

**CITY OF SPEARFISH
FINANCE OFFICE**

DEFINITION OF CITY FUNDS



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CITY OF SPEARFISH FUNDS:

The City of Spearfish (City) employs a unique system of accounting and financial reporting commonly referred to as *Fund Accounting*.

A fund is described as a “fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.”

Generally accepted accounting principles (GAAP) have established three classifications of funds: *Governmental funds, Proprietary (enterprise) funds and Fiduciary funds*. Governmental funds are used to account for tax-supported (governmental) activities and are further divided into the General Fund, Special Revenue Funds, Debt Service Funds, Permanent Funds, and Capital Project Funds. Enterprise funds are used to account for a government’s business-type activities (activities supported by fees or charges). Fiduciary funds are used to account for resources that are held by the government as a trustee or agent for parties outside the government and cannot be used to support the government’s own programs. The City has twenty governmental funds, seven enterprise funds and no fiduciary funds. The following is a description of the current City’s funds.

GOVERNMENTAL FUNDS:

General Fund – The general fund is the chief operating fund of the City and accounts for all financial resources except those required to be accounted for in another fund.

Revenue: The major revenue classifications for the general fund are:

Taxes –Property taxes, the first cent of sales tax, amusement taxes, and excise tax from Butte Electric and Black Hills Power are the major taxes received.

Licenses & Permits – Alcohol beverage licenses, video lottery fees, pet licenses, building permits, contractors’ licenses, and brown bag permits are the major license and permit fees collected.

Intergovernmental Revenue – Intergovernmental revenues are those that are shared with the federal, state, county and city governments. The major intergovernmental revenues collected are state and federal grants, bank franchise taxes, gaming taxes, liquor taxes (25% of tax collected by the State), motor vehicle taxes (5% of license fees collected by county), county highway and bridge reserve tax (25% of reserve fund for roads and bridges), and the county library subsidy.

Charges for Goods and Services – Revenues received as a charge for a good or service are separated into the functions of general government, public safety, culture-recreation and cemetery. General government charges are planning and zoning fees and sales of maps and publications. Public safety charges are

fingerprints, PBT testing, illegal parking fees, copies of accident reports, sale of unclaimed property and reimbursement for university, school resources officer and reserve officers wages. Culture-recreation revenue consists of all revenue received at the Rec Center. Cemetery revenue is the fees charged for cemetery spaces, interment fees and monument permit fees.

Fines and Forfeits – The fines and forfeits received are court fines and animal control impound and boarding fines.

Miscellaneous Revenue - Interest, rentals of the pavilion, picnic shelters and Hudson Hall, private donations and dividend income are the major sources of miscellaneous revenue.

Other Sources – Transfers in from other funds and sale of capital assets are the other sources of revenues for the General fund.

Expenditures: Expenditures of the General fund are divided by Department. The departmental expenditures are primarily classified as personnel, current expenditures, debt service, and other expenditures. The departments of the City and their expenditures are:

Mayor/Council – This department is used to record the expenditures by the Mayor and Council in the performance of their responsibilities. Expenditures for the Mayor/Council department are personnel and current expenditures. Personnel expenditures are salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), and worker’s compensation insurance. Current expenditures consist of insurance (liability insurance and bond insurance on public employees), professional services, election costs, attorney fees, office supplies, clothing-food-safety equipment, travel and training related expenses, telephone costs allocated to the department and various other expenses.

Contingency – Contingency amounts are built into the budget each year to assist with unplanned and unforeseen expenditures. The total contingency budget cannot exceed 5% of the total budget. Expenditures are not charged to this department, but rather this department’s budget authority may be transferred to other departments. The city has designated a contingency amount and a weather contingency that can only be accessed in a weather related (snow, flood, wind, etc.) event.

City Administrator – This department is used to record the expenditures of the city administrator and staff connected with the position. Expenditures for the department are personnel and current expenditures. Personnel expenditures are salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenditures are insurance (liability insurance and bond insurance on public employees), professional services, office supplies, clothing-food-safety

equipment, travel and training related expenses, telephone costs allocated to the department and other expenses.

Finance – This department records the expenditures for staff performing financial management functions for the city. Expenditures for the Finance department are personnel and current expenditures. Personnel expenditures are salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenditures are insurance (liability insurance and bond insurance on public employees), professional services (primarily annual audit fees), publishing costs, equipment rental fees, equipment repairs, office supplies (paper and filing supplies for the entire city), clothing-food-safety equipment, minor tools and equipment, travel and training related expenses, telephone costs allocated to the department, and other expenses.

Human Resources – This department records the expenditures for staff performing personnel administration functions for the city. Expenditures for the Human Resources department are personnel and current expenditures. Personnel expenditures are salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenditures are insurance (liability insurance and bond insurance on public employees), professional services (primarily drug testing fees and salary studies), publishing costs, office supplies, clothing-food-safety equipment (primarily employee flu shots, employee congratulation or condolence gifts and city logo wear for general fund departments), minor tools and equipment, travel and training related expenses, telephone costs allocated to the department, and other expenses.

Government Buildings – This department records the expenditures for the upkeep and maintenance of city governmental facilities, excluding the Recreation and Aquatic Center, and the staff related to those functions. Expenditures for the Government Buildings department are personnel, current expenditures, capital outlay, and debt service. Personnel expenditures are salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, group insurance (currently set at \$430 per month per full-time employee), and unemployment benefits. Current expenditures are insurance (liability and property insurance and bond insurance on public employees), professional services (inspection fees, window cleaning services, and service contract fees), rentals (rugs and mops), repair of structures and equipment, janitorial supplies (for all facilities excluding the Rec Center), minor tools or equipment, natural gas (for heating all governmental facilities excluding Rec Center) and electricity (for all governmental facilities excluding the Rec Center). Capital outlay expenditures would include purchases of land, buildings, improvements, or equipment that fall under the capitalization policy of the city. Debt service expenditures for the government buildings department is the parking assessment applied to the city owned facilities

located within the Downtown Parking District. This amount is returned to the city in the enterprise fund of Parking.

Information Systems – This department records the expenditures for the repair, maintenance and upkeep of the city’s computer network and related systems. Expenditures for this department are current expenditures which include professional services (administration fees for the computer network, backup service fees and websites maintenance fees), rentals (copier lease for units in city hall and postage meter lease), minor tools and equipment (computers and related devices for the city network), and telephone (internet fees for city).

Public Works Administration – This department records the expenditures for the management and administration of all public works functions and the related staff. Expenditures for this department include personnel, current expenditures and capital outlays. Personnel expenditures include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenditures include insurance (liability insurance and bond insurance on public employees), professional service (surveying services, design review and legal fees), publishing, repair of equipment, office supplies (credit card fees and supplies for all general fund public work departments and postage), clothing-food-safety equipment, minor tools, travel and training related expenses, telephone costs allocated to the department, and other current expenses (magazine subscriptions and dues). Capital outlay expenditures would include land, buildings, improvements and equipment that fall under the capitalization policy of the city.

Police – This department records the expenditures incurred by the police department in the administration of various law enforcement activities. Expenditures for this department include personnel, current expenditures, capital outlay and others. Personnel expenditures include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (8% of salaries for all certified officers and 6% of salaries for administrative assistant), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenditures include insurance (liability insurance and bond insurance on public employees), professional fees (police computer program licenses and support, law enforcement television network-workplace learning program, security support contract, and abandoned vehicle impound fees), repair of vehicles, repair of equipment, office supplies (includes credit card fees), clothing-food-safety equipment (uniforms and boot allowances), minor tools (tactical equipment and firearms), tires, miscellaneous (ammunition, new vehicle set up costs, and DARE program items), travel and training related expenses, telephone (includes cell phones, internet charges and 911 phone lines), and other current expenses (magazine subscriptions, books and professional dues).

Police Communications – This department records the expenditures incurred by the communications center for police, fire and ambulance services. Expenditures for this department include personnel and current expenses. Personnel expenditures include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenditures include insurance (liability insurance and bond insurance on public employees), professional services (notary bonds, AIX support contract, and SD BIT annual service and line fees), repair of equipment, office supplies, clothing-food-safety equipment, minor tools, travel and training related expenses, telephone (includes cell phones and MDT cellular communications), electricity (for communication tower at Standpipes), and other current expenditures (subscriptions and professional dues).

Fire – This department records the expenditures incurred by the fire department in preventing and fighting fires. Expenditures included are personnel, current expenditures, capital outlay, and others. Personnel expenditures include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries) worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee) for the mechanic staff that is assigned to the fire equipment. Current expenditures include insurance (liability insurance), professional services (special licenses, extinguisher services, bunker cleaning, and copier maintenance agreement), publishing, rentals (storage for Engine 9), repair of structures, repair of equipment, repair of miscellaneous (yearly ladder truck certification), office supplies, fuel, clothing-food-safety equipment (bunkers), minor tools (radios and pagers), tires, chemicals (foam), miscellaneous (SCBA’s, special tools, and equipment), travel and training related expenditures, telephone (includes alarm system), natural gas, electricity, other current expenses (subscriptions and professional dues), computer software, and books. Other expenditures is the deferred compensation plan for the fire department which is currently set at \$350 per active member.

Building Inspection – This department records the expenditures incurred in the examination of building plans, inspection of building construction, inspection of existing buildings for structural defects and compliance with minimum housing standards, and issuance of building permits. Expenditures of the Building Inspection department include personnel and current expenses. Personnel expenditures include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenditures include insurance (liability insurance and bond insurance on public employees), publishing (building and fire code articles and forms issued), clothing-food-safety equipment, minor tools, travel and training, and other current expenses (magazine subscriptions and dues).

Streets – This department records the expenditures incurred in construction and maintenance of roadways. Expenditures of the Streets department are

personnel and current expenditures. Personnel expenditures include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker's compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenditures include insurance (liability insurance and bond insurance on public employees), professional services (weed control, striping of streets and sidewalks, street light maintenance, and crack sealing), rentals (Cat road grader annual rental fee and rental of various equipment), repair of equipment, repair of streets, curbs and handicap access, clothing-food-safety equipment, janitorial supplies, minor tools, chemicals (larvacide), miscellaneous (cones, barricades, signs, asphalt cold and winter mix, and decorative light bulbs), travel and training related expenses, and electricity (street lights).

Snow Removal – The department records the expenditures for the snow removal functions of the city. Expenditures of this department are personnel and current expenses. Personnel expenditures include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker's compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (outsourced snow removal services), rental (private blade rental with City operator), repair of equipment, fuel, and chemicals (ice slicer and ice melt).

Storm Water – This department records the expenditures for the construction, maintenance and repair of storm drainage inlets, and collection and disposal systems. The expenditures for the Storm Water department include personnel and current expenditures. Personnel expenditures include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), and worker's compensation insurance. Current expenditures include professional services (weed spraying and street cleanup with property owners reimbursing the cleanup costs), minor tools and equipment, and agricultural supplies (erosion control).

Cemetery – This department records the expenditures for Rose Hill Cemetery. Expenditures include personnel and current expenses. Personnel expenditures include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker's compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (Rose Garden nameplates, replacement stones for temporaries, contract spraying for weeds and fertilizer, contract tree maintenance and the cemetery software maintenance and license fees), repair of structures, repair of equipment, repair of walks (includes the cost to repair grave site boarders and to level monuments), fuel, clothing-food-safety equipment, minor tools and equipment (shovels, rakes, weed eaters, push mowers), chemicals, miscellaneous (signs and posts, brass plates and section markers), travel and training, electricity, and other current expenses (magazine subscriptions and dues).

Animal Control – The department of Animal Control records the expenditures incurred by the Animal Control Officer and all duties related to the position. The expenditures included are personnel and current expenses. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance), professional services (veterinarian service and rabies testing fees), office supplies, clothing-food-safety equipment, minor tools (live traps), travel and training, and other current expenses (magazine subscriptions and dues).

Recreation/Aquatic – This department records the expenditures for the Spearfish Recreation and Aquatics Center and all related positions. The expenditures include personnel, current expenses, capital outlay and others. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (pest control, fire extinguisher maintenance, fire system maintenance/security, chemical analysis, copier machine maintenance agreement and parking lot painting and repairs), publishing (advertising, web page upkeep, and rec guides), rentals (summer rec field trip transportation, hoop rentals, rugs, mats and copier lease), repair of structures, repair of equipment, repair of streets-curbs-walks, repair of water (irrigation), supplies (includes postage and cell phones), clothing-food-safety equipment (Rec shirts, employee clothing and first aid supplies), janitorial supplies, minor tools (wristbands, games, athletic equipment, crafts, training materials, key tags and hand held fitness equipment), miscellaneous supplies (ice melt, flags, bulbs, signs, banners, trash can receptacles, carts) moderate equipment (fitness machines and floor buffer), chemicals (for pool), concessions (inventory for the concession stand), travel and training, telephone (includes cable and internet), natural gas, and other current expenses (magazine subscriptions and dues). Capital outlay includes the annual license fee for the Rec Pro software program. Others expenditures records the sales tax paid to the state.

Spectator Recreation – The department of Spectator Recreation records the expenditures for the care and maintenance of the city athletic parks and ball fields. Expenditures include personnel and current expenses. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (contract spraying, aerating and moving fees for BH Complex/Adult Softball/infield), rental (port-a-potties at the skate park, tennis courts and athletic fields), repair of structures, repair of equipment, repair of streets-curbs-walks, repair of water-sewer (irrigation), fuel, clothing-food-safety equipment, minor tools (hand tools, weed eaters and push

mowers), agricultural (trees, seeds, flowers, etc) chemicals (weed control, fertilizers), miscellaneous (seating structures), travel and training, natural gas, electricity, sewer charges, and other current expenses (magazine subscriptions and dues).

Community Subsidies – The department of Community Subsidies is where the City records expenditures for the Historic Preservation organization and all subsidies given to external organizations that are funded with General Fund monies. Expenditures include current expenses and subsidies. Current expenses are Historic Preservation professional services, Historic Preservation office supplies, and Historic Preservation other expenses (dues and markers). Subsidies have historically included NH Drug & Alcohol Services, NH CASA, Spearfish Ambulance (fuel), Victims of Violence, Teen Court, Prairie Hills Transit, Spearfish Food Pantry, Community Action Program, Good Shepherd Clinic, SEDC, BH Community Economic Development, Spearfish Senior Center, RSVP, Western Hills Humane Society, Neighborhood Housing Services of the BH, Parent Who Care, 4th of July Parade Bands, Rec Grants, and NH Community Band.

Parks – The department of Parks records the expenditures for the care and maintenance of the city parks. Expenditures include personnel, current expenses and others. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker's compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (contracts for spraying, flowers, tree maintenance, tree spraying, stump removal, line painting and NH Training Center cleaning services), rentals (port-a-potty rentals for Heritage Park, City Park and Festival in the Park), repair of structures (building repairs and restroom partitions repairs), repair of equipment, repair of streets, curbs and walks, repair of water and sewer (irrigation), gas-oil-fuel-propane, clothing-food-safety equipment, minor tools and equipment (weed eaters, chainsaws, etc.), agricultural supplies (trees, shrubs, seed), chemicals (Roundup, fertilizer, de-foamer), miscellaneous (picnic tables, bark chips for play structures, playground equipment mats, signs, landscaping chips, garbage can lines, and benches), travel and training, natural gas (for the log cabin in the City Park), electricity, and other current expenses (magazine subscriptions and dues). Other expenditures include sales tax received for picnic shelter rentals.

Library – The department of Library records the expenditures for the general administration of Grace Balloch Memorial Library. Expenditures include personnel, current expenses, and capital outlay. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker's compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services, rentals (South Dakota Library Network), repair and maintenance, office supplies, minor tools, travel and training, telephone, and

other current expenses (periodicals and dues). Capital expenditures include computer software and books.

Planning and Zoning – The department of Planning and Zoning records the expenditures for the planning and zoning functions of the city. Expenditures include personnel, current expenses and other expenses. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker's compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (BH Council of Local Governments Membership), publishing (legal notices, resolutions and ordinances), clothing-food-safety equipment, minor tools and equipment, travel and training, and other current expense (magazine subscriptions and dues). Other expense is refund of property taxes on the Hansen land.

Motor Pool – The department of Motor Pool records the expenditures for the motor fleet owned by general fund departments and the mechanic personnel. Expenditures include personnel and current expenses. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker's compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (painting, tire repair, alignment and fire extinguisher maintenance), rentals (coveralls), repair of equipment (for all equipment owned by general fund departments), gas-oil-fuel-propane (Motor Pool pays for all gasoline used by streets, cemetery, government buildings, parks and storm water departments), clothing-food-safety equipment, minor tools, tires, chemicals (soap and rust pent), miscellaneous (steel, bolts, clamps, and hardware), and other current expenses (data auto repair manuals online subscription).

Special Revenue Funds:

Second Penny Sales Tax Fund – This fund was established in July of 2003 and is defined by city ordinance Sec. 16-58. Use of revenue: Any revenue received in excess of the amount received if the rate of tax is one (1) percent may be used only for the following purposes: capital improvement, land acquisition, the funding of public ambulances and medical emergency response vehicles, nonprofit hospitals with fifty (50) or fewer licensed beds, or nonprofit healthcare facilities with fifty (50) or fewer licensed beds, the transfer to the special 911 fund authorized by SDCL 34-45-12, the purchasing of firefighting vehicles and equipment, public safety vehicles and equipment, heavy equipment, debt retirement, the minor or major rehabilitation or reconstruction of streets, economic development purposes, and distribution to other political subdivisions of the State of South Dakota for an authorized public purpose under SDCL § 6-5-5,

including the operational costs thereof or for capital expenditures. These expenditures may be financed through a sale-leaseback agreement.

Revenue: The major source of revenue for this fund is the second penny of sales tax collection. Interest is also a source of revenue for this fund.

Expenditures: Expenditures for the Second Penny Sales Tax Fund are capital outlay, debt service and other expenditures. Capital outlay expenditures are purchases of land, buildings and structures, improvements other than buildings and machinery and equipment. All purchases from the Second Penny Sales Tax Fund must meet the “Capitalization Policy” as adopted by the City Council. Debt service expenditures include payments of principal and interest on bonds or loans secured with sales tax proceeds. Currently debt service payments are made on the 2007 Sales Tax Revenue Bond (for purchase and construction of the Spearfish Rec and Aquatic Center), Humane Society Building Bond (currently leased to the Western Hills Humane Society), and the Della Vecchia Land Purchase Agreement. Other expenditures include subsidies to community organizations that qualify under the language of the city ordinance. Currently the Spearfish Ambulance Service receives an allocation for equipment from the Second Penny Sales Tax Fund.

Hospitality Tax Fund – This fund accounts for the collection of a one percent tax on the gross receipts of lodgings, alcoholic beverages, prepared food and admissions which tax shall be used for the purpose of land acquisition, architectural fees, construction costs, payments for civic center, auditorium or athletic facility buildings, including the maintenance, staffing, and operations of such facilities and the promotion and advertising of the city (SDCL 10-52A-2).

Revenue: Sales tax and interest are the two sources of revenue for the Hospitality Tax Fund.

Expenditures: Expenditures for the Hospitality Tax Fund are current expenditures, capital outlay and other expenditures. Current expenditures include marketing and electricity for the Rec Center. Capital outlay expenditures include land, buildings, improvements other than buildings, and machinery and equipment that meet the city’s “Capitalization Policy”. Currently the electrical improvements to the 2011 Main Street project are budgeted for the Hospitality Tax Fund. Other expenditures include subsidies to community organizations that qualify under the language of the ordinance. Currently the organizations that are funded with Hospitality Tax are the High Plains Western Heritage Museum (including funds for the parking lot improvements), Mathew’s Opera House, DC Booth Society, BHSU Young Center (stadium seats and swimming club program), Spearfish Economic Development Corporation, Downtown Business Association, 211 Help Line, Visit Spearfish, and Black Hills Vision.

Library Gift Fund – This fund accounts for fines and money derived by gift, bequest or devise to be spent on library purposes.

Revenue: Library fines, interest and donations are the primary revenue sources for the Library Gift Fund.

Expenditures: Expenditures include office supplies and books.

Convention Center BID District Fund – This fund accounts for the occupation tax collected by member hotels within the Business Improvement District. Currently the occupation tax is assessed at \$2.00 per night. Proceeds from the occupation tax are used to fund Visit Spearfish as authorized by SDCL 9-55-3 (Employing or contracting for personnel, including administrators for any improvement or promotional program under this chapter, and providing for any service necessary or proper to carry out the purposes of this chapter).

Revenue: The revenue sources for the Convention Center BID District Fund are the occupancy tax collected by member hotels, voluntary occupancy tax collected by Spearfish Canyon Resort, and interest.

Expenditures: Currently the only expenditure for the Convention Center BID District Fund is a monthly allocation to Visit Spearfish.

911 Emergency Fund – The 911 Emergency Fund accounts for 911 emergency surcharge collected to be used for payment of nonrecurring and recurring costs and for the general operational expenses of the 911 related services.

Revenue: The primary source of revenue for the 911 Emergency Fund is the 911 surcharge with interest also being received.

Expenditures: Expenditures for the 911 Emergency Fund include current expenditures and capital outlay. Current expenditures include professional services, repair of equipment, minor tools/equipment (software and radios), miscellaneous expenses, and telephone (E911 charges for the ANI/ALI and T1 communications line). Capital outlay expenditures are purchases of land, buildings and structures, improvements other than buildings and machinery and equipment. All purchases must meet the “Capitalization Policy” as adopted by the City Council.

Special Assessment Revolving Fund – This fund accounts for financing improvements for which special assessments are to be levied. The fund pays for the portion of costs ultimately to be paid from collections of assessments.

Revenue: The revenue sources for the Special Assessment Revolving Fund are principal, interest and late payment penalties on prior year’s assessments.

Expenditures: Expenditures for the Special Assessment Revolving Fund are current expenses and capital outlay. Current expenses would include professional services for the design of future projects. Capital outlay expenditures are improvements other than buildings (primarily streets, curb and

gutters, and sidewalks) that will be assessed to the property owner upon completion of the project.

Spearfish Economic Revolving (SERF) Loan Fund – This fund accounts for funds that the city has set aside for the purpose of loaning to new businesses to be repaid over a period of years.

Revenue: The primary source of revenue for the Spearfish Economic Revolving Loan Fund is interest received on loan payments. Principal payments are recorded as revenue during the year but adjusted at year end to reduce the loan receivable balances.

Expenditures: Expenditures for the SERF Fund include current expenses (professional services).

Special Park Gift Fund – This fund accounts for any gift, grant, devise or bequest made by any person, private agency, agency of state government, the federal government, or any of its agencies for park purposes if so established by the park board (authorized by SDCL 9-38-12).

Revenue: Revenue sources for the Special Park Gift Fund are interest and rental/lease payments for grazing and communication towers located on Lookout Mountain.

Expenditures: Expenditures for the Special Park Gift Fund are current expenditures and would include professional services (spraying on Lookout Mountain, canyon area and Meier land and the Lookout Mountain Fire Wise program), publishing, repair of streets-curbs-sidewalks, minor tools (memorial and park benches) and electricity (for the towers located on Lookout Mountain which is recouped from the lessors).

Art in Public Places Fund – This fund, established in 2005, shall be used for the acquisition, installation, improvement, and maintenance of artwork to be displayed in the city, the administration of the art in public places program, and for community public art education programs and is not to exceed five percent (5%) of the annual budget.

Revenue: The art in public places allocation is 5% of building permit revenue pursuant to Ordinance 1015.

Expenditures: Expenditures from the Art In Public Places Fund can be for the acquisition of artwork, which shall become the city's collection; to provide a means to select artwork for the collection; to provide for the display of the collection and to provide for the maintenance and repair of the artwork in the collection. All artwork must be approved by the Art In Public Places Committee prior to purchase and display.

Highway and Bridge Fund – This fund accounts for the city’s portion of license plate fees collected by the county and can be used for the purposes of constructing and maintaining highways, streets, and bridges on their highway and street systems.

Revenues: The revenue sources for this fund are the portion of license plate fees allocated to the city and interest.

Expenditures: The expenditures for this fund are current expenditures and capital outlay. The current expenditures include project engineering and capital outlay includes improvements other than buildings (street repairs and overlays) and machinery and equipment (street scape furniture for 2011).

Golf Course Capital Fund – This fund was established pursuant to the Elkhorn Ridge Golf Course Management Agreement. The agreement states: “Management shall pay (5%) of gross revenue into an account maintained by City to be reserved for capital improvement at the Golf Course. All capital improvements are subject to approval by the City and shall be considered as fixed assets of the City. When this agreement terminates, all funds in this account shall be an asset of the City. Any capital improvement, which may include building construction, new cart path construction, Golf Course improvements and development of new holes, shall be performed in accordance with the City’s requirements.”

Revenue: The revenue for this fund is the proceeds from Elkhorn Ridge Golf Course and accrued interest.

Expenditures: Expenditures allowed from this fund are capital outlay as defined by the Management Agreement.

Historical Procurement & Project Fund – This fund accounts for the acquisition, preservation, maintenance, and annual administration of special, significant, unique, or historic documents, artifacts, memorabilia, materials, or treasures, including but not limited to those items of the Fassbender Photographic Collection that are being purchased by the City of Spearfish and to further accommodate and increase public accessibility to such historic items.

Revenue: The Historical Procurement & Project Fund shall be funded by \$25,000 of the annual revenues received from Deadwood gaming revenues as well as any revenues generated from the historical items.

Expenditures: Expenditures of the fund include current expenditures (miscellaneous expenses) and debt service (for the Fassbender Photographic Collection).

Debt Service Funds:

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The city currently has three debt service funds: TID#1

Elkhorn Ridge Debt Service Fund, TID#2 Industrial Park Debt Service Fund and TID#3 McGuigan Ranch Debt Service Fund.

Revenue: Revenue source for all of the city's debt service funds is the tax increment from the established Tax Increment Financing District, interest and penalties on late payments.

Expenditures: Expenditures for all debt service funds is principal and interest on long-term debt.

Permanent Funds:

Permanent funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Cemetery Perpetual Care Fund – This fund accounts for the payments received for perpetual care of cemeteries which is permanently set aside for and which only the income from the trust fund investments shall be used for the care and maintenance of the cemetery. (SDCL 9-32-18)

Revenue: Revenue source for this fund is perpetual care fees collected.

Expenditures: Expenditures are authorized by SDCL 9-32-20: Use of perpetual care fund for land acquisition. If the municipality finds it necessary to extend the boundaries of such cemetery, or acquire land removed from the present cemetery, a portion of the perpetual care trust fund may be used under the following conditions: If the trust fund is in the amount of fifty thousand dollars or more, and the governing board deems it necessary to acquire more land for the interment of the deceased, one thousand dollars for each three thousand dollars in excess of fifty thousand dollars may be expended for this purpose. The expenditure of perpetual care trust funds as outlined above shall be a one time expenditure only.

Capital Project Funds:

Recreation Paths – This fund accounts for the construction of recreation paths throughout the city. The fund's revenue source is grants and transfers in from other funds. Expenditures include project engineering and improvements other than buildings.

TID#1 Elkhorn Ridge – This fund accounts for the construction of improvements as authorized in the Tax Increment District Project Plan. The TID is a developer funded district so the source of revenue is the developer. Expenditures include professional services, project engineering, buildings, and improvements other than buildings as authorized by the project plan.

TID#2 Industrial Park – This fund accounts for the construction of improvements made to the industrial park area as authorized in the Tax Increment District Project Plan. Revenue sources for this TID Fund are a \$2 million bond issue, transfers from city water fund and transfers from city sewer fund. Expenditures include professional services, project engineering, buildings, and improvements other than buildings as authorized by the project plan.

TID#3 McGuigan Ranch – This fund accounts for the purchase of land and construction of improvements within the McGuigan Ranch Addition as authorized in the Tax Increment District Project Plan. This is a city funded TID district so revenues are transfers from other funds and expenditures would be those that are authorized by the project plan.

PROPRIETARY FUNDS:

Water Fund – This fund accounts for the construction and operation of the municipal waterworks system and related facilities.

Revenue: Revenues received by the water fund include metered sales (water sold to customers who have meters), bulk water sales, sales of water meters, water tap fees, and interest.

Expenditures: Expenditures for this fund include personnel, current expenses, capital outlay and others. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (One Call Concepts, testing, Rapid Delivery, NHTC maintenance service, leak detection, KT Connections), project engineering, publishing, rentals (includes a portion of copier leases in City Hall), repair of rolling stock, repair of structures, repair of equipment (repairs to pumps, valves and such), repair of streets-curbs and walks (hot and cold mix and concrete), repair of water and sewer (pipe, gravel, paint, valves, clamps), office supplies (includes postage, portion of finance office credit card fees and bill printing services), gas-oil-fuel-propane, clothing-food-safety equipment, janitorial supplies, minor tools, water meters, tires, chemicals, travel and training, telephone (includes cell phones and portion of city hall billings), natural gas, electricity, and other current expenses (magazine subscriptions and dues). Capital outlay expenditures are purchases of land, buildings and structures, improvements other than buildings and machinery and equipment. Other expenditures accounts for the budgeted transfer to the General Fund.

Hydro Electric Fund – This fund accounts for the operation of the hydro-electric facility.

Revenue: Revenues received by the hydro-electric fund include metered sales (electric power sold), other revenue (reimbursement of staff costs paid by SD Science and Tech Authority) and interest.

Expenditures: Expenditures for the hydro-electric fund include personnel, current expenses, capital outlay and other. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker's compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (calibrations, welding, weed spraying, legal fees, consulting and KT Connections), project engineering, publishing (FERC notices), rentals (portion of city hall copier leases), repair of structures (fence & diversion cleanout), repair of equipment, repair of streets-curbs-walks, office supplies, gas-oil-fuel-propane, clothing-food-safety equipment, janitorial supplies, minor tools, agricultural supplies, travel and training, telephone (includes cell phone, alarm line and portion of city hall billings), and electricity. Capital outlay expenditures are purchases of land, buildings and structures, improvements other than buildings and machinery and equipment. Other expenditures accounts for the budgeted transfer to the General Fund.

Sewer Fund – This fund accounts for the construction and operation of the city sewer system and related facilities.

Revenue: Revenues received by the sewer fund include sewer line charges, waste water charges, Spearfish Valley Sanitary District fees, sewer tap fees, wastewater environmental fees and interest.

Expenditures: Expenditures for the Sewer Fund are divided into two departments: Sewer and Wastewater.

Sewer – Expenditures for the sewer department include personnel, current expenses, capital outlay and other. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker's compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (One Call, plumbing services, weed/pest control, KT Connections, NHTC maintenance service, and legal fees), project engineering, publishing, rentals (generators, large trash pump, trencher and portion of city hall copier leases), repair of structures, repair of equipment (jet hoses, nozzles, lift station pumps, and transducer), repair of streets-curbs-walks (street projects, road patching, manhole rings, gravel and repair of manholes), repair of water and sewer (manhole and line repairs and replacements), miscellaneous, office supplies (includes postage, portion of finance office credit card fees and bill printing services), gas-oil-fuel-propane, clothing-food-safety equipment, minor tools (confined space gas meter), agricultural supplies (grass and hydro seed), tires, chemicals (for lift stations), travel and training, telephone (includes cell phone, lift station alarms and portion of city hall billings), natural gas (generators), electricity (for lift stations), and other current expenses (certification dues). Capital outlay expenditures are purchases of land, buildings and structures, improvements other than buildings and machinery and equipment. Other expenditures accounts for the budgeted transfer to the General Fund.

Wastewater - Expenditures for the wastewater department include personnel, current expenses, capital outlay, debt service and other. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker's compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (calibration and yearly maintenance, weed/pest control, testing and shipping, generator control testing and maintenance and KT Connections), publishing, rentals (crane, uniforms, tipping fees at landfill, and portion of city hall copier leases), repair of rolling stock, repair of structures, repair of equipment, telephone (includes cell phones, pagers and portion of city hall billings), electricity, office supplies (includes postage, portion of finance office credit card fees and bill printing services), and other current expense (magazine subscriptions and dues). Capital outlay expenditures are purchases of land, buildings and structures, improvements other than buildings and machinery and equipment. Debt service expenditures include principal and interest for the 2009 SRF Loan. Other expenditures accounts for the budgeted transfer to the General Fund.

Parking Fund – This fund accounts for the operations of the Downtown Parking District.

Revenue: Revenue for the parking fund is derived from parking fines, interest, and the annual parking assessment on the properties located within the Downtown Parking District.

Expenditures: Expenditures for the parking fund include personnel, current expenses and debt service. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), and worker's compensation insurance. Current expenses include insurance (liability insurance and bond insurance on public employees) and office supplies (tickets). Debt service expenditures include principal and interest for the portable stage purchased in 2009.

Solid Waste Fund – This fund accounts for the collection and disposal of solid waste from the city.

Revenue: Revenues received by the solid waste fund include landfill fees, rubble site fees, composting permits, sales of recyclables, tax on landfill and rubble site fees and interest.

Expenditures: Expenditures for the solid waste fund include personnel, current expenses and other. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker's compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (weed/pest control, computer management, testing, vehicle towing and KT connections), publishing, rentals (port-a-potty and portion of city hall copier leases), repair of structures, repair of equipment, repair of

streets-curbs-walks, office supplies (includes postage, portion of finance office credit card fees, portion of bill printing services), gas-oil-fuel-propane, clothing-food-safety equipment, minor tools (garbage containers and lids), tires, chemicals (cleaner/degreaser), travel and training, telephone (includes cell phones and a portion of city hall billings), electricity (for Rubble Site building), waste disposal (tipping fees at landfill), and other current expenses (magazine subscriptions and dues). Other expenditures include sales tax payments and accounts for the budgeted transfer to the General Fund.

Campground Fund – This fund accounts for the operations of the city owned campground and the rental building located within the campground.

Revenue: Revenues for the campground fund are space rentals, wood and ice sales, Snapper’s Club rentals, tax on rentals and sales and interest.

Expenditures: Expenditures for the campground fund are personnel, current expenses, capital outlay and other. Personnel expenses include salaries, FICA tax (6.2% of salaries), Medicare tax (1.45% of salaries), retirement (6% of salaries), worker’s compensation insurance, and group insurance (currently set at \$430 per month per full-time employee). Current expenses include insurance (liability insurance and bond insurance on public employees), professional services (weed/pest control, spraying, contract tree maintenance, contract tree spraying, and software contract maintenance), publishing (work camper ads), rentals (port-a-potties during rally week and at ice rink), repair of structures (restroom facilities), repair of equipment, repair of streets-curbs-walks, repair of water and sewer (canyon dam intake), office supplies (maps, wristbands, postage, credit card fees), gas-oil-fuel-propane, clothing-food-safety equipment, janitorial supplies, minor tools (chainsaws and weed eaters), agricultural supplies (seed and trees), chemicals (Round Up and 24D), miscellaneous (signs, picnic tables, Snapper’s club table and chairs, shower safety tiles), telephone (includes office, cell and pay phones), natural gas, electricity, cable tv and internet, and other current expenses (magazine subscriptions and dues). Capital outlay expenditures are purchases of land, buildings and structures, improvements other than buildings and machinery and equipment. Other expenditures accounts for refunds, sales tax payments, and the budgeted transfer to the General Fund.

Employee Health & Accident – This fund accounts for group life, health, dental and supplemental insurance for employees and their covered families.

Revenue: Revenues for this fund include interest, the monthly allotment given to each employee (currently set at \$430) plus any additional amount the employee has elected for additional coverage.

Expenditures: Expenditures for this fund include the insurance (the actual amount paid to insurance carriers) and refunds. Refunds include the portion of deductible that the city reimbursed employees, cancelled in 2011.