



**Special Meeting Agenda
City Council**

12: 00 pm. (noon) Special Meeting
Monday, September 21, 2015
Large Conference Room-City Hall
25 Center Street
Vermillion, South Dakota 57069

1. **Roll Call**
2. **Educational Session – Overview of 2014 Audited Comprehensive annual report – Jeff Peters, Williams & Company, CPA.**
3. **Informational Session – Vermillion Fertilizer Company proposal to sell 325 W Chestnut to the City – John Prescott.**
4. **Adjourn**

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

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

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

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

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

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



City of Vermillion Council Agenda

7:00 p.m. Regular Meeting
Monday, September 21, 2015
City Council Chambers
25 Center Street
Vermillion, South Dakota 57069

1. Roll Call

2. Pledge of Allegiance

3. Minutes

- a. September 8, 2015 Special Meeting, September 8, 2015 Regular Meeting, September 15, 2015 Special Meeting.

4. Adoption of the Agenda

5. Visitors To Be Heard

6. Public Hearings

- a. Special permit to exceed permissible sound levels by no more than 50% for W.H. Over Museum at 1110 North University on October 9 & 10, 2015 for Oktoberfest.
- b. Special daily malt beverage and wine license for Vermillion Area Chamber & Development Company, Inc. on or about October 9 & 10, 2015 at 1110 North University for Oktoberfest.

7. Old Business

- a. Second reading of Ordinance 1330 – 2016 Appropriations.
- b. Second reading of Ordinance 1331 – 2015 Revised Appropriations.

8. New Business

- a. Tree Board appointment.
- b. Street Closure Request Modification September 30th to add Main Street from Prospect to High Street 4:30 p.m. - 11:30 p.m.
- c. Utilities Committee report on amending Chapter 53 Water, Sewers, and Sewage Disposal, Sections 53.110 through 53.123.
- d. Resolution Supporting the City's Transportation Alternatives Program Grant Application for a possible downtown infrastructure program.
- e. Developers Agreement between the City and Polaris Industries Inc. for Lot 1A, Block 3, Erickson Addition.
- f. 2014 Audited Comprehensive annual report.
- g. Labor and Finance Committee report on AFSCME agreement negotiations.

9. Bid Openings

10. City Manager's Report

11. Invoices Payable

12. Consensus Agenda

13. 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
September 8, 2015
Tuesday 12:00 noon

The special session of the City Council, City of Vermillion, South Dakota was held on Tuesday, September 8, 2015 at 12:00 noon at the City Hall large conference room.

1. Roll Call

Present: Collier-Wise, Erickson, Holland, Clarene Meins, Price, Willson, Mayor Powell

Absent: Holly Meins, Ward

2. Informational Session - Vermillion Municipal Liquor Store - Gregg Peters

Gregg Peters, Liquor Store Manager, reported that there has been an increase in the number of craft beers being produced but noted that many of the craft beers are not available in cans or bottles but kegs only. Gregg stated that to make these craft beers available a growler fill station is needed, whereby a growler (a 32 or 64 ounce plastic or glass container) is filled from a keg. Gregg explained how a growler fill station worked noting that the station he would like to install in the liquor store would hold six beer kegs with one fill station. Gregg stated that the total cost of the fill station would be \$15,000 and he projected a payback in 2 to 3 years. Gregg answered questions of the City Council on the fill station. Discussion followed with the consensus of the City Council to go forward with the growler fill station and revise the budget later this year for the capital purchase.

3. Informational Session - Overview of proposed WAPA Firm Electric Service agreement - John Prescott

John Prescott, City Manager, reported that Western Area Power Administration (WAPA) provided on average about 65% of the city electric power needs with Missouri River Energy Services providing the balance. John stated that our current power supply contract with WAPA will expire in December 2020 and that WAPA started the contract renewal process in 2011. John stated that MRES has been assisting all its members with their contract renewals providing legal review. John noted that two of the major items are that the contract is for 30 years expiring in 2050 and it continues our current summer and winter power allotment that can be reduced up to 1% in 2021, 2031 and 2041 but requires two years advance notice. John noted that the contracts are

the same for all WAPA preference power customers. John stated that the next step is that MRES will provide its opinion on the proposed agreement, WAPA will be notified and final contracts will be provided and the City Council will need to take action. Discussion followed on the proposed contract.

4. Briefing on the September 8, 2015 City Council Regular Meeting Agenda

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

5. Adjourn

268-15

Alderman Holland moved to adjourn the Council special session at 12:33 p.m. Alderman Price seconded the motion. Motion carried 7 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 8th day of September, 2015.

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
September 8, 2015
Tuesday - 7:00 p.m.

The regular session of the City Council, City of Vermillion, South Dakota was called to order on Tuesday, September 8, 2015 at 7:00 p.m. by Mayor Powell.

1. Roll Call

Present: Collier-Wise, Erickson, Holland, Clarene Meins, Holly Meins, Price, Ward, Willson, Mayor Powell

2. Pledge of Allegiance

3. Minutes

A. Minutes of August 17, 2015 Special Meeting, August 17, 2015 Regular Meeting

269-15

Alderman Willson moved approval of the August 17, 2015 Special Meeting and August 17, 2015 Regular Meeting minutes. Alderman Clarene Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

4. Adoption of Agenda

270-15

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

5. Visitors to be Heard

A. Pinning of Vermillion Volunteer Fire Fighters Blaine Schoellerman and Matthew Wannamaker

Shannon Draper, Fire Chief, reported that Blaine Schoellerman and Matthew Wannamaker have completed the necessary probationary training to be recognized as Vermillion Volunteer Fire Fighters and pinned department badges on each. Mayor Powell on behalf of the City Council and community thanked the firefighters for their service to the community.

B. Life Saving award for EMS members Matt Callahan, Joe Kyte, John Wetherington and Matt Taggart

Shannon Draper, Fire Chief, recongnized EMS members Matt Callahan, Joe Kyte, John Wetherington and Matt Taggart for their life savings actions on August 27, 2015. Shannon noted their outstanding performance and presented Life Saving Awards to each. Mayor Powell on behalf of the City Council and community thanked the EMS members for their life saving actions.

C. Direct Support Professionals Recognition week

Alderman Ward read the proclamation recognizing the week of September 6 - 12, 2015 as Direct Support Professionals Recognition Week in

Vermillion. Mayor Powell presented the proclamation to Direct Support Professions from SESDAC.

D. Vermillion Without Violence Day proclamation

Alderman Clarene Meins read the proclamation designating September 29, 2015 as Vermillion Without Violence Day and encouraged all citizens to help build a safe community

E. United Way of Vermillion week proclamation

Alderman Price read the proclamation designating the week of September 7 - 13, 2015 as United Way Week in Vermillion. Mayor Powell presented the proclamation to Kelsey Collier-Wise on behalf of United Way Vermillion.

6. Public Hearings

A. Resolution setting a Special Assessment Roll for nuisance abatement

Mike Carlson reported that on August 17th the City Council adopted a resolution setting the public hearing for tonight for consideration of the special assessment roll. The notice of hearing resolution was published and mailed to the property owners. The assessments are for nuisance abatement during the last year for grass/weed removal, snow removal and removal of debris. Mike reported that, if adopted, the listed property owners will be sent this resolution allowing 30 days to pay the assessment without interest and if not paid will be certified to the County to be included on next year's taxes. Discussion followed.

271-15

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

RESOLUTION APPROVING THE SPECIAL ASSESSMENT ROLL
AND NOTICE OF SPECIAL ASSESSMENTS
FOR NUISANCE ABATEMENT
IN THE CITY OF VERMILLION, SOUTH DAKOTA

WHEREAS, the Governing Body of the City of Vermillion, Clay County, South Dakota has established a special assessment roll for defraying the cost of nuisance abatement against the several tracts of real property upon:

NUISANCE ABATEMENT as listed at the end of this Resolution

in the City of Vermillion, Clay County, South Dakota. The assessment roll was filed in the office of the City Finance Officer of the City of Vermillion, South Dakota on the 10th day of August, 2015.

WHEREAS, said Governing Body, by resolution, fixed this time and place for hearing upon the assessment roll for the 8th day of September, 2015 and directed the City Finance Officer of the City of Vermillion, Clay County, South Dakota to publish a Resolution and Notice for such hearing in the official newspaper of Vermillion, South Dakota, one week prior to the date set for said hearing. Said Resolution and Notice described, in general terms, the improvement for which the special assessment is levied, the date of filing of the assessment roll, the time and place for the hearing, that the assessment roll would be open for public inspection at the office of the City Finance Officer of Vermillion, South Dakota, and referred to the assessment roll for further particulars. The Finance Officer was further directed to mail a copy of the Resolution and Notice by first-class mail, postage thereon fully prepaid, addressed to the property owners of any property to be assessed for such improvement at their address, as shown by the records of the Director of Equalization, at least one week prior to the date set for the hearing.

WHEREAS, it now appears that the Finance Officer has caused notice of the hearing to be given in the manner provided by the aforementioned Resolution and Notice, and by law.

WHEREAS, all persons interested have been given an opportunity to appear and show cause why the Governing Body should not approve the assessment roll, and the assessments against the respective premises of the owners, and the Governing Body has determined that the assessment roll is in all respects true and correct, and according to law.

NOW, THEREFORE, IT IS RESOLVED, by the Governing Body of the City of Vermillion, Clay County, South Dakota that the special assessment roll is hereby approved without amendment or change.

BE IT FURTHER RESOLVED, that the approved assessment roll be filed in the office of the City Finance Officer the day after approval of the assessment roll. The City Finance Officer shall publish once in the official newspaper of Vermillion, South Dakota, a copy of this Resolution and Notice, along with the approved assessment roll.

BE IT FURTHER RESOLVED, that the City Finance Officer shall immediately mail to the owner, or owners, of each lot, parcel or piece of ground as shown by the assessment roll, a copy of this Resolution and Notice along with the approved assessment roll.

NOTICE IS HEREBY GIVEN, that the assessments mentioned in the assessment roll will be payable according to the provisions of Plan One as set forth in SDCL Sections 9-43-102 to 9-43-113.

NOTICE IS FURTHER GIVEN, that any assessment under Plan One, or any installment thereof, may be paid without interest to the City Finance Officer whose office is located in the Municipal Building at 25 Center Street in the City of Vermillion, South Dakota, at any time within thirty (30) days after the filing of the approved assessment roll in the office of said City Finance Officer. Thereafter, and prior to the due date of the first installment, the entire assessment remaining, plus interest thereon from the filing date to the date of payment may be paid to the said City Finance Officer. No installment under Plan One shall be paid to the said City Finance Officer on or after its due date, and on and after said date such installment shall be paid only to the County Treasurer with interest.

NOTICE IS FURTHER GIVEN, that the approved assessment roll will be filed with the City Finance Officer on 9th day of September, 2015. The assessment is payable in one (1) installment at ten percent (10%) per annum interest on unpaid installments. The first installment due date is January 1, 2016.

The assessment roll herein referred to is attached.

Dated at Vermillion, South Dakota, this 8th day of September, 2015.

THE GOVERNING BODY OF THE CITY OF
VERMILLION, CLAY COUNTY, SOUTH DAKOTA

John E. Jack Powell, Mayor

ATTEST:

Michael D. Carlson, Finance Officer

City of Vermillion Special Assessment Roll

<u>Name</u>	<u>Parcel Number</u> <u>Legal & Property Address</u>	<u>Service</u>	<u>Amount</u>
Apostolic Faith Church	15050-06200-090-00 W 71' Of N 1/2 Of Lot 8 & W 71' Of Lot 9 Blk 62 Bigelows Addn 23 N Harvard	snow tagging & removal 11/15/14	63.60

Raymond Gill Jr.	15170-00100-030-00	snow tagging & removal 11/15/14	63.60
	S 18' Of Lots 1 & 2 & N 32' Of	snow tagging & removal 1/7/15	63.60
	Lot 3 Blk 1 College Park	grass tagging & mowing 6/5/15	<u>74.20</u>
	15 Linden	total	201.40
Allen & Lisa Hesse	15720-05700-070-00	snow tagging & removal 11/15/14	84.80
	Lots 6 & 7 Blk 57 Snyders		
	302 Prospect		
Alice Kutilek & Sheila Isom	15730-08300-020-03	grass tagging & mowing 9/15/14	63.60
	S 50' Of E 106.25' Lot 2 Blk 83		
	Addn To Snyders Addn		
	420 Franklin		
Alice I Kutilek Revolvable Trust	15720-04100-120-00	grass tagging & mowing 8/21/14	116.60
	Lot 12 Blk 41 Snyders	snow tagging & removal 11/15/14	63.60
	119 Franklin	grass tagging & mowing 5/21/15	<u>95.40</u>
		total	275.60
Anastasia Maul	15810-02500-060-00	grass tagging 6/5/14	10.60
	Lot 6 Blk 25 Van Meters	grass tagging 9/15/14	<u>31.80</u>
	1005 W Main	total	42.40
Peter, Mark & Karin Monzel	15860-09251-190-24	snow tagging & removal 11/15/14	84.80
	Lot 1 Replat Of Aud Tract A S	snow tagging & removal 1/7/15	100.70
	1/2 Lot 2 NW 1/4 19-92-51 Aud	grass tagging & mowing 5/21/15	<u>111.30</u>
	Tract 19-92-51	total	296.80
	601 Lewis		
Jeff Peterson	15190-00000-060-00	grass tagging & mowing 6/13/14	74.20
	Lot 6 Coverdales	grass tagging & mowing 6/19/15	<u>74.20</u>
	624 Lewis	total	148.40
Scott Melody	15500-00000-050-00	grass tagging 5/16/14	10.60
	S 21' Of Lot 4 & N 41.5' Of Lot 5	grass tagging & mowing 7/25/14	95.40
	Nelsons	grass tagging & mowing 8/21/14	116.60
	110 S Pine	grass tagging & mowing 6/19/15	<u>74.20</u>
		total	296.80
Abul Shaifullah	15080-00100-070-00	grass tagging & mowing 6/5/14	74.20
	Lot 7 Blk 1 Replat Of Blessing	junk & debris removal 6/16/14	387.55

	325 Prentis	grass tagging 7/25/14	10.60
		grass tagging 9/15/14	31.80
		snow tagging & removal 11/15/14	63.60
		snow tagging & removal 1/7/15	<u>84.80</u>
		total	652.55
Tim Tilden	15720-06000-010-00	snow tagging & removal 1/7/15	63.60
	Lot 1 Blk 60 Snyders	snow tagging & removal 2/4/15	63.60
	324 N Dakota	grass tagging & mowing 5/5/15	74.20
		grass tagging & mowing 6/5/15	95.40
		grass tagging & moving 7/17/15	<u>116.60</u>
		total	413.40

The amount of the assessment is payable, under Plan One, at the office of the Clay County Treasurer, in the Courthouse, in the City of Vermillion, Clay County, South Dakota, UNLESS paid to the City Finance Officer, whose office is located in the Municipal Building at 25 Center Street in the City of Vermillion, Clay County, South Dakota, within 30 days after the approved assessment roll is filed in the office of the City Finance Officer. Wherever the work "Lot" appears in this exhibit it shall be construed to include tracts and other parcels of land.

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

7. Old Business - None

8. New Business

A. Review and use of malt beverage markup receipts collected, proposal to use funding during 2016 budget year, and public input on continuation of the wholesale license fee

John Prescott, City Manager, reported that, during the development of the ordinance to implement a 5% markup on the wholesale cost of malt beverages, staff included an annual update to the community in the proposal. John stated that license holders were provided notice that this item was included on tonight's agenda. John stated that the ordinance implementing the 5% markup on the wholesale cost of malt beverages became effective on July 1, 2015. John reported that, at this point in time, the City only has history for the month of July with the City revenue of \$9,957.47. John reported that all of the proceeds from the collection in the revised 2015 budget and proposed 2016 budget were

placed in the Prentis Park Debt Service fund to repay the general obligation bond which will be issued for park improvements. John stated that the City Council should receive public input on the continuation of the wholesale license fee. Mayor Powell asked for public input on the malt beverage markup.

Joshua Suing, Manager of Hy-Vee, asked the question if the 5% malt beverage mark up is to be included as part of the cost of the product noting that he has asked this question each time he came before the City Council.

John Prescott, City Manager, reported that in contacting the Department of Revenue an oral report was received from the Deputy Director that the markup should be included as part of the merchandise cost. John stated that a written statement was requested from the Department of Revenue but has not been received. John stated that the oral report information on the markup has been provided in notices to the licensee.

Joshua Suing, Manager of Hy-Vee, stated that some businesses are selling beer below the cost plus the markup and wanted to know why the City was not enforcing the state law. Jim McCulloch, City Attorney, noted that there is a state statute that prohibits the sale of alcoholic beverages below cost and encouraged reporting of this practice to the Department of Revenue. Joshua stated that he was concerned about the unfair retail practices which may cause customers to leave town to make purchases.

Discussion followed on the markup.

272-15

Alderman Holland moved to close the public input on the malt beverage markup and continue the wholesale license fee with the proceeds for the Prentis Park improvements. Alderman Price seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

B. First reading of Ordinance 1330 - 2016 Appropriations

John Prescott, City Manager, reported that the proposed budget was presented to the City Council on August 3th and the Council held hearings to review the budget on August 11th and 13th. John thank the City Council for the time spent meeting with all the departments to refine the budget. John reviewed some of the major items that are included in the 2016 budget ordinance. Discussion followed on the budget.

273-15

Mayor Powell read the title to the above mentioned Ordinance and Alderman Willson moved adoption of the following Resolution:

BE IT RESOLVED, that the minutes of this meeting shall show that the title to proposed Ordinance No. 1330 entitled An Ordinance Adopting the 2016 Budget Ordinance of the City of Vermillion, South Dakota has been read and the Ordinance has been considered for the first time in its present form and content at this meeting being a regularly called meeting of the Governing Body of the City on this 8th day of September, 2015 at the Council Chambers in City Hall in the manner prescribed by SDCL 9-19-7 as amended.

The motion was seconded by Alderman Collier-Wise. After discussion, the question of adoption of the Resolution was put to a vote of the Governing Body and 9 members voted in favor of and 0 members voted in opposition to the motion. Mayor Powell declared the motion adopted.

C. First reading of Ordinance 1331 - 2015 Revised Appropriations

John Prescott, City Manager, reported that the City Council adopted the 2015 budget in September 2014 and, during the 2016 budget process, the 2015 budget amounts were revised based upon information that is currently available. John reviewed some of the major changes to the 2015 budget amounts, noting that there will most likely be a supplemental budget needed later this year for items that will change between now and the end of the year. John answered questions on the revised budget.

274-15

Mayor Powell read the title to the above mentioned Ordinance and Alderman Collier-Wise moved adoption of the following Resolution:

BE IT RESOLVED, that the minutes of this meeting shall show that the title to proposed Ordinance No. 1331 entitled An Ordinance Adopting the 2015 Revised Budget Ordinance of the City of Vermillion, South Dakota has been read and the Ordinance has been considered for the first time in its present form and content at this meeting being a regularly called meeting of the Governing Body of the City on this 8th day of September, 2015 at the Council Chambers in City Hall in the manner prescribed by SDCL 9-19-7 as amended.

The motion was seconded by Alderman Holland. After discussion, the question of adoption of the Resolution was put to a vote of the Governing Body and 9 members voted in favor of and 0 members voted in opposition to the motion. Mayor Powell declared the motion adopted.

D. Developer's agreement with G.A. Haan Development, LLC owner of Lot 1, Block 1, Madison Park Addition

Jose Dominguez, City Engineer, reported that G.A. Haan Development, LLC is in the process of constructing several apartment units on Lot 1, Block 1, Madison Park Addition. Jose noted that the lot is located on the southeast corner of the intersection of North Norbeck Street and Madison Street. Jose stated that City ordinance requires that the property owner construct sidewalks, grading, curb and gutter, street surfacing, street lights, water and sewer improvements on all streets abutting a property to be developed. Jose stated that as the lot in question fronts North Norbeck Street and Madison Street. Jose stated that the agreement will allow the owner to wait with the Madison Street side of the property improvements until such time as the city or other property owners along the street need the services. Discussion followed.

275-15

Alderman Willson moved approval of the Developer's agreement as presented with G.A. Haan Development, LLC owner of Lot 1, Block 1, Madison Park Addition. Alderman Holland seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

E. Resolution extending the cable franchise agreement for 1 year to continue franchise renewal discussions

John Prescott, City Manager, reported that, in September 1999, the City Council adopted Ordinance No. 1078. He stated that this ordinance provided for a 15-year nonexclusive franchise agreement for cable television services. The original franchise agreement was signed with Zylstra Communications Corporation but has been transferred several times since 1999 and is currently held by Midcontinent Communications. John stated that several meetings have been held on the franchise ordinance but no final document is available. John stated that the current ordinance provided for two additional twelve month extensions by the Manager with the approval of the Municipality notifying the Company of the same in writing. John stated that in September 2014 the City Council approved a twelve month extension and the company is agreeable to the second twelve month extension and, as such, he recommends adoption of the resolution extending the Cable TV franchise agreement. Discussion followed on the franchise and extension.

276-15

Alderman Erickson moved approval of the Resolution Amending Ordinance No. 1078 Cable Communications Franchise Ordinance to allow for the second twelve month extension as provided in section 10.2 of the

ordinance. Alderman Collier-Wise seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

F. Request to temporarily close parking stalls on Center Street for a mural painting project from September 21-25, 2015

John Prescott, City Manager, reported that a request was received from the Vermillion Area Arts Council to close the parking stalls along the east side of Center Street from Main to the alley on September 21-26, 2015 for the safety of workers restoring the Missouri Weave mural. John noted the agenda has the closing ending on September 25th but a request was received to allow the use on September 26th if additional time was needed and, as such, the amended request.

277-15

Alderman Collier-Wise moved approval of the request to close parking on the east side of Center Street from Main Street north to the alley on September 21-26, 2015 for the Missouri Weave mural restoration. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

G. Declare the Street Department snow blower surplus and authorize its sale to Clay County, SD

Jose Dominguez, City Engineer, reported that the 1995 Fair 9541C snow blower was budgeted in the 2015 Equipment Replacement Fund to be replaced. Jose reported that the replacement snow blower has been received and is ready for service this winter. Jose stated that the Street Department staff has been in contact with Clay County Highway Department staff regarding the potential to purchase the 1995 unit. Jose stated that South Dakota State Statute allows the transfer of property between governing bodies at terms and conditions agreed upon by the respective governing bodies. Jose noted that the equipment replacement fund has a salvage value of \$8,000 for the snow blower and Clay County is willing to purchase the surplus unit for this amount. Jose recommended declaring the 1995 Fair snow blower surplus and authorizing the sale to Clay County for \$8,000.

278-15

Alderman Ward moved approval of declaring the 1995 Fair 9541C snow blower as surplus and authorizing the sale to Clay County for \$8,000. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

9. Bid Openings

A. Fuel quotes

Mike Carlson, Finance Officer, read the monthly fuel quotes and recommended the low quote of Stern Oil on all items.

Item 1 - 4,350 gal unleaded 10% ethanol: Stern Oil \$1.9024, Brunick's Service \$1.95; Item 2 - 1,000 gal unleaded: Stern Oil \$2.3026, Brunick's Service \$2.35; Item 3 - 3,000 gal No. 2 Diesel fuel dyed: Stern Oil \$1.8936, Brunick's Service \$1.90; Item 4 - 1,000 gal No. 2 diesel fuel-clear: Stern Oil \$2.1901, Brunick's Service \$2.23

279-15

Alderman Willson moved approval of the low quote of Stern Oil on all four items. Alderman Erickson seconded the motion. Discussion followed. Motion carried 9 to 0. President Powell declared the motion adopted.

10. City Manager's Report

A. John reported on the receipt of the following raffle notifications:

- St. Agnes is selling raffle tickets for \$1 each or 20 for \$15. There are a variety of miscellaneous cash prizes with the maximum prize of \$500. Tickets will be sold September 15 through October 18, 2015. Drawing takes place at Fall Festival on October 18th. Proceeds go to support the St. Agnes church and school.
- The Eagles are selling raffle tickets for \$1 each or 6 for \$5. The prize is a Crown Royal Bag Quilt valued at \$300. Proceeds go to support the Hi Soaring Eagle Ranch.
- St. Agnes Knights of Columbus are selling Monday Night Football books for \$20. Up to 200 books will be sold. Based on the winning score, the winner will receive \$50 per game. Proceeds go to support the local St. Agnes Knights of Columbus and their charitable causes.
- St. Agnes Youth Group will be selling \$1 tickets from September 10 to October 18, 2015. The prize is a 2002 Kia Reo 4dr auto valued at \$2,900. The proceeds are used to benefit the activities of St. Agnes Youth Group.

B. John reminded citizens that Market Street and parts of Main Street will be closed Thursday, September 10th from 4:00 p.m. to 7:30 p.m. for Vermillion Day events.

C. John reminded citizens that Ribs, Rods and Rock N'Roll is this Friday and Saturday, Sept 11 & 12. John reported that there will be street closings on Friday, Saturday and part of Sunday in the downtown area for setup & takedown as well as car show, food vendors, street dance and related events.

D. John reported that legal notices are available on the City's website. John stated that individuals can also subscribe at no cost to be emailed legal notices as posted. John stated that City Council minutes are on the website for review but are not automatically emailed out.

E. John reported that the City Engineer has approved the following plats:

- Lot 8, Blk 2, Bliss Pointe Addition
- Lots 1A and 2A, Blk 6, Bliss Pointe Addition
- Lot 5, Blk 2, Bliss Pointe Addition
- Lot 3, Blk 4, Erickson Addition
- Lot 9, Blk 2, Bliss Pointe Addition

F. John reported that earlier this year the City Council declared a 1994 Ford F150 pickup used by Parks Dept and a 2003 Ford 250 used by the landfill as surplus. John stated that these items were advertised to other cities in SD. John reported that the City of Canton purchased both vehicles for \$750 and \$3,150, respectively, which is 90% of the appraised value.

G. John reported that Expression of Interest forms for the Downtown Public Facilities Committee are being accepted until noon on September 17th and asked interested citizens to consider assisting on the committee.

PAYROLL ADDITIONS AND CHANGES

Finance: Linda Wensel \$25.26/hr; Ambulance: Amanda Hansen \$8.50/call-\$6.00/1st-\$6.00/2nd, David Kyte \$9.00/FTO; Recreation: Peyton Larson \$8.50/hr, Samantha Nieman \$8.50/hr; Library: Dylan Chang \$11.62/hr, Jessica Howard \$8.50/hr; Communications: Wendy Carroll \$20.07/hr, Jessica Standley \$18.55/hr; Golf Clubhouse: Bert Bucher \$8.50/hr; Golf Maintenance: Kory Diefendorf \$8.50/hr, Brian Juran \$8.50, Kody Nelson \$8.50/hr; Curbside Recycling: Dan Hanson \$16.20/hr

11. Invoices Payable

280-15

Alderman Ward moved approval of the following invoices:

Rich Holland	fuel reimbursement	37.22
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Alderman Collier-Wise seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

284-15

Alderman Ward moved approval of the following invoices:

3D Specialties Inc	supplies	5,046.90
A & A Refrigeration	repairs	154.00
AGK Electric	underground reimbursement	804.00
Allied Insurance	notary bond renewal	100.00
American Legal Publishing	on line ordinance renewal	375.00
Antigua Group, Inc	merchandise	753.87
Apex Equipment, LLC	repairs	1,290.40
Appearra	supplies	109.70
Aramark Uniform Services	uniform cleaning	209.35
Baker & Taylor Books	books	842.03
Banner Associates, Inc	professional services	5,152.31
Barkley Asphalt	asphalt mix	724.40
Basin Electric Power Cooperation	maintenance	568.69
Best Western Ramkota Inn	lodging	183.98
Bierschbach Eqpt & Supply	parts/rental	3,570.61
Blackstone Audio Inc	books	185.99
Blaine's Body Shop	repairs	661.95
Bob Iverson	safety glasses reimbursement	150.00
Border States Elec Supply	supplies	2,166.83
Bound Tree Medical, LLC	supplies	809.54
Bow Creek Metal Inc	powder coating	150.00
Broadcaster Press	advertising	103.50
Brunicks Service Inc	propane	57.00
Builders Choice	repairs	600.00
Burns & McDonnell	professional services	1,993.09
Butler Machinery Co.	repairs	938.11
Campbell Supply	supplies	2,401.77
Cannon Technologies, Inc	supplies	6,240.72
Cask & Cork	merchandise	532.00
Central States Wire Products	supplies	1,751.50
Century Business Leasing	copier contract/copies	195.41
Centurylink	911 relay service	5.00
Centurylink	telephone	743.46
Chemco, Inc	supplies	372.52
Chesterman Co	merchandise	1,102.00
Chris Nissen	safety boots reimbursement	100.00
City Of Saint Paul	training classes	329.00
City Of Sioux Falls	testing	58.00
City Of Vermillion	copies/postage	1,569.95
City Of Vermillion	utility bills	44,987.68

Class C Solutions Group	supplies	185.38
Clia Laboratory Program	certification fee	150.00
Colonial Life Acc Ins.	insurance	3,276.43
Continental Research Corp	supplies	1,971.59
Coyote Convenience	fuel	38.12
Culligan Water	bottled water	152.00
Dakota Beverage	merchandise	13,871.62
Dakota PC Warehouse	supplies/repairs	953.87
Dakota Security Systems	alarm monitoring	480.00
Dakota Supply Group	supplies	607.96
Delta Dental Plan	insurance	6,337.58
Demco	supplies	317.08
Dennis Martens	maintenance	833.34
Dept Of Revenue	testing	1,532.00
Derek Ronning	gym membership reimbursement	175.00
DGR Engineering	professional services	1,664.50
Diamond Vogel Paints	white traffic paint	2,475.00
Dust Tex	mat service	80.00
E.A Sween Company	supplies	205.93
Earthgrains Baking Co's Inc	supplies	252.33
Eberle Design Inc	recertify	356.00
Echo Electric Supply	supplies	3,021.15
Elbo Computing Resources	professional services	106.20
Electronic Engineering	repairs/installation	5,242.34
Elliott Equipment Co	parts	338.26
Empire Building Const	bldg repairs	4,297.00
Environmental Resource Assoc.	supplies	185.71
Ez-Liner Industries	repairs	272.56
Farmer Brothers Co.	supplies	113.80
Fast Auto Glass	windshield	391.00
Fastenal Company	supplies	601.03
Fedex.	shipping	24.55
Foreman Media	council mtg	100.00
Four Winds Interactive	hosting/maintenance	381.00
General Repair Service	parts	354.51
Government Finance Officer Assoc.	membership dues	170.00
Graham Tire Co.	tires	281.19
Graybar Electric	supplies	296.50
Great Northern Environment	repairs	2,943.24
Gregg Peters	freight	1,346.40
Gregg Peters	rent	937.50
Guarantee Oil Co Inc	supplies	114.73
Hach Co	repairs	1,356.60

Hartington Tree LLC	stump grinding	1,877.00
Hauger Lawn Service	mowing	128.00
Hawkins Inc	chemicals	6,262.57
HD Supply Waterworks	supplies	7,964.58
Herren-Schempp Building	supplies	140.39
Hewlett-Packard Company	printer	200.00
Hillyard Floor Care Supply	supplies	31.48
Hy Vee Food Store	supplies	250.24
Imprints Label & Decal	supplies	190.00
In Control, Inc	professional services	499.84
Independence Waste	waste hauling/toilet rental	1,549.70
Ingram	books	2,906.59
International Public Mgmt Assoc.	testing materials	282.00
Intoximeters	supplies	600.00
Iseler Demolition, Inc	water tower removal	18,848.00
Jacks Uniform & Eqpt	uniform	1,250.74
Jerry's Chevrolet Buick Gm	parts/repairs	1,522.07
Jimmy Johns	meeting meal	100.52
John A Conkling Dist.	merchandise	9,187.95
Johnson Brothers Famous Brands	merchandise	23,640.81
Johnson Controls	repairs/maintenance	2,901.46
Jones Food Center	supplies	1,637.42
Kalins Indoor Comfort	repairs	125.61
Karsten Mfg Corp	merchandise	1,828.83
Kyle Blake	wellness center/boot reimb	225.00
Lakeside Equipment	parts	1,234.00
Laynes World	plaque/photo plate	24.10
Leggette, Brashears & Graham	professional services	5,122.41
Life-Assist, Inc	supplies	135.00
Lincoln Republic Insurance	insurance	470.11
Lisa Inglis	refund swim lessons fee	20.00
Living Here	subscription	17.00
Locators And Supplies, Inc	supplies	1,347.51
Longs Propane Inc	propane	30.00
LP Gill, Inc	tire disposal	936.00
M & M Construction LLC	concrete work	24,321.64
Mainland Engraving LLC	medals/ribbons	73.80
Malloy Electric	parts	139.63
Marks Machinery	parts	101.94
Mart Auto Body	towing	375.00
Marty Gilbertson	repairs	559.98
Matheson Tri-Gas, Inc	oxygen	418.33
McCulloch Law Office	professional services	1,035.68

Mead Lumber	supplies	112.46
Med-Media	annual maintenance	510.00
Medical Waste Transport, Inc	medical waste disposal	213.41
Merrick Industries	repairs	4,974.73
Micro Marketing LLC	supplies	40.00
Midwest Alarm Co	alarm monitoring	416.00
Midwest Building Maintenance	mat svc	454.95
Midwest Ready Mix & Equipment	flowable fill	2,709.04
Midwest Turf & Irrigation	parts	2,143.78
Miller & Sons Golf Cars, LLC	parts	69.92
Minn Municipal Utility Assoc.	3rd qtr safety mgmt program	5,925.00
Missouri Valley Maintenance	repairs	1,288.60
Mitchell Park & Recreation	registration	450.00
Moore Welding & Mfg	supplies	306.00
National Arbor Day Foundation	membership	20.00
Netsys+	repairs/professional services	1,907.94
New York Life	insurance	84.02
Newman Traffic Signs	supplies	129.27
Nike Inc	merchandise	1,454.99
Northland	supplies	288.00
Office Systems Co	copier contract/copies	495.45
Oksesports, Inc	merchandise	802.53
Okoboji Wines-SD	merchandise	1,014.00
Overhead Door Of Sioux City	garage door	1,826.00
P&K Golf Supply, LLC	merchandise	749.36
Pauls Plumbing	repairs	404.77
PCC, Inc	commission ambulance	2,738.36
Penguin Random House LLC	books	56.25
Pennington County Sheriff	evaluation	400.00
Penworthy Company	books	738.00
Peoplefacts, LLC	professional services	13.40
Pete Lien & Sons, Inc	chemicals	7,472.99
Pitney Bowes, Inc	supplies	203.56
Pomps Tire Service, Inc.	tires	11,397.30
Precision Lawn Care	mowing/junk/debris removal	828.75
Pressing Matters	supplies	394.00
Prestige Flag	flags	542.62
Presto-X-Company	inspection/treatment	93.30
Print Source	supplies	429.50
Proefrock Electric Inc	install controllers	175.00
Queen City Wholesale	merchandise	750.74
Quill	supplies	2,347.81
Racom Corporation	contract coverage	1,719.85

Rapid City Medical Center	pre-employment exam	162.00
Recorded Books, Inc	books	714.27
Regent Book Co.	books	16.01
Reinhart Foodservice, LLC	supplies	1,525.65
Relab Software, LLC	software maintenance	1,040.00
Republic National Distributing	merchandise	11,217.45
Ri-Tech Industrial Product	supplies	155.00
Sanford Health Plan	participation fees	57.00
Sanitation Products	parts	1,810.24
SD Chapter IAAI	registration	200.00
SD Dept Of Public Safety	teletype service	3,090.00
SD Retirement System	contributions	50,328.36
SD State Historical Society	membership	35.00
SDN Communications	repairs	530.50
Servall Towel & Linen	shop towels	16.80
Sign Pro	wrap & decals	1,000.00
Stan Houston Eqpt Co	parts	93.11
Standard Ready Mix Concrete	supplies	459.00
Stewart Oil-Tire Co	repairs	195.00
Sturdevants Auto Parts	parts	1,728.58
Susan Rolfes	3d printer reimbursement	1,519.80
Terex Utilities, Inc	supplies	4,000.75
The New Sioux City Iron Co	supplies	142.55
The Walking Billboard	fleece jackets/shirts	303.00
Titleist Drawer Cs	merchandise	698.44
Todd Halverson	safety boots reimbursement	100.00
Topkote Inc	chip sealing	67,170.08
Town Of Volin	refund landfill overpayment	7.84
Treasurer-State	unclaimed property	959.50
Tri Tech Sales	parts	730.39
Tri-B-Trim Shop	repairs	420.00
True Value	supplies/lawn mower	3,813.55
Turner Excavation	cottage water main	17,589.83
Tyler Zimmerman	meals reimbursement	61.00
Ultramax	supplies	229.00
United Parcel Service	shipping	91.83
United Way	contributions	537.50
Univar USA Inc	soda ash	15,030.24
Valiant Vineyards	merchandise	194.00
Vast Broadband	911 circuit/dialup service	1,416.70
Veolia Environmental Service	haul electronics	7,838.47
Verizon Wireless	wireless communication	1,632.48
Vermillion Ace Hardware	supplies	710.78

Vermillion Area Arts Council	funding	5,569.04
Vermillion Equine Center	online registration	111.20
Vermillion Youth Football	online registration	3,925.68
Visa/First Bank & Trust	fuel/lodging/supplies	5,827.97
Wal-Mart Community	supplies	1,173.90
Walker Construction	storm sewer hookup	586.50
Walt's Homestyle Foods, Inc	merchandise	162.00
Weedcope, Inc	treatment	410.00
Wesco Distribution, Inc	supplies	1,020.00
Yankton Fire & Safety	extinguisher recharge	75.00
Yankton Janitorial Supply	supplies	250.35
Yankton Medical Clinic	pre-employment exams	80.00
Yankton Winnelson Co	supplies	266.90
Zee Medical Service	supplies	217.00
Zimco Supply Co	supplies	8,897.50
Emma Fraisier	Bright Energy Rebate	30.00
Lisa Hazlett	Bright Energy Rebate	30.00
Scott Ouellette	Bright Energy Rebate	30.00
Michael Carlson	Bright Energy Rebate	30.00
Dave Stammer	Bright Energy Rebate	70.13
St. Thomas More Newman Center	Bright Energy Rebate	855.55
Wayne James	Bright Energy Rebate	60.00
Dave Berg	Bright Energy Rebate	30.00
William Dendinger	Bright Energy Rebate	30.00
Cheryl Burbach	Bright Energy Rebate	350.00
Kalins Indoor Comfort	Bright Energy Rebate	100.00

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

12. Consensus Agenda

A. Set a public hearing date of September 21, 2015 for a special permit to exceed permissible sound levels by no more than 50% for W.H. Over Museum at 1110 North University on October 9 & 10, 2015 for Oktoberfest.

B. Set a public hearing date of September 21, 2015 for a special daily malt beverage and wine license for Vermillion Area Chamber & Development Company, Inc. on or about October 9 & 10, 2015 at 1110 North University for Oktoberfest.

C. Set a bid opening date of Wednesday September 30, 2015 for the sale of a surplus Police SUV.

282-15

Alderman Collier-Wise moved approval of the consensus agenda. Alderman Price seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

13. Adjourn

283-15

Alderman Ward moved to adjourn the Council Meeting at 7:51 p.m. Alderman Erickson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 8th day of September, 2015.

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 _____.

Unapproved Minutes
Council Special Session
September 15, 2015
Tuesday 2:00 p.m.

The special session of the City Council, City of Vermillion, South Dakota was held on Tuesday, September 15, 2015 at 2:00 p.m. at the City Hall second floor large conference room.

1. Roll Call

Present: Collier-Wise, Erickson, Holland, Clarene Meins, Price, Willson, Mayor Powell

Absent: Holly Meins, Ward

2. Resolution approving grant offer for Airport Improvement Program for design engineering with the FAA for reconstruction of the apron

Jose Dominguez, City Engineer, reported that the existing airport capital improvement plan and the 2015 budget for the airport have the design for the reconstruction of the apron starting this year. Jose stated that the grant agreement stipulates how the funding will be made and also has criteria that need to be followed during the development of the design plan. Jose noted that, although the format of the grant agreement is different, the City has entered into similar agreements for every project that has been completed at the airport. Jose stated that the State will still be administering the reimbursements and will also handle any submittals required by the Federal government. Jose reported that the agreement was received on Friday and needs to be approved and returned to the FAA today to obtain the Federal funding. Jose stated that he has prepared a resolution to accept the grant offer. Jose stated that the City will be paying the contract and then reimbursed 90% federal and 5% state for project costs. Discussion followed.

284-15

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

RESOLUTION

ACCEPTING THE GRANT OFFER FOR THE AIRPORT IMPROVEMENT PROGRAM FOR THE DESIGN ENGINEERING FOR THE RECONSTRUCTION OF THE APRON BETWEEN THE FAA AND THE CITY OF VERMILLION

WHEREAS, the City of Vermillion wishes to complete the engineering design for the reconstruction of the apron by utilizing a combination of Local, State and Federal Funds, and;

WHEREAS, the Governing Body of the City of Vermillion is asked by the United States Department of Transportation Federal Aviation Administration to approve the above mentioned grant agreement by resolution, and;

NOW, THEREFORE, BE IT RESOLVED, that the Governing Body of the City of Vermillion accepts the Grant Agreement between the United States Department of Transportation Federal Aviation Administration and the City of Vermillion for Project 3-46-0056-011-2015.

Dated at Vermillion, South Dakota this 15th day of September 2015.

THE GOVERNING BODY OF THE CITY
OF VERMILLION, SOUTH DAKOTA

By _____
John E. (Jack) Powell, Mayor

ATTEST:

By _____
Michael D. Carlson, Finance Officer

The motion was seconded by Alderman Clarene Meins. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 7 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

3. Adjourn

285-15

Alderman Holland moved to adjourn the Council special session at 2:03 p.m. Alderman Collier-Wise seconded the motion. Motion carried 7 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 15th day of September, 2015.

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: Mike Carlson, Finance Officer

Meeting: September 21, 2015

Subject: Special permit to exceed permissible sound levels by no more than 50% for W.H. Over Museum on October 9 &10, 2015 between 5:00 p.m. and 11:00 p.m. at 1110 N. University for Oktoberfest public celebration

Presenter: Mike Carlson

Background: Tim Bellis with the VCDC, in working with Dr. Larry Bradley of the W.H. Over Museum, has applied for a special permit to exceed allowable noise levels for an Oktoberfest event scheduled for October 9 &10, 2015 from 5:00 p.m. until 11:00 p.m. at 1110 N. University Street. Included is a copy of the application, diagram and notice of the hearing.

The city noise ordinance is as follows:

Sec. 90.01. Noises prohibited.

- (a) General prohibitions: In addition to the specific prohibitions outlined below, it shall be unlawful for any person to make, continue, or cause to be made or continued any loud or unusual noise so as to disturb the peace of the public, any neighborhood, any business operation, family, lawful assembly of persons, or any person by committing any act or acts of disturbance within the limits of the City of Vermillion.
- (b) The following acts are declared to be in violation of this chapter.
 - 1) Sound equipment prohibited: Except for emergency vehicles, it shall be unlawful for any person to operate or cause to be operated upon the streets or public places in the city a sound truck or car with sound amplification equipment in operation. "Sound truck" as used herein means any vehicle having thereon or attached thereto any sound amplification equipment. "Sound amplification equipment" as used herein means any machine or device for the amplification of the human voice, music or other sound, but shall not include radio or warning devices on vehicles used for traffic warning or control purposes.
 - 2) Stereos, radios, television sets, musical instruments and similar devices:
 - a. Using, operating or permitting the use or operation of any stereo, radio, musical instrument, television, phonograph, drum or other machine or device for the production or reproduction of sound, except as provided for in paragraph (1) above, in such a manner as to violate this section or cause a noise disturbance.
 - b. The operating of any such device between the hours of 11:00 p.m. and 7:00 a.m. the following day in such a manner as to be plainly audible at the property boundary of the source or plainly audible at fifty (50) feet from such device when operated within a vehicle parked on a public right-of-way or when operated from within a private residence.

6. Public Hearings; item a

- 3) Maximum permissible sound levels: It shall be unlawful for any person to operate or permit the operation of any stationary source of sound in such a manner as to create a sound pressure level during any ten-minute measurement period which exceeds the limits set forth for the following receiving land use districts when measured at the boundary or at any point within the property affected by the noise. Sound level measurements shall be made at a distance of fifty (50) feet from source with a sound level meter of type 2 or better, using the "A" weighting scale, in accordance with standards promulgated by the American National Standards Institute.

Use District	11:00 p.m.-6:00 a.m.	6:00 a.m.-11:00 p.m.
Residential	50 dB(A)	55dB(A)
Commercial	55 dB(A)	60dB(A)
Industrial & Agricultural	75 dB(A)	80dB(A)

- (c) It shall be a violation of this section if the sound which is measured creates a sound pressure level greater than the levels set forth for the receiving land use district for ninety (90) per cent of the time in any measurement period, such as the level exceeded for nine (9) minutes of a ten-minute period.
- (d) Special Permit; the City Council may, following a Public Hearing, issue a Special Permit to exceed allowable sound levels by not more than 50% of the allowable limit within the Use District, in a suitable location with appropriate facilities, during the allowable time. It shall be required of any applicant for a Special Permit to demonstrate that the event for which the permit is requested be of public benefit. An applicant shall submit a diagram clearly showing the sound level projections beginning at a point fifty (50) feet from the source, and continuing out through a radius of two hundred (200) feet from the source. Application for a Special Permit shall be made with the City Finance Officer, and shall be accompanied with an application fee of \$25.00. Application for a Special Permit shall be completed no later than 30 days prior to the proposed event, and it shall contain all applicable information relative to the nature and purpose of the event. (Ord. No. 1100, 10-1-01)
- (e) Semi-tractors; prohibited noises: It shall be unlawful for any person within the city limits of Vermillion, to make, or cause to be made, loud or disturbing or offensive noises with any mechanical devices operated by compressed air and used for purposes of assisting braking on any semi-tractor, except for the aversion of imminent danger. (Ord. No. 1102, 10-15-01)

Violation: Any person violating any provision of this section may be punished by a fine of not more than one hundred dollars (\$100.00) or by imprisonment not to exceed thirty (30) days, or by both such fine and imprisonment. Each day such violation is committed or permitted to continue shall constitute a separate offense and shall be punishable as such.

Discussion: The diagram map for the malt beverage application indicates that the stage and sound system will be south of the museum facing toward the south.

The City Council will need to determine, at the public hearing, if it is in a suitable location, with appropriate facilities, during the allowable time, and if the applicant can demonstrate the public benefit of the event. Relevant questions, for a public gathering, when a noise permit is sought, include the availability of restroom facilities, clean up of the area, and disposal of waste.

Financial Consideration: The \$25 fee for the special permit has been paid.

Conclusion/Recommendations: Administration recommends issuance of the special permit unless information is presented at the public hearing that indicates that there will be problems related to the noise.

REQUEST FOR SPECIAL PERMIT TO EXCEED PERMISSIBLE SOUND LEVELS BY NO MORE THAN 50% OF CITY NOISE ORDINANCE

This application shall be completed no later than thirty (30) days prior to the proposed event and shall contain all applicable information relative to the nature and purpose of the event.

Organization Requesting Vermillion Area Chamber + Development Co. W.H. Over Museum

Contact Person Dr. LARRY BRADLEY Phone (605) 659-6151

E-Mail Address whoover@usd.edu

Contact Person Address 1110 N. UNIVERSITY Vermillion, SD

Location of Event W.H. OVER MUSEUM Date of Event Oct. 9-10, 2015

Duration of event: From time 5:00pm to time 11pm

The ordinance asks if this is a suitable location with appropriate facilities:

YES, the museum grounds are surrounded primarily by the USD Dakota Dome, parking lots, soccer fields, tennis courts. The building includes public Restroom and kitchen facilities; electricity readily available.

The ordinance asks the applicant to demonstrate that the event for which the permit is requested be of public benefit. Describe the public benefit:

Oktoberfest is a public celebration of the fall harvest; traditionally enjoying Germanic heritage, Polka music, dancing, beer and bratwurst. Vermillion does not currently have this type of event.

Please attach a diagram clearly showing the sound level projections beginning at a point fifty (50) feet from the source, and continuing out through a radius of two hundred (200) feet from the source.

File this application along with the diagram with the finance officer accompanied with an application fee of \$25.00.

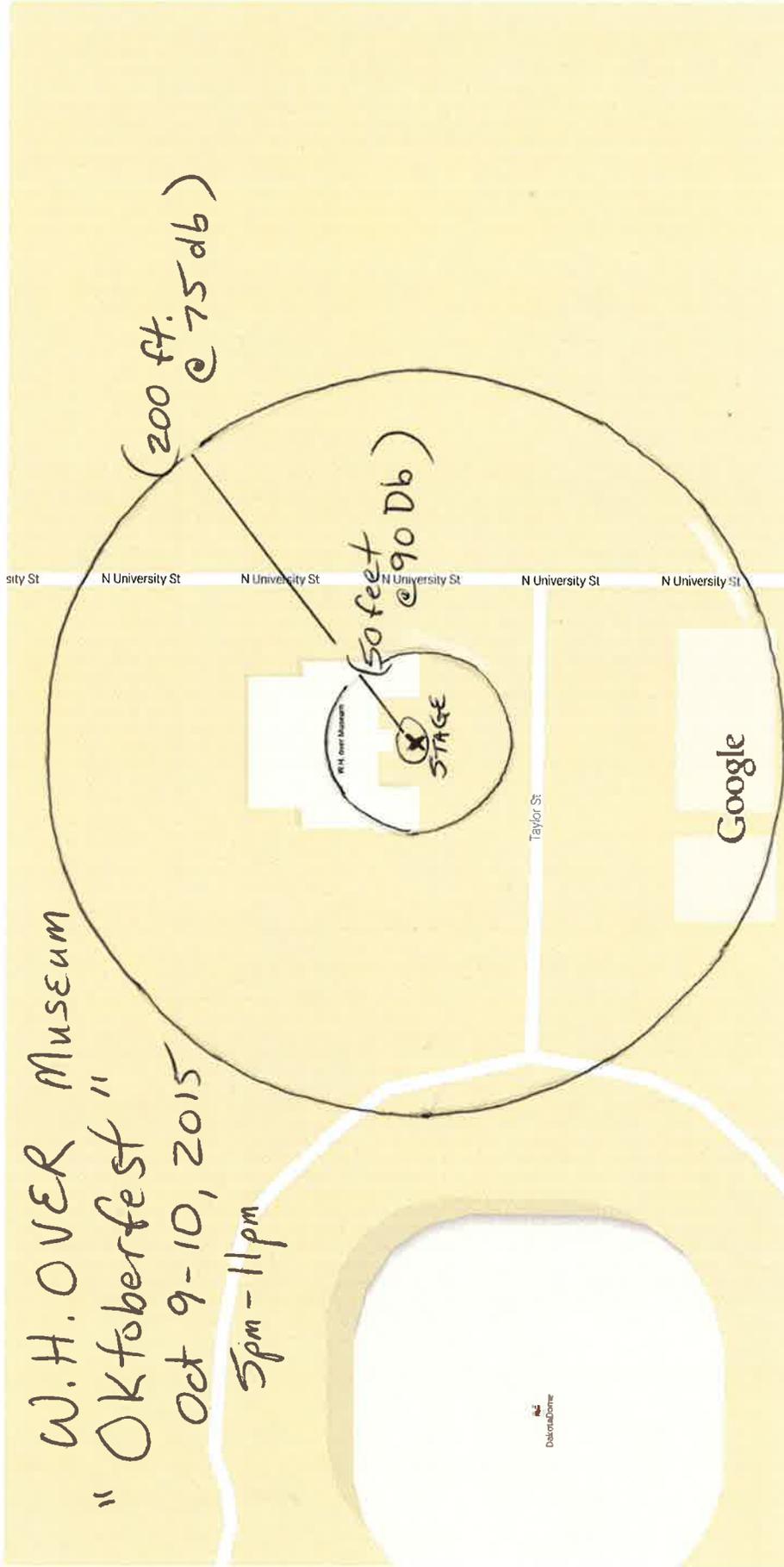
Signature of Applicant

[Signature]
VCDC

Date

9/1/15

W.H.OVER MUSEUM
"Oktoberfest"
Oct 9-10, 2015
5pm - 11pm



NOTICE OF PUBLIC HEARING FOR SPECIAL PERMIT
TO EXCEED ALLOWABLE SOUND LEVELS

NOTICE IS HEREBY GIVEN THAT the Vermillion City Council on the 21st day of September, 2015 at the hour of 7:00 P.M. at the City Hall Council Chambers, 25 Center Street, will meet in regular session to consider the following application for a special permit to exceed allowable sound levels for the dates and times stated which has been filed in the Finance Officer's Office:

W.H. Over Museum request for a special permit to exceed allowable sound levels at 1110 North University Street on October 9 & 10, 2015 from 5:00 p.m. to 11:00 p.m. for Oktoberfest celebration south of the museum with polka bands and/or polka music.

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 for special permit.

Dated at Vermillion, South Dakota this 2nd day of September, 2015.

Michael D. Carlson, Finance Officer

Publish: September 9, 2015

Published once at the approximate cost of _____.

Council Agenda Memo

From: Mike Carlson, Finance Officer

Meeting: September 21, 2015

Subject: Special daily malt beverage and wine license for Vermillion Area Chamber of Commerce and Development Company on or about October 9 & 10, 2015 at 1110 N. University Street for W.H. Over Museum Oktoberfest event

Presenter: Mike Carlson

Background: VCDC has submitted an application for a special daily malt beverage and wine license for the W. H. Over Museum Oktoberfest event on October 9 and 10, 2015 at the museum which is located at 1110 N. University Street.

City ordinance on special daily licenses reads as follows:

§ 112.18 SPECIAL ALCOHOLIC BEVERAGE LICENSES ISSUED IN CONJUNCTION WITH SPECIAL EVENTS.

- (A) The City Council may grant, after public hearing, a special on-sale malt beverage and/or a special on-sale wine license to a civic, charitable, educational, veterans, or fraternal organization in conjunction with a special event.
- (B) The City Council may grant, after public hearing, a special off-sale package wine dealers license to a civic, charitable, educational, veterans, or fraternal organization in conjunction with a special event. A special off-sale package wine dealers licensee may only sell wine manufactured by a farm winery that is licensed pursuant to SDCL Ch. 35-12.
- (C) Any license issued pursuant to this section shall be issued to the person and the location specified on the application. Any license issued pursuant to this section may be issued for a period of time established by the municipality. However, no period of time may exceed 15 consecutive days. 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.
- (D) The fee for such special licenses 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) or (6) in addition to any other licenses held by the special events license applicant; or

6. Public Hearings; item b

- (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. No public hearing is required for the issuance of a license pursuant to this section if the person applying for the license holds an on-sale alcoholic beverage license or a retail malt beverage license in the municipality or county or holds an operating agreement for a municipal on-sale alcoholic beverage license, and the license is to be used in a publicly-owned facility. The local governing body shall establish rules to regulate and restrict the operation of the special license, including rules limiting the number of licenses that may be issued to any person within any calendar year.

Discussion: The notice of public hearing, report from Police Chief, and diagram with event explanation are attached. VCDC Tourism Director Tim Bellis stated that President Abbott has no objections to the event.

Financial Consideration: The City has received the \$15 per day licensing fee and the \$15 advertising fee from the applicant for a sum total of \$45.

Conclusion/Recommendations: Administration recommends approving the issuance of the special daily malt beverage and wine license on or about October 9 and 10, 2015 unless additional information is provided at the public hearing.

NOTICE OF PUBLIC HEARING OF APPLICATIONS
FOR SALE OF ALCOHOLIC BEVERAGES

NOTICE IS HEREBY GIVEN THAT the Vermillion City Council on the 21st day of September, 2015 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 October 9&10, 2015 at 1110 North University Street for Oktoberfest.

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 2nd day of September, 2015.

Michael D. Carlson, Finance Officer

Publish: September 9, 2015

Published once at the approximate cost of _____.

City of Vermillion
Police Department
15 Washington Street
Vermillion, SD 57069
Phone: (605)677-7070
FAX: (605)677-7166
www.vermillionpd.org



To: Vermillion City Council

Date: 09/01/15

From: Matthew Betzen
Chief of Police

Subject: Vermillion Area Chamber and Development Company/Special Daily License Request for October 9-10/Oktobberfest

I have reviewed the application for "Special Daily License (On-Sale) Malt Beverage and Wine License" submitted by the VCDC. This application is for a new event to be held on the WHOver Museum Grounds. It is an Oktoberfest celebration. Concerning alcohol services, the organizers state they will have a fence around the service area with one egress point, age will be checked at that point and wristbands will be issued for those who can purchase alcohol.

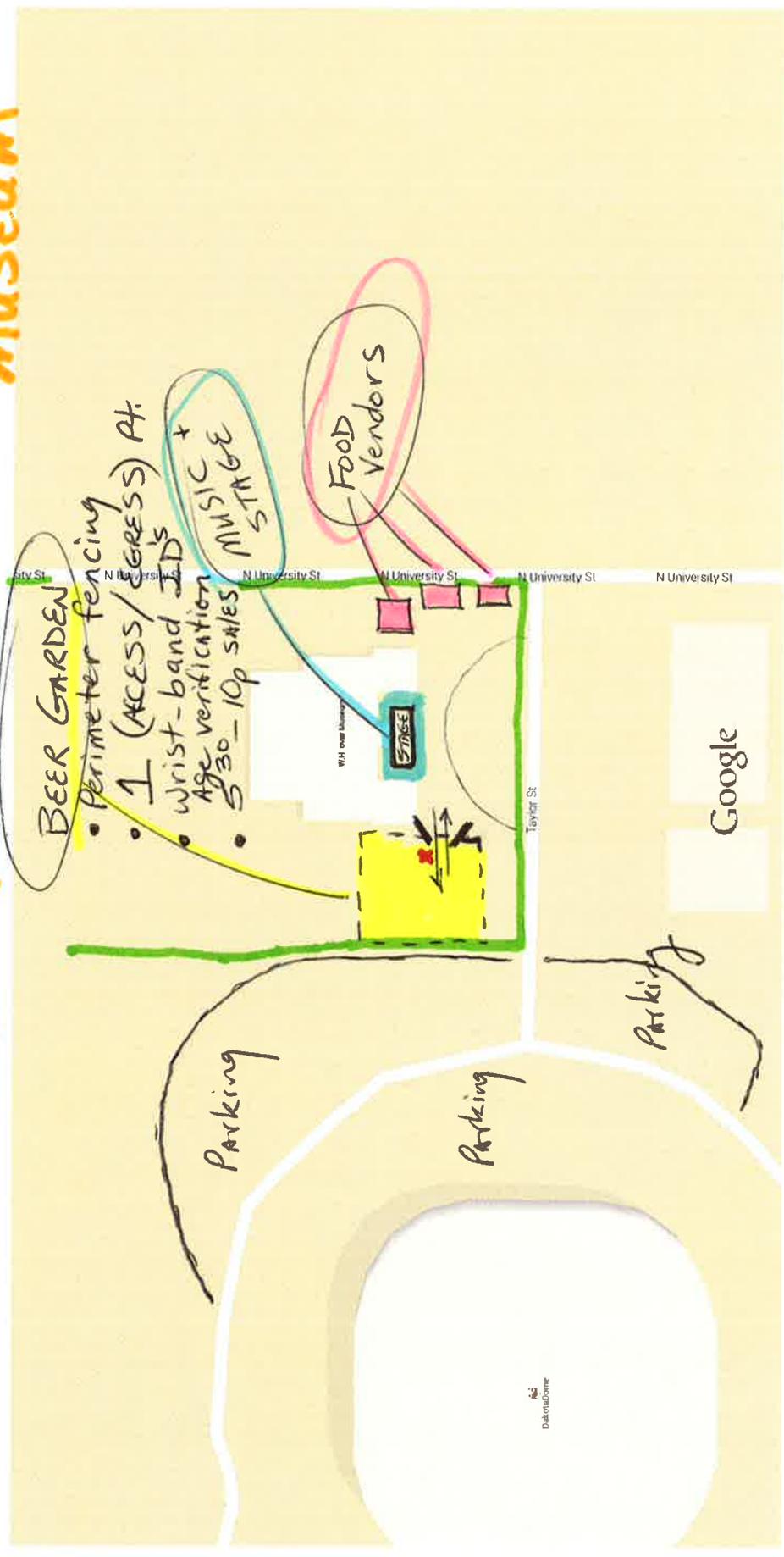
While this is a new event, the VCDC holds similar events at different times throughout the year and there have been no issues at any of these events during my time as the Chief of Police. I believe this event will be well managed and I support it.

"OktoberFest"

W.H. OVER MUSEUM

Oct. 9-10, 2015
5p-11p

Google Google Maps



BEER SALES

- A separated location with perimeter fencing
- 1 point of ENTRY/EXIT
- ID (AGE VERIFICATION) and WRIST BANDS (V-IN TABLE)
- (5:30-10pm) Limited Beer Sales timing
- SALES VOLUNTEERS have prior training w/ Alcohol/AGE Verif. legal

Council Agenda Memo

From: Mike Carlson, Finance Officer
Meeting: September 21, 2015
Subject: Second Reading of Ordinance No. 1330- 2016 Appropriations
Presenter: John Prescott, City Manager

Background: SDCL 9-21-2 addresses the need for the City Council to adopt an annual budget:

The governing body of each municipality shall, no later than its first regular meeting in September of each year or within ten days thereafter, introduce the annual appropriation ordinance for the ensuing fiscal year, in which it shall appropriate the sums of money necessary to meet all lawful expenses and liabilities of the municipality. The ordinance shall specify the function and subfunction as prescribed by the Department of Legislative Audit for which the appropriations are made and the amount appropriated for each function and subfunction, which amount shall be appropriated from the proper fund. It is not necessary to appropriate revenue to be expended from an enterprise or trust and agency fund if the fund is not supported or subsidized by revenue derived from the annual appropriated tax levy. However, an annual budget for these funds shall be developed and published no later than December thirty-first of each year.

Discussion: The City Manager prepared and presented a budget to the City Council at the August 3 meeting. The City Council reviewed the proposed budget during special meetings held on August 11 and 13, 2015. The City Council's revisions from the budget meetings have been incorporated into the appropriation ordinance. The general fund appropriation from reserve remained the same at \$1,258,914 which includes \$1,000,000 for the pool, \$31,325 for Norbeck Street special assessment interest, \$10,000 for entrance signage and \$217,589 to meet General Fund obligations.

The 2016 budget included property tax revenues of \$2,190,500 that includes using an increase of 1% plus growth over 2015 where the state statute allows 1.5% plus growth. The budget includes a 2.5% cost of living adjustment for employee wages. The general fund has \$80,000 for street maintenance work such as asphalt patching, traffic paint and sealant material. While the overall amount to be spent on streets will increase in 2016, the amount from general fund decreased as chip sealing costs has been moved to second penny sales tax fund.

Rate increases have been included for electric, water, wastewater, curbside recycling and golf course to offset increased operating costs.

The budget includes the purchase of new library materials, hike/bike path repair or rerouting funding and funding for the Vermillion Now 2! pledge.

Financial Consideration: Approval of the first reading of the 2016 Appropriations Ordinance at the September 8th meeting was one step in providing for 2016 operations and in complying with State law to adopt an appropriations ordinance.

Conclusion/Recommendations: Administration recommends approval of the second reading of the 2016 Appropriations Ordinance No. 1330. As this is the second reading of the ordinance, a roll call vote is required.

ORDINANCE NO. 1330
 2016 APPROPRIATION ORDINANCE

AN ORDINANCE ADOPTING the 2016 Appropriations Ordinance for the City of Vermillion, South Dakota.

BE IT ORDAINED BY THE GOVERNING BODY of the City of Vermillion that the following sums are appropriated to meet the obligations of the municipality.

	<u>2016 Budget</u>	
GENERAL FUND		
<u>REVENUES:</u>		
General Property Taxes	2,186,500	
Sales Tax	1,695,000	
Penalties & Interest	4,000	
Licenses & Permits	148,200	
Cable TV Franchise	105,000	
State Intergovernmental	315,100	
County Intergovernmental	94,900	
Charges for Goods & Services	557,500	
Fines & Forfeits	38,650	
Miscellaneous Revenues	<u>217,525</u>	
TOTAL GENERAL FUND REVENUES		5,362,375
<u>EXPENDITURES:</u>		
<u>Policy & Administration:</u>		
General Government	569,705	
Finance Office	184,007	
Engineering	314,760	
Planning & Zoning	800	
Code Compliance	205,538	
Community Promotion	<u>92,325</u>	
Total Policy & Administration		1,367,135
<u>Public Safety & Security:</u>		
Police Administration & Invest.	491,105	
Police Patrol	1,377,843	
Fire & Rescue	259,503	
Emergency Management	2,200	
Ambulance	<u>343,941</u>	
Total Public Safety & Security		2,474,592
<u>Maintenance & Transportation:</u>		
Municipal Garage	140,669	
Municipal Service Center	34,550	
Street Department	661,968	
Snow Removal	73,092	
Sweeping & Mowing	114,061	
Carpentry	31,148	
City Hall Maintenance	80,650	
Old Landfill Maintenance	11,000	
Airport	<u>102,315</u>	
Total Maintenance & Transportation		1,249,453

Human Development & Leisure Services:

Library	593,870	
Parks & Forestry	308,227	
Swimming Pool	124,584	
Recreation	176,478	
Mosquito Control	19,657	
National Guard Armory Center	53,918	
Total Human Development & Leisure		<u>1,276,734</u>
TOTAL GENERAL FUND EXPENDITURES		<u>6,367,914</u>

GENERAL FUND NEEDS (1,005,539)

Transfer to 911 Fund - Communications	(278,217)
Transfer to Prentis Park Debt Service	(116,000)
Transfer to Prentis Park Capital Project	(1,000,000)
Transfer from Electric Fund	803,117
Transfer from Water Fund	2,306
Transfer from Sewer Fund	1,402
Transfer from Liquor Fund	194,200
Transfer from Capital Projects	8,000
Transfer from Utilities Engineering Fees	136,387
Transfer from BID #1	1,430
Transfer to Equipment Replacement	(6,000)
Appropriation from Reserve	1,258,914
GENERAL FUND BALANCE	<u>0</u>

SPECIAL REVENUE FUNDS

SECOND CENT SALES TAX FUND

Revenues	1,808,500
Expenditures - Second Cent Sales Tax	583,850
Transfer to Airport Capital Projects	(30,000)
Transfer to TIF #6 Debt Service	(55,845)
Transfer to City Hall Debt Service Fund	(348,710)
Transfer to Bike Path Capital Projects	(200,000)
Transfer to Prentis Park Capital Projects	(731,000)
Transfer to Equipment Replacement	(13,500)
Appropriation from Reserve	154,405
SECOND CENT SALES TAX FUND BALANCE	<u>0</u>

PARKS IMPROVEMENT FUND

Revenues-Recreation Fees	3,010
Expenditures - Parks Improvements	3,010
PARKS IMPROVEMENT FUND BALANCE	<u>0</u>

BBB SALES TAX FUND

Revenues	344,080
Expenditures	316,300
Appropriation to Reserve	(27,780)
BBB SALES TAX FUND BALANCE	<u>0</u>

911 FUND -COMMUNICATIONS

Revenues	278,216
Expenditures	556,433
Transfer from General Fund	278,217
911FUND FUND BALANCE	<u><u>0</u></u>

BUSINESS IMPROVEMENT DISTRICT #1

Revenues	71,500
Expenditures	60,000
Transfer to General Fund	1,430
Appropriation to Reserve	(10,070)
Business Improvement District #1 Fund Balance	<u><u>0</u></u>

STORMWATER MAINTENANCE FUND

Revenues - Stormwater Fees	214,550
Expenditures:	75,000
Appropriation to Reserve	(139,550)
STORMWATER FEE FUND BALANCE	<u><u>0</u></u>

LIBRARY FINE AND GIFT FUND

Revenues- Library Fine & Gifts	13,015
Expenditures - Library	7,500
Appropriation to Reserve	(5,515)
LIBRARY FINE AND GIFT FUND BALANCE	<u><u>0</u></u>

DEBT SERVICE FUNDS

DEBT SERVICE--SPECIAL ASSESSMENT FUND

Revenues	39,653
Expenditures	39,653
Interfund Loan	162,000
Transfer to Capital Projects	(162,000)
DS SPECIAL ASSESSMENT FUND BALANCE	<u><u>0</u></u>

DEBT SERVICE-- TIF District No. 5

Revenues	27,000
Expenditures	27,000
DEBT SERVICE - TIF 5 FUND BALANCE	<u><u>0</u></u>

DEBT SERVICE-- TIF District No. 6

Revenues	4,775
Expenditures	60,620
Transfer from Second Cent Sales Tax Fund	55,845
DEBT SERVICE - TIF 6 FUND BALANCE	<u><u>0</u></u>

DEBT SERVICE - CITY HALL

Revenues	2,000
Expenditures	350,710
Transfer from Second Cent Sales Tax Fund	348,710
DEBT SERVICE - CITY HALL FUND BALANCE	<u>0</u>

DEBT SERVICE - PRENTIS PARK BOND

Revenues	116,000
Expenditures	109,565
Appropriation to Reserve	(6,435)
DEBT SERVICE - PRENTIS PARK BOND FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUND - SPECIAL ASSESSMENT

Expenditures	150,000
Transfer to General Fund	(8,000)
Transfer from Debt Service	162,000
Appropriation to Reserve	(4,000)
CP SPECIAL ASSESSMENT FUND BALANCE	<u>8,000</u>

CAPITAL PROJECTS FUND - AIRPORT

Revenues	470,000
Expenditures	500,000
Transfer from Second Cent Sales Tax Fund	30,000
CP AIRPORT FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - PRENTIS PARK

Revenues	3,150,000
Expenditures	4,881,000
Transfer from General Fund	1,000,000
Transfer from Second Cent Sales Tax Fund	731,000
CP PRENTIS PARK FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - BIKE PATH

Revenues	80,000
Expenditures	280,000
Transfer from Second Cent Sales Tax Fund	200,000
CP BIKE PATH FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - MAIN STREET SIGNALS

Revenues	24,000
Expenditures	24,000
CP W MAIN MILL & OVERLAY FUND BALANCE	<u>0</u>

INTERNAL SERVICE FUNDS (Information Only)

	Unemployment Fund	Copier - Fax- Postage Fund	Custodial Fund	Equipment Replacement Fund
<u>Revenues</u>				
Internal Dept Charges		18,150	92,000	433,691
Interest on Investments	130			2,300
Other Revenues				75,500
Total Revenues	<u>130</u>	<u>18,150</u>	<u>92,000</u>	<u>511,491</u>
<u>Expenditures</u>				
Personnel			87,789	
Operating Expenses	130	16,350	3,427	
Capital			500	689,500
Total Expenditures	<u>130</u>	<u>16,350</u>	<u>91,716</u>	<u>689,500</u>
Transfer Out (In)				(28,100)
(To) From Reserve		(1,800)	(284)	149,909
Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

UTILITY AND ENTERPRISE FUNDS (Information Only)

	Electric Fund	Water Fund	Wastewater Fund	Joint Powers Fund	Liquor Fund	Golf Course Fund	Curbside Recycling Fund
<u>Revenues</u>							
Sales	5,900,000	1,479,000	1,563,000	1,329,600	1,483,000	731,300	120,000
Surcharge	776,000	270,000	332,000				
Other Revenue	100,000	52,700	8,800	24,000		75,000	200
Interest	152,950	4,320	4,042	1,500	140	4,000	250
Total Revenues	<u>6,928,950</u>	<u>1,806,020</u>	<u>1,907,842</u>	<u>1,355,100</u>	<u>1,483,140</u>	<u>810,300</u>	<u>120,450</u>
<u>Expenditures</u>							
Personnel	1,014,278	649,640	501,722	533,553		376,710	98,371
Operating Expenses	3,945,824	554,297	629,734	871,830	1,266,949	415,316	12,900
Capital	660,504	152,316	418,940	429,345	2,000	13,000	36,250
Debt Service		187,105	251,608	196,814			8,408
Debt Service Surchar	572,463	235,669	291,013				
Total Expenditures	<u>6,193,069</u>	<u>1,779,027</u>	<u>2,093,017</u>	<u>2,031,542</u>	<u>1,268,949</u>	<u>805,026</u>	<u>155,929</u>
Transfers Out	(884,950)	(38,583)	(37,279)		(194,200)		
Transfers In	9,000						
(To) From Reserve	140,069	11,590	222,454	676,442	(19,991)	(5,274)	35,479
Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The City Manager is directed to certify the following dollar amount of tax levies in ordinance to the Clay County Auditor: \$2,190,500

Dated at Vermillion, South Dakota this 21th day of September, 2015

THE GOVERNING BODY OF THE CITY OF
VERMILLION, SOUTH DAKOTA

by _____
John E. (Jack) Powell, Mayor

ATTEST:

BY _____
Michael D. Carlson, Finance Officer

First Reading: September 8, 2015
Second Reading: September 21, 2015
Publish: October 3, 2015
Effective: October 23, 2015

Council Agenda Memo

From: Mike Carlson, Finance Officer

Meeting: September 21, 2015

Subject: Second Reading of Ordinance No. 1331 – 2015 Revised Appropriations

Presenter: John Prescott, City Manager

Background: In order for the City Council to make changes to the 2015 budget, adopted in September 2014, a revised or supplemental appropriations ordinance is required. The proposed changes were presented to the City Council during the budget meetings on August 11 and 13, 2015. The first reading of the ordinance to make revisions to the 2015 budget took place on September 8th.

Discussion: The revised appropriations ordinance includes changes and adjustments made to the 2015 budget based upon actual financial information obtained thus far in 2015. Revenues and expenses are different in some instances versus what was anticipated last September. Prentis Park improvements for the baseball field restrooms and maintenance building were included in the 2014 budget but due to lack of contractors were not started until 2015. The Prentis Park Capital Improvement fund was supplemented to include a portion of the pool engineering. The electric department substation project was scheduled to be completed in 2014 but due to delays will be completed in 2015. The final payment from the bond proceeds to the VCDC for the final contribution on the Bliss Pointe improvements was made in 2015.

In some cases, projects arose after the 2015 budget was adopted. In September 2014, the water main replacement on Cottage Avenue was not planned but due to water main breaks was moved up to 2015. The malt beverage mark up ordinance adopted in February 2015 that was upheld by the voters was implemented in July 2015 so the estimated revenues and transfer to the Prentis Park Debt Service fund have been included in the revised 2015 budget. These items were not included in the adoption of the 2015 budget in September 2014 as they were unknown or procedural steps had yet to take place such as voter approval of the issuing of the General Obligation bond.

Financial Consideration: For the revisions to become effective, the City Council will need to adopt the revised appropriations ordinance. The revised budget includes a smaller transfer to the General Fund from the General Fund reserve than originally budgeted.

Conclusion/Recommendations: Administration recommends that the City Council approve the second reading of the 2015 Revised Appropriations Ordinance No. 1331. As this is the second reading of the ordinance, a roll call vote is required.

ORDINANCE NO. 1331
 2015 REVISED APPROPRIATION ORDINANCE

AN ORDINANCE ADOPTING the 2015 Revised Appropriations Ordinance for the City of Vermillion, South Dakota.

BE IT ORDAINED BY THE GOVERNING BODY of the City of Vermillion that the following sums are appropriated to meet the obligations of the municipality.

	<u>2015 Revised Budget</u>	
GENERAL FUND		
<u>REVENUES:</u>		
General Property Taxes	2,164,900	
Sales Tax	1,648,000	
Penalties & Interest	10,000	
Licenses & Permits	190,200	
Cable TV Franchise	110,000	
State Intergovernmental	294,970	
County Intergovernmental	94,900	
Charges for Goods & Services	546,600	
Fines & Forfeits	38,650	
Miscellaneous Revenues	165,000	
TOTAL GENERAL FUND REVENUES	5,263,220	
<u>EXPENDITURES:</u>		
<u>Policy & Administration:</u>		
General Government	563,863	
Finance Office	182,077	
Engineering	305,140	
Planning and Zoning	800	
Code Compliance	204,219	
Community Promotion	53,455	
Total Policy & Administration	1,309,554	
<u>Public Safety & Security:</u>		
Police Administration & Invest.	461,457	
Police Patrol	1,279,051	
Fire & Rescue	249,705	
Emergency Management	2,200	
Ambulance	341,786	
Total Public Safety & Security	2,334,199	
<u>Maintenance & Transportation:</u>		
Municipal Garage	137,595	
Municipal Service Center	33,440	
Street Department	716,673	
Snow Removal	75,192	
Sweeping & Mowing	111,135	
Carpentry	30,615	
City Hall Maintenance	79,000	
Old Library Maintenance	1,900	
Old Landfill Maintenance	11,000	
Airport	92,236	
Total Maintenance & Transportation	1,288,786	

Human Development & Leisure Services:

Library	592,539	
Parks & Forestry	297,062	
Swimming Pool	118,920	
Recreation	170,925	
Mosquito Control	24,664	
National Guard Armory Center	55,897	
Total Human Development & Leisure		<u>1,260,007</u>
TOTAL GENERAL FUND EXPENDITURES		<u>6,192,546</u>

GENERAL FUND NEEDS (929,326)

Transfer to 911 Fund	(271,085)
Transfer to Prentis Park Debt Service	(58,000)
Transfer to Equipment Replacement	(6,000)
Transfer from Electric Fund	803,117
Transfer from Water Fund	2,306
Transfer from Sewer Fund	1,402
Transfer from Liquor Fund	194,200
Transfer from Capital Projects	17,012
Transfer from BID #1	1,430
Transfer from Utilities Engineering Fees	136,387
Appropriation from Reserve	108,557
GENERAL FUND BALANCE	<u>0</u>

SPECIAL REVENUE FUNDS

SECOND CENT SALES TAX FUND

Revenues	1,660,650
Expenditures - Second Cent Sales Tax	396,000
Transfer to Bike Path Capital Projects	(31,533)
Transfer to Airport Capital Projects	(10,380)
Transfer to City Hall Debt Service Fund	(352,041)
Transfer to TIF #6 Debt Service	(55,845)
Transfer to Prentis Park Capital Projects	(347,000)
Transfer to W. Main Capital Projects	(173,000)
Appropriation to Reserve	(294,851)
SECOND CENT SALES TAX FUND BALANCE	<u>0</u>

PARKS IMPROVEMENT FUND

Revenues-Recreation Fees	3,010
Expenditures - Parks Improvements	<u>3,010</u>
PARKS IMPROVEMENT FUND BALANCE	<u>0</u>

BBB SALES TAX FUND

Revenues	337,060
Expenditures	307,550
Appropriation to Reserve	(29,510)
BBB SALES TAX FUND BALANCE	<u>0</u>

911 FUND -COMMUNICATIONS

Revenues	307,105
Expenditures	578,190
Transfer from General Fund	271,085
911FUND- FUND BALANCE	<u>0</u>

BUSINESS IMPROVEMENT DISTRICT #1

Revenues	71,500
Expenditures	85,000
Transfer to General Fund	1,430
Appropriation from Reserve	14,930
Business Improvement District #1 Fund Balance	<u>0</u>

STORMWATER MAINTENANCE FUND

Revenues - Stormwater Fees	220,900
Expenditures:	35,200
Appropriation from Reserve	(185,700)
STORMWATER FEE FUND BALANCE	<u>0</u>

LIBRARY FINE AND GIFT FUND

Revenues- Library Fine & Gifts	11,215
Expenditures - Library	8,000
Appropriation to Reserve	(3,215)
LIBRARY FINE AND GIFT FUND BALANCE	<u>0</u>

DEBT SERVICE FUNDS

DEBT SERVICE--SPECIAL ASSESSMENT FUND

Revenues	27,559
Expenditures	27,559
Interfund Loan	517,599
Transfer to Capital Projects	(517,599)
SPECIAL ASSESSMENT FUND BALANCE	<u>0</u>

DEBT SERVICE - TIF District No. 5

Revenues	204
Expenditures	204
DEBT SERVICE - TIF 5 FUND BALANCE	<u>0</u>

DEBT SERVICE - TIF District No. 6

Revenues	4,775
Expenditures	60,620
Transfer from Second Cent Sales Tax Fund	55,845
DEBT SERVICE - TIF 6 FUND BALANCE	<u>0</u>

DEBT SERVICE - City Hall

Revenues	2,000
Expenditures	354,041
Transfer from Second Cent Sales Tax Fund	352,041
DEBT SERVICE - CITY HALL FUND BALANCE	<u>0</u>

DEBT SERVICE - Prentis Park Bond

Expenditures	0
Appropriation to Reserve	(58,000)
Transfer from General Fund Malt Beverage	58,000
DEBT SERVICE - PRENTIS PARK BOND FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUND - SPECIAL ASSESSMENT

Revenues	615,311
Expenditures	100,000
Transfer to General Fund	(17,012)
Appropriation to Reserve	(498,299)
CP SPECIAL ASSESSMENT FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - BIKE PATH

Expenditures	0
Transfer from Second Cent Sales Tax	31,533
Appropriation to Reserve	(31,533)
CP BIKE PATH FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - AIRPORT

Revenues	162,620
Expenditures	173,000
Transfer from Second Cent Sales Tax	10,380
CP AIRPORT FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - PRENTIS PARK

Revenues	
Expenditures	347,000
Transfer from Second Cent Sales Tax	347,000
CP PRENTIS PARK FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - TIF #6 BLISS POINTE

Expenditures	45,973
Appropriation from Reserve	45,973
CP TIF #6 BLISS POINT FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - MAIN MILL/OVERLAY & SIGNALS

Revenues	324,000
Expenditures	497,000
Transfer from Second Cent Sales Tax	173,000
CP WEST MAIN MILL/OVERLAY & SIGNAL FUND BALANCE	<u>0</u>

INTERNAL SERVICE FUNDS (Information Only)

	Unemployment Fund	Copier - Fax- Postage Fund	Custodial Fund	Equipment Replacement Fund
<u>Revenues</u>				
Internal Dept Charges		18,150	87,000	439,397
Interest on Investments	40			2,200
Other Revenues				16,200
Total Revenues	<u>40</u>	<u>18,150</u>	<u>87,000</u>	<u>457,797</u>
<u>Expenditures</u>				
Personnel			85,986	
Operating Expenses	40	16,450	3,213	
Capital			500	329,400
Total Expenditures	<u>40</u>	<u>16,450</u>	<u>89,699</u>	<u>329,400</u>
Transfer (Out) In (To) From Reserve		(1,700)	2,699	6,000 (134,397)
Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

UTILITY AND ENTERPRISE FUNDS (Information Only)

	Electric Fund	Water Fund	Wastewater Fund	Joint Powers Fund	Liquor Fund	Golf Course Fund	Curbside Recycling Fund
<u>Revenues</u>							
Sales	5,580,000	1,425,000	1,526,000	1,243,600	1,456,000	710,400	112,000
Surcharge	749,000	269,000	332,000				
Other Revenue	110,000	52,700	8,800	27,500		73,730	200
Interest	150,950	4,540	4,064	1,650	140	4,000	210
Grants				30,290			
Total Revenues	<u>6,589,950</u>	<u>1,751,240</u>	<u>1,870,864</u>	<u>1,303,040</u>	<u>1,456,140</u>	<u>788,130</u>	<u>112,410</u>
<u>Expenditures</u>							
Personnel	982,277	598,351	486,829	514,443		364,172	94,463
Operating Expenses	3,650,355	552,561	660,093	965,710	1,236,920	409,700	12,450
Capital	1,173,867	285,420	134,300	359,000	11,162	18,937	250
Debt Service	575,663	187,138	253,337	239,989			8,409
Surcharge Debt Service		235,669	291,013				
Total Expenditures	<u>6,382,162</u>	<u>1,859,139</u>	<u>1,825,572</u>	<u>2,079,142</u>	<u>1,248,082</u>	<u>792,809</u>	<u>115,572</u>
Transfers Out	(884,950)	(38,583)	(28,679)		(194,200)		
Transfers In	9,000						
(To) From Reserve	<u>668,162</u>	<u>146,482</u>	<u>(16,613)</u>	<u>776,102</u>	<u>(13,858)</u>	<u>4,679</u>	<u>3,162</u>
Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Dated at Vermillion, South Dakota this 21th day of September, 2015.

THE GOVERNING BODY OF THE CITY OF
VERMILLION, SOUTH DAKOTA

by _____
John E. (Jack) Powell, Mayor

ATTEST:

BY _____
Michael D. Carlson, Finance Officer

First Reading: September 8, 2015
Second Reading: September 21, 2015
Publish: October 3, 2015
Effective: October 23, 2015

Council Agenda Memo

From: John Prescott, City Manager

Meeting: September 21, 2015

Subject: Tree Board reappointment

Presenter: Mayor Jack Powell

Background: By ordinance the City Council is charged with appointing members of the City Tree Board.

§ 90.72 CITY TREE BOARD.

- (A) There is hereby created and established an advisory board to be known as the City Tree Board of the City of Vermillion. There shall be five (5) members of the City Tree Board in which board members are citizens and residents of Vermillion. They shall be appointed by the Mayor with the approval of the City Council. The Parks and Recreations Director shall recommend one (1) member to the board from staff; the Street Superintendent shall recommend one (1) member to the board from staff; one (1) member shall be currently serving on the City Council; and two (2) members shall be selected by the governing body from the residents of the City of Vermillion.
- (B) The term of the five (5) persons to be appointed shall be two (2) years except the terms of those representing the City Council and City employed staff shall expire at the expiration of their terms of office or employment. In the event that a vacancy shall occur during the term of any member, his or her successor shall be appointed for the unexpired portion of the term.
- (C) Members of the City Tree Board shall serve without compensation.
- (D) Subject to the control of the Governing Body of the City.
- (E) The City Tree Board shall choose its own officers and keep a journal of its proceedings. A majority of the members shall be a quorum for the transactions of business. Its purpose shall be to review, from time to time, conditions relating to tree and plant growth in the City and to recommend procedures and policies calculated to maintain and improve a healthy forestation program for the City.

As noted, the Tree Board is comprised of five members, which includes two citizens and residents of Vermillion. The terms for the citizen members are for two (2) years. Clarence Pederson was appointed to a two-year term on the Tree Board in August 2014. Jim Brady was appointed to a one-year term in September 2014.

Discussion: In addition to the two citizen members, the other current members of the Tree Board are Howard Willson, Pete Jahn, and Aaron Baedke. Jim Goblirsch serves as an ex-officio member of the board. As the Tree Board is just getting re-established, it was determined to be beneficial to maintain the same membership for at least another year.

Financial Consideration: None.

Conclusion/Recommendations: If City Council is comfortable with Jim Brady serving on the Tree Board, Administration recommends appointing him to serve on the City Tree Board for a full two-year term.

Council Agenda Memo

From: Andy Colvin, Assistant City Manager

Meeting: September 21, 2015

Subject: Amended Street closure request for USD Verm Town Bash

Presenter: Andy Colvin

Background: The Dakota Days Executive Board is sponsoring a community wide event associated with Dakota Days on Wednesday, September 30, 2015. In the initial request at the August 3rd City Council meeting, activities were planned using Market Street from W. Main Street to Kidder Street including the use of Ratingen Platz. The event includes inflatables and family activities from 5:00 p.m. to 8:00 p.m. and a street dance type event with a DJ from 8:00 p.m. to 11:00 p.m. All activities are open to the public and will be alcohol free. The City Council approved the request at the August 3rd meeting.

Discussion: On September 17th, City staff was contacted about amending the request to also include a portion of Main Street between Prospect Street and High Street, which would be the section near Ratingen Platz. The intersections at High and Prospect would remain open for traffic.

The Police, Fire, and EMS Departments have been notified of the closure request and have found no safety concerns.

Financial Consideration: None.

Conclusion/Recommendations: Administration recommends that the City Council approve the temporary closing of Main Street from High Street to Prospect Street, in addition to the initial closing of Market Street from W. Main Street to Kidder Street on Wednesday, September 30, 2015 from 4:30 p.m. to midnight for the USD Dakota Days Executive Board community wide events.

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 Manager's office one week prior to the Council Meeting.

CITY OF VERMILLION REQUEST TO CLOSE CITY STREET

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 Manager's 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 for which the street will be closed. If additional space is needed, please attach additional sheets with the required information.

Organization Requesting University of South Dakota - Dakota Days Committee

Contact Person Douglas Wagner Phone 605-677-5335

E-Mail Address douglas.wagner@usd.edu

Contact Person Address 414 E. Clark Street

Event Vermillion Bash Date(s) of Event Sept 30th 2015

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

Street Main Street from High St. to Prospect

Street Closing Times 4 pm to 12 am

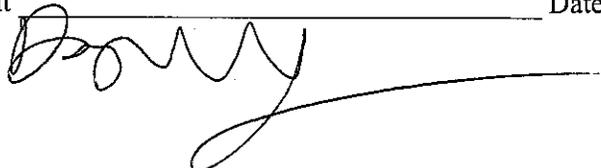
If the street closing requested would affect other residents or businesses have they been notified of the request? Yes No

If approved, the contact person will need to make arrangements with the Street Department for barricades to properly denote the street closing. Have arrangements been made for clean up after the event and other facilities? Please describe:

We have spoken with the Vermillion Police Dept.

Chief to discuss the amount of people who

have indicated they will be here. He recommends
expanding street closure from Market St to the
proposed section of main st.

Signature of Applicant  Date 9/17/2015

Council Agenda Memo

From: Jose Dominguez, City Engineer

Meeting: September 21, 2015

Subject: Report of Utilities Committee on amending Chapter 53 Water, Sewers, and Sewage Disposal, Sections 53.110 through 53.123, and Section 53.018

Presenter: Jose Dominguez

Background: The City of Vermillion Utilities Committee met on September 15, 2015 to review proposed sewer rate changes. The City has an ordinance that addresses how large users would be charged. However, the ordinance needs to be brought up to date to ensure that the main constituents which are flow, biochemical oxygen demand (BOD), total suspended solids (TSS) and Kjendahl nitrogen (TKN) are treated at the Waste Water Plant are paid for by the users generating these types of constituents.

Discussion: The ordinance presented to the Committee addressed several areas that needed to be brought current to fairly charge all of our users in case we had a large industrial/commercial user in town. The proposed ordinance would address how the administrative/fixed fee was derived, how the cost associated with treating waste water is split amongst its constituents, how the different class users are determined, how the cost for each of the class users is calculated, and how the user's charge may be modified.

These updates will allow the City to more effectively charge for the use of the waste water facility. For example, with the current ordinance the City would charge a large user for the actual amount of waste water constituents being treated while the residential user is being charged for a set amount of constituents treated. This created an unfair approach due to the fact that the waste water constituents created by the residential user more than likely are not as high as the set values. Additionally, the existing ordinance did not take into account the treatment of ammonia. The new ordinance will address this by charging for the treatment of ammonia through the TKN constituent.

The minutes of the Utilities Committee are attached.

Financial Consideration: None at this time. The proposed changes to the ordinance do not change the sanitary sewer rate for existing customers. The proposed ordinance will allow the revenue collected to meet the funds expended to treat the waste water.

Conclusion/Recommendations: The recommendation of the Utilities Committee to the City Council is to adopt the proposed ordinance and fee resolution. As the City Council cannot act on a report of a committee at the same meeting the report is received, the City Council will need to accept the report and request the ordinance to be considered at the October 5th meeting. The fee resolution would be presented at the same meeting as the second reading of the ordinance.

City of Vermillion
Utility Committee
Tuesday September 15, 2015
10:45 a.m. – City Hall first floor conference room

The meeting of the City of Vermillion Utility Committee was held on Tuesday, September 15, 2015 at 10:45 a.m. at city hall first floor conference room.

Present: Willson, Ward, Erickson, Chairman Powell

Also Present: John Prescott, Jose Dominguez, Mike Carlson

Waste Water large user rate

Jose Dominguez, City Engineer, handed out a proposed ordinance that would amend the current waste water ordinance to divide the current class of users into Class I that would be our current users and Class II would be large customers as determined by the flow (volume), biochemical oxygen demand (BOD), total suspended solids (TSS) and Kjendahl nitrogen (TKN). Jose stated the proposed change is to have a large commercial or industrial rate and will not impact current waste water users. Discussion followed on the proposed changes. Jose reported that a resolution has been prepared to establish the rates for the Class II users with the Class I rate remaining unchanged. John Prescott reported that research started a number of years ago on this ordinance change when there was a large user inquiring about waste water rates for industrial users which we did not have. Discussion followed on if this proposed change would have any impact on current users. Jose and Mike said they would review the current largest users to determine if there would be any impact.

Willson moved approval of the recommended changes to the waste water ordinance and resolution to implement the new rate and that the proposed changes be reported to the City Council. Erickson seconded the motion. Motion carried 4 to 0.

With no other business for the committee Chairman Powell declared the meeting adjourned at 11:20 a.m.

Council Agenda Memo

From: Jose Dominguez
Meeting: September 21, 2015
Subject: Resolution Supporting the City's Transportation Alternatives Program Grant Application for a Possible Downtown Infrastructure Program
Presenter: Jose Dominguez

Background: Through the sidewalk repair project and the proposed improvements to the intersection of Main and Center/Court, the City received several inquiries about the possibility of having a larger downtown project. In order to see if there was any support for a project of this magnitude, the City held a number of public meetings to gather public input regarding possible downtown infrastructure projects.

The Transportation Alternatives Program (TAP) grant through the Department of Transportation (DOT) would only cover some of the costs associated with the project. The grant is very competitive due to the limited amount of funds and number of applicants.

Discussion: Staff began looking into the possibility of applying for a TAP grant soon after the first public meeting was held. The grant is managed by the DOT and it only covers the cost of design and construction on alternative forms of transportation up to \$400,000. Additionally, the City would have to make a matching contribution of at least 18.05% or \$72,200.

The proposed project at this time is only for the reconstruction of sidewalks along Main Street from Dakota Street to Market Street. The proposed project would also cover Elm, Center, Prospect, Church, Court and Market Streets for one block from Main Street. In order to be able to apply for multiple grants, and to make the project financially feasible, it will be split into three phases. The cost for each of the phases will be around the \$500,000 mark. This cost would include the design engineering, construction cost and construction administration. The end result for each of the phases would be a sidewalk that meets all standards with a paver/colored concrete strip along the curb, larger bump-outs and bicycles corrals at the intersections.

This grant would be for only the first phase which would be on Main Street from Dakota to just shy of Center Street. The intersection between Main and Center/Court Streets would be done with the intersection improvement project.

The attached resolution is required by the State as part of the grant application. The resolution shows support from the City Council for the described project. The resolution also shows that the City Council is willing to provide a match of at least \$72,200, or 18.05% of \$400,000.

If the City were to be awarded a grant the City Council will have an option to accept or deny. This resolution does not commit the Council to accepting the grant in the future.

Financial Consideration: At this point there is no financial commitment. However, if the City was to be awarded a grant and the City accepts it, the City will have to provide at least \$72,200 of the project, or 18.05% of the \$400,000 grant. This would be revised during budget revision session in 2016.

Conclusion/Recommendations: Administration recommends that the City Council authorize the Mayor to sign the Resolution Supporting the City's Transportation Alternatives Program Grant Application for a Possible Downtown Infrastructure Program.

**A RESOLUTION SUPPORTING THE CITY’S TRANSPORTATION ALTERNATIVES
PROGRAM GRANT APPLICATION FOR POSSIBLE DOWNTOWN INFRASTRUCTURE
PROJECT**

WHEREAS, the City of Vermillion understands the significance of making improvements to existing transportation infrastructure; and,

WHEREAS, the City of Vermillion has received numerous requests from the public to complete a downtown infrastructure project; and,

WHEREAS, the City of Vermillion strives to accommodate as many forms of transportation as possible, such as pedestrians, bicyclists, motorists, and mass transit, within the City’s road network; and,

WHEREAS, the City of Vermillion recently adopted the 2004 Vermillion Downtown Streetscape Plan as an informational document to be used as a resource in planning future downtown projects; and,

WHEREAS, the City of Vermillion also adopted goals that promote safety, financial viability of projects, historical conservation and to reintroduce the downtown area to the public; and,

WHEREAS, the adopted goals are to be met during any project within the downtown area; and,

WHEREAS, the City of Vermillion wishes to improve the sidewalks within the downtown area to improve pedestrian accessibility, to provide bicycle racks for bicyclists, to improve pedestrian and motorists safety at the intersections, and to provide a dedicated mass transit stop; and,

WHEREAS, the City of Vermillion is in support of applying for a grant through the State of South Dakota’s Transportation Alternatives Program to help defray a portion of the cost; and,

WHEREAS, the City of Vermillion will provide a match of at least 18.05% of the cost of the project; and,

WHEREAS, the City of Vermillion will maintain the completed project through a combination of enforcement, public funds, or private initiatives.

NOW, THEREFORE, BE IT RESOLVED, by the Governing Body of the City of Vermillion that the City Council is in support of applying for a grant through the State of South Dakota’s Transportation Alternatives Program, and will be responsible for at least 18.05% of the cost of the project.

Dated at Vermillion, South Dakota this 21st day of September, 2015.

ATTEST:

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

By _____
Michael D. Carlson, Finance Officer

By _____
John E. (Jack) Powell, Mayor

**South Dakota 2016
Transportation Alternatives Program
Grant Application**

Due Date: September 30, 2015

**Application
for**

**Vermillion Downtown Facility
Improvements, Phase 1**

**Submitted
by**

City of Vermillion

Project and Contact Information

Project Name:

Organization / Sponsor Name:

Co-Sponsor Name (If Applicable):

Contact Name and Title of Person Responsible for the Application:

Address:

City: State: Zip Code:

Phone Number: Email Address:

Contact Name and Title of Person Responsible for the Project:

Address:

City: State: Zip Code:

Phone Number: Email Address:

Project Type

Select the most applicable activity under which the project is eligible. Check only **one** project type.

- Bicycle / Pedestrian / Non-Motorized Facility
- Safe Routes for Non-Drivers
- Conversion and Use of Railroad Corridors for Trails
- Turnouts, Overlooks and Viewing Areas
- Community Improvement Activities
- Environmental Mitigation Activity
- Safe Routes to School Program - Infrastructure
- Safe Routes to School Program - Non-Infrastructure
- Boulevards and Roadways in former Right-of-Way

Project Location

County: Town/City:

Specific Location, Street, Road, Facility Name:

Project Limits (Closest Street, Intersection, etc):

If the project is linear in nature, provide the project length in linear feet

Project Description

In the space below, provide a concise description of your project and how the project will benefit the affected community or area. Specifically describe the purpose of the project and the need for the project.

The downtown area has a large concentration of restaurants, bars, and businesses that attract a significant amount of traffic from all the community. In addition, the downtown area hosts festivals throughout the year that attract approximately 15,000 visitors. The area is also within half a mile from all of the City's schools and the University of South Dakota. The downtown area is easily accessible to a multitude of transportation modes (pedestrians, bicycles and vehicles) year-round; from kids walking to school in the morning to the person going downtown to catch a bite to eat.

The downtown area has seen several improvements through the years. The last major improvement was the construction of the pocket park and Ratingen Platz. Prior to these improvements, the last major project to improve pedestrian safety in the downtown area was in 1980 with the construction of the existing curb extensions. Most of the sidewalks in the downtown area are approximately 50-years old. The sidewalks are starting to show their age due to the amount of repairs, utility cuts, and sign post holes over the years. Additionally, there were no accessible design standards when the sidewalks were originally constructed. Thus, a majority of them have excessive cross slopes that make them difficult to traverse. These issues make the sidewalk difficult to navigate during the year with some pedestrians avoiding segments of sidewalk during the winter.

The City is proposing to reconstruct all the sidewalks in the downtown area and to have larger curb extensions at the intersections. These improvements would increase pedestrian safety in one of the highest pedestrian volume areas in the City and make the sidewalk corridor accessible to all pedestrians. Safety benefits of the curb extensions include decreased vehicular speed of both through and turning traffic, increased visibility by preventing motorists from parking at corners, improved emergency access since intersection is cleared of parked cars, and shortened pedestrian crossing time which reduces their exposure to motorists. This project would also provide bicycle racks at some of the curb extensions and a curb extension for an accessible loading area for the local transit.

The proposed improvements would provide a higher level of safety and accessibility for pedestrians while keeping the area accessible to vehicular traffic. The improved appearance of the downtown area would increase the opportunity for revitalization and redevelopments; which in turn would economically benefit the area.

Project Relevancy to TAP Criteria

A. 1. Is the project on or near a Federal, State or County Highway? No Yes Which highway?

A. 2. Is the project near another transportation system (city streets, public transit, existing trails)? No Yes

If yes, explain:

The project is adjacent to East Main Street and will cross Elm and Church Streets.

A. 3. How does the project provide a safe alternative to vehicular travel within your community? What goods and services will now be linked by a safe route for pedestrian, bicycle or mobility challenged travelers? How will this project improve the quality of routes for non-motorized transportation?

This project will accomplish several items that would provide a safe alternative to vehicular traffic. First, the existing sidewalks within the downtown area would be reconstructed. This would remove the accessibility issues encountered on the sidewalks. Secondly, the larger curb extensions would increase the pedestrian safety by reducing the crossing time and by reducing the vehicular speed through the downtown area. Additionally, by providing bicycle parking, cyclists will be able to visit downtown and have a space for their bicycles.

Currently the transit service stops at the intersection of Main and Center/Court. This is dangerous since the stop is in the middle of an intersection. By widening the mid-block curb extension and providing a designated area for transit stops we would be removing a safety hazard and improving transit service to the downtown area.

It is expected that the usage of sidewalks, and streets, in the downtown area would increase due to the improved conditions and to the reduced traffic speeds accomplished by the curb extensions.

B. 1. Is the project compatible with relevant state, regional and local planning? Is it part of a larger, master plan?

The City's current Comprehensive Plan has a couple of objectives that would be met by this project. These are to 'improve the downtown area by investing in redevelopment' and to 'redevelop and beautify identified areas of Vermillion'. In addition, the City completed the 2004 Master Plan for the downtown area. This master plan proposed several improvements to the downtown area consisting of sidewalks, curb extensions, pocket parks, landscaping, etc... In 2009 the City completed the construction of a pocket park and a plaza. Both of these items were inspired by the 2004 Master Plan. In 2015 the City adopted the goals of the 2004 Master Plan for any future committee working on projects in the downtown area.

B. 2. Is this project within one of the state's metropolitan planning areas? Yes No Not applicable

If yes, has the project been presented to the MPO or is it part of an existing Metropolitan Planning Area/Organization (MPO) Plan? Explain in B. 1. above. Yes No

B. 3. Will this project be constructed as part of another project:

A SDDOT Project (for example, a shared use path constructed with a highway widening project) Yes No

A Local Project (for example, a pathway constructed as part of a bigger park or roadway project) Yes No

If yes, provide the project description, type of work, estimated dates of the proposed construction, etc.

The project described in this application will be done at the same time as the above referenced project.

The project described in this application will be done after the above referenced project.

C. 1. How feasible is this project? For example, can it only be built in conjunction with a road project? Does the project hinge on the receipt of additional funding or right-of-way?

This project does not hinge on any other project for completing or right-of-way acquisitions. However, the project may only be completed with this grant. The cost would prohibit the City and adjacent property owners from completing the project.

C. 3. Explain which agency is responsible for the operation and maintenance of the completed project and the source of funds to be used.

The adjacent property owners would be responsible for the maintenance of the completed project (sidewalks only). The City would be responsible for the funding portion through assessments or directly funding the project.

C. 4. Describe the anticipated maintenance needs by task. Indicate frequency of maintenance and estimated annual cost.

The property owners will be expected to do any maintenance associated with the sidewalk. The City would periodically inspect the sidewalks for defects. These inspections would be part of the sidewalk inspection program.

C. 5. If awarded TAP funding, final plans will need to be submitted to the SDDOT by September 2016. The project will be constructed in Spring/Summer 2017. Would the proposed project be able to meet this time line? Yes No

D. 1. What are the environmental considerations for this project? Check all that apply.

- | | | |
|--|---|---|
| <input type="checkbox"/> Impacts to wetlands | <input type="checkbox"/> Impacts to stream crossing | Project located on
<input type="checkbox"/> previously
undisturbed ground |
| <input type="checkbox"/> Impacts to floodplain or floodway | <input type="checkbox"/> Impacts to endangered species | |
| <input type="checkbox"/> Detention pond needed | <input type="checkbox"/> Project near contaminated soil site | |
| <input checked="" type="checkbox"/> Tree removal needed | <input checked="" type="checkbox"/> Project near park, recreation area or historic site | |

Impacts should be evaluated by a professional knowledgeable in the specified area. Describe impacts below.

The project might require the removal of boulevard trees along the downtown corridor to ensure that the curb extensions are constructed properly. At this point it is planned that if any tree is removed it will be replaced by another tree within the project. The project is also located within the Downtown Vermillion Historic District. The sidewalks are not a contributing factor to the district.

E. 1. How has the community been involved in the planning of this project? How has the community shown support for the project?

Over the years the City has provided a number of documents that have tried to bring attention to the downtown area. The latest document was the 2004 Streetscape Master Plan. This document was created to improve the downtown area by a committee of citizens and downtown business owners. Recently, the City held public meetings to see if there was an interest in pursuing a project in the downtown area. As a result of these meetings the City Council adopted the goals of the 2004 Streetscape Master Plan and has directed the City Manager to create a committee to assist staff with any projects for the downtown area.

E. 2. Have public meetings been held on this project? Yes No If yes, attach meeting minutes or summary and sign in sheet.

List supporting organizations and individuals. Attach copies of letters of support.

Mr. Jim Waters
Ms. Phyllis Packard
Ms. Karen Muenster
Mr. Bill Anderson

Ms. Michelle Maloney
Mr. Tom Schaack
Mr. Chad Grunewaldt
Mr. Jerad Higman

Vermillion Area Chamber
of Commerce and
Development

E. 3. Is the committed or anticipated local match greater than 18.05%? Yes No If yes, what percentage? 25

List all sources of matching funds

Source, Type and Estimated Amount City of Vermillion, Sales Tax, \$100,134

Source, Type and Estimated Amount

Source, Type and Estimated Amount

Has all local match been secured? Yes No If no, explain.

The City Council is aware of the project and is expecting to pay for a portion of the project. However, they will make the funding decision during the 2016 budget revision period.

F. 1. What level of public usage will this project receive? What will be the public and social value? If this is a Safe Routes to School project, how many children are enrolled in the school (K-8) it affects and how many are within a 2 mile radius?

This project will enjoy a high degree of public utilization. As mentioned previously, the downtown area has a high concentration of restaurants, bars and businesses that depend on pedestrian traffic. Additionally, the downtown area is used extensively for festivals throughout the year. Also, the sidewalks in the downtown area connect portions of the City with the schools. Moreover, they provide a direct route to USD students to the downtown area via Dakota and Main Streets. The proposed widened mid-block curb extension would also provide better access to the downtown to people utilizing public transit.

G. 1. Does this project involve more than one governmental entity?

No it only involves the City of Vermillion.

H. 1. Will this project be within a designated disadvantaged area of the state or address a designated disadvantaged or under served population?

Yes No If yes, explain.

I. 1. How will the project improve the economic wellbeing of the community?

The project will make downtown more accessible to pedestrians and cyclists, as well as improve the area aesthetically. We are certain these improvements will make the area more inviting for customers using the downtown area or to organizations wanting to hold events in the area. Our hope is the increase in visitors to the area will bring more money to the businesses.

J. 1. How did safety concerns for pedestrian or bicycle travel inspire this project? How were the safety concerns identified? How will this project resolve the safety concerns for various transportation user groups?

The City brought up sidewalk safety concerns through the sidewalk inspection program. Several additional safety concerns also came up through the intersection improvements planned at Court/Center and Main Street. The concerns brought up were: making sidewalks ADA compliant, ramps needing to be brought up to standards, perceived danger for pedestrian crossing Main Street, vehicle speeding through downtown and vehicle backing into crosswalk from parking spaces. This project will address all issues through the reconstruction of the sidewalks and the installation of larger curb extensions. The new sidewalks will remove the ADA issues, while the larger curb extensions will shorten the pedestrian crossing time and slow traffic down. Some parking spaces will be removed with the curb extensions to remove the safety issue with vehicles backing into the crosswalks.

J. 2. Explain how the starting and stopping points of your project were determined and why they are logical beginning and ending locations.

The majority of the traffic going to the downtown area arrives from the east (Dakota Street). This includes pedestrians, bicycles and vehicles. Additionally, Dakota Street functions as the 'entrance' to downtown Vermillion. Dakota Street was improved significantly in the 2000's to provide visitors with a safe and aesthetic gateway. The improvement of Main Street from Dakota Street to Center/Court Streets would be the next logical progression to reinvigorate the downtown area.

J. 3. If you are requesting funding for Safe Routes to School Non-Infrastructure components, explain the non-infrastructure elements of your project below.

K. 1. Ordinances and Design

Check which of the following statements apply to your city/county/tribe or the area in which the proposed project is located:

- We have a snow removal ordinance requiring residents to clear snow from sidewalks within 24 hours of a snow event.
- We have a snow removal ordinance requiring residents to clear snow from sidewalks within 48 hours of a snow event.
- We do not have a snow removal ordinance.
- Our city/county/tribe will be responsible for snow removal if this project is constructed.

Check which of the following statements apply to your city/county/tribe or the area in which the proposed project is located:

- We have and enforce an ordinance requiring sidewalks to be constructed as part of all new construction/development, either by the home/business owner, developer or city/tribe.
- We have an ordinance requiring sidewalks to be constructed as part of all new construction/development, either by the home/business owner, developer or city/tribe, but allow businesses to delay construction or do not enforce the ordinance at all.
- We do not have an ordinance requiring sidewalks to be constructed as part of all new construction/development.

Check which of the following statements apply to your city/county/tribe or the area in which the proposed project is located:

- We have and enforce an ordinance requiring sidewalks to be kept in good repair, maintained and/or replaced by the home/business owner, developer or city/tribe.
- We have an ordinance requiring sidewalks to be kept in good repair, maintained and replaced, but have not enforced it in the past. If so, please explain below what steps you have taken to enforce this ordinance from this time forward.
- We do not have an ordinance requiring sidewalks to be kept in good repair, maintained and replaced by the home/business owner, developer or city/tribe.

Use the area below for any additional information on the above items.

The City's snow removal ordinance, adopted in 1977, requires residents to remove snow or ice within 24-hours. New sidewalks have been required in new construction since 2009. We do not have an ordinance specifically for the repair and maintenance of a sidewalk. However, the City utilizes a nuisance ordinance, adopted in 1975, to require residents to complete repairs. Additionally, the City inspects sidewalks in one quarter increments each year and requires residents to repair sidewalks or the City assesses the cost of the repairs to the property owner.

K. 2. Explain the items on your project which you believe will need a design exception. These items may include trail areas with width narrower than 10 feet, areas where separation from roadway lanes is limited, or other areas of the proposed project which may not meet the required standards. Attach a graphic showing specific locations with dimensions. Give specifics as to why a exception may be requested. This section should be completed by the engineering/design consultant.

We do not believe we need any design exceptions for this project.

L. Signature

The project sponsor possesses legal authority to nominate the Transportation Alternatives project and to finance, acquire and construct the proposed infrastructure project and/or finance, lead and complete the proposed non-infrastructure project. The project sponsor certifies that it is willing and able to manage, maintain and operate the project. With this signature, the sponsor authorizes the nomination of the Transportation Alternatives project, including all understanding and assurances contained herein, and authorizes the person identified as the official representative of the sponsor to act in connection with the nomination and to provide such additional information as may be required.

I certify the information contained in this Transportation Alternatives application, including attachments, is accurate and that I have read and understand the information and agree to the assurances on this form.

Name: Title:

Typed/Electronic Signature: Date:

Project Sponsor Organization:

M. Project Costs

Accurate estimates of project costs are critical for both the proposed Transportation Alternatives project and the ability of the Transportation Alternatives Program to program funds. Cost estimates must be prepared by an engineering, landscape architecture or architectural firm selected from the DOT's approved list. Professionals preparing cost estimates should refer to the South Dakota Construction Cost Index and Average Unit Bid Prices found on the SDDOT website at <http://apps.sd.gov/applications/hc65c2c/HC65BidLetting/ebscontractorinfo.aspx> Any work completed prior to Federal authorization will not be eligible for reimbursement.

In addition to the summary table below, a detailed, itemized cost estimate is required to be included with all applications. Standard SDDOT bid items shall be used whenever possible. Refer to the 2015 Standard Specifications for Roads and Bridges Method of Measurement and Basis of Payment sections for guidance.

Cost Estimate Prepared By: Phone Number:

Agency/Firm:

Email Address:

Typed/Electronic Signature: Date:

Type of Work	Federal Share	Sponsor Share/ Local Match	Total
Design/ Engineering	44,450	2,200	46,650
Right-of-Way Acquisition	0	0	0
Utility Relocations	0	0	0
Environmental Mitigation	0	0	0
Construction	355,550	66,434	421,984
Construction Engineering	0	31,500	31,500
Non-Infrastructure	0	0	0
	Federal Share	Local Match	Total
Total	400,000	100,134	500,134

OPINION OF PROBABLE COST

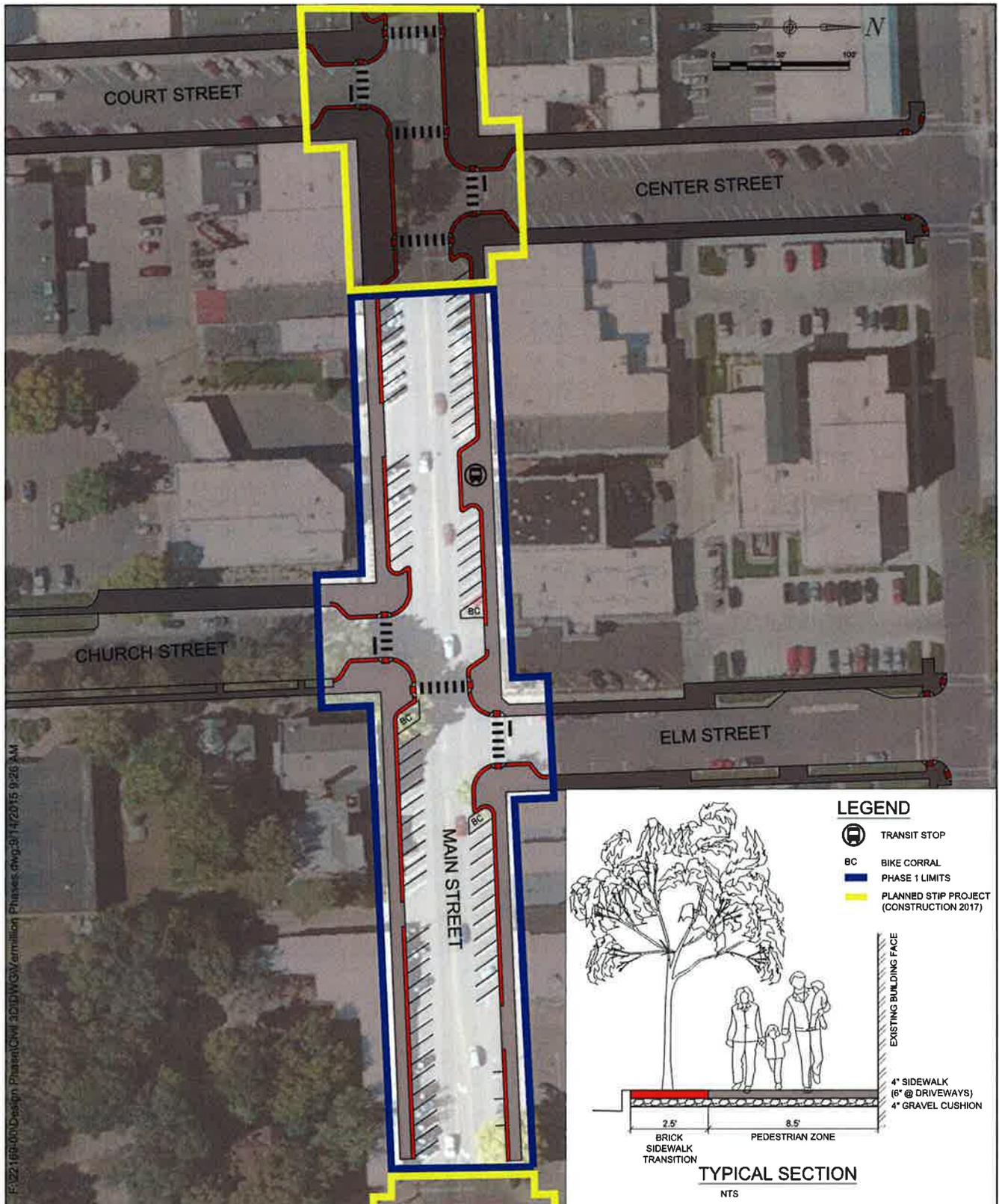
Location: Vermillion, SD
Date: 9/11/2015
Project: Vermillion Downtown Facility Improvements - Phase I
 Main Street from Dakota Street to Center/Court Street
 BAI No. 22169.00.01

BANNER

Engineering | Architecture | Surveying

Banner Associates, Inc. | 14 West Main, Ste. A
 Vermillion, South Dakota 57069
 Toll Free | 1.855.323.6342
 www.bannerassociates.com

BID ITEM NO.	ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL PRICE
009E0010	Mobilization	Lump Sum	LS	\$ 38,000.00	\$ 38,000.00
110E0100	Clearing	Lump Sum	LS	\$ 250.00	\$ 250.00
110E0300	Remove Concrete Curb and Gutter	430	Ft	\$ 7.00	\$ 3,010.00
110E1010	Remove Asphalt Concrete Pavement	400	SqYd	\$ 5.00	\$ 2,000.00
110E1130	Remove Concrete Driveway Pavement	133.0	SqYd	\$ 7.00	\$ 931.00
110E1140	Remove Concrete Sidewalk	1,095.0	SqYd	\$ 7.00	\$ 7,665.00
110E1400	Remove 4" Pavement Marking, 4" or Equivalent	120.0	Ft	\$ 0.50	\$ 60.00
250E0010	Incidental Work	1	LS	\$ 500.00	\$ 500.00
320E1200	Asphalt Concrete Composite	50.0	Ton	\$ 100.00	\$ 5,000.00
380E3020	6" PCC Driveway Pavement	133.0	SqYd	\$ 50.00	\$ 6,650.00
380E4050	8" PCC Fillet Section	95.0	SqYd	\$ 90.00	\$ 8,550.00
450E0123	18" RCP Class 3, Furnish	40	Ft	\$ 40.00	\$ 1,600.00
450E0130	18" RCP, Install	40	Ft	\$ 30.00	\$ 1,200.00
451E6075	Adjust Curb Stop Box	3	Each	\$ 200.00	\$ 600.00
451E6080	Adjust Water Valve Box	1	Each	\$ 200.00	\$ 200.00
462E0100	Class M6 Concrete	42	CuYd	\$ 805.00	\$ 33,810.00
480E0100	Reinforcing Steel	5,000	Lb	\$ 1.25	\$ 6,250.00
632E1320	2.0" x 2.0" Perforated Tube Post	30	Ft	\$ 15.00	\$ 450.00
632E3520	Remove, Salvage, Relocate, and Reset Traffic Sign	3	Each	\$ 100.00	\$ 300.00
633E0030	Cold Applied Plastic Pavement Marking, 24"	246	Ft	\$ 20.00	\$ 4,920.00
633E5015	Grooving for Cold Applied Plastic Pavement Marking, 24"	246	Ft	\$ 6.00	\$ 1,476.00
634E0110	Traffic Control Signs	400	Sq Ft	\$ 20.00	\$ 8,000.00
634E0120	Traffic Control, Miscellaneous	Lump Sum	LS	\$ 5,000.00	\$ 5,000.00
634E1020	Temporary Business Signing	125	SqFt	\$ 20.00	\$ 2,500.00
634E2020	Temporary Curb Ramp	5	Each	\$ 750.00	\$ 3,750.00
650E0059	Modified Type B66 Concrete Curb and Gutter	350.0	Ft	\$ 27.00	\$ 9,450.00
651E0040	4" Concrete Sidewalk	17,600.0	SqFt	\$ 7.00	\$ 123,200.00
651E2000	Brick Sidewalk	2,400.0	SqFt	\$ 16.00	\$ 38,400.00
651E7000	Type 1 Detectable Warnings	80	SqFt	\$ 50.00	\$ 4,000.00
670E1010	2' x 3' Type B Drop Inlet	6	Each	\$ 2,500.00	\$ 15,000.00
670E1200	Type B Frame and Grate Assembly	5	Each	\$ 750.00	\$ 3,750.00
670E2200	Type C Frame and Grate Assembly	1	Each	\$ 500.00	\$ 500.00
670E8000	Trench Drain	270	Ft	\$ 100.00	\$ 27,000.00
670E8002	Trench Drain Frame and Grate	270	Ft	\$ 50.00	\$ 13,500.00
671E7010	Adjust Manhole	3	Each	\$ 750.00	\$ 2,250.00
734E0845	Sediment Control at Inlet with Frame and Grate	6	Each	\$ 150.00	\$ 900.00
900E7007	Wood Boardwalk with Handrail	750	SqFt	\$ 4.00	\$ 3,000.00
Subtotal					\$ 383,622.00
Contingencies (10% Construction Costs) =					\$ 38,362.20
Design Engineering Services =					\$ 44,200.00
Construction Miscellaneous =					\$ 2,450.00
Construction Engineering and Surveying =					\$ 31,500.00
Total Engineering =					\$ 78,150.00
Opinion of Probable Project Cost =					\$ 500,134.20



BANNER
 ASSOCIATES
 14 West Main St,
 Vermillion, South Dakota 57069
 1-855-323-6342
 www.bannerassociates.com
 Designing Projects. Building Trust.

PROJECT TITLE :
VERMILLION DOWNTOWN FACILITY IMPROVEMENTS

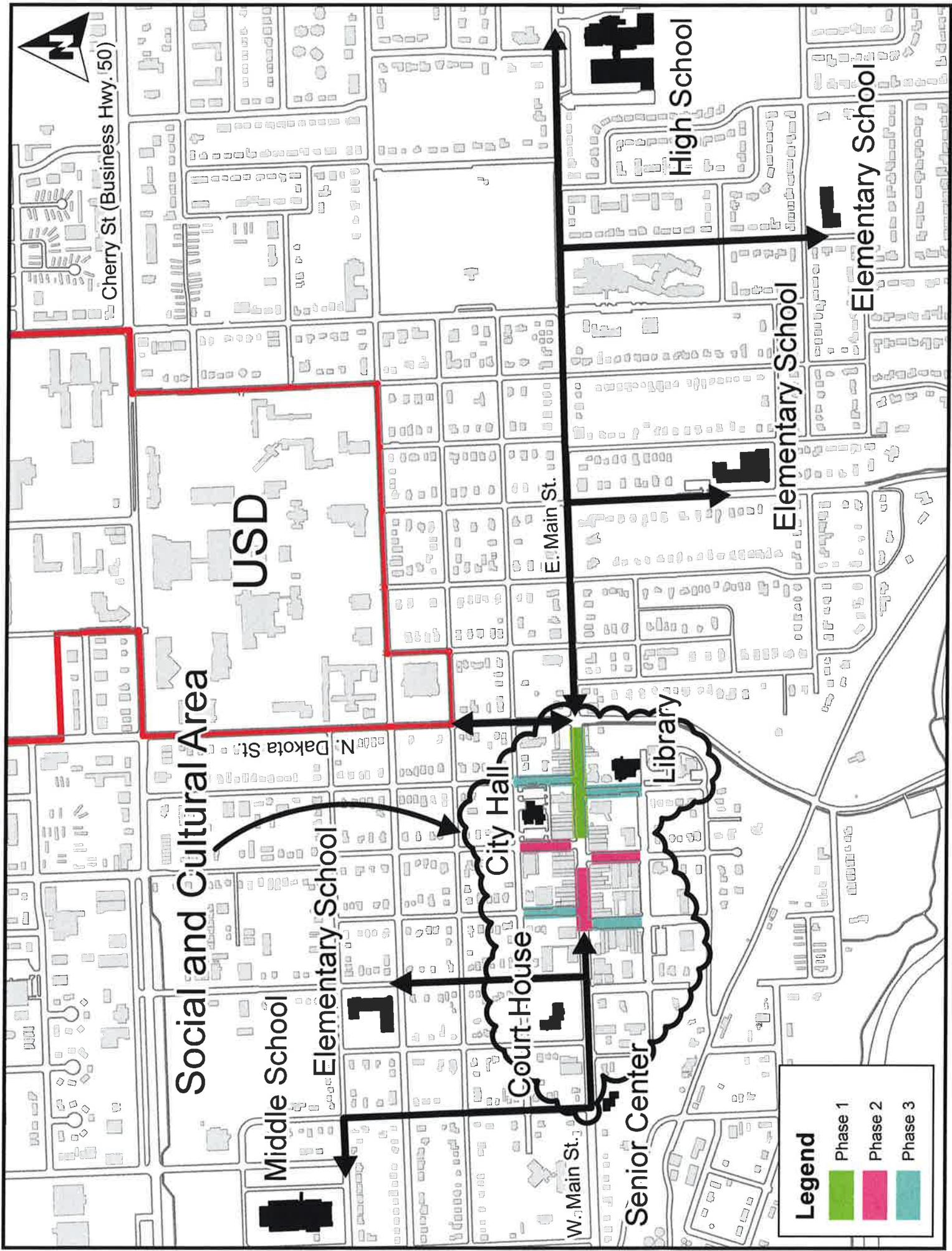
PROJECT LOCATION :
 VERMILLION, SOUTH DAKOTA

SHEET TITLE :
VERMILLION DOWNTOWN FACILITY IMPROVEMENTS PHASE 1

DRAWN BY: TCS
 DESIGNED BY: RSU
 CHECKED BY: RSU
 JOB NO: 22169.00.00
 DATE: SEPT 2015

SCALE REDUCTION BAR
 0 10' 1"

SHEET NO. :
1



Cherry St (Business Hwy. 50)

USD

Social and Cultural Area

Middle School

Elementary School

City Hall

Court House

Senior Center

Library

High School

Elementary School

Elementary School

N. Dakota St.

E. Main St.

W. Main St.

Legend

Phase 1

Phase 2

Phase 3

JUNE 11, 2015 – PUBLIC MEETING REGARDING DOWNTOWN SIDEWALKS AND OTHER POSSIBLE PROJECTS

The owners and public were notified the following way:

- Published a notice on the Broadcaster
- Published a notice on the Equalizer Extra
- Emailed a notice to a list of downtown businesses

10 people attended the meeting. People were not required to sign in, a head count was taken.

QUESTIONS ASKED TO PUBLIC:

Would you like the City to apply for a grant that would help pay for a portion of the cost to redo all of the sidewalks in the downtown area? (The cost would be paid by the City, the grant and by fronting property owners).

ANSWER TO QUESTION AND COMMENTS:

- Yes apply for the grant, but only for the sidewalk project and not the whole street project. It would be great to be able to redo all of the Main Street to have a unified look. The cost may be too much for the business owners to handle, but that would not be known until the grant would be received and the costs are figured.
- Yes apply for the grant. Main Street needs to look and feel proper. Need more time work on project with grants. The assessment needs to be postponed in order to develop a plan.
- Yes apply for the grant. I think the City needs to table the assessment until they can look into the grant.
- Yes apply for the grant. The City should pursue all grants to help property owners defer the cost of this project. Defer the assessment until grant is applied for and determined. An overall planned project would be best.

JULY 1, 2015 – PUBLIC MEETING REGARDING POSSIBLE DOWNTOWN PROJECTS

The owners and public were notified the following way:

- Hand delivered notices to a majority of the downtown businesses
- Published a notice on the Broadcaster
- Published a notice on the Equalizer Extra
- Placed notice on City's Facebook page
- Placed notice on City's Twitter account
- Placed notice on City's webpage
- Placed notice on the bulletin board at City Hall
- Placed notice on the bulletin board at pocket park on Main Street
- The VCDC placed notice on the Monday Messenger
- Emailed a notice to a list of downtown businesses
- Emailed a notice to the City Council
- Emailed a notice to the Planning Commission

24 people attended the meeting. People were not required to sign in, a head count was taken.

QUESTIONS ASKED TO PUBLIC:

Would you like the City to pursue a downtown project to completely redo the sidewalks downtown or to completely rebuild downtown from building to building (the property owners would be assessed approximately 18.05% for the sidewalk project and approximately 23% for the rebuilding downtown project)?

ANSWER TO QUESTION AND COMMENTS:

- 3 CHOSE THE SIDEWALK ONLY PROJECT, BELOW ARE THEIR COMMENTS:
 - I would like to see continuity in the sidewalks and curbing. Most downtown sidewalks need to be replaced even though only some of it is marked. However, a few places the sidewalk is very bad (harmful) and should be replaced this year at a minimum.
 - Work with County, USD, and school district. Try to lower cost.
- 15 CHOSE THE ENTIRE DOWNTOWN PROJECT, BELOW ARE THEIR COMMENTS:
 - After noticing the loss of parking on Main Street, is it possible to officially use 1st Dakota's parking lot for City parking?
 - I'm totally excited about a bump-out on corner of Market & Main at Café Brule.
 - I am in complete support. Once we get a plan adopted and the number of years for completion figured out, would it be possible to figure out a "payment plan" of sorts for business owners so we don't get hit with a big bill at the end?
 - Adopt the plan
 - I'm good with the sidewalk project only but feel that if we are going to go this far may as well go all the way.
 - Whatever extra parking can be found would be extra necessary to counteract the loss of parking due to the bump-outs. Perhaps the 1st Dakota lot when the move. But I am excited about the bump-outs.
 - Please pursue the entire project for the benefit of all Vermillion!! Also, any incentives to improve the facades and attract "destinations" businesses will assist in making us a destination.

- If we need to redo the street we may as well do it all.
 - If part of a grand plan.
 - Credit available for businesses that have sidewalk repairs already done?
 - Needs to be done in a way that minimizes impact on business owners. It would be shortsighted to only do sidewalks.
 - Adopt and update 2004 plan.
 - I urge the City Council to adopt the 2004 plan and then move forward.
- 2 CHOSE A SIDEWALK PROJECT AND A COMPLETE RECONSTRUCTION OF DOWNTOWN, BELOW ARE THEIR COMMENTS:
- Go with plan
 - At the very least do the sidewalk project. Adopt the Streetscape Master Plan and apply for as much grant funding as possible. As a Main Street business owner the total project needs to be done!
- 2 DID NOT CHOOSE ANYTHING, BELOW ARE THEIR COMMENTS:
- I think the City would be wise to adopt the 2004 plan at least as a starting point. Since I do not own property in the downtown area, I did not check any box.
 - Parking – maybe 1st Dakota lot.
 - We need more meetings with different people so we get different ideas.



It is our understanding that the City of Vermillion will be applying for a grant to make improvements to the downtown area. This area of Vermillion is vital to the City due to the uniqueness, historical and social aspects it provides to the community. Any improvements to the downtown area would not only benefit the businesses located there, they would benefit the community as a whole.

The role of the Vermillion Area Chamber of Commerce and Development Company (VCDC) is to promote Vermillion and surrounding area in as many different aspects as possible. Historically the VCDC has been a strong proponent of downtown improvements. For example, we were instrumental on the original streetscape work done in 1980 by assisting the City with meetings and bringing ideas to the table. The VCDC was also supportive of the construction of the pocket park and Ratingen Platz in 2009.

Moreover, the improvements would make the downtown area more accessible to visitors by making it more pedestrian, and bicycle friendly while still allowing vehicular traffic access to the area.

In short, we fully support the City's application and believe that the funds will make Downtown Vermillion more accessible and welcoming.

Sincerely,

A handwritten signature in black ink, appearing to read "Nate Welch".

Nate Welch
Executive Director

South Dakota DOT
Attn: Ms. Nancy Suprenant
700 Broadway Avenue
Pierre, SD 57501

Ms. Suprenant and Selection Committee,

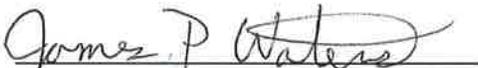
It is our understanding that the City of Vermillion will be applying for a grant to make improvements to the downtown area. This area of Vermillion is vital to the City due to the uniqueness, historical and social aspects it provides to the community. Any improvements to the downtown area would not only benefit the businesses located there, they would benefit the community as a whole.

Our businesses, similarly, to any other, need traffic to be profitable. However, due to our location in downtown Vermillion we depend on all forms of transportation more than any other business. Our customers walk, ride their bicycles or drive their vehicles to our businesses.

Additionally, the improvements would make the downtown area more accessible to visitors by making it more pedestrian, and bicycle, friendly while still allowing vehicular traffic access to the area.

We support the City's application and believe that the funds will make Downtown Vermillion more accessible and welcoming.

SINCERELY,



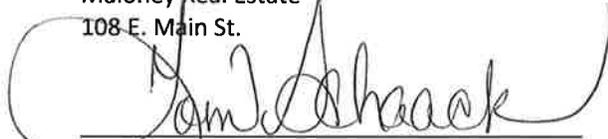
Mr. Jim Waters
Café Brule
24 W. Main St.



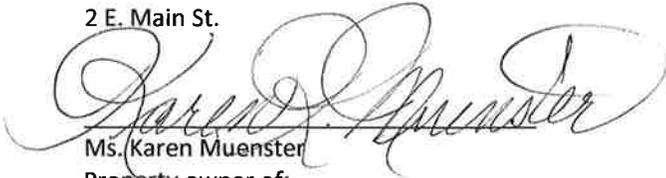
Ms. Michelle Maloney
Maloney Real Estate
108 E. Main St.



Ms. Phyllis Packard
Lumo Studios
2 E. Main St.



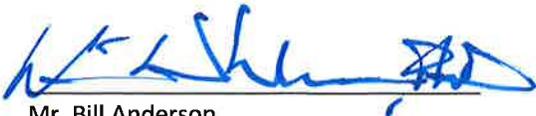
Mr. Tom Schaack
First Bank and Trust
20 E. Main St.



Ms. Karen Muenster
Property owner of:
10 W. Main St., 100 E. Main St., and
112 E. Main St.



Mr. Chad Grunewaldt
OLC Bar and Grill
15 Court St.



Mr. Bill Anderson
Vermillion Downtown Cultural Association
10 E. Main St., 12 E. Main St., and
4 W. Main St.



Mr. Jerad Higman
Property owner of:
8 Center St., 1 W. Main St., 6 W. Main St.,
1 E. Main St., 5 E. Main St., 113 E. Main St.,
115 E. Main St., 117 E. Main St., and 119 E. Main St.



Legend

- Supporter
- Phase 1
- Phase 2
- Phase 3

Supporters of Project

PORTIONS OF STUDIES RELEVANT TO PROPOSED PROJECT

City of Vermillion Comprehensive Plan 2000 – 2020, approved November 6, 2000 – this document fulfills the State's planning requirements by providing a sound and logical growth management strategy for the City.

- Goal 1: Focus on development and redevelopment within existing City limits area
 - Objective 3: Improve the downtown area by investing in redevelopment.
 - Objective 5: Redevelop and beautify identified areas of Vermillion.
 - The City has shied away from investing public funds in redevelopment; however, the City spends funds in infrastructure improvements that may lead to privately funded redevelopment.
- This document also has a criterion under Land Use Goal #2 to improve the 'pedestrian orientation' of the downtown area. The City has interpreted this to mean that the downtown area needs to be accessible to all forms of transportation and not just to motorists.

Downtown Streetscape Planning Master Plan 2004, April 29, 2004 – created to address functional and aesthetic streetscape issues associated with the downtown area.

- One of the intents was to 'improve the street and sidewalk infrastructure'
- One of the master goals was to 'Provide a safe and inviting experience for downtown businesses, city residents, and visitors to the area.'
- One of the objectives in the study was to 'Whenever and wherever possible, address site user needs to create a safe and pedestrian friendly environment throughout the area.'
- This study also tied the access to the University of South Dakota to the downtown area by utilizing Dakota Street as the gateway to Main Street (the proposed phase 1 will start at the intersection of Main and Dakota Street).

Resolution Adopting Portions of the 2004 City of Vermillion Downtown Streetscape Planning Master Plan, August 3, 2015 – this resolution was adopted by the City Council to show the dedication that the City has to the public in improving the downtown area. The resolution set goals based on the Master Plan and also utilized the plan as a guide in any future projects.

- Goal 1: to provide a safe and inviting experience for downtown businesses, city residents, and visitors.
- Goal 3: to build upon the timelessness and historic character of downtown.
- Goal 4: to develop a plan that can allow for phased implementation of infrastructure improvements.

SIDEWALK INSPECTION PROGRAM

- **Prior to 2010** – City completed yearly sidewalk inspections on 1/8th of the City. The sidewalks were inspected only for trippers greater than 1-inch. The policy that was followed was never adopted by the City Council. However, the City used the general nuisance section of the ordinance to require the repairs to be completed.
- **2010 to present** – The City Council adopted a new policy that requires ¼ of the City to be inspected every year. The sidewalks are now inspected for trippers, cracks, and surface defects. The City still utilizes the general nuisance section of the ordinance to require the property owners to complete the repairs.

Sidewalks Marked for Repairs

2010

- 206 properties were marked for repairs
 - 2,904-square yards of sidewalks to be repaired

2011

- 307 properties were marked for repairs
 - 2,856-square yards of sidewalks to be repaired

2012

- 415 properties were marked for repairs
 - 4,131-square yards of sidewalks to be repaired

2013

- 109 properties were marked for repairs
 - 3,067-square yards of sidewalks to be repaired

2014 – No sidewalks were inspected due to a review of the policy

2015 – Sidewalk inspections resumed using the new policy

- 119 properties were marked for repairs
 - 763-square yards of sidewalks to be repaired

Between 2010 and 2013 the entire City was inspected once. Approximately 1/3 of the properties in the City have been marked for sidewalk repairs. With the exception of the properties marked on 2013 and on 2015 all other sidewalks marked have been repaired.

**A RESOLUTION SUPPORTING THE CITY'S TRANSPORTATION ALTERNATIVES
PROGRAM GRANT APPLICATION FOR POSSIBLE DOWNTOWN INFRASTRUCTURE
PROJECT**

WHEREAS, the City of Vermillion understands the significance of making improvements to existing transportation infrastructure; and,

WHEREAS, the City of Vermillion has received numerous requests from the public to complete a downtown infrastructure project; and,

WHEREAS, the City of Vermillion strives to accommodate as many forms of transportation as possible, such as pedestrians, bicyclists, motorists, and mass transit, within the City's road network; and,

WHEREAS, the City of Vermillion recently adopted the 2004 Vermillion Downtown Streetscape Plan as an informational document to be used as a resource in planning future downtown projects; and,

WHEREAS, the City of Vermillion also adopted goals that promote safety, financial viability of projects, historical conservation and to reintroduce the downtown area to the public; and,

WHEREAS, the adopted goals are to be met during any project within the downtown area; and,

WHEREAS, the City of Vermillion wishes to improve the sidewalks within the downtown area to improve pedestrian accessibility, to provide bicycle racks for bicyclists, to improve pedestrian and motorists safety at the intersections, and to provide a dedicated mass transit stop; and,

WHEREAS, the City of Vermillion is in support of applying for a grant through the State of South Dakota's Transportation Alternatives Program to help defray a portion of the cost; and,

WHEREAS, the City of Vermillion will provide a match of at least 18.05% of the cost of the project; and,

WHEREAS, the City of Vermillion will maintain the completed project through a combination of enforcement, public funds, or private initiatives; and,

NOW, THEREFORE, BE IT RESOLVED, by the Governing Body of the City of Vermillion that the City Council is in support of applying for a grant through the State of South Dakota's Transportation Alternatives Program, and will be responsible for at least 18.05% of the cost of the project.

Dated at Vermillion, South Dakota this 21st day of September, 2015.

ATTEST:

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

By _____
Michael D. Carlson, Finance Officer

By _____
John E. (Jack) Powell, Mayor

September 15, 2015

Mr. Jose Dominguez, PE
City of Vermillion
25 Center Street
Vermillion, SD 57069

Re: Engineering Scope of Services for Vermillion Downtown Facility Improvements – Phase I

Dear Mr. Dominguez:

Please see the attached scope of services for professional services for the Vermillion Downtown Facility Improvements – Phase I TAP project.

SCOPE OF SERVICES

1. **Project Understanding.** The City of Vermillion proposes to construct new sidewalks, curb extensions, pedestrian ramps and painted street crossings as part of the Transportation Alternatives Program. This Scope of Services is to complete the following tasks necessary to accomplish the project defined in the attached approved project Scope of Work. In short, new sidewalk is planned at the following locations:
 - North and South side of Main Street from Dakota Street to Church Street.Curb extensions are planned for the intersection of Main Street and Elm/Church Street.
2. **Project Team.**
 - City of Vermillion – Owner
 - Banner Associates – Engineer
 - Confluence – Landscape Architect
3. **Project Management.**
 - Project Conception – Develop ideas and scope with project team
 - Planning and Design – Determine tasks necessary to complete construction documents including incorporation of public input
 - Execution – Prepare construction documents
 - Control – Use project manager software to reach project milestones and budget.
 - Closeout – Finalize project.
4. **Public Involvement.** One public meeting will be held to gather public input on streetscape features that may be incorporated into the project. The meeting will also inform the public on the proposed project and the master plan for the entire downtown area.

5. **Sponsor Coordination.**

- **Conduct one scoping meeting with City of Vermillion and SDDOT staff.** The team will meet to determine the needs of the project, concepts to be incorporated, and to set a budget and schedule.
- **Periodic coordination meetings.** A 50% design development and 90% design development meeting will be held (2 meetings total)
- **Presentations to City Council.** The City Engineer will make all presentations to the council.

6. **Coordination on behalf of the Sponsor.**

- **ROW and Utility Certification and Private Utility Coordination.** Assist the City in preparing certification that all right-of-way and utility adjustments or agreements are in place prior to the State's advertisement and letting. Prepare and submit ROW and Utility Certification documents to the SDDOT in advance of bid letting.

7. **Design Survey.**

- Identify and obtain State approval of the project limits and scoping details as established during the scoping meeting.
- Perform field survey as necessary to establish beginning and ending stations, horizontal and vertical control points, and horizontal alignment data.
- Complete topographic survey required to complete the final design documents. Topographic survey will be completed within entire limits of the right-of-way of Main Street.
- Additional survey will be completed at the intersections for design of the pedestrian landings/ramps. Survey will be completed along the entire project including areas where the existing sidewalk may remain in place.
- Topographic features, profiles and cross sections will be incorporated into the base map and plans for the project.
- One-call locates will be completed for the topographic areas and various utility companies will be contacted to collect available information on underground utility locations. Locations will be incorporated into the base mapping for the project. Utilities to include electric, gas, sanitary sewer, storm sewer, telephone, fiber optic and cable.
- City and County records will be researched to establish approximate locations of property lines, right-of-way lines and property ownership for the properties affected by the project and the data will be incorporated into the base map of the project.
- Survey notes will be retained on file with the Consultant for subsequent use in the preparation of construction plans and will be available to the City of Vermillion and SDDOT upon request.

8. **Encroachment Survey.** Prepare and submit an encroachment survey to the Office of Project Development once all permanent ROW boundaries have been established. The encroachment survey will be submitted to this office no later than August 1, 2016. The encroachment survey will consist of identifying the right-of-way and documenting any items encroaching. A photo will be taken for the encroachment survey document that shows the limits of the encroachment and a description of how it will be addressed.

9. **Engineer's Estimate of Probable Construction Costs.** An estimate of probable cost will be prepared and submitted with the preliminary plan submittal and again when final plans and specifications are submitted.
10. **Preliminary plans.** Plans, specifications, and cost estimates will be prepared for the Project. Plans will be prepared according to State guidelines and will utilize State Specifications. Specifications will follow the Standard Specification for Roads and Bridges 2015 edition South Dakota Department of Transportation (SDDOT) Local Roads Plan, MUTCD, and ADA standards, and must be compliant with AASHTO, MUTCD, and ADA standards, SDDOT Bid Items, Standard Plates and plan notes will be used in development of 11" x 17" Non Section Method plan sheets. Plan and specification requirements should be coordinated with the State TAP Coordinator. Preliminary Plans will be submitted electronically at 60%, with an estimated submittal of June 17, 2016 and will include plan and profile, right-of-way impacts, and a preliminary engineer's estimate.
11. **Final Plans.** Final plans will be submitted at 100% completion, with an estimated submittal date of August 13, 2016 and will be ready for bid letting. Final plans will be submitted in PDF format and will be distributed for SDDOT and local government review. Necessary revisions will be provided in electronic SDDOT review comments. Final plans will include a vicinity map, design designation, estimate of quantities, rates of materials, plan notes, traffic control notes, typical sections, summary of items, standard plates and specifications. A copy of the engineer's estimate will accompany the plans. Final plans will be submitted to the Office of Project Development no later than October 16, 2016 and shall be placed on the State's FTP site. The State's TAP Coordinator will be notified when the plans have been uploaded.
12. **Bid Letting Plans.** Bid Letting plans will be prepared for an estimated December 16, 2016 letting. Bid Letting plans will incorporate plan changes requested in SDDOT electronic plan review comments. An electronic PDF file of the engineer stamped set of plans will be submitted. Bid Letting plans will be submitted within two weeks of receipt of the electronic plan review comments. An updated copy of the engineer's estimate will accompany the plans.
13. **Construction Miscellaneous. (Maximum of 20 hours not to exceed a Total Estimated Cost of \$5,000)** It may be necessary for the designer to review and address general construction engineering issues that may occur during the construction of pathway project. Services, as requested by the State, will be on an as needed basis requiring the designer to respond in a timely manner based on the urgency of the request. This item does not include revision of plan sheets and redesign.

If no design issues arise, the funds for this scope item, and corresponding fixed fee, will not be paid to the consultant.

A notice to proceed will be required for this item, as documented by an email chain which shall include the specific request, the date of the request and the name of the requestor (i.e. SDDOT staff member.) The notice to proceed needs to be dated prior to or the day of the work being

done. It will be the responsibility of the consultant to supply the email chain, along with the billing information, in order to receive reimbursement.

Costs for this section shall be shown separately on the cost proposal and shall not be included in with the Total Estimated Cost for the rest of the scope of services.

14. **Overall Completion Date.** The overall completion date of this work order will be December 31, 2016.

15. **Supplemental Services Not Included in this Contract:**

- Supplemental engineering work required to meet the requirements of regulatory or funding agencies that become effective subsequent to the date of this agreement.
- Additional property owner meetings, exhibits, letters, and/or correspondence not described within this Scope of Services.
- Landscaping plans or improvements beyond surface restoration by seeding and/or sodding.
- Permanent signing plans other than speed limit, school zone, and crosswalk signs.
- Drainage analysis beyond what is stated in this Scope of Services
- Soil borings or any other geotechnical work.
- Establishing an assessment schedule for the proposed sidewalk improvements.
- Record Drawings are not included in this agreement.
- Construction Administration
- Resident Engineering

All information and data shall be submitted and all questions and requests shall be directed to the Office of Project Development.

Please let me know if you have any questions at richu@bannerassociates.com or at (855)323-6342.

Sincerely,



Richard Uckert, PE
Project Manager

**TRANSPORTATION ALTERNATIVES PROGRAM
2016 PROJECT SCOPE OF WORK**

Project Name Project Sponsor

County Where Project is Located

Project Location

Brief Project Description

PURPOSE AND NEED OF PROJECT

The downtown area has a large concentration of restaurants, bars, and businesses that attract a significant amount of traffic from Vermillion and the surrounding communities. In addition, the downtown area hosts festivals throughout the year that attract approximately 15,000 visitors. The area is also within half a mile of all City schools and the University of South Dakota. In general, the downtown area is easily accessible to a multitude of transportation modes (pedestrians, bicycles, transit, and vehicles) year-round from kids walking to school in the morning to the person going downtown to catch a bite to eat.

The downtown area has seen several improvements through the years. The last major improvement was the construction of the pocket park and Ratingen Platz. Prior to these improvements, the last major project to improve pedestrian safety in the downtown area was in 1980 with the construction of the existing curb extensions. Most of the sidewalks in the downtown area are approximately 50-years old. The sidewalks are starting to show their age due to the past repairs, utility cuts, and sign post holes within them. Additionally, there were no accessible design standards when the sidewalks were originally constructed. Thus, a majority of them have excessive cross slopes that make them difficult to traverse. These issues make the sidewalk difficult to navigate during the year with some pedestrians avoiding segments of sidewalk during the winter.

The City is proposing to reconstruct all of the sidewalks in the downtown area and to have larger curb extensions at the intersections. These improvements would increase pedestrian safety in the highest pedestrian volume area in the City and make the sidewalk corridor accessible to all pedestrians. Safety benefits of the curb extensions include decreased vehicular speed of both through and turning traffic, increased visibility by preventing motorists from parking at corners, improved emergency access since intersection is cleared of parked cars, and shortened pedestrian crossing time which reduces their exposure to motorists. This project would also provide bicycle racks at some of the curb extensions and a curb extension for an accessible loading area for the local transit.

The proposed improvements would provide an increased level of safety and accessibility for pedestrians while keeping the area accessible to vehicular traffic. Furthermore, the improvements would improve the appearance of the downtown area and hopefully make it more prone for revitalization and redevelopment. These improvements would provide an economic benefit to the area.

SEGMENTS

If along local streets or highways, describe where the project is located. Include side of the street, starting and ending intersections, and which intersection quadrants will be affected.

The project will commence on the west leg of the intersection between East Main Street and Dakota Street. Dakota Street serves as the west boundary of the campus of the University of South Dakota. The project will continue west until a point approximately 50-feet east of the intersection between East Main Street and Center Street. Between the termini the intersection of East Main Street and Elm/Church streets will see improvements.

If along a state highway:

Highway	Beginning MRM	Ending MRM	Length	County

PREFERRED LETTING DATE

OVERALL PROJECT NEEDS

Type	Description
Public Involvement (Public Mtg., Public Hearing, Landowner Mtg.)	public meeting to gather input
Public Involvement (Public Mtg., Public Hearing, Landowner Mtg.)	meeting with downtown business owners to gather input

ENVIRONMENTAL NEEDS

Type	Description
None	This project should be eligible for categorical exclusion

This project should be eligible for categorical exclusion. If checked, explain below.

There are no environmental impacts as a result of this project.

UTILITIES WITHIN THE PROJECT CORRIDOR

Type	Facility	Company
Gas	Pipe - Gas Transmission and Distribution	Mid-American Energy
Telephone	Tele - UG Copper & Fiber	Century Link, Midcontinent and SDN Communications
Power	Power - Trans & Dist	City of Vermillion
Sanitary Sewer		City of Vermillion
Water	Water - City	City of Vermillion

Utility notification required. If checked, explain below. Include details on utility work, if needed.

Subsurface Utility Engineering (SUE) required. If checked, explain below.

AGREEMENT/RESOLUTION NEEDS and/or other Agency Coordination

Organization Type	Name	Need Type	Description
City		Sidewalk	

Describe in more detail, if needed, below.

The City will put forth a resolution for sidewalk improvements.

SURVEY NEEDS

Type	Description
Legal Survey	A legal survey will be completed to locate the property corners.
Encroachment	Survey will be completed to identify and remove encroachments in the ROW.
Survey - Complete	Survey the existing topography, utilities and other features in the project area for design.

CONSTRUCTABILITY NEEDS

Describe traffic control needed, timing considerations and other issues affecting the constructability of the project

Type	Description
Construction Phasing	Two blocks of sidewalk will be closed at one time to minimize disruptions to business.
Lane Closure / Shifts	Parking areas adjacent to the sidewalk will be closed during construction.

BACKGROUND INFORMATION

Attach a map showing the project location and location of specific project components, including crosswalks, signage, ADA ramps, tactile warning panels and other relevant project elements.

PROJECTS IN AREA

Explain any other projects in the area that may affect construction schedule, traffic flow, detours or other project needs.

The City will be engaged in an intersection improvement project using STIP funds in conjunction with the proposed project at the intersections of Center/Court and Main, Dakota and Main, and University and Main. The project will incorporate the same safety measures as this project while also improving the traffic/pedestrian signal system at 2 of the 3 intersections. Construction can be coordinated between contractors to ensure minimal disruption is experienced by businesses. Pedestrian and vehicular detours can be coordinated to use the same routes for both projects. There will be little disruption to traveling motorists.

TRAFFIC DATA

Provide ADT for adjacent streets and highways, if available and applicable.

Route/Street	Current ADT	20 Year Projected ADT
Main & Center St. intersection	3605	4935
Main & Dakota St. intersection west leg	6035	8255

FUTURE DEVELOPMENT

Anticipated in area. Explain below. May include community growth, roadway construction or other development.

CRASH DATA

Provide crash data for adjacent streets and highways, if available and applicable. Include bike and pedestrian crashes, if known. Data should be for three year period for most recent data available. Refer to the SDDOT website's Interactive Road System Map at <http://arcgis.sd.gov/Server/DOT/DOTViewer/> for crash data.

Location near or along the proposed project.

Number of Fatal

Number of Injury

Number of Property Damage

Describe any bike/ped involvement.

Location near or along the proposed project.

Number of Fatal

Number of Injury

Number of Property Damage

Describe any bike/ped involvement.

Provide additional details below.

ROADWAY

Provide roadway data for adjacent streets or highways, if applicable.

Street/Highway Posted Speed Limit % Passing # of Lanes & Width

Shoulder Width Typical Inslope Median Type

Is vertical grade greater than 5%? If yes, explain.

Are there turn lanes present? If yes, explain.

Are curb and gutter present? How wide is the ROW? Who owns the ROW?

Street/Highway Posted Speed Limit % Passing # of Lanes & Width

Shoulder Width Typical Inslope Median Type

Is vertical grade greater than 5%? If yes, explain.

Are there turn lanes present? If yes, explain.

Are curb and gutter present? How wide is the ROW? Who owns the ROW?

STRUCTURES (Bridges and box culverts over 20 feet)

Provide structure information for bridges and box culverts over 20 feet, if applicable.

Structure Number MRM Number Historical Year Built

Bridge Type & Size Structure Capacity

Sufficiency Rating Health Index Eligible for BRF Funds?

Deficiency Classification

Structure Number MRM Number Historical Year Built

Bridge Type & Size Structure Capacity

Sufficiency Rating Health Index Eligible for BRF Funds?

Deficiency Classification

STRUCTURES (Box culverts and miscellaneous)

Provide structure information for box culverts under 20 feet and miscellaneous structures

Location

Size and Type Length

Location

Size and Type Length

Location

Size and Type Length

Historical Structures. If checked, explain location, type and condition below.

Retaining walls, existing or proposed. If checked, explain location, type, size and condition below.

Other structures, existing or proposed. If checked, explain location, type, size and condition below.

Lighting is present on the site. If so, explain below.

Currently there are several 30-foot decorative street lights that illuminate the street and part of the sidewalks.

Lighting is impacted as part of the project. If so, explain below.

Lighting is proposed as part of the project. If so, explain below.

We would be installing pedestrian level lighting to improve the visibility for the pedestrian traffic. The street lights do not illuminate the sidewalk appropriately and creates an unsafe environment for pedestrians.

Traffic signals are present in the project corridor. If so, explain below.

Traffic signals will be impacted as part of the project. If so, explain below.

Traffic signals are proposed as part of the project. If so, explain below.

Pedestrian beacons/flashers are present in the project corridor. If so, explain below.

Pedestrian beacons/flashers will be impacted as part of the project. If so, explain below.

Pedestrian beacons/flashers are proposed as part of the project. If so, explain below.

GRADING

Segment

Terrain

Design Speed

Typical Grading Section: Describe the typical grading section for this segment.

Lanes

Shoulder

Sidewalk

Bike Trail/Shared Use Path

Median

Ditch Type

Clear Zone

Comments

Geometric Needs: Describe any special comments or recommendations on the geometric needs for this segment.

Horizontal Curves Below Design Speed Comments

Vertical Curves Below Design Speed Comments

Intersection Horizontal Sight Distance Problems Comments

Intersection Vertical Sight Distance Problems Comments

Grades Steeper than Design Standards Comments

Parking Comments

Undercutting Needed Comments

Material Availability Comments

Borrow or Waste Comments

Soils/Foundation Comments

List of applicable grading treatment types, based on identified needs, are as follows:

Need	Treatment Type

Summarize or provide additional grading related items below.

HYDRAULIC NEEDS

- Water overtops or pools in areas where future project is to be located
- Storm sewer - None Storm sewer - New Storm sewer - Repair Storm sewer - Replace
- Basin(Sedimentation, Retention, Detention or Storage needed)
- Special outlets needed

Provide additional information for any of the items checked above.

Additional storm sewer inlets may be necessary when constructing the curb extensions. Storm inlets may need to be relocated to accommodate curb extensions.

- Install new, extend, repair or replace drainage pipe or structure. If checked, explain below.
- Railing or special treatment needed at drainage pipe or structure. If checked, explain below.

- Repair erosion (Ditch, Channel, Stream or River) in project corridor. If checked, explain below.

- Stream relocation needed. If checked, explain below.

- Project located in FEMA flood plain. If checked, explain below.

List of applicable hydraulic treatment types, based on identified needs, are as follows:

Need	Treatment Type

Summarize or provide additional hydraulic related items below.

SURFACING

Segment(s)

Pavement Width Surfacing Type

Grade Cross Slope

Explain pavement location relative to the roadway corridor.

Project includes paving across driveways or alleys (SDDOT recommends paving apron from edge of road paving to back of sidewalk) or driveway reconstruction to meet 2% maximum path cross slope.

Explain location and type of drive/ alley crossings.

Project requires the construction of a new bridge. Project requires the crossing of an existing bridge.

Explain the new or existing bridge crossing.

Project requires new or modifications to existing railing to meet bike/ped standards. Explain below.

Railing

Project has two foot minimum clear zone each side of bike/ped facility. If not, explain below.

Clear Zone

Project has a vertical clearance of 10 feet. If not, explain below.

Vertical Clearance

Project has a set lateral clearance from the ROW line, railroad signal pole/gates, or other item. Explain below.

Lateral Clearance

Project has mailboxes that encroach in the project corridor. Explain proposed relocation or permit to allow.

Mailboxes

Project has other encroachments in the project corridor. Explain proposed relocation or permit to allow.

Encroachments

A segment of the sidewalk corridor has an awning over it. The City will be submitting a permit for this to remain in place. The awning is located behind the curb.

Project has horizontal alignment, vertical alignment or grade items that may not meet standards. Explain below.

Alignment and Grade Items

Summarize or provide additional surfacing related items below.

Brick sidewalk will be used behind the curb for a width of 2.5' to allow for a transition between the curb and the pedestrian zone.

ROADSIDE DEVELOPMENT

Need	Treatment Type

Summarize roadside development treatment types, based on identified needs, below:

ROW

Acquisition:

Type	Width	Area	Units	Comments/Recommendation

Number of Parcels Impacted

Type of ROW necessary:

Type	Locations and Recommendation

Summarize or provide additional ROW treatment types, based on identified needs, are as follows:

SAFETY

Lighting

Lighting Type	Lighting Locations and Recommendation

Other Safety Treatments

Type	Locations and Recommendation
None	Access Management
None	

Summarize or provide additional safety treatment types.

The pull-downs in the 'Other Safety Treatments' are not working correctly. Below are our 'Other Safety Treatments':

Pavement Markings – Pavement Marking – Tape inset into pavement for durability to better delineate crosswalks.

Pedestrian – Curb extension – modify intersection of Elm/Church to decreased vehicular speed, increased visibility for motorists and pedestrians, improved emergency access, and shorten pedestrian crossing time and exposure.

TRAFFIC

Identify potential traffic needs.

Signals

Beacons

Signage

New stop signs will be installed within the curb extensions. These will be closer to the motorist for increased visibility.

Summarize or provide additional traffic treatment types, needs or traffic related concerns:

Pavement Markings will consist of tape inset into pavement to better delineate the crossing area.

ADA Number of Quadrants Affected

Sidewalk:

Type	Comments/Recommendation
Curbside	All new sidewalk will consist of a 8.5' ADA accessible and a 2.5' transitional section.

Utilities to be Impacted by ADA improvements:

Type	Comments/Recommendation
Drop Inlets	Additional inlets may be necessary when constructing curb extensions.

List of applicable ADA treatment types, based on identified needs, are as follows:

Need	Treatment Type
Curb Ramps	New Curb Ramps
Pedestrian Crossing	Pavement Markings
Sidewalks	New Sidewalk

Summarize or provide additional ADA related items below.

The typical sidewalk section will consist of a pedestrian zone 8.5' in width with a 2.5' wide transition zone of brick sidewalk. The sidewalk will be ADA accessible with longitudinal slopes not to exceed 5% and cross slopes not to exceed 2%. In areas where the transition zone has excessive grade, ramps may be installed to the business stoop with a handrail to meet ADA requirements. The curb extensions will provide additional sidewalk areas for bike racks, trash receptacles, benches, and landscape features.

Additional storm sewer inlets may be necessary when constructing the curb extensions. Storm inlets may need to be relocated to accommodate curb extensions.

Railroad Needs

Type	Comments/Recommendations

Summarize or provide additional information on railroad treatment types, based on identified needs, are as follows:

EXECUTIVE SUMMARY OF PROJECT RECOMMENDED SCOPE

Provide an executive summary of all project related items below.

This project is a Transportation Alternatives Program (TAP) project and will consist of new sidewalk on Main Street from Dakota Street to the intersection of Center Street in downtown Vermillion. The typical sidewalk section consists of an 8.5' wide concrete sidewalk corridor with a 2.5' wide concrete paver transition section. The project includes pedestrian ramp improvements, sidewalk corridor improvements, pavement marking improvements, and curb extensions at the intersection of Main Street and Elm Street and Main Street and Church Street. The project also includes construction of a designated transit stop.

The purpose of this project is to construct sidewalk and pedestrian crossings, per the SDDOT Design Guidelines, MUTCD, ADA and AASHTO standards, as the first phase of a project to facilitate safer pedestrian travels within the downtown business district in the City of Vermillion. The downtown area has a large concentration of amenities that attract a significant amount of traffic from Vermillion and the surrounding communities. The area is in close proximity to all City schools and the University of South Dakota. In general, the downtown area is easily accessible to a multitude of transportation modes including pedestrians, bicycles, transit, and motorized vehicles. Most of the sidewalks in the downtown area are approximately 50-years old. The sidewalk condition is deteriorating due to the past repairs, utility cuts, and sign post holes. Additionally, there were no accessible design standards when the sidewalks were originally constructed. Thus, a majority of them have excessive cross slopes that make them difficult to traverse. These issues make the sidewalk difficult to navigate during the year with some pedestrians avoiding segments of sidewalk during the winter months.

The City is proposing to reconstruct all of the sidewalks in the downtown area and to have larger curb extensions at the intersections. These improvements would increase pedestrian safety in the highest pedestrian volume area in the City and make the sidewalk corridor accessible to all pedestrians. This project would also provide bicycle racks at some of the curb extensions and a curb extension for an accessible loading area for the local transit at the midblock location between Elm Street and Center Street. Furthermore, the improvements would improve the appearance of the downtown area and hopefully make it more prone for revitalization and redevelopment providing an economic benefit to the area.

There are no potential environmental impacts resulting from the project.

Topographic and drainage surveys shall be conducted to adequately design the sidewalk throughout the project corridor.

All components of the design shall be ADA compliant, to include running and cross slopes and curb ramps with detectable warning panels. Safety components such as curb extensions to slow vehicular traffic and reduce pedestrian crossing time, signage, and reflective crosswalks shall be implemented in order to protect the pedestrians using the sidewalk.

It is the responsibility of the designer to design the project to meet or exceed the current minimum SDDOT design standards and policies, including MUTCD, ADA and AASHTO standards.

SIGNATURE

This Scope of Work was prepared by: Rich Uckert, P.E. Firm: Banner Associates

Phone Number +1 (855) 323-6342 Email richu@bannerassociates.com

Council Agenda Memo

From: Jose Dominguez

Meeting: September 21, 2015

Subject: Developer's Agreement with Polaris Industries Inc., Owner of Lot 1A, Block 3, Erickson Addition

Presenter: Jose Dominguez

Background: Polaris Industries Inc. is in the process of expanding their facilities along Carr Street south of SD Highway 50. The new expansion will be fronting a portion of Carr Street that has not been constructed (the portion between Bower Street and Duke Street).

Discussion: City ordinance requires that the property owner construct sidewalks, grading, curb and gutter, street surfacing, street lights, water and sewer improvements on all streets abutting a property to be developed. The lot in question fronts Carr Street and SD Highway 19. The agreement will require that the owner do the following:

- Construction of Carr Street would be delayed until it's either requested by the City Council or additional development needing the street is constructed.
- All water main extensions required along Carr Street will be completed when either the City Council requests the improvements or when Carr Street is constructed.
- Will not remonstrate against any assessments required along Carr Street regarding street or utility construction.

Financial Consideration: The City will incur the filing fee.

Conclusion/Recommendations: Administration recommends that the City Council authorize the Mayor to sign the Developer's Agreement with Polaris Industries Inc.

Prepared by: The City of Vermillion
25 Center Street
Vermillion, SD 57069
605-677-7050

AGREEMENT

The City of Vermillion, South Dakota, and Polaris Industries Inc., owners, witnesseth:

In consideration of the mutual covenants herein contained and the benefits to be derived therefrom, the parties agree as follows:

The property owners, their successors or assigns, intend to develop one lot presently described as:

Lot 1A, Block 3, Erickson Addition, City of Vermillion, Clay County, South Dakota.

GENERAL:

1. City Ordinance requires the property owners to construct sidewalks, grading, curb and gutter, street surfacing, streetlights, water and sewer improvements, in accordance with City of Vermillion standard specifications along all streets or alleys abutting the property to be developed. All plans and specifications shall be approved by the City prior to construction.
2. The property owners, their successors or assigns, desire to begin construction before all the improvements listed above, are in place.
3. The property owners, their successors or assigns, shall provide to the City of Vermillion a **PERFORMANCE BOND** for the improvements described in this agreement.
4. This **AGREEMENT** and **PERFORMANCE BOND** shall be binding on the parties, their successors and assigns and will be recorded in the office of the Register of Deeds of Clay County, South Dakota.

SIDEWALKS, GRADING, CURB AND GUTTER, STORM SEWER, STREET SURFACING and STREET LIGHTS:

1. Sidewalks, grading, curb and gutter, storm sewer, street surfacing, and street light improvements along Carr Street shall be completed when requested by the City Council, or when additional development that would utilize the street is constructed, whichever is sooner.
2. If the City Council requires that the construction of these improvements take place prior to the owners schedule a Resolution of Necessity will be required before these improvements can be made. The costs will be assessed to the property owners after improvements are installed. **The property owners of Lot 1A, Block 3, Erickson Addition, City of Vermillion, Clay County, South Dakota, acknowledge that this agreement will run with the land as a restrictive covenant thereon and is binding on the current and future owners, their successors and assigns that they will not remonstrate against the proposed improvements on Lot 1A, Block 3, Erickson Addition, City of Vermillion, Clay County, South Dakota.**

WATER IMPROVEMENTS:

1. Water improvements will be constructed along Carr Street when requested by the City Council, or when additional development that would utilize the street is constructed, whichever is sooner.

2. If the City Council requires that the construction of these improvements take place prior to the owners schedule a Resolution of Necessity will be required before these improvements can be made. The costs will be assessed to the property owners after improvements are installed. **The property owners of Lot 1A, Block 3, Erickson Addition, City of Vermillion, Clay County, South Dakota, acknowledge that this agreement will run with the land as a restrictive covenant thereon and is binding on the current and future owners, their successors and assigns that they will not remonstrate against the proposed improvements on Lot 1A, Block 3, Erickson Addition, City of Vermillion, Clay County, South Dakota.**

Dated this 10 day of September 2015.

OWNER: POLARIS INDUSTRIES INC.

FOR THE CITY OF VERMILLION

By: Paul Eickhoff
Director

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

STATE OF South Dakota)
:SS
COUNTY OF Clay)

On this 10th day of September 2015 before the undersigned officer, personally appeared Paul Eickhoff, known to me to be the Director of Polaris Industries Inc., or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged that as a representing said company as Director, he executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.



Jennifer L. Olson
Notary Public

My Commission Expires: 3/5/21

STATE OF SOUTH DAKOTA)
:SS
COUNTY OF _____)

On the _____ day of _____, before me, the undersigned Officer, personally appeared John E. (Jack) Powell, who acknowledged himself as Mayor of the City of Vermillion, and that he as Mayor being authorized so to do executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Mayor.

In witness whereof I hereunto set my hand and official seal.

Notary Public

My Commission Expires: _____

**BOND
TO ASSUME PERFORMANCE
BY
OWNERS**

KNOW ALL MEN BY THESE PRESENTS, that we, Polaris Industries Inc., are held and firmly bound unto the City of Vermillion, a municipal corporation of Clay County, South Dakota (the "City") in a sum or sums which are equal to the total share of the costs of the improvements hereinafter described in the agreement, which are required and may or may not be assessed pursuant to South Dakota law against the following described real property of the owners, viz.:

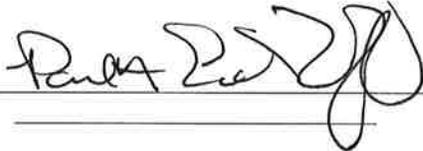
Lots 1A, Block 3, Erickson Addition, City of Vermillion, Clay County, South Dakota.

The improvements contemplated by this agreement are those street improvements (including sidewalk, grading, curb and gutter, streetlights and street surfacing) and water improvements which the City requires to be constructed in accordance with plans and specifications approved by the City.

The condition of this obligation is that if the owners, or their successors in interest, shall promptly install said improvements, or any of them from time to time when required by the City or promptly pay the assessments for the cost or any constructed or installed by the City, then this obligation is to be void; otherwise, to remain in effect.

This bond is given pursuant to Appendix C, the subdivision ordinance of the City of Vermillion and in consideration of the City's consent that the owners may proceed with the development of the property without first having installed all of said improvements and shall constitute and be a lien upon the property.

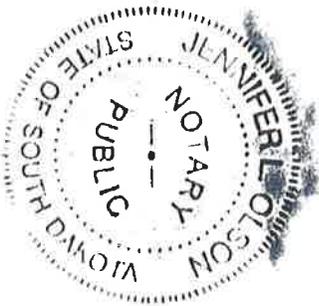
Dated this 10 day of September, 2015.

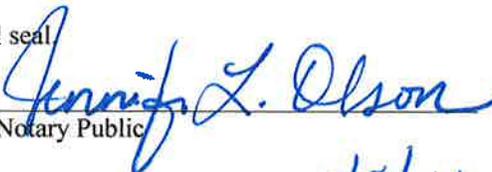
By: 

STATE OF South Dakota
:SS
COUNTY OF Clay)

On this 10th day of September 2015 before the undersigned officer, personally appeared Paul Eickhoff, known to me to be the Director of Polaris Industries Inc., or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged that as a representing said company as Director, he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal




Notary Public

My Commission Expires: 3/10/21

Council Agenda Memo

From: Mike Carlson, Finance Officer
Meeting: September 21, 2015
Subject: 2014 Audited Annual Comprehensive Financial Report
Presenter: Mike Carlson

Background: The 2014 unaudited annual report was presented to the City Council in March of 2015. 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 to the South Dakota Department of Legislative Audit and oral acceptance has been received at this time. When the Department of Legislative Audit letter of acceptance is received, a copy will be provided to the City Council. 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 will be placed on the city web site under Finance Department.

For those who receive the council packet electronically if you would like a hard copy of the report please let Mike know and one will be provided.

Financial Consideration: An annual audit is a requirement based upon the amount of grants the City receives and is a requirement of bond resolutions. The audit fee was included in a five year contract with the second year being 2014 at an annual fee of \$22,900, plus \$2,600 for each major federal grant. There were no major federal grants during 2014.

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

Comprehensive Annual Financial Report



Prepared by THE CITY FINANCE OFFICE-----Michael Carlson, Finance Officer
FISCAL YEAR: January 1, 2014----December 31, 2014



MISSIONS STATEMENT

CITY OF VERMILLION

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

CITY OF VERMILLION
AUDITED FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS

	Page
<u>INTRODUCTORY SECTION</u>	
Finance Officer's Letter of Transmittal	i-vii
Certificate of Achievement for Excellence in Financial Reporting	ix
Organization Chart	x
Municipal Officials	xi
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1-4
Management's Discussion and Analysis	5-17
Basic Financial Statements	
Government-wide Financial Statements	
Exhibit 1 Statement of Net Position	18
Exhibit 2 Statement of Activities	19
Fund Financial Statements	
Governmental Funds Financial Statements	
Exhibit 3 Balance Sheet	20
Exhibit 3A Reconciliation of the Balance sheet to the Statement of Net Position	21
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances	22

TABLE OF CONTENTS
(continued)

	Page
Exhibit 4A Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	23
Proprietary Funds Financial Statements	
Exhibit 5 Statement of Net Position	24
Exhibit 6 Statement of Revenues, Expenses and Changes in Net Position	25
Exhibit 7 Statement of Cash Flows	26
Notes to Financial Statements	
Note 1 Summary of Significant Accounting Policies	27-39
Note 2 Property Tax	39-40
Note 3 Receivables	40
Note 4 Capital Assets	41-44
Note 5 Long-Term Debt	45-48
Note 6 Leases	48-49
Note 7 Conduit Debt	49
Note 8 Deficit Fund Equity	49
Note 9 Transfers	50
Note 10 Risk Management	50-52
Note 11 Retirement Plan	52
Note 12 Commitments	52-53
Note 13 Contingency	53
Note 14 Subsequent Events	53
Note 15 Prior Period Adjustments	53
Note 16 Prospective Accounting Change	53

TABLE OF CONTENTS
(continued)

	Page
Required Supplementary Information	
Exhibit 8	54
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	
Exhibit 9	55
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Sales Tax Special Revenue Fund	
Exhibit 10	56-58
Notes to Required Supplementary Information – Budgetary Reporting	
Other Supplementary Information	
Governmental Non-Major Funds Combining Statements	
Exhibit A-1	59-60
Balance Sheet	
Exhibit A-2	61-62
Statement of Revenues, Expenditures and Changes in Fund Balances	
Exhibit A-3	63-64
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Nonmajor Special Revenue Funds	
Exhibit A-4	65-66
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Capital Projects Funds	
Internal Service Non-Major Funds Combining Statements	
Exhibit B-1	67
Statement of Net Position	
Exhibit B-2	68
Statement of Revenues, Expenses and Changes in Net Position	
Exhibit B-3	69
Statement of Cash Flows	

TABLE OF CONTENTS
(continued)

<u>STATISTICAL INFORMATION SECTION</u>		Page
Table 1	Net Position by Component	70
Table 2	Changes in Net Position	71-72
Table 3	Governmental Activities Tax Revenues by Source	73
Table 4	Fund Balances of Governmental Funds	74
Table 5	Changes in Fund Balances of Governmental Funds	75
Table 6	Assessed and Taxable Value of Taxable Property	76
Table 7	Property Tax Rates – Direct and Overlapping Governments	77
Table 8	Principal Taxpayers	78
Table 9	Property Tax Levies and Collections	79
Table 10	Special Assessments Billings and Collections	80
Table 11	Ratios of Outstanding Debt by Type	81
Table 12	Computation of Direct and Overlapping Debt	82
Table 13	Legal Debt Margin Information	83
Table 14	Revenue Bond Coverage - Electric	84
Table 15	Revenue Bond Coverage - Water	85
Table 16	Revenue Bond Coverage - Wastewater	86
Table 17	Revenue Bond Coverage – Golf Course	87
Table 18	Principal Employers	88
Table 19	Demographic and Economic Statistics	89
Table 20	Full-time Equivalent City Government Employees by Function	90
Table 21	Operating Indicators by Function	91
Table 22	Capital Asset Statistics by Function	92

TABLE OF CONTENTS
(continued)

Page

COMPLIANCE SECTION

Schedule of Findings For the Year Ended December 31, 2014	93
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	94-95



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**CITY OF VERMILLION
INTRODUCTORY SECTION**



25 Center Street • Vermillion, SD 57069

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August 24, 2015

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, 2014.

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, 2014, 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 concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Vermillion's financial statements for the year ended December 31, 2014, are fairly presented in conformity with accounting principals generally accepted in the United States of America. The

independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires 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 enrollment of 10,061, offering majors in 132 undergraduate programs and 66 graduate programs, and Division I athletics. The 2010 census had the city population increasing 3% over 2000 to 10,571.

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

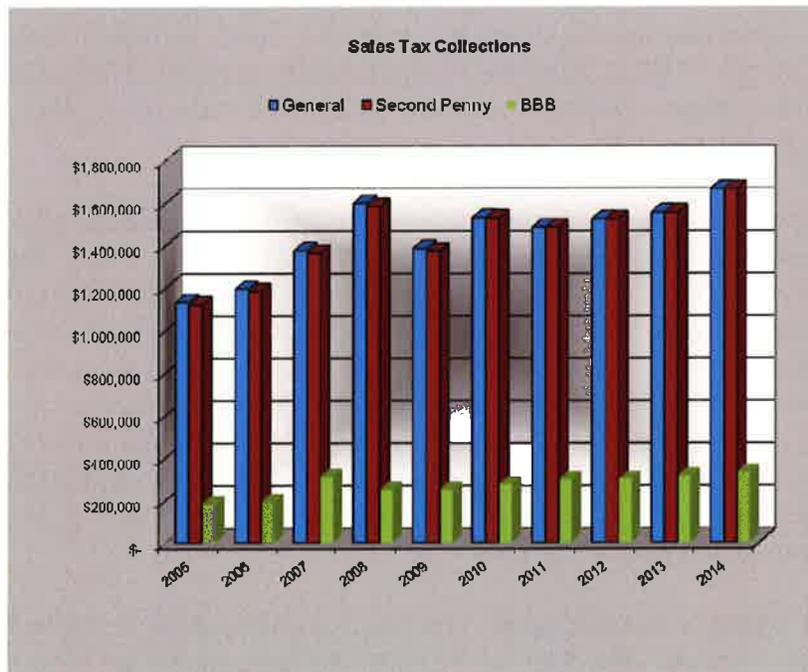
Budgetary control is monitored at the function level. All funds budgeted in accordance with state statute are included in the budget-to-actual comparisons, presented on pages 54-59 as part of the required supplemental information and supplementary information.

Factor Affecting Financial Condition

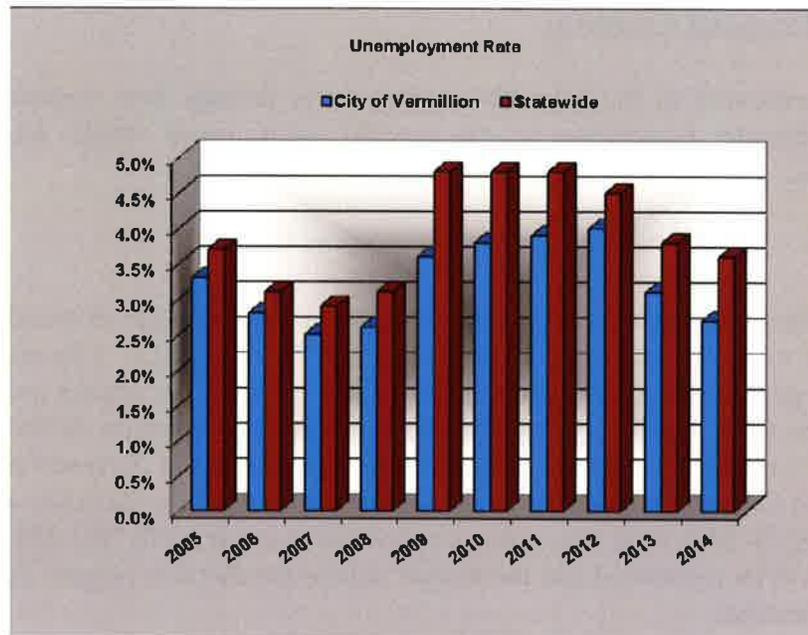
The information presented in the financial statements is perhaps best understood when it is considered for a broader perspective of the specific environment within which the City of Vermillion operates.

Local Economy.

The economy in Vermillion as reflected in the sales tax collections saw an increase in 2014. The total City sales tax revenues increased \$236,789, or 6.95%, over 2013. This would include the first cent used for general fund, the second penny sales tax used for capital projects increasing \$219,520 while the BBB sales tax used for advertising and promotion of the City increased \$17,269, or 5.52%, over 2013. As the South Dakota Department of Revenue collects the sales tax on behalf of the City, information as to the individual areas of the increase are not available. For the first quarter of 2015 total City sales tax revenue was up 2.8%, \$52,231 over 2014. The sales tax receipts will be monitored and the budget will be reviewed in August 2015 to determine if adjustments are needed.



the unemployment rate for the City of Vermillion decreased during 2014 from 3.1% to 2.7% while the state unemployment rate decreased from 3.8% to 3.6%. The unemployment rate for the City of Vermillion saw a high in June 2014 of 4.5% but decreased the rest of the year to 2.7% at year end. The state unemployment rate was as high as 4.1% early in the year but continued to decrease the rest of the year. With the higher state rate than city rate it appears that individuals are attracted to the community for the job availability.



The City of Vermillion is home to the University of South Dakota that has been ranked among the top doctoral institutions in the country. It is the home to South Dakota’s School of Medicine, Law, College of Fine Arts and internationally accredited Business School. The University is the City’s largest employer and saw a slight decrease in enrollment of 1.7% from 10,235 for 2013 to 10,061 for 2014.

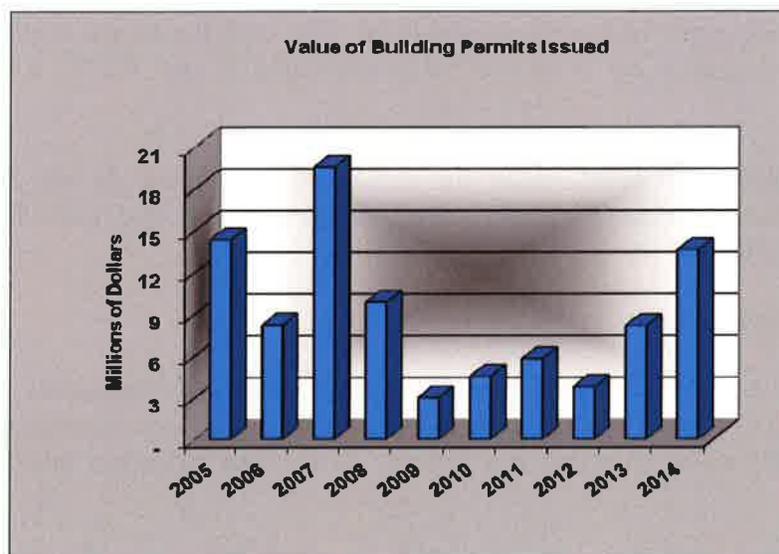
The University moved to Division I for all athletics in 2008 increasing the athletic scholarships offered along with additional fundraising to support programs at that level. The grand opening was held on January 13, 2014 for a 31,000 square foot addition to the University Center. The project expanded seating with booth and table areas, it also introduced contemporary dining options with national brands. Construction began in late 2014 on a \$66 million Sports Performance Enhancement Facility Arena, a Science, Health and Research Lab and an Outdoor Track and Soccer Complex all located on the north side of campus near the Dakota Dome. The project consists of a 6,000 seat arena for basketball and volleyball, an outdoor facility for soccer and track and a science, health and research laboratory. There are a number of other projects in the planning and design phase on the campus.

Sanford Vermillion operates a 25-bed acute care hospital, medical clinic, 66 bed care center and 23 unit senior living complex. 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. In February 2014, Dakota Hospital Foundation and Sanford Health announced that Sanford Health will make a \$12 million investment in Sanford Vermillion’s medical facilities over the next five years. A maintenance facility was constructed in late 2014 and groundwork began on the first phase of hospital improvements in May 2015. The agreement also means Sanford Health will assume responsibility for the infrastructure, including building projects and technology, for Sanford Vermillion.

The 18-hole golf course and residential development project, which was undertaken by the City after significant review by citizen committees, has provided 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 an increase of over twenty-two million dollars of taxable value. The golf course and housing development were included in a tax incremental financing district that was dissolved in 2013. 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 2014 totaled \$13,611,697 up from \$8,838,807 in 2013. The number of single family dwellings constructed totaled four in 2014, a decrease of five, with eighteen new multi-family structures consisting of 150 units and five commercial permits. Through July 2015, the value of building permits issued is \$22,338,505 for six single family dwellings, thirteen new multi-family structures consisting of 50 units and seven commercial permits. It should be noted that construction by the State of South Dakota on the University property are not required to obtain building permits thus these building values are not reported in any of the building permit numbers.



Major Initiatives

Vermillion was named Large Community of the Year by Governor Dennis Daugaard at the Governor’s Economic Development Conference on April 15, 2014. The Governor recognized

Vermillion for taking a multi-faceted approach to achieving economic development by focusing on further developing its workforce, business park and housing development.

Construction was completed in 2014 on a 500,000 gallon water tower that was placed in service. The project is funded by a South Dakota Board of Water and Natural Resources, Drinking Water State Revolving Loan in the amount of \$1,532,000 that includes 10% principal forgiveness as a grant from the State. The existing 100,000 gallon water tower that is over 100 years old was retired and will be removed later in 2015.

The City of Vermillion and Vermillion Chamber of Commerce and Development Company (VDCD) commissioned a Talent Attraction Strategy and Workforce Housing Solutions study prepared by Community Housing Laboratory, LLC in October 2012. The major finding of the report was the need to solve the chronic workforce housing problem and implement a long-term talent attraction strategy. Due to the lack of available housing sites the VCDC has acquired 50 acres adjoining the city that has been annexed into the city. The development labeled Bliss Pointe will be developed in phases with the first phase completed in late 2014 with over 60 housing sites. The balance of the development will have an additional 70 housing sites when fully developed. To assist the VCDC with the infrastructure development, the City created Tax Incremental District Number 6 and sold a TIF bond for \$1,732,000. To date in 2015, the VCDC has marketed six residential housing sites and one commercial lot.

The City Council adopted an ordinance creating a Business Improvement District (BID) #1 which enacted a general \$2.00 occupancy tax on all hotel, motel and lodging establishment rooms within the municipal limits to be effective June 1, 2014. The Business Improvement Board adopted a plan that recommends addressing the described needs through visitor facilities, events, attractions and activities which benefit the City and the hotels, motels, and lodging establishments located in the district. During 2014 the occupancy tax generated \$39,000 of which \$15,000 was expended to the Vermillion Area Chamber of Commerce and Development Company (VCDC) for promotion of the community. The BID Board approved the 2015 budget with 85% of the occupancy tax collected being expended to the VCDC for advertising and promotion.

The equipment replacement fund added the following equipment during 2014; two police vehicles, two mowers, a pickup, wheel loader, utility vehicle, skid steer loader and utility equipment totaling \$404,967.

Long-Term Financial Planning.

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

In 2005 the City was awarded a \$750,000 grant with 20% local matching for bike path improvements. The first phase of the bike path extension along the Vermillion River started in 2009 with completion in 2010. The bike path extension along SD Hwy 50 was completed in

2012. The bike path along Stanford Street between Cherry Street and SD Hwy 50 was completed by the Department of Transportation in late 2014.

The landfill building that housed the solid waste baler and considerable equipment was destroyed by fire on October 22, 2012. Insurance proceeds provided the majority of the funding for the replacement of the building, contents and equipment with the assistance of a South Dakota Board of Water and Natural Resources Solid Waste grant in the amount of \$225,000. The landfill building and baler were replaced and placed in service during 2014.

The Joint Powers Landfill completed the leachate detention pond during 2014 while construction of cell 5 was still in progress at year end. These two projects were being funded by a State Revolving Loan of \$1,639,000, a South Dakota Board of Water and Natural Resources Solid Waste Grant of \$522,210 and \$200,000 of local funds. Cell 5 was completed and placed into service in May 2015.

As the existing swimming pool is reaching the end of its useful life, a committee was appointed charged with providing the City Council information as to what type of swimming pool would best fit the community's needs going forward. The city contracted with a pool consultant to work with the committee in developing designs for the new pool. The committee held public meetings to review the project designs to refine the project. The City Council on September 16, 2013 adopted a resolution for capital outlay accumulation designating \$500,000 of the General Fund balance for funding of the pool project. During 2013 the City Council approved a master planning process for Prentis Park that includes the swimming pool. The City Council approved a funding package for the Prentis Park improvements consisting of \$1 million of General Fund Reserves, \$1 million of Second Penny Sales Tax Reserves, grants and donations of \$250,000 and a General Obligation Bond of \$3 million. The General Obligation Bond was approved by over 75% of the voters in November 2014 election. The City Council in an effort to reduce the impact of the bond repayment on property taxes adopted an ordinance that imposed a 5% markup on the wholesale purchase price of malt beverages. Following adoption of the ordinance an initiated petition was received to repeal the markup ordinance. The City Council set a special election date for the initiated ordinance for June 30, 2015. At the special election, the initiated measure failed 37% to 63%. Due to the initiated petition being filed, pool plans were put on hold until the outcome was determined. The design engineers estimate is the project will be bid in early 2016 with the issuance of bonds to follow bid opening in 2016.

Engineering and design has started on the West Main Mill and Overlay project scheduled for 2015. This project will be partially funded by the State Federal Aid Urban funds through the South Dakota Department of Transportation and the balance will be paid with second penny sales tax funds.

The 2015 budget included \$511,900 for equipment replacement in the equipment replacement fund, \$95,000 for airport improvement, \$405,000 for West Main mill and overlay, \$21,000 for fire department equipment, \$42,000 for ambulance department equipment, \$185,000 for street construction and miscellaneous concrete projects, and \$60,000 for bike path relocations. 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, 2013. This was the eighth 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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

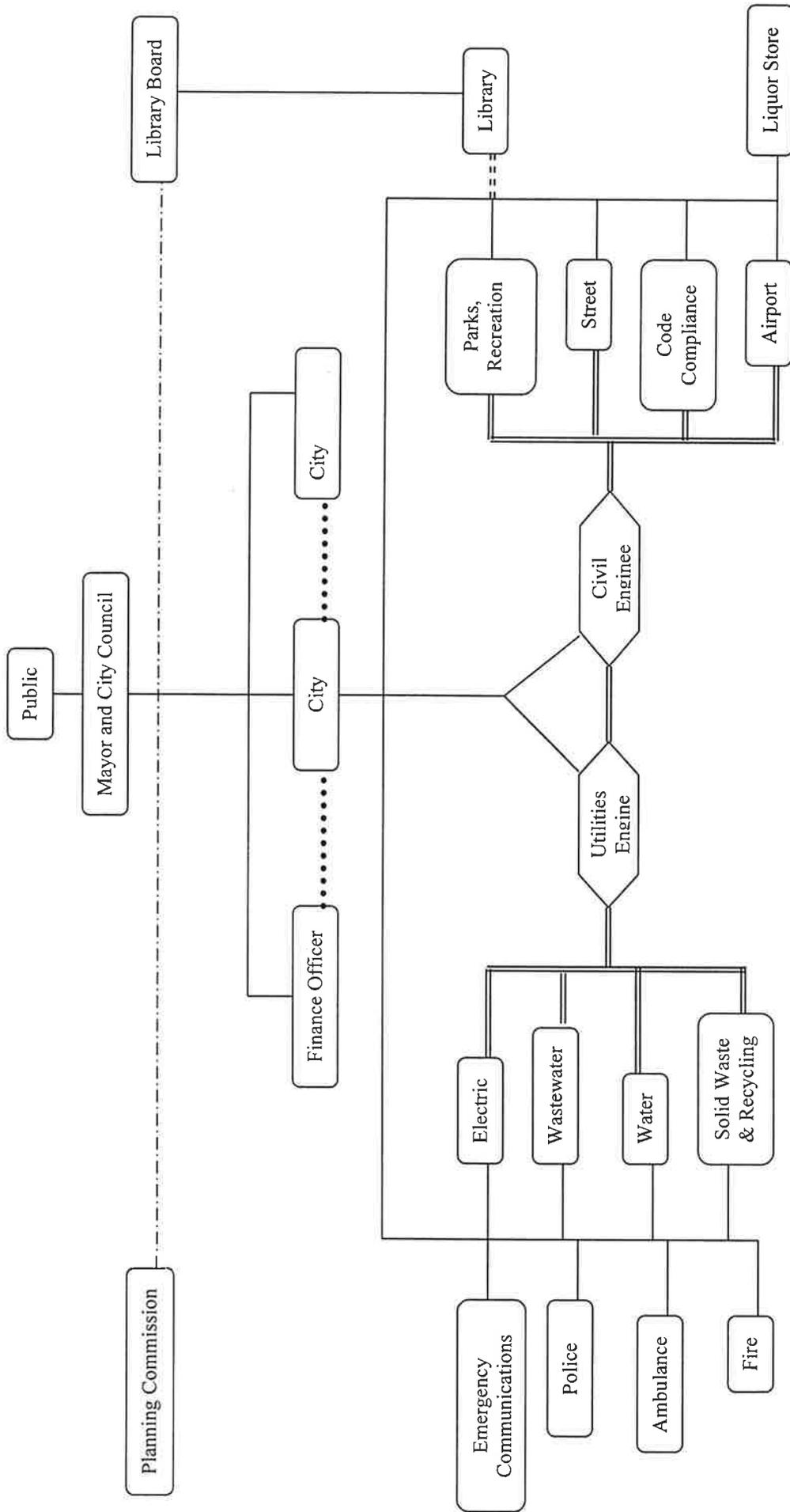
Presented to

**City of Vermillion
South Dakota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO



CITY OF VERMILLION MUNICIPAL OFFICIALS

For the Period January 1, 2014 through December 31, 2014

Mayor

John E. (Jack) Powell

Alderman Central Ward

Kelsey Collier-Wise

Katherine Price Beginning July 7

John Grayson Ending July 7

Alderman Northeast Ward

Clarene Meins

Holly Meins Beginning July 7

Kent Osborne Ending July 7

Alderman Northwest Ward

Howard Willson

Parker Erickson Beginning July 7

Tom Davies Ending July 7

Alderman Southeast Ward

Steve Ward

Rich Holland Beginning July 7

Dennis Zimmerman Ending July 7

City Manager

John Prescott



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**CITY OF VERMILLION
FINANCIAL SECTION**



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 \$72,865 and total revenues of \$904,474 as of and for the year ended June 30, 2014. 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 auditing standards generally accepted in the United States of America. 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 performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 17 and 54 through 58 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary compliance schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the budgetary compliance schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary compliance schedules are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 24, 2015, 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* in considering the City of Vermillion's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
August 24, 2015

Management's Discussion and Analysis December, 31, 2014

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, 2014. 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-viii of this report, as well as the separately issued financial statements of the Vermillion Housing and Redevelopment Commission, a discretely presented component unit of the City.

FINANCIAL HIGHLIGHTS

- The net position of the City increased by \$1,370,680 as a result of the current year's operations. The net position of our governmental activities increased by \$132,419 or 0.39% and the net position of our business-type activities also increased by \$1,238,261 or 3.39%.
- Total revenues from all sources increased in 2014 by \$1,066,878 to \$23,343,364. In 2014, charges for services increased \$250,195, operating grants & contributions decreased \$61,340, capital grants & contributions increased \$1,465,964, property taxes decreased \$445,694, sales tax increased \$133,757, other general revenues decreased by \$276,004.
- Total cost of all programs was \$21,972,684 for 2014. This is an increase of \$2,786,855 or 14.53% over 2013.
- The City's long-term debt/capital leases increased \$2,165,102 from 2013 due to repayment of existing bond issues, drawdowns of \$1,221,588 for the lechate system and cell #5 at the landfill and \$408,127 for the new water tower. During 2014, the City issued \$1,732,000 in Tax Increment Revenue Bonds for infrastructure and development cost for the Bliss Pointe Development.

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.

Management's Discussion and Analysis

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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position 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 Position 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 18-19 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.

Management's Discussion and Analysis

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

The City maintains twenty 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, Sales tax fund, and Bliss Pointe capital project fund are considered to be major funds. Data for the other seventeen 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 54.

The basic governmental fund financial statements can be found on pages 20-23 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. These services benefit governmental and business-type functions; as such the results of operations have been allocated and are included within governmental and business-type 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 24-26 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 27-53 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 54-59 of this report.

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Management's Discussion and Analysis

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 60-67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following two tables present condensed information on the City of Vermillion's Net Position (Exhibit 1) and Changes in Net Position (Exhibit 2) for the fiscal year ended December 31, 2014 with comparative data for the fiscal year ended December 31, 2013. Assets exceeded liabilities by \$72,178,760 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 7,881,769	\$ 7,575,815	\$ 13,078,252	\$ 15,375,758	\$ 20,960,021	\$ 22,951,573
Capital Assets	<u>32,340,123</u>	<u>31,117,743</u>	<u>46,040,544</u>	<u>42,257,704</u>	<u>78,380,667</u>	<u>73,375,447</u>
Total Assets	<u>40,221,892</u>	<u>38,693,558</u>	<u>59,118,796</u>	<u>57,633,462</u>	<u>99,340,688</u>	<u>96,327,020</u>
Long-term Liabilities Outstanding	5,006,176	3,479,384	19,078,398	18,466,255	24,084,574	21,945,639
Other Liabilities	<u>837,010</u>	<u>967,887</u>	<u>2,240,344</u>	<u>2,605,414</u>	<u>3,077,354</u>	<u>3,573,301</u>
Total Liabilities	<u>5,843,186</u>	<u>4,447,271</u>	<u>21,318,742</u>	<u>21,071,669</u>	<u>27,161,928</u>	<u>25,518,940</u>
Net Position						
Net Investment in capital assets	29,109,338	27,679,603	26,523,053	23,380,670	55,632,391	51,060,273
Restricted	1,961,402	1,948,689	1,305,934	1,288,560	3,267,336	3,237,249
Unrestricted	<u>3,307,966</u>	<u>4,617,995</u>	<u>9,971,067</u>	<u>11,892,563</u>	<u>13,279,033</u>	<u>16,510,558</u>
Total Net Position	<u>\$ 34,378,706</u>	<u>\$ 34,246,287</u>	<u>\$ 37,800,054</u>	<u>\$ 36,561,793</u>	<u>\$ 72,178,760</u>	<u>\$ 70,808,080</u>

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,385,053	\$ 1,295,369	\$ 12,754,171	\$ 12,593,660	\$ 14,139,224	\$ 13,889,029
Operating Grants & Contributions	287,861	349,201	-	-	287,861	349,201
Capital Grants & Contributions	1,545,892	719,768	1,011,477	371,637	2,557,369	1,091,405
General Revenues:						
Property Taxes	2,077,118	2,024,530	-	498,282	2,077,118	2,522,812
Other Taxes	3,634,580	3,500,823	-	-	3,634,580	3,500,823
Other	390,756	189,097	256,456	298,604	647,212	487,701
Total Revenues	<u>9,321,260</u>	<u>8,078,788</u>	<u>14,022,104</u>	<u>13,762,183</u>	<u>23,343,364</u>	<u>21,840,971</u>
Expenses:						
General Government	1,410,726	1,405,594	-	-	1,410,726	1,405,594
Public Safety	2,529,195	2,325,498	-	-	2,529,195	2,325,498
Public Works	1,885,352	1,767,762	-	-	1,885,352	1,767,762
Health & Welfare	491,071	491,543	-	-	491,071	491,543
Culture & Recreation	1,325,700	1,219,328	-	-	1,325,700	1,219,328
Conservation & Development	2,485,337	526,765	-	-	2,485,337	526,765
Interest on Long-term Debt	208,517	183,194	-	-	208,517	183,194
Electric	-	-	5,055,658	4,991,778	5,055,658	4,991,778
Water	-	-	1,474,754	1,409,578	1,474,754	1,409,578
Wastewater	-	-	1,723,732	1,789,908	1,723,732	1,789,908
Liquor	-	-	1,065,297	1,017,830	1,065,297	1,017,830
Golf	-	-	788,147	786,751	788,147	786,751
Joint Powers Landfill	-	-	1,428,877	1,174,487	1,428,877	1,174,487
Curbside Recycling	-	-	100,321	95,813	100,321	95,813
Total Expenses	<u>10,335,898</u>	<u>7,919,684</u>	<u>11,636,786</u>	<u>11,268,145</u>	<u>21,972,684</u>	<u>19,185,829</u>
Increase (Decrease) in Net Position before Transfers	(1,014,638)	159,104	2,385,318	2,496,038	1,370,680	2,655,142
Insurance Recovery	-	-	-	435,515	-	435,515
Transfers	<u>1,147,057</u>	<u>1,037,412</u>	<u>(1,147,057)</u>	<u>(1,037,412)</u>	<u>-</u>	<u>-</u>
Increase in Net Position	132,419	1,196,516	1,238,261	1,894,141	1,370,680	3,090,657
Net Position January 1	34,246,287	33,049,771	36,561,793	34,667,652	70,808,080	67,717,423
Net Position December 31	<u>\$ 34,378,706</u>	<u>\$ 34,246,287</u>	<u>\$ 37,800,054</u>	<u>\$ 36,561,793</u>	<u>\$ 72,178,760</u>	<u>\$ 70,808,080</u>

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Management's Discussion and Analysis

By far the largest portion of the City's net position (77.08%) 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 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 position \$3,267,336 (4.52%) represents resources that are subject to external restriction on how they may be used. Restricted net position includes the amounts restricted for debt service of \$1,815,173 (an increase of \$76,688), Stormwater construction of \$802,684 (a decrease of \$110,227), Landfill Closure/Postclosure of \$130,851 (a decrease of \$49,166), Cumulative reserve of \$158,060, Library \$23,366 (an increase of \$7,225), parks capital \$11,414 (a decrease of \$2,616), business improvement district of \$24,061 and other restrictions of \$255,754 (an increase of \$38,149), The remaining balance of unrestricted net position of \$13,279,033 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Vermillion is able to report positive balances in all three categories of net position, 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.

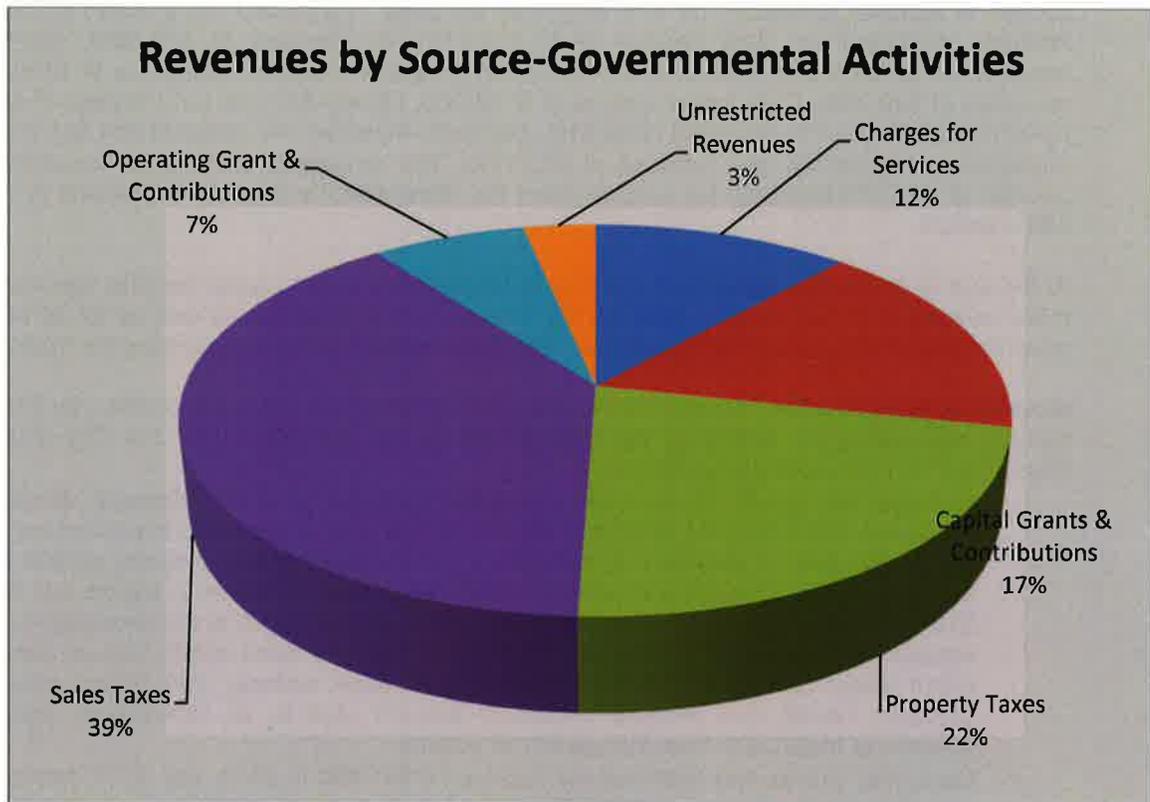
Governmental activities: Governmental activities increased the City's net position by \$132,419, thereby accounting for 9.66% of the total growth in the net position of the City Vermillion. Elements of this increase are as follows:

- Charges for goods & services increased \$89,684 in 2014. General Government increased \$58,140 which is attributable to the first year of Business Improvement District fee of \$39,858, a decrease in collections for damage to City property of \$38,361 an increase in the licenses and permits of \$5,699 and an increase in airport fuel sales of \$19,135. Public Works decreased \$35,553 which is attributable to the decrease in special assessment collections and public payments for improvements of \$41,563, an increase in storm water fees of \$13,419 and increase in state highway and bridge revenue of \$17,690. Health and Welfare increased \$69,277 due to an increase in ambulance collections of \$61,616 from increased call volume.
- Operating Grants and contributions decreased \$61,340 in 2014. For 2014, public safety operating grants decreased \$41,323 which is attributed to no COPS grant in 2014 that for 2013 was \$33,792 and a decrease in county contribution for E911 Communications of \$6,962. Public Works received an airport repairs grant of \$747 in 2014.
- Capital grants and contributions increased by \$826,124 in 2014. For 2014 capital grants and contributions consist of public works \$21,630 for the West Cherry mill and overlay project, \$143,167 federal grant for bike path between Cherry Street and SD Hwy 50 and \$1,381,096 contribution for street right of way, curb and gutter, paving and storm water improvements on the Bliss Pointe development streets, portions of Norbeck Street and Mickelson Street.
- Property taxes increased by \$52,588 or 2.60% during the year. This decrease is the product of the tax revenue for general purposes that increased \$276,633 and a decrease in the tax revenue for the tax increment district of \$224,075 due to three districts being dissolved during the prior year. State law limits the property tax increase to the lesser of inflation, which for 2014 was 2.1% or 3% plus new property additions less any reduction in valuation.
- Other Taxes increased by \$133,757 or 3.82%. This would include the first penny sales tax used for general fund, the second penny sales tax used for capital projects, and BBB

Management's Discussion and Analysis

sales tax used for advertising and promotion of the City. The first penny sales tax used for the general fund and the second penny sales tax used for capital projects increased \$137,844 while the BBB sales tax used for advertising and promotion decreased by \$4,087. As the South Dakota Department of Revenue collects the sales tax on behalf of the City, information as to the individual area of the increase/decrease is not available.

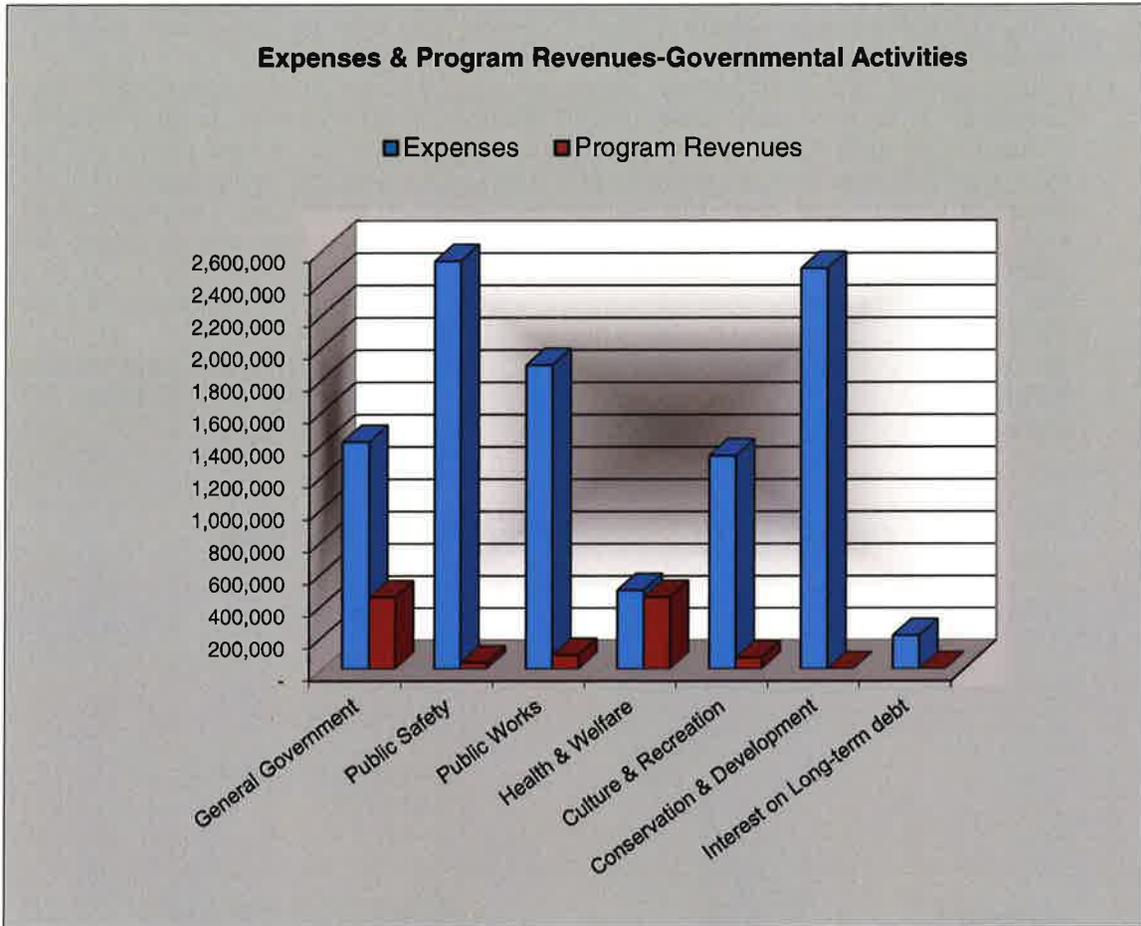
- Other General Revenues increased \$159,511 or 65.10%. Contributing to this increase is a decrease in investment earnings of \$21,602, an increase in other revenue of \$27,879, and an increase in the sale of assets of \$194,298.



- Public Safety expenses increased by \$203,697 or 8.76%. The police administration, patrol and communication wages increased \$155,570. This increase is from positions being filled in 2014 that were vacant during part of the prior year. Fire and rescue operating expenses increased \$12,114 due to a reallocation of shard expenses.
- Public works expenses decreased \$117,590 or 6.65% with \$28,535 being for an increase in fuel purchased for resale at the airport. Street construction and repairs also increased by \$44,481.
- Culture and Recreation expenses increased \$106,372 or 8.72% with \$12,671 being from an increase in operating expenses due to the expansion/renovation of the public library building along with an increase in wages of \$15,264 at the library. Recreation wages increased \$27,226 from positions being filled in 2014 that were vacant during part of the prior year along with an increase in operating expenses of \$23,277 most of which is attributed to setting up the online registration program.

Management's Discussion and Analysis

- Conservation and development expenses increased \$1,958,572 from the City's continued support of various programs. The City continued to support numerous organizations but during 2015 provided \$1,983,036 of TIF #5 bond proceeds to the Vermillion Chamber and Development Company for their residential development expenses for phase 1 of the Bliss Pointe Development.



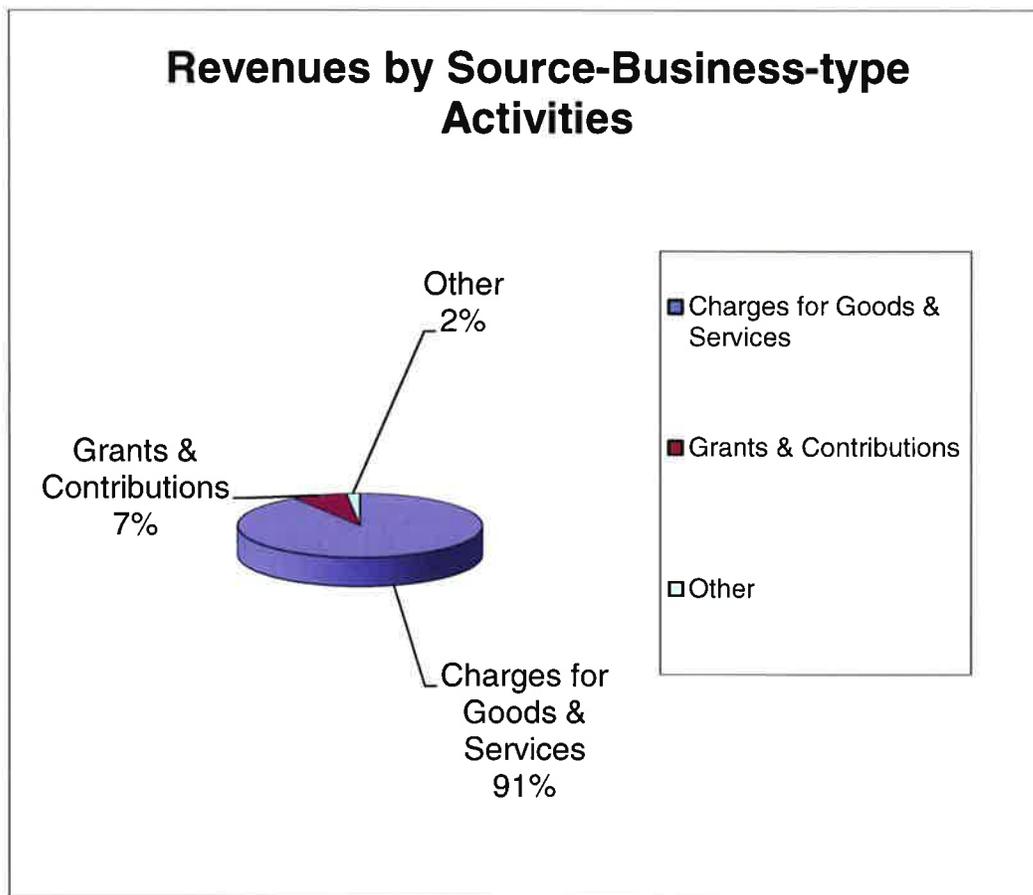
Business-type activities: Business-type activities increased the City of Vermillion's net position by \$1,238,261, accounting for 90.34% of the total growth in the government's net position. Key elements of this increase are as follows:

- Charges for services increased by 1.27% or \$160,511. The Electric Fund charges for services decreased 0.49% or \$30,007. Electric kwh sales also decreased 2.6% during 2014, which is attributed to the cool summer and warmer winter weather. This was the third year of seasonal electric changes. Electric rates were increased to offset increase in supplemental power costs. As our supplemental power supplier has adopted seasonal power supply rates, the city also adopted seasonal utility rates that went into effect with billing in December 2011. Wastewater Fund revenues increased by \$66,446. Wastewater rates were increased because of increased operating and capital expenses. The Liquor Fund sales increased \$63,084 over 2013 with an increase in liquor, wine and beer ending the annual decrease in wine sales due to the increase in the number of locations selling

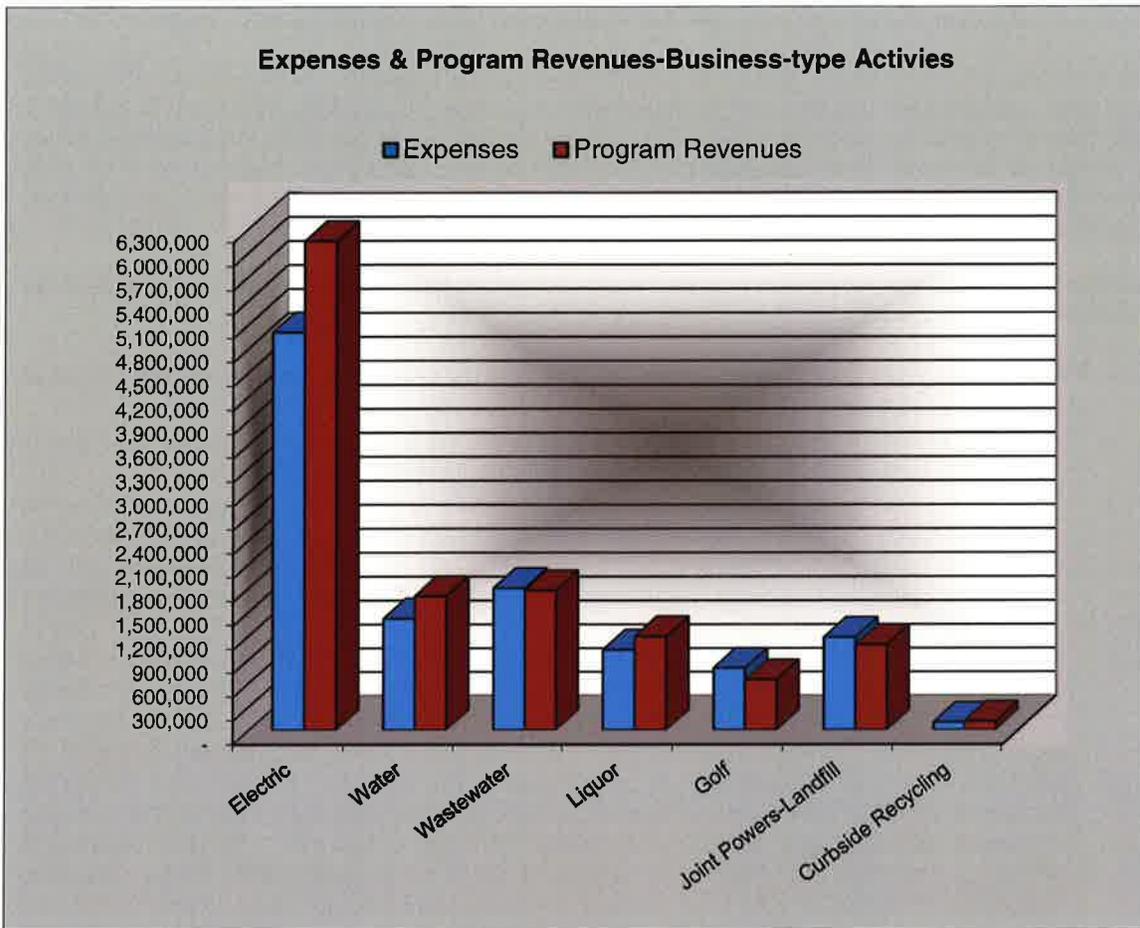
Management's Discussion and Analysis

wine. The Joint Powers-Landfill revenue decreased \$27,565 over 2013. The landfill revenues increased \$40,577 from an increase in volume of materials received and a rate increase effective December 1, 2014 while the sale of recycling materials revenues portion of the Joint Powers decreased \$13,012 due to decreased market rates for materials being sold. The Golf Fund revenues decreased \$14,927, with green fees decreasing \$6,354, season pass sales increasing \$12,529 and cart rentals increasing \$7,246. These decreases are attributed to a cool, wet summer and fall. A decrease in the Curbside Recycling program of \$9,566 resulted from a decrease in market values of the items collected.

- Capital grants and contributions increased \$639,840 in 2014. Construction was completed on the new water tower, landfill leachate collection system and landfill baler building. Construction in progress on the electric substation improvement project and the landfill cell 5. During 2014, state grants of \$433,251 were received for the landfill leachate collection system and baler building. Contributions for water and wastewater main extensions installed by the developer total \$221,554 for water and \$322,338 for wastewater.
- Tax incremental property taxes decreased \$498,282 in 2014. This is attributed the tax increment district being closed in 2013 as bonds were repaid.
- An extraordinary item was reported of \$435,515 in 2013, which is the adjustment in insurance recovery for the fire loss of landfill building, baler and contents. No extraordinary items were required to be reported in 2014.



Management's Discussion and Analysis



Financial analysis of the Government's Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Vermillion's financing requirements. In particular, *unassigned 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 \$6,810,621, as shown on Exhibit 3, which is an increase of \$275,823 in comparison with the prior year. Approximately 23.20% of this total amount, or \$1,579,954, constitutes *unassigned fund balance* which is available for spending at the government's discretion. The remainder of fund balance is either 1) *nonspendable* \$224,966, \$66,906 for inventory and \$158,060 in cumulative reserve 2) *restricted* \$1,721,867 consisting of \$249,804 in liquor, lodging and dining, \$794,217 in storm water, \$11,414 in park capital, \$23,366 for library, \$24,061 for business improvement development, \$45,973 for Bliss Pointe and \$573,032 for debt

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Management's Discussion and Analysis

service 3) *committed* \$3,051,614 with \$2,551,614 in sales tax and \$500,000 for capital projects which is for a future swimming pool project or 4) assigned \$232,220 for the 2015 budget.

The general fund is the chief operating fund of the City of Vermillion. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,137,148, as shown in Exhibit 3, while total fund balance reached \$3,094,334. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37.20% of total general fund expenditures, while total fund balance represents 69.07% of the same amount.

The fund balance of the City's general fund increased \$103,102 during the current fiscal year, as shown in Exhibit 4. Factors in this increase are as follows:

- An increase in property taxes of \$267,795 or 14.91% and an increase sales tax collection of \$109,750 or 7.06%.
- Intergovernmental revenues decreased \$20,481 due to state and federal grants decreasing by \$45,479 and state and county taxes increased by \$24,997.
- Charges for goods and services increased \$34,747 or 7.12%. The sale of fuel at the airport increased \$19,135 due to the installation of a new jet fuel system in 2013. Ambulance collections increased \$54,342 due to an increase in call volume and an increase in billing adjustments. Payments for damage to City property decreased \$38,361 due to damage to a light pole in 2013.
- Expenditures in the General Fund increased \$353,201 or 6.55%. Public Safety increased \$142,079, with an increase in police personal services being \$128,804 due to all positions being filled during 2014. Public Works increased \$64,947 with the largest single factor being an increase of \$44,481 in street construction and repairs followed by \$28,535 for the purchase of fuel for resale at the airport. Culture and recreation increased \$80,710 due to a number of factors of which recreation personnel services increased \$27,226 due to positions being filled for a full year, \$23,277 recreation operating expenses the majority is setting up an on line registration, library operating expenses increasing \$12,671 for costs of operating the larger building. Conservation and Development increased \$32,484 with the major decrease being \$33,676 for the VCDC reinvestment program new in 2014.

The sales tax fund has a total fund balance \$2,551,614, all of which is committed for capital outlay and debt service. The net increase in fund balance during the current year is \$478,130. Revenues during this period increased by \$105,313 compared to the prior year. This is due to an increase in sales tax revenue of \$109,771 and an increase in investment earnings of \$4,458. Expenditures increased during this period by \$103,542, which is largely due to the increase in capital outlay. Transfers out decreased by \$502,045 to \$617,401. The major item of the decrease is \$547,833 that was transferred to the library construction fund. The major items of the transfer out for 2014 were \$346,025 to City Hall debt service fund and \$260,126 to the Bliss Pointe fund.

The Bliss Pointe Capital Project fund has a total fund balance of \$45,973. This fund was created to account for economic development expenses for the Bliss Pointe housing development.

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 positions of the proprietary funds are as follows, Electric \$5,860,562, Water \$1,031,076, Wastewater \$1,044,534, Liquor \$254,705, Golf Course \$988,964, Joint Powers-Landfill \$617,615 and Curbside Recycling \$75,391. The total growth in net position for all funds

Management's Discussion and Analysis

in the current year was \$1,214,867. 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 2014 and a supplemental budget in December of 2014 to refine the budget numbers adopted a year earlier. The revenue was increased by \$102,900 (2% of the original budget). Expenditures were increased by \$142,157 (2.34% of the original budget) with culture and recreation increasing \$44,544. 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, 2014 amount to \$78,380,667 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements other than buildings, furniture and equipment, infrastructure, and construction in progress. During 2014 there was \$3,092,594 of additions to the governmental capital assets while the depreciation for the year was \$1,796,672 and \$634,682 of capital assets were disposed. The total increase in the City's investment in capital assets for the current fiscal year was \$5,005,220 or 6.82% (a 3.93%, \$1,222,380 increase for governmental activities and an 8.95%, \$3,782,840 increase for business-type activities).

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

- Construction was completed on the water tower in 2014 at a total cost of \$1,453,518 with \$306,939 expended in 2014.
- Construction started on the electric department substation upgrade project with \$424,312 expended in 2014.
- Construction was completed on the section of the bike-hike path between Cherry Street and SD HWY 50. The project was administered by the SD Department of Transportation and was partially funded by federal grant funds. Total project cost was \$211,471.
- Bliss Pointe Development Phase I project was completed by the Vermillion Chamber and Development Company to address the shortage of residential housing sites in the community. The City granted \$1,983,036 of funds to assist in the project development.
- Construction was completed on a new boiler for the wastewater treatment plant at a total cost of \$294,264 with \$279,095 expended in 2014.
- Construction was completed on the landfill baler building, baler and leachate collection system totaling \$3,307,422 with \$1,738,284 expended in 2014.

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Management's Discussion and Analysis

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,622,815	\$ 1,564,503	\$ 2,487,229	\$ 2,487,229	\$ 4,110,044	\$ 4,051,732
Building & Structure Improvements other buildings	14,550,810	14,812,333	26,033,909	21,671,937	40,584,719	36,484,270
Furniture & Equipment	3,998,343	4,001,680	1,808,354	1,974,062	4,806,697	5,975,742
Infrastructure & books	12,037,228	10,409,435	-	-	12,037,228	10,409,435
Construction in Progress	130,927	329,792	1,720,771	2,828,220	1,851,698	3,158,012
Total	\$ 32,340,123	\$ 31,117,743	\$ 46,040,544	\$ 42,257,704	\$ 77,380,667	\$ 73,375,447

Additional information on the City of Vermillion's capital assets can be found in Note 4 on pages 41-44 of this report.

Long-term debt. At the end of the current fiscal year, the City of Vermillion had a total long-term debt outstanding of \$24,480,276. Total note and bonded debt outstanding totaled \$21,061,190 with the remainder being capital leases of \$3,419,086.

The City's total outstanding debt increased by \$2,165,102 or 9.70% during the current fiscal year. The City issued \$1,732,000 in Tax Increment Revenue Bonds for costs related to the development in infrastructure for the new Bliss Pointe Development. Two SRF loans were fully drawdown in 2014. The SRF bonds for lechate system and cell #5 at the landfill had an additional drawdown of \$1,221,588 in 2014 for a total issuance of \$1,639,000. The other bond was for the new water tower which had an additional \$408,127 drawn in 2014 for total debt of \$1,249,687.

Additional information on the City's long-term debt can be found in Note 5 on pages 45-48 of this report.

City of Vermillion's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue Bonds	\$ 1,732,000	\$ -	\$ 19,000,452	\$ 18,216,709	\$ 20,732,452	\$ 18,216,709
Notes Payable	-	-	328,738	451,009	328,738	451,009
Capital Lease	3,230,785	3,438,140	188,301	209,316	3,419,086	3,647,456
Total	\$ 4,962,785	\$ 3,438,140	\$ 19,517,491	\$ 18,877,034	\$ 24,480,276	\$ 22,315,174

Economic Factors and Next Year's Budgets and Rates

During the current fiscal year, the fund balance in the general fund increased by \$155,424 to \$3,094,334. The final budget for 2014 had projected the fund balance to decrease by \$258,097. The City has appropriated \$232,220 of the general fund, fund balance for spending in the 2015 fiscal year.

Electric utility rates were increased electric in January 2014 and December 2014 to pass along increased purchase of power costs. With the SRF loan for the water tower three years of water rate adjustments were adopted and in December 2014 the last of these water rate adjustments were implemented. Wastewater rates were adjusted in April 2014 to meet operating costs.

The storm water drainage fee was increased for 2014 by 4%.

Management's Discussion and Analysis

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.



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**CITY OF VERMILLION
BASIC FINANCIAL STATEMENTS**

CITY OF VERMILLION
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing & Redevelopment
ASSETS				
Cash & cash equivalents	\$ 202,461	\$ 691,981	\$ 894,442	\$ 14,870
Investments	6,235,000	7,365,000	13,600,000	-
Receivables (net, where applicable, of allowance for uncollectibles)				
Taxes receivables	80,760	-	80,760	-
Accounts receivable	156,113	918,803	1,074,916	3,625
Unbilled accounts receivable	-	446,503	446,503	-
Special assessments receivable	91,692	1,906	93,598	-
Interest receivable	22,865	19,579	42,444	-
Due from insurance company	-	8,373	8,373	-
Due from other governments	483,964	56,546	540,510	-
Internal balances	(583,792)	583,792	-	-
Inventories	66,906	1,303,606	1,370,512	-
Prepaid expenses	78,599	64,839	143,438	2,001
Deposits	158,060	-	158,060	-
Restricted assets:				
Cash	278,156	1,033,864	1,312,020	52,369
Investments	610,334	571,433	1,181,767	-
Interest receivable	651	12,027	12,678	-
Capital assets:				
Land and construction in progress	1,753,742	4,208,000	5,961,742	-
Other capital assets, net of depreciation	30,586,381	41,832,544	72,418,925	-
Total capital assets	<u>32,340,123</u>	<u>46,040,544</u>	<u>78,380,667</u>	<u>-</u>
Total assets	<u>40,221,892</u>	<u>59,118,796</u>	<u>99,340,688</u>	<u>72,865</u>
LIABILITIES				
Accounts payable	\$ 414,964	\$ 974,686	\$ 1,389,650	\$ 2,436
Customer deposits	-	87,360	87,360	-
Accrued interest payable	8,236	62,805	71,041	-
Grant revenue collected in advance	14,812	5,764	20,576	6,433
Noncurrent liabilities:				
Due within one year:				
Bonds payable	-	801,036	801,036	-
Notes payable	-	125,214	125,214	-
Capital lease	215,785	21,700	237,485	-
Accrued leave payable	183,213	161,779	344,992	3,868
Due in more than one year:				
Bonds payable	1,732,000	18,199,416	19,931,416	-
Notes payable	-	203,524	203,524	-
Capital lease	3,015,000	166,601	3,181,601	-
Closure - postclosure liability	-	280,002	280,002	-
Accrued leave payable	259,176	228,855	488,031	2,673
Total liabilities	<u>5,843,186</u>	<u>21,318,742</u>	<u>27,161,928</u>	<u>15,410</u>
NET POSITION				
Net investment in capital assets	29,109,338	26,523,053	55,632,391	-
Restricted for:				
BBB tax	255,754	-	255,754	-
Debt service	640,090	1,175,083	1,815,173	-
Stormwater	802,684	-	802,684	-
Parks Capital	11,414	-	11,414	-
Library	23,366	-	23,366	-
Business Improvement District	24,061	-	24,061	-
Landfill closure postclosure	-	130,851	130,851	-
Cumulative reserve-SDPAA	158,060	-	158,060	-
Bliss Pointe Capital Project	45,973	-	45,973	-
Other purposes	-	-	-	52,369
Unrestricted	<u>3,307,966</u>	<u>9,971,067</u>	<u>13,279,033</u>	<u>5,086</u>
Total Net Position	<u>\$ 34,378,706</u>	<u>\$ 37,800,054</u>	<u>\$ 72,178,760</u>	<u>\$ 57,455</u>

See Accompanying Notes to Financial Statements

CITY OF VERMILLION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Housing & Redevelopment
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary government								
Governmental activities								
General government	\$ 1,410,726	\$ 324,531	\$ -	\$ -	\$ (1,086,195)	\$ -	\$ (1,086,195)	\$ -
Public safety	2,529,195	38,267	281,668	-	(2,209,260)	-	(2,209,260)	-
Public works	1,885,352	503,841	747	1,402,725	21,961	-	21,961	-
Health & welfare	491,071	448,062	-	-	(43,009)	-	(43,009)	-
Culture & recreation	1,325,700	70,352	4,446	143,167	(1,107,735)	-	(1,107,735)	-
Conservation & development	2,485,337	-	1,000	-	(2,484,337)	-	(2,484,337)	-
Interest on long-term debt	208,517	-	-	-	(208,517)	-	(208,517)	-
Total governmental activities	10,335,898	1,385,053	287,861	1,545,892	(7,117,092)	-	(7,117,092)	-
Business-type activities								
Electric	5,055,658	6,161,105	-	-	-	1,105,447	1,105,447	-
Water	1,474,754	1,686,995	-	252,248	-	464,489	464,489	-
Wastewater	1,723,732	1,828,085	-	322,338	-	426,691	426,691	-
Liquor	1,065,297	1,246,418	-	-	-	181,121	181,121	-
Golf	788,147	623,510	-	3,640	-	(160,997)	(160,997)	-
Joint powers landfill	1,428,877	1,107,835	-	433,251	-	112,209	112,209	-
Curbside recycling	100,321	100,223	-	-	-	(98)	(98)	-
Total business-type activities	11,636,786	12,754,171	-	1,011,477	-	2,128,862	2,128,862	-
Total primary government	\$ 21,972,684	\$ 14,139,224	\$ 287,861	\$ 2,557,369	\$ (7,117,092)	\$ 2,128,862	\$ (4,988,230)	\$ -
Component Unit								
Housing & redevelopment	895,435	14,317	889,809	-	-	-	-	8,691
Total component unit	\$ 895,435	\$ 14,317	\$ 889,809	\$ -	\$ -	\$ -	\$ -	\$ 8,691
General revenues:								
Taxes:								
Property taxes - levied for general purposes					2,077,118	-	2,077,118	-
Sales taxes					3,311,729	-	3,311,729	-
Sales taxes for special revenues					322,851	-	322,851	-
Unrestricted state/county shared revenue					78,564	-	78,564	-
Unrestricted investment earnings					33,287	174,616	207,903	348
Miscellaneous revenue					83,464	81,840	165,304	-
Gain on sale of capital assets					195,441	-	195,441	-
Transfers					1,147,057	(1,147,057)	-	-
Total general revenues & transfers					7,249,511	(890,601)	6,358,910	348
Change in net position					132,419	1,238,261	1,370,680	9,039
Net position - beginning					34,246,287	36,561,793	70,808,080	48,416
Net position - ending					\$ 34,378,706	\$ 37,800,054	\$ 72,178,760	\$ 57,455



CITY OF
Vermillion

SOUTH DAKOTA

CITY OF VERMILLION
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2014

	General	Sales Tax	Bliss Pointe Capital Project	Other Governmental Funds	2014 Total
ASSETS					
Cash and cash equivalents	\$ 150	\$ 611	\$ -	\$ 184,708	\$ 185,469
Investments	2,700,000	2,233,000	-	890,000	5,823,000
Receivables (net, where applicable, of allowance for uncollectibles)					
Property taxes: delinquent	80,760	-	-	-	80,760
Accounts receivable	143,184	-	-	10,305	153,489
Special assessment receivable	-	-	-	91,692	91,692
Interest receivable	4,870	5,491	-	12,066	22,427
Due from other governments	234,261	151,609	-	98,094	483,964
Due from other funds	-	175,858	-	-	175,858
Inventory of supplies	44,857	-	-	-	44,857
Inventory purchased for resale	22,049	-	-	-	22,049
Deposits	158,060	-	-	-	158,060
Advances to other funds	-	35,362	-	-	35,362
Restricted assets:					
Cash and cash equivalents	-	-	249,218	28,938	278,156
Investments	-	-	-	610,334	610,334
Interest receivable	-	-	-	651	651
Total assets	3,388,191	2,601,931	249,218	1,926,788	8,166,128
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	173,953	20,050	203,245	16,052	413,300
Due to other funds	6,973	-	-	586,116	593,089
Grant revenue collected in advance	2,500	-	-	12,312	14,812
Advance from other funds	-	-	-	103,703	103,703
Total liabilities	183,426	20,050	203,245	718,183	1,124,904
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-sales tax and interest	29,671	30,267	-	7,824	67,762
Unavailable revenue-delinquent property tax and interest	80,760	-	-	-	80,760
Unavailable revenue-delinquent stormwater fees	-	-	-	6,787	6,787
Unavailable revenue-special assessments and interest	-	-	-	75,294	75,294
Total deferred inflows of resources	110,431	30,267	-	89,905	230,603
Fund balances:					
Nonspendable:					
Inventory	66,906	-	-	-	66,906
Cumulative Reserve-SDPAA	158,060	-	-	-	158,060
Restricted:					
BBB Purposes	-	-	-	249,804	249,804
Stormwater	-	-	-	794,217	794,217
Parks Capital	-	-	-	11,414	11,414
Library	-	-	-	23,366	23,366
Business Improvement District	-	-	-	24,061	24,061
Debt Service Funds	-	-	-	573,032	573,032
Bliss Pointe Capital Project	-	-	45,973	-	45,973
Committed					
Sales Tax Purposes	-	2,551,614	-	-	2,551,614
Capital Projects	500,000	-	-	-	500,000
Assigned:					
Next Year's Budget	232,220	-	-	-	232,220
Unassigned	2,137,148	-	-	(557,194)	1,579,954
Total fund balances	3,094,334	2,551,614	45,973	1,118,700	6,810,621
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,388,191	\$ 2,601,931	\$ 249,218	\$ 1,926,788	\$ 8,166,128

CITY OF VERMILLION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2014

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

Total fund balance - governmental Funds (page 20)		\$ 6,810,621
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		29,245,150
Long-term liabilities, including bonds payable, capital leases and accrued leave payable are not due and payables in the current period and therefore are not reported in the funds.		
	Bonds payable	(1,732,000)
	Capital Lease	(3,230,785)
	Accrued leave payable	<u>(433,510)</u>
		(5,396,295)
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.		230,603
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		78,599
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(8,236)
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 position.		<u>3,418,264</u>
Total net position - governmental activities (page 18)		<u>\$ 34,378,706</u>

CITY OF VERMILLION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Sales Tax	Bliss Pointe Capital Project	Other Governmental Funds	2014 Total
Revenue:					
Taxes:					
General property taxes	\$ 2,064,025	\$ -	\$ -	\$ -	\$ 2,064,025
General sales & use taxes	1,664,515	1,663,576	-	330,253	3,658,344
Business Improvement District Fees	-	-	-	39,858	39,858
Stormwater fees	-	-	-	192,960	192,960
Penalties & interest on					
delinquent taxes	6,098	-	-	451	6,549
Licenses & permits	245,127	-	-	-	245,127
Intergovernmental revenue	377,534	-	-	448,173	825,707
Charges for goods & services	522,768	-	-	3,293	526,061
Fines & forfeits	35,633	-	-	2,011	37,644
Public payments for improvements	-	-	-	7,431	7,431
Investment earnings	13,525	8,858	1,265	10,733	34,381
Rentals	17,612	-	-	-	17,612
Special assessments	91	-	-	137,927	138,018
Contributions & donations					
from private sources	26,200	-	-	14,439	40,639
Other	43,699	-	-	3,471	47,170
Total revenue	<u>5,016,827</u>	<u>1,672,434</u>	<u>1,265</u>	<u>1,191,000</u>	<u>7,881,526</u>
Expenditures:					
Current:					
General government	1,216,569	-	-	-	1,216,569
Public safety	1,837,978	45,541	-	509,108	2,392,627
Public works	961,546	33,196	-	60,569	1,055,311
Health and welfare	462,862	-	-	-	462,862
Culture-recreation	1,073,627	5,394	-	16,005	1,095,026
Conservation and development	78,360	101,676	1,983,036	300,129	2,463,201
Debt service:					
Principal	2,355	-	-	205,000	207,355
Interest	-	-	-	191,470	191,470
Bond Issuance Costs	-	-	15,000	-	15,000
Capital outlay:					
General government	5,876	6,400	-	-	12,276
Public safety	4,116	112,967	-	26,142	143,225
Public works	2,488	223,678	-	610,767	836,933
Health and welfare	5,289	48,051	-	-	53,340
Culture-recreation	93,671	-	-	179,134	272,805
Total expenditures	<u>5,744,737</u>	<u>576,903</u>	<u>1,998,036</u>	<u>2,098,324</u>	<u>10,418,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(727,910)</u>	<u>1,095,531</u>	<u>(1,996,771)</u>	<u>(907,324)</u>	<u>(2,536,474)</u>
Other financing sources (uses):					
Transfers in	1,138,209	-	408,783	603,647	2,150,639
Transfers out	(254,875)	(617,401)	-	(139,806)	(1,012,082)
Proceeds from sale of bonds	-	-	1,732,000	-	1,732,000
Total other financing sources (uses)	<u>883,334</u>	<u>(617,401)</u>	<u>2,140,783</u>	<u>463,841</u>	<u>2,870,557</u>
Net change in fund balances	<u>155,424</u>	<u>478,130</u>	<u>144,012</u>	<u>(443,483)</u>	<u>334,083</u>
Fund balance (Deficit) - beginning	2,991,232	2,073,484	(98,039)	1,568,121	6,534,798
Prior period adjustment	(74,216)	-	-	(5,938)	(80,154)
Adjusted fund balance - beginning	2,917,016	2,073,484	(98,039)	1,562,183	6,454,644
Change in inventory	21,894	-	-	-	21,894
Fund balance - ending	<u>\$ 3,094,334</u>	<u>\$ 2,551,614</u>	<u>\$ 45,973</u>	<u>\$ 1,118,700</u>	<u>\$ 6,810,621</u>

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, 2014

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

Net change in fund balances - total governmental funds (page 22) \$ 334,083

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. 21,894

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. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$	1,296,254	
Contribution & Donations of Capital Assets		1,381,096	
Depreciation expense		<u>(1,439,667)</u>	1,237,683

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 position on the statement of activities. (20,342)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amount by which proceeds exceeded repayments in the current year is as follows:

Repayment of long-term debt		207,355	
Proceeds from issuance of long-term debt		<u>(1,732,000)</u>	(1,524,645)

Governmental funds report special assessments as revenue when it becomes available, but the statement of activities includes special assessments as revenue when levied. (119,337)

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. (19,072)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues. (18,475)

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. 2,401

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. (2,047)

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. 240,275

Change in net position of governmental activities (page 19) \$ 132,419

CITY OF VERMILLION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-Type Activities-Enterprise Funds							Totals	Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Liquor	Golf Course	Joint Powers Landfill	Non-Major Curbside Recycling		
ASSETS									
Current assets:									
Cash	\$ 104,043	\$ 43,295	\$ 104,541	\$ 36,139	\$ 123,405	\$ 264,035	\$ 16,523	\$ 691,981	\$ 16,992
Investments	4,475,000	690,000	775,000	75,000	850,000	450,000	50,000	7,365,000	412,000
Receivables (net of allowance for uncollectibles of \$37,191)									
Property Taxes Delinquent									
Accounts	503,873	156,906	160,010	651	6,970	87,465	9,898	925,773	2,624
Unbilled	285,887	66,775	82,309	-	-	-	4,562	439,533	-
Special assessments	-	1,182	724	-	-	-	-	1,906	-
Interest	11,081	2,668	2,982	438	829	1,446	135	19,579	438
Due from other governments	-	-	-	-	-	-	-	56,546	-
Due from insurance company	-	-	-	-	-	-	-	8,373	-
Inventory of supplies	698,436	211,270	58,045	-	45,124	89,125	-	1,102,000	-
Inventory of stores purchased for resale	-	-	-	187,741	13,865	-	-	201,606	-
Prepaid expenses	31,013	9,063	11,013	6,454	2,597	4,136	563	64,839	-
Due from other funds	326,128	40,299	-	51,814	-	-	-	418,241	-
Total current assets	6,435,461	1,221,458	1,194,624	358,237	1,042,790	961,126	81,681	11,295,377	432,054
Noncurrent assets:									
Advance to other funds	69,294	-	-	-	-	-	-	69,294	-
Restricted assets:									
Current									
- Cash	47,645	171,317	393,744	-	-	10,305	-	623,011	-
- Investments	571,433	-	-	-	-	-	-	571,433	-
- Interest receivable	12,027	-	-	-	-	-	-	12,027	-
Landfill-closure & postclosure	-	-	-	-	-	-	-	-	-
- Cash	-	-	-	-	-	410,853	-	410,853	-
Total noncurrent assets	700,399	171,317	393,744	-	-	421,158	-	1,686,618	-
Capital assets									
Land & improvements	1,311	100,663	96,429	-	2,230,834	57,992	-	2,487,229	-
Buildings	5,800,902	9,803,738	14,491,654	6,410	983,862	4,127,863	-	35,214,429	-
Improvements other than buildings	12,345,804	4,144,231	4,134,987	-	-	1,767,649	-	22,392,671	-
Furniture & equipment	551,053	155,966	2,552,544	81,590	627,298	1,637,022	54,434	5,659,907	5,328,867
Construction in progress	472,063	-	-	-	43,973	1,204,735	-	1,720,771	-
Less: accumulated depreciation	(5,596,265)	(3,836,231)	(8,198,453)	(45,488)	(926,108)	(2,794,003)	(37,935)	(21,434,463)	(2,233,914)
Total capital assets(net depreciation)	13,574,868	10,368,367	13,077,161	42,532	2,959,859	6,001,258	16,499	46,040,544	3,094,973
Total assets	20,710,728	11,761,142	14,665,529	400,769	4,002,649	7,383,542	98,180	59,022,539	3,527,027
LIABILITIES									
Current liabilities:									
Accounts payable	460,514	74,338	76,592	103,532	6,336	251,903	1,471	974,686	1,664
Customer deposits	58,240	29,120	-	-	-	-	-	87,360	-
Accrued interest payable	30,930	-	458	-	-	31,383	34	62,805	-
Due to other funds	-	626	384	-	-	-	-	1,010	-
Bonds payable - current	200,000	225,813	329,804	-	-	45,419	-	801,036	-
Notes payable - current	-	-	-	-	-	117,164	8,050	125,214	-
Capital lease payable - current	-	-	-	-	-	21,700	-	21,700	-
Revenue collected in advance	-	-	-	-	4,092	-	1,672	5,764	-
Accrued leave payable	51,950	35,495	30,130	-	17,973	24,942	1,289	161,779	3,677
Total current liabilities	801,634	365,392	437,368	103,532	28,401	492,511	12,516	2,241,354	5,341
Noncurrent liabilities:									
Revenue bonds	6,260,000	4,485,101	5,860,734	-	-	1,593,581	-	18,199,416	-
Notes payable	-	-	-	-	-	195,271	8,253	203,524	-
Capital lease payable	-	-	-	-	-	166,601	-	166,601	-
Closure-postclosure liability	-	-	-	-	-	280,002	-	280,002	-
Accrued leave payable	73,489	50,212	42,622	-	25,425	35,283	1,824	228,855	5,202
Advance from other funds	-	591	362	-	-	-	-	953	-
Total noncurrent liabilities	6,333,489	4,535,904	5,903,718	-	25,425	2,270,738	10,077	19,079,351	5,202
Total liabilities	7,135,123	4,901,296	6,341,086	103,532	53,826	2,763,249	22,593	21,320,705	10,543
NET POSITION									
Net Investment in capital assets	7,114,868	5,657,453	6,886,623	42,532	2,959,859	3,861,522	196	26,523,053	3,094,973
Restricted for:									
Debt service	600,175	171,317	393,286	-	-	10,305	-	1,175,083	-
Landfill closure & postclosure	-	-	-	-	-	130,851	-	130,851	-
Unrestricted	5,860,562	1,031,076	1,044,534	254,705	988,964	617,615	75,391	9,872,847	421,511
Total net position	\$ 13,575,605	\$ 6,859,846	\$ 8,324,443	\$ 297,237	\$ 3,948,823	\$ 4,620,293	\$ 75,587	\$ 37,701,834	\$ 3,516,484
Adjustment to reflect the consolidation of internal service fund activities related to enterprise activities								98,220	
Net Position of Business-type Activities								\$ 37,800,054	

CITY OF VERMILLION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	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	\$ 5,387,226	\$ 1,399,529	\$ 1,491,940	\$ 1,246,418	\$ 623,148	\$ 893,792	\$ 100,063	\$ 11,122,116	\$ 519,592
Surcharge as security for debt	715,396	266,357	325,433	-	-	-	-	1,307,186	-
Miscellaneous	78,483	21,109	10,712	-	362	214,043	160	324,869	-
Total operating revenue	<u>6,161,105</u>	<u>1,686,995</u>	<u>1,828,085</u>	<u>1,246,418</u>	<u>623,510</u>	<u>1,107,835</u>	<u>100,223</u>	<u>12,754,171</u>	<u>519,592</u>
Operating expenses:									
Personal services	811,262	570,412	458,784	-	353,145	492,852	87,207	2,773,662	84,991
Other current expense	323,677	118,346	490,706	216,611	238,455	543,320	7,658	1,938,773	18,878
Materials (cost of goods sold)	2,996,514	376,304	-	844,878	145,315	8,182	-	4,371,193	-
Depreciation/amortization	552,165	288,192	604,788	3,808	56,581	353,546	4,916	1,863,976	357,005
Total operating expenses	<u>4,683,618</u>	<u>1,353,254</u>	<u>1,554,258</u>	<u>1,065,297</u>	<u>793,496</u>	<u>1,397,900</u>	<u>99,781</u>	<u>10,947,804</u>	<u>460,874</u>
Operating income (loss)	<u>1,477,487</u>	<u>333,741</u>	<u>273,827</u>	<u>181,121</u>	<u>(169,986)</u>	<u>(290,065)</u>	<u>442</u>	<u>1,806,567</u>	<u>58,718</u>
Nonoperating revenue (expense):									
Interest earned	156,836	4,642	3,557	495	4,322	4,629	135	174,616	1,010
Rental revenue	-	9,121	-	-	72,719	-	-	81,840	-
Interest expense and fiscal charges	(379,684)	(123,470)	(174,249)	-	-	(29,160)	(540)	(707,103)	-
Gain(loss) on discarded equipment	(3,232)	-	(466)	-	-	(1,773)	-	(5,473)	195,441
Total nonoperating revenue (expense)	<u>(226,080)</u>	<u>(109,707)</u>	<u>(171,160)</u>	<u>495</u>	<u>77,041</u>	<u>(26,304)</u>	<u>(405)</u>	<u>(456,120)</u>	<u>196,451</u>
Income (Expense) before contributions and transfers	1,251,407	224,034	102,667	181,616	(92,945)	(316,369)	37	1,350,447	255,169
Capital contributions & grants	-	252,248	322,338	-	3,640	433,251	-	1,011,477	-
Transfer in	9,000	-	-	-	-	-	-	9,000	8,500
Transfer out	(884,950)	(48,228)	(26,679)	(194,200)	-	-	-	(1,156,057)	-
Change in net position	<u>375,457</u>	<u>428,054</u>	<u>396,326</u>	<u>(12,584)</u>	<u>(89,305)</u>	<u>116,862</u>	<u>37</u>	<u>1,214,867</u>	<u>263,669</u>
Total net position - beginning	<u>13,200,148</u>	<u>6,431,792</u>	<u>7,928,117</u>	<u>309,821</u>	<u>4,038,128</u>	<u>4,503,411</u>	<u>75,550</u>		<u>3,252,815</u>
Total net position - ending	<u>\$ 13,575,605</u>	<u>\$ 6,859,846</u>	<u>\$ 8,324,443</u>	<u>\$ 297,237</u>	<u>\$ 3,948,823</u>	<u>\$ 4,620,293</u>	<u>\$ 75,587</u>		<u>\$ 3,516,484</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise activities								23,394	
Change in Net Position of Business-type Activities (page 7)								<u>\$ 1,238,261</u>	

CITY OF VERMILLION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31 2014

	Business-Type Activities-Enterprise Funds							Totals	Governmental Activities- Internal Service Funds
	Electric	Water	Wastewater	Liquor	Golf Course	Joint Powers Landfill	Non-Major Curbside Recycling		
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from customers	\$ 5,787,333	\$ 1,669,620	\$ 1,811,990	\$ 1,245,893	\$ 697,962	\$ 1,078,224	\$ 100,124	\$ 12,391,146	\$ -
Cash received from interfund services provided	394,235	27,417	10,547	-	-	-	-	432,199	519,451
Cash paid for personal services	(802,359)	(562,943)	(454,061)	-	(353,597)	(488,857)	(87,995)	(2,749,812)	(83,982)
Cash paid for interfund services	(883)	(80,963)	(100,554)	(7,854)	(25,489)	(7,509)	-	(223,252)	-
Cash paid to suppliers	<u>(3,342,079)</u>	<u>(432,526)</u>	<u>(477,166)</u>	<u>(1,058,583)</u>	<u>(359,141)</u>	<u>(432,780)</u>	<u>(7,493)</u>	<u>(6,119,722)</u>	<u>(18,857)</u>
Net cash provided (used) by operating activities	2,036,247	620,603	790,754	179,456	(50,265)	149,078	4,636	3,730,509	416,612
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Acquisition and construction of capital assets	(686,831)	(928,204)	(313,107)	(23,001)	(16,657)	(3,536,474)	-	(5,504,274)	(675,973)
Grants	-	45,348	-	-	-	518,697	-	564,045	-
Insurance proceeds net of expenses	-	-	-	-	-	499,995	-	499,995	-
Proceeds from sale of assets	836	-	-	-	-	-	-	836	247,352
Proceeds from sale of bonds	-	408,127	-	-	-	1,221,588	-	1,629,715	-
Principal paid on bonds and capital leases	(195,000)	(279,857)	(371,115)	-	-	(135,434)	(7,852)	(889,258)	-
Interest paid on bonds and capital leases	<u>(380,050)</u>	<u>(123,585)</u>	<u>(174,347)</u>	-	-	<u>(16,040)</u>	<u>(556)</u>	<u>(694,578)</u>	-
Net cash (used for) capital and related financing activities	(1,261,045)	(878,171)	(858,569)	(23,001)	(16,657)	(1,447,668)	(8,408)	(4,493,519)	(428,621)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES									
Due from other funds	(257,309)	(44,115)	99,228	-	-	-	-	(202,196)	-
Advances to Other Funds	119,020	-	-	(51,814)	(22,000)	-	-	45,206	-
Transfer in	9,000	-	-	-	-	-	-	9,000	8,500
Transfer (out)	<u>(884,950)</u>	<u>(48,228)</u>	<u>(28,679)</u>	<u>(194,200)</u>	-	-	-	<u>(1,156,057)</u>	-
Net cash provided by (used for) non-capital financing activities	(1,014,239)	(92,343)	70,549	(246,014)	(22,000)	-	-	(1,304,047)	8,500
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest on investments	163,215	5,959	3,377	199	5,145	5,444	-	(2,405,898)	1,896
Purchase of investments	-	-	-	-	-	-	(50,000)	(2,451,104)	(102,000)
Sale of investments	68,727	325,000	165,000	50,000	150,000	950,000	-	(4,866,002)	-
Net cash provided by (used for) investing activities	231,942	330,959	168,377	50,199	155,145	955,444	(50,000)	1,892,066	(100,104)
Net increase (decrease) in cash and cash equivalents	(7,095)	(18,952)	171,111	(39,360)	66,223	(343,146)	(53,772)	(224,991)	(103,613)
Cash and cash equivalents beginning of year	158,783	233,564	327,174	75,499	57,182	1,028,339	70,295	1,950,836	120,605
Cash and cash equivalents end of year	<u>\$ 151,688</u>	<u>\$ 214,612</u>	<u>\$ 498,285</u>	<u>\$ 36,139</u>	<u>\$ 123,405</u>	<u>\$ 685,193</u>	<u>\$ 16,523</u>	<u>\$ 1,725,845</u>	<u>\$ 16,992</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES									
Operating income (loss)	\$ 1,477,487	\$ 333,741	\$ 273,827	\$ 181,121	\$ (169,986)	\$ (290,065)	\$ 442	\$ 1,806,567	\$ 58,718
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:									
Depreciation	552,165	288,192	604,768	3,808	56,581	353,546	4,916	1,863,976	357,005
Rental revenue	-	9,121	-	-	72,719	-	-	81,840	-
(Increase) decrease in assets and increase (decrease) in liabilities:									
Accounts receivable	14,397	(1,612)	(5,548)	(525)	(2,054)	(28,464)	(99)	(23,905)	(141)
Due from other governments	-	-	-	-	-	(1,147)	-	(1,147)	-
Inventory	3,332	(18,021)	(23,269)	10,586	(4,641)	41,825	-	9,812	-
Prepaid expenses	1,095	(185)	23	(34)	(32)	(106)	7	768	-
Accounts payable	(27,198)	(635)	(63,770)	(15,500)	(6,187)	12,078	158	(101,054)	21
Revenue collected in advance	-	-	-	-	3,787	-	-	3,787	-
Leave liability	8,903	7,469	-	-	(452)	3,995	(788)	19,127	1,009
Closure liability	-	-	-	-	-	57,416	-	57,416	-
Customer deposits	6,066	2,533	4,723	-	-	-	-	13,322	-
Net cash (used) provided by operating activities	<u>\$ 2,036,247</u>	<u>\$ 620,603</u>	<u>\$ 790,754</u>	<u>\$ 179,456</u>	<u>\$ (50,265)</u>	<u>\$ 149,078</u>	<u>\$ 4,636</u>	<u>\$ 3,730,509</u>	<u>\$ 416,612</u>
Noncash investing, capital and financing activities:									
Capital contributions	\$ -	\$ 221,554	\$ 322,338	\$ -	\$ -	\$ -	\$ -	\$ 543,892	\$ -
Exchange of payables for capital assets	122,407	-	23,985	-	-	196,924	-	343,316	-
Gain(loss) on disposal of capital assets not affecting operating income	-	(468)	-	-	-	-	-	(468)	196,451
Total noncash investing, capital and financing activities	<u>\$ 122,407</u>	<u>\$ 221,086</u>	<u>\$ 346,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,924</u>	<u>\$ -</u>	<u>\$ 886,740</u>	<u>\$ 196,451</u>
Reconciliation of cash and cash equivalents:									
Unrestricted	\$ 104,043	\$ 43,295	\$ 104,541	\$ 36,139	\$ 123,405	\$ 264,035	\$ 16,523	\$ 691,981	\$ 16,992
Restricted	47,645	171,317	393,744	-	-	421,158	-	1,033,864	-
Total reconciliation of cash & cash equivalents	<u>\$ 151,688</u>	<u>\$ 214,612</u>	<u>\$ 498,285</u>	<u>\$ 36,139</u>	<u>\$ 123,405</u>	<u>\$ 685,193</u>	<u>\$ 16,523</u>	<u>\$ 1,725,845</u>	<u>\$ 16,992</u>

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). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The City of Vermillion consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its City Council appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or to impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

The Housing and Redevelopment Commission of the City of Vermillion, South Dakota (Commission) is a proprietary fund-type, and is required to be reported as a discretely presented component unit. The five members of the Commission are appointed by the Mayor, with the approval of the City Council, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The City Council, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the City Council the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained by writing to the Commission at PO Box 362, Vermillion, SD 57069.

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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

B. Government-wide and fund financial statements

Government-wide Financial Statements:

The City's government-wide financial statements (the statement of net position 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 position 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 Position, the governmental, business-type and component unit 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 position is reported in three parts-net investments in capital assets, restricted net position and unrestricted net position. The City first uses restricted resources to finance qualifying activities.

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

Fund Financial Statements:

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

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, 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. These services benefit governmental and business-type functions; as such the results of operations have been allocated and are included within governmental and business-type

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

activities in the government wide financial statements.

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.

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

The City reports the following major governmental funds:

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

Special Revenue Fund:

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

Capital Project Fund:

Bliss Pointe Capital Project Fund – This fund is to account for the capital expenditures and related TIF revenue bond issuance for the Bliss Pointe development project.

The City reports the following major enterprise funds:

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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 package off-sale 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 Position and Statement of Activities, governmental, business-type and component unit 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 fund types.

Basis of Accounting:

Government-wide Financial Statements:

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the City is 30 days. The revenues which are accrued at December 31, 2014 are property taxes, special 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 unavailable revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

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

All proprietary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

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.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments

State statutes authorize the City to invest in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1, and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts that exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish revocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or better or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota. Deposits and investments during the year have not varied from these statutes and were consistent with those held by the City at year-end.

Deposits

The City's deposits at December 31, 2014 consist of bank deposits that are covered by Federal depository insurance or for the accounts that exceed deposit insurance eligible collateral or revocable standby letter of credit as required by SDCL 4-6A-3 were maintained to insure there would be no loss of public funds. Deposits also consist of nonnegotiable certificate of deposits with a carrying value of \$13,850,000. The City's bank deposits, per banks, at December 31, 2014 were \$14,980,754 and \$67,239 in deposits of the Vermillion Housing and Redevelopment Commission for total bank deposits of \$15,047,993.

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, 2014 was \$1,312,406.

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Interest Rate Risk

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

Credit Risk

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

Custodial Risk – Deposits

In the case of deposits this is the risk that 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	\$ 278,938
City Hall Debt Service Fund	External Parties	360,334
Bliss Point Capital Fund	External Parties	249,218
Electric Fund	Bond Covenants	619,078
Water Fund	Bond Covenants	171,317
Wastewater Fund	Bond Covenants	393,744
Joint Powers-Landfill Fund	Bond Covenants	10,305
Joint Powers-Landfill Fund	State Agency	410,853
Total Restricted Cash and Investments		<u>\$ 2,493,787</u>

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Restricted Investments	Amount	12/31/2014
U.S Treasury Note	\$ 359,195	AAA
U.S Treasury Bond	321,979	AAA
Money Market	2,593	AAA
First Bank and Trust CD	498,000	
Restricted Investments	<u>\$ 1,181,767</u>	

G. Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of December 31, 2014, 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.

An additional \$98,220 is included in the internal balances of the governmental funds and business-type funds on the Statement of Net Position. This represents the adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds as shown in the Statement of Net Position-Proprietary Funds.

The composition of short-term interfund balances as of December 31, 2014 is as follows:

	Short-term Interfund Receivables	Short-term Interfund Payables
Special Revenue Funds:		
Sales Tax	\$ 175,858	\$ -
General	-	6,973
911 Fund	-	51,814
Enterprise Funds:		
Electric	326,128	-
Water	40,299	626
Wastewater	-	384
Liquor	51,814	-
Capital Projects Funds:		
Special Assessments	-	490,299
Bike Path	-	18,885
Debt Service Funds:		
Special Assessments	-	25,118
	<u>\$ 594,099</u>	<u>\$ 594,099</u>

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

The composition of long-term advances as of December 31, 2014, is as follows:

	Advance to	Advance (from)
<u>Enterprise</u>		
Electric	\$ 69,294	\$ -
Water	-	591
Wastewater	-	362
<u>Debt Service</u>		
TIF District No. 6	-	35,362
Special Assessment	-	68,341
<u>Special Revenue</u>		
Sales Tax	35,362	-
	<u>\$ 104,656</u>	<u>\$ 104,656</u>

The advances consist of Special Assessment Bonds which were purchased by the Electric Enterprise Fund and are payable from the Special Assessment Debt Service Fund, Water Fund and Wastewater Fund. The current portion of the bonds is shown as short-term interfund receivable/payable while those amounts due and payable after one year are recorded as advances. The advance between the Sales Tax Fund and TIF District No. 6 is to cover current debt service payments on the related debt. Repayment on the advance will be made as TIF revenues become available.

H. Inventory and Prepaid Items

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

Payments made to vendors for services that will benefit periods beyond December 31, 2014 are recorded as prepaid items in the government-wide financial statements and in the proprietary funds financial statements.

I. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: sales, special assessments, and interest income. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 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	15-40 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 2014 were \$889,398 of which \$16,882 were 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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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. Equity Classifications

Government-wide Financial Statements:

Equity is classified as Net Position and is displayed in three components:

1. Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition construction or improvement of those assets.
2. Restricted Net Position - Consists of net position with constraints places on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments: of (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements:

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Application of Net Position

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

Q. Fund Balance Classification Policies and Procedures

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

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

The Municipality uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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, 2014.

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 2 – Property Tax (Continued)

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

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

The combined tax rate to finance municipal services including principal and interest on long-term debt for the year ended December 31, 2014 was \$6.21 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	\$ 34,879
Uncollectibles related to ambulance charges	28,879
Uncollectibles related to mobile home fees	266
Uncollectibles related to miscellaneous fees	1,291
Uncollectibles related to electric charges	15,489
Uncollectibles related to water charges	6,730
Uncollectibles related to wastewater charges	9,691
Uncollectibles related to golf course charges	4,561
Uncollectibles related to curbside recycling charges	720
	<u>\$ 102,506</u>

Amounts due from other governments include \$430,976 from the State of South Dakota, \$88,091 due from Clay County, \$19,649 due from the City of Yankton, and \$1,794 due from the Federal Government. The City also has \$8,373 due from insurance for a fire that occurred at the landfill in 2012.

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 4 – Capital Assets

A summary of the changes in the capital assets for the year ended December 31, 2014, is as follows:

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 1,221,441	\$ -	\$ -	\$ 1,221,441
Infrastructure Land	343,062	58,312	-	401,374
Construction in Progress	329,792	77,328	(276,193)	130,927
Total capital assets, not being depreciated	<u>1,894,295</u>	<u>135,640</u>	<u>(276,193)</u>	<u>1,753,742</u>
Capital Assets, being depreciated				
Buildings	18,925,659	262,783	-	19,188,442
Furniture & Equipment	8,286,196	598,270	(584,660)	8,299,806
Books	1,872,117	75,929	(50,022)	1,898,024
Infrastructure	18,848,593	2,296,165	-	21,144,758
Total capital assets, being depreciated	<u>47,932,565</u>	<u>3,233,147</u>	<u>(634,682)</u>	<u>50,531,030</u>
Less: Accumulated Depreciation for:				
Buildings	(4,113,326)	(524,306)	-	(4,637,632)
Furniture & Equipment	(4,284,516)	(542,120)	525,173	(4,301,463)
Books	(825,745)	(37,653)	35,967	(827,431)
Infrastructure	(9,485,530)	(692,593)	-	(10,178,123)
Total Accumulated Depreciation	<u>(18,709,117)</u>	<u>(1,796,672)</u>	<u>561,140</u>	<u>(19,944,649)</u>
Total Capital Assets, being depreciated, net	<u>29,223,448</u>	<u>1,436,475</u>	<u>(73,542)</u>	<u>30,586,381</u>
Governmental activities capital assets, net	<u>\$ 31,117,743</u>	<u>\$ 1,572,115</u>	<u>\$ (349,735)</u>	<u>\$ 32,340,123</u>

The following commitments are included in construction in progress:

	Total Project Authorization	Expended thru 12/31/2014
Culture & Recreation:		
Airport	\$ 94,972	\$ 950
Swimming Pool	24,800	20,021
Bike Path	4,500	2,700
	<u>\$ 124,272</u>	<u>\$ 23,671</u>

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 4 – Capital Assets (Continued)

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Business-Type Activities:				
Capital Assets, not being depreciated				
Land and Improvements	\$ 2,487,229	\$ -	\$ -	\$ 2,487,229
Construction in Progress	2,828,220	1,628,978	(2,736,427)	1,720,771
Total capital assets, not being depreciated	<u>5,315,449</u>	<u>1,628,978</u>	<u>(2,736,427)</u>	<u>4,208,000</u>
Capital Assets, being depreciated				
Buildings	29,998,935	5,223,552	(8,058)	35,214,429
Improvements Other than Buildings	21,086,742	1,340,415	(34,487)	22,392,670
Furniture & Equipment	5,502,845	207,752	(50,689)	5,659,908
Total capital assets, being depreciated	<u>56,588,522</u>	<u>6,771,719</u>	<u>(93,234)</u>	<u>63,267,007</u>
Less: Accumulated Depreciation for:				
Buildings	(8,326,999)	(857,994)	4,473	(9,180,520)
Improvements Other than Buildings	(7,790,486)	(635,764)	23,861	(8,402,389)
Furniture & Equipment	(3,528,782)	(370,218)	47,446	(3,851,554)
Total Accumulated Depreciation	<u>(19,646,267)</u>	<u>(1,863,976)</u>	<u>75,780</u>	<u>(21,434,463)</u>
Total Capital Assets, being depreciated, net	<u>\$ 36,942,255</u>	<u>\$ 4,907,743</u>	<u>\$ (17,454)</u>	<u>\$ 41,832,544</u>
Business-type activities capital assets, net	<u>\$ 42,257,704</u>	<u>\$ 6,536,721</u>	<u>\$ (2,753,881)</u>	<u>\$ 46,040,544</u>

The following commitments are included in construction in progress:

	Total Project Authorization	Expended thru 12/31/2014
Golf Course Housing Sites	\$ 252,804	\$ 43,973
Electric Substation	743,968	223,684
Joint Powers Lechate Project, Cell 5, Baler and Building	1,292,497	1,050,757
	<u>\$ 2,289,269</u>	<u>\$ 1,318,414</u>

City of Vermillion
 Comprehensive Annual Financial Report
 December 31, 2014

Notes to Financial Statements

Note 4 – Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 200,237
Public Safety	120,283
Public Works	867,688
Health & Welfare	26,782
Culture & Recreation	<u>224,677</u>
Total depreciation expense	
- Governmental Activities	1,439,667
- Internal Service Funds	<u>357,005</u>
	<u>\$ 1,796,672</u>
Business-Type Activities:	
Electric	\$ 552,165
Water	288,192
Wastewater	604,768
Liquor	3,808
Golf Course	56,581
Joint Powers Landfill	353,546
Curbside Recycling	<u>4,916</u>
Total depreciation expense	
- Business-Type Activities	<u>\$ 1,863,976</u>

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

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit:				
Capital Assets, being depreciated				
Furniture & Equipment	\$ 3,628	\$ -	\$ -	\$ 3,628
Total capital assets being depreciated	<u>3,628</u>	<u>-</u>	<u>-</u>	<u>3,628</u>
Less:				
Accumulated Depreciation	<u>(3,628)</u>	<u>-</u>	<u>-</u>	<u>(3,628)</u>
Total Capital Assets, being depreciated, net	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 4 – Capital Assets (Continued)

Reconciliation of Net Investment in Capital Assets:

	<u>Governmental</u>	<u>Business-Type</u>
Land and Improvements	\$ 1,622,815	\$ 2,487,229
Construction in Progress	130,927	1,720,771
Capital Assets (Net of Accumulated Depreciation)	30,586,381	41,832,544
Less:		
Revenue Bonds	-	(19,000,452)
Notes Payable	-	(328,738)
Capital Leases	<u>(3,230,785)</u>	<u>(188,301)</u>
Net Investment in Capital Assets	<u>\$ 29,109,338</u>	<u>\$ 26,523,053</u>

Note 5 – Long-Term Debt

Notes Payable

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

The second was entered into in 2009 with the Solid Waste Management Program for purchase of equipment to initiate and establish a new curbside recycling program in the amount not to exceed \$175,000. The rate on this loan is 2.5%, repayment began on June 1, 2010 and matures December 1, 2016.

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

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

Notes Payable outstanding at December 31, 2014 is as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Outstanding Amounts</u>
Solid Waste Management-2006-204	2.50%	\$ 62,759
Solid Waste Management-2008-402	2.50%	16,303
Solid Waste Management-2010-402	2.25%	89,562
Solid Waste Management-2010-203	2.25%	<u>160,114</u>
		<u>\$ 328,738</u>

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 5 – Long-Term Debt (Continued)

Annual debt service requirements to maturity are as follows:

Year Ending December 31	Business-Type Activities	
	Principal	Interest
2015	\$ 125,214	\$ 6,849
2016	63,888	4,237
2017	56,894	2,823
2018	26,966	1,711
2019	27,576	1,100
2020	28,200	477
Total	<u>\$ 328,738</u>	<u>\$ 17,197</u>

Revenue Bonds

On May 15, 2013, the City entered into a \$1,532,000 loan with the South Dakota Conservancy District of State Revolving Fund Loan (SRF) funds for construction of a new water tower. The loan is for 2.25% for twenty (20) years with repayment to start on April 1, 2014. The City completed total drawdowns of \$1,294,687. Repayment of the bonds began in 2014.

On June 28, 2013, the City entered into a loan with the South Dakota Conservancy District for \$1,639,000 of State Revolving Fund Loan (SRF) for improvements at the solid waste landfill facility. The loan is for 3.0% for twenty (20) years with repayment to start in May of 2015. The full amount of the bond was drawn down in 2014 with repayment of the bonds beginning May 15, 2015.

During 2014, the City issued a new TIF Incremental Revenue Bond in the amount of \$1,732,000 for the development of Tax Incremental District Number Six – Bliss Pointe Development. The bonds have an interest rate of 3.5%. All tax increment payments received will be used to pay down the debt as it becomes available to the City.

A detail of revenue bonds outstanding follows:

Purpose	Interest Rate	Amounts
Governmental Activities:		
TIF Incremental Revenue Bonds	3.50%	\$ 1,732,000
		<u>\$ 1,732,000</u>
Business-Type Activities:		
Electric Revenue Bond, Series 2009 A & B	2.0%-6.25%	\$ 6,460,000
Wastewater System Revenue Bond, Series 2003 (SRF)	3.50%	157,241
Wastewater System Revenue Bond, Series 2008 (SRF)	3.25%	3,532,530
Wastewater System Revenue Bond, Series 2009 (SRF)	2.50%	210,768
Wastewater System Revenue Refunding Bond, Series 2013 (SRF)	.5%-2.45%	2,290,000
Joint Powers Revenue Bond 2013 (SRF)	3.00%	1,639,000
Water Utility Bond, Series 2002 (SRF)	3.50%	845,690
Water Utility Bond, Series 2006 (SRF)	2.50%	2,608,772
Water Utility Bond, Series 2013 (SRF)	2.25%	1,256,451
Total Business-Type Activities		<u>\$ 19,000,452</u>

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 5 – Long Term Debt (Continued)

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Governmental		Enterprise	
	Principal	Interest	Principal	Interest
2015	\$ -	\$ 86,600	\$ 801,036	\$ 635,367
2016	-	86,600	958,133	683,351
2017	10,957	86,465	980,304	655,337
2018	58,257	85,333	1,012,996	626,018
2019	142,222	81,384	1,041,225	594,578
2020-2024	1,369,508	238,789	5,648,530	2,440,518
2025-2029	151,056	3,776	4,819,908	1,475,727
2030-2034	-	-	2,876,205	673,313
2035-2036	-	-	862,115	78,953
Total	\$ 1,732,000	\$ 668,947	\$ 19,000,452	\$ 7,863,162

Capital Lease

The following are the City's three outstanding capital leases:

An agreement with The First National Bank in Sioux Falls (Lessor/Trustee) for the financing to construct a new city hall building. The Declaration of Trust Agreement, the Lease-Purchase Agreement and Ground Lease Agreement between the City and The First National Bank along with the issuance of \$4,475,000 of Certificates of Participation were completed in September 2007. These agreements are evidence of the Bank's ownership interest in the lease-purchase assets with the City of Vermillion. In addition to the Certificate of Participation proceeds available for the building construction, the City contributed \$1,140,000 of sales tax funds for completion of the building project. The bid was awarded and construction began on the new city hall building in October 2007 and completed in March 2009. The interest rate on the Certificates of Participation varies from 3.80% to 4.40% and the lease payment terms match the terms of the certificates with final payment December 15, 2026. Sales tax funds have been pledged to make the lease payments over the term of the lease.

An agreement with Cannon Financial Services was entered into in 2012 to lease a Canon iPF 755 MFP copier for the engineering department. This is an interest free lease with the final payment to be made in April of 2015. The lease is paid from the General Fund. The equipment is recorded at \$7,066 less accumulated depreciation at year end of \$3,180.

An agreement with Kinetic Leasing for the financing of a 2012 Caterpillar Motorgrader at the landfill. A down payment of \$12,737 was made in 2012 and an agreement for \$253,282 to be paid back with an interest rate of 3.25% and maturing in 2019. This lease is paid from the Joint Powers Landfill-Recycling Fund. The equipment is recorded at \$266,019 less accumulated depreciation at year end of \$119,709.

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 5 – Long Term Debt (Continued)

A detail of capital leases outstanding follows:

Purpose	Interest Rate	Outstanding Amounts
City Hall - First National Bank	3.8%-4.40%	\$ 3,230,000
Engineering - Cannon Financial Services	0.00%	785
Joint Powers - Kinetic Leasing	3.25%	188,301
		<u>\$ 3,419,086</u>

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, 2014.

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 215,785	\$ 137,041	\$ 21,700	\$ 6,120	\$ 380,646
2016	220,000	128,710	22,404	5,415	376,529
2017	230,000	120,020	23,132	4,686	377,838
2018	240,000	110,820	121,065	3,935	475,820
2019	250,000	100,740	-	-	350,740
2020-2024	1,420,000	335,440	-	-	1,755,440
2025-2026	655,000	43,561	-	-	698,561
Minimum Lease Payments					4,415,574
Less:					
Amount Representing Interest					(996,488)
Present Value					
of Minimum Lease Payments					<u>\$ 3,419,086</u>

Closure/Postclosure Liability

State and federal laws and regulations require the City of Vermillion to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City of Vermillion reports a portion of these closure and postclosure care costs as an operating expense in each period based upon landfill capacity used as of each balance sheet date. The conversion balefill operations extended the useful life of the landfill due to the higher compaction and less cover.

The landfill permit was amended in 2013 to expand the permitted area as well as increase the final elevation and increase the depth of future cells. The permit amendment was approved by the SD Department of Environment and Natural Resources will increase the estimated capacity and extend the landfill life.

The \$280,002 reported as landfill closure and post closure care liability at December 31, 2014, represents the cumulative amount reported to date based on the use of 18 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 5 – Long Term Debt (Continued)

and postclosure care of \$1,596,463 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. The City expects to close the landfill in the year 2076. Actual cost may be higher due to inflation, changes in technology, or changes in regulation. The City reports the closure and postclosure care funds as restricted assets on the balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings 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	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue Bonds Payable	\$ -	\$ 1,732,000	\$ -	\$ 1,732,000	\$ -
Capital Leases	3,438,140	-	207,355	3,230,785	215,785
Compensated Absences	422,308	442,389	422,308	442,389	183,213
Governmental Activities Long-Term Liabilities	<u>\$ 3,860,448</u>	<u>\$ 2,174,389</u>	<u>\$ 629,663</u>	<u>\$ 5,405,174</u>	<u>\$ 398,998</u>
Business-Type Activities:					
Revenue Bonds Payable	\$ 18,216,709	\$ 1,629,715	\$ 845,972	\$ 19,000,452	\$ 801,036
Notes Payable	451,009	-	122,271	328,738	125,214
Capital Leases	209,316	-	21,015	188,301	21,700
Closure/Postclosure Liability	222,586	57,416	-	280,002	-
Compensated Absences	366,784	390,634	366,784	390,634	161,779
Business-Type Activities Long-Term Liabilities	<u>\$ 19,466,404</u>	<u>\$ 2,077,765</u>	<u>\$ 1,356,042</u>	<u>\$ 20,188,127</u>	<u>\$ 1,109,729</u>

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, the city hall capital lease will be paid out of the sales tax fund and the copier lease from the general 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
2015	\$ 1,875

Notes to Financial Statements

Note 6 – Leases (Continued)

The Bluff's golf course entered into a lease with Yamaha Golf & Utility to lease 40 golf carts and 2 beverage carts for 5 years beginning February 1, 2014. The following is the amount of the current lease payments:

Year	Amount
2015	\$ 23,191
2016	23,191
2017	23,191
2018	23,190

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, 2014, there was one series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$245,000.

Note 8 – Deficit Fund Equity

As of December 31, 2014, the following funds had deficit fund equity in the amount of:

Debt Service Funds:	
TIF District No. 6 Bonds	\$ 35,362
Capital Projects Funds:	
Bike Path	31,533
Special Assessments Projects	490,299
Internal Service Funds:	
Custodial Services	1,503

The deficit in TIF District No. 6 bond fund will continue until TIF revenues are sufficient to cover the deficit. The second penny sales tax fund will advance the funds needed and will be repaid with excess future TIF revenues. The deficit in the bike path fund will be eliminated by a transfer from the second penny sales tax fund in 2015. The deficit in Special Assessment Projects fund will be eliminated with an advance from the Electric fund in 2015. The deficit in Custodial Services fund will be addressed when custodial fees are revised in 2015.

**City of Vermillion
Comprehensive Annual Financial Report
December 31, 2014**

Notes to Financial Statements

Note 9 – Transfers

The following is a summary of transfers between funds:

	Governmental Fund Types			Business-Fund Type		Total Transfers Out
	General	Bliss Point Capital Project	Nonmajor Governmental Funds	Electric	Internal Service Fund	
General	\$ -	\$ -	\$ 254,875	\$ -	\$ -	\$ 254,875
Sales Tax	-	260,129	348,772	-	8,500	617,401
Electric	884,950	-	-	-	-	884,950
Water	29,583	9,645	-	9,000	-	48,228
Wastewater	28,679	-	-	-	-	28,679
Liquor	194,200	-	-	-	-	194,200
Nonmajor						
Governmental Funds	797	139,009	-	-	-	139,806
Total Transfers In	\$ 1,138,209	\$ 408,783	\$ 603,647	\$ 9,000	\$ 8,500	\$ 2,168,139

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, 2014, the municipality managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance and Property Insurance:

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

Notes to Financial Statements

Note 10 – Risk Management (Continued)

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 \$5,000 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, 2014, the Municipality has vested balance in the cumulative reserve fund of \$158,060.

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

Workmen's Compensation:

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

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

Notes to Financial Statements

Note 10 – Risk Management (Continued)

Unemployment Insurance:

The municipality has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. The municipality has equity in the unemployed insurance fund in the amount of \$12,437 for the payment of future unemployment benefits. During the current year ended December 31, 2014 the City paid no unemployment benefit. No material claims are anticipated in the next fiscal year.

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

Note 11 – Retirement Plan

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

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2014, 2013, and 2012 was \$326,188, \$310,158, and \$300,174, respectively, equal to the required contributions each year.

Note 12 – Commitments

The Vermillion Chamber of Commerce and Development Company in 2009 conducted a capital campaign titled Vermillion NOW! 1 with a goal to raise \$1.5 million over five years for economic development in the community. The 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! 1 exceeded its goal with commitments of over \$1.6 million. During 2009, the city paid \$20,000 of this pledge, \$30,000 in 2010, \$38,713 in 2011, \$65,947 in 2012, \$166,710 in 2013 and \$30,000 in 2014.

The Vermillion Chamber of Commerce and Development Company in 2013 started a second capital campaign titled Vermillion NOW! 2 with a goal to raise \$1.6 million over five years for economic development in the community. The City Council in November 2013 pledged \$500,000 to the capital campaign with the funds to be made available at \$100,000 per year starting in 2015.

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

Notes to Financial Statements

Note 12 – Commitments (Continued)

\$68,000 per year for five years starting in the fourth quarter of 2010. Payments have been made in 2010, 2011, 2012, 2013 and the final payment was in 2014. 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 13 – 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, 2014, the City estimates that no material liabilities will result from such audits.

Note 14 – Subsequent Events

On August 4, 2014, the City Council adopted a resolution for the issuance of a General Obligation bond not to exceed \$3,100,000 for Prentis Park improvements consisting of a new pool to replace the existing pool, parking lot, basketball courts and related improvements. The resolution required a public vote for approval and an election date of November 4, 2014 was set. The citizens approved the issuance of the General Obligation bond at the November 4 election 75% to 25%. In early 2015 the City Council as an option to assist with the repayment of the GO Bond adopted an ordinance to implement a 5% markup on the wholesale purchase price on malt beverages pursuant to SDCL 35-4-60.2 that was to become effective July 1, 2015. In April 2015, an initiated petition was received to repeal the malt beverage markup ordinance. A special election was held June 30, 2015 at which time the initiated measure failed 37% to 63%. Due to the initiated petition being filed, pool plans were put on hold until the outcome was determined and now it is anticipated the project will be bid in early 2016 with the issuance of bonds to follow bid opening in 2016.

Note 15 – Prior Period Adjustment

In previous years uncollected taxes receivable and storm drainage fees were recognized as revenue in the current year. In reviewing the Deferred Inflows of Resources it was determined that property taxes delinquent and storm drainage fees delinquent were being reported as current year revenue. A prior period adjustment was reported on the financial statements to record the delinquent property taxes of \$74,216 and storm drainage fees of \$5,938 as a deferred inflow of resources. This adjustment has resulted in a decrease in fund balance of \$74,216 for the general fund and a decrease in the storm water fee fund of \$5,938.

Note 16 – Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending December 31, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.



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REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

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

CITY OF VERMILLION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance
	Original	Final		Amended Budget Favorable (Unfavorable)
Revenue:				
Taxes:				
General property taxes	\$ 2,037,500	\$ 2,055,520	\$ 2,064,025	\$ 8,505
General sales & use taxes	1,600,000	1,678,000	1,664,515	(13,485)
Penalties & interest on delinquent taxes	4,000	4,000	6,098	2,098
Licenses & permits	245,150	241,050	245,127	4,077
Intergovernmental revenue	359,150	360,380	377,534	17,154
Charges for goods & services	548,540	525,150	522,768	(2,382)
Fines & forfeits	41,050	38,150	35,633	(2,517)
Special assessments	100	100	91	(9)
Investment earnings	15,500	13,500	13,525	25
Rentals	15,100	15,100	17,612	2,512
Contributions & donations from private sources	2,500	44,000	26,200	(17,800)
Other	54,600	51,140	43,699	(7,441)
Total revenue	<u>4,923,190</u>	<u>5,026,090</u>	<u>5,016,827</u>	<u>(9,263)</u>
Expenditures:				
General government:				
Executive	549,853	549,673	521,373	28,300
Financial administration	172,861	179,270	178,271	999
Other	548,621	550,612	522,801	27,811
Total general government	<u>1,271,335</u>	<u>1,279,555</u>	<u>1,222,445</u>	<u>57,110</u>
Public safety:				
Police	1,889,118	1,684,839	1,621,110	63,729
Fire	207,530	229,363	219,643	9,720
Other protection	3,300	3,300	1,341	1,959
Total public safety	<u>1,899,948</u>	<u>1,917,502</u>	<u>1,842,094</u>	<u>75,408</u>
Public works:				
Highways & streets	810,686	819,185	747,341	71,844
Sanitation	109,697	109,694	108,908	786
Airport	123,423	124,423	107,785	16,638
Total public works	<u>1,043,806</u>	<u>1,053,302</u>	<u>964,034</u>	<u>89,268</u>
Health and welfare:				
Health	197,819	199,328	188,988	10,340
Ambulance	323,166	302,200	279,163	23,037
Total health and welfare	<u>520,985</u>	<u>501,528</u>	<u>468,151</u>	<u>33,377</u>
Culture-recreation:				
Recreation	287,376	293,079	256,132	36,947
Parks	307,408	308,625	284,703	23,922
Libraries	572,380	610,698	581,189	29,509
Armory	59,661	58,967	45,274	13,693
Total culture-recreation	<u>1,226,825</u>	<u>1,271,369</u>	<u>1,167,298</u>	<u>104,071</u>
Conservation and development:				
Conservation and development:	47,000	128,800	78,360	50,440
Total expenditures	<u>6,009,899</u>	<u>6,152,056</u>	<u>5,742,382</u>	<u>409,674</u>
Debt Service				
Principal	2,355	2,355	2,355	-
Other financing sources (uses):				
Operating transfers in	1,146,212	1,138,252	1,138,209	43
Operating Transfers Out	(267,430)	(268,028)	(254,875)	13,153
Total other financing sources (uses)	<u>878,782</u>	<u>870,224</u>	<u>883,334</u>	<u>13,196</u>
Net change in fund balances	(207,927)	(258,097)	155,424	413,521
Fund balance - beginning	2,991,232	2,991,232	2,991,232	-
Prior Period Adjustment	-	-	(74,216)	(74,216)
Fund Balance -beginning (as restated)	2,991,232	2,991,232	2,917,016	(74,216)
Change in inventory	-	-	21,894	21,894
Fund balance - ending	<u>\$ 2,783,305</u>	<u>\$ 2,733,135</u>	<u>\$ 3,094,334</u>	<u>\$ 361,199</u>

CITY OF VERMILLION
MAJOR SPECIAL REVENUE FUNDS
SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Taxes:				
General sales & use taxes	\$ 1,599,000	\$ 1,678,000	\$ 1,663,576	\$ (14,424)
Miscellaneous revenue:				
Interest earned	13,500	8,500	8,858	358
Total revenue	<u>1,612,500</u>	<u>1,686,500</u>	<u>1,672,434</u>	<u>(14,066)</u>
EXPENDITURES				
Current:				
Public safety	145,000	35,000	45,541	(10,541)
Public works	347,100	53,000	33,196	19,804
Conservation & development	68,000	214,630	101,676	112,954
Culture-recreation	162,000	165,000	5,394	159,606
Total current expenditures	<u>722,100</u>	<u>467,630</u>	<u>185,807</u>	<u>281,823</u>
Capital Outlay:				
General	-	-	6,400	(6,400)
Public safety	-	139,600	112,967	26,633
Public works	-	225,470	223,678	1,792
Health and welfare	67,000	48,100	48,051	49
Total capital outlay	<u>67,000</u>	<u>413,170</u>	<u>391,096</u>	<u>22,074</u>
Total expenditures	<u>789,100</u>	<u>880,800</u>	<u>576,903</u>	<u>303,897</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(757,291)	(686,896)	(617,401)	69,495
Total other financing sources (uses)	<u>(757,291)</u>	<u>(686,896)</u>	<u>(617,401)</u>	<u>69,495</u>
Net change in fund balance	66,109	118,804	478,130	359,326
Fund balance - beginning	2,073,484	2,073,484	2,073,484	-
Fund balance - ending	<u>\$ 2,139,593</u>	<u>\$ 2,192,288</u>	<u>\$ 2,551,614</u>	<u>\$ 359,326</u>

CITY OF VERMILLION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY
REPORTING
DECEMBER 31, 2014

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 and December 2014, 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 2013. The following supplemental budgets were adopted by the governing board during the year.

CITY OF VERMILLION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY
 REPORTING
 DECEMBER 31, 2014

General Fund

Expenditures:

General Government	\$	8,220
Public Safety		17,554
Public Works		9,496
Health and Welfare		(19,457)
Culture-Recreation		44,544
Conservation & Development		81,800
Transfers Out		7,960

Special Revenue Fund

Sales Tax Fund

Expenditures:

Public Safety	\$	29,600
Public Works		(68,630)
Health and Welfare		(18,900)
Culture-Recreation		(3,000)
Conservation & Development		146,630
Transfers Out		(70,395)

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.

CITY OF VERMILLION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY
REPORTING
DECEMBER 31, 2014

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

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

8. GAAP/Budgetary Accounting Basis Differences-The financial statements prepared in conformity with U.S. GAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they are related.



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**CITY OF VERMILLION
OTHER SUPPLEMENTARY INFORMATION**

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

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

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

Major Funds:

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

Non-Major Funds:

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

911 Fund - This special revenue fund is used to account for the revenues and expenditures for the operation of the Public Safety Answering Point (PSAP) as required by the South Dakota 911 Coordination Board. Clay County and the City of Vermillion created the Clay Area Emergency Services Communications Center through an Intergovernmental Agreement in 1994 to consolidate public safety communications. Clay County and the City of Vermillion share the costs of operating the emergency communications center as outlined in the Intergovernmental Agreement.

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.

Business Improvement District - This district includes all lodging establishments located within the city limits whereby a \$2 per night fee is charged for rented rooms. The proceeds are for the purpose of funding the enhancement, expansion, marketing and promotion of visitor facilities, events, attractions and activities benefiting the city and its hotels and hotels located within the district.

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:

Major Funds:

Bliss Pointe – This fund is used to account for the Tax Increment Bond Proceeds, transfer in and receipts and disbursements of monies for the city share of infrastructure improvements and grants to the VCDC for the first phase of the Bliss Pointe residential development. The Tax Incremental Bond was authorized during 2013 with the final closing in May of 2014 with the bond proceeds to be granted to the VCDC for development expenses along with Stormwater Funds for storm drainage costs, Second Penny Sales tax for subbase and oversized water main costs from the Water Fund.

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. The deficit fund balance is for projects completed in 2014 that will be assessed and a bond sold to reimburse in 2015.

Streetscape Fund - This fund is used to account for private contributions, federal grant proceeds and expenditures for the implementation of the downtown streetscape plan. The final expenditure was made for this fund in 2014.

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.

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

Mill & Overlay West Main Street – This fund is used to account for the mill and overlay of West Main Street from High Street to Stanford Street scheduled for the 2015 construction season. The 2013 and 2014 budget will include funding for engineering services for surveying and preparation of construction documents for the project.

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 2013 is recorded in this fund. As the special assessment bonds were purchased by the electric utility the current portion of the inter fund loan is reported as "Due to other funds" and the long term portion is reported as "Advance from other funds". The principal payment for the inter fund loan reduces the liability and the interest is reported as a fund expenditure. The transfer out is the 8% fiscal fee for engineering services transferred to the general fund. No bonds were issued in 2014 but a bond is anticipated to be issued in 2015.

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.

TIF District No. 6 Bonds – This fund accounts for the accumulation of monies for payment of the tax incremental financing bonds principal and Interest. The tax incremental financing bonds were authorized in 2013 with final closing in 2014. Bond payments start in 2014.



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CITY OF VERMILLION
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2014

	Special Revenue Funds						Total
	Liquor Lodging, Dining Tax	911	Stormwater Fee	Parks Capital	Library	Business Improvement District	
ASSETS							
Cash and cash equivalents	\$ 73,622	\$ -	\$ 52,989	\$ 14,141	\$ 23,366	\$ 20,543	\$ 184,661
Investments	150,000	-	740,000	-	-	-	890,000
Receivables (net, where applicable, of allowance for uncollectibles)							
Accounts receivable	-	-	6,787	-	-	3,518	10,305
Special assessment receivable	-	-	-	-	-	-	-
Interest receivable	22	-	1,680	-	-	-	1,702
Due from other governments	32,110	63,853	1,228	-	-	-	97,191
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
Total assets	255,754	63,853	802,684	14,141	23,366	24,061	1,183,859
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	12,039	-	-	-	-	12,039
Due to other funds	-	51,814	-	-	-	-	51,814
Revenue collected in advance	-	-	-	2,727	-	-	2,727
Advance from other funds	-	-	-	-	-	-	-
Total liabilities	-	63,853	-	2,727	-	-	66,580
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-sales tax and interest	5,950	-	1,680	-	-	-	7,630
Unavailable revenue- stormwater fee	-	-	6,787	-	-	-	6,787
Unavailable revenue-special assessments and interest	-	-	-	-	-	-	-
Total deferred inflows of resources	5,950	-	8,467	-	-	-	14,417
FUND BALANCES:							
Restricted	249,804	-	794,217	11,414	23,366	24,061	1,102,862
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	249,804	-	794,217	11,414	23,366	24,061	1,102,862
Total liabilities, deferred inflows and fund balances \$	255,754	\$ 63,853	\$ 802,684	\$ 14,141	\$ 23,366	\$ 24,061	\$ 1,183,859

Capital Project Funds						Debt Service Funds				Total Nonmajor Governmental Funds
Special Assessment Projects	Streetscape	Bike Path	Airport	Mill Overlay	Total	Special Assessment Bonds	City Hall Bonds	TIF District No. 6 Bonds	Total	
\$ -	\$ -	\$ -	47	\$ -	47	\$ -	\$ -	\$ -	\$ -	184,708
-	-	-	-	-	-	-	-	-	-	890,000
-	-	-	-	-	-	-	-	-	-	10,305
-	-	-	-	-	-	91,692	-	-	91,692	91,692
-	-	-	-	-	-	10,364	-	-	10,364	12,066
-	-	-	903	-	903	-	-	-	-	98,094
-	-	-	-	-	-	28,938	-	-	28,938	28,938
-	-	-	-	-	-	250,000	360,334	-	610,334	610,334
-	-	-	-	-	-	457	194	-	651	651
-	-	-	950	-	950	381,451	360,528	-	741,979	1,926,788
-	-	3,063	950	-	4,013	-	-	-	-	16,052
490,299	-	18,885	-	-	509,184	25,118	-	-	25,118	586,116
-	-	9,585	-	-	9,585	-	-	-	-	12,312
-	-	-	-	-	-	68,341	-	35,362	103,703	103,703
490,299	-	31,533	950	-	522,782	93,459	-	35,362	128,821	718,183
-	-	-	-	-	-	-	194	-	194	7,824
-	-	-	-	-	-	-	-	-	-	6,787
-	-	-	-	-	-	75,294	-	-	75,294	75,294
-	-	-	-	-	-	75,294	194	-	75,488	89,905
-	-	-	-	-	-	212,698	360,334	-	573,032	1,675,894
(490,299)	-	(31,533)	-	-	(521,832)	-	-	(35,362)	(35,362)	(557,194)
(490,299)	-	(31,533)	-	-	(521,832)	212,698	360,334	(35,362)	537,670	1,118,700
\$ -	\$ -	\$ -	\$ 950	\$ -	\$ 950	\$ 381,451	\$ 360,528	\$ -	\$ 741,979	\$ 1,926,788

CITY OF VERMILLION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds						Total
	Liquor Lodging, Dining Tax	911	Stormwater Fee	Parks Capital	Library	Business Improvement District	
REVENUES							
Taxes:							
General sales & use	\$ 330,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 330,253
Stormwater fees	-	-	192,960	-	-	-	192,960
Business Improvement Dist. Fees	-	-	-	-	-	39,858	39,858
Penalties & interest	-	-	451	-	-	-	451
Intergovernmental:							
Federal grant	-	-	-	-	-	-	-
State grant	-	-	-	-	-	-	-
County shared revenue	-	280,375	-	-	3,000	-	283,375
Charges for goods & services							
Culture & recreation	-	-	-	3,293	-	-	3,293
Fines & forfeits:							
Library	-	-	-	-	2,011	-	2,011
Miscellaneous:							
Public payments for improvements	-	-	-	-	-	-	-
Interest earned	1,026	-	-	9	11	-	1,046
Contributions & donations from private sources	-	-	3,886	2,782	7,771	-	14,439
Special assessments (principal & interest)	-	-	-	-	-	-	-
Other	-	-	-	-	3,471	-	3,471
Total revenue	331,279	280,375	197,297	6,084	16,264	39,858	871,157
EXPENDITURES							
Current							
Public safety	-	509,108	-	-	-	-	509,108
Public works	-	-	7,612	-	-	-	7,612
Culture-recreation	-	-	-	6,966	9,039	-	16,005
Conservation & development	285,129	-	-	-	-	15,000	300,129
Capital outlay:							
Public safety	-	26,142	-	-	-	-	26,142
Public works	-	-	160,090	-	-	-	160,090
Culture & recreation	-	-	-	1,734	-	-	1,734
Debt service:							
Principal	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-
Total expenditures	285,129	535,250	167,702	8,700	9,039	15,000	1,020,820
Excess (deficiency) of revenues over (under) expenditures	46,150	(254,875)	29,595	(2,616)	7,225	24,858	(149,663)
OTHER FINANCING SOURCES(USES)							
Transfer in	-	254,875	-	-	-	-	254,875
Transfer out	-	-	(139,009)	-	-	(797)	(139,806)
Total other financing sources(uses)	-	254,875	(139,009)	-	-	(797)	115,069
Net change in fund balances	46,150	-	(109,414)	(2,616)	7,225	24,061	(34,594)
Fund balances (deficits) - beginning	203,654	-	909,569	14,030	16,141	-	1,143,394
Prior period adjustment	-	-	(5,938)	-	-	-	(5,938)
Adjusted fund balances (deficits) - beginning	203,654	-	903,631	14,030	16,141	-	1,137,456
Fund balances (deficits) - ending	\$ 249,804	\$ -	\$ 794,217	\$ 11,414	\$ 23,366	\$ 24,061	\$ 1,102,862

Special Assessment Projects	Capital Project Funds					Debt Service Funds				Total Nonmajor Funds
	Streetscape	Bike Path	Airport	Mill Overlay	Total	Special Assessment Bonds	City Hall Bonds	TIF District No. 6 Bonds	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 330,253
-	-	-	-	-	-	-	-	-	-	192,960
-	-	-	-	-	-	-	-	-	-	39,858
-	-	-	-	-	-	-	-	-	-	451
-	-	143,167	855	-	144,022	-	-	-	-	144,022
-	-	-	48	20,728	20,776	-	-	-	-	20,776
-	-	-	-	-	-	-	-	-	-	283,375
-	-	-	-	-	-	-	-	-	-	3,293
-	-	-	-	-	-	-	-	-	-	2,011
7,431	-	-	-	-	7,431	-	-	-	-	7,431
-	-	-	-	-	-	3,001	6,686	-	9,687	10,733
-	-	-	-	-	-	-	-	-	-	14,439
-	-	-	-	-	-	137,927	-	-	137,927	137,927
-	-	-	-	-	-	-	-	-	-	3,471
<u>7,431</u>	<u>-</u>	<u>143,167</u>	<u>903</u>	<u>20,728</u>	<u>172,229</u>	<u>140,928</u>	<u>6,686</u>	<u>-</u>	<u>147,614</u>	<u>1,191,000</u>
-	-	-	-	-	-	-	-	-	-	509,108
52,593	364	-	-	-	52,957	-	-	-	-	60,569
-	-	-	-	-	-	-	-	-	-	18,005
-	-	-	-	-	-	-	-	-	-	300,129
-	-	-	-	-	-	-	-	-	-	26,142
428,999	-	-	950	20,728	450,677	-	-	-	-	610,767
-	-	177,400	-	-	177,400	-	-	-	-	179,134
-	-	-	-	-	-	-	205,000	-	205,000	205,000
-	-	-	-	-	-	9,174	146,934	35,362	191,470	191,470
<u>481,592</u>	<u>364</u>	<u>177,400</u>	<u>950</u>	<u>20,728</u>	<u>681,034</u>	<u>9,174</u>	<u>351,934</u>	<u>35,362</u>	<u>396,470</u>	<u>2,098,324</u>
<u>(474,161)</u>	<u>(364)</u>	<u>(34,233)</u>	<u>(47)</u>	<u>-</u>	<u>(508,805)</u>	<u>131,754</u>	<u>(345,248)</u>	<u>(35,362)</u>	<u>(248,856)</u>	<u>(907,324)</u>
-	-	2,700	47	-	2,747	-	346,025	-	346,025	603,647
-	-	-	-	-	-	-	-	-	-	(139,806)
-	-	2,700	47	-	2,747	-	346,025	-	346,025	463,841
(474,161)	(364)	(31,533)	-	-	(506,058)	131,754	777	(35,362)	97,169	(443,483)
(16,138)	364	-	-	-	(15,774)	80,944	359,557	-	440,501	1,568,121
-	-	-	-	-	-	-	-	-	-	(5,938)
<u>(16,138)</u>	<u>364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,774)</u>	<u>80,944</u>	<u>359,557</u>	<u>-</u>	<u>440,501</u>	<u>1,562,183</u>
\$ <u>(490,299)</u>	\$ <u>-</u>	\$ <u>(31,533)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(521,832)</u>	\$ <u>212,698</u>	\$ <u>360,334</u>	\$ <u>(35,362)</u>	\$ <u>537,670</u>	\$ <u>1,118,700</u>

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, 2014

	Liquor, Lodging, Dining Tax			911		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes:						
General sales & use	\$ 323,000	\$ 330,253	\$ 7,253	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-
Stormwater fees	-	-	-	-	-	-
Penalties & interest	-	-	-	-	-	-
Intergovernmental:						
Federal Grant	-	-	-	-	-	-
County shared revenue	-	-	-	292,929	280,375	(12,554)
Charges for goods & services	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	-
Fines & forfeits:						
Library	-	-	-	-	-	-
Miscellaneous:						
Grants	-	-	-	-	-	-
Interest earned	500	1,026	526	-	-	-
Contributions & donations from private sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenue	<u>323,500</u>	<u>331,279</u>	<u>7,779</u>	<u>292,929</u>	<u>280,375</u>	<u>(12,554)</u>
EXPENDITURES						
Current						
Public safety	-	-	-	560,359	535,250	25,109
Public works	-	-	-	-	-	-
Culture-recreation	-	-	-	-	-	-
Conservation & development	323,500	285,129	38,371	-	-	-
Total expenditures	<u>323,500</u>	<u>285,129</u>	<u>38,371</u>	<u>560,359</u>	<u>535,250</u>	<u>25,109</u>
Excess (deficiency) of revenues over (under) expenditures	-	46,150	46,150	(267,430)	(254,875)	12,555
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	267,430	254,875	(12,555)
Operating Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	<u>267,430</u>	<u>254,875</u>	<u>(12,555)</u>
Net change in fund balances	\$ -	46,150	\$ 46,150	\$ -	-	\$ -
Fund balances - beginning	-	203,654	-	-	-	-
Prior period adjustment	-	-	-	-	-	-
Fund balances - ending	\$ -	<u>249,804</u>	-	\$ -	-	\$ -

Stormwater Fee			Parks Capital			Library			Business Improvement District		
Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,000	\$ 39,858	\$ (2,142)
234,100	192,960	(41,140)	-	-	-	-	-	-	-	-	-
300	451	151	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,000	3,000	-	-	-	-
-	-	-	3,500	3,293	(207)	-	-	-	-	-	-
-	-	-	-	-	-	3,100	2,011	(1,089)	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
5,600	-	(5,600)	20	9	(11)	100	11	(89)	-	-	-
-	3,886	3,886	3,700	2,782	(918)	3,200	7,771	4,571	-	-	-
-	-	-	-	-	-	2,300	3,471	1,171	-	-	-
<u>240,000</u>	<u>197,297</u>	<u>(42,703)</u>	<u>7,220</u>	<u>6,084</u>	<u>(1,136)</u>	<u>11,700</u>	<u>16,264</u>	<u>4,564</u>	<u>42,000</u>	<u>39,858</u>	<u>(2,142.00)</u>
-	-	-	-	-	-	-	-	-	-	-	-
114,499	167,702	(53,203)	-	-	-	-	-	-	-	-	-
-	-	-	11,750	8,700	3,050	11,700	9,039	2,661	-	-	-
-	-	-	-	-	-	-	-	-	15,000	15,000	-
<u>114,499</u>	<u>167,702</u>	<u>(53,203)</u>	<u>11,750</u>	<u>8,700</u>	<u>3,050</u>	<u>11,700</u>	<u>9,039</u>	<u>2,661</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
-	-	-	-	-	-	-	-	-	-	-	-
125,501	29,595	(95,906)	(4,530)	(2,616)	1,914	-	7,225	7,225	27,000	24,858	(2,142.00)
-	-	-	-	-	-	-	-	-	-	-	-
(125,501)	(139,009)	13,508	-	-	-	-	-	-	(840)	(797)	(43)
(125,501)	(139,009)	13,508	-	-	-	-	-	-	(840)	(797)	(43)
<u>\$ -</u>	<u>(109,414)</u>	<u>\$ (82,398)</u>	<u>\$ (4,530)</u>	<u>(2,616)</u>	<u>\$ 1,914</u>	<u>\$ -</u>	<u>7,225</u>	<u>\$ 7,225</u>	<u>\$ 26,160</u>	<u>24,061</u>	<u>\$ (2,142)</u>
-	909,569	-	-	14,030	-	-	16,141	-	-	-	-
-	(5,938)	-	-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>794,217</u>	<u>-</u>	<u>\$ -</u>	<u>11,414</u>	<u>-</u>	<u>\$ -</u>	<u>23,366</u>	<u>-</u>	<u>\$ 24,061</u>	<u>-</u>	<u>-</u>

CITY OF VERMILLION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Assessments			Streetscape			Bike Path		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
REVENUES									
Intergovernmental :									
Federal grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,443	\$ 143,167	\$ (19,276)
State grant	-	-	-	-	-	-	-	-	-
Miscellaneous:									
Public payments for improvements	-	7,431	7,431	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Contributions and donations from private sources	-	-	-	-	-	-	-	-	-
Total revenue	<u>-</u>	<u>7,431</u>	<u>7,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,443</u>	<u>143,167</u>	<u>(19,276)</u>
EXPENDITURES									
Current									
Public works	110,000	481,592	(371,592)	364	364	-	-	-	-
Culture & recreation	-	-	-	-	-	-	205,000	177,400	27,600
Total expenditures	<u>110,000</u>	<u>481,592</u>	<u>(371,592)</u>	<u>364</u>	<u>364</u>	<u>-</u>	<u>205,000</u>	<u>177,400</u>	<u>27,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(110,000)</u>	<u>(474,161)</u>	<u>(364,161)</u>	<u>(364)</u>	<u>(364)</u>	<u>-</u>	<u>(42,557)</u>	<u>(34,233)</u>	<u>8,324</u>
OTHER FINANCING SOURCES(USES)									
Transfer in	118,800	-	(118,800)	-	-	-	42,557	2,700	(39,857)
Transfer out	<u>(8,800)</u>	<u>-</u>	<u>8,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources(uses)	<u>110,000</u>	<u>-</u>	<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,557</u>	<u>2,700</u>	<u>(39,857)</u>
Net change in fund balances	<u>\$ -</u>	<u>(474,161)</u>	<u>\$ (474,161)</u>	<u>\$ (364)</u>	<u>(364)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(31,533)</u>	<u>\$ (31,533)</u>
Fund balances (deficits) - beginning		<u>(16,138)</u>			<u>364</u>			<u>-</u>	
Fund balances (deficits) - ending		<u>\$ (490,299)</u>			<u>\$ -</u>			<u>\$ (31,533)</u>	

EXHIBIT A-4

Airport			Mill Overlay		
Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
\$ 135,000	\$ 855	\$ (134,145)	\$ -	\$ -	\$ -
7,500	48	(7,452)	40,200	20,728	(19,472)
-	-	-	-	-	-
-	-	-	-	-	-
<u>142,500</u>	<u>903</u>	<u>(141,597)</u>	<u>40,200</u>	<u>20,728</u>	<u>(19,472)</u>
150,000	950	149,050	40,200	20,728	19,472
<u>150,000</u>	<u>950</u>	<u>149,050</u>	<u>40,200</u>	<u>20,728</u>	<u>19,472</u>
(7,500)	(47)	7,453	-	-	-
7,500	47	(7,453)	-	-	-
<u>7,500</u>	<u>47</u>	<u>(7,453)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
	<u>\$ -</u>		<u>\$ -</u>		



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

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

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

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

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

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

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



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CITY OF VERMILLION
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2014

	<u>Copier- Fax- Postage</u>	<u>Unemployment Insurance</u>	<u>Equipment Replacement</u>	<u>Custodial Services</u>	<u>Totals</u>
ASSETS:					
Current assets:					
Cash	\$ 5,173	\$ 394	\$ 3,843	\$ 7,582	\$ 16,992
Investments	-	12,000	400,000	-	412,000
Accounts receivable	2,624	-	-	-	2,624
Interest receivable	-	43	395	-	438
Total current assets	<u>7,797</u>	<u>12,437</u>	<u>404,238</u>	<u>7,582</u>	<u>432,054</u>
Capital assets:					
Machinery & equipment	8,987	-	5,317,584	2,316	5,328,887
less accumulated depreciation	<u>(1,123)</u>	<u>-</u>	<u>(2,231,332)</u>	<u>(1,459)</u>	<u>(2,233,914)</u>
Total capital assets	<u>7,864</u>	<u>-</u>	<u>3,086,252</u>	<u>857</u>	<u>3,094,973</u>
Total assets	<u>15,661</u>	<u>12,437</u>	<u>3,490,490</u>	<u>8,439</u>	<u>3,527,027</u>
LIABILITIES					
Current liabilities:					
Accounts payable	601	-	-	1,063	1,664
Accrued leave payable	-	-	-	3,677	3,677
Total current liabilities	<u>601</u>	<u>-</u>	<u>-</u>	<u>4,740</u>	<u>5,341</u>
Noncurrent liabilities:					
Accrued leave payable	-	-	-	5,202	5,202
Total non current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,202</u>	<u>5,202</u>
Total liabilities	<u>601</u>	<u>-</u>	<u>-</u>	<u>9,942</u>	<u>10,543</u>
NET POSITION					
Net investment in capital assets	7,864	-	3,086,252	857	3,094,973
Unrestricted	7,196	12,437	404,238	(2,360)	421,511
Total net position	<u>\$ 15,060</u>	<u>\$ 12,437</u>	<u>\$ 3,490,490</u>	<u>\$ (1,503)</u>	<u>\$ 3,516,484</u>

CITY OF VERMILLION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES
EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Copier- Fax- Postage</u>	<u>Unemployment Insurance</u>	<u>Equipment Replacement</u>	<u>Custodial Services</u>	<u>Totals</u>
Operating Revenues:					
Charges for goods and services	\$ 16,742	\$ -	\$ 418,330	\$ 84,520	\$ 519,592
Total operating revenue	<u>16,742</u>	<u>-</u>	<u>418,330</u>	<u>84,520</u>	<u>519,592</u>
Operating expenses:					
Personnel services	-	-	-	84,991	84,991
Other current expenses	17,426	-	-	1,452	18,878
Depreciation	1,123	-	355,703	179	357,005
Total operating expenses	<u>18,549</u>	<u>-</u>	<u>355,703</u>	<u>86,622</u>	<u>460,874</u>
Operating income (loss)	<u>(1,807)</u>	<u>-</u>	<u>62,627</u>	<u>(2,102)</u>	<u>58,718</u>
Nonoperating revenue:					
Interest earned	-	52	958	-	1,010
Gain on disposition of assets	-	-	195,441	-	195,441
Total nonoperating revenue	<u>-</u>	<u>52</u>	<u>196,399</u>	<u>-</u>	<u>196,451</u>
Income before contributions and transfers	<u>(1,807)</u>	<u>52</u>	<u>259,026</u>	<u>(2,102)</u>	<u>255,169</u>
Transfer in	-	-	8,500	-	8,500
Change in net position	<u>(1,807)</u>	<u>52</u>	<u>267,526</u>	<u>(2,102)</u>	<u>263,669</u>
Net position - beginning	16,867	12,385	3,222,964	599	3,252,815
Net position - ending	<u>\$ 15,060</u>	<u>\$ 12,437</u>	<u>\$ 3,490,490</u>	<u>\$ (1,503)</u>	<u>\$ 3,516,484</u>

CITY OF VERMILLION
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Copier- Fax- Postage	Unemployment Insurance	Equipment Replacement	Custodial Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 16,601	\$ -	\$ 418,330	\$ 84,520	\$ 519,451
Cash paid for personal services	-	-	-	(83,982)	(83,982)
Cash paid to suppliers	(17,203)	-	-	(1,654)	(18,857)
Net cash provided (used for) operating activities	(602)	-	418,330	(1,116)	416,612
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(8,987)	-	(666,986)	-	(675,973)
Proceeds from sale of assets	-	-	247,352	-	247,352
Transfer In	-	-	8,500	-	8,500
Net cash (used for) capital and related financing activities	(8,987)	-	(411,134)	-	(420,121)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	-	106	1,790	-	1,896
Purchase and sale of investments	-	-	(102,000)	-	(102,000)
Net cash provided (used for) investing activities	-	106	(100,210)	-	(100,104)
Net increase (decrease) in cash and cash equivalents	(9,589)	106	(93,014)	(1,116)	(103,613)
Cash and cash equivalents beginning of year	14,762	288	96,857	8,698	120,605
Cash and cash equivalents end of year	\$ 5,173	\$ 394	\$ 3,843	\$ 7,582	\$ 16,992
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (1,807)	\$ -	\$ 62,627	\$ (2,102)	\$ 58,718
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,123	-	355,703	179	357,005
(Increase) decrease in assets and increase (decrease) in liabilities:					
Accounts receivable	(141)	-	-	-	(141)
Accounts payable	223	-	-	(202)	21
Accrued leave payable	-	-	-	1,009	1,009
Net cash provided by (used for) operating activities	\$ (602)	\$ -	\$ 418,330	\$ (1,116)	\$ 416,612
Noncash investing, capital and financing activities:					
Gain on disposal of fixed assets	-	-	195,441	-	195,441
Total noncash investing, capital and financing activities	\$ -	\$ -	\$ 195,441	\$ -	\$ 195,441



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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	70-77
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	78-82
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	83-87
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	88-90
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	91-92
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.



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TABLE 1

CITY OF VERMILION
 GOVERNMENT-WIDE NET POSITION BY COMPONENT¹
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in Capital Assets Restricted for:	\$ 15,224,263	\$ 16,197,173	\$ 16,775,209	\$ 17,488,499	\$ 22,167,991	\$ 23,357,651	\$ 23,217,945	\$ 26,379,227	\$ 27,679,603	\$ 29,149,476
BBB	24,759	36,499	129,654	154,418	125,799	144,278	175,308	180,503	217,605	255,754
Capital Projects	-	-	3,531,936	-	-	-	-	-	-	-
Debt Service	711,658	1,056,138	1,376,496	1,679,918	1,600,924	940,546	595,352	899,886	629,942	613,158
Parks Capital	-	-	-	-	-	-	-	-	14,030	11,414
Library	-	-	-	-	-	-	106,132	21,397	16,141	23,366
Business Improvement District	-	-	-	-	-	-	-	-	-	24,061
Stormwater	84,162	180,487	272,825	249,860	366,220	490,302	659,022	823,145	912,911	802,684
Cumulative Reserve	-	-	158,060	158,060	158,060	158,060	158,060	158,060	158,060	158,060
Unrestricted	2,129,784	4,072,094	992,869	5,136,891	4,116,964	4,255,996	5,796,886	4,587,553	4,617,995	3,380,871
Total Governmental Activities	\$ 18,174,626	\$ 21,542,391	\$ 23,237,049	\$ 24,847,646	\$ 28,535,958	\$ 29,346,833	\$ 30,708,705	\$ 33,049,771	\$ 34,246,287	\$ 34,418,844
Business-Type Activities										
Net investment in Capital Assets Restricted for:	\$ 15,108,493	\$ 16,738,269	\$ 17,189,168	\$ 17,817,417	\$ 19,705,309	\$ 20,862,426	\$ 21,411,403	\$ 22,036,403	\$ 23,380,670	\$ 28,116,635
Debt Service	779,022	810,174	838,309	894,790	1,444,260	1,521,831	1,544,613	1,515,809	1,108,543	1,196,685
Landfill Closure Postclosure	214,281	224,505	230,238	214,880	210,879	207,915	196,362	186,161	180,017	130,851
Unrestricted	5,284,511	5,681,029	7,053,543	7,996,465	8,006,051	8,808,530	9,615,384	10,929,279	11,892,563	8,355,883
Total Business-Type Activities	\$ 21,386,307	\$ 23,453,977	\$ 25,311,258	\$ 26,863,572	\$ 29,366,499	\$ 31,420,702	\$ 32,767,762	\$ 34,667,652	\$ 36,561,793	\$ 37,800,054
Primary Government										
Net investment in Capital Assets Restricted for:	\$ 30,332,756	\$ 32,935,442	\$ 33,964,377	\$ 35,285,916	\$ 41,873,300	\$ 44,240,077	\$ 44,629,348	\$ 48,415,630	\$ 51,060,273	\$ 57,266,111
BBB	24,759	36,499	129,654	154,418	125,799	144,278	175,308	180,503	217,605	255,754
Capital Projects	-	-	3,531,936	-	-	-	-	-	-	-
Debt Service	1,490,680	1,866,312	2,214,805	2,514,708	3,045,184	2,462,377	2,139,965	2,415,695	1,738,485	1,809,843
Parks Capital	-	-	-	-	-	-	-	-	14,030	11,414
Library	-	-	-	-	-	-	106,132	21,397	16,141	23,366
Business Improvement District	-	-	-	-	-	-	-	-	-	24,061
Stormwater	84,162	180,487	272,825	249,860	366,220	490,302	659,022	823,145	912,911	802,684
Landfill Closure Postclosure	214,281	224,505	230,238	214,880	210,879	207,915	196,362	186,161	180,017	130,851
Cumulative Reserve	-	-	158,060	158,060	158,060	158,060	158,060	158,060	158,060	158,060
Unrestricted	7,414,295	9,753,123	8,046,412	13,133,376	12,123,015	13,064,526	15,412,270	15,516,832	16,510,558	11,736,754
Total Primary Government	\$ 39,560,933	\$ 44,996,368	\$ 48,548,307	\$ 51,711,218	\$ 57,902,457	\$ 60,767,535	\$ 63,476,467	\$ 67,717,423	\$ 70,808,080	\$ 72,218,898

¹Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is 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 POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General Government	\$ 978,770	\$ 1,004,096	\$ 1,038,217	\$ 1,097,670	\$ 1,185,168	\$ 1,336,341	\$ 1,324,803	\$ 1,325,411	\$ 1,405,594	\$ 1,410,726
Public Safety	1,604,653	1,661,678	1,748,482	1,923,413	2,026,733	2,118,547	2,028,921	2,211,445	2,325,498	2,529,195
Public Works	1,205,512	1,237,318	1,353,987	1,602,031	1,561,217	1,656,337	1,714,248	1,630,835	1,767,762	1,885,352
Health & Welfare	343,780	365,189	374,133	402,620	415,740	412,409	424,263	443,681	491,543	491,071
Culture & Recreation	977,583	978,573	1,006,229	1,171,859	1,203,636	1,177,757	1,161,245	1,146,227	1,219,328	1,325,700
Conservation & Development	546,219	254,220	786,823	732,787	708,482	368,202	397,229	498,825	526,765	2,478,200
Interest on Long-term debt	91,455	134,858	181,374	298,297	202,118	272,722	202,154	202,154	183,194	193,517
Total Governmental Activities Expenses	\$ 5,747,972	\$ 5,635,932	\$ 6,489,245	\$ 7,228,677	\$ 7,402,094	\$ 7,342,315	\$ 7,292,611	\$ 7,468,478	\$ 7,919,684	\$ 10,313,761
Business-Type Activities:										
Electric	2,825,935	2,982,411	3,405,570	3,539,287	4,025,288	4,661,735	4,995,547	5,051,041	4,991,778	5,052,426
Water	1,010,703	1,057,672	1,171,661	1,264,548	1,336,150	1,342,632	1,389,184	1,435,808	1,409,578	1,474,754
Wastewater	1,069,647	1,049,072	1,305,808	1,284,315	1,336,169	1,345,153	1,605,314	1,694,154	1,789,908	1,723,264
Liquor	755,798	818,302	917,741	1,003,575	1,000,796	1,017,660	1,018,600	1,043,401	1,017,830	1,065,297
Golf	1,109,776	1,047,729	902,370	897,527	840,409	834,736	838,399	838,399	786,751	788,147
Joint Powers Landfill	792,584	839,151	927,407	1,220,527	1,022,888	1,288,114	1,273,463	1,242,491	1,174,487	1,427,104
Curbside Recycling	-	-	-	-	33,407	98,197	93,047	99,467	95,813	100,321
Total Business-Type Activities Expenses	\$ 7,564,443	\$ 7,794,337	\$ 8,630,557	\$ 9,209,779	\$ 9,595,107	\$ 10,588,247	\$ 11,216,896	\$ 11,404,761	\$ 11,266,145	\$ 11,631,313
Total Primary Government Expenses	\$ 13,312,415	\$ 13,430,269	\$ 15,119,802	\$ 16,438,456	\$ 16,997,201	\$ 17,930,562	\$ 18,509,507	\$ 18,863,239	\$ 19,185,829	\$ 21,945,074
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 137,785	\$ 158,477	\$ 197,706	\$ 291,204	\$ 249,372	\$ 294,330	\$ 260,385	\$ 211,495	\$ 266,391	\$ 447,700
Public Safety	37,253	35,933	32,973	43,680	43,573	44,364	258,152	262,610	36,873	38,267
Public Works	436,122	939,078	487,046	764,960	402,603	563,566	359,478	378,820	538,981	86,188
Health & Welfare	226,651	191,584	261,861	289,839	344,652	339,053	360,623	321,131	378,785	448,062
Culture & Recreation	59,349	73,217	81,003	67,716	63,524	75,145	79,117	75,728	74,339	70,352
Operating Grants & Contributions	307,500	-	26,697	257,213	64,563	89,026	71,739	104,314	349,201	660,909
Capital Grants & Contributions	1,791,371	1,513,499	723,410	410,251	3,677,886	223,818	944,239	1,988,284	719,768	182,797
Total Governmental Activities Program Revenues	\$ 2,996,031	\$ 2,911,788	\$ 1,810,696	\$ 2,124,863	\$ 4,846,162	\$ 1,629,302	\$ 2,333,733	\$ 3,342,382	\$ 2,364,338	\$ 1,934,275
Charges for Services:										
Electric	4,073,646	4,282,382	4,669,319	4,900,026	5,262,358	5,884,283	6,077,336	6,187,213	6,131,098	6,161,105
Water	1,253,081	1,449,187	1,556,163	1,497,831	1,514,565	1,506,335	1,588,609	1,772,353	1,689,093	1,686,995
Wastewater	1,022,771	1,175,069	1,267,106	1,335,134	1,420,454	1,493,778	1,647,990	1,737,914	1,761,639	1,828,085
Liquor	857,975	967,937	1,094,738	1,179,545	1,165,625	1,181,977	1,185,643	1,217,013	1,183,334	1,246,418
Golf	929,292	756,419	731,073	669,459	683,709	609,291	624,007	654,510	638,437	623,510
Joint Powers Landfill	882,070	868,051	1,303,408	1,171,794	1,088,488	1,236,897	1,241,842	1,151,985	1,080,270	1,107,835
Curbside Recycling	-	-	-	40,625	29,941	111,838	116,759	110,249	109,789	100,223
Operating Grants & Contributions	350	429	4,100	40,625	1,972	93,886	100	100	-	-
Capital Grants & Contributions	1,270,244	683,679	19,033	279,226	1,198,705	775,438	14,473	118,970	371,637	1,011,477
Total Business-Type Activities Program Revenues	\$ 10,289,429	\$ 10,183,173	\$ 10,644,940	\$ 11,073,640	\$ 12,365,817	\$ 12,893,723	\$ 12,496,759	\$ 12,950,307	\$ 12,965,297	\$ 13,765,648
Total Primary Government Program Revenues	\$ 13,285,460	\$ 13,094,961	\$ 12,455,636	\$ 13,198,503	\$ 17,211,979	\$ 14,523,025	\$ 14,830,492	\$ 16,292,669	\$ 15,329,635	\$ 15,699,923
Net(Expense)/Revenue										
Governmental Activities	(2,751,941)	(2,724,144)	(4,678,549)	(5,103,814)	(2,555,932)	(5,713,013)	(4,958,878)	(4,116,096)	(5,555,346)	(8,379,486)
Business-Type Activities	2,724,986	2,388,836	2,014,383	1,863,861	2,770,710	2,305,476	1,279,863	1,545,546	1,699,152	2,134,335
Total Primary Government Net Revenues (Expenses)	\$ (26,955)	\$ (335,308)	\$ (2,664,166)	\$ (3,239,953)	\$ 214,778	\$ (3,407,537)	\$ (3,679,015)	\$ (2,570,550)	\$ (3,856,194)	\$ (6,245,151)

TABLE 2 (continued)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues										
Governmental Activities:										
Property Taxes	\$ 1,446,240	\$ 1,459,641	\$ 1,547,450	\$ 1,620,798	\$ 1,827,924	\$ 1,872,491	\$ 1,893,823	\$ 1,979,186	\$ 2,024,530	\$ 2,077,118
Sales Taxes	2,436,466	2,636,754	3,273,209	3,513,311	3,108,356	3,422,702	3,331,784	3,407,050	3,500,823	3,634,580
Unrestricted State/County Shared Revenue	64,386	74,564	90,355	93,542	74,386	72,312	70,970	72,704	77,480	-
Unrestricted Investment Earnings	71,553	162,096	343,118	370,622	251,231	136,313	125,594	77,802	54,889	33,287
Miscellaneous Revenue	79,236	69,437	79,600	84,002	58,729	53,709	76,419	83,276	55,586	83,464
Gain on sale of capital assets	87,428	803,280	35,096	9,335	11,951	28,362	72,492	11,274	1,143	195,441
Contributed Capital	-	-	-	-	-	-	-	-	-	-
Transfers	701,157	886,137	846,319	1,022,801	911,657	937,999	937,412	931,586	1,037,412	1,381,096
Total Governmental Activities	4,886,466	6,091,909	6,215,147	6,714,411	6,244,244	6,523,888	6,508,494	6,562,878	6,751,862	8,552,043
Business-Type Activities										
Property Taxes	187,035	254,823	300,773	373,187	435,805	480,052	505,713	501,007	498,282	-
Unrestricted Investment Earnings	137,883	287,403	345,272	295,630	164,057	145,933	249,674	227,946	187,143	174,616
Miscellaneous Revenue	36,462	42,745	43,172	42,437	44,012	60,741	60,988	61,736	81,414	81,840
Gain(Loss) on sale of capital assets	-	-	-	-	-	-	490	30,245	30,047	(5,473)
Insurance recovery net of fire loss	-	-	-	-	-	-	-	608,209	435,515	-
Transfers	(701,157)	(886,137)	(846,319)	(1,022,801)	(911,657)	(937,999)	(937,412)	(931,586)	(1,037,412)	(1,147,057)
Total Business-Type Activities	(339,777)	(321,166)	(157,102)	(311,547)	(267,783)	(251,273)	(120,547)	(497,557)	(194,969)	(896,074)
Total Primary Government	4,546,689	5,770,743	6,058,045	6,402,864	5,976,461	6,272,615	6,387,947	7,060,435	6,946,851	7,655,969
Change in Net Position										
Governmental Activities	\$ 2,134,525	\$ 3,367,765	\$ 1,536,598	\$ 1,610,597	\$ 3,688,312	\$ 810,875	\$ 1,548,616	\$ 2,446,782	\$ 1,196,516	\$ 172,557
Business-Type Activities	2,385,209	2,067,670	1,857,281	1,552,314	2,502,927	2,054,203	1,159,316	2,043,103	1,894,141	1,238,261
Total Primary Government	4,519,734	5,435,435	3,393,879	3,162,911	6,191,239	2,865,078	2,708,932	4,489,885	3,090,657	1,410,818

¹ 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.

CITY OF VERMILLION
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(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
2005	\$ 1,446,240	\$ 1,131,967	\$ 1,120,657	\$ 183,842	\$ 52,244	\$ 12,142	\$ 3,947,092
2006	1,459,641	1,224,475	1,210,604	201,675	53,489	21,075	4,170,959
2007	1,547,450	1,483,129	1,469,435	320,645	55,506	34,849	4,911,014
2008	1,620,798	1,634,487	1,618,610	260,214	59,422	34,120	5,227,651
2009	1,827,924	1,430,573	1,416,874	260,909	59,348	15,048	5,010,676
2010	1,872,491	1,568,879	1,567,741	286,082	61,116	11,196	5,367,505
2011	1,893,823	1,513,651	1,512,831	305,302	61,679	9,291	5,296,577
2012	1,979,186	1,547,605	1,546,945	312,500	62,170	13,534	5,461,940
2013	2,024,530	1,587,753	1,586,756	326,314	68,315	9,165	5,602,833
2014	\$ 2,077,118	\$ 1,655,401	\$ 1,656,328	\$ 322,851	\$ 64,117	\$ 19,347	\$ 5,795,162

CITY OF VERMILLION
TAXABLE SALES BY CATEGORY (in thousands)
LAST TEN FISCAL YEARS

Fiscal Year	Agriculture Forestry & Fishing	Construction	Manufacturing	Communications Electric, Gas & Sanitary Services	Wholesale Trade	Retail Trade	Finance Insurance & Real Estate	Services	Public Adm.	Other	Total
2005	\$ 763	\$ 357	\$ 1,585	\$ 12,050	\$ 3,671	\$ 58,932	\$ 1,469	\$ 10,494	n/a	n/a	\$ 89,321
2006	683	415	2,918	12,539	1,208	72,264	1,242	10,234	n/a	n/a	101,503
2007	770	368	3,876	12,695	1,298	88,716	1,547	10,536	n/a	n/a	119,806
2008	798	297	4,092	13,815	1,759	86,498	1,289	11,523	n/a	n/a	120,071
2009	1,021	5,846	5,737	17,653	6,135	113,188	1,536	18,586	7	9	169,718
2010	1,048	1,887	3,404	21,126	9,940	115,964	1,660	20,455	13	84	175,581
2011	824	2,716	4,286	19,001	6,884	121,996	1,553	19,579	18	374	177,231
2012	689	5,536	4,935	18,610	6,370	124,460	2,012	20,563	n/a	588	183,763
2013	1,401	5,185	3,757	19,413	6,835	126,517	2,364	21,689	n/a	67	187,228
2014	\$ 1,494	\$ 3,894	\$ 4,956	\$ 20,755	\$ 11,935	\$ 102,286	\$ 2,292	\$ 19,036	\$ n/a	\$ 85	\$ 166,733

Source: State of South Dakota Department of Revenue and Regulation, Municipal Taxable Sales by City

TABLE 4

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 14,490	\$ 7,902	\$ 184,714	\$ 199,518	\$ 191,878	\$ 204,520	\$ -	\$ -	\$ -	\$ -
Unreserved	835,236	1,869,700	1,850,283	2,101,902	2,173,805	2,305,886	-	-	-	-
Nonspendable ²	-	-	-	-	-	-	201,366	200,626	203,072	224,966
Committed ²	-	-	-	-	-	-	-	-	500,000	500,000
Assigned ²	-	-	-	-	-	-	178,135	215,396	210,282	232,220
Unassigned ²	-	-	-	-	-	-	2,331,213	2,451,984	2,077,878	2,137,148
Total General Fund	849,726	1,877,602	2,034,997	2,301,420	2,365,683	2,510,406	2,710,714	2,868,006	2,991,232	3,094,334
All Other Governmental Funds										
Reserved	519,171	557,164	4,496,827	995,897	1,089,107	497,633	-	-	-	-
Unreserved, reported in:										
Special Revenue Fund	1,511,164	1,921,754	2,440,337	2,747,582	2,112,502	2,457,459	-	-	-	-
Capital Projects Fund ¹	(431,537)	25,470	(66,835)	45,238	(57,251)	(52,750)	-	-	-	-
Nonspendable ²	-	-	-	-	-	-	-	-	-	-
Restricted ²	-	-	-	-	-	-	1,510,490	1,646,030	1,488,921	1,497,755
Committed ²	-	-	-	-	-	-	3,098,047	2,099,534	2,073,848	2,551,614
Assigned ²	-	-	-	-	-	-	22,344	8,255	14,030	11,414
Unassigned ²	-	-	-	-	-	-	(337,391)	(479,398)	(33,233)	(344,496)
Total All Other Governmental Funds	1,598,798	2,504,388	6,870,329	3,788,717	3,144,358	2,902,342	4,293,490	3,274,423	3,543,566	3,716,287
Total Governmental Funds										
Reserved	533,661	565,066	4,681,541	1,195,415	1,280,985	702,153	-	-	-	-
Unreserved, reported in:										
General Fund	835,236	1,869,700	1,850,283	2,101,902	2,173,805	2,305,886	-	-	-	-
Special Revenue Funds	1,511,164	1,921,754	2,440,337	2,747,582	2,112,502	2,457,459	-	-	-	-
Capital Projects Funds	(431,537)	25,470	(66,835)	45,238	(57,251)	(52,750)	-	-	-	-
Nonspendable ²	-	-	-	-	-	-	201,366	200,626	203,072	224,966
Restricted ²	-	-	-	-	-	-	1,510,490	1,646,030	1,488,921	1,497,755
Committed ²	-	-	-	-	-	-	3,098,047	2,099,534	2,573,848	3,051,614
Assigned ²	-	-	-	-	-	-	200,479	223,651	224,312	243,634
Unassigned ²	-	-	-	-	-	-	1,993,822	1,972,588	2,044,645	1,792,652
Total Governmental Funds	\$ 2,448,524	\$ 4,381,990	\$ 8,905,326	\$ 6,090,137	\$ 5,510,041	\$ 5,412,748	\$ 7,004,204	\$ 6,142,429	\$ 6,534,798	\$ 6,810,621

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

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

TABLE 5

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 3,943,805	\$ 4,162,763	\$ 4,734,679	\$ 5,198,227	\$ 4,988,765	\$ 5,368,562	\$ 5,326,435	\$ 5,498,306	\$ 5,626,474	\$ 5,961,736
Licenses & Permits	187,226	169,888	191,586	201,064	215,277	219,374	220,361	230,068	234,552	245,127
Intergovernmental Revenue	1,755,996	1,833,413	966,276	965,288	4,138,907	743,632	586,907	2,429,826	889,783	843,707
Charges for Goods & Services	260,005	260,440	358,960	455,395	454,080	495,782	486,226	380,372	491,692	526,061
Fines & Forfeits	31,370	32,263	28,904	40,033	41,480	41,336	38,715	35,544	36,728	37,644
Public Payments for Improvements	14,775	106,246	639	173,240	-	14,999	59,949	10,408	77,420	7,431
Investment Earnings	44,585	58,241	210,947	274,834	202,694	89,130	88,262	57,589	37,647	34,381
Rentals	11,520	30,919	24,742	14,080	12,670	15,891	18,112	15,207	15,082	17,612
Special Assessments	73,789	113,314	167,061	141,726	168,406	196,310	153,294	157,952	109,544	138,018
Contributions & Donations	16,226	48,189	4,494	3,238	20,275	15,170	840,927	213,255	241,789	40,639
Miscellaneous	298,041	47,667	88,194	79,881	58,194	53,354	59,806	46,394	44,404	47,170
Total Revenues	6,637,338	6,863,343	6,766,482	7,547,006	10,300,748	7,253,540	7,878,994	9,074,921	7,805,115	7,899,526
Expenditures										
General Government	943,019	1,083,423	1,008,509	1,066,024	1,074,365	1,129,960	1,143,773	1,131,980	1,194,801	1,207,676
Public Safety	1,491,879	1,565,366	1,642,693	1,809,125	1,910,230	2,001,762	1,927,988	2,095,628	2,200,059	2,392,627
Public Works	736,852	700,058	797,688	1,006,391	857,217	908,703	942,093	889,157	1,002,231	1,064,205
Health and Welfare	326,857	349,458	361,284	392,330	399,563	403,645	404,509	418,653	468,088	462,862
Culture-Recreation	855,042	864,365	883,955	968,093	1,018,139	1,018,487	1,007,533	1,031,723	1,005,177	1,095,025
Conservation and Development	587,125	295,126	827,730	732,787	708,482	368,202	397,229	498,825	526,765	2,478,201
Debt Service										
Principal ¹	218,136	230,920	268,763	405,142	499,290	412,156	560,000	226,570	557,356	207,355
Interest	127,801	115,359	129,696	339,970	283,218	262,297	232,991	202,154	184,811	191,470
Bond Issuance Costs	-	-	116,342	-	-	-	-	-	-	-
Capital Outlay	1,973,160	2,047,732	1,724,974	4,986,263	4,984,357	978,348	405,032	4,378,678	1,213,316	1,336,579
Total Expenditures	7,259,871	7,251,807	7,761,634	11,706,125	11,734,861	7,483,560	7,021,158	10,873,368	6,352,604	10,436,000
Excess of Revenues over (under) Expenditures	(622,533)	(388,464)	(995,152)	(4,159,119)	(1,434,113)	(230,020)	857,836	(1,798,447)	(547,489)	(2,536,474)
Other Financing Sources (Uses)										
Issuance of Bonds	604,521	405,755	4,492,254	326,325	-	-	-	-	-	-
Discount on Bonds Issued	(11,500)	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	1,063,195	1,041,426	1,496,554	1,745,905	2,654,412	1,657,913	1,511,547	2,801,359	2,427,698	2,150,639
Transfer In	(373,004)	(266,216)	(657,132)	(743,104)	(1,792,755)	(820,501)	(587,029)	(1,863,947)	(1,490,286)	(1,012,082)
Transfer Out	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	1,283,212	2,328,518	5,331,676	1,329,126	661,657	837,412	924,518	937,412	937,412	2,870,557
Net Change in Fund Balances	\$ 660,679	\$ 1,940,054	\$ 4,336,524	\$ (2,829,993)	\$ (572,456)	\$ 607,392	\$ 1,782,354	\$ (861,035)	\$ 389,923	\$ 334,083
Change in Inventory	(3,288)	(6,588)	18,752	14,804	(7,640)	12,642	(3,154)	(740)	2,446	21,894
Debt Service as a percentage of non-capital expenditures	7.00%	7.13%	8.53%	11.09%	11.59%	10.37%	11.99%	6.60%	10.40%	4.38%

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
2005	\$ 128,161,269	\$ 93,259,570	\$ 221,420,839	6.24	\$ 246,296,818	90%
2006	140,513,785	105,942,366	246,456,151	6.06	260,249,367	95%
2007	154,265,781	111,927,169	266,192,950	5.97	301,806,066	88%
2008	161,396,656	123,046,250	284,442,906	6.06	323,230,575	88%
2009	158,545,014	123,827,060	282,372,074	6.38	318,345,067	89%
2010	167,307,757	130,355,951	297,663,708	6.19	350,192,598	85%
2011	179,874,956	137,302,095	317,177,051	6.02	373,149,472	85%
2012	176,917,718	139,821,409	316,739,127	6.29	372,634,267	85%
2013	187,196,370	153,558,478	340,754,848	6.06	400,888,056	85%
2014	\$ 187,844,104	\$ 156,989,204	\$ 344,833,308	6.21	\$ 405,686,245	85%

Received from Clay County Treasurer.

TABLE 7

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

Fiscal Year	City of Vermillion				Overlapping Rates						Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Clay County			Vermillion School District				
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School District Millage		
2005 a	6.240	-	6.240	5.780	-	5.780	19.930	0.820	20.750	0.060	32.830
b	6.240	-	6.240	5.780	-	5.780	11.810	0.820	12.630	0.060	24.710
2006 a	6.060	-	6.060	5.610	-	5.610	17.230	0.750	17.980	0.050	29.700
b	6.060	-	6.060	5.610	-	5.610	10.510	0.750	11.260	0.050	22.980
2007 a	5.970	-	5.970	5.530	-	5.530	16.070	0.680	16.750	0.050	28.300
b	5.970	-	5.970	5.530	-	5.530	10.020	0.680	10.700	0.050	22.250
2008 a	6.060	-	6.060	5.350	-	5.350	16.870	0.640	17.510	0.050	28.970
b	6.060	-	6.060	5.350	-	5.350	10.390	0.640	11.030	0.050	22.490
2009 a	6.380	-	6.380	5.470	-	5.470	16.637	0.572	17.209	0.044	29.103
b	6.380	-	6.380	5.470	-	5.470	10.284	0.572	10.856	0.044	22.750
2010 a	6.185	-	6.185	5.366	-	5.366	16.335	0.565	16.900	0.044	28.495
b	6.185	-	6.185	5.366	-	5.366	10.142	0.565	10.707	0.044	22.302
2011 a	6.016	-	6.016	5.193	-	5.193	16.552	0.542	17.094	0.042	28.345
b	6.016	-	6.016	5.193	-	5.193	10.275	0.542	10.817	0.042	22.068
2012 a	6.290	-	6.290	5.214	-	5.214	16.698	0.544	17.242	0.041	28.787
b	6.290	-	6.290	5.214	-	5.214	10.343	0.544	10.887	0.041	22.432
2013 a	6.064	-	6.064	4.872	-	4.872	16.636	0.474	17.110	0.039	28.085
b	6.064	-	6.064	4.872	-	4.872	10.355	0.474	10.829	0.039	21.804
2014 a	6.210	-	6.210	4.681	-	4.681	16.321	0.424	16.745	0.034	27.670
b	6.210	-	6.210	4.681	-	4.681	10.168	0.424	10.592	0.034	21.517

a Non Owner Occupied
 b Owner Occupied

Received from Clay County Treasurer.

TABLE 8

CITY OF VERMILLION
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2014			2005		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuations	Assessed Valuation	Rank	Percentage of Total Assessed Valuations
Walmart Stores, Inc	\$ 6,574,616	1	1.62%	\$ -	-	-
Polaris Industries, Inc.	6,009,895	2	1.48%	4,172,748	1	1.69%
JH Investments	4,953,251	3	1.22%	-	-	-
Hatle Investments	2,823,169	4	0.70%	-	-	-
MarketPlace Vermillion LLC	2,110,030	5	0.52%	-	-	-
Hogen Hause Properties LLC	2,323,853	6	0.57%	-	-	-
TMBL LLC	1,855,644	7	0.46%	-	-	-
ARC LLC	1,778,668	8	0.44%	-	-	-
Radha Inc	1,698,986	9	0.42%	-	-	-
TJ Vermillion Apts. LLC	1,687,034	10	0.42%	-	-	-
Laurence and Beth Brady	-	-	-	3,818,683	2	1.55%
Qwest	-	-	-	2,198,310	3	0.89%
David C. DeRouchev Trustee	-	-	-	2,055,349	4	0.83%
Harlow & Lynne Hatle Trust	-	-	-	1,809,315	5	0.73%
HyVee	-	-	-	1,746,773	6	0.71%
Kirk & Elizabeth Hogen	-	-	-	1,550,868	7	0.63%
505 W Main Limited Partnership	-	-	-	1,384,916	8	0.56%
William Wood	-	-	-	1,221,419	9	0.50%
Tom Durham	-	-	-	990,453	10	0.40%
Total Principal Taxpayers	31,815,146		7.84%	20,948,834		8.51%
All Other Taxpayers	373,871,099		92.16%	225,347,984		91.49%
Total Assessed Valuation	<u>\$ 405,686,245</u>		<u>100%</u>	<u>\$ 246,296,818</u>		<u>100%</u>

Received from Clay County Treasurer.

TABLE 9

CITY OF VERMILLION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Subsequent Years Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy	Outstand. Delinquent Taxes	Percentage of Delinq. Taxes to Tax Levy
2005	\$ 1,234,902	\$ 1,223,476	99.07%	\$ 1,987	\$ 1,225,463	99.24%	\$ 9,439	0.76%
2006	1,285,714	1,267,410	98.58%	8,006	1,275,416	99.20%	10,298	0.80%
2007	1,376,499	1,358,759	98.71%	7,299	1,366,058	99.24%	10,441	0.76%
2008	1,436,746	1,412,780	98.33%	7,066	1,419,846	98.82%	16,900	1.18%
2009	1,548,344	1,521,174	98.25%	7,343	1,528,517	98.72%	19,827	1.28%
2010	1,607,062	1,583,404	98.53%	18,646	1,602,050	99.69%	5,012	0.31%
2011	1,650,542	1,629,803	98.74%	9,033	1,638,836	99.29%	11,706	0.71%
2012	1,718,031	1,690,684	98.41%	13,643	1,704,327	99.20%	13,704	0.80%
2013	1,792,285	1,762,017	98.31%	13,914	1,775,932	99.09%	16,353	0.91%
2014	\$ 2,064,257	\$ 2,033,514	98.51%	\$ -	\$ 2,033,514	98.51%	\$ 30,743	1.49%

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*
2005	\$ 358,029	\$ 68,046	19.01%	\$ 289,983
2006	806,507	112,275	13.92%	694,232
2007	711,485	103,058	14.48%	608,428
2008	979,380	112,240	11.46%	867,140
2009	886,278	166,206	18.75%	720,072
2010	773,570	290,668	37.57%	482,902
2011	484,926	118,074	24.35%	366,852
2012	390,154	131,753	33.77%	258,401
2013	333,516	85,739	25.71%	247,777
2014	\$ 264,278	\$ 135,801	51.39%	\$ 128,477

*Amount on financial statement is shown net of allowance for uncollectible special assessments.

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			
2005	\$ 2,063,339	\$ 81,813	\$ -	\$ 7,525,398	\$ 67,603	\$ 318,082	\$ 10,056,235	3.39%	984
2006	2,238,174	40,907	-	10,025,790	309,483	234,072	12,848,426	4.26%	1,303
2007	1,986,665	-	4,475,000	11,510,482	324,721	87,864	18,384,732	5.52%	1,843
2008	2,027,848	-	4,355,000	11,201,109	396,737	24,912	18,005,606	4.41%	1,716
2009	1,698,558	-	4,185,000	18,159,279	407,878	-	24,450,715	5.79%	2,347
2010	765,000	-	4,010,000	20,287,816	800,860	-	25,863,676	6.11%	2,445
2011	390,000	-	3,825,000	19,759,654	687,003	-	24,661,657	5.41%	2,333
2012	355,000	-	3,640,496	18,200,435	570,408	229,670	22,996,009	4.73%	2,127
2013	-	-	3,438,140	18,216,709	451,009	209,316	22,315,174	4.22%	2,064
2014	\$ 1,732,000	\$ -	\$ 3,230,785	\$ 19,000,452	\$ 328,738	\$ 186,301	\$ 24,480,276	n/a	2,264

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, 2014

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable To This Governmental Unit ¹	City's Share of Debt
School District	\$ 1,270,000	54.55%	\$ 692,807
City of Vermillion direct debt			<u>4,962,785</u>
Total Direct and Overlapping Debt			<u>\$ 5,655,592</u>

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

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

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

TABLE 13

CITY OF VERMILLION
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 12,314,841	\$ 13,012,361	\$ 15,090,303	\$ 16,161,529	\$ 15,917,253	\$ 17,509,630	\$ 18,657,474	\$ 18,631,713	\$ 20,044,403	\$ 20,284,312
Total, net debt applicable to limit	\$ 8,316,034	\$ 9,556,972	\$ 8,825,606	\$ 8,125,471	\$ 7,236,640	\$ 6,979,204	\$ 5,868,649	\$ 4,551,292	\$ 5,254,396	\$ 8,218,291
Legal Debt Margin	\$ 3,998,807	\$ 3,455,389	\$ 6,264,697	\$ 8,036,058	\$ 8,680,613	\$ 10,530,426	\$ 12,788,825	\$ 14,080,421	\$ 14,790,007	\$ 12,066,021
Total net debt applicable to limit as a percentage of debt limit	67.53%	73.45%	58.49%	50.28%	45.46%	39.86%	31.45%	24.43%	26.21%	40.52%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2014

Total 2014 Taxable Value	\$ 344,833,308
Assessed Value	405,686,245
Debt Limit - 5% of Assessed Value	20,284,312
AMOUNT OF DEBT APPLICABLE TO LIMIT	8,459,889
Total Bonded Debt and Long-Term Notes Payable	
Less: amount set aside for repayment of debt	
Joint Powers Revenue Bonds	(10,305)
Curbside Recycling Revenue Bond	(701)
Wastewater Revenue Bonds	(230,592)
DEBT APPLICABLE TO DEBT LIMIT	(241,598)
LEGAL DEBT MARGIN	\$ 8,218,291
	\$ 12,066,021

Table 14

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

Fiscal Year	Net Revenue	Direct Operating Expenses	Depreciation Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
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	5,158,478	4,004,115	311,894	1,466,257	-	-	-	n/a	1,778,151	n/a
2010	5,17,889	-	-	517,889	-	391,211	391,211	1.32	517,889	1.32
2011	738,404	-	-	738,404	185,000	384,797	569,797	1.30	738,404	1.30
2012	743,301	-	-	743,301	190,000	382,485	572,485	1.30	743,301	1.30
2013	734,806	-	-	734,806	195,000	385,533	580,533	1.27	734,806	1.27
2014	\$ 715,396	\$ -	\$ -	\$ 715,396	\$ 195,000	\$ 379,684	\$ 574,684	1.24	\$ 715,396	1.24

¹ GAAP Basis

² General Obligation Bonds were paid off in 2009

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

Table 15

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

Fiscal Year	Net Revenue	Direct Operating Expenses	Depreciation Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	
									Without Depreciation	Coverage
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	1,354,889	1,091,290	148,379	411,978	90,721	77,441	168,162	2.45	560,357	3.33
2007	145,748	-	-	145,748	-	74,969	74,969	1.94	145,748	1.94
2008	1,158,017	1,099,739	187,002	245,280	94,446	73,716	168,162	1.46	432,282	2.57
2008	293,627	-	-	293,627	137,706	88,447	226,153	1.30	293,627	1.30
2009	1,222,490	1,172,310	232,343	282,523	98,331	69,832	168,163	1.68	514,866	3.06
2009	263,810	-	-	263,810	147,946	87,413	235,359	1.12	263,810	1.12
2010	1,200,469	1,189,028	241,817	253,258	102,381	65,621	168,002	1.51	495,075	2.95
2010	266,174	-	-	266,174	151,896	83,772	235,668	1.13	266,174	1.13
2011	1,297,129	1,246,547	247,878	298,460	106,603	63,412	170,015	1.76	546,338	3.21
2011	261,909	-	-	261,909	155,729	79,939	235,668	1.11	261,909	1.11
2012	1,480,051	1,319,913	253,851	413,989	503,868	40,574	544,442	0.76	667,840	1.23
2012	264,576	-	-	264,576	159,659	76,009	235,668	1.12	264,576	1.12
2013	1,396,147	1,305,751	257,677	348,073	71,275	33,748	105,023	3.31	605,750	5.77
2013	263,339	-	-	263,339	163,689	71,981	235,670	1.12	263,339	1.12
2014	1,399,529	1,353,254	288,192	334,467	112,038	55,435	167,473	2.00	622,659	3.72
2014	266,357	-	-	266,357	167,819	67,850	235,669	1.13	266,357	1.13

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

Table 16

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

Fiscal Year	Net Revenue	Direct Operating Expenses	Depreciation Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
2005	\$ 1,019,566	\$ 1,057,775	\$ 230,778	\$ 192,559	\$ 16,313	\$ 11,126	\$ 27,439	7.02	\$ 423,337	15.43
2006	1,125,387	1,012,040	307,791	421,138	70,040	38,925	108,965	3.86	728,929	6.69
2007	1,260,442	1,191,304	380,627	449,765	139,674	114,424	254,098	1.77	830,392	3.27
2008	1,332,533	1,168,515	380,848	544,866	144,728	110,244	254,972	2.14	925,714	3.63
2009	1,418,108	1,230,161	387,288	575,235	149,498	105,646	255,144	2.25	962,523	3.77
2010 ²	1,344,143	1,236,230	413,192	521,105	154,426	140,768	295,194	1.77	934,297	3.17
2010 ³	145,131	-	-	145,131	41,335	49,870	91,205	1.59	145,131	1.59
2011 ²	1,346,120	1,435,127	509,019	420,012	168,769	104,201	272,970	1.54	929,031	3.40
2011 ³	300,259	-	-	300,259	138,513	124,963	263,476	1.14	300,259	1.14
2012 ²	1,383,666	1,464,328	592,300	511,638	176,377	97,582	273,959	1.87	1,103,938	4.03
2012 ³	321,140	-	-	321,140	160,945	128,744	289,689	1.11	321,140	1.11
2013 ²	1,427,149	1,554,596	597,771	470,324	107,677	57,988	165,665	2.84	1,068,095	6.45
2013 ³	322,606	-	-	322,606	167,184	123,829	291,013	1.11	322,606	1.11
2014 ²	1,491,940	1,554,258	604,768	542,450	198,431	54,758	253,189	2.14	1,147,218	4.53
2014 ³	\$ 325,433	\$ -	\$ -	\$ 325,433	\$ 172,684	\$ 118,329	\$ 291,013	1.12	\$ 325,433	1.12

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
CURBSIDE RECYCLING ENTERPRISE
LAST TEN FISCAL YEARS¹

Fiscal Year	Net Revenue	Direct Operating Expenses	Depreciation Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
2010	\$ 111,838	\$ 92,905	\$ 7,337	\$ 26,270	\$ 7,110	\$ 1,421	\$ 8,531	3.08	\$ 33,607	3.94
2011	116,759	88,143	7,338	35,954	7,288	1,119	8,407	4.28	43,292	5.15
2012	110,249	98,546	7,338	19,041	7,472	936	8,408	2.26	26,379	3.14
2013	109,789	95,081	7,337	22,045	7,660	748	8,408	2.62	29,382	3.49
2014	\$ 100,223	\$ 99,781	\$ 4,916	\$ 5,358	\$ 7,852	\$ 556	\$ 8,408	0.64	\$ 10,274	1.22

¹ GAAP Basis
First Payment 2010

Table 18

CITY OF VERMILLION
PRINCIPAL EMPLOYERS
DECEMBER 31, 2014

Employer	2014		Percentage of Total City Employees
	# of Employees	Rank	
University of South Dakota	1,304	1	22.96%
Sanford Vermillion Medical Center	240	2	4.23%
Walmart	180	3	3.17%
Hy Vee Food Stores	174	4	3.06%
Vermillion Public Schools	160	5	2.82%
Polaris Industries	130	6	2.29%
SESDAC	140	7	2.46%
Masaba Mining Equipment	110	8	1.94%
City of Vermillion	110	9	1.94%
Total Principal Employers	2,548		44.86%
Other Employers	3,132		55.14%
Total Employers	5,680		100%

¹ Comparative data for nine years ago not currently available.

Information in table provided from South Dakota Economic Development Office, Vermillion Development Corporation and the South Dakota Department of Labor.

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
2004	9,975	\$ 281,863,575	\$ 28,257	n/a	25.1	1,305	8,120	3.30%
2005	10,218	296,792,028	29,046	n/a	25.4	1,327	8,641	3.30%
2006	9,862	301,481,340	30,570	n/a	n/a	1,318	8,746	2.80%
2007	9,975	333,145,050	33,398	n/a	n/a	1,282	9,243	2.50%
2008	10,495	408,087,580	38,884	n/a	n/a	1,288	9,291	2.60%
2009	10,417	422,117,674	40,522	2,358	n/a	1,275	9,617	3.60%
2010	10,578	423,627,744	40,048	2,358	23.4	1,251	10,151	4.00%
2011	10,571	455,673,526	43,106	2,128	n/a	1,239	9,970	3.40%
2012	10,811	486,451,756	44,996	2,128	n/a	1,256	10,284	4.00%
2013	10,811	528,668,711	48,901	2,186	23.4	1,210	10,235	3.10%
2014	10,811	\$ n/a	\$ n/a	n/a	n/a	1,241	10,061	3.60%

¹ State of South Dakota website.

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

³ Vermillion Public School Business Office.

⁴ USD website. Fall Semester enrollment figures.

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

TABLE 20

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General										
Executive	2.99	2.82	3.71	3.07	3.63	3.88	3.31	3.01	3.00	2.95
Finance	5.96	6.00	6.02	6.00	6.02	5.94	6.00	6.00	6.00	6.00
Engineering	4.70	4.83	4.64	4.87	4.22	4.71	4.73	4.38	4.30	4.22
Service Center	2.52	2.55	2.57	2.46	2.54	2.56	2.53	2.24	2.25	2.50
Public Safety										
Police Administration	5.45	5.53	5.71	5.10	5.10	5.67	5.26	4.98	4.86	4.91
Police Patrol	14.50	13.92	13.77	15.04	15.57	16.44	15.77	17.40	15.70	17.22
Communications	7.88	7.22	8.83	7.44	7.43	8.01	8.33	8.39	7.81	8.24
Fire	1.00	1.00	1.00	1.01	1.00	1.00	1.00	0.46	1.00	1.00
Public Works										
Street Department	6.45	5.51	5.72	5.94	6.71	6.69	6.48	5.89	6.33	6.70
Carpentry	1.05	1.04	1.07	1.08	1.04	1.05	1.04	1.05	1.04	0.57
Health & Welfare										
Code Compliance	3.00	3.04	3.01	3.02	3.01	2.91	3.25	2.73	3.04	3.00
Ambulance	3.85	4.04	4.13	4.57	3.02	3.06	3.44	3.14	3.15	5.06
Culture-Recreation										
Pool	4.99	4.81	4.61	4.43	5.06	4.65	4.83	4.07	4.01	4.69
Recreation	4.41	3.79	4.27	4.22	4.53	4.01	4.25	3.83	3.62	3.83
Libraries	8.23	8.10	8.08	8.24	8.56	8.84	8.56	8.01	7.87	7.95
Parks	3.89	4.76	4.00	4.56	4.43	4.49	4.30	4.17	4.29	3.98
Electric	11.91	11.27	10.87	10.67	11.15	10.85	10.91	10.61	10.73	10.41
Water	8.62	8.36	8.64	8.48	8.56	8.70	8.35	8.58	8.46	8.47
Wastewater	7.14	7.01	7.67	7.41	7.15	6.98	6.95	6.78	6.91	7.08
Golf	9.74	9.42	9.13	9.71	9.65	9.85	9.32	9.33	9.35	9.15
Joint Powers	9.08	9.20	9.10	9.70	9.95	9.95	9.76	10.00	9.81	10.17
Curbside Recycling	-	-	-	-	0.72	1.96	1.95	2.00	1.91	2.00
Internal Service										
Custodial	1.66	1.73	1.81	1.82	2.01	2.16	2.14	2.14	2.32	2.39
	<u>129.00</u>	<u>125.96</u>	<u>128.38</u>	<u>128.84</u>	<u>131.05</u>	<u>134.36</u>	<u>132.46</u>	<u>129.19</u>	<u>127.76</u>	<u>132.49</u>

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

Table 21

CITY OF VERMILLION
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Non Traffic Violations	701	735	905	821	821	747	561	493	338	573
Traffic Violations	599	603	762	936	906	1,219	660	709	689	839
Parking Violations	2,323	2,341	2,297	2,576	1,839	1,865	1,399	1,275	1,328	1,412
Fire										
Structure Fires	13	14	13	12	12	12	14	22	15	13
Other Fires & Incidents Calls	106	79	79	116	104	102	92	123	145	177
Ambulance										
Total Calls	541	518	574	702	771	740	727	795	712	865
Total Stand-By	43	37	28	36	44	45	52	68	95	68
Code Compliance										
Rental Housing Inspections	764	600	912	1,184	970	1,105	1,086	959	1,215	980
Building Permits-Single Family	36	36	37	30	11	10	9	15	9	4
Building Permits-Multiple Family	6	7	7	9	1	7	4	2	2	18
Building Permits-Commercial	6	6	8	12	13	6	3	3	4	5
Value of New Construction	\$ 14,331,000	\$ 8,212,480	\$ 19,544,721	\$ 9,839,155	\$ 2,983,296	\$ 4,502,352	\$ 5,786,357	\$ 3,771,388	\$ 8,138,807	\$ 13,611,097
Municipal Garage										
Service Jobs	266	260	239	273	243	248	241	234	204	216
Repairs	367	374	369	286	353	376	368	294	291	257
Library										
Circulation	79,813	78,652	78,196	78,711	77,979	79,168	78,344	75,236	73,460	83,800
Number of Card Holders	7,239	7,772	8,137	7,319	7,634	7,158	4,763	5,357	6,056	6,355
Swimming Pool										
Swim Lesson Participation	408	351	389	392	402	427	406	325	325	340
Open Swim Hours	21,000	18,700	18,700	19,125	13,090	12,320	12,320	13,200	13,200	13,200
Parks & Recreation										
Fall/Winter Participants	4,571	4,568	4,204	4,041	3,657	3,009	2,799	2,144	1,489	1,484
Summer Participants	1,947	2,352	1,936	1,889	2,048	2,130	2,034	1,950	1,985	2,420
Electric										
Total Number Meters	4,218	4,277	4,357	4,374	4,414	4,431	4,447	4,474	4,491	4,526
Total Metered Kilowatts	59,015,023	61,249,026	64,250,866	63,777,094	62,286,446	65,537,825	67,118,551	67,571,917	66,800,569	65,034,860
Summer Peak Demand Kilowatts	14,533	16,132	15,424	14,746	14,620	15,619	16,720	17,051	16,562	15,393
Winter Peak Demand Kilowatts	11,587	10,850	11,294	11,496	11,059	11,148	11,240	10,836	11,216	11,079
Water										
Number of Connections	2,669	2,709	2,746	2,847	2,826	2,856	2,875	2,944	2,967	3,022
Average Daily Consumption	1,061,452	1,102,896	1,199,674	1,070,737	1,017,595	921,929	958,603	1,130,197	1,005,093	1,000,844
Daily Peak Demand	2,102,000	2,231,000	2,549,000	2,387,000	1,647,000	1,385,000	1,864,000	2,245,000	2,071,000	1,904,000
Wastewater										
Number of Connections	2,607	2,612	2,683	2,759	2,761	2,763	2,809	2,862	2,917	2,955
Average Daily Flow	1,232,000	1,102,000	1,109,000	1,025,000	1,033,000	1,248,000	1,374,000	831,000	832,000	912,000
Daily Peak Demand	2,918,000	2,133,000	1,859,000	1,787,000	1,730,000	3,517,000	2,835,000	1,134,000	1,082,000	1,256,000
Joint Powers										
Tonnage in Landfill Trenches	25,677	28,912	32,090	36,382	35,420	36,488	34,813	34,187	34,494	34,854
Tonnage Recycled	934	972	1,163	1,211	1,805	1,085	1,086	1,077	1,035	828
Curbside Recycling										
Tonnage Collected										
Bluff's Golf Course										
Rounds of Golf	22,465	21,188	23,376	21,443	23,012	21,476	20,703	22,799	19,808	23,222
Liquor Store										
Gross Sales	857,976	967,937	1,094,738	1,179,546	1,165,625	1,181,977	1,185,643	1,217,013	1,183,334	1,246,418
Gross Profit %	27.04%	33.53%	33.37%	31.25%	30.93%	31.17%	30.97%	31.06%	30.86%	30.95%
Street Department										
Tons of Sand for Ice	422	524	1,001	959	630	767	450	350	368	295
Truckloads of Snow Hauled	363	193	595	536	713	1,874	316	226	169	112

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	5	5	5	5	5	5	5	5	5	5
Fire										
Stations	2	2	1	1	2	2	2	2	2	2
Engines/Trucks	6	6	6	6	6	6	6	6	6	10
Hydrants	384	385	387	388	392	398	398	397	401	417
Ambulance										
Ambulances	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	46.00	46.69	46.77	46.94	46.94	46.94	47.39	47.39	47.39	53.70
Streetlights	1,183	1,172	1,187	1,211	1,285	1,243	1,243	1,259	1,281	
Culture & Recreation										
Parks (acres)	115.50	115.50	115.50	115.50	115.50	115.50	115.50	115.50	115.50	130.00
Parks	7	7	7	7	7	7	7	7	7	7
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Softball Diamonds	2	2	2	2	2	2	2	2	2	2
Baseball Diamonds	3	3	3	3	3	3	3	3	3	3
Golf Courses	1	1	1	1	1	1	1	1	1	1
Electric										
Total Transformers on 13.8 kV Line	709	694	677	678	664	661	675	665	669	666
Total miles of 3 phase on 13.8 kV Line	49.48	49.49	49.71	53.17	47.60	48.53	49.83	49.61	49.82	50.82
Total Miles of 115kV Transmission Line	-	-	-	-	-	-	-	21.25	21.97	21.97
Water										
Water Mains (miles)	59.63	61.07	61.21	62.17	63.41	64.01	64.69	64.86	64.94	66.26
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)	57.23	57.85	57.85	57.93	58.15	58.18	58.27	58.36	58.36	59.42
Stormwater Sewer (miles)	6.26	6.26	6.26	6.57	6.81	6.82	6.84	6.84	6.89	8.01
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



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**CITY OF VERMILLION
COMPLIANCE SECTION**

CITY OF VERMILLION, SOUTH DAKOTA

Schedule of Findings

For the Year Ended December 31, 2014

I. Summary of the Independent Auditor's Results

- A. Unmodified opinions were issued on the financial statements.
- B. A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- C. The audit did not disclose any noncompliance which is material to the financial statements.

II. Findings Related to the Financial Statements Reported in Accordance with Government Auditing Standards

Instances of Non-Compliance:

No matters were noted.

Material Weakness:

II-A-14 Financial Reporting

Observation - During the audit, we identified various adjustments related to fixed assets not recorded properly in the City's financial statements. Adjustments were made by the City to properly include these changes to the financial statements.

Recommendation - The City should implement procedures to ensure all required adjustments are properly made to the City's financial statements.

Response - We will double check the financial statements in the future and all supporting schedules to verify that all adjustments are made properly

Conclusion - Response accepted.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 24, 2015. Our report includes a reference to other auditors who audited the financial statements of Vermillion Housing and Redevelopment Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting:

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as II-A-14 that we consider to be a material weakness.

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.

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*.

City of Vermillion's Response to Findings

The City of Vermillion's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Vermillion's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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
August 24, 2015



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

August 24, 2015

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, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Vermillion for the year ended December 31, 2014. 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 principles were adopted and the application of existing policies was not changed during 2014. 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 the receivable due from the insurance company as a result of the fire at the landfill, 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. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the financial statements as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 August 24, 2015.

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 Matters

We applied certain limited procedures to Budgetary Comparison Schedules and related notes, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the nonmajor funds combining statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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
Le Mars, Iowa

City of Vermillion
 Adjusting Journal Entries
 12/31/2014

Fund	Account #	Description	DR	CR
Fund Level Only				
	760 760-33420-State Grants	To correct Mill Overlay CIP additions	18,000	
	760-43500-3701-Professional Services			18,000
FS Classification Only				
Electric	Cash	To move unrestricted cash to proper acct	21,602	
	Restricted Cash			21,602
Joint Powers	Bonds Payable-Current	To correct long-term/short-term bonds payable	36,539	
	Revenue Bonds-LT			36,539
Various	Depreciable Fixed Assets	To move fixed asset additions to depreciable FA	2,556,710	
	Non-Depreciable Fixed Assets			2,556,710
Exhibit 4 Only	Capital Outlay-Culture and Recreation	To reclassify expenses to match	2,700	
	Capital Outlay-PW	Exhibit A-2		2,700
Government Wide Only				
Library	Depreciation Expense-Culture & Rec	To record book dep expense	37,653	
	Accum Dep Exp			37,653
	761 Bond Issue Cost-Conservation & Development		15,000	
	Fixed Asset-Bliss Point (Infrastructure)	To expense Bond Issue Cost		15,000
	761 Accum Dep (Infrastructure)	To reverse dep on bond issue costs	188	
	Dep Exp (Conservation & Dev)			188
	760 Public Works-Capital Grant	To correct Mill Overlay CIP additions	18,000	
	W Cherry Mill & Overlay-CIP			18,000
	752 Conservation and Development	To adjust Kennedy Street to actual	7,326	
	Kennedy Street CIP			7,326
	757 Depreciation Expense-Culture and Rec	To record depreciation on Bike Path	3,204	
	Accum Dep (Bldg & Structures)			3,204
			<u>2,716,922</u>	<u>2,716,922</u>

Council Agenda Memo

From: John Prescott, City Manager

Meeting: September 21, 2015

Subject: Report of Labor and Finance Committee on AFSCME union negotiations

Presenter: John Prescott

Background: The City of Vermillion Labor and Finance Committee met on July 20, 2015 to review progress on negotiating the union agreement with the AFSCME union. A number of items related to negotiations with this union were largely completed but a couple of outstanding items remained. The Labor and Finance Committee provided guidance on completing the negotiations. Since that time city staff met with the AFSCME union representatives on two occasions and reached agreement on a proposal within the guidelines established by the Labor and Finance Committee.

Discussion: AFSCME represents employees in the following departments: Street, Water, Waste Water, Parks & Recreation, Solid Waste, and General Government with the exception of the Department Heads, supervisors, professional, confidential, part-time and seasonal employees.

The bulk of the agreement remains the same as previous years. A few larger changes in the proposed agreement include:

- The proposed agreement would run from January 1, 2016 until December 31, 2018.
- The proposal provides for a cost of living adjustment of 2.5% on January 1, 2016, 2.25% on January 1, 2017, and 2.25% on January 1, 2018.
- All employees will pay a \$30 monthly fee in addition to any health insurance premium for the type of health insurance coverage selected.
- When Veterans Day falls on a Saturday or Sunday (occurs in 2017 & 2018), the employees will have the day after Thanksgiving as a paid holiday in these two years in place of the Friday or Monday preceding or following Veterans Day.
- Changes to a couple of pay schedules for specific positions.

Financial Consideration: None at this time.

Conclusion/Recommendations: The recommendation of the Labor and Finance Committee to the City Council is to adopt the proposed AFSCME agreement. As the City Council cannot act on a report of a committee at the same meeting the report is received,

8. New Business; item g

the City Council will need to accept the report and request the AFSCME agreement be considered at the October 5th meeting.

CITY OF VERMILLION
 INVOICES PAYABLE-SEPTEMBER 21, 2015

1 BROADCASTER	ADVERTISING	87.00
2 BRUNICKS SERVICE INC	FUEL	10,570.51
3 BUREAU OF ADMINISTRATION	TELEPHONE	296.41
4 CANDACE COUNTRY GARDENS	PLANTS	1,990.00
5 CENTURYLINK	TELEPHONE	1,494.51
6 CITY OF VERMILLION	LANDFILL VOUCHERS	600.00
7 CLAY CO REGISTER OF DEED	FILING FEE	60.00
8 CLAY RURAL WATER SYSTEM	WATER USAGE	63.60
9 CLAY-UNION ELECTRIC CORP	ELECTRICITY	1,613.90
10 DAKOTA BEVERAGE	MERCHANDISE	545.80
11 DEPT. ENVIRONMENT NATL RES	LANDFILL OPERATIONS FEE	3,357.97
12 DRAIN MASTERS	REPAIRS	569.39
13 GREGG PETERS	MANAGERS FEE	6,000.00
14 JOSE DOMINGUEZ	TRAVEL REIMBURSEMENT	195.00
15 LOREN FISCHER DISPOSAL	HAUL CARDBOARD	210.00
16 MATHESON TRI-GAS, INC	SUPPLIES	299.68
17 MIDAMERICAN	GAS USAGE	969.21
18 MIDCONTINENT COMMUNICATION	INTERNET/CABLE SERVICE	118.68
19 OGIO	MERCHANDISE	179.52
20 REPUBLIC NATIONAL DIST.	MERCHANDISE	19,678.78
21 RESERVE ACCOUNT	POSTAGE FOR METER	900.00
22 SD PUBLIC ASSURANCE ALLIANCE	INSURANCE COVERAGE	131.00
23 SIOUX EQUIPMENT	PARTS	1,271.13
24 STERN OIL CO.	FUEL	5,463.93
25 UNITED PARCEL SERVICE	SHIPPING	15.21
26 US POSTMASTER	POSTAGE FOR UTILITY BILLS	1,050.00
27 VERMILLION YOUTH FOOTBALL	ONLINE REGISTRATION	2,857.33
28 RICK ERICKSON	BRIGHT ENERGY REBATE	1,700.00
29 DONALD E PETERSON	BRIGHT ENERGY REBATE	1,700.00
	GRAND TOTAL	\$63,988.56