf Course were fogged for mosquitos last week. The Parks staff will begin fogging the different quadrants of the community this week, weather permitting. As in past years, if you do not want the fogging machine activated as it passes your property, please contact City Hall at 677-7050 to be included on the list.

PAYROLL ADDITIONS AND CHANGES

Engineering: Jason Anderson $20.67/hr; Police: Robin Hower $23.68/hr, Nathan Goette $17.26/hr, Luke Trowbridge $21.23/hr; Recreation: Ariel Hofman $7.50/hr, Bennet Johnson $7.50/hr, Chris Mart $7.50/hr

11. Invoices Payable

185-11
Alderman Davies moved approval of the following bill:

WILLSON FLORIST	FLORAL ARRANGEMENT	75.00

Alderman French seconded the motion. Alderman Willson requested to abstain. Motion carried 8 to 0. Mayor Powell declared the motion adopted.

186-11
Alderman Davies moved approval of the following bills:

ALLIED INSURANCE	NOTARY BOND	100.00
ARAMARK	UNIFORMS	279.37
BROADCASTER PRESS	ADVERTISING	1,168.28
BRUNICKS SERVICE INC	FUEL	7,291.18
BUREAU OF ADMINISTRATION	TELEPHONE	343.26

CITY OF VERMILLION	LANDFILL VOUCHERS	684.50
CLAY-UNION ELECTRIC CORP	ELECTRICITY	1,101.84
DCI MARKETING	SMOKE STANDS/ASHTRAYS	1,135.08
DEPT. ENVIR NATL RES	LANDFILL OPERATIONS FEE	3,071.48
GREGG PETERS	MANAGERS FEE	5,375.00
KNOLOGY	911 CIRCUIT	1,415.45
LOREN FISCHER DISPOSAL	HAUL CARDBOARD	70.00
MATHESON TRI-GAS, INC	OXYGEN	294.21
MIDAMERICAN	GAS USAGE	1,154.30
MIDCONTINENT COMMUN	INTERNET SERVICE	91.75
QWEST	TELEPHONE	1,548.49
RESERVE ACCOUNT	POSTAGE FOR METER	950.00
SPRINT	CELL PHONES	971.10
STERN OIL CO.	FUEL USAGE	14,941.70
THE EQUALIZER	ADVERTISING	1,027.40
UNITED PARCEL SERVICE	SHIPPING	71.57
US POSTMASTER	POSTAGE FOR UTILITY BILLS	975.00
VERMILLION AREA FARMERS	REIMBURSE OVERPAYMENT	30.00
NANCY ZUERCHER	BRIGHT ENERGY SOL REBATE	10.00
DALE PIETRZAK	BRIGHT ENERGY SOL REBATE	275.00
JENNIFER JONES	BRIGHT ENERGY SOL REBATE	100.00

12. Consensus Agenda

A. Set a Public Hearing Date of July 5, 2011 for special daily malt beverage and wine license for the Vermillion Area Chamber and Development Company for Thursdays on the Platz on or about July 21, August 4, August 25 and September 1, 2011 at the Ratingen Platz on the corner of Market and Main Streets and the Market Street right-of way from Main Street south one half block.

187-11
Alderman Osborne moved approval of the consensus agenda. Alderman French seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

13. Adjourn

188-11
Alderman Meins moved to adjourn the Council Meeting at 7:43 p.m. Alderman French seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 20th day of June, 2011.

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 _____.

Council Agenda Memo

From: John Prescott, City Manager

Meeting: July 5, 2011

Subject: Appointment of Administrative Officers

Presenter: Mayor Jack Powell

Background: Under SDCL 9-10-9, the City Finance Officer and City Attorney are appointed by the Governing Body.

Discussion: Mike Carlson and Jim McCulloch have served as City Finance Officer and City Attorney, respectively, and are interested in continuing their service.

Financial Consideration: The salary of the City Finance Officer is set by the payroll resolution each January. The City Attorney is paid an hourly rate for his services. The current hourly rate for the City Attorney is $80 per hour. The City Attorney's hourly rate is projected to remain at the same rate for the next year.

Conclusion/Recommendations: A separate motion should be made for the appointment of the City Finance Officer and City Attorney.

Council Agenda Memo

From: Mike Carlson, Finance Officer

Meeting: July 5, 2011

Subject: Official Newspaper

Presenter: Mike Carlson

Background: State statute requires the designation of an official newspaper as follows:

> 9-12-6. Designation of official newspapers. Every municipality shall designate at a meeting of its governing body an official newspaper or newspapers for the ensuing year. The newspaper shall be published in the municipality. However, if there is no newspaper published in such municipality, then a newspaper published outside of such municipality may be used if such newspaper serves such municipality.

Discussion: The Vermillion Plain Talk has previously been designated as the official newspaper. As the Plain Talk is the only local newspaper, City Council must designate it as the official newspaper.

Financial Consideration: It is a requirement of state law to publish public notices, minutes, etc. in the official newspaper. The publication of the minutes and notices for the finance office, alone, cost $12,652 last year.

Conclusion/Recommendations: Administration recommends adoption of a motion to designate the Vermillion Plain Talk as the official newspaper.

Council Agenda Memo

From: Mike Carlson, Finance Officer

Meeting: July 5, 2011

Subject: Designation of official depositories

Presenter: Mike Carlson

Background: State statute requires the City Council to designate the official depositories of city funds:

> 9-22-6. Designation of depositories for municipal funds. The governing body shall designate the depository or depositories in which the funds belonging to the municipality shall be deposited. Such depository or depositories shall be a bank or banks within the State of South Dakota, unless otherwise specifically provided by law.

Discussion: The City Council has designated the following as official depositories:

CorTrust Bank
First Bank & Trust
First Dakota National Bank
Bank of the West
South Dakota Public Funds Investment Trust
Wells Fargo
First National Bank in Sioux Falls (Trustee on City Hall and Transmission line bonds)

Financial Consideration: None

Conclusion/Recommendations: Administration recommends that the City Council designate the above listed financial institutions as official depositories for city funds for the next year.

Council Agenda Memo

From: Mike Carlson, Finance Officer

Meeting: July 5, 2011

Subject: Consolidated Board of Equalization

Presenter: Mike Carlson

Background: The County, City, and School have adopted a resolution that provides for the consolidated board of equalization under the following statute:

> 10-11-66. Consolidated board of equalization authorized--Membership. In lieu of the local board of equalization and county board of equalization established and governed pursuant to §§10- 11-13 to 10-11-31, inclusive, the governing boards of any county, municipality, school, and township may agree by resolution to consolidate the local board of equalization with the county board of equalization no later than the second Tuesday of November. The resolution shall state the number of members from each governing board that will sit as a consolidated board of equalization. Membership of the consolidated board of equalization shall include members of school and municipal governing boards and the county commission. Membership of the consolidated board may also include members of township governing boards. All governmental responsibilities and expenses associated with equalization of property under the provisions of chapters 10-3 and 10-11 shall be shared as mutually agreed upon by the governing bodies. Governing bodies not exercising this option shall continue to hear appeals as prescribed in §§10-11-13 to 10-11-31, inclusive.

Discussion: While the three entities have adopted a resolution, the county has asked that the City reaffirm its intent to continue the consolidated board annually. If we did not have a consolidated board, the City board would need to meet on all appeals within the City. If the citizens or the county assessor did not like the local board decision, the citizens would need to attend the county board meeting.

Financial Consideration: There are none to the City.

Conclusion/Recommendations: Administration recommends the City Council continue the consolidated board of equalization through passage of a motion indicating this desire.

Council Agenda Memo

From: John Prescott, City Manager

Meeting: July 5, 2011

Subject: Determination of Rules of Order

Presenter: John Prescott

Background: The City Council is obligated to identify "commonly accepted rules of procedure" for the conduct of its meetings. Robert's Rules of Order is identified in the City Council's "Rules and Procedures" manual as the proper guide for the conduct of meetings; the 9th Edition has been the version used in the past.

Discussion: The 9th Edition of Robert's Rules of Order appears to work well. The City Council has some familiarity with this version, which makes its continuation seem reasonable.

Financial Consideration: None

Conclusion/Recommendations: Administration recommends the City Council identify the 9th Edition of Robert's Rules of Order as its commonly accepted rules of procedure for the conduct of meetings. Administration also recommends the City Council re-affirm the "Rules and Procedures" manual drafted in March 2006 as the primary policy manual. A copy of the Rules and Procedures document was included in materials provided at the City Council orientation in 2010.

The City of Vermillion
State of South Dakota
United States of America

To all who shall see this document:

Greetings

Know ye, that in keeping with the landing of the expedition of the Corps of Discovery at this site in August 1804 under the command of Captain Meriwether Lewis and Captain William Clark and at the direction of Thomas Jefferson,president of the United States; and

In recognition of the founding of the City of Vermillion in 1859; now Reposing special trust and confidence in the patriotism, vision and integrity of

LAWRENCE (LARRY) SMITH

With the power vested in me by the civil authority of the municipality of Vermillion, State of South Dakota, I do hereby confer upon the afore noted, the commission of

Honorary Captain
in the Vermillion Corps of Discovery

with all the rights and privileges appertaining thereto
and charge this officer with the solemn duty of advising all within reach of the special qualities of Vermillion and its citizens.

This commission shall remain in full force and effect
so long as the officer executes the duties with enthusiasm and commitment!

Bestowed at the City of Vermillion, South Dakota
the 5th day of July in the year of our Lord 2011
and the 152nd year of the founding of the city.

By the Mayor of Vermillion

John E Powell

Commission Number

#131

Council Agenda Memo

From: Mike Carlson, Finance Officer

Meeting: July 5, 2011

Subject: Special daily malt beverage and wine license for Vermillion Chamber of Commerce and Development Company on or about July 21, August 4, August 25 and September 1, 2011 on the Ratingen Platz and the portion of Market Street abutting Ratingen Platz

Presenter: John Prescott, City Manager

Background: Vermillion Chamber of Commerce and Development Company has submitted an application for a special daily malt beverage and wine license for the Thursdays On the Platz events on July 21, August 4, August 25 and September 1, 2011 to be held at Ratingen Platz on the corner of Market and W. Main Streets and a portion of Market Street abutting the Platz.

City ordinance on special daily licenses reads as follows:

112.18 SPECIAL LICENSES FOR SALES OF MALT BEVERAGES AND/OR WINE.
The City Council may recommend to the State Department of Revenue that a special malt beverage and/or wine license may be granted to a civic, charitable, educational or fraternal organization in conjunction with a special event. The granting of the special license shall be subject to such conditions and restrictions, as the City Council may deem appropriate and consistent with state law. The fee for such license shall be set by resolution of the City Council.

State Statute for the special daily licenses is as follows:

35-4-124. Special alcoholic beverage licenses issued in conjunction with special events. Any municipality or county may issue:

(1) A special malt beverage retailers license in conjunction with a special event within the municipality or county to any civic, charitable, educational, fraternal, or veterans organization or any licensee licensed pursuant to subdivision 35-4-2(4), (6), or (16) in addition to any other licenses held by the special events license applicant;
(2) A special on-sale wine retailers license in conjunction with a special event within the municipality or county to any civic, charitable, educational, fraternal, or veterans organization or any licensee licensed pursuant to subdivision 35-4-2(4), (6), or (12) or chapter 35-12 in addition to any other licenses held by the special events license applicant;
(3) A special on-sale license in conjunction with a special event within the municipality or county to any civic, charitable, educational, fraternal, or veterans organization or any licensee licensed pursuant to subdivision 35-4-2(4), (6), or (16) in addition to any other licenses held by the special events license applicant; or
(4) A special off-sale package wine dealers license in conjunction with a special event within the municipality or county to any civic, charitable, educational, fraternal, or veterans organization or any

licensee licensed pursuant to subdivision 35-4-2(3), (5), (12), (17A), or (19) or chapter 35-12 in addition to any other licenses held by the special events license applicant. A special off-sale package wine dealers licensee may only sell wine manufactured by a farm winery that is licensed pursuant to chapter 35-12.

Any license issued pursuant to this section may be issued for a period of time established by the municipality or county. However, no period of time may exceed fifteen consecutive days. The local governing body may establish rules to regulate and restrict the operation of the special license.

Discussion: The notice of public hearing is attached. The Police Captain reported there were no incidents with the events held last year. As the event will be held on a City street and City property, ordinance allows the City to include "*such conditions and restrictions, as the governing body may deem appropriate and consistent with state law*." The request to exceed allowable noise levels by no more than 50% was approved for this location and the four dates of the Thursdays on the Platz at the June 20th meeting. The street closure request is later on this agenda. The Vermillion Chamber of Commerce and Development Company is requesting the permit to sell beer and wine on the City property. The VCDC has provided a Release and Indemnification releasing the City from liability for the event. The individuals selling the beer and wine may or may not be VCDC staff or Board members.

Below are some special conditions required by the City Council for other entities that have used the city property for sale of alcoholic beverages. Adjustments may be appropriate for the last three conditions, but Staff recommends the City Council consider and attach most of the following conditions:

- A Certificate of Insurance naming the City of Vermillion as an additional insured, including liquor liability.
- Require the applicant identify and utilize a fenced area where alcoholic beverages may be sold and consumed, as well as a plan to monitor the entrances and exits from this area.
- Require a plan for the clean up and disposal of the cups and other materials after the event each day.
- Restroom facilities. Some groups have used port-a-potties for a similar event. The duration of the event may minimize the need for specific restroom facilities.
- Require a list of those individuals selling alcohol and checking IDs be provided to the City Manager 24 hours before the event. All individuals on the list were required to be at least 21 years of age.
- Hours of sale may be limited. The noise permit states the hours will be from 6:00 pm to 8:00 pm and as such the hours could be restricted to that time period.

Financial Consideration: The City has received the $15 per day license fee and $15 advertising fee from the applicant for a total of $75.

Conclusion/Recommendations: Administration recommends approval of the July 21, August 4, August 25 and September 1, 2011 special daily malt beverage and wine license, contingent upon a Certificate of Insurance naming the City of Vermillion as an additional insured, establish the hours that sales will be allowed for each day, the City Council is comfortable that the applicant holding the license can properly distribute malt beverages and regulate the events, and there is complete understanding and agreement by the applicant with regard to any conditions and restrictions the City Council may require after further information is provided at the public hearing. The motion should also address the request to use the Ratingen Platz.

NOTICE OF PUBLIC HEARING OF APPLICATIONS
FOR SALE OF ALCOHOLIC BEVERAGES

NOTICE IS HEREBY GIVEN THAT the Vermillion City Council on the 5th day of July, 2011 at the hour of 7:00 P.M. in the City Hall Council Chambers, 25 Center Street, will meet in regular session to consider the following application for an alcoholic beverage license to operate within the municipality for the licensing period stated below, which has been presented to the City Council and filed in the Finance Officer's Office:

Special Daily License (On-Sale) Malt Beverage and Wine License:

Vermillion Area Chamber & Development Company, Inc on or about July 21, August 4 & 25 and September 1, 2011 at the Ratingen Platz on the corner of Market and Main Street and the Market Street right of way from Main Street south a half a block.

NOTICE IS FURTHER GIVEN THAT any person, persons, or their attorney may appear and be heard at said scheduled public hearing who are interested in the approval or rejection of any such application.

Dated at Vermillion, South Dakota this 17th day of June, 2011.

_____
Michael D. Carlson, Finance Officer

Publish: June 24, 2010

Published once at the approximate cost of _____.

Council Agenda Memo

From: Mike Carlson, Finance Officer

Meeting: July 5, 2011

Subject: 2010 Audited Annual Comprehensive Financial Report

Presenter: Mike Carlson

Background: The 2010 unaudited annual report was presented to the City Council in March of 2010. 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 the Documents tab - Forms folder.

Financial Consideration: An annual audit is a requirement based upon the amount of grants the City receives and is a requirement of bond resolutions.

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

STATE OF SOUTH DAKOTA
DEPARTMENT OF LEGISLATIVE AUDIT

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

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

June 23, 2011

Michael D. 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, 2010)

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

WILLIAMS & COMPANY P.C.
Certified Public Accountants

21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

May 27, 2011

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vermillion for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Governmental Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our planning meetings leading up to the engagement. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Vermillion are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements was the estimation of useful life for capital assets, unbilled usage in the enterprise funds, the closure post-closure liability in the joint powers enterprise fund, the allowance for doubtful accounts, and the unemployment liability in the unemployment internal service fund.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 27, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Supplementary Information

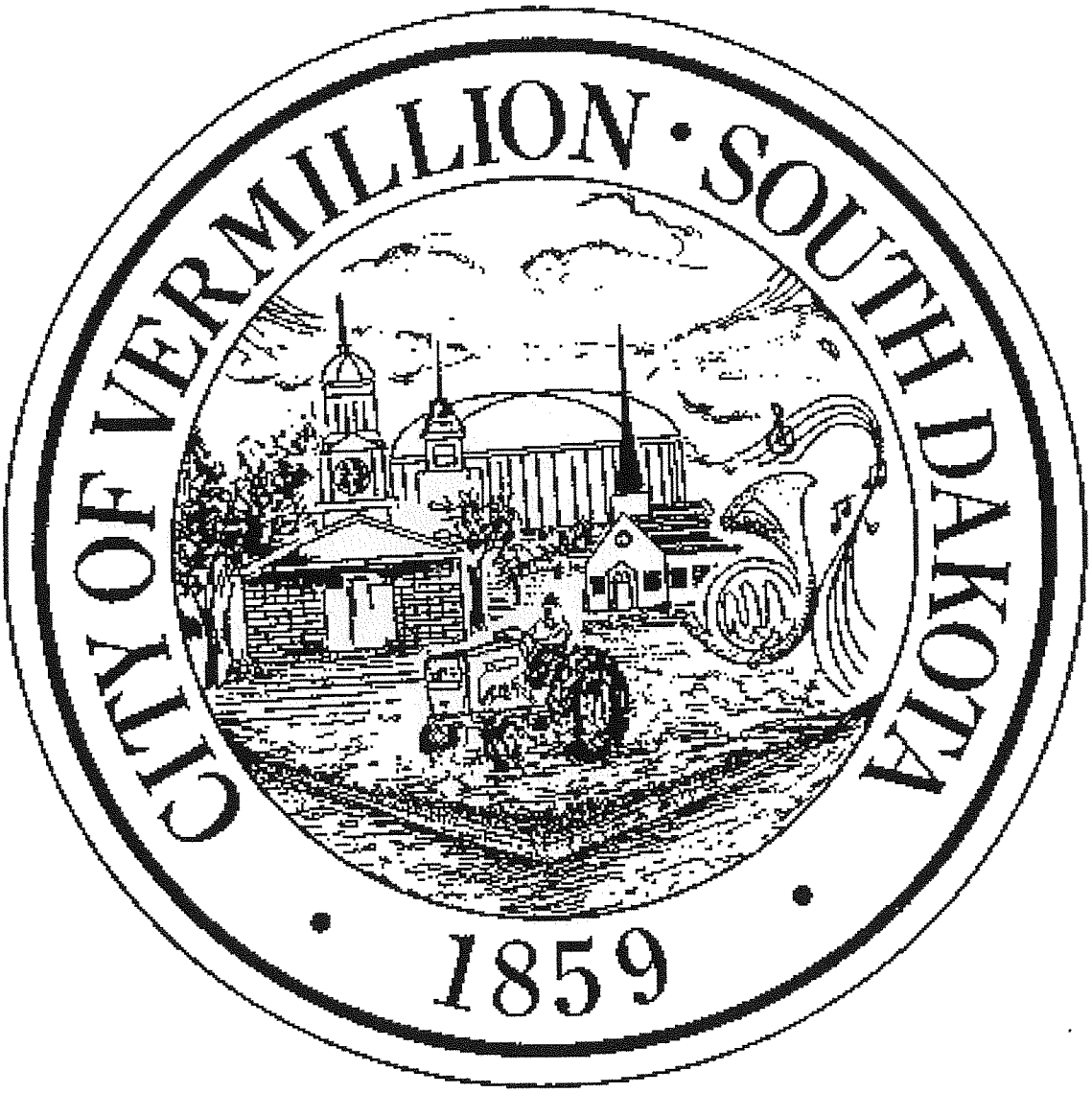
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves

This information is intended solely for the use of the City Council and management of the City of Vermillion and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Company, P.C.

Williams & Company, CPA, PC

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, 2010----December 31, 2010

CITY OF VERMILLION

AUDITED FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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CITY OF VERMILLION · SOUTH DAKOTA

1859

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
INTRODUCTORY SECTION

City of Vermillion

25 Center Street • Vermillion, SD 57069
Ph: 605-677-7050 • Fax: 605-677-5461
Info@cityofvermillion.com
www.vermillion.us

May 27, 2011

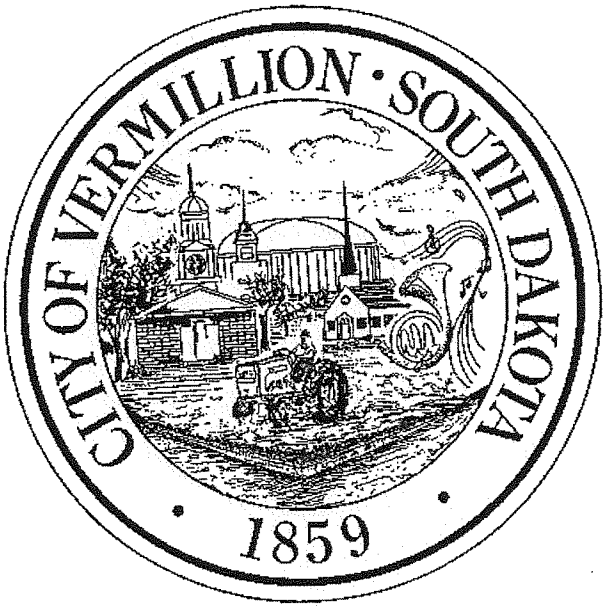
Honorable Mayor and Members of the City Council
City of Vermillion
Vermillion, South Dakota 57069

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, 2010.

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, 2010, 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, 2010, 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.


CITY OF VERMILLION · SOUTH DAKOTA
1859

The independent audit of the financial statements of the City of Vermillion was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. The Single Audit reports are included in 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 1 athletics, and enrollment of over 10,000, offering majors in 132 undergraduate programs and 62 graduate programs. The 2010 census has the 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 59-63 as part of the required supplemental information and supplementary information.

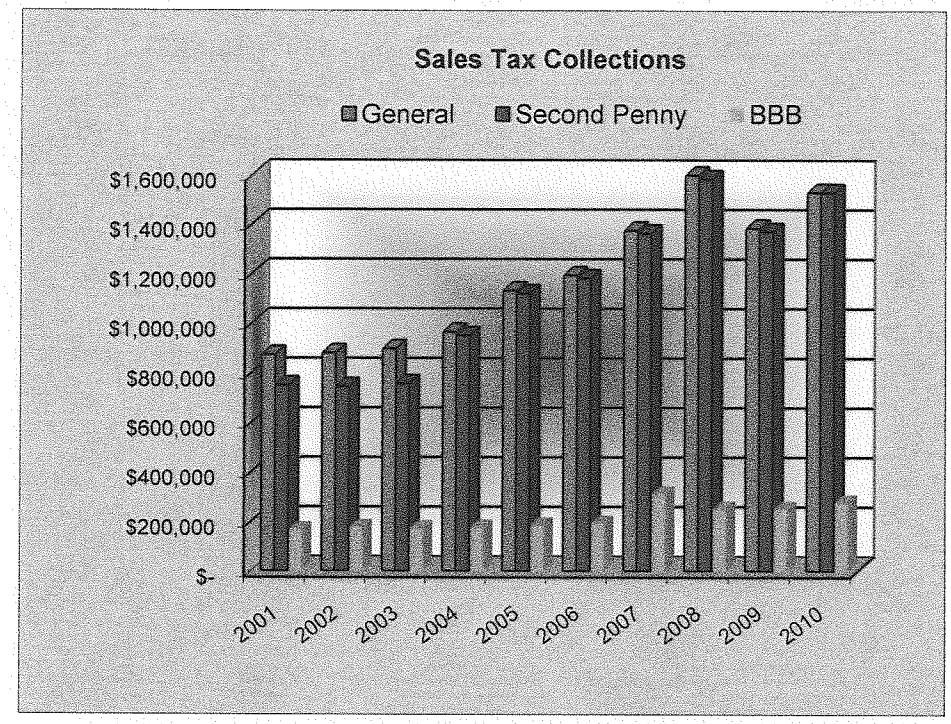
Factor Affecting Financial Condition

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.

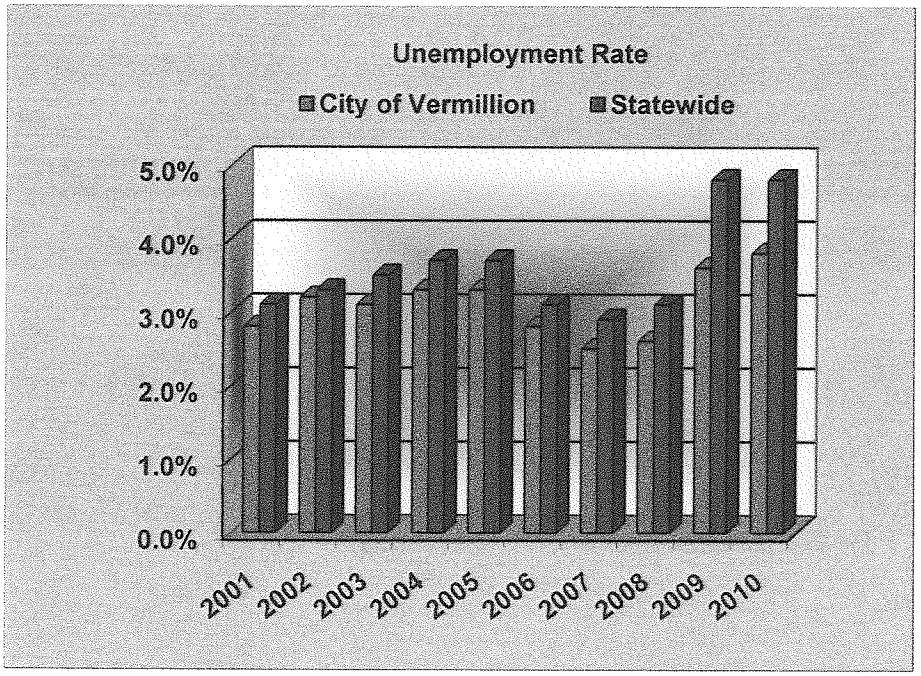
Local economy.

The economy in the Vermillion area saw improvement in 2010. The total City sales tax revenues increased 11% ($328,956) over 2009. 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. This increase is a combination of the discovery of reporting error in 2009 by the SD Department of Revenue & Regulation where the City was overpaid in 2007 and 2008 reducing the amount the City Received in 2009 by $118,500. Even without the adjustment for 2009 the sales tax increase would have increased over 6% for the year. 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. For the first quarter of 2011 total City sales tax revenue is down 6.4% ($60,089) over 2010. The sales tax receipts will be monitored and the budget will be reviewed in August 2011 to determine if adjustments are needed.

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 had a slight increase during 2010 from 3.6% to 3.8% while the state unemployment rate stayed the same at 4.8%. With the higher state rate it appears that individuals are attracted to the community for the university and that the city rate is lower than the state rate.



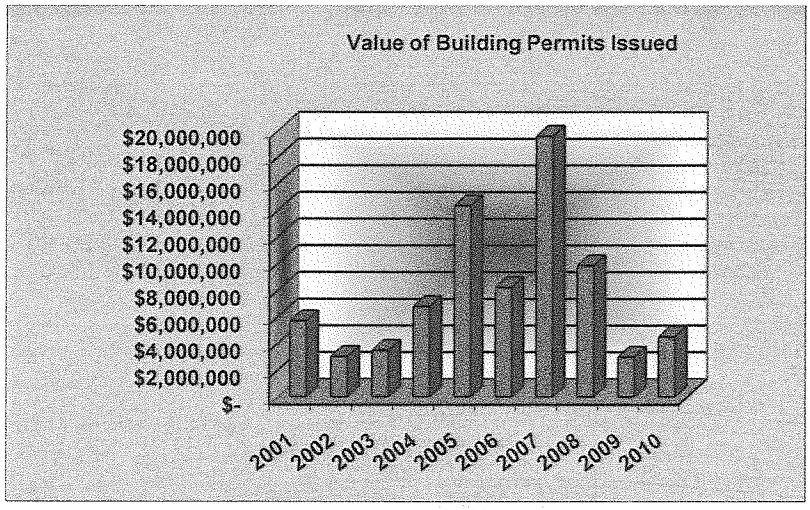
The City of Vermillion is home to the University of South Dakota that has been ranked among the top doctorial institutions in the country. It is the home to South Dakota's only School of Medicine, Law, College of Fine Arts and internationally accredited Business School. The University is the City's largest employer and saw an increase in enrollment of 6% to 10,151.

On the University campus, a 575-bed student housing facility known as Coyote Village opened in August 2010. The 61,000 square foot wellness center opened for use in January 2011. The renovation of Slagle Hall will be completed in the spring of 2011. The restoration of the 1,200 seat auditorium built in 1925 was budgeted to cost $8.3 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.

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 2010 totaled $4,502,352 up from $2,983,296 in 2009. The number of single family dwellings constructed totaled ten in 2010, with seven new multi-family units and six 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.



Major initiatives.
In anticipation of the December 2010 expiration of the existing wheeling contract for electrical service, the city studied the options of a new transmission contract or building its own transmission line. Due to significant price increases in the proposed new contract, the estimated savings of building a transmission line were projected at $30 to $37 million over the 40-year minimum life expectancy of the project. Following the voter approval of a referred bond resolution, electric revenue bonds were issued in 2009 to provide $6.5 million of the project costs and up to $2 million of electric fund reserves are pledged for the project. The bonds were issued as Build America Bonds that provides for a reimbursement of 35% of the interest over the life of the bond. During 2009 the authorization for use of right-of-way was approved and bids for part of the project were accepted. During 2010 the balance of the project was bid with construction completed on all phases of approximately 20 miles of looped 115 kv transmission line, interconnection at the WAPA switchyard and new substation transformer and related interconnection at the city switchyard. The new transmission line and related equipment was energized and placed into service in late November 2010. The project total cost was just under $7.25 million thus not all the city reserve funds pledged for the project were used.

The construction was completed on the wastewater collection cured in place pipe and pipe bursting project. The project is funded by a $500,000 Community Development Block Grant (CDBG) and a $499,000 State Revolving Loan with 50% principal reduction grant. The project consisted of installing 19,933 feet of cured in place pipe and 1,675 feet of new pipe installed by pipe bursting. The pipe bursting portion of the project was completed in 2009 and the cured in place pipe portion of the project was completed during 2010. The CDBG and principal forgiveness were funded as part of the American Recovery and Reinvestment Act of 2009.

A bid was awarded for the replacement of the landfill baler in late 2009 with delivery and set up in the spring of 2010. In addition to the baler, the project included the related electrical upgrades for a total cost of $536,804. The project was financed by a $255,519 State of South Dakota Solid Waste Management Program grant, a State of South Dakota Solid Waste Management Program 10 year, 2.25% loan of $255,519 and the balance was funded from Joint Powers landfill reserves.

In March the City was awarded a grant and loan package to replace the landfill dozer. The dozer was purchased in August 2010 for $459,201 and was financed by a $80,819 State of South Dakota Solid Waste Management Program grant, a $200,000 State of South Dakota Solid Waste Management Program 7 year 2.25% loan with the balance funded from Joint Powers landfill reserves.

In addition to the equipment listed above the city purchased a wheel loader, street sweeper, backhoe/trencher, crack sealing machine, four pickups, a police car, three mowers, utility vehicle and skid steer loader totaling $635,047.

A major street renovation was done to thirteen blocks of downtown streets consisting of removing the old asphalt overlay and installing a new asphalt overlay. As part of the project a gravel parking lot at the corner of Kidder and Market was completed with concrete paving total project cost $387,792.

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.

Construction continued during 2010 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 $4,851,000 State Revolving Fund Loan with construction to be completed in the spring of 2011.

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. Land acquisition is in process for the next phase of bike path extension along SD Hwy 50, anticipated for construction starting in 2011.

The Library Board has been pursuing an expansion to the existing library building to which the City Council has budgeted $1.4 million of second penny sales tax funds. The City was awarded a Community Development Block Grant on December 15, 2010 of $200,000 for the library expansion project. The plans for the expansion as developed by the Library Board have an estimated cost in excess of the funds committed by the City Council thus the Library Board is pursuing additional funds before the project will move forward.

The City Council has designated the reconstruction of Sanford Street from Main Street to Cherry Street as its next Federal Aid Urban street project. The project estimated at $1,500,000 is to be funded from the State allocated Federal Aid Urban funds estimated at $748,000, special assessments to adjoining property owners estimated at $250,000 and the balance from second penny sales tax. As such, no major street construction project was budgeted from the second penny sale tax fund for 2011 to accumulate the funds needed for the city share of the project in 2012. Engineering for this project started in late 2010 to develop the street and utility plans that must be submitted to the State by mid 2011 for approval in anticipation of bidding in early 2012 for construction.

The City Council approved the application to the Board of Environment and Natural Recourses for grant/loan financing to replace the 1912 Market Street water tower. The new tower is estimated to cost $1,532,000 to be located along Shriner Street. The Board of Environment and Natural Resources approved a $1,532,000 loan with 10% principal forgiveness at 2.25% interest for 30 years at their March 2011 meeting. The City is reviewing the options of applying for additional grant funding as the debt service on the project would require an 8.74% water rate increase without any additional grant assistance.

The 2011 budget included $135,000 for the bike path paving, $472,500 for equipment replacement in the equipment replacement fund, $770,000 for airport improvement planning,

$60,000 for miscellaneous concrete projects including city sidewalks, $46,500 for street department equipment, $34,000 for fire department equipment replacement and $80,000 for parks equipment replacement. 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, 2009. This was the fourth 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

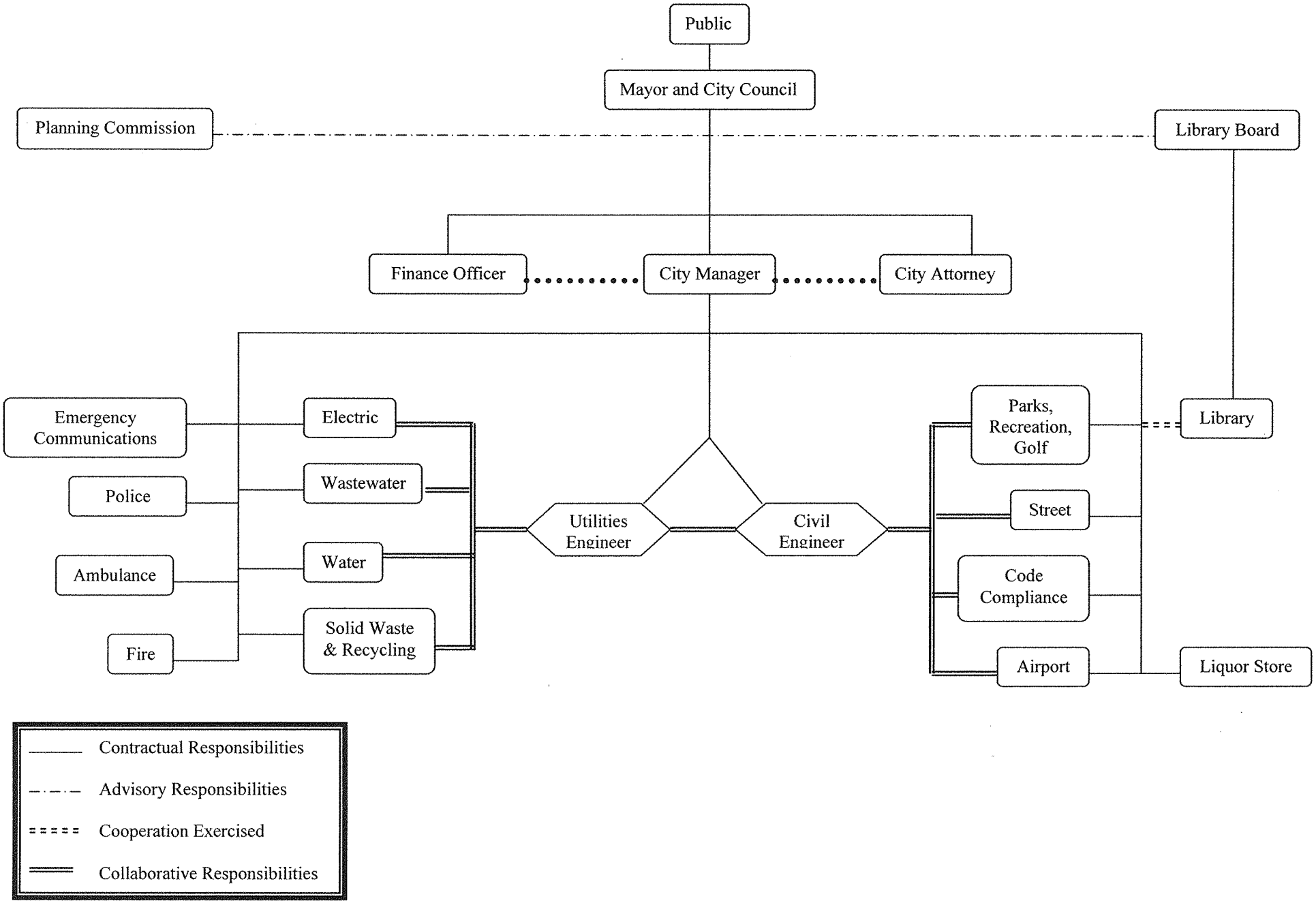
City of Vermillion South Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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.

President

Executive Director


Public
Mayor and City Council
Planning Commission
Library Board
Finance Officer
City Manager
City Attorney
Emergency Communications
Police
Ambulance
Fire
Electric
Wastewater
Water
Solid Waste & Recycling
Utilities Engineer
Civil Engineer
Parks, Recreation, Golf
Library
Street
Code Compliance
Airport
Liquor Store
Contractual Responsibilities
Advisory Responsibilities
Cooperation Exercised
Collaborative Responsibilities

MUNICIPAL OFFICIALS

For the Period January 1, 2010 through December 31, 2010

Mayor	
Dan Christopherson	Ending July 6
John E.(Jack)Powell	Beginning July 6
Alderman Central Ward	
Jennifer French	
Mary Edelen	Ending July 6
John Grayson	Beginning July 6
Alderman Northeast Ward	
Clarene Meins	
Kent Osborne	
Alderman Northwest Ward	
Howard Willson	
John E.(Jack)Powell	Ending July 6
Tom Davies	Beginning July 6
Alderman Southeast Ward	
Steve Ward	
Ray Hofman	Ending July 6
Dennis Zimmerman	Beginning July 6
City Manager	
John Prescott	

CITY OF VERMILLION
FINANCIAL SECTION

WILLIAMS & COMPANY P.C.
Certified Public Accountants

21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

INDEPENDENT AUDITOR'S 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, 2010, 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 $89,565 and total revenues of $918,137 as of and for the year ended June 30, 2010. 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, 2010, 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 27, 2011, 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 59 through 63 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the financial statements. The combining nonmajor fund financial statements, budgetary compliance schedules and the schedule of expenditures of federal awards 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 27, 2011

City of Vermillion

25 Center Street • Vermillion, SD 57069
Ph: 605-677-7050 • Fax: 605-677-5461
Info@cityofvermillion.com
www.vermillion.us

Management's Discussion and Analysis
December, 31, 2010

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, 2010. 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 $2,865,078 as a result of the current year's operations. Net assets of our governmental activities increased by $810,875 or 2.84% and the net assets of our business-type activities also increased by $2,054,203 or 7.00%.
- Total revenues from all sources decreased in 2010 by $2,392,800 to $20,795,640. In 2010, charges for services increased $1,071,993, property taxes increased $88,814, sales tax increased $314,346, operating & capital grants decreased by $3,760,947, and other general revenues decreased by $107,006.
- Total costs of all programs was $17,930,562. This is an increase of $933,361 (5.49%) over 2009.
- The City's long-term debt increased $2,164,731 over 2009 due to two new debt issuances, one being $255,519 for the construction of a new baler the other $200,000 for the purchase of a new dozer, and continued drawdowns of $3,001,315 on the City's SRF Loans. During 2010 the City retired $1,346,285 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

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 then 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.

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 57.

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 31-55 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 57-63 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 70-77 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, 2010

with comparative data for the fiscal year ended December 31, 2009. Assets exceeded liabilities by $60,767,535 at the close of the most recent fiscal year.

City of Vermillion
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	$ 6,658,607	$ 7,227,596	$ 12,429,401	$ 18,181,421	$ 19,088,008	$ 25,409,017
Capital Assets	28,132,651	28,051,549	41,971,102	31,564,347	70,103,753	59,615,896
Total Assets	34,791,258	35,279,145	54,400,503	49,745,768	89,191,761	85,024,913
Long-term Liabilities Outstanding	4,457,038	5,622,174	20,289,572	18,121,535	24,746,610	23,743,709
Other Liabilities	987,387	1,121,013	2,690,229	2,257,734	3,677,616	3,378,747
Total Liabilities	5,444,425	6,743,187	22,979,801	20,379,269	28,424,226	27,122,456
Net Assets:						
Invested in Captial Assets, Net of Related Debt	23,357,651	22,167,991	20,882,426	19,705,309	44,240,077	41,873,300
Restricted	1,733,186	2,251,003	1,729,746	1,655,139	3,462,932	3,906,142
Unrestricted	4,255,996	4,116,964	8,808,530	8,006,051	13,064,526	12,123,015
Total Net Assets	$ 29,346,833	$ 28,535,958	$ 31,420,702	$ 29,366,499	$ 60,767,535	$ 57,902,457

City of Vermillion
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	$ 1,316,458	$ 1,103,724	$ 12,024,399	$ 11,165,140	$ 13,340,857	$ 12,268,864
Operating Grants & Contributions	89,026	64,553	93,886	1,972	182,912	66,525
Capital Grants & Contributions	223,818	3,677,885	775,438	1,198,705	999,256	4,876,590
General Revenues:						
Property Taxes	1,872,491	1,827,924	480,052	435,805	2,352,543	2,263,729
Other Taxes	3,422,702	3,108,356	-	-	3,422,702	3,108,356
Other	290,696	396,307	206,674	208,069	497,370	604,376
Total Revenues	7,215,191	10,178,749	13,580,449	13,009,691	20,795,640	23,188,440
Expenses:						
General Government	1,336,341	1,185,168	-	-	1,336,341	1,185,168
Public Safety	2,118,547	2,026,733	-	-	2,118,547	2,026,733
Public Works	1,656,337	1,561,217	-	-	1,656,337	1,561,217
Health & Welfare	412,409	415,740	-	-	412,409	415,740
Culture & Recreation	1,177,757	1,203,636	-	-	1,177,757	1,203,636
Conservation & Development	368,202	708,482	-	-	368,202	708,482
Interest on Long-term Debt	272,722	301,118	-	-	272,722	301,118
Electric	-	-	4,661,735	4,025,288	4,661,735	4,025,288
Water	-	-	1,342,632	1,336,150	1,342,632	1,336,150
Wastewater	-	-	1,345,153	1,336,169	1,345,153	1,336,169
Liquor	-	-	1,017,680	1,000,796	1,017,680	1,000,796
Golf	-	-	834,736	840,409	834,736	840,409
Joint Powers Landfill	-	-	1,288,114	1,022,888	1,288,114	1,022,888
Curbside Recycling	-	-	98,197	33,407.00	98,197	33,407.00
Total Expenses	7,342,315	7,402,094	10,588,247	9,595,107	17,930,562	16,997,201
Increase(Decrease) in Net Assets Before Transfers	(127,124)	2,776,655	2,992,202	3,414,584	2,865,078	6,191,239
Transfers	937,999	911,657	(937,999)	(911,657)	-	-
Increase in Net Assets	810,875	3,688,312	2,054,203	2,502,927	2,865,078	6,191,239
Net Assets January 1	28,535,958	24,847,646	29,366,499	26,863,572	57,902,457	51,711,218
Net Assets December 31	$ 29,346,833	$ 28,535,958	$ 31,420,702	$ 29,366,499	$ 60,767,535	$ 57,902,457

By far the largest portion of the City's net assets (72.8%) 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 $3,462,932 (5.7%) represents resources that are subject to external restriction on how they may be used. Restricted net assets include the

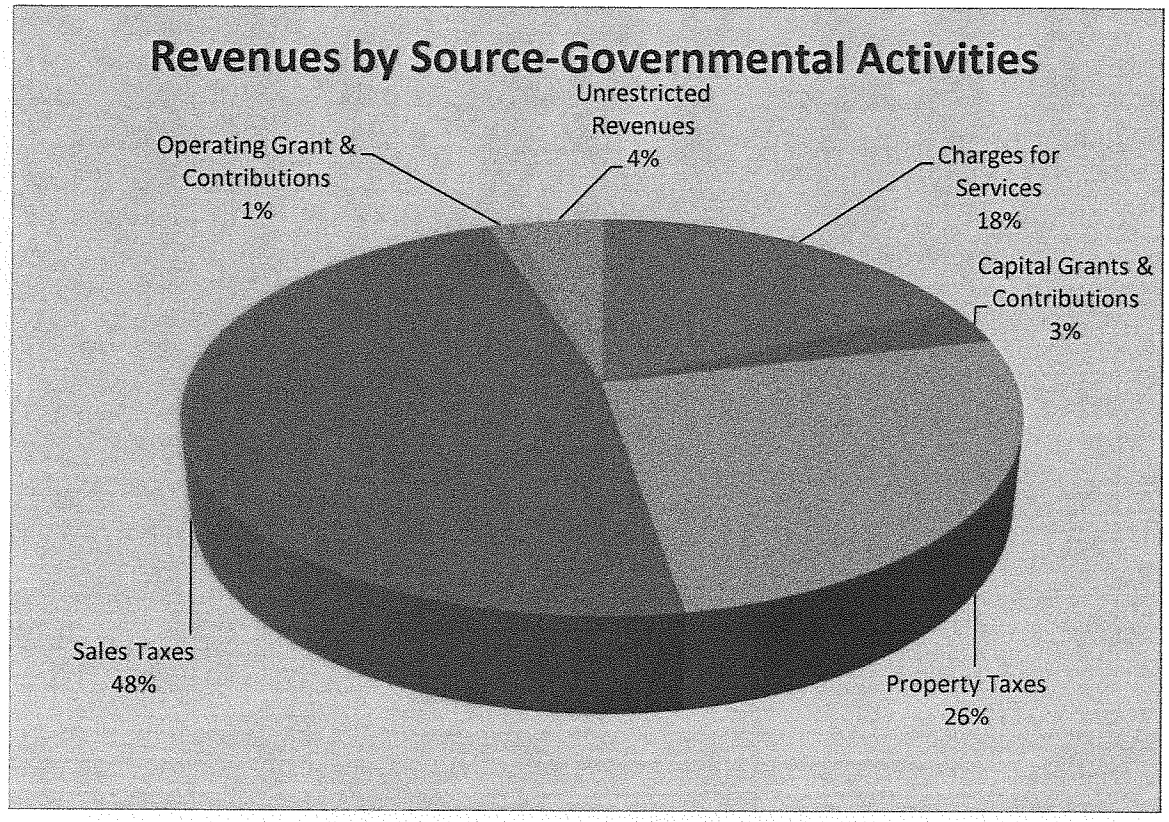
amounts restricted for debt service of $2,462,377 (a decrease of $582,807), Stormwater construction of $490,302 (an increase of $124,082), Landfill Closure/Postclosure of $207,915 (a decrease of $2,964), Cumulative reserve of $158,060 and other restrictions of $144,278 (an increase of $18,479), The remaining balance of unrestricted net asset of $13,064,526 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.

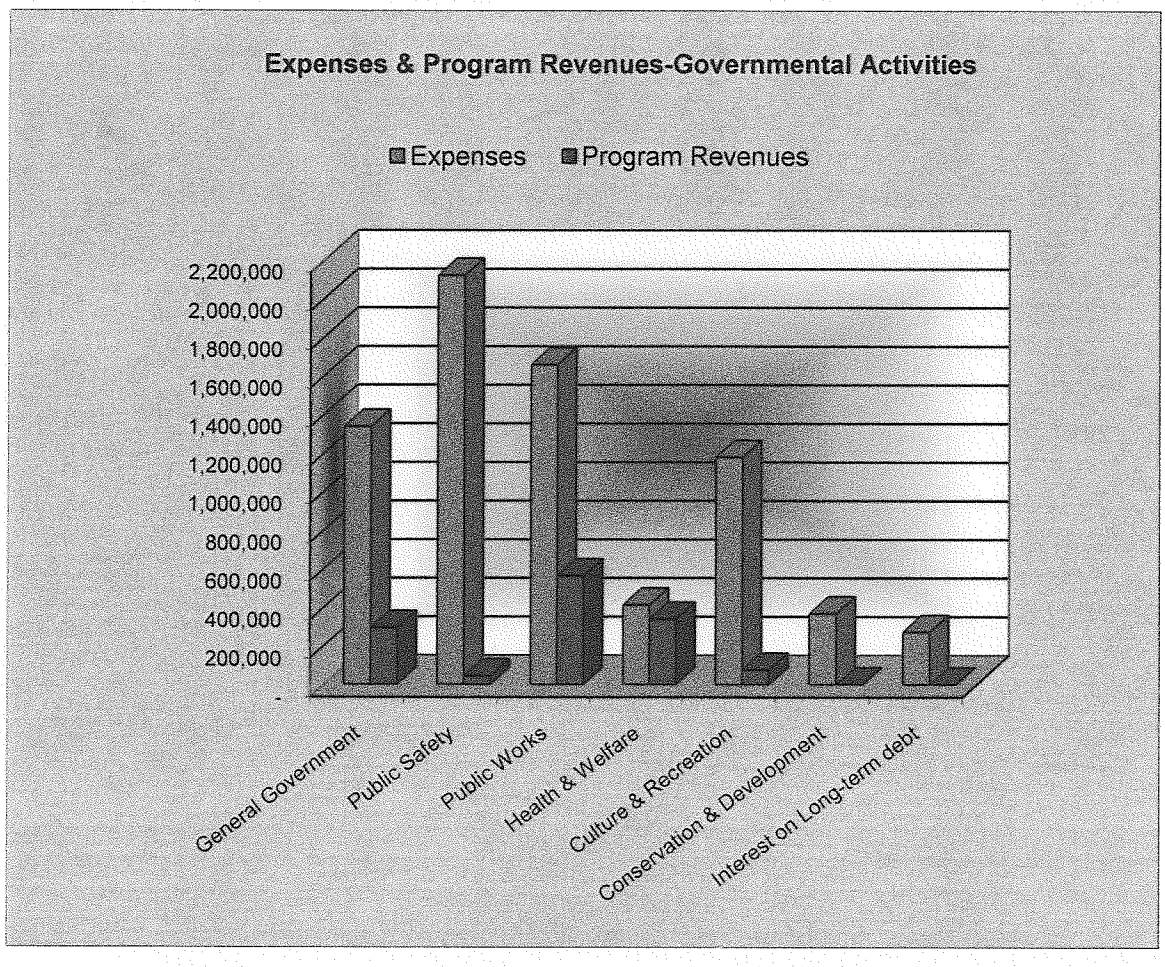
Governmental activities: Governmental activities increased the City's net assets by $810,875, thereby accounting for 28.3% of the total growth in the net assets of the City Vermillion. Elements of this increase are as follows:

- Charges for goods & services increased $212,734 in 2010. Public Works increased $160,963, with the majority ($138,641) being from an increase in special assessment collections. General Government increased $44,958 with the major factor being an increase in the collection in nuisance abatements of which $28,252 was from a collection for property clean up. Culture and recreation increased $11,621 with the majority $6,770 being from a rate increase in swimming pool fees.
- Operating Grants increased by $24,473 in 2010. Of this amount, $16,392 is in the general government consisting of a federal disaster grant for the 2009 Christmas blizzard of $12,187 and an energy grant of $5,802 to offset wages for the promotion of recycling programs. Culture and recreation increased $21,643 which is attributable to a Gates grant of $1,950 and work study of $16,332. Public safety increased $16,385, this is a combination of a decrease in the purchase of police vests of $1,852 and an increase in wages and overtime grants of $18,238. Conservation and development decreased $29,947 due to the energy grant for the purchase of bins for the new curbside recycling program in 2009.
- Capital grants and contributions decreased by $3,454,067 in 2010. Public safety decreased $35,847 due to grants received in 2009 for the purchase of tazers, radios, and vehicle camera systems. Public works decreased $3,043,109 due to grants received in 2009, the majority being for airport white topping $2,265,520 and the remaining for the South Crawford Road Project of $777,589. Culture and recreation decreased $375,626 with a decrease from 2009 grants for the streetscape project and purchases of equipment totaling $391,726 and an increase in the bike path funding of $16,100.
- Property taxes increased by $44,567 or 2.44% during the year. This increase is the product of the tax revenue for general purposes that increased $55,310 and an decrease in the tax revenue for tax increment district of $10,743. 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 increased by $314,346 or 10.11%. 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. This increase is a combination of the discovery of reporting error in 2009 by the SD Department of Revenue & Regulation where the City was overpaid in 2007 and 2008 reducing the amount the City Received in 2009 by $118,500. Even without the adjustment for 2009 the sales tax increase would have increased over 6% for the year. 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 decreased $105,611 or 26.65%. Contributing to this decrease is a decrease in investment earnings of $114,918, a decrease in unrestricted revenue of

$2,084, a decrease in miscellaneous revenue of $5,020, and an increase in the gain on the sale of assets of $16,411.



- General government expenses increased by $151,173 or 12.76% with $55,596 coming from an increase in wages paid in the engineering department. In 2009, the City engineering position was vacant for six months.
- Public Safety expenses increased by $91,814 or 4.53% with $59,226 coming from police patrol wages and overtime. In 2010, the City received a federal grant of $13,053 to reimburse overtime incurred to provide additional enforcement programs and a COP's grant of $23,943 to hire one additional law enforcement officer. Fire and rescue had an increase in equipment repair and maintenance of $2,176 due to testing on the departments self-contained breathing apparatus done in 2010 that was unavailable in 2009.
- Public works expenses increased $95,120 or 6.09% with the Airport increasing $28,201 of which $25,566 is in the purchase of fuel for resale. This is a combination of increases in fuel costs and that for part of the year in 2009 the Harold Davidson Field was closed for the white topping project.
- Conservation and development expenses decreased $340,280 primarily due to 2009 being the last payment in economic incentives of $328,699 for infrastructure.

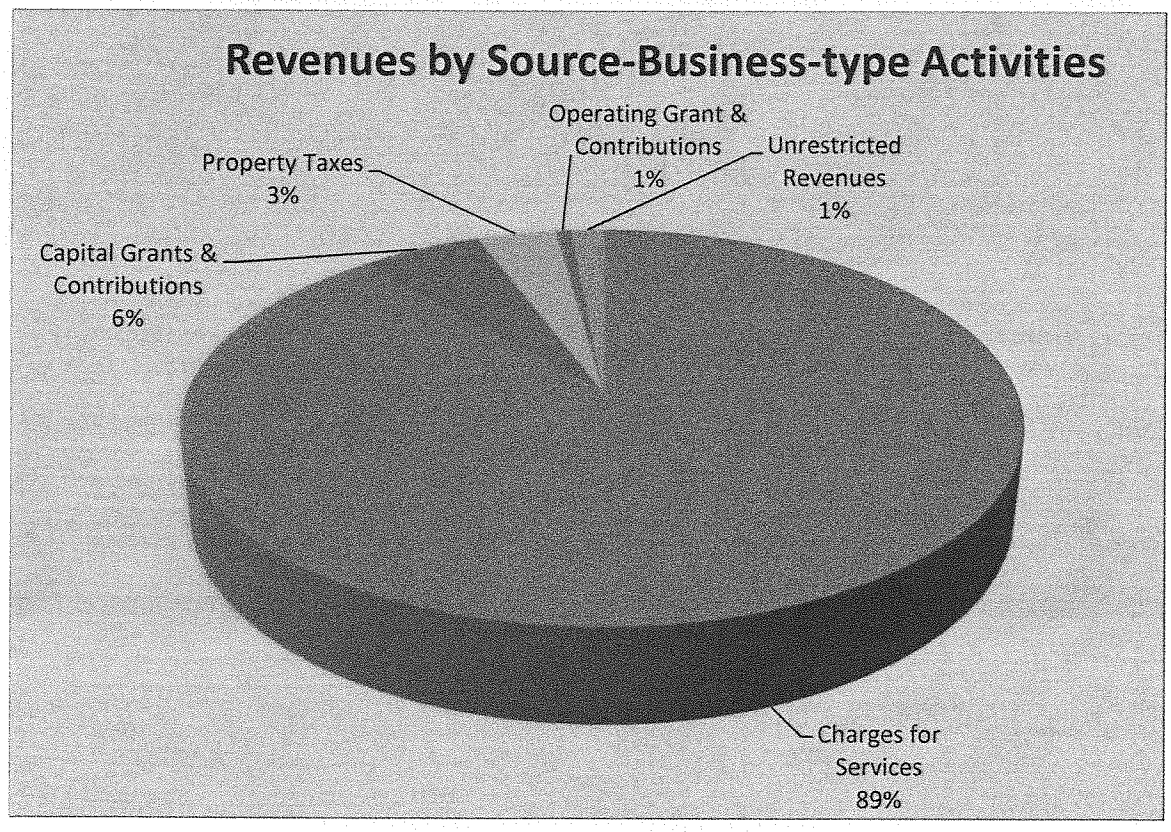


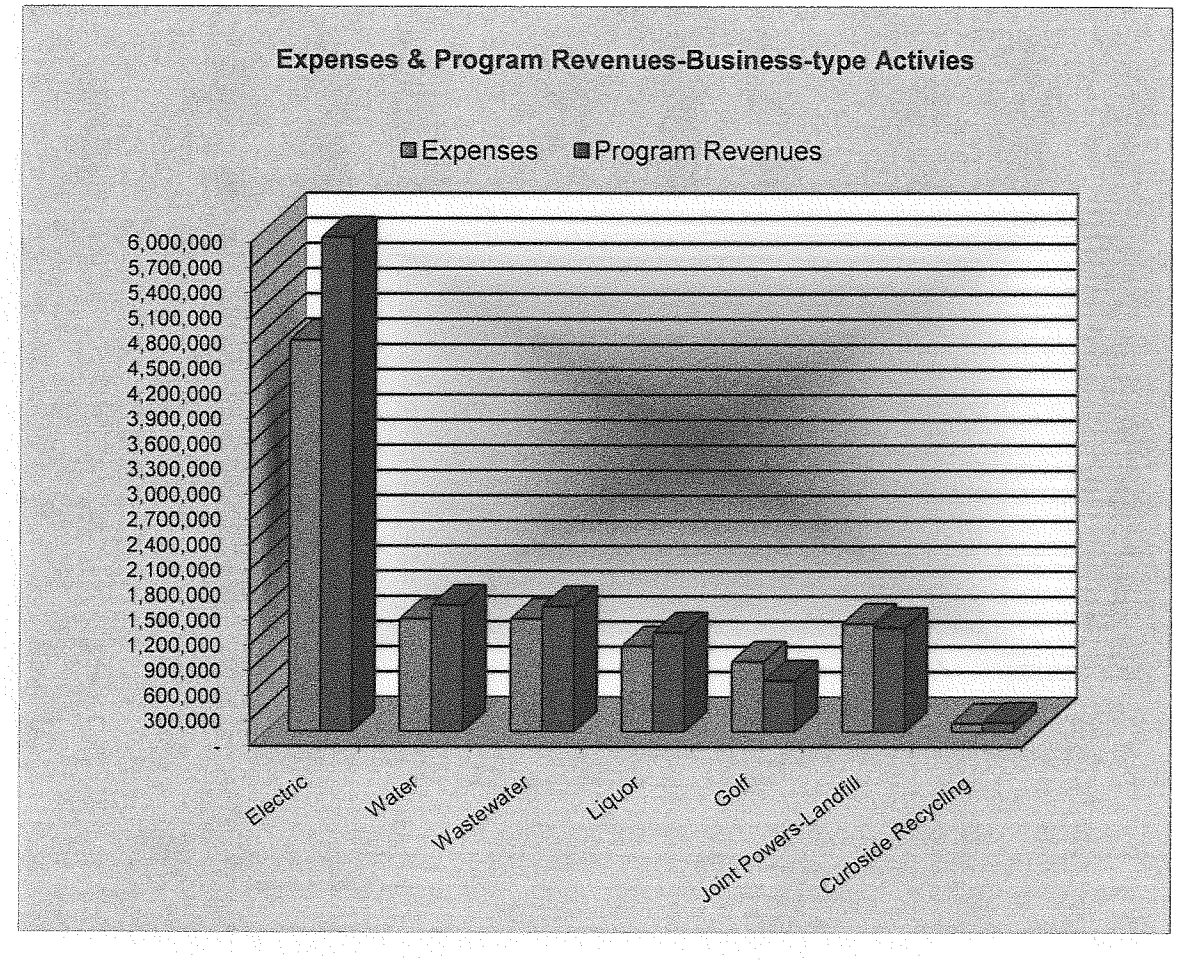
Business-type activities: Business-type activities increased the City of Vermillion's net assets by $2,054,203, accounting for 71.7% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Charges for services increased by 7.7% or $859,259. The Electric Fund charges for services increased 11.82% or $621,925. Of this increase, $485,621 is for the electric debt service surcharge for the transmission line debt service that was implemented in December 2009. In addition, electric rates were increased in December of 2009, by 8.42%. The balance of the increase was from increased sales as electric consumption increased 3,251,379 kw. The Water Fund charges for services decreased .54% or $8,230. While water rates increased 3.06%, consumption decreased by 2,924,003 cubic feet. The decrease in water consumption is attributed to the wet summer and fall that reduced the seasonal water usage. Wastewater Fund rates increased 12.58% while total charges for services increased $73,324. A wastewater debt service surcharge was implemented in 2010 for the debt service on the Phase II improvements and raised $145,131 while wastewater charges for operations decreased $76,311. Together, these factors account for an increase of $687,019 in charges for services. The remaining increase is a combination of an increase in the Liquor Fund sales of $16,352, an increase in Joint Powers-Landfill revenue of $148,409, a decrease in the Golf Fund of $74,418 due to the wet summer that flooded a portion of the course for a number of weeks causing the

need to reseed large portions of the course, and an increase in the Curbside Recycling program of $81,897 as this was the first full year of this program.

- Operating grants and contributions increased $91,914 in 2010 with the Water fund receiving a $14,000 grant from the Vermillion Basin Water Development District for a leak study. The golf course received $1,932 in disaster aid for the summer flooding on the course. Joint Powers received $77,954 for a waste tire collection program.
- Capital grants and contributions decreased $423,267 in 2010. The Water Fund decreased $86,202 due to contributed capital for the Cherry Street reconstruction completed in 2009. The Wastewater Fund decreased $556,999 over 2009 but still had contributed capital from a Community Development Block Grant in the amount of $251,098 and principal forgiveness of $232,574 for the cured in place collection system improvements. They also received $5,589 in the form of a federal disaster grant for flooding in 2010. Joint Powers Landfill increased $229,025 caused by $283,007 received from state grants, with $202,187 being for the new baler and $80,819 for the new dozer. The Curbside Recycling Fund decreased $9,091 which was due to a state grant received in 2009 for the implementation of the program.





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 $5,412,748, as shown on Exhibit 3, which is a decrease of $97,293 in comparison with the prior year. Approximately 84% of this total amount $4,542,556 constitutes *unreserved fund balance* which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) purchase of inventory $46,460, 2) to pay debt service $497,633, 3) next year's budget $168,039, and 4) cumulative reserve fund $158,060.

The general fund is the chief operating fund of the City of Vermillion. At the end of the current fiscal year, unreserved fund balance of the general fund was $2,137,847, as shown in Exhibit 3, while total fund balance reached $2,510,406. As a measure of the general fund's liquidity, it may

be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 38% of total general fund expenditures, while total fund balance represents 45% of the same amount.

The fund balance of the City's general fund increased $132,081 during the current fiscal year, as shown in Exhibit 4. Factors in this increase are as follows:

- An increase in property taxes of $51,483 or 3% and a increase sales tax collection of $145,061 or 10%.
- Intergovernmental Revenue increased by $20,694 or 4% with the majority of the increase due to county payments, $10,224 was from county motor vehicle collections and $4,441 from payments received for emergency communications.
- Charges for goods and services increased $38,308 or 9% with $28,252 of the increase for nuisance abatement collection for property clean up, and $6,770 from a rate increase in swimming pool fees.
- Expenditures in the General Fund increased $156,246 or 3%. Public Safety increased $91,795 of which $83,169 was due to the increase in police patrol wages and overtime wages incurred by one additional officer funded by the COP'S grant. Public Works increased $65,025 with $25,566 being from the sale of fuel at the airport. Conservation and Development decreased $79,880 due to $61,634 of economic development expenditures in 2009.

The sales tax fund has a total fund balance $1,693,938, all of which is unreserved. The net increase in fund balance during the current year is $197,981. Revenues during this period increased by $89,228 compared to the prior year. This is due to an increase in sales tax revenue of $157,619, a decrease in intergovernmental revenues of $39,352, and a decrease in investment earnings of $29,039. Expenditures increased during this period by $119,542, which is largely due to the increase in capital outlay. Transfers out decreased by $951,740 to $764,528. Of this amount $335,008 was for support of city hall debt service, $233 the City's matching for airport white topping, $60,759 for bike path construction, $200,000 to support of debt service at the golf course, $100,000 for the purchase of equipment in the equipment replacement fund, and $68,528 for the South Crawford Capital Project Fund.

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 $5,063,241, Water $1,401,223, Wastewater $557,427, Liquor $347,486, Golf Course $167,000, Joint Powers-Landfill $1,229,215 and Curbside Recycling $26,427. The total growth in net assets for all funds in the current year was $2,055,113. 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 $97,433 (2.1% of the original budget) with intergovernmental revenue increasing $25,553 due to expected increases in federal grants and charges for goods and services increasing $48,500 for anticipated nuisance abatement collections. Expenditures were increased by $13,169 (.22% of the original budget) with conservation and development increasing $21,023. Of this increase, $16,405 was actually expended, $2,873 for special event recycling bins, $9,725 for the landfill voucher program and household hazardous waste collection, and $3,930 for community improvements. The original and final budgets are reported on Exhibit 8 on page 59.

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, 2010 amount to $70,103,753 (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. The total increase in the City's investment in capital assets for the current fiscal year was 17.59% (a .29% increase for governmental activities and a 33% increase for business-type activities).

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

- Construction was completed on Phase 1 of the Bike Path for a total of $453,928.
- Infrastructure increased in 2010 due to various projects including Mickelson Street, mill and overlay of the downtown area, and street lighting in various areas of the City.
- Construction was completed on the City's new 115kV electric transmission line, substation improvements, and interconnect totaling $7,443,313. The wastewater's cure in pipe project was completed to extend the life of existing sewer mains totaling $1,029,697, and the Joint Powers' baler was purchased and installed for $671,920.
- Construction continued on Phase II of the Wastewater Treatment Plant Improvements totaling $4,770,781. The project is scheduled for completion in the spring 2011.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	$ 1,560,878	$ 1,453,856	$ 2,457,547	$ 2,457,547	$ 4,018,425	$ 3,911,403
Building & Structure	12,532,999	12,523,951	18,882,359	15,706,085	31,415,358	28,230,036
Improvements other buildings	-	-	13,623,798	8,581,601	13,623,798	8,581,601
Furniture & Equipment	3,398,382	3,124,465	2,153,515	1,930,728	5,551,897	5,055,193
Infrastructure	10,640,392	10,730,108	-	-	10,640,392	10,730,108
Construction in Progress	-	219,169	4,853,883	2,888,386	4,853,883	3,107,555
Total	$ 28,132,651	$ 28,051,549	$ 41,971,102	$ 31,564,347	$ 70,103,753	$ 59,615,896

Additional information on the City of Vermillion's capital assets can be found in Note 4 on pages 43-46 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 $25,863,676. Total note and bonded debt outstanding totaled $21,853,676, with the remainder being capital leases of $4,010,000.

The City's total outstanding debt increased by $2,164,731 or 9.13% during the current fiscal year. Factors in this increase are 1) the continued drawdown on wastewater State Revolving Fund Loan (SRF) for which $3,001,315 was drawn down in the current year, 2) two note payables with the Solid Waste Management Program for the acquisition assistance of a new baler at the landfill of $255,519 and for the purchase assistance of a new dozer for $200,000. The City was able to retire $1,346,285 of outstanding debt.

Additional information on the City's long-term debt can be found in Note 5 on pages 46-49 of this report.

City of Vermillion's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue Bonds	$ 765,000	$ 1,002,156	$ 20,287,816	$ 18,103,911	$ 21,052,816	$ 19,106,067
Notes Payable	-	-	800,860	407,878	800,860	407,878
Capital Lease	4,010,000	4,185,000	-	-	4,010,000	4,185,000
Total	$ 4,775,000	$ 5,187,156	$ 21,088,676	$ 18,511,789	$ 25,863,676	$ 23,698,945

Economic Factors and Next Year's Budgets and Rates

During the current fiscal year, the fund balance in the general fund increased by $132,081 to $2,510,406. The final budget for 2010 had projected the fund balance to decrease by $92,944. The City has appropriated $168,039 of the general fund reserve for spending in the 2011 fiscal year.

Utility rates were increased in 2010 for water and wastewater and during the 2011 budget process, electric, water and wastewater utility rate increases were also proposed. The electric rate increase was to pass along the increased cost of purchased power from WAPA and MRES and the debt service for the transmission line revenue bond. The 2010 water rate increase was to finance increased operating costs. The wastewater rate increases were to finance the debt issued for the Phase II improvements.

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 · SOUTH DAKOTA
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CITY OF VERMILLION
BASIC FINANCIAL STATEMENTS

EXHIBIT 1

CITY OF VERMILLION
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing & Redevelopment
ASSETS				
Cash & cash equivalents	$ 220,685	$ 747,315	$ 968,000	$ 335
Investments	4,417,503	4,730,000	9,147,503	-
Receivables (net, where applicable, of allowance for uncollectibles)				
Taxes receivables	37,601	-	37,601	-
Accounts receivable	137,364	894,265	1,031,629	1,342
Unbilled accounts receivable	-	367,698	367,698	-
Special assessments receivable	450,326	26,662	476,988	-
Interest receivable	47,110	37,204	84,314	-
Due from other governments	686,060	69,667	755,727	5,559
Internal balances	(875,021)	875,021	-	-
Inventories	46,460	1,082,496	1,128,956	-
Prepaid expenses	68,457	411,557	480,014	534
Deposits	158,699	-	158,699	-
Restricted assets:				
Cash	330,157	1,067,030	1,397,187	80,633
Investments	809,335	1,950,631	2,759,966	-
Interest receivable	8,144	11,209	19,353	-
Due from other governments	660	-	660	-
Deferred charges:				
Bond issuance costs net	115,067	158,646	273,713	-
Capital assets:				
Land and construction in progress	1,560,878	7,311,430	8,872,308	-
Other capital assets, net of depreciation	26,571,773	34,659,672	61,231,445	1,162
Total capital assets	28,132,651	41,971,102	70,103,753	1,162
Total assets	34,791,258	54,400,503	89,191,761	89,565
LIABILITIES				
Accounts payable	228,798	1,268,753	1,497,551	6,227
Customer deposits	-	77,040	77,040	-
Accrued interest payable	8,712	57,559	66,271	-
Revenue collected in advance	16,136	1,947	18,083	-
Noncurrent liabilities:				
Due within one year:				
Bonds payable	375,000	1,039,987	1,414,987	-
Notes payable	-	113,856	113,856	-
Capital lease	185,000	-	185,000	-
Accrued leave payable	173,741	131,087	304,828	-
Due in more than one year:				
Bonds payable	390,000	19,247,829	19,637,829	-
Notes payable	-	687,004	687,004	-
Capital lease	3,825,000	-	3,825,000	-
Closure - postclosure liability	-	172,121	172,121	-
Accrued leave payable	242,038	182,618	424,656	-
Total liabilities	5,444,425	22,979,801	28,424,226	6,227
NET ASSETS				
Invested in capital assets, net of related debt	23,357,651	20,882,426	44,240,077	1,162
Restricted for:				
BBB tax	144,278	-	144,278	-
Debt service	940,546	1,521,831	2,462,377	-
Stormwater	490,302	-	490,302	-
Landfill closure postclosure	-	207,915	207,915	-
Cumulative reserve-SDPAA	158,060	-	158,060	-
Other purposes	-	-	-	82,176
Unrestricted	4,255,996	8,808,530	13,064,526	-
Total net assets	$ 29,346,833	$ 31,420,702	$ 60,767,535	$ 83,338

See Accompanying Notes to Financial Statements

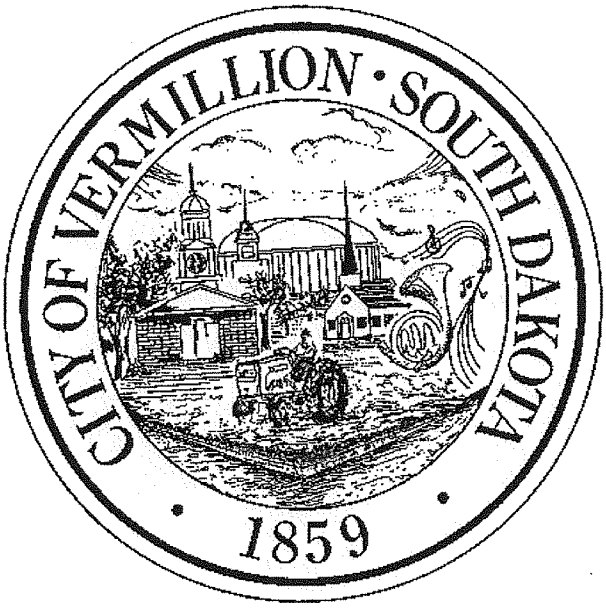
CITY OF VERMILLION · SOUTH DAKOTA
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EXHIBIT 2

CITY OF VERMILLION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Housing & Redevelopment
Primary government								
Governmental activities:								
General government	$ 1,336,341	$ 294,330	$ 19,468	$ -	$ (1,022,543)	$ -	$ (1,022,543)	$ -
Public safety	2,118,547	44,364	38,121	25,798	(2,010,264)	-	(2,010,264)	-
Public works	1,656,337	563,566	-	7,542	(1,085,229)	-	(1,085,229)	-
Health & welfare	412,409	339,053	-	2,427	(70,929)	-	(70,929)	-
Culture & recreation	1,177,757	75,145	28,564	188,051	(885,997)	-	(885,997)	-
Conservation & development	368,202	-	2,873	-	(365,329)	-	(365,329)	-
Interest on long-term debt	272,722	-	-	-	(272,722)	-	(272,722)	-
Total governmental activities	7,342,315	1,316,458	89,026	223,818	(5,713,013)	-	(5,713,013)	-
Business-type activities:								
Electric	4,661,735	5,884,283	-	-	-	1,222,548	1,222,548	-
Water	1,342,632	1,506,335	14,000	-	-	177,703	177,703	-
Wastewater	1,345,153	1,493,778	-	492,431	-	641,056	641,056	-
Liquor	1,017,680	1,181,977	-	-	-	164,297	164,297	-
Golf	834,736	609,291	1,932	-	-	(223,513)	(223,513)	-
Joint powers landfill	1,288,114	1,236,897	77,954	283,007	-	309,744	309,744	-
Curbside recycling	98,197	111,838	-	-	-	13,641	13,641	-
Total business-type activities	10,588,247	12,024,399	93,886	775,438	-	2,305,476	2,305,476	-
Total primary government	$ 17,930,562	$ 13,340,857	$ 182,912	$ 999,256	$ (5,713,013)	$ 2,305,476	$ (3,407,537)	$ -
Component Unit								
Housing & redevelopment	898,817	-	911,851	-	-	-	-	13,034
Total component unit	$ 898,817	$ -	$ 911,851	$ -	$ -	$ -	$ -	$ 13,034
General revenues:								
Taxes:								
Property taxes - levied for general purposes					1,618,693	-	1,618,693	-
Property taxes - levied for debt service					253,798	480,052	733,850	-
Sales taxes					3,136,621	-	3,136,621	-
Sales taxes for special revenues					286,081	-	286,081	-
Unrestricted state/county shared revenue					72,312	-	72,312	-
Unrestricted investment earnings					136,313	145,933	282,246	1,409
Miscellaneous revenue					53,709	60,741	114,450	4,877
Gain on sale of capital assets					28,362	-	28,362	-
Transfers					937,999	(937,999)	-	-
Total general revenues & transfers					6,523,888	(251,273)	6,272,615	6,286
Change in net assets					810,875	2,054,203	2,865,078	19,320
Net assets - beginning					28,535,958	29,366,499	57,902,457	60,708
Prior period adjustment					-	-	-	3,310
Adjusted net assets-beginning					28,535,958	29,366,499	57,902,457	64,018
Net assets - ending					$ 29,346,833	$ 31,420,702	$ 60,767,535	$ 83,338

See Accompanying Notes to Financial Statements

EXHIBIT 3

CITY OF VERMILLION
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2010

	General	Sales Tax	Other Governmental Funds	2010 Total
ASSETS				
Cash and cash equivalents	$ 12,159	$ 11,633	$ 143,456	$ 167,248
Investments	2,054,000	1,550,000	593,503	4,197,503
Receivables (net, where applicable, of allowance for uncollectibles)				
Property taxes: delinquent	37,601	-	-	37,601
Accounts receivable	130,755	-	3,545	134,300
Special assessment receivable	1,155	-	449,171	450,326
Interest receivable	16,999	18,609	9,988	45,596
Due from other governments	289,087	150,985	245,988	686,060
Due from other funds	-	22,000	-	22,000
Inventory of supplies	27,259	-	-	27,259
Inventory of stores purchased for resale	19,201	-	-	19,201
Deposits	158,699	-	-	158,699
Restricted assets:				
Cash and cash equivalents	-	-	330,157	330,157
Investments	-	-	809,335	809,335
Interest receivable	-	-	8,144	8,144
Due from other governments	-	-	660	660
Total assets	$ 2,746,915	$ 1,753,227	$ 2,593,947	$ 7,094,089
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	168,782	967	34,448	204,197
Due to other funds	-	-	343,892	343,892
Deferred revenue	56,733	58,322	465,443	580,498
Revenue collected in advance	10,994	-	5,142	16,136
Advance from other funds	-	-	536,618	536,618
Total liabilities	236,509	59,289	1,385,543	1,681,341
Fund balances:				
Reserved for:				
Inventory	46,460	-	-	46,460
Debt service	-	-	497,633	497,633
Cumulative reserve-SDPAA	158,060	-	-	158,060
Unreserved, designated for:				
Next years budget	168,039	-	-	168,039
Unreserved, undesignated fund balances:				
General fund	2,137,847	-	-	2,137,847
Special revenue fund	-	1,693,938	763,521	2,457,459
Capital projects fund	-	-	(52,750)	(52,750)
Total fund balances	2,510,406	1,693,938	1,208,404	5,412,748
Total liabilities and fund balances	$ 2,746,915	$ 1,753,227	$ 2,593,947	$ 7,094,089

See Accompanying Notes to Financial Statements

EXHIBIT 3A

CITY OF VERMILLION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balance - governmental Funds (page 24)		$ 5,412,748
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		25,599,468
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	(4,775,000)	
Accrued leave payable	(412,363)	(5,187,363)
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.		580,498
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		68,457
Bond issuance costs, net of accumulated amortization are reported n the governmental activities but are not reported in the funds as they do not provide current economic resources.		115,067
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(8,712)
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.		2,766,670
Total net assets - governmental activities (page 21)		$ 29,346,833

See Accompanying Notes to Financial Statements

EXHIBIT 4

CITY OF VERMILLION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Sales Tax	Other Governmental Funds	2010 Total
Revenue:				
Taxes:				
General property taxes	$ 1,610,931	$ -	$ 253,798	$ 1,864,729
General sales & use taxes	1,529,146	1,528,028	275,657	3,332,831
Stormwater fees	-	-	163,240	163,240
Penalties & interest on delinquent taxes	7,755	-	7	7,762
Licenses & permits	219,374	-	-	219,374
Intergovernmental revenue	559,090	-	184,542	743,632
Charges for goods & services	486,133	-	9,649	495,782
Fines & forfeits	37,399	-	3,937	41,336
Public payments for improvements	-	-	14,999	14,999
Investment earnings	29,682	22,114	37,334	89,130
Rentals	11,736	-	4,155	15,891
Special assessments	27	-	196,283	196,310
Contributions & donations from private sources	6,607	-	8,563	15,170
Other	49,970	-	3,384	53,354
Total revenue	4,547,850	1,550,142	1,155,548	7,253,540
Expenditures:				
Current:				
General government	1,129,960	-	-	1,129,960
Public safety	1,995,129	6,633	-	2,001,762
Public works	889,736	13,972	4,995	908,703
Health and welfare	403,645	-	-	403,645
Culture-recreation	966,383	27,027	25,077	1,018,487
Conservation and development	43,905	68,000	256,297	368,202
Debt service:				
Principal	-	-	412,156	412,156
Interest	-	-	262,297	262,297
Capital outlay:				
General government	6,410	-	-	6,410
Public safety	10,242	27,877	-	38,119
Public works	2,613	444,124	136,412	583,149
Health and welfare	10,095	-	-	10,095
Culture-recreation	101,863	-	238,712	340,575
Total expenditures	5,559,981	587,633	1,335,946	7,483,560
Excess (deficiency) of revenues over (under) expenditures	(1,012,131)	962,509	(180,398)	(230,020)
Other financing sources (uses):				
Transfers in	1,144,212	-	513,701	1,657,913
Transfers out	-	(764,528)	(55,973)	(820,501)
Total other financing sources (uses)	1,144,212	(764,528)	457,728	837,412
Net change in fund balances	132,081	197,981	277,330	607,392
Fund balance - beginning	2,365,683	1,495,957	1,648,401	5,510,041
Prior period adjustment	-	-	(717,327)	(717,327)
Adjusted fund balance - beginning	2,365,683	1,495,957	931,074	4,792,714
Change in inventory	12,642	-	-	12,642
Fund balance - ending	$ 2,510,406	$ 1,693,938	$ 1,208,404	$ 5,412,748

See Accompanying Notes to Financial Statements

EXHIBIT 4A

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, 2010

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds (page 21)		$ 607,392
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.		12,642
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	$ 978,348	
Contribution & Donations of Capital Assets	25,798	
Depreciation expense	(1,219,136)	(214,990)
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.		(16,075)
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, however, has know effect on net assets. This is the amount of repayment of long term debt.		412,156
The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		(10,936)
Governmental funds report special assessments as revenue when it becomes available, but the statement of activities includes special assessments as revenue when levied.		(89,739)
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.		(24,880)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues.		(6,454)
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.		668
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.		511
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.		140,580
Change in net assets of governmental activities (page 23)		$ 810,875

See Accompanying Notes to Financial Statements

EXHIBIT 5

CITY OF VERMILLION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Business-Type Activities-Enterprise Funds								
	Electric	Water	Wastewater	Liquor	Golf Course	Joint Powers Landfill	Non-Major Curbside Recycling	Totals	Governmental Activities-Internal Service Funds
ASSETS									
Current assets:									
Cash	$ 104,068	$ 83,940	$ 55,469	$ 16,314	$ 124,166	$ 344,488	$ 18,870	$ 747,315	$ 53,437
Investments	1,805,000	1,000,000	725,000	275,000	50,000	875,000	-	4,730,000	220,000
Receivables (net of allowance for uncollectibles of $32,536)									
Accounts	539,925	139,061	134,310	2,661	6,655	62,288	9,365	894,265	3,064
Unbilled	246,779	54,096	62,789	-	-	-	4,034	367,698	-
Special assessments	-	14,993	11,669	-	-	-	-	26,662	-
Interest	11,727	6,646	6,483	3,661	153	8,534	-	37,204	1,514
Due from other governments	-	16,268	24,719	-	4,608	24,072	-	69,667	-
Inventory of supplies	651,926	187,790	37,536	-	9,825	-	-	887,077	-
Inventory of stores purchased for resale	-	-	-	158,900	36,016	503	-	195,419	-
Prepaid expenses	381,681	7,546	8,813	5,966	2,365	4,581	605	411,557	-
Due from other funds	301,898	51,608	-	-	-	-	-	353,506	-
Total current assets	4,043,004	1,561,948	1,066,788	462,502	233,788	1,319,466	32,874	8,720,370	278,015
Noncurrent assets:									
Restricted assets:									
Bonds payable:									
- Cash	11,870	171,317	58,507	-	439,972	5,328	-	686,994	-
- Investments	1,754,631	-	-	-	196,000	-	-	1,950,631	-
- Interest receivable	11,209	-	-	-	-	-	-	11,209	-
Landfill- closure & postclosure									
- Cash	-	-	-	-	-	380,036	-	380,036	-
Total restricted assets	1,777,710	171,317	58,507	-	635,972	385,364	-	3,028,870	-
Advance to other funds	578,697	-	-	-	-	-	-	578,697	-
Deferred Charges:									
Bond issuance costs net	139,950	-	-	-	18,696	-	-	158,646	-
Capital assets									
Land & improvements	1,311	100,663	96,429	-	2,201,152	57,992	-	2,457,547	-
Buildings	5,343,948	8,315,988	9,013,754	6,410	830,561	1,656,673	-	25,167,334	-
Improvements other than buildings	11,202,620	3,119,054	3,642,727	-	-	1,789,285	-	19,753,686	-
Furniture & equipment	516,868	120,011	2,463,492	59,189	592,118	1,331,535	54,434	5,137,647	4,641,220
Construction in progress	-	-	4,770,781	-	43,973	39,129	-	4,853,883	-
Less: accumulated depreciation	(3,591,154)	(2,815,766)	(5,979,747)	(32,020)	(719,355)	(2,249,947)	(11,006)	(15,398,995)	(2,108,037)
Total capital assets(net depreciation)	13,473,593	8,839,950	14,007,436	33,579	2,948,449	2,624,667	43,428	41,971,102	2,533,183
Total noncurrent assets	15,969,950	9,011,267	14,065,943	33,579	3,603,117	3,010,031	43,428	45,158,618	2,533,183
Total assets	20,012,954	10,573,215	15,132,731	496,081	3,836,905	4,329,497	76,302	53,878,988	2,811,198
LIABILITIES									
Current liabilities:									
Accounts payable	633,671	41,442	434,397	115,016	8,623	33,511	2,093	1,268,753	24,601
Customer deposits	51,360	25,680	-	-	-	-	-	77,040	-
Accrued interest payable	32,066	-	651	-	17,606	7,140	96	57,559	-
Due to other funds	-	6,072	3,542	-	22,000	-	-	31,614	-
Bonds payable - current	185,000	195,979	229,008	-	430,000	-	-	1,039,987	-
Notes payable - current	-	-	-	-	-	106,568	7,288	113,856	-
Revenue collected in advance	-	-	-	-	275	-	1,672	1,947	-
Accrued leave payable	45,262	25,825	22,741	-	15,453	20,726	1,080	131,087	1,428
Total current liabilities	947,359	294,998	690,339	115,016	493,957	167,945	12,229	2,721,843	26,029
Noncurrent liabilities:									
Revenue bonds	7,035,000	4,660,928	6,517,882	-	1,034,019	-	-	19,247,829	-
Closure-postclosure liability	-	-	-	-	-	172,121	-	172,121	-
Accrued leave payable	63,054	35,978	31,679	-	21,527	28,874	1,506	182,618	1,988
Advance from other funds	-	25,728	16,351	-	-	-	-	42,079	-
Notes payable	-	-	-	-	-	647,717	39,287	687,004	-
Total noncurrent liabilities	7,098,054	4,722,634	6,565,912	-	1,055,546	848,712	40,793	20,331,651	1,988
Total liabilities	8,045,413	5,017,632	7,256,251	115,016	1,549,503	1,016,657	53,022	23,053,494	28,017
NET ASSETS									
Invested in capital assets, net of related debt	6,253,593	3,983,043	7,260,546	33,579	1,484,430	1,870,382	(3,147)	20,882,426	2,533,183
Restricted for debt service	650,707	171,317	58,507	-	635,972	5,328	-	1,521,831	-
Restricted for landfill closure & postclosure	-	-	-	-	-	207,915	-	207,915	-
Unrestricted	5,063,241	1,401,223	557,427	347,486	167,000	1,229,215	26,427	8,792,019	249,998
Total net assets	$ 11,967,541	$ 5,555,583	$ 7,876,480	$ 381,065	$ 2,287,402	$ 3,312,840	$ 23,280	31,404,191	$ 2,783,181

Adjustment to reflect the consolidation of internal service fund activities related to enterprise activities	16,511
Net Assets of Business-type Activities	$ 31,420,702

See Accompanying Notes to Financial Statements

EXHIBIT 6

CITY OF VERMILLION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	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	$ 5,298,848	$ 1,200,469	$ 1,344,143	$ 1,181,977	$ 609,291	$ 924,707	$ 111,838	$ 10,671,273	$ 417,144
Surcharge as security for debt	517,889	266,174	145,131	-	-	-	-	929,194	-
Miscellaneous	67,546	39,692	4,504	-	-	312,190	-	423,932	-
Total operating revenue	5,884,283	1,506,335	1,493,778	1,181,977	609,291	1,236,897	111,838	12,024,399	417,144
Operating expenses:									
Personal services	765,129	486,943	395,721	-	343,537	453,568	76,246	2,521,144	70,611
Other current expense	283,967	91,032	427,347	219,658	192,304	536,657	9,322	1,760,287	33,708
Materials (cost of goods sold)	2,997,067	369,236	-	790,799	145,386	8,374	-	4,310,862	-
Depreciation/amortization	343,063	241,817	413,192	5,387	62,441	260,451	7,337	1,333,688	305,788
Total operating expenses	4,389,226	1,189,028	1,236,260	1,015,844	743,668	1,259,050	92,905	9,925,981	410,107
Operating income (loss)	1,495,057	317,307	257,518	166,133	(134,377)	(22,153)	18,933	2,098,418	7,037
Nonoperating revenue (expense):									
Interest earned	84,733	24,990	15,214	4,464	3,679	12,853	-	145,933	3,684
Rental revenue	-	11,820	-	-	48,921	-	-	60,741	-
Incremental property taxes	-	-	-	-	480,052	-	-	480,052	-
Interest expense and fiscal charges	(32,067)	(151,569)	(107,683)	-	(92,280)	(14,921)	(1,278)	(399,798)	-
Gain(loss) on discarded equipment	(242,911)	(585)	(2,269)	(1,836)	-	(13,957)	-	(261,558)	28,362
Total nonoperating revenue (expense)	(190,245)	(115,344)	(94,738)	2,628	440,372	(16,025)	(1,278)	25,370	32,046
Income before contributions and transfers	1,304,812	201,963	162,780	168,761	305,995	(38,178)	17,655	2,123,788	39,083
Capital contributions & grants	-	14,000	492,431	-	1,932	360,961	-	869,324	-
Transfer in	9,000	-	-	-	200,000	-	-	209,000	100,587
Transfer out	(884,950)	(38,583)	(28,679)	(194,200)	(587)	-	-	(1,146,999)	-
Change in net assets	428,862	177,380	626,532	(25,439)	507,340	322,783	17,655	2,055,113	139,670
Total net assets - beginning	11,538,679	5,378,203	7,249,948	406,504	1,780,062	2,990,057	5,625		2,643,511
Total net assets - ending	$ 11,967,541	$ 5,555,583	$ 7,876,480	$ 381,065	$ 2,287,402	$ 3,312,840	$ 23,280		$ 2,783,181

Adjustment to reflect the consolidation of internal service fund activities related to enterprise activities	(910)
Change in Net Assets of Business-type Activities (page 23).	$ 2,054,203

See Accompanying Notes to Financial Statements

EXHIBIT 7

CITY OF VERMILLION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	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	$ 5,520,832	$ 1,485,521	$ 1,458,927	$ 1,183,540	$ 658,551	$ 1,244,277	$ 110,745	$ 11,662,393	$ -
Cash received from interfund services provided	368,630	32,293	9,325	-	-	-	-	410,248	417,717
Cash paid for personal services	(756,351)	(485,228)	(397,144)	-	(342,972)	(457,277)	(74,365)	(2,513,337)	(68,970)
Cash paid for interfund services	(765)	(71,078)	(97,106)	(7,180)	(25,065)	(6,701)	-	(207,895)	-
Cash paid to suppliers	(3,375,919)	(382,356)	(374,404)	(1,004,971)	(339,307)	(534,737)	(8,090)	(6,019,784)	(42,521)
Net cash provided (used)by operating activities	1,756,427	579,152	599,598	171,389	(48,793)	245,562	28,290	3,331,625	306,226
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Acquisition and construction of capital assets	(6,208,516)	(305,141)	(3,586,638)	(6,964)	(15,592)	(990,324)	-	(11,113,175)	(618,228)
Grants	-	80,469	747,726	-	-	414,293	-	1,242,488	-
Proceeds from sale of assets	54,994	-	-	-	-	93,483	-	148,477	46,041
Proceeds from sale of bonds	-	-	3,001,315	-	-	455,519	-	3,456,834	-
Principal paid on bonds and capital leases	-	(254,277)	(195,761)	-	(430,000)	(55,427)	(7,110)	(942,575)	-
Interest paid on bonds and capital leases	(243,223)	(151,731)	(191,786)	-	(49,575)	(8,511)	(1,421)	(646,247)	-
Net cash (used for) capital and related financing activities	(6,396,745)	(630,680)	(225,144)	(6,964)	(495,167)	(90,967)	(8,531)	(7,854,198)	(572,187)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES									
Incremental property taxes	-	-	-	-	477,376	-	-	477,376	-
Due to other funds	60,193	(226)	91	-	-	-	(889)	59,169	-
Due from other funds	-	(51,607)	-	-	-	-	-	(51,607)	-
Advances to other funds	56,113	-	-	-	-	-	-	56,113	
Advances from other funds	-	(5,147)	155					(4,992)	-
Transfer in	9,000	-	-	-	200,000	-	-	209,000	100,000
Transfer (out)	(884,950)	(38,583)	(28,679)	(194,200)	-	-	-	(1,146,412)	-
Net cash provided by (used for) non-capital financing activities	(759,644)	(95,563)	(28,433)	(194,200)	677,376	-	(889)	(401,353)	100,000
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest on investments	74,608	31,351	14,698	1,619	3,732	11,908	-	137,916	8,411
Purchase of investments	-	-	(300,000)	(75,000)	(50,000)	(75,000)	-	(500,000)	-
Sale of investments	4,970,418	125,000	-	-	-		-	5,095,418	165,000
Net cash provided by (used for) investing activities	5,045,026	156,351	(285,302)	(73,381)	(46,268)	(63,092)	-	4,733,334	173,411
Net increase (decrease) in cash and cash equivalents	(354,936)	9,260	60,719	(103,156)	87,148	91,503	18,870	(190,592)	7,450
Cash and cash equivalents beginning of year	470,874	245,997	53,257	119,470	476,990	638,349	-	2,004,937	45,987
Cash and cash equivalents end of year	$ 115,938	$ 255,257	$ 113,976	$ 16,314	$ 564,138	$ 729,852	18,870	$ 1,814,345	$ 53,437
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES									
Operating income (loss)	$ 1,495,057	$ 317,307	$ 257,518	$ 166,133	$ (134,377)	$ (22,153)	18,933	$ 2,098,418	$ 7,037
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:									
Depreciation	337,663	241,817	413,192	5,387	48,830	260,451	7,337	1,314,677	305,788
Amortization	5,400	-	-	-	13,611	-	-	19,011	-
Rental revenue	-	11,820	-	-	48,921	-	-	60,741	-
(Increase) decrease in assets and increase (decrease) in liabilities:									
Accounts receivable	(23,337)	15,008	(807)	1,563	339	6,005	(1,093)	(2,322)	573
Due from other governments	-	(16,268)	(24,719)	-	-	1,375	-	(39,612)	-
Inventory	22,548	26,263	(1,300)	16,849	(2,134)	(503)	-	61,723	-
Prepaid expenses	(322)	7	57	(28)	(124)	(187)	2	(595)	-
Accounts payable	(91,699)	(19,436)	(42,920)	(18,515)	(24,309)	(6,856)	1,230	(202,505)	(8,813)
Revenue collected in advance	-	-	-	-	(115)	-	-	(115)	-
Leave liability	8,778	1,715	(1,423)	-	565	(3,709)	1,881	7,807	1,641
Closure liability	-	-	-	-	-	11,139	-	11,139	-
Customer deposits	2,339	919	-	-	-	-	-	3,258	-
Net cash provided (used) by operating activities	$ 1,756,427	$ 579,152	$ 599,598	$ 171,389	$ (48,793)	$ 245,562	$ 28,290	$ 3,331,625	$ 306,226
Noncash investing, capital and financing activities:									
Exchange of payables for capital assets	$ 296,477	$ -	$ 370,403	$ -	$ -	$ -	$ -	$ 666,880	$ 16,819
Transfer in of capital assets	-	-	-	-	-	-	-	-	587
Gain(loss) on disposal of capital assets not affecting operating income	(242,911)	(585)	(2,269)	(1,836)	-	-	-	(247,601)	28,362
Total noncash investing, capital and financing activities	$ 53,566	$ (585)	$ 368,134	$ (1,836)	$ -	$ -	$ -	$ 419,279	$ 45,768
Reconciliation of cash and cash equivalents:									
Unrestricted	$ 104,068	$ 83,940	$ 55,469	$ 16,314	$ 124,166	$ 344,488	$ 18,870	$ 747,315	$ 53,437
Restricted	11,870	171,317	58,507	-	439,972	385,364	-	1,067,030	-
Total reconciliation of cash & cash equivalents	$ 115,938	$ 255,257	$ 113,976	$ 16,314	$ 564,138	$ 729,852	$ 18,870	$ 1,814,345	$ 53,437

See Accompanying 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 no 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

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 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

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 financial statements of the internal service fund are consolidated into the governmental column

Note 1 – Summary of Significant Accounting Policies (Continued)

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 Transportations 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.

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).

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, 2010 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.

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 that "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, 2010 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 $9,768,503. The City's bank deposits, per banks, at December 31, 2010 were $10,507,123 and $335 in deposits of the Vermillion Housing and Redevelopment Commission for total bank deposits of $10,507,458.

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, 2010 was $1,633,363.

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 is 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	$ 442,026
TIF District		
No. 3 Bonds	Bond Covenants	169,015
No. 4 Bonds	Bond Covenants	144,116
City Hall Debt Service Fund	External Parties	384,335
Electric Fund	Bond Covenants	1,766,501
Water Fund	Bond Covenants	171,317
Wastewater Fund	Bond Covenants	58,507
Golf Course Fund	Bond Covenants	635,972
Joint Powers-Landfill Fund	Bond Covenants	5,328
	State Agency	380,036
Total Restricted Cash and Investments		$ 4,157,153

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 12/31/2010
Federal Home Loan Bank System	$	382,648	AAA
Restricted Investments	$	382,648	

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, 2010, 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, 2010 is as follows:

		Short-term Interfund Receivables		Short-term Interfund Payables
Special Revenue Funds:				
Sales Tax	$	22,000	$	-
Enterprise Funds:				
Electric		301,898		-
Water		51,608		6,072
Wastewater		-		3,542
Golf Course		-		22,000
Capital Projects Funds:				
Special Assessments		-		57,320
Airport		-		51,608
Bike Path		-		116,779
Debt Service Funds:				
Special Assessments		-		118,185
	$	375,506	$	375,506

Note 1 – Summary of Significant Accounting Policies (Continued)

The composition of Long-term advances as of December 31, 2010, is as follows:

	Advance to	Advance (from)
Enterprise Funds:		
Electric	$ 578,697	$ -
Water	-	25,728
Wastewater	-	16,351
Debt Service Funds:		
Special Assessments	-	536,618
	$ 578,697	$ 578,697

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. The current portion of the bonds is shown as a 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 fund balance reserve, 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, 2010 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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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 2010 were $940,880 of which $278,785 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 and expense and liability of those funds as the benefits accrue to employees.

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

In the fund financial statements, governmental and enterprise funds report reservations of fund balance for amounts that are not available for appropriation within the respective funds. The reservations are as follows:

	General Fund	Debt Service Fund	Enterprise Fund
Inventory	$ 46,460	$ -	$ -
Debt Service	-	497,633	1,521,831
Cummulative Reserve	158,060	-	-
Landfill Closure/Postclosure	-	-	207,915
	$ 204,520	$ 497,633	$ 1,729,746

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.

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, 2010.

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

Note 2 - Property Tax (Continued)

The combined tax rate to finance municipal services including principal and interest on long-term debt for the year ended December 31, 2010 was $6.19 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	$ 5,913
Uncollectibles related to ambulance charges	42,261
Uncollectibles related to mobile home fees	210
Uncollectibles related to electric charges	20,771
Uncollectibles related to water charges	6,758
Uncollectibles related to wastewater charges	4,337
Uncollectibles related to curbside recycling charges	670
	$ 80,920

Amounts due from other governments include $580,781 from the State of South Dakota, $131,846 due from Clay County, $24,072 due from the City of Yankton, and $19,688 due from the Federal Government.

Note 4 – Capital Assets

A summary of the changes in the capital assets for the year ended December 31, 2010, is as follows:

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Governmental Activities:				
Capital Assets, not being depreciated				
Land	$ 1,114,419	$ 107,022	$ -	$ 1,221,441
Infrastructure Land	339,437	-	-	339,437
Construction in Progress	219,169	-	(219,169)	-
Total capital assets, not being depreciated	1,673,025	107,022	(219,169)	1,560,878
Capital Assets, being depreciated				
Buildings	14,878,541	440,261	-	15,318,802
Furniture & Equipment	6,550,675	747,297	(233,936)	7,064,036
Books	1,698,735	79,921	(35,137)	1,743,519
Infrastructure	16,832,398	490,328	(9,373)	17,313,353
Total capital assets, being depreciated	39,960,349	1,757,807	(278,446)	41,439,710
Less: Accumulated Depreciation for:				
Buildings	(2,354,590)	(431,213)	-	(2,785,803)
Furniture & Equipment	(3,426,210)	(446,044)	206,600	(3,665,654)
Books	(780,165)	(34,367)	22,840	(791,692)
Infrastructure	(7,020,860)	(613,300)	9,372	(7,624,788)
Total Accumulated Depreciation	(13,581,825)	(1,524,924)	238,812	(14,867,937)
Total Capital Assets, being depreciated, net	26,378,524	232,883	(39,634)	26,571,773
Governmental activities capital assets, net	$ 28,051,549	$ 339,905	$ (258,803)	$ 28,132,651

Note 4 - Capital Assets (Continued)

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Business-Type Activities:				
Capital Assets, not being depreciated				
Land and Improvements	$ 2,457,547	$ -	$ -	$ 2,457,547
Construction in Progress	2,888,386	2,899,974	(934,477)	4,853,883
Total capital assets, not being depreciated	5,345,933	2,899,974	(934,477)	7,311,430
Capital Assets, being depreciated				
Buildings	22,899,792	4,195,012	(1,927,470)	25,167,334
Improvements Other than Buildings	14,273,072	5,500,916	(20,302)	19,753,686
Furniture & Equipment	4,896,001	617,113	(375,467)	5,137,647
Total capital assets, being depreciated	42,068,865	10,313,041	(2,323,239)	50,058,667
Less: Accumulated Depreciation for:				
Buildings	(7,193,707)	(590,870)	1,499,602	(6,284,975)
Improvements Other than Buildings	(5,691,471)	(453,238)	14,821	(6,129,888)
Furniture & Equipment	(2,965,273)	(270,569)	251,710	(2,984,132)
Total Accumulated Depreciation	(15,850,451)	(1,314,677)	1,766,133	(15,398,995)
Total Capital Assets, being depreciated, net	$ 26,218,414	$ 8,998,364	$ (557,106)	$ 34,659,672
Business-type activities capital assets, net	$ 31,564,347	$ 11,898,338	$ (1,491,583)	$ 41,971,102

The following was included in construction in progress:

	Total Project Authorization	Expended thru 12/31/2010
Golf Course Housing Sites	$ 252,804	$ 43,973
Joint Powers Lechate Project	153,084	39,129
Wastewater Department	4,894,722	4,770,781
	$ 5,300,610	$ 4,853,883

Note 4 – Capital Assets (Continued)

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

Governmental Activities:		
General Government	$	196,098
Public Safety		113,190
Public Works		758,127
Health & Welfare		12,838
Culture & Recreation		138,883
Total depreciation expense		
- governmental activities		1,219,136
- Internal Service Funds		305,788
	$	1,524,924
Business-Type Activities:		
Electric	$	337,663
Water		241,817
Wastewater		413,192
Liquor		5,387
Golf Course		48,830
Joint Powers Landfill		260,451
Curbside Recycling		7,337
Total depreciation expense		
- business-type activities	$	1,314,677

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	6,698	-	-	6,698
Less:				
Accumulated Depreciation	(4,930)	(606)	-	(5,536)
Total Capital Assets, being depreciated, net	$ 1,768	(606)	-	$ 1,162

Note 4 – Capital Assets (Continued)

Reconciliation of Invested in Capital Assets:

	Governmental	Business-Type
Land and Improvements	$ 1,560,878	$ 2,457,547
Construction in Progress	-	4,853,883
Capital Assets (Net of Accumulated Depreciation)	26,571,773	34,659,672
Less:		
Revenue Bonds	(765,000)	(20,287,816)
Notes Payable	-	(800,860)
Capital Leases	(4,010,000)	-
Invested in Capital Assets Net of Related Debt	$ 23,357,651	$ 20,882,426

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 to begin 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 to begin 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 to begin on June 1, 2011 and matures December 1, 2020.

Notes Payable outstanding at December 31, 2010 is as follows:

Purpose	Interest Rate	Outstanding Amounts
Solid Waste Management-2006-204	2.50%	$ 298,766
Solid Waste Management-2008-402	2.50%	46,575
Solid Waste Management-2010-402	2.25%	200,000
Solid Waste Management-2010-203	2.25%	255,519
		$ 800,860

Note 5 – Long Term Debt (Continued)

Annual debt service requirements to maturity are as follows:

Year Ending	Business-Type Activities	
December 31	Principal	Interest
2011	$ 113,856	$ 23,749
2012	116,596	15,468
2013	119,399	12,663
2014	122,272	9,791
2015	125,214	6,849
2016-2020	203,523	10,349
Total	$ 800,860	$ 78,869

Revenue Bonds

The City received draw downs on two of their SRF loans in 2010.

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 with repayment starting July 1st, 2010. To date the City has drawn down $3,547,116, with the remaining $1,303,884 of construction costs to be drawn down in 2011. Following the completion of the project including any change orders the unobligated balance of the loan will be returned.

On September 2, 2009 the City entered into a loan with the South Dakota Conservancy District for $499,000 of State Revolving Fund Loan (SRF) for upgrades to the wastewater collection system, consisting of the cured in place lining of existing sewer mains and pipe bursting replacement of existing sewer mains. The District forgave the repayment of 50% of the principal amount of the loan as a grant by the American Recovery and Reinvestment Act of 2009. The loan is for 2.50% for twenty (20) years with repayment starting June 1, 2010. In 2010 the City drew down the remaining $467,146, half of which was principal forgiveness.

A detail of revenue bonds outstanding follows:

Purpose	Interest Rate	Amounts
Governmental Activities:		
Tax Increment #3 Revenue Bond, Series 1996A	6.30%	$ 345,000
Tax Increment #4 Revenue Bond, Series 2005	4.25%	420,000
Business-Type Activities:		
Electric Revenue Bond, Series 2009 A & B	1.25%-6.25%	7,220,000
Wastewater System Revenue Bond, Series 1990 (SRF)	3.00%	18,067
Wastewater System Revenue Bond, Series 2003 (SRF)	3.50%	207,804
Wastewater System Revenue Bond, Series 2005 (SRF)	3.25%	2,765,738
Wastewater System Revenue Bond, Series 2008 (SRF)	3.25%	3,505,781
Wastewater System Revenue Bond, Series 2009 (SRF)	2.50%	249,500
Tax Increment #1 Revenue Refunding Bond, Series 2009	3.00%	1,464,019 *
Water Utility Bond, Series 1999 (SRF)	5.00%	475,159
Water Utility Bond, Series 2002 (SRF)	3.50%	1,126,080
Water Utility Bond, Series 2006 (SRF)	2.50%	3,255,668
		$ 21,052,816

* This note is reported net of unamortized deferred refunding asset of $74,427 and bond premium of $8,446

Note 5 – Long Term Debt (Continued)

Revenue bond debt service requirements to maturity are as follows:

Year Ending	Governmental		Enterprise	
December 31	Principal	Interest	Principal	Interest
2011	$ 375,000	$ 10,868	$ 1,039,987	$ 692,234
2012	35,000	16,575	1,210,935	748,785
2013	35,000	15,088	1,433,282	712,190
2014	35,000	13,600	800,232	681,169
2015	40,000	12,112	824,891	657,122
2016-2020	245,000	34,425	4,522,636	2,828,503
2021-2025	-	-	4,826,627	1,969,147
2026-2030	-	-	3,381,079	1,122,928
2031-2035	-	-	1,889,128	495,656
2036	-	-	425,000	26,563
Total	$ 765,000	$ 102,668	$ 20,353,797	$ 9,934,297

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 3.70% to 4.40% and the lease payment terms match the terms of the certificates with 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, 2010.

	Governmental Activities		
Year Ending December 31	Principal	Interest	Total
2011	$ 185,000	$ 166,884	$ 351,884
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
2016-2020	1,200,000	550,530	1,750,530
2021-2025	1,480,000	274,020	1,754,020
2026	335,000	14,740	349,740
Minimum Lease Payments			5,610,637
Less:			
Amount Representing Interest			(1,600,637)
Present Value of Minimum Lease Payments			$ 4,010,000

Note 5 – Long Term Debt (Continued)

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 postclousure 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 $172,121 reported as landfill closure and post closure care liability at December 31, 2010, represents the cumulative amount reported to date based on the use of 54 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of $147,750 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. 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 theses 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.

Changes in Long-Term Liabilities are as follows:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue Bonds Payable	$ 1,002,156	$ -	$ 237,156	$ 765,000	$ 375,000
Capital Leases	4,185,000	-	175,000	4,010,000	185,000
Compensated Absences	389,258	415,779	389,258	415,779	173,741
Governmental Activities Long-Term Liabilities	$ 5,576,414	$ 415,779	$ 801,414	$ 5,190,779	$ 733,741
Business-Type Activities:					
Notes Payable	$ 407,878	$ 455,519	$ 62,537	$ 800,860	$ 113,856
Revenue Bonds Payable	18,232,520	3,001,315	871,592	20,362,243	1,039,987
Less Deferred Amounts:					
On Refunding	128,609	-	54,182	74,427	-
Total Bonds Payable	18,103,911	3,001,315	817,410	20,287,816	1,039,987
Closure/Postclosure Liability	160,982	11,139	-	172,121	-
Compensated Absences	305,898	313,705	305,898	313,705	131,087
Business-Type Activities Long-Term Liabilities	$ 18,978,669	$ 3,781,678	$ 1,185,845	$ 21,574,502	$ 1,284,930

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
2011	$ 11,250
2012	11,250
2013	11,250
2014	11,250
2015	1,875

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

Year	Amount
2011	$ 8,895
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
2011	$ 22,450
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, 2010, there was one series of conduit bonds outstanding, with an aggregate unpaid principal amount of $335,000.

Note 8 – Deficit Fund Equity

As of December 31, 2010 the following funds had deficit fund equity in the amount of:

Debt Service Funds:	
Special Assessment Bonds	$ 200,493

This deficit will be eliminated with the collections of assessments.

Capital Projects Funds:	
Special Assessments Projects	$ 57,320

The deficit will be eliminated with the issuance of a special assessment bond in 2011.

Note 9 – Transfers

The following is a summary of transfers between funds:

	Governmental Fund Types		Business-Fund Type			
	General	Nonmajor Governmental Funds	Electric	Golf	Internal Service Fund	Total Transfers Out
Sales Tax	$ -	$ 464,528	$ -	$ 200,000	$ 100,000	$ 764,528
Electric	884,950	-	-	-	-	884,950
Water	29,583	-	9,000	-	-	38,583
Wastewater	28,679	-	-	-	-	28,679
Liquor	194,200	-	-	-	-	194,200
Golf	-	-	-	-	587	587
Nonmajor Govermental Funds	6,800	49,173	-	-	-	55,973
Total Transfers In	$ 1,144,212	$ 513,701	$ 9,000	$ 200,000	$ 100,587	$ 1,967,500

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, 2010, the municipality managed its risks as follows:

Note 10 – Risk Management (Continued)

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 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, 2010 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

Note 10 – Risk Management (Continued)

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 statue. 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 cove claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

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 $17,410 for the payment of future unemployment benefits. During the current year ended December 31, 2010 the City paid $14,494 in unemployment benefits with the potential of another $3,328 in 2011.

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 maybe 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, 2010, 2009, and 2008 was $290,088, $276,420, and $268,703, 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:

	Year Ended 12/31/2010
General Fund	
Culture & Recreation	
Library	$ 1,335
Special Revenue Fund	
Culture & Recreation	
Parks Capital	24
Library	1,031
Capital Projects Fund	
Public Works	
South Crawford Road	2,778
Conservation & Development	
Streetscape	378

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

Note 13 – Prior Period Adjustment

The debt service special assessment bond fund records the collections and payments on the outstanding special assessment bonds. The special assessment bonds have been purchased by the Electric Fund and in the prior year were recorded as an investment in the electric fund and a long term liability in the government-wide statement of net assets. The prior period adjustment of $717,327 is to reclassify the carrying value of the outstanding special assessment bonds and accrued interest payable as of January 1, 2010 as due to other funds and advance from other funds. Correspondingly the Electric Fund has reclassified the special assessment bonds from investments and interest receivable 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 and $30,000 in 2010 and has budgeted $80,000 in the 2011 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. The first payment was made in 2010 and the second payment was included in the 2011 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, 2010, the City estimates that no material liabilities will result from such audits.

Note 16 – Subsequent Events

On March 25, 2011 the South Dakota Board of Water and Natural Resources approved a Drinking Water State Revolving Loan a $1,532,000 loan for construction of a new water tower with $153,200 of principal forgiveness. The resolution approving the State Revolving Loan has not been adopted by the City Council as an application is being made for Community Development Grant Funding for the project.

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.

EXHIBIT 8

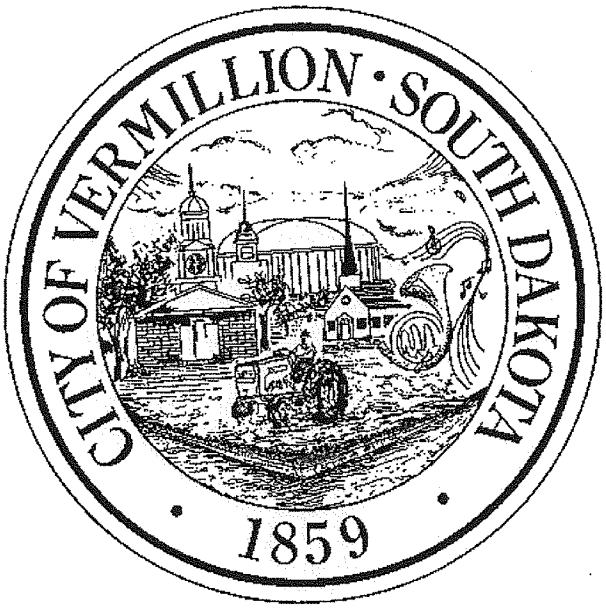
CITY OF VERMILLION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance Amended Budget Favorable
	Original	Final	(Budgetary Basis)	(Unfavorable)
Revenue:				
Taxes:				
General property taxes	$ 1,608,375	$ 1,605,230	$ 1,610,931	$ 5,701
General sales & use taxes	1,555,000	1,555,000	1,529,146	(25,854)
Penalties & interest on delinquent taxes	5,000	4,000	7,755	3,755
Licenses & permits	223,350	225,750	219,374	(6,376)
Intergovernmental revenue	537,417	562,970	559,090	(3,880)
Charges for goods & services	461,300	509,800	486,133	(23,667)
Fines & forfeits	34,050	38,050	37,399	(651)
Special assessments	-	22,200	27	(22,173)
Investment earnings	50,000	35,000	29,682	(5,318)
Rentals	10,600	10,600	11,736	1,136
Contributions & donations from private sources	-	15,000	6,607	(8,393)
Other	53,550	52,475	49,970	(2,505)
Total revenue	4,538,642	4,636,075	4,547,850	(88,225)
Expenditures:				
General government:				
Executive	492,722	488,777	468,569	20,208
Financial administration	153,524	150,910	146,888	4,022
Other	532,469	532,800	520,913	11,887
Total general government	1,178,715	1,172,487	1,136,370	36,117
Public safety:				
Police	1,973,922	1,965,771	1,842,242	123,529
Fire	167,124	172,769	161,519	11,250
Other protection	3,000	3,000	1,610	1,390
Total public safety	2,144,046	2,141,540	2,005,371	136,169
Public works:				
Highways & streets	739,868	740,725	697,124	43,601
Sanitation	100,300	98,950	82,981	15,969
Airport	129,033	117,133	112,244	4,889
Total public works	969,201	956,808	892,349	64,459
Health and welfare:				
Health	174,579	175,329	163,565	11,764
Ambulance	260,075	265,487	250,175	15,312
Total health and welfare	434,654	440,816	413,740	27,076
Culture-recreation:				
Recreation	254,537	258,044	244,767	13,277
Parks	278,053	279,175	264,096	15,079
Libraries	512,541	513,800	515,135	(1,335)
Armory	53,815	55,038	44,248	10,790
Total culture-recreation	1,098,946	1,106,057	1,068,246	37,811
Conservation and development:	34,500	55,523	43,905	11,618
Total expenditures	5,860,062	5,873,231	5,559,981	313,250
Other financing sources (uses):				
Operating transfers in	1,144,212	1,144,212	1,144,212	-
Total other financing sources (uses)	1,144,212	1,144,212	1,144,212	-
Net change in fund balances	(177,208)	(92,944)	132,081	225,025
Fund balance - beginning	2,365,683	2,365,683	2,365,683	-
Change in inventory	-	-	12,642	12,642
Fund balance - ending	$ 2,188,475	$ 2,272,739	$ 2,510,406	$ 237,667

EXHIBIT 9

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, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable
	Original	Final	(Budgetary Basis)	(Unfavorable)
REVENUES				
Taxes:				
General sales & use taxes	$ 1,542,000	$ 1,542,000	$ 1,528,028	$ (13,972)
Miscellaneous revenue:				
Interest earned	28,000	22,700	22,114	(586)
Total revenue	1,570,000	1,564,700	1,550,142	(14,558)
EXPENDITURES				
Current:				
Public safety	37,000	35,500	34,510	990
Public works	551,000	515,718	458,096	57,622
Conservation & development	118,000	118,000	68,000	50,000
Culture-recreation	99,000	118,382	27,027	91,355
Total expenditures	805,000	787,600	587,633	199,967
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers out	(669,746)	(784,379)	(764,528)	19,851
Total other financing sources (uses)	(669,746)	(784,379)	(764,528)	19,851
Net change in fund balance	95,254	(7,279)	197,981	205,260
Fund balance - beginning	1,495,957	1,495,957	1,495,957	-
Fund balance - ending	$ 1,591,211	$ 1,488,678	$ 1,693,938	$ 205,260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CITY OF VERMILLION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
DECEMBER 31, 2010

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 2010 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 2009. The following supplemental budgets were adopted by the governing board during the year.

General Fund	
Expenditures:	
General Government	(6,228)
Public Safety	(2,506)
Public Works	(12,393)
Health and Welfare	6,162
Culture-Recreation	7,111
Conservation & Development	21,023
Special Revenue Fund	
Sales Tax Fund	
Expenditures:	
Public Safety	(1,500)
Public Works	(35,282)
Culture-Recreation	19,382

CITY OF VERMILLION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
DECEMBER 31, 2010

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. 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:

		Year Ended 12/31/2010
General Fund		
Culture & Recreation		
Library	$	1,335

9. 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.

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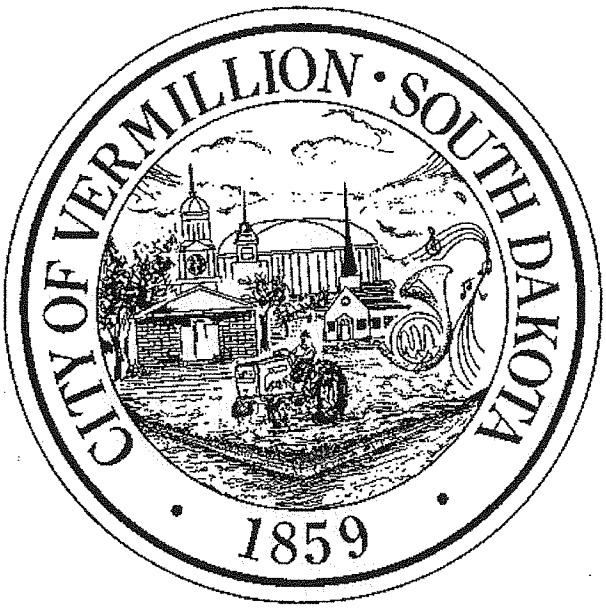
CITY OF VERMILLION
OTHER SUPPLEMENTARY INFORMATION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CITY OF VERMILLION
COMBINING AND INDIVIDUAL FUND STATEMENTS
GOVERNMENTAL FUNDS

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. During 2010 the construction was completed of the bike path extension west along the Vermillion River. Easements for the bike path extension south of HWY 50 were obtained and engineering was started depending upon state approval of the engineering documents it is anticipated that bidding and construction of this portion will be in 2011.

South Crawford Road Fund – This fund is used to account for the receipts and disbursements of monies used for the construction of South Crawford Road. The funding is from the State Federal Aid Urban and transfer from second penny sales tax to cover the costs that were not assessed to the adjoining property owners that would benefit from the improvements. The project was completed in 2009 with final payments for the right of way made in 2010.

Airport Fund - This fund is used to account for receipts and disbursements of monies from federal, state and local matching for white topping 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 recording the liability for the inter fund loan to the capital projects fund for the current year assessments levied. The prior period adjustment is to record the balance of the special assessment bonds previously reported in the general long term debt account.

TIF District No 3 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 September 1, 1996 with the bond reserve and capitalized interest being recorded in this fund. The final payment on this bond is July 1, 2011.

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, 2010

	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	$ 55,269	$ 56,478	$ 19,514	$ 9,958	$ 141,219	$ -	$ 1,749
Investments	50,000	425,000	-	118,503	593,503	-	-
Receivables (net, where applicable, of allowance for uncollectibles)							
Accounts receivable	-	3,545	-	-	3,545	-	-
Special assessment receivable	-	-	-	-	-	-	-
Interest receivable	25	2,082	-	1,287	3,394	-	-
Due from other governments	38,984	3,197	-	-	42,181	-	-
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	$ 144,278	$ 490,302	$ 19,514	$ 129,748	$ 783,842	$ -	$ 1,749
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ -	$ -	$ 1,361	$ -	$ 1,361	$ -	$ -
Due to other funds	-	-	-	-	-	57,320	-
Deferred revenue	10,449	2,082	-	1,287	13,818	-	-
Revenue collected in advance	-	-	5,142	-	5,142	-	-
Advance from other funds	-	-	-	-	-	-	-
Total liabilities	10,449	2,082	6,503	1,287	20,321	57,320	-
FUND BALANCES:							
Reserved for:							
Debt service	-	-	-	-	-	-	-
Unreserved	133,829	488,220	13,011	128,461	763,521	(57,320)	1,749
Total fund balances	133,829	488,220	13,011	128,461	763,521	(57,320)	1,749
Total liabilities and fund balances	$ 144,278	$ 490,302	$ 19,514	$ 129,748	$ 783,842	$ -	$ 1,749

Capital Project Funds				Debt Service Funds					Total Nonmajor Governmental Funds
Bike Path	South Crawford Road	Airport	Total	Special Assessment Bonds	TIF District No. 3 Bonds	TIF District No. 4 Bonds	City Hall Bonds	Total	
$ -	$ 488	$ -	$ 2,237	$ -	$ -	$ -	$ -	$ -	$ 143,456
-	-	-	-	-	-	-	-	-	593,503
-	-	-	-	-	-	-	-	-	3,545
-	-	-	-	449,171	-	-	-	449,171	449,171
-	-	-	-	6,594	-	-	-	6,594	9,988
149,378	-	54,429	203,807		-	-	-	-	245,988
-	-	-	-	17,026	169,015	144,116	-	330,157	330,157
-	-	-	-	425,000	-	-	384,335	809,335	809,335
-	-	-	-	3,647	-	-	4,497	8,144	8,144
-	-	-	-	-	-	660	-	660	660
149,378	488	54,429	$ 206,044	$ 901,438	$ 169,015	$ 144,776	$ 388,832	$ 1,604,061	$ 2,593,947
32,599	488	-	$ 33,087	$ -	$ -	$ -	$ -	$ -	$ 34,448
116,779	-	51,608	225,707	118,185	-	-	-	118,185	343,892
-	-	-	-	447,128	-	-	4,497	451,625	465,443
-	-	-	-	-	-	-	-	-	5,142
-	-	-	-	536,618	-	-	-	536,618	536,618
149,378	488	51,608	258,794	1,101,931	-	-	4,497	1,106,428	1,385,543
-	-	-	-	(200,493)	169,015	144,776	384,335	497,633	497,633
-	-	2,821	(52,750)	-	-	-	-	-	710,771
-	-	2,821	(52,750)	(200,493)	169,015	144,776	384,335	497,633	1,208,404
$ 149,378	$ 488	$ 54,429	$ 206,044	$ 901,438	$ 169,015	$ 144,776	$ 388,832	$ 1,604,061	$ 2,593,947

CITY OF VERMILLION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	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	275,657	-	-	-	275,657	-	-
Stormwater fees	-	163,240	-	-	163,240	-	-
Penalties & interest	-	7	-	-	7	-	-
Intergovernmental:							
Federal grant	-	-	-	-	-	-	-
State grant	-	-	-	-	-	-	-
County shared revenue	-	-	-	3,000	3,000	-	-
Charges for goods & services							
Culture & recreation	-	-	9,649	-	9,649	-	-
Fines & forfeits:							
Library	-	-	-	3,937	3,937	-	-
Miscellaneous:							
Public payments for improvements	-	-	-	-	-	14,999	-
Interest earned	675	6,689	60	2,639	10,063	-	-
Rentals	-	-	-	-	-	-	-
Contributions & donations from private sources	-	-	5,093	3,470	8,563	-	-
Special assessments (principal & interest)	-	-	-	-	-	-	-
Other	-	-	-	3,384	3,384	-	-
Total revenue	276,332	169,936	14,802	16,430	477,500	14,999	-
EXPENDITURES							
Current							
Public works	-	4,617	-	-	4,617	-	378
Culture-recreation	-	-	9,546	15,531	25,077	-	-
Conservation & development	256,297	-	-	-	256,297	-	
Capital outlay:							
Public works	-	7,616	-	-	7,616	52,493	-
Culture & recreation	-	-	3,953	-	3,953	-	
Debt service:							
Principal	-	32,156	-	-	32,156	-	-
Interest & fiscal charges	-	808	-	-	808	-	-
Total expenditures	256,297	45,197	13,499	15,531	330,524	52,493	378
Excess (deficiency) of revenues over (under) expenditures	20,035	124,739	1,303	899	146,976	(37,494)	(378)
OTHER FINANCING SOURCES(USES)							
Transfer in	-	-	-	-	-	49,173	-
Transfer out	-	-	-	-	-	(6,800)	-
Total other financing sources(uses)	-	-	-	-	-	42,373	-
Net change in fund balances	20,035	124,739	1,303	899	146,976	4,879	(378)
Fund balances - beginning	113,794	363,481	11,708	127,562	616,545	(62,199)	2,127
Prior period adjustment	-	-	-	-	-	-	-
Adjusted fund balances - beginning	113,794	363,481	11,708	127,562	616,545	(62,199)	2,127
Fund balances - ending	$ 133,829	$ 488,220	$ 13,011	$ 128,461	$ 763,521	$ (57,320)	$ 1,749

Capital Project Funds				Debt Service Funds					
Bike Path	South Crawford Road	Airport	Total	Special Assessment Bonds	TIF District No. 3 Bonds	TIF District No. 4 Bonds	City Hall Bonds	Total	Total Nonmajor Funds
$ -	$ -	$ -	$ -	$ -	$ 171,765	$ 82,033	$ -	$ 253,798	$ 253,798
-	-	-	-	-	-	-	-	-	275,657
-	-	-	-	-	-	-	-	-	163,240
-	-	-	-	-	-	-	-	-	7
174,000	-	7,386	181,386	-	-	-	-	-	181,386
-		156	156	-	-	-	-	-	156
-	-	-	-	-	-	-	-	-	3,000
-	-	-	-	-	-	-	-	-	9,649
-	-	-	-	-	-	-	-	-	3,937
-	-	-	14,999	-	-	-	-	-	14,999
-	-	-	-	6,301	77	55	20,838	27,271	37,334
-	-	-	-	-	4,155	-	-	4,155	4,155
		-							
-	-	-	-	-	-	-	-	-	8,563
-	-	-	-	196,283	-	-	-	196,283	196,283
-	-	-	-	-	-	-	-	-	3,384
174,000	-	7,542	196,541	202,584	175,997	82,088	20,838	481,507	1,155,548
-	-	-	378	-	-	-	-	-	4,995
-	-	-	-	-	-	-	-	-	25,077
-	-	-	-	-	-	-	-	-	256,297
-	68,528	7,775	128,796	-	-	-	-	-	136,412
234,759	-	-	234,759	-	-	-	-	-	238,712
-	-	-	-	-	180,000	25,000	175,000	380,000	412,156
-	-	-	-	38,816	27,815	19,412	175,446	261,489	262,297
234,759	68,528	7,775	363,933	38,816	207,815	44,412	350,446	641,489	1,335,946
(60,759)	(68,528)	(233)	(167,392)	163,768	(31,818)	37,676	(329,608)	(159,982)	(180,398)
60,759	68,528	233	178,693	-	-	-	335,008	335,008	513,701
-	-	-	(6,800)	(49,173)	-	-	-	(49,173)	(55,973)
60,759	68,528	233	171,893	(49,173)	-	-	335,008	285,835	457,728
-	-	-	4,501	114,595	(31,818)	37,676	5,400	125,853	277,330
-	-	2,821	(57,251)	402,239	200,833	107,100	378,935	1,089,107	1,648,401
-	-	-	-	(717,327)	-	-	-	(717,327)	(717,327)
-	-	2,821	(57,251)	(315,088)	200,833	107,100	378,935	371,780	931,074
-	-	2,821	$ (52,750)	$ (200,493)	$ 169,015	$ 144,776	$ 384,335	$ 497,633	$ 1,208,404

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, 2010

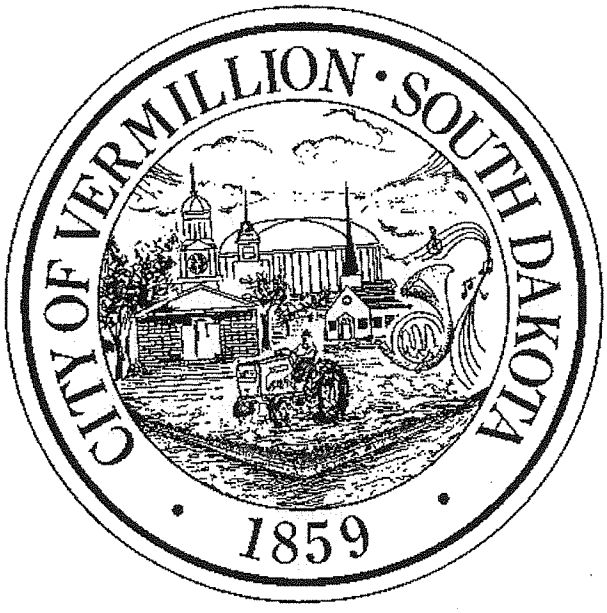
	Liquor, Lodging, Dining Tax			Stormwater Fee		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes:						
General sales & use	$ 265,000	$ 275,657	$ 10,657	$ -	$ -	$ -
Stormwater fees	-	-	-	156,600	163,240	6,640
Penalties & interest	-	-	-	100	7	(93)
Intergovernmental :						
Federal Grant	-	-	-	-	-	-
County shared revenue	-	-	-	-	-	-
Charges for goods & services						
Culture & recreation	-	-	-	-	-	-
Fines & forfeits:						
Library	-	-	-	-	-	-
Miscellaneous:						
Public Payments for Improvements	-	-	-	-	-	-
Interest earned	925	675	(250)	6,600	6,689	89
Contributions & donations from private sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenue	265,925	276,332	10,407	163,300	169,936	6,636
EXPENDITURES						
Current						
Public works	-	-	-	35,000	12,233	22,767
Culture-recreation	-	-	-	-	-	-
Conservation & development	275,456	256,297	19,159	-	-	-
Debt service:						
Principal	-	-	-	32,156	32,156	-
Interest & fiscal charges	-	-	-	808	808	-
Total expenditures	275,456	256,297	19,159	67,964	45,197	22,767
Excess (deficiency) of revenues over (under) expenditures	(9,531)	20,035	29,566	95,336	124,739	29,403
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net change in fund balances	(9,531)	20,035	29,566	95,336	124,739	29,403
Fund balances - beginning		113,794			363,481	
Fund balances - ending		$ 133,829			$ 488,220	

Parks Capital			Library		
Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,000	3,000	-
8,950	9,649	699	-	-	-
-	-	-	3,500	3,937	437
-	-	-	-	-	-
50	60	10	2,000	2,639	639
4,475	5,093	618	3,500	3,470	(30)
-	-	-	2,500	3,384	884
13,475	14,802	1,327	14,500	16,430	1,930
-	-	-	-	-	-
13,475	13,499	(24)	14,500	15,531	(1,031)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,475	13,499	(24)	14,500	15,531	(1,031)
-	1,303	1,303	-	899	899
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,303	1,303	-	899	899
	11,708			127,562	
	$ 13,011			$ 128,461	

CITY OF VERMILLION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	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	-	14,999	14,999	-	-	-
Total revenue	-	14,999	14,999	-	-	-
EXPENDITURES						
Current						
Public works	93,000	52,493	40,507	-	-	-
Culture & recreation	-	-	-	-	-	-
Conservation & development	-	-	-	-	378	(378)
Total expenditures	93,000	52,493	40,507	-	378	(378)
Excess (deficiency) of revenues over (under) expenditures	(93,000)	(37,494)	55,506	-	(378)	(378)
OTHER FINANCING SOURCES(USES)						
Proceeds from sale of bonds	167,000	-	(167,000)	-	-	-
Transfer in	-	49,173	49,173	-	-	-
Transfer out	(6,800)	(6,800)	-	-	-	-
Total other financing sources(uses)	160,200	42,373	(117,827)	-	-	-
Net change in fund balances	67,200	4,879	(62,321)	-	(378)	(378)
Fund balances - beginning		(62,199)			2,127	
Fund balances - ending		$ (57,320)			$ 1,749	

Bike Path			South Crawford Road			Airport		
Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
$ 282,772	$ 174,000	$ (108,772)	$ -	$ -	$ -	$ 95,000	$ 7,386	$ (87,614)
-	-	-			-	2,000	156	(1,844)
-	-	-	-	-	-	-	-	-
282,772	174,000	(108,772)	-	-	-	97,000	7,542	(89,458)
-	-	-	65,750	68,528	(2,778)	100,000	7,775	92,225
345,054	234,759	110,295	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
345,054	234,759	110,295	65,750	68,528	(2,778)	100,000	7,775	92,225
(62,282)	(60,759)	1,523	(65,750)	(68,528)	(2,778)	(3,000)	(233)	2,767
-	-	-	-	-	-	-	-	-
62,282	60,759	(1,523)	65,750	68,528	2,778	3,000	233	(2,767)
-	-	-	-	-	-	-	-	-
62,282	60,759	(1,523)	65,750	68,528	2,778	3,000	233	(2,767)
-	-	-	-	-	-	-	-	-
	-			-			2,821	
	$ -			$ -			$ 2,821	


CITY OF VERMILLION · SOUTH DAKOTA
1859

CITY OF VERMILLION
COMBINING AND INDIVIDUAL FUND 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.

EXHIBIT B-1

CITY OF VERMILLION
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2010

	Copier-Fax-Postage	Unemployment Insurance	Equipment Replacement	Custodial Services	Totals
ASSETS:					
Current assets:					
Cash	$ 12,430	$ 1,890	$ 29,106	$ 10,011	$ 53,437
Investments	-	20,000	200,000	-	220,000
Accounts receivable	3,064	-	-	-	3,064
Interest receivable	-	141	1,373	-	1,514
Total current assets	15,494	22,031	230,479	10,011	278,015
Capital assets:					
Machinery & equipment	12,797	-	4,626,107	2,316	4,641,220
less accumulated depreciation	(4,799)	-	(2,102,494)	(744)	(2,108,037)
Total capital assets	7,998	-	2,523,613	1,572	2,533,183
Total assets	23,492	22,031	2,754,092	11,583	2,811,198
LIABILITIES					
Current liabilities:					
Accounts payable	1,110	4,621	16,819	2,051	24,601
Accrued leave payable	-	-	-	1,428	1,428
Total current liabilities	1,110	4,621	16,819	3,479	26,029
Noncurrent liabilities:					
Accrued leave payable	-	-	-	1,988	1,988
Total non current liabilities	-	-	-	1,988	1,988
Total liabilities	1,110	4,621	16,819	5,467	28,017
NET ASSETS					
Invested in capital assets, net of related debt	7,998	-	2,523,613	1,572	2,533,183
Unreserved	14,384	17,410	213,660	4,544	249,998
Total net assets	$ 22,382	$ 17,410	$ 2,737,273	$ 6,116	$ 2,783,181

EXHIBIT B-2

CITY OF VERMILLION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES
EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Copier-Fax-Postage	Unemployment Insurance	Equipment Replacement	Custodial Services	Totals
Operating Revenues:					
Charges for goods and services	$ 20,470	$ -	$ 319,543	$ 77,131	$ 417,144
Total operating revenue	20,470	-	319,543	77,131	417,144
Operating expenses:					
Personnel services	-	-	-	70,611	70,611
Other current expenses	19,467	3,327	-	10,914	33,708
Depreciation	3,199	-	302,410	179	305,788
Total operating expenses	22,666	3,327	302,410	81,704	410,107
operating income(loss)	(2,196)	(3,327)	17,133	(4,573)	7,037
Nonoperating revenue:					
Interest earned	-	292	3,392	-	3,684
Gain(loss) on disposition of assets	-	-	28,362	-	28,362
Total nonoperating revenue	-	292	31,754	-	32,046
Income before contributions and transfers	(2,196)	(3,035)	48,887	(4,573)	39,083
Transfer in	-	-	100,587	-	100,587
Change in net assets	(2,196)	(3,035)	149,474	(4,573)	139,670
Total net assets - beginning	24,578	20,445	2,587,799	10,689	2,643,511
Total net assets - ending	$ 22,382	$ 17,410	$ 2,737,273	$ 6,116	$ 2,783,181

EXHIBIT B-3

CITY OF VERMILLION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Copier-Fax-Postage	Unemployment Insurance	Equipment Replacement	Custodial Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 21,043	$ -	$ 319,543	$ 77,131	$ 417,717
Cash paid for personal services	-	-	-	(68,970)	(68,970)
Cash paid to suppliers	(19,272)	(13,887)	-	(9,362)	(42,521)
Net cash provided (used for) operating activities	1,771	(13,887)	319,543	(1,201)	306,226
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	-	(618,228)	-	(618,228)
Proceeds from sale of assets	-	-	46,041	-	46,041
Net cash (used for) capital and related financing activities	-	-	(572,187)	-	(572,187)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	100,000	-	100,000
Net cash provided by non-capital financing activities	-	-	100,000	-	100,000
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	-	486	7,925	-	8,411
Purchase and sale of investments	-	15,000	150,000	-	165,000
Net cash provided (used for) investing activities	-	15,486	157,925	-	173,411
Net increase (decrease) in cash and cash equivalents	1,771	1,599	5,281	(1,201)	7,450
Cash and cash equivalents beginning of year	10,659	291	23,825	11,212	45,987
Cash and cash equivalents end of year	$ 12,430	$ 1,890	$ 29,106	$ 10,011	$ 53,437
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	$ (2,196)	$ (3,327)	$ 17,133	$ (4,573)	$ 7,037
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:					
Depreciation	3,199	-	302,410	179	305,788
(Increase) decrease in assets and increase (decrease) in liabilities:					
Accounts receivable	573	-	-	-	573
Accounts payable	195	(10,560)	-	1,552	(8,813)
Accrued leave payable	-	-	-	1,641	1,641
Net cash provided by (used for) operating activities	$ 1,771	$ (13,887)	$ 319,543	$ (1,201)	$ 306,226
Noncash investing, capital and financing activities:					
Exchange of payables for capital assets	-	-	16,819	-	16,819
Transfer in of capital assets	-	-	587	-	587
Gain(loss) on disposal of fixed assets	-	-	28,362	-	28,362
Total noncash investing, capital and financing activities	$ -	$ -	$ 45,768	$ -	$ 45,768

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 85-89

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 90-94

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 95-101

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 102-103

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 104-106

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 VERMILLION
GOVERNMENT-WIDE NET ASSETS BY COMPONENT[2]
LAST EIGHT FISCAL YEARS[1]
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
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
Restricted for:								
BBB	89,623	47,533	24,759	36,499	129,654	154,418	125,799	144,278
Capital Projects	-	-	-	-	3,531,936	-	-	-
Debt Service	866,967	694,016	711,658	1,056,138	1,376,496	1,679,918	1,600,924	940,546
Additional 1% Sales Tax	1,125,180	-	-	-	-	-	-	-
Stormwater	47,261	127,235	84,162	180,487	272,825	249,860	366,220	490,302
Cumulative Reserve	-	-	-	-	158,060	158,060	158,060	158,060
Unrestricted	955,153	1,352,583	2,129,784	4,072,094	992,869	5,136,891	4,116,964	4,255,996
Total Governmental Activities Net Assets	$ 14,951,523	$ 16,040,101	$ 18,174,626	$ 21,542,391	$ 23,237,049	$ 24,847,646	$ 28,535,958	$ 29,346,833
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
Restricted for:								
Capital Projects	-	-	-	-	-	-		
Debt Service	995,783	419,593	779,022	810,174	838,309	834,790	1,444,260	1,521,831
Landfill Closure Postclosure	158,984	178,829	214,281	224,505	230,238	214,880	210,879	207,915
Unrestricted	4,620,319	5,258,568	5,284,511	5,681,029	7,053,543	7,996,485	8,006,051	8,808,530
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
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
Restricted for:								
BBB	89,623	47,533	24,759	36,499	129,654	154,418	125,799	144,278
Capital Projects	-	-	-	-	3,531,936	-	-	-
Debt Service	1,862,750	1,113,609	1,490,680	1,866,312	2,214,805	2,514,708	3,045,184	2,462,377
Additional 1% Sales Tax	1,125,180	-	-	-	-	-	-	-
Stormwater	47,261	127,235	84,162	180,487	272,825	249,860	366,220	490,302
Landfill Closure Postclosure	158,984	178,829	214,281	224,505	230,238	214,880	210,879	207,915
Cumulative Reserve	-	-	-	-	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	13,064,526
Total Primary Government Net Assets	$ 33,405,990	$ 35,041,199	$ 39,560,933	$ 44,996,368	$ 48,548,307	$ 51,711,218	$ 57,902,457	$ 60,767,535

[1] The City Implemented GASB Statement No. 34 in fiscal year 2003, therefore, eight 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 EIGHT YEARS[1]
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
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
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
Public Works	962,223	999,893	1,205,512	1,237,318	1,353,987	1,602,031	1,561,217	1,656,337
Health & Welfare	331,500	338,169	343,780	365,189	374,133	402,620	415,740	412,409
Culture & Recreation	869,835	929,704	977,583	978,573	1,006,229	1,171,859	1,203,636	1,177,757
Conservation & Development	219,607	680,161	546,219	254,220	786,823	732,787	708,482	368,202
Interest on Long-term debt	140,517	142,663	91,455	134,858	181,374	298,297	301,118	272,722
Total Governmental Activities Expenses	4,926,124	5,600,994	5,747,972	5,635,932	6,489,245	7,228,677	7,402,094	7,342,315
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
Water	876,409	1,015,709	1,010,703	1,057,672	1,171,661	1,264,548	1,336,150	1,342,632
Wastewater	953,118	1,010,170	1,069,647	1,049,072	1,305,808	1,284,315	1,336,169	1,345,153
Liquor	628,154	671,465	755,798	818,302	917,741	1,003,575	1,000,796	1,017,680
Golf	975,027	914,987	1,109,776	1,047,729	902,370	897,527	840,409	834,736
Joint Powers Landfill	737,505	743,960	792,584	839,151	927,407	1,220,527	1,022,888	1,288,114
Curbside Recycling	-	-	-	-	-	-	33,407	98,197
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
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
Program Revenues								
Governmental Activities:								
Charges for Services:								
General Government	$ 146,269	$ 139,638	$ 137,785	$ 158,477	$ 197,706	$ 291,204	$ 249,372	$ 294,330
Public Safety	29,954	35,747	37,253	35,933	32,973	43,680	43,573	44,364
Public Works	7,119	590,077	436,122	939,078	487,046	764,960	402,603	563,566
Health & Welfare	197,606	193,907	226,651	191,584	261,861	289,839	344,652	339,053
Culture & Recreation	69,909	67,386	59,349	73,217	81,003	67,716	63,524	75,145
Operating Grants & Contributions	126,756	-	307,500	-	26,697	257,213	64,553	89,026
Capital Grants & Contributions	-	1,208,768	1,791,371	1,513,499	723,410	410,251	3,677,885	223,818
Total Governmental Activities Program Revenues	577,613	2,235,523	2,996,031	2,911,788	1,810,696	2,124,863	4,846,162	1,629,302
Business-Type Activities:								
Charges for Services:								
Electric	3,386,418	3,595,419	4,073,646	4,282,382	4,669,319	4,900,026	5,262,358	5,884,283
Water	1,041,327	1,098,268	1,253,081	1,449,187	1,556,163	1,497,831	1,514,565	1,506,335
Wastewater	806,124	905,007	1,022,771	1,175,089	1,267,106	1,335,134	1,420,454	1,493,778
Liquor	704,118	767,567	857,975	967,937	1,094,738	1,179,545	1,165,625	1,181,977
Golf	686,104	677,061	929,292	756,419	731,073	669,459	683,709	609,291
Joint Powers Landfill	779,472	811,613	882,070	868,051	1,303,408	1,171,794	1,088,488	1,236,897
Curbside Recycling	-	-	-	-	-	-	29,941	111,838
Operating Grants & Contributions	5,101	1,065	350	429	4,100	40,625	1,972	93,886
Capital Grants & Contributions	48,453	11,608	1,270,244	683,679	19,033	279,226	1,198,705	775,438
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
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
Net(Expense)/Revenue[2]								
Governmental Activities	$ (4,348,511)	(3,365,471)	(2,751,941)	(2,724,144)	(4,678,549)	(5,103,814)	(2,555,932)	(5,713,013)
Business-Type Activities	1,006,091	984,643	2,724,986	2,388,836	2,014,383	1,863,861	2,770,710	2,305,476
Total Primary Government Net Revenues (Expenses)	$ (3,342,420)	$ (2,380,828)	$ (26,955)	$ (335,308)	$ (2,664,166)	$ (3,239,953)	$ 214,778	$ (3,407,537)
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
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
Stormwater	113,209	-	-	-	-	-	-	-
Unrestricted State/County Shared Revenue	435,909	84,877	64,386	74,564	90,355	93,542	74,396	72,312
Unrestricted Investment Earnings	52,917	45,306	71,553	162,096	343,118	370,622	251,231	136,313
Miscellaneous Revenue	79,764	82,215	79,236	69,437	79,600	84,002	58,729	53,709
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
Transfers	717,440	723,601	701,157	886,137	846,319	1,022,801	911,657	937,999
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
Business-Type Activities								
Property Taxes	145,335	168,175	187,035	254,823	300,773	373,187	435,805	480,052
Unrestricted Investment Earnings	108,449	90,791	137,883	267,403	345,272	295,630	164,057	145,933
Miscellaneous Revenue	26,761	26,623	36,462	42,745	43,172	42,437	44,012	60,741
Gain(Loss) on sale of capital assets	(158,037)	-	-	-	-	-	-	-
Transfers	(717,440)	(723,601)	(701,157)	(886,137)	(846,319)	(1,022,801)	(911,657)	(937,999)
Total Business-Type Activities	(594,932)	(438,012)	(339,777)	(321,166)	(157,102)	(311,547)	(267,783)	(251,273)
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
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
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
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

[1] The City Implemented GASB Statement No. 34 in fiscal year 2003, therefore, eight 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 EIGHT FISCAL YEARS[1]
(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

[1] The City implemented GASB Statement No. 34 in fiscal year 2003, therefore, eight 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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	$ 21,854	$ 13,749	$ 190,214	$ 17,778	$ 14,490	$ 7,902	$ 184,714	$ 199,518	$ 191,878	$ 204,520
Unreserved	746,397	612,575	330,382	473,428	835,236	1,869,700	1,850,283	2,101,902	2,173,805	2,305,886
Total General Fund	768,251	626,324	520,596	491,206	849,726	1,877,602	2,034,997	2,301,420	2,365,683	2,510,406
All Other Governmental Funds										
Reserved	1,588,537	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]	(111,462)	23,147	4,095	(173,829)	(431,537)	25,470	(66,835)	45,238	(57,251)	(52,750)
Total All Other Governmental Funds	1,477,075	2,009,902	2,028,478	1,299,927	1,598,798	2,504,388	6,870,329	3,788,717	3,144,358	2,902,342
Total Governmental Funds										
Reserved	1,610,391	2,000,504	2,126,013	465,193	533,661	565,066	4,681,541	1,195,415	1,280,985	702,153
Unreserved	634,935	635,722	423,061	1,325,940	1,914,863	3,816,924	4,223,785	4,894,722	4,229,056	4,710,595
Total Governmental Funds	$ 2,245,326	$ 2,636,226	$ 2,549,074	$ 1,791,133	$ 2,448,524	$ 4,381,990	$ 8,905,326	$ 6,090,137	$ 5,510,041	$ 5,412,748

[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.

TABLE 5

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	$ 3,123,468	$ 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
Licenses & Permits	124,969	143,977	171,670	174,515	187,226	169,888	191,586	201,064	215,277	219,374
Intergovernmental Revenue	736,830	412,725	617,415	1,639,453	1,755,996	1,833,413	956,276	965,288	4,138,907	743,632
Charges for Goods & Services	252,152	218,187	243,699	236,981	260,005	260,440	358,960	455,395	454,080	495,782
Fines & Forfeits	46,777	43,870	41,809	31,734	31,370	32,263	28,904	40,033	41,480	41,336
Public Payments for Improvements[1]	-	-	-	53,724	14,775	106,246	639	173,240	-	14,999
Investment Earnings[1]	-	-	58,721	28,674	44,585	58,241	210,947	274,834	202,694	89,130
Rentals[1]	-	-	13,174	14,958	11,520	30,919	24,742	14,080	12,670	15,891
Special Assessments[1]	-	-	147,318	95,012	73,789	113,314	167,061	141,726	168,406	196,310
Contributions & Donations[1]	-	-	6,982	14,802	16,226	48,189	4,494	3,238	20,275	15,170
Miscellaneous	373,801	405,825	46,584	74,157	298,041	47,667	88,194	79,881	58,194	53,354
Total Revenues	4,657,997	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
Expenditures										
General Government	765,284	840,220	878,645	903,168	943,019	1,083,423	1,008,509	1,066,024	1,074,365	1,129,960
Public Safety	1,240,931	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
Public Works	510,773	487,160	589,463	603,471	736,852	700,058	797,688	1,006,391	857,217	908,703
Health and Welfare	265,499	300,897	320,762	325,725	326,857	349,458	361,284	392,330	399,563	403,645
Culture-Recreation	676,062	723,680	764,315	816,575	855,042	864,365	883,955	968,093	1,018,139	1,018,487
Conservation and Development	240,636	251,804	219,607	721,067	587,125	295,126	827,730	732,787	708,482	368,202
Debt Service										
Principal[1]	266,186	303,902	201,693	400,626	218,136	230,920	268,763	405,142	499,290	412,156
Interest	-	-	132,168	137,445	127,801	115,359	129,696	339,970	283,218	262,297
Bond Issuance Costs	-	-	-	-	-	-	116,342	-	-	-
Capital Outlay	1,703,281	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
Total Expenditures	5,668,652	5,007,949	5,639,858	7,383,881	7,259,871	7,251,807	7,761,634	11,706,125	11,734,861	7,483,560
Excess of Revenues over (under) Expenditures	(1,010,655)	(559,055)	(1,024,835)	(1,475,075)	(622,533)	(388,464)	(995,152)	(4,159,119)	(1,434,113)	(230,020)
Other Financing Sources (Uses)										
Issuance of Bonds	163,599	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	1,552,573	927,363	960,294	1,523,601	1,063,195	1,147,553	1,496,554	1,745,905	2,654,412	1,657,913
Transfer Out	(696,795)	(48,585)	(264,516)	(800,000)	(373,004)	(266,216)	(657,132)	(743,104)	(1,792,755)	(820,501)
Total Other Financing Sources (Uses)	1,019,377	958,060	859,403	723,601	1,283,212	2,328,518	5,331,676	1,329,126	861,657	837,412
Net Change in Fund Balances	$ 8,722	$ 399,005	$ (165,432)	$ (751,474)	$ 660,679	$ 1,940,054	$ 4,336,524	$ (2,829,993)	$ (572,456)	$ 607,392
Change in Inventory	(15,918)	(8,105)	10,496	(6,467)	(3,288)	(6,588)	18,752	14,804	(7,640)	12,642
Debt Service as a percentage of non-capital expenditures	7.20%	7.70%	7.98%	11.18%	7.00%	7.13%	8.53%	11.09%	11.59%	10.37%

[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
2001	$ 107,753,525	$ 84,090,502	$ 191,844,027	$ 6.05	$ 215,555,087	89%
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%

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

		City of Vermillion			Overlapping Rates							
					Clay County			Vermillion School District				Total
Fiscal Year		Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts	Direct and Overlapping Rates
2001	a	6.050	-	6.050	6.020	-	6.020	18.790	0.980	19.770	0.070	30.930
	b	6.050	-	6.050	6.020	-	6.020	11.140	0.980	12.120	0.070	23.280
2002	a	6.060	-	6.060	5.980	-	5.980	17.630	0.920	18.550	0.070	29.740
	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
	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
	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
	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
	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
	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
	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
	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
	b	6.185	-	6.185	5.366	-	5.366	10.142	0.565	10.707	0.044	21.737

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

	2010			2001		
Taxpayer	Assessed Valuation	Rank	Percentage of Total Assessed Valuations	Assessed Valuation	Rank	Percentage of Total Assessed Valuations
Polaris Industries, Inc.	$ 6,687,342	1	1.91%	$ 5,927,427	1	2.93%
Walmart Stores, Inc	5,701,014	2	1.63%	-	-	-
JH Investments	4,152,588	3	1.19%	-	-	-
Hy-Vee Food Store Inc	2,225,187	4	0.64%	-	-	-
Hatle Investments	2,194,935	5	0.63%	3,266,269	2	1.62%
TMBL LLC	1,899,773	6	0.54%	-	-	-
Kirk Hogen	1,856,905	7	0.53%	1,727,590	6	0.85%
East River Properties LLC	1,809,836	8	0.52%	-	-	-
Radha INC	1,752,492	9	0.50%	-	-	-
Plum Villa LLC	1,506,260	10	0.43%	-	-	-
Laurence and Beth Brady	-	-	-	2,743,806	3	1.36%
Qwest	-	-	-	2,522,914	4	1.25%
David C. DeRouchey Trustee	-	-	-	2,040,055	5	1.01%
CorTrust Bank	-	-	-	1,519,552	7	0.75%
Brighton Heights LLC	-	-	-	1,503,107	8	0.74%
Charles Darcene Allison	-	-	-	1,117,963	9	0.55%
Tom Durham	-	-	-	1,061,122	10	0.52%
Total Principal Taxpayers	29,786,332		8.51%	23,429,805		11.59%
All Other Taxpayers	320,406,266		91.49%	178,718,202		88.41%
Total Assessed Valuation	$ 350,192,598		100%	$ 202,148,007		100%

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
2001	$ 1,041,775	$ 1,025,496	98.44%	$ 11,087	$ 1,036,583	99.50%	$ 51,675	4.96%
2002	1,092,442	1,083,499	99.18%	23,351	1,106,850	101.32%	37,168	3.40%
2003	1,144,247	1,132,537	98.98%	7,309	1,139,846	99.62%	39,349	3.44%
2004	1,180,072	1,173,370	99.43%	10,297	1,183,667	100.30%	35,245	2.99%
2005	1,234,902	1,223,476	99.07%	5,893	1,229,369	99.55%	40,773	3.30%
2006	1,285,714	1,267,410	98.58%	7,889	1,275,299	99.19%	49,807	3.87%
2007	1,376,499	1,358,759	98.71%	20,593	1,379,352	100.21%	27,206	1.98%
2008	1,436,746	1,412,780	98.33%	13,744	1,426,524	99.29%	37,427	2.60%
2009	1,548,344	1,521,174	98.25%	20,811	1,541,985	99.59%	43,787	2.83%
2010	$ 1,607,062	$ 1,583,404	98.53%	$ 29,845	$ 1,613,248	100.38%	$ 37,600	2.34%

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
2001	$ 474,224	$ 124,836	26.32%	$ 349,388
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

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			
2001	$ 2,365,035	$ -	$ -	$ 5,865,555	$ -	$ 122,164	$ 8,352,754	3.33%	813
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	n/a	n/a
2010	$ 765,000	$ -	$ 4,010,000	$ 20,287,816	$ 800,860	$ -	$ 25,863,676	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, 2010

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable To This Governmental Unit[1]	City's Share of Debt
School District	$ 2,110,000	62.29%	$ 1,314,320
Total Direct and Overlapping Debt			$ 1,314,320

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 businessess 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 determinging 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 VERMILLION
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	$ 10,777,754	$ 10,992,788	$ 11,070,789	$ 12,085,741	$ 12,314,841	$ 13,012,361	$ 15,090,303	$ 16,161,529	$ 15,917,253	$ 17,509,630
Total, net debt applicable to limit	6,487,902	6,388,053	6,650,775	7,193,530	8,316,034	9,556,972	8,825,606	8,125,471	7,236,640	6,979,204
Legal Debt Margin	$ 4,289,852	$ 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
Total net debt applicable to limit as a percentage of debt limit	60.20%	58.11%	60.07%	59.52%	67.53%	73.45%	58.49%	50.28%	45.46%	39.86%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2010

Total 2010 Taxable Value		$ 297,663,708
Assessed Value		350,192,598
Debt Limit - 5% of Assessed Value		17,509,630
AMOUNT OF DEBT APPLICABLE TO LIMIT		
Total Bonded Debt and Long-Term Notes Payable		7,938,208
Less: amount set aside for repayment of debt		
General Revenue Bonds	(949,103)	
Joint Powers Revenue Bonds	(5,328)	
Curbside Revenue Bonds	-	
Electric Revenue Bonds	-	
Water Revenue Bonds	-	
Wastewater Revenue Bonds	(4,573)	
		(959,004)
DEBT APPLICABLE TO DEBT LIMIT		6,979,204
LEGAL DEBT MARGIN		$ 10,530,426

Table 14

CITY OF VERMILLION
REVENUE BOND COVERAGE
ELECTRIC ENTERPRISE
LAST TEN FISCAL YEARS[1]

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
2001	$ 3,221,049	$ 2,258,456	$ 242,451	$ 1,205,044	$ 65,000	$ 33,284	$ 98,284	12.26	$ 1,447,495	14.73
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

[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 YEARS[1]

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
2001	$ 916,264	$ 777,481	$ 86,985	$ 225,768	$ 24,111	$ 39,027	$ 63,138	3.58	$ 312,753	4.95
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

[1] GAAP Basis
[2] Bond obligations not covered with surcharge pledge
[3] Starting in 2007 bonds were paid with surcharge pledge

Table 16

CITY OF VERMILLION
REVENUE BOND COVERAGE
WASTEWATER ENTERPRISE
LAST TEN FISCAL YEARS[1]

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
2001	$ 753,229	$ 583,029	$ 219,266	$ 389,466	$ 5,844	$ 2,489	$ 8,333	46.74	$ 608,732	73.05
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

[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 YEARS[1]

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
2001	$ 900,401	$ 689,136	$ 58,258	$ 269,523	$ 80,000	$ 294,966	$ 374,966	0.72	$ 327,781	0.87
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

[1] GAAP Basis

Table 18

CITY OF VERMILLION
PRINCIPAL EMPLOYERS
DECEMBER 31, 2010

	2010		
Employer	# of Employees	Rank	Percentage of Total City Employees
University of South Dakota	1,233	1	20.20%
Stream Global Solutions	315	2	5.16%
Sanford Vermillion Medical Center	233	3	3.82%
Walmart	225	4	3.69%
Hy Vee Food Stores	166	5	2.72%
Vermillion Public Schools	160	6	2.62%
SESDAC	140	7	2.29%
City of Vermillion	110	8	1.80%
Polaris Industries	100	9	1.64%
Masaba Mining Equipment	85	10	1.39%
Total Principal Employers	2,767		45.32%
Other Employers	3,338		54.68%
Total Employers	6,105		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]
2001	10,276	$ 250,847,436	$ 24,411	n/a	24.8	1,363	8,161	2.80%
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	n/a	n/a	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	3.80%

[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 NINE FISCAL YEARS[1]

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010
General									
Executive	3.29	3.59	2.99	2.99	2.82	3.71	3.07	3.63	3.88
Finance	6.07	5.92	6.30	5.96	6.00	6.02	6.00	6.02	5.94
Engineering	5.05	4.96	4.75	4.70	4.83	4.64	4.87	4.22	4.71
Service Center	2.13	2.01	2.24	2.52	2.55	2.57	2.46	2.54	2.56
Public Safety									
Police Administration	5.83	5.87	6.02	5.45	5.53	5.71	5.10	5.10	5.67
Police Patrol	14.50	15.82	15.50	14.50	13.92	13.77	15.04	15.57	16.44
Communications	7.54	7.47	7.56	7.88	7.22	8.83	7.44	7.43	8.01
Fire	1.00	1.00	1.01	1.00	1.00	1.00	1.01	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
Carpentry	1.06	1.06	1.06	1.05	1.04	1.07	1.08	1.04	1.05
Health & Welfare									
Code Compliance	3.05	3.17	3.03	3.00	3.04	3.01	3.02	3.01	2.91
Ambulance	3.62	3.91	3.72	3.85	4.04	4.13	4.57	3.02	3.06
Culture-Recreation									
Pool	5.03	4.66	5.37	4.99	4.81	4.61	4.43	5.06	4.65
Recreation	3.71	4.21	4.03	4.41	3.79	4.27	4.22	4.53	4.01
Libraries	8.34	8.76	8.36	8.23	8.10	8.08	8.24	8.56	8.84
Parks	4.17	3.64	3.83	3.89	4.76	4.00	4.56	4.43	4.49
Electric	11.56	11.49	11.82	11.91	11.27	10.87	10.67	11.15	10.85
Water	8.75	8.72	9.03	8.62	8.36	8.64	8.48	8.56	8.70
Wastewater	6.55	7.28	7.46	7.14	7.01	7.67	7.41	7.15	6.98
Golf	9.08	9.77	10.29	9.74	9.42	9.13	9.71	9.65	9.85
Joint Powers	8.73	9.06	9.06	9.08	9.20	9.10	9.70	9.95	9.95
Curbside Recycling	-	-	-	-	-	-	-	0.72	1.96
Internal Service									
Custodial	-	0.98	1.72	1.66	1.73	1.81	1.82	2.01	2.16
	125.69	129.99	131.80	129.00	125.96	128.38	128.84	131.05	134.36

[1] The information for years prior to 2002 is not readily available.

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
Police										
Non Traffic Violations	449	573	965	1,026	701	735	905	821	821	747
Traffic Violations	747	777	570	705	599	603	762	936	906	1,219
Parking Violations	3,142	3,167	2,801	2,172	2,323	2,341	2,297	2,576	1,839	1,865
Fire										
Structure Fires	13	16	19	16	13	14	13	12	12	12
Other Fires & Incidents Calls	90	111	81	87	106	79	79	116	104	102
Ambulance										
Total Calls	493	467	553	526	541	518	574	702	771	740
Total Stand-By	n/a	34	41	42	43	37	28	38	44	45
Code Compliance										
Rental Housing Inspections		858	780	456	764	600	912	1,184	970	1,105
Building Permits-Single Family	29	24	16	30	36	36	37	30	11	10
Building Permits-Multiple Family	1	-	-	8	6	7	7	9	1	7
Building Permits-Commercial	4	1	3	8	6	6	8	12	13	6
Value of New Construction	$ 5,684,083	$ 3,027,100	$ 3,486,180	$ 6,783,326	$ 14,331,000	$ 8,212,480	$ 19,544,721	$ 9,839,155	$ 2,983,296	$ 4,502,352
Municipal Garage										
Service Jobs	248	302	282	258	266	260	239	273	243	248
Repairs	302	419	386	349	367	374	369	288	353	376
Library										
Circulation	87,465	89,079	98,752	89,875	79,813	78,652	78,196	78,711	77,979	79,168
Number of Card Holders	7,177	7,784	7,910	7,784	7,239	7,772	8,137	7,319	7,634	7,158
Swimming Pool										
Swim Lesson Participation	389	401	445	442	408	351	389	392	402	427
Open Swim Hours	37,212	40,013	38,772	36,770	21,000	18700	18,700	19,125	13,090	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
Summer Participants	2,725	3,790	2,754	2,000	1,947	2,352	1,936	1,889	2,048	2,130
Electric										
Total Number Meters	4,186	4,163	4,166	4,155	4,218	4,277	4,357	4,374	4,414	4,431
Total Metered Kilowatts	52,801,816	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
Summer Peak Demand Kilowatts	14,745	14,288	13,964	13,995	14,533	16,132	15,424	14,746	14,620	15,619
Winter Peak Demand Kilowatts	9,298	8,742	8,217	9,187	11,587	10,850	11,294	11,496	11,059	11,148
Water										
Number of Connections	2,446	2,561	2,590	2,603	2,669	2,709	2,746	2,847	2,826	2,856
Average Daily Consumption	1,090,132	1,258,951	1,115,912	1,091,298	1,061,452	1,102,896	1,199,674	1,070,737	1,017,595	921,929
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	1,385,000
Wastewater										
Number of Connections	2,503	2,517	2,522	2,559	2,607	2,612	2,683	2,759	2,761	2,763
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
Daily Peak Demand	n/a	n/a	n/a	1,915,000	2,918,000	2,133,000	1,859,000	1,787,000	1,730,000	3,517,000
Joint Powers										
Tonnage in Landfill Trenches	25,293	26,280	25,979	26,245	25,677	28,912	32,090	36,382	35,420	36,488
Tonnage Recycled	857	900	927	1,039	934	972	1,163	1,211	1,805	2,287
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
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
Gross Profit %	20.66%	24.60%	25.94%	28.63%	27.04%	33.53%	33.37%	31.25%	30.93%	31.17%
Street Department										
Tons of Sand for Ice	1237	363	675	572	422	524	1,001	959	630	767
Truckloads of Snow Hauled	557	116	364	620	363	193	595	538	713	1,874

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	4	4	5	5	5	5	5	5	5	5
Fire										
Stations	2	2	2	2	2	2	1	1	1	1
Engines/Trucks	5	6	6	6	6	6	6	6	6	6
Hydrants					384	385	387	388	392	398
Ambulance										
Ambulances	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	43.97	44.00	45.00	45.00	46.00	46.69	46.77	46.94	46.94	46.94
Streetlights	-	-	1,141	1,165	1,183	1,172	1,187	1,211	1,285	1,243
Culture & Recreation										
Parks (acres)	115.00	115.00	115.00	115.50	115.50	115.50	115.50	115.50	115.50	115.50
Parks	6	6	6	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	4,186	4,163	4,166	4,155	4,218	4,277	4,357	4,374	4,414	4,431
Total Metered Kilowatts	52,801,816	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
Summer Peak Demand Kilowatts	14,745	14,288	13,964	13,995	14,533	16,132	15,424	14,746	14,620	15,619
Winter Peak Demand Kilowatts	9,298	8,742	8,217	9,187	11,587	10,850	11,294	11,496	11,059	11,148
Water										
Water Mains (miles)	52.93	54.14	57.67	57.96	59.63	61.07	61.21	62.17	63.41	64.01
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	56.44	56.57	56.57	57.23	57.85	57.85	57.93	58.15	58.18
Stormwater Sewer (miles)	4.64	4.64	5.11	5.11	6.26	6.26	6.26	6.57	6.81	6.82
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
SINGLE AUDIT SECTION

City of Vermillion
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Grant/Program	CFDA Number	Expenditures
Direct:		
U.S. Department of Justice		
Bulletproof Vest Partnership Program	16.607	$ 1,126
U.S. Department of Justice		
Public Safety Partnership and Community Policing Grants (ARRA)	16.710	23,943
U.S. Department of Transportation		
Highway Planning & Construction	20.205	174,000
U.S. Department of Transportation		
Airport Improvement Program	20.106	7,386
U.S. Department of Energy		
EE Conservation Block Grant Program (ARRA)	81.128	15,641
Indirect:		
U.S. Department of Housing & Urban Development		
South Dakota Department of Tourism and Development		
Community Development Block Grant/State's Program (ARRA)	14.255	251,100
U.S. Department of Justice		
South Dakota Department of Corrections		
Enforcing Underage Drinking Laws Program	16.727	4,752
U.S. Department of Transportation		
SD Department of Transportation		
State and Community Highway Safety Program	20.600	6,220
U.S. Department of Transportation		
SD Department of Transportation		
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	2,081
U.S. Environmental Protection Agency		
SD Department of Environment and Natural Resources		
Capitalization Grants for Clean Water State Revolving Funds (ARRA)	66.458	514,642
U.S. General Services Administration		
South Dakota Federal Property Agency		
Donation of Federal Surplus Property(Note 2)	39.003	273
U.S. Institute of Museum and Library Services		
South Dakota State Library		
Grants to States	45.310	344
U.S. Department of Health		
South Dakota Department of Health		
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	6,554
U.S. Department of Homeland Security		
South Dakota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	17,390
Total		$ 1,025,452

(Continued)

City of Vermillion
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Note 1 - Basis of Presentation - The schedule of expenditures of federal awards includes the federal grant activity of the City of Vermillion and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 - The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the City of Vermillion.

Note 3 - The City of Vermillion had the following loan balances outstanding from the SD Clean Water State Revolving Fund, CFDA #66.458 and the SD Drinking Water State Revolving Fund, CFDA #66.468 at December 31, 2010.

	Total Amount of Loan Outstanding	Federal Portion of Loan Outstanding
Clean Water Series 1990 (22.28%)	$ 18,067	$ 4,025
Clean Water Series 2003 (0%)	207,804	-
Clean Water Series 2005 (23.8%)	2,765,738	658,246
Clean Water Series 2008 (8%)	3,505,781	280,462
Clean Water Series 2009 (0%)	249,500	-
Drinking Water Series 1999 (91.35%)	475,159	434,058
Drinking Water Series 2002 (79.72%)	1,126,080	897,711
Drinking Water Series 2006 (0.9988%)	3,255,668	32,518
	$ 11,603,797	$ 2,307,020

CITY OF VERMILLION, SOUTH DAKOTA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

Part I: Summary of the Independent Auditors' Results

(a) Unqualified opinions were issued on the financial statements.

(b) No significant deficiencies in internal control over financial reporting were reported in the audit of the financial statements.

(c) The audit did not disclose any noncompliance which is material to the financial statements.

(d) No significant deficiencies in internal control over major programs were reported in the audit of the financial statements.

(e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.

(f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) The major programs were as follows:

- CFDA #66.458 – Capitalization Grants for Clean Water State Revolving Funds

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) The City of Vermillion did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

No matters were reported.

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

No matters were reported.

Part V: Findings – Year Ended December 31, 2009:

No prior year findings.

WILLIAMS & COMPANY P.C.
Certified Public Accountants

21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Mayor and Members of the
Board of City Commissioners
City of Vermillion, South Dakota

Compliance

We have audited the compliance of the City of Vermillion, South Dakota (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's financial statements include the operations of the Vermillion Housing and Redevelopment Commission, which received $911,851 in federal awards which is not included in the Schedule of Federal Awards for the year ended December 31, 2010. Our audit, described below, did not include the operations of the Vermillion Housing and Redevelopment Commission because the Commission engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants

applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion of the effectiveness of the City of Vermillion's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the City Commissioners, 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.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
May 27, 2011

WILLIAMS & COMPANY P.C.
Certified Public Accountants

21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

Report On Compliance And Other Matters And On Internal Control Over Financial Reporting 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, 2010 which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 27, 2011. 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 $89,565 and total revenues of $918,137 as of and for the year ended June 30, 2010. 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.

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*.

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.

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 27, 2011

Council Agenda Memo

From: Jordan McQuillen, Intern

Meeting: July 5, 2011

Subject: Street Closure Request – Market Street on July 21, August 4, August 25, and September 1, 2011 for "Thursdays on the Platz."

Presenter: Jordan McQuillen

Background: Staff received a request to hold "Thursday's on the Platz" in downtown Vermillion. This summer's events are scheduled for July 21st, August 4th, August 25th, and September 1st. The events would host local and regional music entertainment. The group will utilize Ratingen Platz at the corner of W. Main and Market Streets for the events. Due to the number of anticipated attendees, a street closure request has been submitted for Market Street from W. Main Street to the East/West alley between W. Main Street and Kidder Street.

This event is being sponsored by Thursdays on the Platz and the Vermillion Chamber of Commerce and Development Company to encourage the community to gather downtown on Thursday nights and will showcase Ratingen Platz.

Discussion: The group requests to have Market Street from W. Main Street to the East/West alley between W. Main Street and Kidder Street closed from 5:00 p.m. to 9:00 p.m. on each day. The street closure request application indicates that neighboring businesses and residents have been notified. Volunteers for the Thursdays on the Platz Committee will clean up the area after the event.

Financial Consideration: None.

Conclusion/Recommendations: Administration recommends the City Council approve the closure of Market Street from W. Main Street to the East/West alley between W. Main Street and Kidder Street on July 21, August 4, August 25, and September 1, 2011, for "Thursdays on the Platz."

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 Thursdays on the Platz

Contact Person Maureen Cashin Phone 605-624-5571

Contact Person Address 116 Market Street

Event Thursdays on the Platz Date(s) of Event 7/21, 8/4, 8/25, 9/1

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

Street Market from W. Main St to E./W. Alley Between Main and Kidder

Street Closing Times 5 PM to 9 PM

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

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

Volunteers

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 Maureen Cashin date 7/28/11

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Council Agenda Memo

From: Andy Colvin, Assistant to the City Manager

Meeting: July 5, 2011

Subject: Resolution Revising Fees for Conditional Use Permit, Variances and Re-zone requests

Presenter: Andy Colvin

Background: The City Zoning Ordinance provides that the City Council may, by resolution, designate fees for zone changes, conditional use permits and variance applications. From time to time, it is a good idea to take a look at fees to make sure the current amounts are appropriate for requested changes that will benefit a specific individual or corporation. On June 20th, at the Noon meeting, the City Council discussed proposed changes to various zoning fees. Staff provided a comparison of fees for CUPs, variances and rezoning requests for other South Dakota communities, as well as Clay County. The comparison showed that Vermillion's current fees are much lower. The City Council asked staff to bring forward a resolution adjusting zoning fees.

Discussion: Special requests for zone changes, conditional use permits, and variances can be time consuming and costly. In addition to publication costs, the City incurs postage costs from sending written notification to property owners of a proposed change of zoning, variance and conditional use permit hearings pertaining to their neighborhood. The question becomes how much of a financial burden should be placed upon the applicant versus the community as a whole and attempting to balance the two. Additionally, an appropriate fee amount would ensure applicants are serious about their request.

After reviewing the information about various fees from Clay County and other cities in South Dakota, and receiving input from the City Council, staff prepared a resolution adjusting the fees as follows:

	Re-Zones	Conditional Use Permits	Variances	Joint Re-Zoning/Annexation
Current	$50	$30	$100	NA
Revised	**$150**	**$100**	**$100**	**$75**

The proposed fee amounts are identical to the fees currently charged by Clay County. The City and County are currently working on a proposed joint jurisdictional zoning ordinance that would provide fees for the same applications. A similar fee structure between the City and County would provide consistency between the jurisdictions.

As discussed at the noon meeting, some cities offer a reduced fee for re-zone applications that are accompanied by a petition for annexation. Since annexations are typically desirable for the City, and may involve economic development projects, a reduced fee would seem to be appropriate.

Financial Consideration: All revenue that is generated from these fees goes into the City's general fund.

Conclusion/Recommendations: Administration recommends approval of the proposed resolution establishing a new fee for re-zones, variances and conditional use permits.

RESOLUTION ADJUSTING APPLICATION FEES FOR CONDITIONAL USE PERMITS, VARIANCES AND CHANGES OF ZONE

WHEREAS, Title XV, Chapter 155, Sections 155.095 (C) and 155.099 (B) of the 2008 Revised Ordinances of the City of Vermillion permits the City Council to designate the application fees for conditional use permits, variances, changes of zone and other matters pertaining to Chapter 155.

BE IT HEREBY RESOLVED, by the Governing Body of the City of Vermillion, South Dakota, at a regular meeting thereof in the City Council Chambers of said City on July 5, 2011, that the application fees for conditional use permits, variances, and changes of zone be designated as follows:

155.095 (C) Fees

An application fee of one hundred dollars ($100.00) shall accompany each application for a conditional use permit.

155.099 (B) Fees

An application fee of one hundred fifty dollars ($150.00) shall accompany each application for a request for zone change. The application fee for concurrent change of zone request and annexation request shall be seventy-five dollars ($75.00).

An application fee of one hundred dollars ($100.00) shall accompany each petition for a variance.

Dated at Vermillion, South Dakota this 5th day of July, 2011.

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

By _____
John E. (Jack) Powell, Mayor

ATTEST:
By _____
Michael D. Carlson, Finance Officer

Approved: July 5, 2011
Published: July 15, 2011
Effective: August 5, 2011

Council Agenda Memo

From: Harold Holoch, Utilities Engineer

Meeting: July 5, 2011

Subject: Purchase of Truck Dump Body and Snow Plow

Presenter: Harold Holoch

Background: A 1991 dump truck was budgeted in the 2011 Equipment Replacement Fund and the front mount snow plow was budgeted in the 2011 Second Penny Sales Tax Fund. The City Council approved the bid for the truck chassis at the April 4th Council meeting. The City opened bids on June 28th for the truck dump body and front mount snow plow. A copy of the bid tabulation sheet is attached.

Discussion: Four bids with the proper bid security were received. After review of the bids, the apparent low bidder, Sanitation Products, does not meet specifications as the front mount snow plow height is below specifications and there are a few minor deviations in their dump body specifications. The second low bidder, NTEC, meets or exceeds all bid specifications.

Financial Consideration: The 2011 Equipment Replacement Fund includes the purchase of the truck chassis and dump body. The front mount snow plow is budgeted in the 2011 Second Penny Sales Tax Fund in the Street Department equipment line item.

Conclusion/Recommendations: Administration recommends rejecting the bid from Sanitation Products as it does not meet specifications, and awarding the truck dump body and front mount snow plow bid to the next lowest bidder, NTEC, for $33,549.

BID TABULATION

PROJECT: DUMP BODY & HOIST AND REVERSIBLE SNOW PLOW

Date: June 28, 2011

BIDDER:	NTEC	Sanitation Products	Steffen	Lankota Custom Truck
ADDRESS:	PO Box 2435 Sioux Falls, SD 57101	901 E. 48th Street N Sioux Falls, SD 57118	623 West 7th St Sioux City, IA 51103	1800 E. Benson Road Sioux Falls, SD 57104
BID SECURITY:	10% Bid Bond	10% Bid Bond	Cashier's Check $1,895.00	Cashier's Check $1,700.00
PROPOSAL				
New Hoist & Dump Body	$24,427.00	$22,780.69	$26,900.00	$24,712.60
Body Make & Model	Crysteel Select	Henderson Mark II	Galion-Godwin 400u	Swenson 10 DB
Hoist Make & Model	Crysteel Roller Combo RC750	Henderson SAUB 7-17	Galion-Godwin u850D	Swenson 8UH
New Reversible Front Mount Snow Plow	$9,122.00	$10,596.75	$11,000.00	$9,092.40
Plow Make & Model	Monroe MP41R12-15CT	Henderson RSP-1236	Henke 41R1215	Universal CST-12-43
Hitch Make & Model	PlowPortion: Monroe MC 6000 Truck Portion: Monroe MC 7000	Henderson Quick Hitch	Henke QL-LP	Universal Snaplink
Total Amount	$33,549.00	$33,377.44	$37,900.00	$33,805.00
Equipment Delivery ARO	120 days	90-120 days	3-4 weeks after receipt of truck chassis	165 days

CITY OF VERMILLION
INVOICES PAYABLE-JULY 5, 2011

1	A & A REFRIGERATION	REPAIRS	134.00
2	A & M PRODUCTS COMPANY	PLAQUES	95.00
3	ACCENT ENVIROBALE	BALE BAGS	24,804.44
4	AIR LIQUIDE INDUSTRIAL U.S	CHEMICALS	1,316.00
5	ALLTEL	POLICE COMMUNICATION	211.15
6	APEX EQUIPMENT, LLC	PARTS	591.98
7	APPEARA	SUPPLIES	289.39
8	ARAMARK UNIFORM SERVICES	UNIFORM CLEANING	211.17
9	ARAMARK-WEARGUARD	UNIFORMS	300.60
10	AUTOMATIC BUILDING CONTROL	PARTS	138.07
11	BAKER & TAYLOR BOOKS	BOOKS	293.06
12	BANNER ASSOCIATES, INC	PROFESSIONAL SERVICES	4,330.38
13	BARKLEY ASPHALT	ASPHALT	7,130.90
14	BATTERIES PLUS	BATTERY	21.95
15	BEST WESTERN RAMKOTA INN	LODGING	167.98
16	BIERSCHBACH EQPT & SUPPLY	SUPPLIES	346.40
17	BILLION AUTO	REPAIRS	190.12
18	BIOVERSE, INC	SUPPLIES	330.00
19	BOMGAARS	UNIFORM SHIRTS	27.98
20	BOOK WHOLESALERS, INC	BOOKS	634.43
21	BOW CREEK METAL INC	POWDER COATING	225.00
22	BROADCASTER PRESS	ADVERTISING	78.00
23	BRUNICKS SERVICE INC	PROPANE	139.00
24	BUTLER MACHINERY CO.	PARTS	1,070.69
25	BW INSURANCE AGENCY, INC	NOTARY BOND	130.00
26	CALLAWAY GOLF	MERCHANDISE	446.15
27	CAMPBELL SUPPLY	SUPPLIES	1,192.76
28	CANNON TECHNOLOGIES, INC	SUPPLIES	1,578.96
29	CANON FINANCIAL SERVICES	COPIER CONTRACT	56.16
30	CAREFREE SECURITY PRODUCTS	REPAIRS	57.00
31	CASK & CORK	MERCHANDISE	863.52
32	CBCINNOVIS, INC	SUPPLIES	25.96
33	CENTURY BUSINESS PRODUCTS	COPIER CONTRACT	36.51
34	CERTIFIED TESTING SERVICES	PROFESSIONAL SERVICES	200.00
35	CHAIN REACTION DISC GOLF	DISC GOLF SIGNS	490.00
36	CHEMCO, INC	SUPPLIES	284.54
37	CHERRY STREET GRILLE	CATERING	779.00
38	CHESTERMAN CO	MERCHANDISE	1,210.73
39	CITY OF VERMILLION	COPIES/POSTAGE	1,687.85
40	CITY OF VERMILLION	UTILITY BILLS	36,205.41
41	CLAY COUNTY AUDITOR	EMERGENCY MGMT	1,200.00
42	CLAY RURAL WATER SYSTEM	WATER USAGE	40.20
43	CLAY-UNION ELECTRIC CORP	LANDFILL REPAIRS	2,223.00
44	COBRA PUMA GOLF, INC	MERCHANDISE	68.77
45	COFFEE KING, INC	SUPPLIES	57.75
46	COLONIAL LIFE ACC INS.	INSURANCE	3,590.86
47	CONCRETE MATERIALS	GOLF SAND	830.30

48	CONTINENTAL RESEARCH CORP	SUPPLIES	126.28
49	COYOTE CONVENIENCE	FUEL	34.53
50	CULLIGAN WATER	WATER COOLER	113.00
51	D & D PEST CONTROL	INSPECTION/TREATMENT	17.50
52	D-P TOOLS	SUPPLIES	70.20
53	DAKOTA BEVERAGE	MERCHANDISE	9,470.20
54	DAKOTA PC WAREHOUSE	COMPUTERS/REPAIRS	1,562.93
55	DANKO MES, INC.	SUPPLIES	730.00
56	DELTA DENTAL PLAN	INSURANCE	5,475.20
57	DEMCO	SUPPLIES	454.47
58	DENNIS MARTENS	MAINTENANCE	833.34
59	DEPT OF REVENUE	TESTING	196.00
60	DEPT. ENVIRONMENT NATL RES	DRINKING WATER FEE	4,250.00
61	DEWILD GRANT RECKERT & ASSOC	PROFESSIONAL SERVICES	9,451.88
62	DIAMOND VOGEL PAINTS	HYDRANT PAINT	683.46
63	DIANE'S GREENHOUSE	PARKS PLANTS	347.67
64	DUST TEX	SUPPLIES	45.80
65	E.A SWEEN COMPANY	SUPPLIES	285.08
66	EARTHGRAINS BAKING CO'S INC	SUPPLIES	245.50
67	EBSCO	SUBSCRIPTION	3,848.07
68	ECHO ELECTRIC SUPPLY	PARTS	288.97
69	ELECTRONIC ENGINEERING	MAINTENANCE	1,580.00
70	ELLIOTT EQUIPMENT CO	PARTS	119.15
71	ENTERSECT	ONLINE AGREEMENT	79.00
72	ENVIRONMENTAL PRODUCTS	PARTS	122.67
73	ERIN J. SEEP	MAINTENANCE	87.00
74	FARMER BROTHERS CO.	MERCHANDISE	37.88
75	FASTENAL COMPANY	SUPPLIES	168.27
76	FLAGS UNLIMITED	FLAG/SNAPS	72.48
77	FOOT-JOY	MERCHANDISE	186.06
78	FOREMAN MEDIA	COUNCIL MTG	50.00
79	FRED HAAR CO, INC	PARTS	2,114.54
80	FULLERTON LUMBER CO	SUPPLIES	1,204.88
81	GALE	BOOKS	49.58
82	GE CAPITAL	COPIER LEASE	114.48
83	GERMAINE MARTIN	PROFESSIONAL SERVICE	60.00
84	GL SPORTS	REC EQUIPMENT	4,681.14
85	GRAHAM TIRE CO.	TIRES	423.74
86	GRAINGER	SUPPLIES	1,228.93
87	GRAYBAR ELECTRIC	SUPPLIES	773.27
88	GREGG PETERS	FREIGHT	1,732.25
89	GREGG PETERS	RENT	937.50
90	GUARANTEE OIL CO INC	SUPPLIES	26.60
91	HARLAND TECHNOLOGY SERVICE	SUPPLIES	99.45
92	HARTINGTON TREE LLC	STUMP GRINDING	250.00
93	HAWKINS WATER TREATMENT	CHEMICALS	3,531.96
94	HD SUPPLY WATERWORKS	SUPPLIES	3,363.20
95	HDR ENGINEERING, INC	PROFESSIONAL SERVICES	6,536.20
96	HERCULES INDUSTRIES, INC	SUPPLIES	414.63
97	HERREN-SCHEMPP BUILDING	SUPPLIES	2.96

98	HY VEE FOOD STORE	SUPPLIES	406.76
99	IN CONTROL, INC	PROFESSIONAL SERVICES	192.00
100	INDEPENDENCE WASTE	WASTE HAULING	1,062.00
101	INGRAM	BOOKS	463.94
102	J.W JUNG SEED & NURSERY CO	PARKS PLANTS	114.82
103	JACKS UNIFORM & EQPT	UNIFORMS	443.30
104	JAY'S PLUMBING	REPAIRS	104.76
105	JOHN A CONKLING DIST.	MERCHANDISE	6,748.85
106	JOHNSON BROTHERS FAMOUS BRANDS	MERCHANDISE	23,453.37
107	JOHNSON CONTROLS	REPAIRS/MAINTENANCE	5,242.24
108	JOHNSTONE SUPPLY	PARTS	58.42
109	JOHNYS ELECTRIC	UNDERGROUND REIMBURSEMENT	980.00
110	JONES ACE HARDWARE	SUPPLIES	1,706.85
111	JONES FOOD CENTER	SUPPLIES	1,318.95
112	KARSTEN MFG CORP	MERCHANDISE	206.69
113	KNIFE RIVER MIDWEST, LLC	ASPHALT	1,012.05
114	KNOLOGY	DIAL-UP SERVICE	49.95
115	KOLLY FOSTVEDT	WATER HEATER REBATE	600.00
116	LARGE PRINT OVERSTOCKS	BOOKS	26.20
117	LEGGETTE, BRASHEARS & GRAHAM	PROFESSIONAL SERVICES	2,207.28
118	LEISURE LAWN CARE	TREATMENT	155.00
119	LESSMAN ELEC. SUPPLY CO	SUPPLIES	182.00
120	LINCOLN MUTUAL LIFE	INSURANCE	507.20
121	LOCATORS AND SUPPLIES, INC	SUPPLIES	189.30
122	MALLOY ELECTRIC	PARTS	267.95
123	MARINE RESCUE PRODUCTS INC	POOL SUPPLIES	222.95
124	MARKS LAWN CARE	MOWING	857.50
125	MARKS MACHINERY	PARTS	45.54
126	MART AUTO BODY	TOWING	600.00
127	MATHESON TRI-GAS, INC	CARBON DIOXIDE	85.05
128	MC2, INC	PARTS	105.12
129	MCCULLOCH LAW OFFICE	PROFESSIONAL SERVICES	816.00
130	MEDAL AND TROPHY CO, INC	MEDALS	36.93
131	MEDIBADGE, INC	SUPPLIES	98.15
132	MID-AMERICAN RESEARCH CHEM	CHEMICALS	170.24
133	MIDWEST ALARM CO	ALARM MONITORING	120.00
134	MIDWEST BUILDING MAINTENANCE	MAT SVC	372.70
135	MIDWEST READY MIX	RED ROCK/FLOWABLE FILL	1,321.50
136	MIDWEST TURF & IRRIGATION	PARTS	2,170.13
137	MINNESOTA'S HERITAGE	SUBSCRIPTION	25.00
138	MISSOURI VALLEY MAINTENANCE	REPAIRS	5,908.92
139	MOORE WELDING & MFG	WELDING	150.00
140	MOVIE LICENSING USA	COPYRIGHT LICENSE	325.00
141	MURPHS APPLIANCE & TV	REFRIGERATOR	429.00
142	MUSCO SPORTS LIGHTING, LLC	SUPPLIES	549.04
143	N B GOLF LLC	GOLF CAR LEASE	3,741.60
144	NATIONAL WILDLIFE FEDERATION	MEMBERSHIP	15.00
145	NCL OF WISCONSIN, INC	SUPPLIES	294.40
146	NEBRASKA JOURNAL-LEADER	ADVERTISING	135.00
147	NETSYS+	PROFESSIONAL SERVICES	290.99

148	NEW YORK LIFE	INSURANCE	95.00
149	NOVELTY MACHINE & SUPPLY	REPAIRS	190.00
150	OFFICE SYSTEMS CO	COPIER CONTRACT	765.94
151	OLSON MEDICAL CLINIC	PRE-EMPLOYMENT PHYSICALS	360.00
152	ORIENTAL TRADING CO	SUPPLIES	26.99
153	OXMOOR HOUSE	BOOKS	36.91
154	PATRICIA MCDANIEL	BOOKS	20.00
155	PAUL J. ROOB	WATER HEATER REBATE	150.00
156	PEPSI COLA	POP	102.00
157	PETE LIEN & SONS, INC	CHEMICALS	7,800.78
158	PITNEY BOWES	POSTAGE METER RENTAL	242.49
159	PKG CONTRACTING, INC	WWTF PHASE II IMPROVEMENTS	100,473.95
160	PNC EQUIPMENT FINANCE	DEFIBRILLATOR LEASE	741.27
161	POMPS TIRE SERVICE, INC.	TIRES	1,498.94
162	PRAIRIE BERRY WINERY	MERCHANDISE	750.00
163	PRESSING MATTERS	SUPPLIES	55.00
164	PRESTO-X-COMPANY	INSPECTION/TREATMENT	40.95
165	PRINT SOURCE	SUPPLIES	211.20
166	PROPET DISTRIBUTORS	SUPPLIES	236.90
167	PUMP N PAK	FUEL	2,655.32
168	QUEEN CITY WHOLESALE	SUPPLIES	1,399.24
169	QUILL	SUPPLIES	1,418.42
170	QWEST	TELEPHONE	733.78
171	RACOM CORPORATION	MAINTENANCE CONTRACT	511.00
172	RADIANT HEAT, INC	HEATING SYSTEM	4,143.00
173	RANDOM HOUSE, INC	BOOKS	285.00
174	RECORDED BOOKS, INC	BOOKS	474.40
175	RECREATION SUPPLY CO.	SUPPLIES	468.25
176	REINHART FOODSERVICE, LLC	SUPPLIES	2,131.75
177	REPUBLIC NATIONAL DIST	MERCHANDISE	29,196.25
178	RESCO	SUPPLIES	804.00
179	REST ROOM WORLD	SUPPLIES	406.70
180	RICK ERICKSON	WATER HEATER REBATE	120.00
181	ROSEWOOD GREENHOUSE	FLOWERS	572.84
182	SANITATION PRODUCTS	PARKS PLANTS	280.02
183	SCHAEFFER MFG. CO	SUPPLIES	567.60
184	SD GOLF ASSOCIATION	HANDICAP	4,109.00
185	SD PUBLIC ASSURANCE ALLIANCE	PROPERTY COVERAGE	361.00
186	SD RETIREMENT SYSTEM	CONTRIBUTIONS	43,821.63
187	SENSUS METERING SYSTEMS	SOFTWARE SUPPORT	1,452.00
188	SERVALL TOWEL & LINEN	SHOP TOWELS	29.40
189	SHARE CORPORATION	SUPPLIES	475.97
190	SHI INTERNATIONAL CORP.	SOFTWARE	168.41
191	SIOUX CITY JOURNAL	ADVERTISING	386.51
192	SIOUX CITY WINTRONIC	SUPPLIES	14.00
193	SIOUX FALLS TWO WAY RADIO	REPAIRS	117.97
194	SIOUXLAND HUMANE SOCIETY	FEES	74.00
195	SMILEMAKERS	SUPPLIES	137.85
196	SOOLAND BOBCAT	PARTS	13.31

197	SOUTH DAKOTA OPEN	BRONZE SPONSORSHIP	500.00
198	STAN HOUSTON EQPT CO	SUPPLIES	22.90
199	STATE STEEL	SUPPLIES	1,072.26
200	STERN OIL CO.	SUPPLIES	653.25
201	STUART C. IRBY CO.	SUPPLIES	3,417.00
202	STURDEVANTS AUTO PARTS	PARTS	1,375.17
203	T.J PAIGE CONSTRUCTION	WATER HEATER REBATES	1,800.00
204	THATCHER COMPANY	SODA ASH	6,886.00
205	THE EQUALIZER	ADVERTISING	158.40
206	THE WALKING BILLBOARD	UNIFORM SHIRTS	63.00
207	TITAN ACCESS ACCOUNT	PARTS	156.11
208	TITLEIST DRAWER CS	MERCHANDISE	717.62
209	TODDS ELECTRIC SERVICE	INSTALL LOAD MGMT	25.00
210	TRUE VALUE	SUPPLIES	541.97
211	UNITED WAY	CONTRIBUTIONS	282.00
212	UPSTART	SUPPLIES	7.50
213	USA BLUEBOOK	PARTS	1,502.70
214	VALIANT VINEYARDS	MERCHANDISE	288.00
215	VAN DIEST SUPPLY CO	CHEMICALS	1,977.00
216	VERIFICATIONS INC	SUPPLIES	131.45
217	VERMILLION CHAMBER OF COMMERCE	3RD QTR MEMBERSHIP DUES	50.00
218	VISA/FIRST BANK & TRUST	FUEL/LODGING/SUPPLIES	2,094.10
219	WAL-MART COMMUNITY	SUPPLIES	1,351.74
220	WALKER CONSTRUCTION	JUNK/DEBRIS REMOVAL	427.63
221	WALT'S HOMESTYLE FOODS, INC	SUPPLIES	83.00
222	WAYNE MANUFACTURING CO.	BANNERS	979.98
223	WEEDCOPE, INC	TREATMENT	420.00
224	WELFL CONSTRUCTION CO	PROFESSIONAL SERVICES	40,801.00
225	WESCO DISTRIBUTION, INC	SUPPLIES	625.35
226	WESTERN OFFICE TECHNOLOGIES	PARTS	23.90
227	WIGMAN CO	SUPPLIES	573.56
228	WILLIAMS & CO.	2010 AUDIT	20,500.00
229	YANKTON JANITORIAL SUPPLY	SUPPLIES	1,721.59
230	YANKTON WINNELSON CO	PARTS	155.00
231	ZEE MEDICAL SERVICE	SUPPLIES	225.65
232	ZEP SALES & SERVICE	SUPPLIES	152.45
233	ZIMCO SUPPLY CO	SUPPLIES	1,222.94
		GRAND TOTAL	$535,608.82