

CITY OF HURON, SOUTH DAKOTA
Audited Financial Statements
December 31, 2014

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Annual Financial Report City of Huron, South Dakota as of and for the Year ended December 31, 2014

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October 2, 2015

Honorable Mayor and Commissioners
City of Huron, South Dakota

The Annual Audited Financial Report of the City of Huron, for the fiscal year ended December 31, 2014, is submitted herewith. This report was prepared by the City Finance Officer and Staff. Responsibility for both the accuracy of the presented data and completeness of the presentation, including all disclosures, rests with the City. I believe the data as presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires judgments by management.

The Management Discussion and Analysis and the Notes to the financial statements provide the users of this report a detailed explanation of the accounting system and information on significant financial activities. The City Commission requires an annual audit of the fiscal affairs and financial records of all city departments by qualified public accountants, and the auditor's opinion shall be included in this report at a later date.

The preparation of this report on a timely basis could not be accomplished without the efficient services of the entire staff of the Finance Department, nor would it be possible without the cooperation of Janet Bockorny, Jane Kleinsasser, Ardelia Reno, Shanna Sterrett, Karen Schager and Alaina Harrington. I also would like to thank the Mayor and City Commissioners for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Paullyn Carey".

Paullyn Carey
Finance Director

CITY OF HURON, SOUTH DAKOTA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
For the Year Ended December 31, 2014

Summary of Auditor's Results:

An unqualified opinion was issued on the governmental activities, business type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information.

Our audit of the financial statements did not identify any material weaknesses that are required to be disclosed.

Our audit disclosed no instances of noncompliance which were material to the financial statements.

Current Other Audit Findings:

There are no current other audit findings to disclose.

CITY OF HURON, SOUTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES

For the Year Ended December 31, 2014

Prior Other Audit Findings:

There were no other audit findings for the year ended December 31, 2013.

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PRIVATE COMPANIES PRACTICE SECTION

September 22, 2015

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*

Municipal Commission
City of Huron
Huron, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Huron, South Dakota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City of Huron, South Dakota's basic financial statements, and have issued our report thereon dated September 22, 2015.

Our report includes a reference to other auditors who audited the financial statements of Huron Housing and Redevelopment Commission, City of Huron's only discretely presented component unit, as described in our report on City of Huron, South Dakota's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Huron, South Dakota'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 City of Huron, South Dakota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Huron, South Dakota's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



Snow, Huether & Coyle
Huron, South Dakota

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PRIVATE COMPANIES PRACTICE SECTION

September 22, 2015

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Huron
Huron, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Huron, 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 of Huron, South Dakota'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 Huron Housing and Redevelopment Commission, which represents 100 percent of the assets and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Huron 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Huron, 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 1-9 and 44-64 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2015, on our consideration of the City of Huron, South Dakota'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 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 City of Huron, South Dakota's internal control over financial reporting and compliance.



Snow, Huether & Coyle
Huron, South Dakota

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Huron's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended on December 31, 2014. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- During the year, the City's revenues generated from charges for services, taxes and other revenues of the governmental and business-type programs were \$1,477,244 more than the \$22,562,857 governmental and business-type program expenditures. This is a decrease over the prior year when revenues exceeded expenditures by \$2,243,887.
- In the City's business-type activities, revenue increased by 5% to \$8,503,912 while expense increased 6%.
- The total cost of the City's programs changed (increasing approximately \$1,766,546 or approximately 9%, and no new programs were added this year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, including related notes, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short- and long-term financial information about the activities that the City operates like businesses. The City has five proprietary funds – the Water Fund, Sewer Fund, Airport Fund, Golf Fund and Solidwaste Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

| Major Features of Municipality of _____'s Government-wide and Fund Financial Statements | | | |
|---|---|--|--|
| | Government-wide Statements | Fund Statements | |
| | | Governmental Funds | Proprietary Funds |
| Scope | Entire municipal government (except industry funds and the fiduciary component units) | The activities of the municipality that are not proprietary or fiduciary, such as finance office, police, fire and parks | Activities the Municipality operates similar to private businesses, the water and sewer systems |
| Required Financial Statements | *Statement of Net Position *Statement of Activities | *Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances | *Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows |
| Accounting Basis and Measurement Focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of Asset/Liability Information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term |
| Type of Inflow/Outflow Information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures with goods or services have been received and payments due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid |

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net Position – the difference between the City's assets and liabilities – is one way to measure the City's financial health or position.

- Increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and changes in the sales tax revenue base.

The government-wide financial statements of the City are reported in three categories:

- **Governmental Activities** – This category includes the most of the City's basic services, such as police, fire, public works, parks department and general administration. Property taxes, sales taxes, charges for services, state and federal grants and interest earnings finance most of these activities.
- **Business-type Activities** -- The City charges a fee to customers to help cover the costs of certain services it provides. The City's water, sewer, airport, golf and solidwaste systems are included here.
- **Component Units** -- The City includes one other entity in its report – the Housing and Redevelopment Commission. Although legally separate, this "component unit" is important because the City is financially accountable for them. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: Board of Commissioners, Huron Housing and Redevelopment Authority, Huron, SD 57350.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- State Law requires some of the funds.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has two kinds of funds:

- **Governmental Funds** – Most of the City's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position: The City's combined net position increased by 2% between fiscal year 2013 and 2014 – by \$1,567,244. (See Table A-1).

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|-------------------|-----------------------------|-------------------|--------------------|--------------------|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Current and Other Assets | 12,308,696 | 11,474,325 | 7,248,864 | 7,734,064 | 19,557,560 | 19,208,389 |
| Capital Assets | 47,698,229 | 48,688,386 | 60,899,047 | 60,428,402 | 108,597,276 | 109,116,788 |
| Total Assets | <u>60,006,925</u> | <u>60,162,711</u> | <u>68,147,911</u> | <u>68,162,466</u> | <u>128,154,836</u> | <u>128,325,177</u> |
| Long-Term Debt Outstanding | 7,642,429 | 6,671,352 | 4,200,103 | 3,827,002 | 11,842,532 | 10,498,354 |
| Other Liabilities | 727,302 | 773,288 | 536,578 | 527,873 | 1,263,880 | 1,301,161 |
| Total Liabilities | <u>8,369,731</u> | <u>7,444,640</u> | <u>4,736,681</u> | <u>4,354,875</u> | <u>13,106,412</u> | <u>11,799,515</u> |
| Net Position: | | | | | | |
| Net Invested in Capital Assets | 40,055,800 | 42,017,034 | 56,698,944 | 56,601,399 | 96,754,744 | 98,618,433 |
| Reserved/Restricted | 230,041 | 591,200 | 109,965 | 109,965 | 340,006 | 701,165 |
| Unrestricted | 11,351,351 | 10,109,835 | 6,602,317 | 7,096,230 | 17,953,668 | 17,206,065 |
| Ending Net Position | <u>51,637,192</u> | <u>52,718,069</u> | <u>63,411,226</u> | <u>63,807,594</u> | <u>115,048,418</u> | <u>116,525,663</u> |
| Beginning Net Position | 49,747,399 | 51,637,192 | 63,057,132 | 63,411,227 | 112,804,531 | 115,048,419 |
| Prior Year Adjustment | | | | | | |
| Adjusted Beginning Net Position | <u>49,747,399</u> | <u>51,637,192</u> | <u>63,057,132</u> | <u>63,411,227</u> | <u>112,804,531</u> | <u>115,048,419</u> |
| Increase (Decrease) in Net Position | 1,889,793 | 1,080,876 | 354,096 | 396,368 | 2,243,887 | 1,477,244 |
| Percentage of Increase (Decrease) in Net Position for 2014 | 4% | 2% | 1% | 1% | 2% | 2% |

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the city consisting of special assessment bonds payable, revenue bonds payable and compensated absences have been reported in this manner on the Statement of Net Position. The difference between the city's assets and liabilities is its net position.

Changes in Net Position

The City's revenues totaled \$24,040,101 increase of 5% from the prior year. (See Table A-2.) The City's expenses totaled \$22,562,857 increase of 9% from the prior year, and cover a range of services, with over half related to public work services (road maintenance, work system services and sewer system services).

Figure A-3, City of Huron Sources of Revenues for Fiscal Year 2014

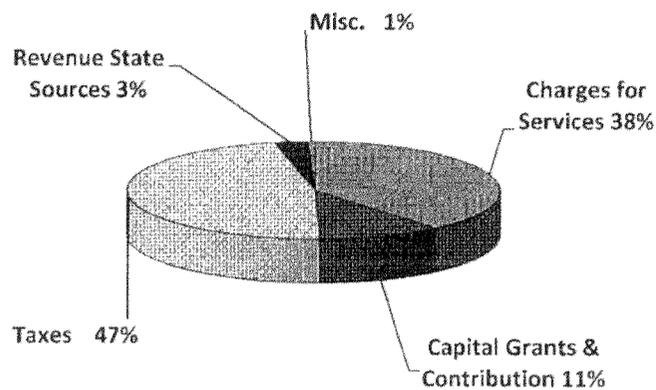


Figure A-4, City of Huron Functional Expenses for Fiscal Year 2014

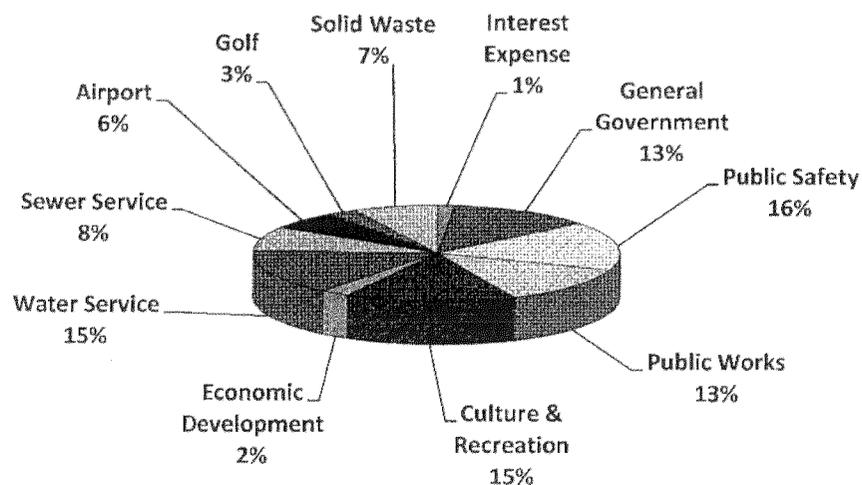


Table A-2

| | Governmental Activities | Governmental Activities | Business- Type Activities | Business- Type Activities | Total | Total | Total % Chg |
|----------------------------------|----------------------------|----------------------------|---------------------------------|---------------------------------|---------------------|---------------------|-------------------|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | |
| Revenues | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for Services | \$1,291,310 | \$1,381,140 | \$7,802,011 | \$7,968,793 | \$9,093,320 | \$9,349,933 | 3% |
| Capital Grants and Contributions | 1,602,595 | 1,923,120 | 321,876 | 645,617 | 1,924,471 | 2,568,737 | 34% |
| Operating Grants | 2,133 | 1,960 | | | 2,133 | 1,960 | -9% |
| General Revenues | | | | | | | |
| Taxes | 11,226,599 | 11,263,219 | | | 11,226,599 | 11,263,219 | 1% |
| Revenue State Sources | 616,301 | 693,526 | 15,491 | 7,365 | 631,792 | 700,891 | 11% |
| Miscellaneous | 166,215 | 273,224 | -4,331 | -117,863 | 161,884 | 155,361 | -4% |
| Total Revenues | \$14,905,153 | \$15,536,189 | \$8,135,047 | \$8,503,912 | \$23,040,200 | \$24,040,101 | 5% |
| Expenses | | | | | | | |
| Interest | | | | | | | |
| Expense Unallocated | \$384,005 | \$332,591 | | | \$384,005 | \$332,591 | -14% |
| General Government | 1,929,668 | 2,861,318 | | | 1,929,668 | 2,861,318 | 49% |
| Public Safety | 3,443,954 | 3,698,004 | | | 3,443,954 | 3,698,004 | 8% |
| Public Works | 2,783,368 | 2,840,377 | | | 2,783,368 | 2,840,377 | 2% |
| Culture and Recreation | 3,254,064 | 3,383,933 | | | 3,254,064 | 3,383,933 | 4% |
| Economic Development | 586,738 | 562,400 | | | 586,738 | 562,400 | -5% |
| Water Services | | | 3,260,370 | 3,401,868 | 3,260,370 | 3,401,868 | 5% |
| Sewer Service | | | 1,674,684 | 1,814,758 | 1,674,684 | 1,814,758 | 9% |
| Airport | | | 1,379,871 | 1,411,276 | 1,379,871 | 1,411,276 | 3% |
| Golf | | | 495,956 | 568,930 | 495,956 | 568,930 | 15% |
| Solid Waste | | | 1,603,633 | 1,687,402 | 1,603,633 | 1,687,402 | 6% |
| Total Expenses | \$12,381,797 | \$13,678,623 | \$8,414,514 | \$8,884,234 | \$20,796,311 | \$22,562,857 | 9% |
| Excess (Deficiency) | | | | | | | |
| Before Special | | | | | | | |
| Items and Transfers | \$2,523,356 | \$1,857,566 | \$-279,467 | \$-380,322 | \$2,243,889 | \$1,477,244 | -35% |
| Special Items | | | | | | | |
| Transfers | \$-633,563 | \$-776,690 | \$633,563 | \$776,690 | | | |
| Increase (Decrease) | | | | | | | |
| in Net Position | \$1,889,793 | \$1,080,876 | \$354,096 | \$396,368 | \$2,243,889 | \$1,477,244 | |
| Beginning Net Position | \$49,747,399 | \$51,637,192 | \$63,057,131 | \$63,411,227 | \$112,804,530 | \$115,048,419 | |
| Prior Period Adjustment | | | | | | | |
| Adjusted Beginning Net Position | \$49,747,399 | \$51,637,192 | \$63,057,131 | \$63,411,227 | \$112,804,530 | \$115,048,419 | 2% |
| Ending Net Position | \$51,637,192 | \$52,718,068 | \$63,411,227 | \$63,807,595 | \$115,048,419 | \$116,525,663 | 2% |

Governmental Activities: Revenues of the City's Governmental-type activities increased by 5% to \$15,536,189 and expenses increased by 11%. There are six major governmental type funds they are: General Fund, Parks and Recreation, Community Pool Fund, Additional Sales Tax, Sales Tax Bond Fund 2005/2006 Sp Assessment Fund.

Business-type Activities: Revenues of the City's business-type activities increased by 5% to \$8,503,912 and expenses increased by 6%. There are four major business type funds they are: Water, Sewer, Airport, and Solid Waste. The Golf Fund is also part of the business type activities but is not considered a major fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City maintains six major governmental funds – General Fund balance decreased to \$5,049,726 this is a 5% decrease in fund balance. Park and Recreation fund balance in general decreased 71%. Community Pool fund balance decreased 36%. Additional Sales Tax fund balance increased 26%. Sales Tax Bond Fund increased by 45%, 2005/2006 Special Assessment fund balance is decreased by 141%. Business type funds are water, sewer, airport, golf and solidwaste. The financial analysis mirror those highlighted in the analysis of the business type funds above.

General Fund Budgetary Highlights

Over the course of the year, the City Commission revised the City budget. This amendment falls into a Supplemental Appropriation. As of December 31, 2014 there was a supplemental appropriation of \$94,849.34 needed for the General Fund this was mostly operations, utilities and salary line items.

CAPITAL ASSET ADMINISTRATION: By the end of 2014, the City had invested \$109,116,790 in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-3.) This amount represents a net increase (including additions and deductions) of \$519,516 or .48%, over the last year.

Table A-3
City of Huron - Capital Assets
(net of depreciation)

| | Governmental Activities | | Business-type Activities | | Total Dollar Change | Total Percentage Change |
|-----------------------------------|-------------------------|-------------------|--------------------------|-------------------|---------------------|-------------------------|
| | 2013 | 2014 | 2013 | 2014 | 2013-2014 | 2013-2014 |
| | Land | \$1,549,988 | \$3,429,480 | \$1,434,858 | \$1,434,858 | \$1,879,491 |
| Buildings | 10,129,924 | 9,793,424 | 11,356,432 | 10,902,741 | -790,191 | -3.68% |
| Improvements other than Bldgs | 18,833,279 | 32,614,892 | 44,802,123 | 43,590,041 | 12,569,531 | 19.75% |
| Furniture and Equipment | 679,779 | 687,190 | 211,652 | 183,103 | -21,138 | -2.37% |
| Machinery and Equipment | 2,295,053 | 2,143,268 | 2,347,541 | 2,452,723 | -46,603 | -1% |
| Construction in Progress | 14,210,204 | 20,133 | 746,440 | 1,864,937 | -13,071,574 | -87.4% |
| Total Capital Assets (Net) | 47,698,228 | 48,688,387 | 60,899,046 | 60,428,403 | 519,516 | .48% |

This year's major capital asset additions included:

- 2014 Street Resurfacing \$614,398
- 2014 Sewer Main Relining \$631,491
- Land additions \$2,299,775
- 2014 Water Main Replacement \$392,116
- 2015 Vector Truck \$287,544

LONG-TERM DEBT

At the year-end the City had \$11,147,481 in Special Assessments and Revenue Bonds and other long-term obligations. This is a decrease of 11% as shown on Table A-4 below.

Table A-4
City of Huron – Outstanding Debt and Obligations

| | Governmental | | Business-type | | Total | Total |
|---|------------------|------------------|------------------|------------------|-------------------|-------------|
| | Activities | | Activities | | Dollar | Percentage |
| | 2013 | 2014 | 2013 | 2014 | Change | Change |
| Compensated Absences | \$452,582 | 499,668 | \$168,822 | 149,460 | 27,724 | 1% |
| Special Assessments | 350,000 | 230,000 | | | -120,000 | -35% |
| Capital Acquisition | | | 127,275 | 111,658 | -15,617 | -13% |
| Leases | | | | | | |
| Revenue Bonds | 7,292,429 | 6,441,352 | 4,072,828 | 3,715,343 | -1,208,562 | -11 |
| Total Outstanding Debt and Obligations | 8,095,011 | 7,171,020 | 4,368,925 | 3,976,461 | -1,316,455 | -11% |

The City is liable for the accrued vacation leave payable to all full-time employees who have been employed for more than one year.

The City has outstanding \$230,000 in Special Assessment Bonds. The assessments are secured and paid from payment of special assessments levied by the City of Huron against benefited property owners. These bonds were to build streets, curb, gutter and sidewalks and will be fully paid off on December 2016.

The City has outstanding \$10,156,696 in Revenue Bonds. The bonds are secured and paid for from the Governmental and Business Type Funds. These bonds were used to build utility infrastructure like water and sewer mains and will be fully paid off on December 2043. In 2014 the Sales Tax Bonds for the Huron Event Center and Splash Central/Central Park were both refunded and combined.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's total property valuation is \$530,400,096 increased for 2014 taxes payable in 2015. Under the state mandated property tax limitation, property taxes from one year to the next may increase 3% or an amount based on the Consumer Price Index (CPI) whichever is lower. The tax levy assessment for the City per thousand dollars in real property value is \$8.764 an increase of .095 per \$1000 of valuation from the prior year.

One of the primary sources of revenue to the City is based on taxable retail sales in the community (sales tax). The city has experienced an increase in revenue for taxable sales over the prior year, but for next year sales tax numbers were budgeted at a flat rate as not seeing an increase.

The City's adopted General Fund budget for 2015 will increase to \$11,198,200. The budget has increased for 2015 because of street projects, salary increases and capital assets.

The City's business-type activities budget for 2015 will decrease to \$16,728,197. Enterprise funds are close to previous years budgets. The water and sewer funds are doing large projects for watermain and ADA ramps and also a large sewer relining project. Solidwaste is purchase a large amount of containers and the airport is budgeting for the wetland mitigation and runway expansion.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Huron's Finance Director, 239 Wisconsin SW, P.O. Box 1369, Huron, SD 57350-1369.

MUNICIPALITY OF HURON
STATEMENT OF NET POSITION
December 31, 2014

| | Primary Government | | Total | Component Units |
|--|----------------------------|-----------------------------|-----------------------|---------------------|
| | Governmental Activities | Business-Type Activities | | |
| ASSETS: | | | | |
| Cash and Cash Equivalents | 9,161,860.00 | 5,686,369.00 | 14,848,229.00 | 180,351.00 |
| Accounts Receivable, Net | 158,270.00 | 599,874.00 | 758,144.00 | 2,381.00 |
| Taxes Receivable | 57,269.00 | | 57,269.00 | |
| Special Assessment Receivable | 285,721.00 | | 285,721.00 | |
| Accrued Interest | 15,695.00 | 1,013.00 | 16,708.00 | |
| Prepaid Expenses | | | 0.00 | 8,105.00 |
| Internal Balances | | | 0.00 | |
| Inventories | 358,433.00 | 639,757.00 | 998,190.00 | |
| Unamortized Discount on Bonds | 0.00 | 0.00 | 0.00 | |
| Due From Other Governments | 689,571.00 | 293,627.00 | 983,198.00 | |
| Restricted Assets: | | | | |
| Cash and cash equivalents | 517,465.00 | 513,424.00 | 1,030,889.00 | 558,708.00 |
| Deposits | 230,041.00 | | 230,041.00 | |
| Investments | | | 0.00 | |
| Capital Assets: | | | | |
| Land, Improvements and Construction in Progress | 3,449,613.00 | 3,299,795.00 | 6,749,408.00 | 598,078.00 |
| Other Capital Assets, Net of Depreciation | 45,238,773.00 | 57,128,607.00 | 102,367,380.00 | 6,905,004.00 |
| TOTAL ASSETS | 60,162,711.00 | 68,162,466.00 | 128,325,177.00 | 8,252,627.00 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| Deferred Charge on Refunding | | | | |
| Other Deferred Outflows of Resources | | | | |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 0.00 | 0.00 | 0.00 | 0.00 |
| LIABILITIES : | | | | |
| Accounts Payable | -2,565.00 | 1,153.00 | -1,412.00 | 802.00 |
| Accrued Interest Payable | 98,359.00 | 27,589.00 | 125,948.00 | |
| Amounts Held for Others | 2,797.00 | | 2,797.00 | |
| Payable to Employees | 175,029.00 | 57,683.00 | 232,712.00 | |
| Notes Payable | | | | 6,586,908.00 |
| Loans Payable | | | | 390,416.00 |
| Payable from Restricted Assets | | 291,988.00 | 291,988.00 | 99,113.00 |
| Other Current Liabilities | | | 0.00 | 93.00 |
| Noncurrent Liabilities: | | | | |
| Due within one Year | 580,000.00 | 583,803.00 | 1,163,803.00 | |
| Due in More than One Year | 6,091,352.00 | 3,243,199.00 | 9,334,551.00 | |
| Accrued Leave Payable | 499,658.00 | 149,460.00 | 649,128.00 | 22,281.00 |
| Other Post Employment Benefits | | | 0.00 | |
| TOTAL LIABILITIES | 7,444,640.00 | 4,354,875.00 | 11,799,515.00 | 7,099,613.00 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Other deferred inflows of Resources | | | | |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 0.00 | 0.00 | 0.00 | 0.00 |
| NET POSITION: | | | | |
| Net Investment in Capital Assets | 42,017,034.00 | 56,601,399.00 | 98,618,433.00 | 525,758.00 |
| Restricted for: | | | | |
| Capital Projects Purposes | | | 0.00 | |
| Debt Service Purposes | | 109,965.00 | 109,965.00 | 424,066.00 |
| E911 | 5,576.00 | | 5,576.00 | |
| 3rd Penny Sales Tax | 211,823.00 | | 211,823.00 | |
| Business Improvement District | 143,760.00 | | 143,760.00 | |
| Permanently Restricted Purposes | | | | |
| Cumulative Reserve Fund | 230,041.00 | | 230,041.00 | |
| Unrestricted (Deficit) | 10,109,835.00 | 7,096,230.00 | 17,206,065.00 | 203,190.00 |
| TOTAL NET POSITION | 52,718,069.00 | 63,807,594.00 | 116,525,663.00 | 1,153,014.00 |

Notes are integral part of these financial statements.

ILLUSTRATION 2
MUNICIPALITY OF HURON
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-Type Activities | Total | |
| Primary Government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Government | 2,861,318.00 | 332,022.00 | 1,960.00 | 74,081.00 | (2,453,255.00) | | (2,453,255.00) | |
| Public Safety | 3,698,004.00 | 427,756.00 | | 13,620.00 | (3,256,628.00) | | (3,256,628.00) | |
| Public Works | 2,840,377.00 | 8,531.00 | | | (2,831,846.00) | | (2,831,846.00) | |
| Culture and Recreation | 3,383,933.00 | 504,920.00 | | 1,835,419.00 | (1,043,594.00) | | (1,043,594.00) | |
| Economic Development | 562,400.00 | 107,911.00 | | | (454,489.00) | | (454,489.00) | |
| Interest On Long Term Debt | 332,591.00 | | | | (332,591.00) | | (332,591.00) | |
| | | | | | 0.00 | | 0.00 | |
| Total Governmental Activities | 13,678,623.00 | 1,381,140.00 | 1,960.00 | 1,923,120.00 | (10,372,403.00) | | (10,372,403.00) | |
| Business-type Activities: | | | | | | | | |
| Water | 3,401,868.00 | 3,475,532.00 | | 345,910.00 | | 419,574.00 | 419,574.00 | |
| Sewer | 1,814,758.00 | 2,180,553.00 | | | | 365,795.00 | 365,795.00 | |
| Airport | 1,411,276.00 | 248,462.00 | | 299,707.00 | | (863,107.00) | (863,107.00) | |
| Golf | 568,930.00 | 310,791.00 | | | | (258,139.00) | (258,139.00) | |
| Solidwaste | 1,687,402.00 | 1,753,455.00 | | | | 66,053.00 | 66,053.00 | |
| Total Business-type Activities | 8,884,234.00 | 7,968,793.00 | 0.00 | 645,617.00 | | (269,824.00) | (269,824.00) | |
| Total Primary Government | 22,562,857.00 | 9,349,933.00 | 1,960.00 | 2,568,737.00 | (10,372,403.00) | (269,824.00) | (10,642,227.00) | |
| Component Units: | | | | | | | | |
| Housing and Redevelopment Commission | 1,754,355.00 | 1,110,790.00 | | 763,726.00 | | | | 120,161.00 |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes | | | | | 4,583,542.00 | | 4,583,542.00 | |
| Sales Taxes | | | | | 6,273,261.00 | | 6,273,261.00 | |
| Gross Receipts Business Tax | | | | | 406,416.00 | | 406,416.00 | |
| Intergovernmental | | | | | 693,526.00 | 7,365.00 | 700,891.00 | |
| Contributions | | | | | 162,597.00 | | 162,597.00 | |
| Interest | | | | | 36,748.00 | 17,227.00 | 53,975.00 | 20,619.00 |
| Miscellaneous Income | | | | | 61,594.00 | | 61,594.00 | 54,737.00 |
| Gain/Loss Sale of Fixed Assets | | | | | 12,285.00 | (135,090.00) | (122,805.00) | 594.00 |
| Transfers | | | | | (776,690.00) | 776,690.00 | 0.00 | |
| Total General Revenues, Special Items, Extraordinary Items and Transfers | | | | | 11,453,279.00 | 668,192.00 | 12,119,471.00 | 75,950.00 |
| Change in Net Position | | | | | 1,080,876.00 | 396,368.00 | 1,477,244.00 | 196,111.00 |
| Net Position-Beginning | | | | | 51,637,192.00 | 63,411,227.00 | 115,048,419.00 | 956,903.00 |
| NET POSITION - ENDING | | | | | 52,718,068.00 | 63,807,595.00 | 116,525,663.00 | 1,153,014.00 |

Notes are an integral part of these financial statements

MUNICIPALITY OF HURON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

| | General Fund | Parks & Recreation Fund | Community Pool Fund | Additional Sales Fund | Sales Tax Bonds Fund | 2005/2006 Special Assmt Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------------|---------------------|-----------------------|----------------------|------------------------------|--------------------------|--------------------------|
| ASSETS & DEFERRED OUTFLOWS OF RESOURCES: | | | | | | | | |
| ASSETS: | | | | | | | | |
| Cash and Cash Equivalents | 3,936,641.00 | 335.00 | | 3,858,821.00 | | | 1,366,064.00 | 9,161,861.00 |
| 151 Investments | | | | | | | | 0.00 |
| 110 Taxes Receivable--Delinquent | 57,269.00 | | | | | | | 57,269.00 |
| 115 Accounts Receivable, Net | 135,193.00 | 2,434.00 | | | | | 20,643.00 | 156,270.00 |
| 117 Unbilled Accounts Receivable | | | | | | | | 0.00 |
| 121 Special Assessments Receivable--Current | | | | | | 5,328.00 | 28,573.00 | 33,901.00 |
| 122 Special Assessments Receivable--Delinquent | | | | | | 298.00 | 18,220.00 | 18,518.00 |
| 123 Special Assessments Receivable--Deferred | | | | | | 5,328.00 | 227,874.00 | 233,202.00 |
| 125 Interest Receivable--Special Assessments | | | | | | 99.00 | 6,837.00 | 6,936.00 |
| 126 Governmental Unit's Share of Assessment Improvement Costs | | | | | | | | 0.00 |
| 128 Notes Receivable | | | | | | | | 0.00 |
| 131 Due from other Funds | 218,656.00 | | | | | | | 218,656.00 |
| 132 Due from Other Governments | 353,855.00 | | | 276,127.00 | | | 59,588.00 | 689,570.00 |
| 129 Due from Component Unit | | | | | | | | 0.00 |
| 135 Interest Receivable | | | | | | | | 0.00 |
| 136 Accrued Interest on Investments Purchased | 6,348.00 | | | 2,510.00 | | | | 8,858.00 |
| 137 Dividend Receivable | | | | | | | | 0.00 |
| 141 Inventory of Supplies | 248,898.00 | 104,368.00 | 1,340.00 | | | | 3,826.00 | 358,432.00 |
| 142 Inventory of Stores Purchased for Resale | | | | | | | | 0.00 |
| 154 Deposits | | | | | | | | 0.00 |
| 155 Prepaid Expenses | | | | | | | | 0.00 |
| 157 Unamortized Discounts on Bonds Sold | | | | | | | | 0.00 |
| 133 Advance to Fund | | | | | | | | 0.00 |
| 107.1 Restricted Cash and Cash Equivalents | | | 517,465.00 | | | | | 517,465.00 |
| 107.2 Restricted Asset Deposits | 230,041.00 | | | | | | | 230,041.00 |
| TOTAL ASSETS | 5,186,901.00 | 107,137.00 | 518,805.00 | 4,137,458.00 | 0.00 | 11,053.00 | 1,731,625.00 | 11,692,979.00 |
| Deferred Outflows of Resources: | | | | | | | | |
| Other Deferred Outflows of Resources | | | | | | | | 0.00 |
| Total Deferred Outflows of Resources | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES | 5,186,901.00 | 107,137.00 | 518,805.00 | 4,137,458.00 | 0.00 | 11,053.00 | 1,731,625.00 | 11,692,979.00 |

MUNICIPALITY OF HURON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

| | General Fund | Parks & Recreation Fund | Community Pool Fund | Additional Sales Fund | Sales Tax Bonds Fund | 2005/2006 Special Assmt Fund | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|-------------------------|---------------------|-----------------------|----------------------|------------------------------|--------------------------|--------------------------|
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES: | | | | | | | | |
| Liabilities: | | | | | | | | |
| 201 Claims Payable | | | | | | | | 0.00 |
| 202 Accounts Payable | (2,496.00) | (35.00) | | | | | (34.00) | (2,565.00) |
| 203 Judgments Payable | | | | | | | | 0.00 |
| 204 Annuities Payable | | | | | | | | 0.00 |
| 205 Notes Payable | | | | | | | | 0.00 |
| 206 Contracts Payable | | | | | | | | 0.00 |
| 207 Contracts Payable--Retained Percentage | | | | | | | | 0.00 |
| 208 Due to Other Funds | | | | | | 218,656.00 | | 218,656.00 |
| 209 Due to Other Governments | | | | | | | | 0.00 |
| 210 Due to Resigned Employees | | | | | | | | 0.00 |
| 211 Matured Bonds Payable | | | | | | | | 0.00 |
| 212 Matured Interest Payable | | | | | | | | 0.00 |
| 213 Incurred but Not Reported Claims | | | | | | | | 0.00 |
| 215 Accrued Interest Payable | | | | | 95,750.00 | 2,609.00 | | 98,359.00 |
| 216 Accrued Wages Payable | 139,668.00 | 16,077.00 | | | | | 2,566.00 | 158,311.00 |
| 217 Accrued Taxes Payable | | | | | | | | 0.00 |
| 218 Amount Held for Special Assessment Debt Service | | | | | | | | 0.00 |
| 219 Amounts Held for Others | | | 2,797.00 | | | | | 2,797.00 |
| 220 Customer Deposits | | | | | | | | 0.00 |
| 221 Due to Fiscal Agent | | | | | | | | 0.00 |
| 223 Revenue Collected in Advance | | | | | | | | 0.00 |
| 225 Registered Warrants | | | | | | | | 0.00 |
| 226 Bonds Payable Current: | | | | | | | | |
| 226.01 General Obligation | | | | | | | | 0.00 |
| 226.02 Revenue | | | | | | | | 0.00 |
| 226.03 Special Assessment | | | | | | | | 0.00 |
| 227 Unamortized Premiums on Bonds Sold | | | | | | | | 0.00 |
| 228 Payable from Restricted Assets | | | | | | | 16,717.00 | 16,717.00 |
| 229 Due to Component Unit | | | | | | | | 0.00 |
| 230 Compensated Absences Payable -- Current | | | | | | | | 0.00 |
| 236 Advance from _____ Fund | | | | | | | | 0.00 |
| Total Liabilities | 137,172.00 | 16,042.00 | 2,797.00 | 0.00 | 95,750.00 | 221,265.00 | 19,249.00 | 492,275.00 |
| Deferred Inflows of Resources: | | | | | | | | |
| Unavailable Revenue-Property Taxes | | | | | | | | 0.00 |
| Unavailable Revenue-Special Assessments | | | | | | 5,328.00 | 227,874.00 | 233,202.00 |
| Other Deferred Inflows of Resources | | | | | | | | 0.00 |
| Total Deferred Inflows of Resources | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,328.00 | 227,874.00 | 233,202.00 |

MUNICIPALITY OF HURON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

| | General Fund | Parks & Recreation Fund | Community Pool Fund | Additional Sales Fund | Sales Tax Bonds Fund | 2005/2006 Special Assmt Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------|-------------------------|---------------------|-----------------------|----------------------|------------------------------|--------------------------|--------------------------|
| Fund Balances: | | | | | | | | |
| 263 Nonspendable | | | | | | | | 0.00 |
| Inventory | 248,898.00 | 104,368.00 | 1,340.00 | | | | 3,826.00 | 358,432.00 |
| Deposits | 230,041.00 | | | | | | | 230,041.00 |
| Due from Other Funds | 218,656.00 | | | | | | | 218,656.00 |
| 264 Restricted | | | | | | | | 0.00 |
| Debt Service | | | | | | | | 0.00 |
| E911 | | | | | | | 5,576.00 | 5,576.00 |
| Employee Cafateria | | | | | | | 155.00 | 155.00 |
| 3rd Penny | | | | | | | 211,823.00 | 211,823.00 |
| BID Assessment | | | | | | | 143,760.00 | 143,760.00 |
| 265 Committed | | | | | | | | 0.00 |
| 2nd Penny | | | | 4,137,458.00 | | | | 4,137,458.00 |
| 266 Assigned | | | | | | | | 0.00 |
| General | | | | | | | 6,124.00 | 6,124.00 |
| Public Safety | | | | | | | 35,591.00 | 35,591.00 |
| Culture & Recreation | | | 514,667.00 | | | | 577,104.00 | 1,091,771.00 |
| Capital Projects | | | | | | | 500,543.00 | 500,543.00 |
| 267 Unassigned | 4,352,133.00 | (13,273.00) | | | (95,750.00) | (215,540.00) | | 4,027,570.00 |
| Total Fund Balances | 5,049,728.00 | 91,095.00 | 516,007.00 | 4,137,458.00 | (95,750.00) | (215,540.00) | 1,484,502.00 | 10,967,500.00 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES | 5,186,900.00 | 107,137.00 | 518,804.00 | 4,137,458.00 | 0.00 | 11,053.00 | 1,731,625.00 | 11,692,977.00 |

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF HURON
Reconciliation of the Governmental funds Balance Sheet to the Statement of Net Position
December 31, 2014

| | |
|--|-----------------------------|
| Total Fund Balances - Governmental Funds | <u>10,967,501.00</u> |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | <u>48,688,386.00</u> |
| Long-term liabilities, including bonds payable is not due and payable in the current period and therefore are not reported in the funds. | <u>(6,671,352.00)</u> |
| 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. | <u>233,202.00</u> |
| Accrued leave payable is not due and payable in the current period and therefore is not reported in the funds. | <u>(499,668.00)</u> |
| Net Position- Governmental Activities | <u><u>52,718,069.00</u></u> |

Notes are an integral part of these financial statements.

MUNICIPALITY OF HURON
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2014

| | General Fund | Parks and Recreation Fund | Community Pool Fund | Additional Sales Fund | Sales Tax Bond Fund | 2005/2006 Special Assmnt Fund | Other Governmental Funds | Total Governmental Funds |
|--|-----------------|---------------------------------|---------------------------|-----------------------------|---------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | | | | |
| 310 Taxes: | | | | | | | | |
| 311 General Property Taxes | 4,572,874.00 | | | | | | | 4,572,874.00 |
| 312 Airlight Property Tax | | | | | | | | 0.00 |
| 313 General Sales and Use Taxes | 3,136,630.00 | | | 3,136,630.00 | | | | 6,273,260.00 |
| 314 Gross Receipts Business Taxes | 63,488.00 | | | | | | | 63,488.00 |
| 315 Amusement Taxes | 756.00 | | | | | | 342,928.00 | 406,416.00 |
| 316 911 Telephone Surcharge | | | | | | | | 756.00 |
| 317 Excise Tax | | | | | | | 324,456.00 | 324,456.00 |
| 318 Tax Deed Revenue | | | | | | | | 0.00 |
| 319 Penalties and Interest on Delinquent Taxes | 10,668.00 | | | | | | | 10,668.00 |
| 320 Licenses and Permits | 255,255.00 | | | | | | | 255,255.00 |
| 330 Intergovernmental Revenue: | | | | | | | | |
| 331 Federal Grants | 2,433.00 | | | | | | | 2,433.00 |
| 332 Federal Shared Revenue | | | | | | | | 0.00 |
| 333 Federal Payments in Lieu of Taxes | | | | | | | | 0.00 |
| 334 State Grants | | 19,723.00 | | | | | | 19,723.00 |
| 335 State Shared Revenue: | | | | | | | | |
| 335.01 Bank Franchise Tax | 46,768.00 | | | | | | | 46,768.00 |
| 335.02 Motor Vehicle Commercial Prorate | | | | | | | | 0.00 |
| 335.03 Liquor Tax Reversion | 82,224.00 | | | | | | | 82,224.00 |
| 335.04 Motor Vehicle Licenses (5%) | 88,744.00 | | | | | | | 88,744.00 |
| 335.06 Fire Insurance Premiums Reversion | 32,232.00 | | | | | | | 32,232.00 |
| 335.07 Liquor License Reversion | | | | | | | | 0.00 |
| 335.08 Local Government Highway and Bridge Fund | 381,817.00 | | | | | | | 381,817.00 |
| 335.20 Other | | | | | | | | 0.00 |
| 336 State Payments in Lieu of Taxes | | | | | | | | 0.00 |
| 338 County Shared Revenue: | | | | | | | | |
| 338.01 County Road Tax (25%) | 40,582.00 | | | | | | | 40,582.00 |
| 338.02 County HBR Tax (25%) | | | | | | | | 0.00 |
| 338.03 County Wheel Tax | | | | | | | | 0.00 |
| 338.99 Other | | | | | | | | 0.00 |
| 339 County Payments in Lieu of Taxes | 7,934.00 | | | | | | 12,468.00 | 20,402.00 |
| 340 Charges for Goods and Services: | | | | | | | | |
| 341 General Government | 17,374.00 | | | | | | 164,612.00 | 181,986.00 |
| 342 Public Safety | 98,102.00 | | | | | | | 98,102.00 |
| 343 Highways and Streets | 3,897.00 | | | | | | | 3,897.00 |

| | | | | | | | | |
|---|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|----------------------|
| 344 Sanitation | | | | | | | | 0.00 |
| 345 Health | 12,319.00 | | | | | | | 12,319.00 |
| 346 Culture and Recreation | | 115,803.00 | 373,049.00 | | | | 8,035.00 | 496,887.00 |
| 347 Ambulance | | | | | | | | 0.00 |
| 348 Cemetery | | | | | | | | 0.00 |
| 349 Other | | | | | | | | 0.00 |
| 350 Fines and Forfeits: | | | | | | | | |
| 351 Court Fines and Costs | 13,825.00 | | | | | | | 13,825.00 |
| 352 Forfeits | | | | | | | | 0.00 |
| 353 Parking Meter Fines | | | | | | | | 0.00 |
| 354 Library | 8,032.00 | | | | | | | 8,032.00 |
| 359 Other | | | | | | | | 0.00 |
| 360 Miscellaneous Revenue: | | | | | | | | |
| 361 Investment Earnings | 17,492.00 | | 470.00 | 15,964.00 | 764.00 | | 2,058.00 | 36,748.00 |
| 362 Rentals | 58,023.00 | | | | | | | 58,023.00 |
| 363 Special Assessments | | | | | | 198,281.00 | 90,245.00 | 288,526.00 |
| 367 Contributions and Donations from Private Sources | | | 180,327.00 | | 566,570.00 | | 156,849.00 | 903,746.00 |
| 368 Liquor Operating Agreement Income | | | | | | | | 0.00 |
| 369 Other | 7,709.00 | | | | | | 3,571.00 | 11,280.00 |
| Total Revenue | 8,959,178.00 | 135,526.00 | 553,846.00 | 3,152,594.00 | 567,334.00 | 198,281.00 | 1,105,222.00 | 14,671,981.00 |
| Expenditures: | | | | | | | | |
| 410 General Government: | | | | | | | | |
| 411 Legislative | 300,280.00 | | | | | | | 300,280.00 |
| 412 Executive | | | | | | | | 0.00 |
| 413 Elections | | | | | | | | 0.00 |
| 414 Financial Administration | 980,602.00 | | | | | | | 980,602.00 |
| 419 Other | 958,935.00 | | | | | 129.00 | 246,730.00 | 1,205,794.00 |
| Total General Government | 2,239,817.00 | 0.00 | 0.00 | 0.00 | 0.00 | 129.00 | 246,730.00 | 2,486,676.00 |
| 420 Public Safety: | | | | | | | | |
| 421 Police | 2,164,530.00 | | | | | | | 2,164,530.00 |
| 422 Fire | 667,857.00 | | | | | | | 667,857.00 |
| 423 Protective Inspection | 93,369.00 | | | | | | | 93,369.00 |
| 429 Other Protection | | | | | | | 482,860.00 | 482,860.00 |
| Total Public Safety | 2,925,756.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 482,860.00 | 3,408,616.00 |
| 430 Public Works: | | | | | | | | |
| 431 Highways and Streets | 1,311,495.00 | | | | | | 45,443.00 | 1,356,938.00 |
| 432 Sanitation | | | | | | | | 0.00 |
| 433 Water | | | | | | | | 0.00 |
| 434 Electricity | | | | | | | | 0.00 |
| 435 Airport | | | | | | | | 0.00 |
| 436 Parking Facilities | | | | | | | | 0.00 |
| 437 Cemeteries | | | | | | | | 0.00 |
| 438 Natural Gas | | | | | | | | 0.00 |
| 439 Transit | | | | | | | | 0.00 |
| Total Public Works | 1,311,495.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 45,443.00 | 1,356,938.00 |

| | | | | | | | | |
|--|--------------|----------------|--------------|--------------|----------------|----------------|--------------|----------------|
| 440 Health and Welfare: | | | | | | | | |
| 441 Health | | | | | | | | 0.00 |
| 442 Home Health | | | | | | | | 0.00 |
| 443 Mental Health Centers | | | | | | | | 0.00 |
| 444 Humane Society | | | | | | | | 0.00 |
| 445 Drug Education | | | | | | | | 0.00 |
| 446 Ambulance | | | | | | | | 0.00 |
| 447 Hospitals, Nursing Homes and Rest Homes | | | | | | | | 0.00 |
| 449 Other | | | | | | | | 0.00 |
| Total Health and Welfare | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 450 Culture and Recreation: | | | | | | | | |
| 451 Recreation | | 250,782.00 | 962,118.00 | | | | 114,631.00 | 1,327,531.00 |
| 452 Parks | | 1,101,164.00 | | | | | | 1,101,164.00 |
| 455 Libraries | 606,757.00 | | | | | | | 606,757.00 |
| 456 Auditorium | | | | | | | | 0.00 |
| 457 Historical Preservation | | | | | | | | 0.00 |
| 458 Museums | | | | | | | | 0.00 |
| Total Culture and Recreation | 606,757.00 | 1,351,946.00 | 962,118.00 | 0.00 | 0.00 | 0.00 | 114,631.00 | 3,035,452.00 |
| 460 Conservation and Development: | | | | | | | | |
| 463 Urban Redevelopment and Housing | | | | | | | | 0.00 |
| 465 Economic Development and Assistance (Industrial Development) | 185,388.00 | | | | | | 377,012.00 | 562,400.00 |
| 466 Economic Opportunity | | | | | | | | 0.00 |
| Total Conservation and Development | 185,388.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 377,012.00 | 562,400.00 |
| 470 Debt Service | | | | | 3,875,417.00 | 127,792.00 | | 4,003,209.00 |
| 480 Intergovernmental Expenditures | | | | | | | | 0.00 |
| 485 Capital Outlay | 1,418,508.00 | 62,884.00 | 10,788.00 | | | 1,220,878.00 | 11,966.00 | 2,725,024.00 |
| | 0.00 | | | | | | | |
| 490 Miscellaneous: | | | | | | | | |
| 491 Judgements and Losses | | | | | | | | 0.00 |
| 492 Other Expenditures | | | | | | | | 0.00 |
| 499 Liquor Operating Agreements | | | | | | | | 0.00 |
| Total Miscellaneous | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Expenditures | 8,667,721.00 | 1,414,830.00 | 972,906.00 | 0.00 | 3,875,417.00 | 1,348,799.00 | 1,278,642.00 | 17,578,315.00 |
| Excess of Revenue Over (Under) Expenditures | 271,457.00 | (1,279,304.00) | (419,060.00) | 3,152,594.00 | (3,308,083.00) | (1,150,518.00) | (173,420.00) | (2,906,334.00) |
| Other Financing Sources (Uses): | | | | | | | | |
| 391.01 Transfers In | 1,432,749.00 | 1,051,612.00 | 129,055.00 | | 678,170.00 | | 254,802.00 | 3,546,388.00 |
| 391.02 Long-Term Debt Issued | | | | | 2,706,837.00 | | | 2,706,837.00 |
| 391.03 Sale of Municipal Property | 14,322.00 | 5,366.00 | | | | 420,284.00 | 10.00 | 439,982.00 |

| | | | | | | | | |
|---|----------------|--------------|--------------|----------------|--------------|--------------|--------------|----------------|
| 391.04 Compensation for Loss or Damage to Capital Assets | | | | | | | | 0.00 |
| 511 Transfers Out (Enter as Negative) | (1,986,142.00) | | | (2,319,149.00) | | | (17,787.00) | (4,323,078.00) |
| 512 Discount on Bonds Issued (Enter as Negative) | | | | | | | | 0.00 |
| 513 Payments to Refunded Debt Escrow Agent (Enter as Negative) | | | | | | | | 0.00 |
| Total Other Financing Sources (Uses) | (539,071.00) | 1,056,978.00 | 129,055.00 | (2,319,149.00) | 3,385,007.00 | 420,284.00 | 237,025.00 | 2,370,129.00 |
| 391.06/(514) Special Items | | | | | | | | 0.00 |
| 391.05/(515) Extraordinary Items | | | | | | | | 0.00 |
| Net Change in Fund Balances | (267,614.00) | (222,326.00) | (290,005.00) | 833,445.00 | 76,924.00 | (730,234.00) | 63,605.00 | (536,205.00) |
| Fund Balance - Beginning | 5,317,340.00 | 313,421.00 | 806,012.00 | 3,304,013.00 | (172,674.00) | 514,695.00 | 1,420,898.00 | 11,503,705.00 |
| FUND BALANCE- ENDING | 5,049,726.00 | 91,095.00 | 516,007.00 | 4,137,458.00 | (95,750.00) | (215,539.00) | 1,484,503.00 | 10,967,500.00 |

Notes are an integral part of these financial statements.

MUNICIPALITY OF HURON
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities
For the Year Ended December 31, 2014

| | |
|---|--------------------------------|
| Net Change in Fund Balances - Total Governmental Funds | <u>(536,203.00)</u> |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays 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. This is the amount by which Capital Outlay exceeded depreciation in the current period. | <u>1,417,854.00</u> |
| In the statement of activities, the loss or gain on the sale or disposal on capital assets is reported, whereas in the governmental funds, only the proceeds from these sales are reported | <u>(427,696.00)</u> |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net assets. | <u>(2,706,837.00)</u> |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net of the amortization of bond discount, which is reported as an expense in the statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | <u>3,597,723.00</u> |
| Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures. | <u>(47,086.00)</u> |
| Governmental funds report special assessment as revenue when levied and available, but the statement of activities includes special assessments as revenue when levied | <u>(216,877.00)</u> |
| Change in Net Position of Governmental Activities | <u><u>1,080,878.00</u></u> |

Notes are an integral part of the financial statements.

MUNICIPALITY OF HURON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

| | Enterprise Funds | | | | | Totals |
|--|----------------------|----------------------|----------------------|---------------------|-------------------------|----------------------|
| | Water Fund | Sewer Fund | Airport Fund | Solidwaste Fund | Other Proprietary Funds | |
| ASSETS: | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | 1,721,915.00 | 3,435,672.00 | | 528,782.00 | | 5,686,369.00 |
| 151 Investments | | | | | | 0.00 |
| 115 Accounts Receivable, Net | 255,253.00 | 178,738.00 | 12,377.00 | 153,312.00 | 195.00 | 599,875.00 |
| 117 Unbilled Accounts Receivable | | | | | | 0.00 |
| 121 Special Assessments Receivable--Current | | | | | | 0.00 |
| 122 Special Assessments Receivable--Delinquent | | | | | | 0.00 |
| 123 Special Assessments Receivable--Deferred | | | | | | 0.00 |
| 125 Interest Receivable--Special Assessments | | | | | | 0.00 |
| 126 Governmental Unit's Share of Assessment Improvement Costs | | | | | | 0.00 |
| 128 Notes Receivable | | | | | | 0.00 |
| 131 Due from Other Fund | | | | | | 0.00 |
| 132 Due from Other Government | | | 293,627.00 | | | 293,627.00 |
| 129 Due from Component Unit | | | | | | 0.00 |
| 135 Interest Receivable | | | | | | 0.00 |
| 136 Accrued Interest on Investments Purchased | 467.00 | 348.00 | | 199.00 | | 1,014.00 |
| 137 Dividend Receivable | | | | | | 0.00 |
| 141 Inventory of Supplies | 34,034.00 | 34,184.00 | 21,542.00 | 528,865.00 | 21,132.00 | 639,757.00 |
| 142 Inventory of Stores Purchased for Resale | | | | | | 0.00 |
| 155 Prepaid Expenses | | | | | | 0.00 |
| Total Current Assets | 2,011,669.00 | 3,648,942.00 | 327,546.00 | 1,211,158.00 | 21,327.00 | 7,220,642.00 |
| Noncurrent Assets: | | | | | | |
| 107.1 Restricted Cash and Cash Equivalents | 408,424.00 | 105,000.00 | | | | 513,424.00 |
| 107.2 Restricted Investments | | | | | | 0.00 |
| 154 Deposits | | | | | | 0.00 |
| 157 Unamortized Discounts on Bonds Sold | | | | | | 0.00 |
| 133 Advance to _____ Fund | | | | | | 0.00 |
| Capital Assets: | | | | | | |
| 160 Land | 81,165.00 | 804,750.00 | 302,732.00 | 110,000.00 | 136,210.00 | 1,434,857.00 |
| 162 Buildings | 12,755,940.00 | 3,236,238.00 | 2,053,447.00 | 867,269.00 | 185,659.00 | 19,098,553.00 |
| 164 Improvements Other Than Buildings | 16,039,502.00 | 21,640,027.00 | 27,533,887.00 | 363,476.00 | 2,082,517.00 | 67,659,409.00 |
| 166 Machinery and Equipment | 710,237.00 | 1,254,263.00 | 2,415,658.00 | 3,001,613.00 | 529,005.00 | 7,910,776.00 |
| 168 Construction Work in Progress | 604,484.00 | 145,354.00 | 920,710.00 | | 194,389.00 | 1,864,937.00 |
| Less: Accumulated Depreciation (Credit) | (10,137,288.00) | (12,630,572.00) | (10,683,870.00) | (2,631,206.00) | (1,457,195.00) | (37,540,131.00) |
| Total Noncurrent Assets | 20,462,464.00 | 14,555,060.00 | 22,542,564.00 | 1,711,152.00 | 1,670,585.00 | 60,941,825.00 |
| TOTAL ASSETS | 22,474,133.00 | 18,204,002.00 | 22,870,110.00 | 2,922,310.00 | 1,691,912.00 | 68,162,467.00 |

DEFERRED OUTFLOWS OF RESOURCES:

| | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Deferred Charge on Refunding | | | | | | 0.00 |
| Other Deferred Outflows of Resources | | | | | | 0.00 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

LIABILITIES:

Current Liabilities:

| | | | | | | |
|--|-------------------|-------------------|------------------|------------------|------------------|---------------------|
| 201 Claims Payable | | | | | | 0.00 |
| 202 Accounts Payable | (34.00) | (33.00) | (839.00) | 1,827.00 | 233.00 | 1,154.00 |
| 203 Judgements Payable | | | | | | 0.00 |
| 204 Annuities Payable | | | | | | 0.00 |
| 205 Notes Payable | | | | | | 0.00 |
| 206 Contracts Payable | | | | | | 0.00 |
| 207 Contracts Payable--Retained Percentage | | | | | | 0.00 |
| 208 Due to _____ Fund | | | | | | 0.00 |
| 209 Due to _____ Government | | | | | | 0.00 |
| 229 Due to Component Unit | | | | | | 0.00 |
| 210 Due to Resigned Employees | | | | | | 0.00 |
| 211 Matured Bonds Payable | | | | | | 0.00 |
| 212 Matured Interest Payable | | | | | | 0.00 |
| 213 Incurred but Not Reported Claims | | | | | | 0.00 |
| 215 Accrued Interest Payable | 23,773.00 | 2,220.00 | 1,596.00 | | | 27,589.00 |
| 216 Accrued Leave Payable | 42,035.00 | 42,035.00 | 17,846.00 | 29,678.00 | 17,865.00 | 149,459.00 |
| 216.01 Payable to Employees | 15,890.00 | 15,890.00 | 3,990.00 | 19,808.00 | 2,104.00 | 57,682.00 |
| 217 Accrued Taxes Payable | | | | | | 0.00 |
| 218 Amount Held for Special Assessment Debt Service | | | | | | 0.00 |
| 219 Amounts Held for Others | | | | | | 0.00 |
| 220 Customer Deposits | | | | | | 0.00 |
| 221 Due to Fiscal Agent | | | | | | 0.00 |
| 223 Revenue Collected in Advance | | | | | | 0.00 |
| 225 Registered Warrants | | | | | | 0.00 |
| 226 Bonds Payable Current: | | | | | | |
| 226.01 General Obligation | | | | | | 0.00 |
| 226.02 Revenue | 235,511.00 | 331,889.00 | | | | 567,400.00 |
| 226.03 Capital Lease | | | 16,403.00 | | | 16,403.00 |
| 227 Unamortized Premiums on Bonds Sold | | | | | | 0.00 |
| 228 Payable from Restricted Assets | 291,988.00 | | | | | 291,988.00 |
| Total Current Liabilities | 609,163.00 | 392,001.00 | 38,996.00 | 51,313.00 | 20,202.00 | 1,111,675.00 |

Noncurrent Liabilities:

| | | | | | | |
|---|--------------|------------|-----------|--|--|--------------|
| 231 Bonds Payable: | | | | | | |
| 231.01 General Obligation | | | | | | 0.00 |
| 231.02 Revenue | 2,966,435.00 | 181,509.00 | | | | 3,147,944.00 |
| 231.03 Capital Lease | | | 95,255.00 | | | 95,255.00 |
| 232 Special Assessment Debt with Governmental Commitment | | | | | | 0.00 |
| 233 Accrued Leave Payable | | | | | | 0.00 |
| 234 Deferred Compensation Payable--Employee | | | | | | 0.00 |
| 235 Accrued Landfill Closure and Postclosure Care Costs | | | | | | 0.00 |

| | | | | | | |
|---|---------------|---------------|---------------|--------------|--------------|---------------|
| 236 Advance from _____ Fund | | | | | | 0.00 |
| 239 Other Long-Term Debt | | | | | | 0.00 |
| Other Post Employment Benefits | | | | | | 0.00 |
| Total Noncurrent Liabilities | 2,966,435.00 | 181,509.00 | 95,255.00 | 0.00 | 0.00 | 3,243,199.00 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Other Deferred Inflows of Resources | | | | | | 0.00 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| NET POSITION: | | | | | | |
| 253.10 Net Invested in Capital Assets | 16,852,094.00 | 13,936,662.00 | 22,430,906.00 | 1,711,152.00 | 1,670,585.00 | 56,601,399.00 |
| 253.20 Restricted Net Position, Restricted for: | | | | | | |
| 253.21 Revenue Bond Debt Service | | 109,965.00 | | | | 109,965.00 |
| 253.22 Revenue Bond Retirement | | | | | | 0.00 |
| 253.23 Revenue Bond Contingency | | | | | | 0.00 |
| 253.24 Special Assessment Bond Guarantee | | | | | | 0.00 |
| 253.25 Special Assessment Bond Sinking | | | | | | 0.00 |
| 253.26 Equipment Repair and/or Replacement | | | | | | 0.00 |
| 253.27 Landfill Closure and Post Closure Costs | | | | | | 0.00 |
| 253.28 Permanently Restricted Purposes | | | | | | 0.00 |
| 253.29 Other Purposes | | | | | | 0.00 |
| 253.90 Unrestricted Net Position | 2,046,441.00 | 3,583,865.00 | 304,953.00 | 1,159,845.00 | 1,126.00 | 7,096,230.00 |
| Total Net Position | 18,898,535.00 | 17,630,492.00 | 22,735,859.00 | 2,870,997.00 | 1,671,711.00 | 63,807,594.00 |

Notes are an integral part of these financial statements.

MUNICIPALITY OF HURON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

| | Enterprise Funds | | | | | Totals |
|---|---------------------|---------------------|-----------------------|---------------------|-------------------------|-----------------------|
| | Water Fund | Sewer Fund | Airport Fund | Solidwaste Fund | Other Proprietary Funds | |
| Operating Revenue: | | | | | | |
| 380 Charges for Goods and Services | 3,475,532.00 | 2,180,553.00 | 248,466.00 | 1,753,455.00 | 310,791.00 | 7,968,797.00 |
| Revenue Dedicated to Servicing Debt | | | | | | 0.00 |
| 380.5 Lottery Sales | | | | | | 0.00 |
| 367 Contributions and Donations | | | | | | 0.00 |
| 369 Miscellaneous | | | | | | 0.00 |
| Total Operating Revenue | 3,475,532.00 | 2,180,553.00 | 248,466.00 | 1,753,455.00 | 310,791.00 | 7,968,797.00 |
| Operating Expenses: | | | | | | |
| 410 Personal Services | 527,867.00 | 521,982.00 | 203,215.00 | 693,243.00 | 219,412.00 | 2,165,719.00 |
| 420 Other Current Expense | 1,992,382.00 | 510,781.00 | 278,829.00 | 765,611.00 | 234,501.00 | 3,782,104.00 |
| 426.2 Materials (Cost of Goods Sold) | | | | | | 0.00 |
| 457 Depreciation | 760,733.00 | 752,072.00 | 923,098.00 | 228,547.00 | 115,017.00 | 2,779,467.00 |
| Total Operating Expenses | 3,280,982.00 | 1,784,835.00 | 1,405,142.00 | 1,687,401.00 | 588,930.00 | 8,727,290.00 |
| Operating Income (Loss) | 194,550.00 | 395,718.00 | (1,156,676.00) | 66,054.00 | (258,139.00) | (758,493.00) |
| Nonoperating Revenue (Expense): | | | | | | |
| 330 State Grants | | | | | | 0.00 |
| 330 Federal Grants | | | | | | 0.00 |
| 335 Intergovernmental | | | 7,365.00 | | | 7,365.00 |
| 361 Investment Earnings | 7,125.00 | 8,695.00 | | 1,347.00 | 55.00 | 17,222.00 |
| 362 Rental Revenue | | | | | | 0.00 |
| 470 Interest Expense and Fiscal Charges | (120,867.00) | (29,922.00) | (6,134.00) | | | (156,943.00) |
| (492)366 Gain (Loss) on Disposition of Assets | (539.00) | 25,000.00 | (160,682.00) | | 1,130.00 | (135,091.00) |
| (429)369.01 Other | | | | | | 0.00 |
| Total Nonoperating Revenue (Expense) | (114,301.00) | 3,773.00 | (159,451.00) | 1,347.00 | 1,185.00 | (267,447.00) |
| Income (Loss) Before Contributions, Special Items, Extraordinary Items and Transfers | 80,249.00 | 399,491.00 | (1,316,127.00) | 67,401.00 | (256,954.00) | (1,025,940.00) |
| 391.07 Capital Contributions | 345,910.00 | | 299,707.00 | | | 645,617.00 |
| 391.1 Transfers In | | | 647,397.00 | | 129,293.00 | 776,690.00 |
| 511 Transfers Out | | | | 0.00 | | 0.00 |
| 391.06/(514) Special Items | | | | | | 0.00 |
| 391.05/(515) Extraordinary Items | | | | | | 0.00 |
| Change in Net Position | 426,159.00 | 399,491.00 | (389,023.00) | 67,401.00 | (127,661.00) | 396,367.00 |

| | | | | | | |
|-----------------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|----------------------|
| Net Assets - Beginning | <u>18,472,375.00</u> | <u>17,231,002.00</u> | <u>23,104,881.00</u> | <u>2,803,597.00</u> | <u>1,799,372.00</u> | <u>63,411,227.00</u> |
| | | | | | | 0.00 |
| | | | | | | 0.00 |
| Adjusted Net Position - Beginning | <u>18,472,375.00</u> | <u>17,231,002.00</u> | <u>23,104,881.00</u> | <u>2,803,597.00</u> | <u>1,799,372.00</u> | <u>63,411,227.00</u> |
| NET POSITION - ENDING | <u>18,898,534.00</u> | <u>17,630,493.00</u> | <u>22,735,858.00</u> | <u>2,870,998.00</u> | <u>1,671,711.00</u> | <u>63,807,594.00</u> |

Notes are an integral part of these financial statements.

MUNICIPALITY OF HURON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

| | Enterprise Funds | | | | | Totals |
|--|------------------|----------------|--------------|-----------------|-------------------------|----------------|
| | Water Fund | Sewer Fund | Airport Fund | Solidwaste Fund | Other Proprietary Funds | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Cash Receipts from Customers | 3,466,883.00 | 2,179,577.00 | 267,573.00 | 1,719,471.00 | 267,573.00 | 7,901,177.00 |
| Cash Receipts for Interfund Services Provided | 43,278.00 | 7,349.00 | | 21,751.00 | | 72,378.00 |
| Other Operating Cash Receipts | 348,189.00 | 1,355.00 | (15,744.00) | 38,745.00 | 28,657.00 | 401,202.00 |
| Cash Payments to Employees for Services | (528,831.00) | (522,947.00) | (210,841.00) | (703,292.00) | (218,821.00) | (2,184,832.00) |
| Cash Payments to Suppliers of Goods and Services | (2,331,223.00) | (472,305.00) | (247,187.00) | (807,501.00) | (189,478.00) | (4,027,694.00) |
| Cash Payments for Interfund Services Used | 3,210.00 | 990.00 | 7,826.00 | 3,235.00 | 1,627.00 | 16,888.00 |
| Other Operating Cash Payments | (28,531.00) | (15,052.00) | (20,715.00) | (7,039.00) | (23,037.00) | (94,374.00) |
| Net Cash Provided (Used) by Operating Activities | 973,075.00 | 1,178,967.00 | (219,188.00) | 265,370.00 | (113,479.00) | 2,064,746.00 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| Intergovernmental | | | 7,365.00 | | | 7,365.00 |
| Transfers In | | | 647,398.00 | | 129,294.00 | 776,692.00 |
| Transfers Out | | | | | | 0.00 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 0.00 | 0.00 | 654,763.00 | 0.00 | 129,294.00 | 784,057.00 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Proceeds from Capital Debt | | | | | | 0.00 |
| Proceeds from Capital Leases | | | | | | 0.00 |
| Capital Contributions | 345,910.00 | | 299,707.00 | | | 645,617.00 |
| Purchase of Capital Assets (Enter as Negative) | (641,808.00) | (1,246,480.00) | (455,258.00) | (110,000.00) | (17,000.00) | (2,470,546.00) |
| Proceeds from Sale of Capital Assets | 500.00 | 25,000.00 | 0.00 | | 1,130.00 | 26,630.00 |
| Principal Paid on Capital Debt (Enter as Negative) | (227,583.00) | (129,901.00) | (15,617.00) | | | (373,101.00) |
| Interest Paid on Capital Debt (Enter as Negative) | (120,887.00) | (29,922.00) | (6,134.00) | | | (156,943.00) |
| Debt Proceeds | | | | | | 0.00 |
| Due from other Governments | | | (258,273.00) | | | (258,273.00) |
| Other Receipts (Payments) | | | | | | 0.00 |
| Net Cash Provided (Used) by capital and related financing Activities | (643,868.00) | (1,381,303.00) | (435,575.00) | (110,000.00) | (15,870.00) | (2,586,616.00) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Purchase of Investment Securities (Enter as a Negative) | | | | | | 0.00 |
| Proceeds from Sales and Maturities of Investments | | | | | | 0.00 |
| Cash Received for Interest | 6,870.00 | 8,354.00 | | 1,148.00 | 55.00 | 16,427.00 |
| Net Cash Provided (Used) by Investing Activities | 6,870.00 | 8,354.00 | 0.00 | 1,148.00 | 55.00 | 16,427.00 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 336,077.00 | (193,982.00) | 0.00 | 156,518.00 | 0.00 | 298,613.00 |
| Balances - Beginning | 1,794,260.00 | 3,734,654.00 | 0.00 | 372,266.00 | 0.00 | 5,901,180.00 |

| | | | | | | |
|---|---------------------|---------------------|-----------------------|--------------------|---------------------|---------------------|
| Balances- Ending | <u>2,130,337.00</u> | <u>3,540,672.00</u> | <u>0.00</u> | <u>528,784.00</u> | <u>0.00</u> | <u>6,199,793.00</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | | |
| Operating Income (Loss) | <u>194,550.00</u> | <u>395,718.00</u> | <u>(1,156,676.00)</u> | <u>66,054.00</u> | <u>(258,139.00)</u> | <u>(758,493.00)</u> |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | | | |
| Depreciation Expense | <u>760,733.00</u> | <u>752,072.00</u> | <u>923,098.00</u> | <u>226,547.00</u> | <u>115,017.00</u> | <u>2,779,467.00</u> |
| Amortization Expense | | <u>3,320.00</u> | | | | <u>3,320.00</u> |
| Change in Assets and Liabilities: | | | | | | |
| (Increase) Decrease Customer Receivables | <u>(5,491.00)</u> | <u>1,245.00</u> | <u>3,367.00</u> | <u>5,278.00</u> | <u>(195.00)</u> | <u>4,204.00</u> |
| (Increase) Decrease Inventories | <u>17,003.00</u> | <u>26,195.00</u> | <u>20,835.00</u> | <u>(28,354.00)</u> | <u>29,274.00</u> | <u>64,953.00</u> |
| Increase (Decrease) Accounts and Other Payables | <u>5,999.00</u> | <u>136.00</u> | <u>(1,375.00)</u> | <u>1,827.00</u> | <u>(5.00)</u> | <u>6,582.00</u> |
| Increase (Decrease) Accrued Leave Payable | <u>(964.00)</u> | <u>(964.00)</u> | <u>(7,726.00)</u> | <u>(10,049.00)</u> | <u>340.00</u> | <u>(19,363.00)</u> |
| Increase (Decrease) Payable to Employees | <u>1,245.00</u> | <u>1,245.00</u> | <u>(711.00)</u> | <u>2,067.00</u> | <u>229.00</u> | <u>4,075.00</u> |
| Increase (Decrease) Other Post Employment Benefits | | | | | | <u>0.00</u> |
| Net Cash Provided (Used) by Operating Activities | <u>973,075.00</u> | <u>1,178,967.00</u> | <u>(219,188.00)</u> | <u>265,370.00</u> | <u>(113,479.00)</u> | <u>2,084,745.00</u> |
| Noncash Investing, Capital and Financing Activities: | | | | | | |
| Gain/(Loss) on Disposal of Capital Assets Not Affecting Operating Income | <u>(1,039.00)</u> | | <u>(160,682.00)</u> | | | <u>(161,721.00)</u> |
| Contributions of Capital Assets | | | | | | <u>17,950.00</u> |
| Transfer of Capital Assets to Other Funds | <u>17,950.00</u> | | | | | <u>(17,950.00)</u> |
| Less Accumulated Depreciation | <u>(17,950.00)</u> | | | | | <u>0.00</u> |
| Transfer of Capital Assets from Other Funds | | | | | | <u>0.00</u> |
| Less Accumulated Depreciation | | | | | | <u>0.00</u> |

Notes are an integral part of these financial statements.

MUNICIPALITY OF HURON
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

The Municipality of Huron, South Dakota, was incorporated under the laws of the State of South Dakota on February 1, 1881. The municipality operates under a commission form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (water, sewer, airport and solid waste), highways and streets, health, culture and recreation, public improvements, planning and zoning and general administrative services.

The reporting entity of the Municipality of Huron, 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 Commission appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

The Housing and Redevelopment Commission of the Municipality of Huron, South Dakota (Commission) is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the Mayor, with the approval of the City Commission, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The City Commission, 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 Commission the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: Board of Commissioners, Huron Housing and Redevelopment Authority, Huron, SD 57350.

b. Basis of Presentation:

Government-wide Financial Statements: The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental activities and business-type activities and discretely presented component units. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Discretely presented component units are legally separate organizations that meet certain criteria, as described in note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1, above.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Municipality and for each function of the Municipality's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the City financial reporting entity are described below:

Governmental Funds:

- General Fund – the General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.
- Special Revenue Funds – special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.
- Debt Service Funds – debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Funds:

- Enterprise Funds – enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business 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.

Charges for services pledged to make bonded debt payments for the water and sewer fund are shown in the respective funds. See Note 12 for further detail.

Major Governmental Funds:

The municipality 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 Funds:

- Park and Recreation Fund: This fund is used to account for the Parks and Recreation department revenues and expenditures.
- Central Park/Splash Central: This a special revenue fund is used to account for the community pool revenues and expenditures.

- Special Sales Tax Fund: The Special Sales Tax Fund is used to account for an additional one percent sales tax which may be used for debt retirement, capital improvements, land acquisition, vehicles and equipment, and emergency response equipment, passed by ordinance dated 2003.

Debt Service Funds:

- Sales Tax Bonds – This fund is used to account for the sales tax revenue bonds for debt service for the Huron Event Center and Waterpark.
- 2005/2006 Special Assessment Fund: This fund is used to account for the debt service for the special assessment projects.

Major Enterprise Funds:

The municipality reports the following major enterprise funds:

- Water Fund - financed primarily by user charges. This fund accounts for the construction and operation of the municipal waterworks system and related facilities.
- Sewer Fund - financed primarily by user charges. This fund accounts for the construction and operation of the municipal sanitary sewer system and related facilities.
- Airport Fund – financed partially by user charges. The Airport Fund accounts for airport operation and related facilities.
- Solid Waste Fund – financed primarily by user charges. This fund accounts for the operation and related facilities of the restricted use site.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

- ***Government-wide Financial Statements:*** In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.
- ***Fund Financial Statements:*** In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary.

Basis of Accounting:

- ***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 accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).
- ***Fund Financial Statements:*** All governmental funds 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 does not exceed one bill-paying cycle, and for the Municipality of Huron, the length of that cycle is 30 days.

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 funds 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. Capital Assets: [1400.102 - .104, 2300.106a]

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2014 balance of governmental activities and business-type capital assets includes costs determined by project totals per expenditure line items amounts.

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

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

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|-----------------------------------|---------------------------------|----------------------------|------------------------------|
| Land and land rights * | \$ - 0 - | ---N/A--- | ---N/A--- |
| Improvements other than buildings | \$ 50,000 | Straight-line | 10 - 50 yrs. |
| Buildings | \$ 50,000 | Straight-line | 40 - 99 yrs. |
| Machinery and Equipment | \$ 5,000 - \$25,000 | Straight-line | 3 - 25 yrs. |

*Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as Capital Outlay expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements

e. **Long – Term Liabilities:**

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of revenue bonds, special assessment bonds and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as in the government-wide statements.

f. **Program Revenues:**

Program revenues derive directly from the program itself or from parties other than the City's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program

g. **Deferred Inflows and Deferred Outflows of Resources:**

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

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

h. **Proprietary Funds Revenue and Expense Classifications:**

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

i. **Cash and Cash Equivalents:**

The City pools its cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary funds equity in the cash management pool is considered to be cash and cash equivalents for the purposes of the Statement of Cash Flows.

j. **Equity Classifications:**

- **Government-wide Statements:** Equity is classified as net position and is displayed in three components:
 1. **Net Invested 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 placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
 3. **Unrestricted net position** – All other net positions that do not meet the definition of “restricted” or “net invested in capital assets.”
- **Fund Financial Statements:** Governmental fund equity is classified as fund balance, and may distinguish between “Non Spendable”, “Restricted”, “Committed”, “Assigned” and “Unassigned” components. Proprietary fund equity is classified the same as in the government-wide financial statements.

k. **Application of Net Position:**

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

l. **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 and does not lapse at year-end.
- **Assigned** – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the City Commission.
- **Unassigned** – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of the following:

- Amount reported in non-spendable form such as inventory.
- Amount legally or contractually required to be maintained intact such as the South Dakota Public Assurance Alliance Cumulative Reserve Fund.

The Municipal Governing Board committed the following fund balance types by taking the following action:

| Fund Balance Type | Amount | Action |
|----------------------------|---------------|----------------|
| 2 nd Penny Fund | \$4,137,458 | City Ordinance |

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.

The Municipality *does not* have a formal minimum fund balance policy.

2. Deposits and Investments, Credit Risk and Interest Rate Risk:

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

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

Investments – In general, SDCL 4-5-6 permits Municipality funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Credit Risk – State law limits eligible investments for the Municipality, as discussed above. The Municipality has no investment policy that would further limit its investment choices.

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 Municipality's policy is to credit all income from deposits and investments to the General Fund. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities.

As of December 31, 2014, the City did not carry any investments.

Interest Rate Risk – the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. Receivables and Payables:

Receivables are not aggregated in these financial statements. The City expects all receivables to be collected within one year. Receivables with allowances for uncollectible accounts as of December 31, 2014 are presented below:

| December 31, 2014 | Water | Sewer | Solidwaste |
|----------------------------------|-----------|-----------|------------|
| Gross Receivables | \$264,542 | \$186,152 | \$157,855 |
| Less Allowance for Uncollectible | 9,789 | 7,414 | 4,543 |
| Net Receivables | \$255,253 | \$178,738 | \$153,312 |

4. **Inventory:**

Inventory in the General Fund and special revenue funds consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

Inventory acquired for resale in the proprietary funds is recorded as an asset when acquired. The consumption of inventories held for resale is charged to expense as it is consumed. Inventories held for resale are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption.

- **Government-wide Financial Statements:** In the government-wide financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed.
- **Fund Financial Statements:** In the governmental fund financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed. Material supply inventories are off-set by a non-spendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. **Property Taxes:**

Property taxes are levied on or before October 1, of the year preceding the start of the fiscal year. They attach as an enforceable lien on property, and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

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

6. **Changes In Capital Assets:**

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

| | Balance 01/01/2014 | Increases | Decreases | Balance 12/31/2014 |
|--|-----------------------|---------------------|---------------------|-----------------------|
| Capital Assets, not being Depreciated: | | | | |
| Land | \$ 1,549,989 | 2,299,775 | 420,284 | \$3,429,480 |
| Construction Work in Progress | 14,210,204 | 20,133 | 14,210,204 | 20,133 |
| Total Capital Assets, not being Depreciated | \$15,760,193 | \$2,319,908 | \$14,630,488 | \$3,449,613 |
| Capital assets, being Depreciated: | | | | |
| Buildings | \$17,717,092 | | | \$17,717,092 |
| Improvements other than Buildings | 55,359,716 | 14,996,172 | 5,689 | 70,350,199 |
| Machinery and Equipment | 8,904,299 | 382,153 | 176,651 | 9,109,801 |
| Total | \$81,981,107 | \$15,378,325 | \$182,340 | \$97,177,092 |
| Less Accumulated Depreciation for: | | | | |
| Buildings | \$7,587,167 | 336,501 | | \$7,923,668 |
| Improvements other than Buildings | 36,526,437 | 1,214,560 | 5,689 | 37,735,308 |
| Machinery and Equipment | 5,929,467 | 519,115 | 169,239 | 6,279,343 |
| Total Accumulated Depreciation | \$50,043,071 | \$2,070,176 | \$174,928 | \$51,938,319 |
| Governmental Activity Capital Assets, Net | \$47,698,229 | \$15,628,057 | \$14,637,900 | \$48,688,386 |

Depreciation expense charged to functions as follows:

| | |
|---|-------------|
| General Government | \$346,335 |
| Public Safety | 211,459 |
| Public Works | 1,215,752 |
| Culture and Recreation | 278,679 |
| Total Depreciation for Governmental Type Activity | \$2,052,225 |

Construction Work in Progress at December 31, 2014 is composed of the following:

| Project Name | Project Authorization | Expended thru 12/31/2014 | Committed | Required Future Financing |
|------------------------------|-----------------------|--------------------------|-----------|---------------------------|
| Kunhardt Concession Building | | \$20,133 | | |

Business-Type Activities:

| | Balance 01/01/2014 | Increases | Decreases | Balance 12/31/2014 |
|---|---------------------|-------------------|------------------|---------------------|
| Capital Assets, not being Depreciated: | | | | |
| Land | \$1,434,858 | | | \$1,434,858 |
| Construction Work in Progress | 746,440 | 1,118,497 | | 1,864,937 |
| Total Capital Assets, not being Depreciated | \$2,181,298 | \$1,118,497 | | \$3,299,795 |
| Capital assets, being Depreciated: | | | | |
| Buildings | \$19,108,936 | | 10,383 | \$19,098,553 |
| Improvements other than Buildings | 68,980,489 | 786,777 | 2,107,857 | 67,659,409 |
| Machinery and Equipment | 7,654,604 | 565,271 | 309,098 | 7,910,777 |
| Total | \$95,744,029 | \$1,352,048 | \$2,427,338 | \$94,668,739 |
| Less Accumulated Depreciation for: | | | | |
| Buildings | \$7,752,504 | 452,652 | 9,344 | \$8,195,812 |
| Improvements other than Buildings | 24,178,366 | 1,838,177 | 1,947,176 | 24,069,367 |
| Machinery and Equipment | 5,095,411 | 488,639 | 309,098 | 5,274,952 |
| Total Accumulated Depreciation | \$37,026,281 | \$2,779,468 | \$2,265,618 | \$37,540,131 |
| Business-Type Activity Capital Assets, Net | \$60,899,046 | \$-308,923 | \$161,720 | \$60,428,403 |

Depreciation expense charged to functions as follows:

| | |
|---|-------------|
| Water | \$760,733 |
| Sewer | 752,072 |
| Airport | 923,098 |
| Golf | 115,017 |
| Solidwaste | 228,547 |
| Total Depreciation Expense Business Type Activity | \$2,779,467 |

7. **Changes In Component Unit Capital Assets:**

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

| | Balance 1/1/2014 | Additions | Deletions | Balance 12/31/2014 |
|---|---------------------|------------------|----------------|-----------------------|
| Capital Assets not being Depreciated | | | | |
| Land | \$ 598,078 | | | \$ 598,078 |
| Capital Assets being Depreciated | | | | |
| Buildings & Improvements | 9,618,399 | 47,817 | | 9,666,216 |
| Machinery and Equipment | 579,821 | 5,349 | 1,558 | 583,612 |
| Construction Work in Progress | | | | |
| TOTAL | \$10,198,220 | \$53,166 | \$1,558 | \$10,249,828 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | 2,595,232 | 255,825 | | 2,851,057 |
| Equipment and Furniture | 456,479 | 38,049 | 761 | 493,767 |
| Total Accumulated Depreciation | 3,051,711 | 293,874 | 761 | 3,344,824 |
| Total Capital Assets, being Depreciated, Net | 7,146,509 | (240,708) | 797 | 6,905,004 |
| Proprietary Fund Capital Assets, Net | \$7,744,587 | (240,708) | 797 | \$7,503,082 |

8. **Long-Term Liabilities:**

A summary of changes in Governmental long-term Liabilities for 2014 is as follows:

| | Revenue | Special | Compensated Absences | | Component Unit Long- Term Debt |
|--|--------------------|------------------|-------------------------|----------------------|--------------------------------------|
| | Bonds | Assessments | | Total | |
| Debt Payable January 1, 2014 | \$7,292,429 | \$350,000 | \$452,582 | \$8,095,011 | \$7,308,509 |
| New Issues: Compensated Absences | 2,643,923 | | 322,508 | 2,643,923 322,508 | |
| Compensated Absences Deletions | | | -275,422 | -275,422 | |
| Retired | -3,495,000 | -120,000 | | -3,615,000 | -357,234 |
| Debt Payable December 31, 2014 | <u>\$6,441,352</u> | <u>\$230,000</u> | <u>\$499,668</u> | <u>\$7,171,020</u> | <u>\$6,951,274</u> |
| Due within one year | <u>\$465,000</u> | <u>\$115,000</u> | | <u>\$580,000</u> | <u>\$386,363</u> |

A summary of changes in Business long-term Liabilities for 2014 is as follows:

| | Revenue | Financing (Capital Acquisition) Lease | Compensated Absences | Total |
|---|--------------------|--|-------------------------|--------------------|
| | Bonds | | | Total |
| Debt Payable January 1, 2014 | <u>\$4,072,828</u> | <u>\$127,275</u> | <u>\$168,822</u> | <u>\$4,368,925</u> |
| New Issues: | | | | |
| Compensated Absences | | | 94,929 | 94,929 |
| Compensated Absences Deletions Retired | -357,485 | -15,617 | -114,291 | -373,102 |
| Debt Payable December 31, 2014 | <u>\$3,715,343</u> | <u>\$111,658</u> | <u>\$149,460</u> | <u>\$3,976,461</u> |
| Due within one year | <u>\$567,400</u> | <u>\$16,402</u> | | <u>\$583,802</u> |

Special Assessment bonds payable at December 31, 2014 are comprised of the following issues:

| | Debt Principal | |
|---|----------------|-----------|
| | 12/31/14 | 12/31/13 |
| \$1,165,000 Serviced by Fund 329 2005/06 Special Improvement Bond, due in annual installments of \$115,000 to \$145,000 through July 2016; interest at 4.00% to 4.50% per annum | \$230,000 | \$350,000 |
| Total Special Assessment Bonds | \$230,000 | 350,000 |

Special assessment bonds are not general obligations of the municipality but are payable from payments of special assessments levied by the municipality against benefited property by the improvement paid for from the proceeds of the bond issue. The municipality, however, is empowered to fund deficits and it is probable that the municipality will assume responsibility for the debt in the event of default. The municipality transfers all residual receivables from a Special Assessment Debt Service Fund in which all bonds are retired to the oldest Special Improvement Bond Fund which has outstanding bonds and thereby providing additional revenues to supplement the special assessments levied for that specific bond.

Revenue Bonds Payable at December 31, 2014 are comprised of the following issues:

| | Debt Principal | |
|--|----------------|-------------|
| | 12/31/14 | 12/31/13 |
| \$830,000.00 2005 Sewer Revenue Bonds due in annual installments of \$65,000.00 to \$100,000.00 through June 1, 2015; interest at 3.20% to 4.35% per annum. | \$195,000 | \$195,000 |
| \$2,700,000.00 1995 SRF Sanitary Sewer Loan with drawn down of \$1,856,828.00 amortized over a 20 year period from April, 1997 thru March, 2017; interest at 5.25% | \$318,398 | \$448,300 |
| \$4,000,000.00 2004 SRF Drinking Water Loan with annual quarterly payments amortized over a 20 year period from | \$2,290,289 | \$2,490,161 |

| | | |
|--|---------------------|--------------------|
| July, 2004 thru April, 2024; interest at 3.50% | | |
| \$4,490,000.00 2004 Sales Tax Revenue Bonds due in annual installments of \$165,000.00 to \$325,000.00 through July 1, 2024; interest at 2.00% to 4.75% per annum. | 0 | \$2,880,000 |
| \$383,683 2010 SRF Drinking Water Loan with annual quarterly payments amortized over a 20 year period from July, 2011 thru April, 2031; interest at 3.00% | \$331,961 | \$347,295 |
| \$592,073 SRF Drinking Water Loan with quarterly payment Amortized over 20 year period from January 2015; interest at 3.250%. | \$579,696 | \$592,073 |
| \$5,300,000 Sales Tax Revenue Bonds due in quarterly installments; interest fixed at 4.00% starting December 2012. | 0 | \$4,412,429 |
| \$7,060,000 Sales Tax Revenue Bonds due in semiannual installments, amortized over and 18 year period from July 2014 through July 2031; interest at 3.100% | \$6,441,352 | 0 |
| Total Revenue Bonds | \$10,156,696 | \$11365,258 |

Revenue Bonds:

- In April 2005 the municipality refinanced \$830,000 of the 1995 Sewer Revenue Bonds collateralized by sewer revenues to finance the construction of pre-treatment facilities for the sanitary sewer utility. The bonds are dated June 1, 2006, with bonds due in annual installments of \$65,000.00 to \$100,000.00 through June 1, 2015. The interest rate is fixed at various rates depending on term to maturity, ranging from 3.20 percent to 4.35 percent per annum. The municipality is required to maintain a reserve fund held by the trustee in the amount of \$109,965.00. Cash and investments are held by Wells Fargo Corporate Trust in the amount of \$109,965.00 and are listed as Sewer Fund restricted assets. The principal outstanding as of December 31, 2014 is \$195,000.
- In August 1995 the municipality obtained funding in the amount of \$2,700,000.00 through the South Dakota Revolving Loan Fund for the construction of Sanitary Sewer Improvements. This loan carries a fixed interest rate of 5.25 percent and will be amortized over a 20-year period beginning April, 1997. As of December 31, 1996, the municipality had drawn \$1,856,828.00 of the available funds. The outstanding principal balance as of December 31, 2014 is \$318,398.
- In September 2002, the municipality obtained funding in the amount of \$4,000,000.00 through the South Dakota Revolving Loan Fund for the upgrade of the water treatment system. This loan carries a fixed interest rate of 3.5 percent. The repayment period of 20 years began July 1, 2004 with quarterly payments due every January, April, July and October 1. The outstanding principal as of December 31, 2014 is \$2,290,289.
- In August 2004 the municipality authorized the issuance of \$4,490,000.00 of sales tax revenue bonds collateralized by the city sales tax to finance improvements to the Huron Convention Center. Bonds are due in annual installments of \$165,000.00 to \$325,000.00 through 2024. The interest rate is fixed at various rates depending on term to maturity, ranging from 2.0 percent to 4.75 percent. The principal outstanding as of December 31, 2014 is \$0. These bonds were refunded and combined with the issuance of Sales Tax Revenue Bonds in 2014 Splash Central/Central Park.
- In February 2010, the municipality obtained funding in the amount of \$383,683 through the South Dakota Revolving Loan Fund for the upgrade of the water treatment system. This loan carries a fixed interest rate of

3 percent. The repayment period of 20 years began July 1, 2011 with quarterly payments due every January, April, July and October 1. The outstanding principal as of December 31, 2014 is \$331,961.

- In December 2012, the municipality obtained funding in the amount of \$592,073 thru the South Dakota Revolving Loan Fund for construction of a water tower. This loan carries a fixed interest rate of 3.250%. The repayment period of 30 years begins January 15, 2015 with quarterly payments due every January, April, July and October 15. The outstanding balance as of December 31, 2014 is \$579,696.
- In June 2014, the municipality authorized the issuance of refunded bonds in the amount of \$7,060,000 sales tax revenue bonds for the Huron Event Center and Splash Central/Central Park. These bonds carry an interest rate of 3.1% the repayment period begins in June 2014 for 17 years ending in 2031. The outstanding balance as of December 31, 2014 is \$6,441,352.

Financing (Capital Acquisition) Leases

| | Debt Principal | |
|--|------------------|------------------|
| | 12/31/14 | 12/31/13 |
| \$228,080 ECMS Airport HVAC Lease Payment due in semi-annual payments amortized over a 15 year period from February 2006 thru August 2020; interest at 4.97% | \$111,658 | \$127,275 |
| Total Capital Acquisition Leases | \$111,658 | \$127,275 |

- In August 2005 the municipality authorized the lease purchase of \$228,080 through a Wells Fargo lease purchase for the HVAC system at the airport. Payments are due in semi-annual payments of \$5,207.55 to \$10,611.64 thru 2020. The interest rate is 4.97% for life of lease. The principal outstanding as of December 31, 2014 is \$111,658.

The purchase price at the commencement of the financing (capital acquisition) lease was:

| | |
|-----------|--------------|
| Principal | \$228,080.00 |
| Interest | \$ 98,180.20 |

The annual requirements to amortize all debt outstanding as of December 31, 2014, except for compensated absences is as follows:

**Annual Requirements to Amortize Long-Term Debt
December 31, 2014**

| Year Ending Dec. 31 | Revenue Bonds | | Special Assessments | | Total | |
|------------------------|---------------------|--------------------|---------------------|-----------------|---------------------|--------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2015 | \$1,032,400 | \$312,146 | \$115,000 | \$7,741 | \$1,147,400 | \$319,887 |
| 2016 | 867,968 | 280,854 | 115,000 | 2,566 | 982,968 | 283,420 |
| 2017 | 784,467 | 250,932 | | | 784,467 | 250,932 |
| 2018 | 770,997 | 226,031 | | | 770,997 | 226,031 |
| 2019 | 795,093 | 200,591 | | | 795,093 | 200,591 |
| 2020-2024 | 3,820,581 | 613,036 | | | 3,820,581 | 613,036 |
| 2025-2029 | 1,269,261 | 228,882 | | | 1,269,261 | 228,882 |
| 2030-2043 | 815,929 | 92,164 | | | 815,929 | 92,164 |
| TOTAL | \$10,156,696 | \$2,204,636 | \$230,000 | \$10,307 | \$10,386,696 | \$2,214,943 |

**Financing (Capital Acquisition) Leases
December 31, 2014**

| Year Ending Dec. 31, | Capital Acquisition | |
|-------------------------|---------------------|-----------------|
| | Principal | Interest |
| 2015 | \$16,402 | \$5,073 |
| 2016 | 17,228 | 4,234 |
| 2017 | 18,095 | 3,353 |
| 2018 | 19,005 | 2,427 |
| 2019 | 19,962 | 1,455 |
| 2020 | 20,966 | 434 |
| TOTAL | \$111,658 | \$16,976 |

9. Retirement Plan

- All employees, except for part-time 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 to the SDRS, P.O. 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. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2014, 2013, and 2012 were \$406,433.64, \$391,318.87, and \$366,371.26, respectively, equal to the required contributions each year.

10. Risk Management:

The City 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 year ended December 31, 2014, the City managed its risks as follows:

- **Employee Health Insurance:** The City purchases health insurance for its employees from a commercial insurance carrier.

Settled claims resulting from these risks have never exceeded the liability coverage.

- **Liability Insurance:** The City is a member of the South Dakota Public Assurance Alliance, 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 provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The City pays an annual premium to the pool to provide coverage for: general liability, automobile liability, automobile physical damage, public official's liability, and law enforcement liability.

The agreement with the South Dakota Public Assurance Alliance provides that the above coverage will be provided to a \$1,000,000 limit. Member 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 or liability coverage to the upper limit. 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 Sixth Full Year and Thereafter | 100 |

As of December 31, 2014, the City of Huron has vested balance in the cumulative reserve fund of \$230,041. The City carries a \$2,500 deductible for the official's liability coverage and no deductible for the general and automobile liability coverage. The agreement with the Public Assurance Alliance provides that

coverage for automobile physical damage will be provided with a \$500 deductible for collision coverage for specifically designated vehicles.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage for the past several years.

- **Worker's Compensation:** The Municipality joined the South Dakota Municipal League Worker's Compensation Fund (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 retrospectively rated policy 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 not exceeded the liability coverage over the past three years.

- **Unemployment Benefits:** The City has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year ended December 31, 2014, there were no claims filed for unemployment benefits. It is estimated, based upon historical trends that these claims will result in the future payment of unemployment benefits in the amount of approximately \$4,000. It is anticipated that approximately the same number of claims for unemployment benefits will be filed in the next fiscal year.

11. **Revenue Pledged for Debt Service:** Revenues from charges for services on the Water Fund State Revolving Fund (SRF) Revenue Loans are pledged at 100% for debt service. Revenues from charges for services in the Sewer Fund are pledged at 100% for debt service.
12. **Restrictions on Position:** Net position restricted for debt service in the sewer fund reflects cash that is restricted for deposits in bank accounts legally restricted for the payment of currently maturing debt service and annual fiscal fees on long term debt.
13. **Deficit Fund Balances/Fund Net Position** – As of December 31, 2014, the following funds had deficit fund balances/ net position in the amounts shown:

| | |
|-------------------------|-------------|
| Event Center Fund 327 - | (\$95,750) |
| 2005/06 Sp Assessment - | (\$215,540) |

14. **Interfund Transfers** – Interfund transfers for the year ended December 31, 2014 were as follows:

| FUND | Transfer In | Transfer Out |
|---------------------------------|--------------|--------------|
| 101 General Fund | 1,432,748.74 | 1,986,142.19 |
| 713 Lester Jones Fund | | 2,640.00 |
| 201 Parks and Receptions | 1,051,611.82 | |
| 206 Central Park/Splash Central | 129,055.24 | |
| 211 Bed, Board & Booze | | 15,146.56 |
| 257 Huron Community Campus | 118,127.86 | |
| 260 Dispatch | 136,674.13 | |
| 270 2nd Penny Sales Tax | | 2,319,149.20 |
| 327 Sales Tax Bonds | 678,170.49 | |
| 606 Airport/AIP Match | 647,396.62 | |
| 610 Golf Course | 129,293.05 | |

4,323,077.95

4,323,077.95

The above transfers were made as budgeted spending transfers to subsidized operation of the various funds, for capital purchase, and to credit interest earned from various funds to the general fund.

15. Interfund Receivable and Payable

Interfund receivable and payable balances as of December 31, 2014 were as follows:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|-----------------|-----------------------------|--------------------------|
| General Fund | \$218,656 | \$-0- |
| 2005/2006 Sp. | | |
| Assessment Fund | <u>-0-</u> | <u>\$218,656</u> |
| TOTALS | \$218,656 | \$218,656 |

The above loan was made to compensate for a temporary cash overdraft position in the 2005/2006 Special Assessment Fund at year end. The Loan above is a legal transfer between funds as defined by SDCL9-21-26.1. Since it was the City's intent to repay it as soon as possible, this legal transfer is classified as a loan.

16. Finance-Related Legal and Contractual Provisions:

The Municipality is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents a significant overdraft of expenditures compared to appropriations for the year ended December 31, 2014.

Park and Recreation Fund:

| Activity | Amount Appropriated | Actual Expended | Variance |
|------------|---------------------|-----------------|-------------|
| Recreation | \$1,287,585 | \$1,414,830 | \$(127,245) |

While expenditures under the modified accrual basis of accounting did exceed appropriations, the variance in budget to actual was solely due to a reduction in the carrying amount of inventories, which increased expenditures, but did not require the use of current cash financial resources.

FUND
MUNICIPALITY OF HURON
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
101 FUND

For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|---|------------------|--------------|-------------------------------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| 310 Taxes: | | | | |
| 311 General Property Taxes | 4,625,443.00 | 4,625,443.00 | 4,572,874.00 | (52,569.00) |
| 312 Airflight Property Tax | | | | 0.00 |
| 313 General Sales and Use Taxes | 3,130,000.00 | 3,130,000.00 | 3,136,630.00 | 6,630.00 |
| 314 Gross Receipts Business Taxes | 64,000.00 | 64,000.00 | 63,488.00 | (512.00) |
| 315 Amusement Taxes | 800.00 | 800.00 | 756.00 | (44.00) |
| 316 911 Telephone Surcharge | | | | 0.00 |
| 317 Excise Tax | | | | 0.00 |
| 318 Tax Deed Revenue | 3,500.00 | 3,500.00 | | (3,500.00) |
| 319 Penalties and Interest on Delinquent Taxes | 10,000.00 | 10,000.00 | 10,668.00 | 668.00 |
| | | | | 0.00 |
| 320 Licenses and Permits | 236,655.00 | 236,655.00 | 255,255.00 | 18,600.00 |
| 330 Intergovernmental Revenue: | | | | |
| 331 Federal Grants | | | 2,433.00 | 2,433.00 |
| 332 Federal Shared Revenue | | | | 0.00 |
| 333 Federal Payments in Lieu of Taxes | | | | 0.00 |
| 334 State Grants | | | | 0.00 |
| 335 State Shared Revenue: | | | | |
| 335.01 Bank Franchise Tax | 40,000.00 | 40,000.00 | 46,768.00 | 6,768.00 |
| 335.02 Motor Vehicle Commercial Prorate | | | | 0.00 |
| 335.03 Liquor Tax Reversion | 80,000.00 | 80,000.00 | 82,224.00 | 2,224.00 |
| 335.04 Motor Vehicle Licenses (5%) | 70,000.00 | 70,000.00 | 88,744.00 | 18,744.00 |
| 335.06 Fire Insurance Premiums Reversion | 25,000.00 | 25,000.00 | 32,232.00 | 7,232.00 |
| 335.07 Liquor License Reversion | | | | 0.00 |
| 335.08 Local Government Highway | | | | 0.00 |

| | | | | |
|---|------------|------------|------------|-------------|
| and Bridge Fund | 290,000.00 | 290,000.00 | 381,817.00 | 91,817.00 |
| 335.20 Other | | | | 0.00 |
| 336 State Payments in Lieu of Taxes | | | | 0.00 |
| 338 County Shared Revenue: | | | | |
| 338.01 County Road Tax (25%) | 18,000.00 | 18,000.00 | 40,582.00 | 22,582.00 |
| 338.02 County HBR Tax (25%) | | | | 0.00 |
| 338.03 County Wheel Tax | | | | 0.00 |
| 338.99 Other | | | | 0.00 |
| 339 County Payments in Lieu of Taxes | 4,500.00 | 4,500.00 | 7,934.00 | 3,434.00 |
| 340 Charges for Goods and Services: | | | | |
| 341 General Government | 13,200.00 | 13,200.00 | 17,374.00 | 4,174.00 |
| 342 Public Safety | 119,500.00 | 119,500.00 | 98,102.00 | (21,398.00) |
| 343 Highways and Streets | 15,400.00 | 15,400.00 | 3,897.00 | (11,503.00) |
| 344 Sanitation | | | | 0.00 |
| 345 Health | 3,000.00 | 3,000.00 | 12,319.00 | 9,319.00 |
| 346 Culture and Recreation | | | | 0.00 |
| 347 Ambulance | | | | 0.00 |
| 348 Cemetery | | | | 0.00 |
| 349 Other | | | | 0.00 |
| 350 Fines and Forfeits: | | | | |
| 351 Court Fines and Costs | 2,500.00 | 2,500.00 | 13,825.00 | 11,325.00 |
| 352 Forfeits | | | | 0.00 |
| 353 Parking Meter Fines | | | | 0.00 |
| 354 Library | 8,000.00 | 8,000.00 | 8,032.00 | 32.00 |
| 359 Other | 150.00 | 150.00 | | (150.00) |
| 360 Miscellaneous Revenue: | | | | |
| 361 Investment Earnings | 10,000.00 | 10,000.00 | 17,492.00 | 7,492.00 |
| 362 Rentals | 58,000.00 | 58,000.00 | 58,023.00 | 23.00 |
| 363 Special Assessments | | | | 0.00 |
| 364 Street Assessments | | | | 0.00 |
| 367 Contributions and Donations from Private Sources | | | | 0.00 |
| 368 Liquor Operating Agreement Income | | | | 0.00 |
| 369 Other | 8,500.00 | 8,500.00 | 7,709.00 | (791.00) |

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Total Revenue | 8,836,148.00 | 8,836,148.00 | 8,959,178.00 | 123,030.00 |
| Expenditures: | | | | |
| 410 General Government: | | | | |
| 411 Legislative | 516,042.00 | 372,990.00 | 300,340.00 | 72,650.00 |
| 411.5 Contingency | | | | |
| Amount Transferred (Enter as Negative) | | | | 0.00 |
| 412 Executive | | | | 0.00 |
| 413 Elections | | | | 0.00 |
| 414 Financial Administration | 646,325.00 | 646,325.00 | 1,028,283.00 | (381,958.00) |
| 419 Other | 997,282.00 | 1,004,720.00 | 958,933.00 | 45,787.00 |
| Total General Government | 2,159,649.00 | 2,024,035.00 | 2,287,556.00 | (263,521.00) |
| 420 Public Safety: | | | | |
| 421 Police | 2,177,790.00 | 2,239,141.00 | 2,239,141.00 | 0.00 |
| 422 Fire | 668,370.00 | 685,099.00 | 680,108.00 | 4,991.00 |
| 423 Protective Inspection | 98,585.00 | 98,585.00 | 93,994.00 | 4,591.00 |
| 429 Other Protection | | | | 0.00 |
| Total Public Safety | 2,944,745.00 | 3,022,825.00 | 3,013,243.00 | 9,582.00 |
| 430 Public Works: | | | | |
| 431 Highways and Streets | 2,961,260.00 | 2,982,267.00 | 2,445,723.00 | 536,544.00 |
| 432 Sanitation | | | | 0.00 |
| 433 Water | | | | 0.00 |
| 434 Electricity | | | | 0.00 |
| 435 Airport | | | | 0.00 |
| 436 Parking Facilities | | | | 0.00 |
| 437 Cemeteries | | | | 0.00 |
| 438 Natural Gas | | | | 0.00 |
| 439 Transit | | | | 0.00 |
| Total Public Works | 2,961,260.00 | 2,982,267.00 | 2,445,723.00 | 536,544.00 |
| 440 Health and Welfare: | | | | |
| 441 Health | | | | 0.00 |
| 442 Home Health | | | | 0.00 |
| 443 Mental Health Centers | | | | 0.00 |

| | | | | |
|--|-------------------|-------------------|-------------------|------------------|
| 444 Humane Society | | | | 0.00 |
| 445 Drug Education | | | | 0.00 |
| 446 Ambulance | | | | 0.00 |
| 447 Hospitals, Nursing Homes and Rest Homes | | | | 0.00 |
| 449 Other | | | | 0.00 |
| Total Health and Welfare | | | | 0.00 |
| 450 Culture and Recreation: | | | | |
| 451 Recreation | 75,000.00 | 75,000.00 | 32,903.00 | 42,097.00 |
| 452 Parks | | | | 0.00 |
| 455 Libraries | 752,070.00 | 752,070.00 | 722,907.00 | 29,163.00 |
| 456 Auditorium | | | | 0.00 |
| 457 Historical Preservation | | | | 0.00 |
| 458 Museums | | | | 0.00 |
| Total Culture and Recreation | 827,070.00 | 827,070.00 | 755,810.00 | 71,260.00 |
| 460 Conservation and Development: | | | | |
| 463 Urban Redevelopment and Housing | | | | 0.00 |
| 465 Economic Development and Assistance (Industrial Development) | | | | 0.00 |
| 466 Economic Opportunity | 166,000.00 | 185,388.00 | 185,388.00 | 0.00 |
| Total Conservation and Development | 166,000.00 | 185,388.00 | 185,388.00 | 0.00 |
| 470 Debt Service | | | | 0.00 |
| 485 Capital Outlay | | | | 0.00 |
| 490 Miscellaneous: | | | | |
| 491 Judgements and Losses | | | | 0.00 |
| 492 Other Expenditures | | | | 0.00 |
| 499 Liquor Operating Agreements | | | | 0.00 |
| Total Miscellaneous | | 0.00 | 0.00 | 0.00 |

| | | | | |
|---|----------------|----------------|----------------|--------------|
| Total Expenditures | 9,058,724.00 | 9,041,585.00 | 8,687,720.00 | 353,865.00 |
| Excess of Revenue Over (Under) Expenditures | (222,576.00) | (205,437.00) | 271,458.00 | 476,895.00 |
| Other Financing Sources (Uses): | | | | |
| 391.01 Transfers In | | | 1,432,749.00 | 1,432,749.00 |
| 511 Transfers Out (Enter as negative) | (1,870,472.00) | (1,870,472.00) | (1,986,142.00) | (115,670.00) |
| 391.02 Proceeds of General Long- Term Debt Issued | | | | 0.00 |
| 513 Payments to Refunded Debt Escrow Agent (Enter as negative) | (0.00) | (0.00) | (0.00) | 0.00 |
| 391.03 Sale of Municipal Property | 0.00 | 0.00 | 14,322.00 | 14,322.00 |
| 391.04 Compensation for Loss or Damage to Capital Assets | | | | 0.00 |
| Total Other Financing Sources (Uses) | (1,870,472.00) | (1,870,472.00) | (539,071.00) | 1,331,401.00 |
| 391.06/(514) Special Items | | | | 0.00 |
| 391.05/(515) Extraordinary Items | | | | 0.00 |
| Net Change in Fund Balances | (2,093,048.00) | (2,075,909.00) | (267,613.00) | 1,808,296.00 |
| Fund Balance - Beginning | 5,317,340.00 | 5,317,340.00 | 5,317,340.00 | 0.00 |
| Adjustments: | | | | |
| Prior Year Adjustment | | | | 0.00 |
| | | | | 0.00 |
| Adjusted Fund Balance - Beginning | 5,317,340.00 | 5,317,340.00 | 5,317,340.00 | 0.00 |
| FUND BALANCE - ENDING | 3,224,292.00 | 3,241,431.00 | 5,049,727.00 | 1,808,296.00 |

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF HURON
BUDGETARY COMPARISON SCHEDULE - PARK & RECREATION
201 FUND
For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|---|------------------|-------|-------------------------------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| 310 Taxes: | | | | |
| 311 General Property Taxes | | | | 0.00 |
| 312 Airflight Property Tax | | | | 0.00 |
| 313 General Sales and Use Taxes | | | | 0.00 |
| 314 Gross Receipts Business Taxes | | | | 0.00 |
| 315 Amusement Taxes | | | | 0.00 |
| 316 911 Telephone Surcharge | | | | 0.00 |
| 317 Excise Tax | | | | 0.00 |
| 318 Tax Deed Revenue | | | | 0.00 |
| 319 Penalties and Interest on Delinquent Taxes | | | | 0.00 |
| 320 Licenses and Permits | | | | 0.00 |
| 330 Intergovernmental Revenue: | | | | |
| 331 Federal Grants | | | | 0.00 |
| 332 Federal Shared Revenue | | | | 0.00 |
| 333 Federal Payments in Lieu of Taxes | | | | 0.00 |
| 334 State Grants | | | 19,723.00 | 19,723.00 |
| 335 State Shared Revenue: | | | | |
| 335.01 Bank Franchise Tax | | | | 0.00 |
| 335.02 Motor Vehicle Commercial Prorate | | | | 0.00 |
| 335.03 Liquor Tax Reversion | | | | 0.00 |
| 335.04 Motor Vehicle Licenses (5%) | | | | 0.00 |
| 335.06 Fire Insurance Premiums Reversion | | | | 0.00 |
| 335.07 Liquor License Reversion | | | | 0.00 |
| 335.08 Local Government Highway | | | | 0.00 |

| | | | | |
|---|-----------|-----------|------------|-----------|
| and Bridge Fund | | | | 0.00 |
| 335.20 Other | | | | 0.00 |
| 336 State Payments in Lieu of Taxes | | | | 0.00 |
| 338 County Shared Revenue: | | | | |
| 338.01 County Road Tax (25%) | | | | 0.00 |
| 338.02 County HBR Tax (25%) | | | | 0.00 |
| 338.03 County Wheel Tax | | | | 0.00 |
| 338.99 Other | | | | 0.00 |
| 339 County Payments in Lieu of Taxes | | | | 0.00 |
| 340 Charges for Goods and Services: | | | | |
| 341 General Government | | | | 0.00 |
| 342 Public Safety | | | | 0.00 |
| 343 Highways and Streets | | | | 0.00 |
| 344 Sanitation | | | | 0.00 |
| 345 Health | | | | 0.00 |
| 346 Culture and Recreation | 94,600.00 | 94,600.00 | 115,803.00 | 21,203.00 |
| 347 Ambulance | | | | 0.00 |
| 348 Cemetery | | | | 0.00 |
| 349 Other | | | | 0.00 |
| 350 Fines and Forfeits: | | | | |
| 351 Court Fines and Costs | | | | 0.00 |
| 352 Forfeits | | | | 0.00 |
| 353 Parking Meter Fines | | | | 0.00 |
| 354 Library | | | | 0.00 |
| 359 Other | | | | 0.00 |
| 360 Miscellaneous Revenue: | | | | |
| 361 Investment Earnings | | | | 0.00 |
| 362 Rentals | | | | 0.00 |
| 363 Special Assessments | | | | 0.00 |
| 364 Street Assessments | | | | 0.00 |
| 367 Contributions and Donations from Private Sources | | | | 0.00 |
| 368 Liquor Operating Agreement Income | | | | 0.00 |
| 369 Other | | | | 0.00 |

| | | | | |
|--|-----------|-----------|------------|-----------|
| Total Revenue | 94,600.00 | 94,600.00 | 135,526.00 | 40,926.00 |
| Expenditures: | | | | |
| 410 General Government: | | | | |
| 411 Legislative | | | | 0.00 |
| 411.5 Contingency | | | | |
| Amount Transferred (Enter as Negative) | | | | 0.00 |
| 412 Executive | | | | 0.00 |
| 413 Elections | | | | 0.00 |
| 414 Financial Administration | | | | 0.00 |
| 419 Other | | | | 0.00 |
| Total General Government | 0.00 | 0.00 | 0.00 | 0.00 |
| 420 Public Safety: | | | | |
| 421 Police | | | | 0.00 |
| 422 Fire | | | | 0.00 |
| 423 Protective Inspection | | | | 0.00 |
| 429 Other Protection | | | | 0.00 |
| Total Public Safety | 0.00 | 0.00 | 0.00 | 0.00 |
| 430 Public Works: | | | | |
| 431 Highways and Streets | | | | 0.00 |
| 432 Sanitation | | | | 0.00 |
| 433 Water | | | | 0.00 |
| 434 Electricity | | | | 0.00 |
| 435 Airport | | | | 0.00 |
| 436 Parking Facilities | | | | 0.00 |
| 437 Cemeteries | | | | 0.00 |
| 438 Natural Gas | | | | 0.00 |
| 439 Transit | | | | 0.00 |
| Total Public Works | 0.00 | 0.00 | 0.00 | 0.00 |
| 440 Health and Welfare: | | | | |
| 441 Health | | | | 0.00 |
| 442 Home Health | | | | 0.00 |
| 443 Mental Health Centers | | | | 0.00 |

| | | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| 444 Humane Society | | | | 0.00 |
| 445 Drug Education | | | | 0.00 |
| 446 Ambulance | | | | 0.00 |
| 447 Hospitals, Nursing Homes and Rest Homes | | | | 0.00 |
| 449 Other | | | | 0.00 |
| Total Health and Welfare | 0.00 | 0.00 | 0.00 | 0.00 |
| 450 Culture and Recreation: | | | | |
| 451 Recreation | | | | 0.00 |
| 452 Parks | 1,270,446.00 | 1,287,585.00 | 1,414,830.00 | (127,245.00) |
| 455 Libraries | | | | 0.00 |
| 456 Auditorium | | | | 0.00 |
| 457 Historical Preservation | | | | 0.00 |
| 458 Museums | | | | 0.00 |
| Total Culture and Recreation | 1,270,446.00 | 1,287,585.00 | 1,414,830.00 | (127,245.00) |
| 460 Conservation and Development: | | | | |
| 463 Urban Redevelopment and Housing | | | | 0.00 |
| 465 Economic Development and Assistance (Industrial Development) | | | | 0.00 |
| 466 Economic Opportunity | | | | 0.00 |
| Total Conservation and Development | 0.00 | 0.00 | 0.00 | 0.00 |
| 470 Debt Service | 0.00 | 0.00 | 0.00 | 0.00 |
| 485 Capital Outlay | | | | 0.00 |
| 490 Miscellaneous: | | | | |
| 491 Judgements and Losses | | | | 0.00 |
| 492 Other Expenditures | | | | 0.00 |
| 499 Liquor Operating Agreements | | | | 0.00 |
| Total Miscellaneous | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | |
|---|----------------|----------------|----------------|--------------|
| Total Expenditures | 1,270,446.00 | 1,287,585.00 | 1,414,830.00 | (127,245.00) |
| Excess of Revenue Over (Under) Expenditures | (1,175,846.00) | (1,192,985.00) | (1,279,304.00) | (86,319.00) |
| Other Financing Sources (Uses): | | | | |
| 391.01 Transfers In | 1,175,846.00 | 1,175,846.00 | 1,051,612.00 | (124,234.00) |
| 511 Transfers Out (Enter as negative) | | | | 0.00 |
| 391.02 Proceeds of General Long- Term Debt Issued | | | | 0.00 |
| 513 Payments to Refunded Debt Escrow Agent (Enter as negative) | (0.00) | (0.00) | (0.00) | 0.00 |
| 391.03 Sale of Municipal Property | | | 5,366.00 | 5,366.00 |
| 391.04 Compensation for Loss or Damage to Capital Assets | | | | 0.00 |
| Total Other Financing Sources (Uses) | 1,175,846.00 | 1,175,846.00 | 1,056,978.00 | (118,868.00) |
| 391.06/(514) Special Items | | | | 0.00 |
| 391.05/(515) Extraordinary Items | | | | 0.00 |
| Net Change in Fund Balances | 0.00 | (17,139.00) | (222,326.00) | (205,187.00) |
| Fund Balance - Beginning | 313,421.00 | 313,421.00 | 313,421.00 | 0.00 |
| Adjustments: | | | | 0.00 |
| | | | | 0.00 |
| | | | | 0.00 |
| Adjusted Fund Balance - Beginning | 313,421.00 | 313,421.00 | 313,421.00 | 0.00 |
| FUND BALANCE - ENDING | 313,421.00 | 296,282.00 | 91,095.00 | (205,187.00) |

REQUIRED SUPPLEMENTARY INFORMATION
 MUNICIPALITY OF HURON
 BUDGETARY COMPARISON SCHEDULE - COMMUNITY POOL FUND
 206 FUND
 For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|--|------------------|-------|-------------------------------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| 310 Taxes: | | | | |
| 311 General Property Taxes | | | | 0.00 |
| 312 Airflight Property Tax | | | | 0.00 |
| 313 General Sales and Use Taxes | | | | 0.00 |
| 314 Gross Receipts Business Taxes | | | | 0.00 |
| 315 Amusement Taxes | | | | 0.00 |
| 316 911 Telephone Surcharge | | | | 0.00 |
| 317 Excise Tax | | | | 0.00 |
| 318 Tax Deed Revenue | | | | 0.00 |
| 319 Penalties and Interest on Delinquent Taxes | | | | 0.00 |
| 320 Licenses and Permits | | | | 0.00 |
| 330 Intergovernmental Revenue: | | | | |
| 331 Federal Grants | | | | 0.00 |
| 332 Federal Shared Revenue | | | | 0.00 |
| 333 Federal Payments in Lieu of Taxes | | | | 0.00 |
| 334 State Grants | | | | 0.00 |
| 335 State Shared Revenue: | | | | |
| 335.01 Bank Franchise Tax | | | | 0.00 |
| 335.02 Motor Vehicle Commercial Prorate | | | | 0.00 |
| 335.03 Liquor Tax Reversion | | | | 0.00 |
| 335.04 Motor Vehicle Licenses (5%) | | | | 0.00 |
| 335.06 Fire Insurance Premiums Reversion | | | | 0.00 |
| 335.07 Liquor License Reversion | | | | 0.00 |
| 335.08 Local Government Highway and Bridge Fund | | | | 0.00 |
| 335.20 Other | | | | 0.00 |
| 336 State Payments in Lieu of Taxes | | | | 0.00 |
| 338 County Shared Revenue: | | | | |
| 338.01 County Road Tax (25%) | | | | 0.00 |

| | | | | |
|--|-------------------|-------------------|-------------------|---------------------|
| 338.02 County HBR Tax (25%) | | | | 0.00 |
| 338.03 County Wheel Tax | | | | 0.00 |
| 338.99 Other | | | | 0.00 |
| 339 County Payments in Lieu of Taxes | | | | 0.00 |
| 340 Charges for Goods and Services: | | | | |
| 341 General Government | | | | 0.00 |
| 342 Public Safety | | | | 0.00 |
| 343 Highways and Streets | | | | 0.00 |
| 344 Sanitation | | | | 0.00 |
| 345 Health | | | | 0.00 |
| 346 Culture and Recreation | 345,200.00 | 345,200.00 | 373,049.00 | 27,849.00 |
| 347 Ambulance | | | | 0.00 |
| 348 Cemetery | | | | 0.00 |
| 349 Other | | | | 0.00 |
| 350 Fines and Forfeits: | | | | |
| 351 Court Fines and Costs | | | | 0.00 |
| 352 Forfeits | | | | 0.00 |
| 353 Parking Meter Fines | | | | 0.00 |
| 354 Library | | | | 0.00 |
| 359 Other | | | | 0.00 |
| 360 Miscellaneous Revenue: | | | | |
| 361 Investment Earnings | 100.00 | 100.00 | 470.00 | 370.00 |
| 362 Rentals | | | | 0.00 |
| 363 Special Assessments | | | | 0.00 |
| 364 Street Assessments | | | | 0.00 |
| 367 Contributions and Donations from Private Sources | 500,000.00 | 500,000.00 | 180,327.00 | (319,673.00) |
| 368 Liquor Operating Agreement Income | | | | 0.00 |
| 369 Other | | | | 0.00 |
| Total Revenue | 845,300.00 | 845,300.00 | 553,846.00 | (291,454.00) |
| Expenditures: | | | | |
| 410 General Government: | | | | |
| 411 Legislative | | | | 0.00 |
| 411.5 Contingency Amount Transferred (Enter as Negative) | | | | 0.00 |
| 412 Executive | | | | 0.00 |
| 413 Elections | | | | 0.00 |
| 414 Financial Administration | | | | 0.00 |
| 419 Other | | | | 0.00 |

| | | | | |
|--|------------|------------|------------|-----------|
| Total General Government | 0.00 | 0.00 | 0.00 | 0.00 |
| 420 Public Safety: | | | | |
| 421 Police | | | | 0.00 |
| 422 Fire | | | | 0.00 |
| 423 Protective Inspection | | | | 0.00 |
| 429 Other Protection | | | | 0.00 |
| Total Public Safety | 0.00 | 0.00 | 0.00 | 0.00 |
| 430 Public Works: | | | | |
| 431 Highways and Streets | | | | 0.00 |
| 432 Sanitation | | | | 0.00 |
| 433 Water | | | | 0.00 |
| 434 Electricity | | | | 0.00 |
| 435 Airport | | | | 0.00 |
| 436 Parking Facilities | | | | 0.00 |
| 437 Cemeteries | | | | 0.00 |
| 438 Natural Gas | | | | 0.00 |
| 439 Transit | | | | 0.00 |
| Total Public Works | 0.00 | 0.00 | 0.00 | 0.00 |
| 440 Health and Welfare: | | | | |
| 441 Health | | | | 0.00 |
| 442 Home Health | | | | 0.00 |
| 443 Mental Health Centers | | | | 0.00 |
| 444 Humane Society | | | | 0.00 |
| 445 Drug Education | | | | 0.00 |
| 446 Ambulance | | | | 0.00 |
| 447 Hospitals, Nursing Homes and Rest Homes | | | | 0.00 |
| 449 Other | | | | 0.00 |
| Total Health and Welfare | 0.00 | 0.00 | 0.00 | 0.00 |
| 450 Culture and Recreation: | | | | |
| 451 Recreation | 940,785.00 | 991,906.00 | 972,906.00 | 19,000.00 |
| 452 Parks | | | | 0.00 |
| 455 Libraries | | | | 0.00 |
| 456 Auditorium | | | | 0.00 |
| 457 Historical Preservation | | | | 0.00 |
| 458 Museums | | | | 0.00 |
| Total Culture and Recreation | 940,785.00 | 991,906.00 | 972,906.00 | 19,000.00 |

| | | | | |
|--|-------------|--------------|--------------|--------------|
| 460 Conservation and Development: | | | | |
| 463 Urban Redevelopment and Housing | | | | 0.00 |
| 465 Economic Development and Assistance (Industrial Development) | | | | 0.00 |
| 466 Economic Opportunity | | | | 0.00 |
| Total Conservation and Development | 0.00 | 0.00 | 0.00 | 0.00 |
| 470 Debt Service | 0.00 | 0.00 | 0.00 | 0.00 |
| 485 Capital Outlay | | | | 0.00 |
| 490 Miscellaneous: | | | | |
| 491 Judgements and Losses | | | | 0.00 |
| 492 Other Expenditures | | | | 0.00 |
| 499 Liquor Operating Agreements | | | | 0.00 |
| Total Miscellaneous | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Expenditures | 940,785.00 | 991,906.00 | 972,906.00 | 19,000.00 |
| Excess of Revenue Over (Under) Expenditures | (95,485.00) | (146,606.00) | (419,060.00) | (272,454.00) |
| Other Financing Sources (Uses): | | | | |
| 391.01 Transfers In | 125,485.00 | 125,485.00 | 129,055.00 | 3,570.00 |
| 511 Transfers Out (Enter as negative) | | | | 0.00 |
| 391.02 Proceeds of General Long-Term Debt Issued | | | | 0.00 |
| 513 Payments to Refunded Debt Escrow Agent (Enter as negative) | (0.00) | (0.00) | (0.00) | 0.00 |
| 391.03 Sale of Municipal Property | | | | 0.00 |
| 391.04 Compensation for Loss or Damage to Capital Assets | | | | 0.00 |
| Total Other Financing Sources (Uses) | 125,485.00 | 125,485.00 | 129,055.00 | 3,570.00 |
| 391.06/(514) Special Items | | | | 0.00 |
| 391.05/(515) Extraordinary Items | | | | 0.00 |
| Net Change in Fund Balances | 30,000.00 | (21,121.00) | (290,005.00) | (268,884.00) |

| | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|---------------------|
| Fund Balance - Beginning | <u>806,012.00</u> | <u>806,012.00</u> | <u>806,012.00</u> | <u>0.00</u> |
| Adjustments: | | | | |
| | | | | 0.00 |
| | | | | 0.00 |
| | | | | 0.00 |
| Adjusted Fund Balance - Beginning | <u>806,012.00</u> | <u>806,012.00</u> | <u>806,012.00</u> | <u>0.00</u> |
| FUND BALANCE - ENDING | <u>836,012.00</u> | <u>784,891.00</u> | <u>516,007.00</u> | <u>(268,884.00)</u> |

REQUIRED SUPPLEMENTARY INFORMATION
 MUNICIPALITY OF HURON
 BUDGETARY COMPARISON SCHEDULE - SPECIAL SALES TAX FUND
 270 FUND
 For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - Positive (Negative) |
|---|------------------|--------------|-------------------------------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| 310 Taxes: | | | | |
| 311 General Property Taxes | | | | 0.00 |
| 312 Airflight Property Tax | | | | 0.00 |
| 313 General Sales and Use Taxes | 3,130,000.00 | 3,130,000.00 | 3,136,630.00 | 6,630.00 |
| 314 Gross Receipts Business Taxes | | | | 0.00 |
| 315 Amusement Taxes | | | | 0.00 |
| 316 911 Telephone Surcharge | | | | 0.00 |
| 317 Excise Tax | | | | 0.00 |
| 318 Tax Deed Revenue | | | | 0.00 |
| 319 Penalties and Interest on Delinquent Taxes | | | | 0.00 |
| 320 Licenses and Permits | | | | 0.00 |
| 330 Intergovernmental Revenue: | | | | |
| 331 Federal Grants | | | | 0.00 |
| 332 Federal Shared Revenue | | | | 0.00 |
| 333 Federal Payments in Lieu of Taxes | | | | 0.00 |
| 334 State Grants | | | | 0.00 |
| 335 State Shared Revenue: | | | | |
| 335.01 Bank Franchise Tax | | | | 0.00 |
| 335.02 Motor Vehicle Commercial Prorate | | | | 0.00 |
| 335.03 Liquor Tax Reversion | | | | 0.00 |
| 335.04 Motor Vehicle Licenses (5%) | | | | 0.00 |
| 335.06 Fire Insurance Premiums Reversion | | | | 0.00 |
| 335.07 Liquor License Reversion | | | | 0.00 |
| 335.08 Local Government Highway | | | | 0.00 |

| | | | | |
|--|-----------|-----------|-----------|----------|
| and Bridge Fund | | | | |
| 335.20 Other | | | | 0.00 |
| 336 State Payments in Lieu of Taxes | | | | 0.00 |
| 338 County Shared Revenue: | | | | |
| 338.01 County Road Tax (25%) | | | | 0.00 |
| 338.02 County HBR Tax (25%) | | | | 0.00 |
| 338.03 County Wheel Tax | | | | 0.00 |
| 338.99 Other | | | | 0.00 |
| 339 County Payments in Lieu of Taxes | | | | 0.00 |
| 340 Charges for Goods and Services: | | | | |
| 341 General Government | | | | 0.00 |
| 342 Public Safety | | | | 0.00 |
| 343 Highways and Streets | | | | 0.00 |
| 344 Sanitation | | | | 0.00 |
| 345 Health | | | | 0.00 |
| 346 Culture and Recreation | | | | 0.00 |
| 347 Ambulance | | | | 0.00 |
| 348 Cemetery | | | | 0.00 |
| 349 Other | | | | 0.00 |
| 350 Fines and Forfeits: | | | | |
| 351 Court Fines and Costs | | | | 0.00 |
| 352 Forfeits | | | | 0.00 |
| 353 Parking Meter Fines | | | | 0.00 |
| 354 Library | | | | 0.00 |
| 359 Other | | | | 0.00 |
| 360 Miscellaneous Revenue: | | | | |
| 361 Investment Earnings | 10,000.00 | 10,000.00 | 15,964.00 | 5,964.00 |
| 362 Rentals | | | | 0.00 |
| 363 Special Assessments | | | | 0.00 |
| 364 Street Assessments | | | | 0.00 |
| 367 Contributions and Donations from Private Sources | | | | 0.00 |
| 368 Liquor Operating Agreement Income | | | | 0.00 |
| 369 Other | | | | 0.00 |

| | | | | |
|--|--------------|--------------|--------------|-----------|
| Total Revenue | 3,140,000.00 | 3,140,000.00 | 3,152,594.00 | 12,594.00 |
| Expenditures: | | | | |
| 410 General Government: | | | | |
| 411 Legislative | | | | 0.00 |
| 411.5 Contingency | | | | |
| Amount Transferred (Enter as Negative) | | | | 0.00 |
| 412 Executive | | | | 0.00 |
| 413 Elections | | | | 0.00 |
| 414 Financial Administration | | | | 0.00 |
| 419 Other | | | | 0.00 |
| Total General Government | 0.00 | 0.00 | 0.00 | 0.00 |
| 420 Public Safety: | | | | |
| 421 Police | | | | 0.00 |
| 422 Fire | | | | 0.00 |
| 423 Protective Inspection | | | | 0.00 |
| 429 Other Protection | | | | 0.00 |
| Total Public Safety | 0.00 | 0.00 | 0.00 | 0.00 |
| 430 Public Works: | | | | |
| 431 Highways and Streets | | | | 0.00 |
| 432 Sanitation | | | | 0.00 |
| 433 Water | | | | 0.00 |
| 434 Electricity | | | | 0.00 |
| 435 Airport | | | | 0.00 |
| 436 Parking Facilities | | | | 0.00 |
| 437 Cemeteries | | | | 0.00 |
| 438 Natural Gas | | | | 0.00 |
| 439 Transit | | | | 0.00 |
| Total Public Works | 0.00 | 0.00 | 0.00 | 0.00 |
| 440 Health and Welfare: | | | | |
| 441 Health | | | | 0.00 |
| 442 Home Health | | | | 0.00 |
| 443 Mental Health Centers | | | | 0.00 |

| | | | | |
|--|-------------|-------------|-------------|-------------|
| 444 Humane Society | | | | 0.00 |
| 445 Drug Education | | | | 0.00 |
| 446 Ambulance | | | | 0.00 |
| 447 Hospitals, Nursing Homes and Rest Homes | | | | 0.00 |
| 449 Other | | | | 0.00 |
| Total Health and Welfare | 0.00 | 0.00 | 0.00 | 0.00 |
| 450 Culture and Recreation: | | | | |
| 451 Recreation | | | | 0.00 |
| 452 Parks | | | | 0.00 |
| 455 Libraries | | | | 0.00 |
| 456 Auditorium | | | | 0.00 |
| 457 Historical Preservation | | | | 0.00 |
| 458 Museums | | | | 0.00 |
| Total Culture and Recreation | 0.00 | 0.00 | 0.00 | 0.00 |
| 460 Conservation and Development: | | | | |
| 463 Urban Redevelopment and Housing | | | | 0.00 |
| 465 Economic Development and Assistance (Industrial Development) | | | | 0.00 |
| 466 Economic Opportunity | | | | 0.00 |
| Total Conservation and Development | 0.00 | 0.00 | 0.00 | 0.00 |
| 470 Debt Service | | | | 0.00 |
| 485 Capital Outlay | | | | 0.00 |
| 490 Miscellaneous: | | | | |
| 491 Judgements and Losses | | | | 0.00 |
| 492 Other Expenditures | | | | 0.00 |
| 499 Liquor Operating Agreements | | | | 0.00 |
| Total Miscellaneous | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | |
|---|-----------------------|-----------------------|-----------------------|-------------------|
| Total Expenditures | 0.00 | 0.00 | 0.00 | 0.00 |
| Excess of Revenue Over (Under) Expenditures | 3,140,000.00 | 3,140,000.00 | 3,152,594.00 | 12,594.00 |
| Other Financing Sources (Uses): | | | | |
| 391.01 Transfers In | | | | 0.00 |
| 511 Transfers Out (Enter as negative) | (3,074,727.00) | (3,074,727.00) | (2,319,149.00) | 755,578.00 |
| 391.02 Proceeds of General Long- Term Debt Issued | | | | 0.00 |
| 513 Payments to Refunded Debt Escrow Agent (Enter as negative) | (0.00) | (0.00) | (0.00) | 0.00 |
| 391.03 Sale of Municipal Property | | | | 0.00 |
| 391.04 Compensation for Loss or Damage to Capital Assets | | | | 0.00 |
| Total Other Financing Sources (Uses) | (3,074,727.00) | (3,074,727.00) | (2,319,149.00) | 755,578.00 |
| 391.06/(514) Special Items | | | | 0.00 |
| 391.05/(515) Extraordinary Items | | | | 0.00 |
| Net Change in Fund Balances | 65,273.00 | 65,273.00 | 833,445.00 | 768,172.00 |
| Fund Balance - Beginning | 3,304,013.00 | 3,304,013.00 | 3,304,013.00 | 0.00 |
| Adjustments: | | | | 0.00 |
| | | | | 0.00 |
| | | | | 0.00 |
| Adjusted Fund Balance - Beginning | 3,304,013.00 | 3,304,013.00 | 3,304,013.00 | 0.00 |
| FUND BALANCE - ENDING | 3,369,286.00 | 3,369,286.00 | 4,137,458.00 | 768,172.00 |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget.

Note 1. Budgets and Budgetary Accounting

The Municipality 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/Municipality Commission introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board/Municipality Commission, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board/Municipality Commission to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board/Municipality Commission.

The Municipality did not encumber any amounts at either December 31, 2013, or December 31, 2014.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds and capital project funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

Note 2. GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.