

# City of Sioux Center, Iowa



## Annual Financial Report

for the fiscal year ended June 30, 2013

Prepared by:  
Finance Department  
Darryl Ten Pas, Finance Director

# CITY OF SIOUX CENTER, IOWA

## TABLE OF CONTENTS

June 30, 2013

### Introductory Section

	<u>Page</u>
Officials	3
Letter of Transmittal	4
Financial Section	
Independent Auditor's Report	7
Management's Discussion and Analysis	9
Organizational Structure	17
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Governmental Fund Financial Statements:	
Balance Sheet	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	21
Statement of Revenues and Expenditures and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	23
Proprietary Fund Financial Statements:	
Statement of Net Position	24
Statement of Revenues, Expenses, and Changes in Fund Net Position	25
Statement of Cash Flows	26
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Assets and Liabilities - Agency Funds	27
Notes to Financial Statements	28
Required Supplementary Information:	
Notes to Required Supplementary Information - Budgetary Reporting	42
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds	43
Supplementary Information	
Nonmajor Special Revenue Funds:	
Combining Balance Sheets	45
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	46
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	47
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	48
Schedule of Receipts and Disbursement by Function	49
Schedule of Expenditures of Federal Awards	50

# CITY OF SIOUX CENTER, IOWA

## TABLE OF CONTENTS

June 30, 2013

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 <u>Government Auditing Standards</u>	51
Independent Auditors Report on Compliance for Each Major Federal Program, on Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	53
Schedule of Findings and Questioned Costs	55
<b>Statistical Section</b>	
Net Position by Component	58
Changes in Net Position	59
Fund Balances, Government Funds	60
Changes in Fund Balances, Government Funds	61
Assessed and Estimated Actual Value of Taxable Property	61
Property Tax Rates	62
Principal Property Tax Payers	63
Property Tax Levies and Collections	63
Ratios of Outstanding Debt by Type	64
Ratios of Outstanding General Bonded Debt Outstanding	64
Direct and Overlapping Governmental Activities Debt	65
Legal Debt Margin Information	66
Pledged-Revenue Coverage	67
Demographic Economic Statistics	68
Full-time Equivalent City Government Employees by Function	69
Operating Indicators by Function/Program	70
Capital Asset Statistics by Function/Program	71
Staff	72

# CITY OF SIOUX CENTER, IOWA

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Walstra	Mayor	Jan 2016
Dave Krahling	Council Member	Jan 2016
Verlyn Rozeboom	Council Member	Jan 2016
Jamie Van Ravenswaay	Council Member	Jan 2014
Randy Vreugdenhil	Council Member	Jan 2014
W. Dale Den Herder	Council Member	Jan 2014
Paul Clousing	City Manager	Indefinite
Darryl Ten Pas	Treasurer, Finance Director	Indefinite
Brian Van Engen	Attorney	Indefinite



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October 31, 2013

The Honorable Mayor  
Members of the City Council  
Citizens of the City of Sioux Center, Iowa:

The Comprehensive Annual Financial Report for the City of Sioux Center for fiscal year ended June 30, 2013, has been prepared by the finance department and is submitted herewith. State law requires that every general-purpose local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2013.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

The City of Sioux Center's financial statements have been audited by Kroese & Kroese, P.C., a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance the financial statements of the City of Sioux Center for the fiscal year ended June 30, 2013, are free of material misstatements. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used by management and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified "clean" opinion that the City of Sioux Center's financial statements for the fiscal year ended June 30, 2013, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **Profile of the Government**

The City of Sioux Center, incorporated in 1891, is located in the northwest corner of Iowa, approximately 45 miles northeast of Sioux City, Iowa, and 60 miles southeast of Sioux Falls, South Dakota. Sioux Center is surrounded by rich farmland and consequently much of its local business and industrial base is agriculturally oriented.

The City provides the full range of municipal services authorized by state law and city ordinance. This includes police and fire protection, street system, sanitation system, library, parks and recreation, municipal airport, planning and zoning and code enforcement, and general administrative services necessary to serve the citizens of the community. The City also operates water, wastewater treatment, electric, and natural gas utility systems and a downtown mall.

The City operates under a council-manager form of government. Policy-making and legislative authority are vested in the city council consisting of the mayor and five members. The city council is responsible for passing ordinances, adopting the budget, appointing committees, and setting policy. The city manager is responsible for carrying out the policies of the council and for overseeing day-to-day operations of the City. The city council is elected on a non-partisan basis. Council members serve four-year staggered terms with an election every two years. The mayor is elected for a four-year term.

The annual budget serves as the foundation for the City of Sioux Center's financial planning and control. All departments of the City are required to submit their budget requests to be included in the budgeting process. The city manager, utility manager, and finance director compile these requests and present the proposed budget to the city council. The council considers the proposed budget, makes changes, and must adopt a final budget by March 15 of each year. The final adopted budget is the framework under which the City will operate in the next fiscal year. The legal level of budgetary control is at the function level rather than at the fund level. Budget-to-actual comparisons are provided in this report for each function.

## **Economic Condition and Outlook**

Construction activity in the City increased in calendar year 2012 from last year. 15 building permits for new and remodeling were issued for commercial construction, 74 permits for new and remodeling were issued for residential construction, and no permits were issued for tax-exempt construction. A total estimated taxable value of \$46,895,991 was added to the tax base in 2012.

Taxable retail sales in the City increased in 2012. Taxable sales were \$131,057,839 a 9% increase from 2011. The City's retail sales account for 39% of all taxable sales in the county which is unchanged from 2011.

Based on current projections, we expect to see solid building construction both commercial and residential in the future. Although growth has a positive impact on the local economy, it does present challenges for the orderly development of the community and infrastructure expansion and maintenance.

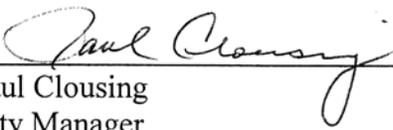
## Long-term Financial Planning

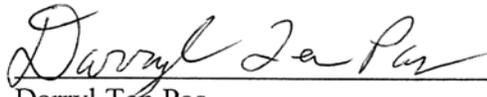
The city council and administration routinely consider the long-term outlook regarding financial matters. Operating budget decisions are based on the long-term impact of appropriations and funding. When considering capital improvement projects, the City considers the impact of investment in infrastructure and economic development, the associated debt burden, and additional operating commitments to ensure fiscally responsible decisions.

### Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the dedicated services of the entire finance department. We wish to express our appreciation to all staff members who assisted and contributed to its preparation. We also thank the mayor and members of the city council for their continued interest and support of the City in a responsible and progressive manner.

Sincerely,

  
\_\_\_\_\_  
Paul Clousing  
City Manager

  
\_\_\_\_\_  
Darryl Ten Pas  
Finance Director



## Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Sioux Center, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 U.S. generally accepted accounting principles. 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 conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 City'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 City'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Sioux Center, Iowa as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 9-16 & 42 and 43 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

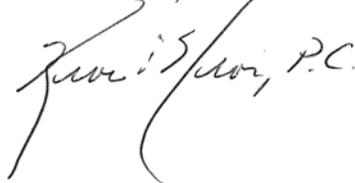
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Sioux Center, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 4, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2013 on our consideration of City of Sioux Center, Iowa's internal control over financial reporting and 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 and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Sioux Center, Iowa's internal control over financial reporting and compliance.



Sioux Center, Iowa  
October 17, 2013



## Management Discussion and Analysis

June 30, 2013

As management of the City of Sioux Center, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Sioux Center for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

### Financial Highlights:

The assets of the City of Sioux Center exceeded liabilities at the close of business on June 30, 2013 by \$79,124,487 (net assets). Of this amount, \$25,499,430 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net assets increased by \$1,345,253 during the fiscal year. An increase of \$711,169 is attributable to governmental activities and an increase of \$634,084 to business type activities.

The City's long-term debt increased \$759,000 due to refinancing a GO Bond in the past year. The old bonds are still an obligation of the cities until they are paid in 2014 and 2015 with funds that are currently held in an escrow account. Without this refinancing, long-term debt would have decreased \$1,946,000. General Obligation debt totaled \$11,665,000 and other long-term debt totaled \$3,562,000.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Sioux Center's basic financial statements. The City of Sioux Center's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Sioux Center's finances in a manner similar to a private-sector business.

decreases in net assets may serve as a useful indicator of whether the financial position of the City of Sioux Center is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave)..

Both of the government-wide financial statements distinguish functions of the City of Sioux Center that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety, culture and recreation, public works, community and economic development, general government, and interest on long-term debt. The business type activities of the City include electric, gas, water, sewer, and Centre Mall.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Sioux Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Sioux Center can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Sioux Center adopts an annual appropriated budget. A budget comparison statement has been provided to demonstrate compliance with the budget.

## Proprietary Funds

The City of Sioux Center maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the activities of the electric utility, gas utility, water utility, sewer utility and the Centre Mall. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Sioux Center uses an internal service fund to account for vehicle maintenance. Because these services benefit both governmental and business-type functions, they have been apportioned accordingly in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements include a statement of cash flows in addition to the basic financial reports.

## Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Sioux Center's programs. The accounting used for these funds is much like that used for proprietary funds. The City has one type of fiduciary fund: agency fund.

## Government-wide Financial Analysis

As stated earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$79,124,487 at the close of the most recent fiscal year.

### City of Sioux Center Net Assets

	Governmental Activities <u>2013</u>	Business- type Activities <u>2013</u>	Total <u>2013</u>	Governmental Activities <u>2012</u>	Business- type Activities <u>2012</u>	Total <u>2012</u>
Current and other assets	\$5,395,579	\$26,748,966	\$32,144,545	\$3,518,089	\$25,584,835	\$29,102,924
Capital assets	<u>45,262,017</u>	<u>19,998,144</u>	<u>65,260,161</u>	<u>45,080,190</u>	<u>20,376,610</u>	<u>65,456,800</u>
Total assets	<u>50,657,596</u>	<u>46,747,110</u>	<u>97,404,706</u>	<u>48,598,279</u>	<u>45,961,445</u>	<u>94,559,724</u>
Noncurrent liabilities	8,279,647	4,935,353	13,215,000	7,340,961	5,181,040	12,522,001
Other liabilities	<u>2,419,197</u>	<u>2,646,022</u>	<u>5,065,219</u>	<u>2,009,735</u>	<u>2,248,754</u>	<u>4,258,489</u>
Total liabilities	<u>10,698,844</u>	<u>7,581,375</u>	<u>18,280,219</u>	<u>9,350,696</u>	<u>7,429,794</u>	<u>16,780,490</u>
Net assets:						
Invested in capital assets, net of related debt	35,755,133	15,788,085	51,543,218	36,189,621	15,031,420	51,221,041
Restricted	1,457,573	624,266	2,081,839	1,455,096	688,534	2,143,630
Unrestricted	<u>2,746,046</u>	<u>22,753,384</u>	<u>25,499,430</u>	<u>1,602,866</u>	<u>22,811,697</u>	<u>24,414,563</u>
Total net assets	<u>\$39,958,752</u>	<u>\$39,165,735</u>	<u>\$79,124,487</u>	<u>\$39,247,583</u>	<u>\$38,531,651</u>	<u>\$77,779,234</u>

The largest part of the City's net assets (65.1 percent) reflects its investment in capital assets (e.g. land buildings, machinery, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these long-term liabilities.

An additional portion of the City of Sioux Center's net assets (2.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$25,499,430) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The City's total net assets increased during the current fiscal year. The increase in net assets in the business-type activities was typical and the increase in the governmental activities column is explained in further detail in the following section.

## Governmental Activities

A summary of the City's changes in net assets follows:

### City of Sioux Center Change Net Assets

	Governmental Activities <u>2013</u>	Business- type Activities <u>2013</u>	Total <u>2013</u>	Governmental Activities <u>2012</u>	Business- type Activities <u>2012</u>	Total <u>2012</u>
<b>Revenues:</b>						
Charges for services	\$1,629,455	\$19,648,606	\$21,278,061	\$1,390,880	\$19,054,708	\$20,445,588
Operating grants and contributions	674,958		674,958	668,511		668,511
Capital grants and contributions	66,900		66,900	564,919		564,919
<b>General Revenues:</b>						
Property taxes	2,853,928		2,853,928	2,844,644		2,844,644
Tax increment financing	1,938,795		1,938,795	1,940,629		1,940,629
Local option sales tax	760,459		760,459	640,653		640,653
Use of property and money	13,652	450,744	464,396	27,596	394,572	422,168
Miscellaneous	<u>806,237</u>	<u>231,155</u>	<u>1,037,392</u>	<u>856,405</u>	<u>927,931</u>	<u>1,784,336</u>
<b>Total Revenues:</b>	<u>8,744,384</u>	<u>20,330,505</u>	<u>29,074,889</u>	<u>8,934,237</u>	<u>20,377,211</u>	<u>29,311,448</u>
<b>Expenses:</b>						
Public safety	1,205,647		1,205,647	1,123,039		1,123,039
Public works	1,983,961		1,983,961	1,683,109		1,683,109
Culture and recreation	3,634,503		3,634,503	3,442,682		3,442,682
Community and economic development	185,660		185,660	148,066		148,066
General government	943,785		943,785	996,544		996,544
Interest on debt	258,630		258,630	323,338		323,338
Capital projects			0			0
Centre Mall		1,016,468	1,016,468		1,109,253	1,109,253
Water Utility		1,317,264	1,317,264		1,264,355	1,264,355
Sewer Utility		1,019,632	1,019,632		1,050,397	1,050,397
Electric Utility		8,767,471	8,767,471		8,715,106	8,715,106
Gas Utility		<u>7,396,615</u>	<u>7,396,615</u>		<u>7,014,332</u>	<u>7,014,332</u>
<b>Total Expenses</b>	<u>8,212,186</u>	<u>19,517,450</u>	<u>27,729,636</u>	<u>7,716,778</u>	<u>19,153,443</u>	<u>26,870,221</u>
Increase/(decrease) in net assets before other financing sources	532,198	813,055	1,345,253	1,217,459	1,223,768	2,441,227
Other financing sources (uses)	<u>178,971</u>	<u>(178,971)</u>	<u>0</u>	<u>224,844</u>	<u>(224,844)</u>	<u>0</u>
Increase/(decrease) in net assets	<u>711,169</u>	<u>634,084</u>	<u>1,345,253</u>	<u>1,442,303</u>	<u>998,924</u>	<u>2,441,227</u>
Net assets-beginning	<u>39,247,583</u>	<u>38,531,651</u>	<u>77,779,234</u>	<u>37,805,280</u>	<u>37,532,727</u>	<u>75,338,007</u>
Net assets-ending	<u>\$39,958,752</u>	<u>\$39,165,735</u>	<u>\$79,124,487</u>	<u>\$39,247,583</u>	<u>\$38,531,651</u>	<u>\$77,779,234</u>

The Cities property tax revenues for general purposes increased by \$9,284 or approximately .3%. This increase is due to continued growth in property valuations. Trust and agency tax revenues increased by \$9,312, this levy can only be used to fund general government employee benefits such as health insurance premiums, workmen’s compensation insurance premiums and payroll taxes. This increase is due to a small increase in the trust and agency levy.

The increase in net assets in the governmental activities column in 2013 was \$711,169. In 2012 there was an increase in net assets for governmental activities of \$1,442,303. This discrepancy is due to the timing of grants, refunds and miscellaneous revenues for the City’s capital projects that occur over several fiscal years.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services, both in the general government and business-type activities.

**Business-Type Activities**

Business-type activities increased the City of Sioux Center’s net assets by \$634,084.

The net revenue (expense) by business activity is shown in the following table:

City of Sioux Center Business-Type Activities

<u>Business Type Activity</u>	<u>2013</u>	<u>2012</u>
Electric Utility	\$301,925	\$1,044,107
Natural Gas Utility	180,380	(164,026)
Water Utility	141,262	146,548
Sewer Utility	90,690	146,548
Centre Mall	<u>(80,173)</u>	<u>(174,253)</u>
Change in Net Assets	<u>\$634,084</u>	<u>\$998,924</u>

The change in net assets for the electric utility in 2013 was lower because of a decrease to transmission capacity equity. Additionally, the electric utility had higher repair and maintenance cost compared to 2012. 2013 was a more historic level of change in Net Assets.

Net assets in the gas utility in 2013 were positive for a number of reasons. Revenues increased in relation to 2012 as natural gas prices moved up slightly throughout the fiscal year, volume was also higher because of a cooler winter compared to the prior year.

The water utility had a gain in 2013. Water sales were above average because of a dry summer which resulted in more gallons being sold. System repair and maintenance were higher than then 2012. A rate increase was implemented in the summer of 2012.

The sewer utility also had a gain 2013 primarily due to the dry summer in 2012 which resulted in increased revenue. No adjustments are made to customer summer usage for

increased water demand due to lawn watering. Expenses decreased in 2013 due to lower system cost. A rate increase was put in effect in the fall of 2012.

The Centre Mall's change in net assets decreased from 2012 to 2013. This decrease was due to a change in the way property taxes were accounted for in 2012. The change corrected the property taxes from a prepaid expense to an accrued expense in 2012. The change had no effect to cash balances.

### **Financial Analysis of the City's Funds**

As noted earlier, Sioux Center uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the City's governmental funds is to provide information on near-term resources. Unreserved fund balance may serve as a useful measure of a government's net resources available at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$1,914,847.

The general fund is the primary fund of the City. The general fund balance decreased by \$700,123 as of June 30, 2013 compared to June 30, 2012. The decrease was due to internal funding of capital projects.

### **Budgetary Highlights**

The City of Sioux Center adopted one budget amendment during fiscal year. The total amendment decreased budget disbursements by \$1,078,800. The decrease was due to lower gas demand and cost than what was budgeted for fiscal 2013. Total disbursements did not exceed the amended budget in fiscal year 2013.

### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$51,543,218 (net of accumulated depreciation and related debt). Capital assets include land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure. The total governmental-type capital assets (net of depreciation and related debt) decreased \$790,202. The increase in capital assets in business-type activities totaled \$756,665. The net increase in capital assets for all activities for the fiscal year was \$33,537. The increase in capital assets for business-type activities is due to increased spending in infrastructure and a portion of the cost in remodeling City Hall. Most of the decrease in capital assets for governmental activities is the City's is due to the refinancing of the GO Bonds.

For further information on additions and deletions to the City's capital assets this fiscal year, refer to the Capital Assets section in the Notes to Financial Statements.

### **Debt Administration**

The City of Sioux Center had total bond debt of \$15,227,000 at the end of the current fiscal year. Of this amount \$11,665,000 was general obligation debt which is debt backed by the full faith and credit of the government. The remainder of \$3,562,000 is revenue bonds (and notes) debt that is secured by specific revenue sources. This is a net increase of \$759,000 from the balance at the end of the previous fiscal year and is due to

advance refunding the 2007 and 2008 GO bonds to take advantage of lower interest rates. The new bond was issued in the amount of \$2,705,000. The 2008 bond is callable June 1, 2014 and the 2007 bond is callable June 1, 2015. Once the call dates are reached for these obligations the 2007 and 2008 GO bonds will no longer be considered outstanding debt of the city.

The City's general obligation debt is limited by the State of Iowa to 5% of the actual value of all taxable property in the community. The City's general obligation debt limit is \$20,972,772. Net bonded debt applicable to the City's debt limit (total issues outstanding less funds reserved for repayment of debt) is \$9,008,613 or 43% of the City's total debt limit.

For further information on the City's change in debt this fiscal year, refer to the Changes in Long-term Liabilities section in the Notes to Financial Statements.

**Economic Factors**

Construction activity in the City had a strong increase in calendar year 2012. Fifteen building permits were issued for commercial construction, seventy-four permits were issued for residential construction and no permits were issued for tax exempt construction.

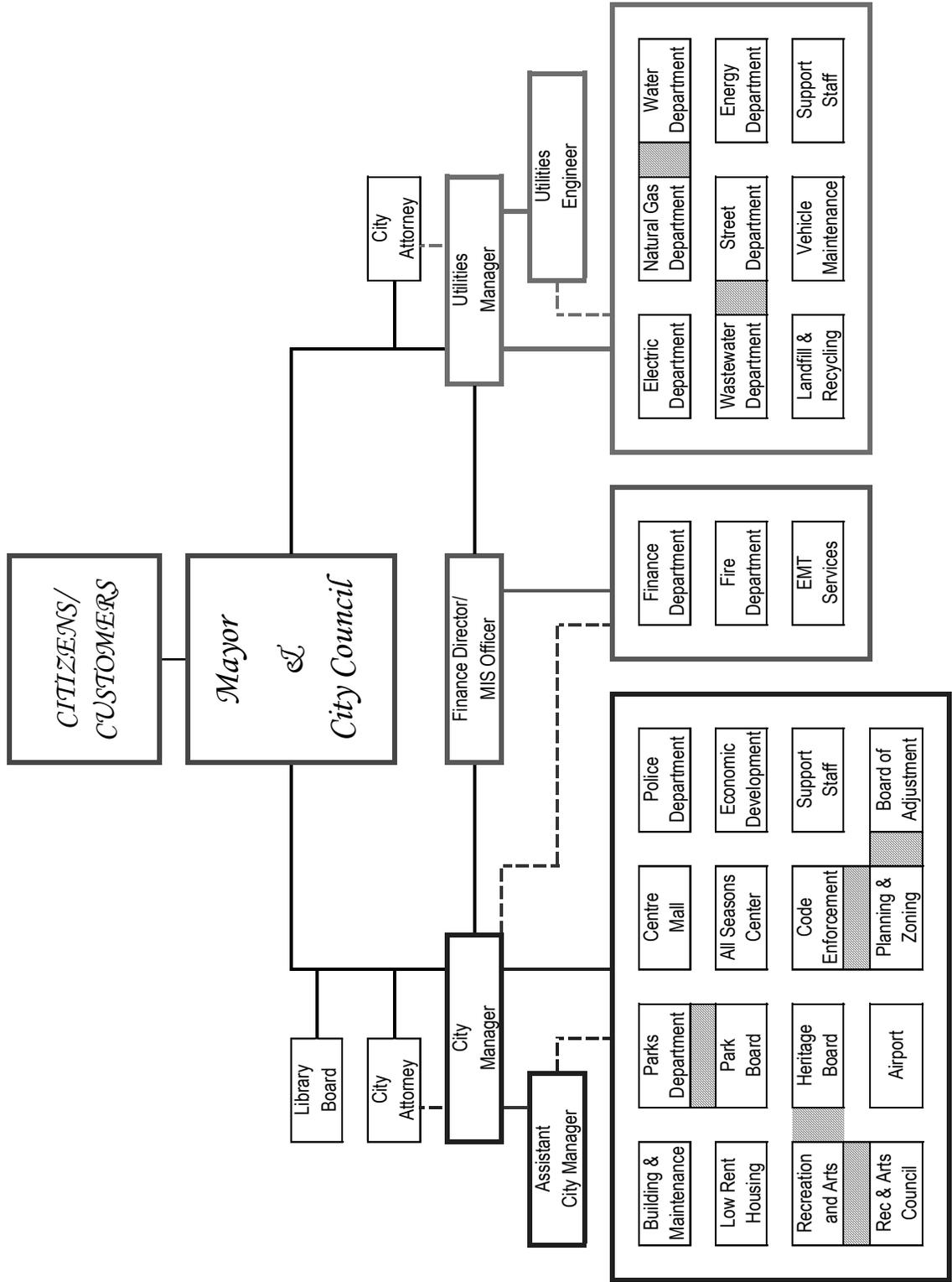
Total estimated valuation of this construction was \$46,895,991 compared to \$16,868,747 in the prior year.

Taxable retail sales in calendar year 2012 increased by \$11,124,094 for a total of \$131,057,839. The City's retail sales continue to account for 39% of all taxable sales in the county.

**Contacting Sioux Center's Finance Department**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Sioux Center's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to: Darryl Ten Pas, Finance Director, City of Sioux Center, 335 1<sup>st</sup> Ave NW, Sioux Center, Iowa 51250.

*City of Sioux Center*  
**ORGANIZATIONAL STRUCTURE**  
 December 8, 2004



# CITY OF SIOUX CENTER, IOWA

## Statement of Net Position

June 30, 2013

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Pooled Investments	\$2,251,546	\$7,338,735	\$9,590,281
Receivables (net of allowance for uncollectibles):			
Taxes	9,183		9,183
Special Assessments	310,835		310,835
Accounts	379,581	2,056,908	2,436,489
Notes		2,359,782	2,359,782
Accrued Interest		50,875	50,875
Due from Agency Funds	4,404		4,404
Inventory		904,464	904,464
Prepaid Expenses	151,466	110,985	262,451
Nonoperating Properties-Land		9,149,816	9,149,816
Investment in Joint Ventures		2,570,840	2,570,840
Deferred Bond Issuance Costs, Discounts	122,641	167,087	289,728
Restricted Investments - Held in Escrow	2,165,923	529,418	2,695,341
Land		1,510,056	1,510,056
Capital Assets (Net of accumulated depreciation)	<u>45,262,017</u>	<u>19,998,144</u>	<u>65,260,161</u>
Total Assets	<u>50,657,596</u>	<u>46,747,110</u>	<u>97,404,706</u>
 <b><u>Liabilities and Net Assets</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	720,684	1,444,716	2,165,400
Accrued Interest Payable	19,195	58,628	77,823
Other Accrued Expenses		198,260	198,260
Payable from Restricted Assets - Customer Deposits		29,568	29,568
Deferred Property Taxes	320,019		320,019
Compensated Absences	132,062	130,088	262,150
General Obligation Bonds - Current	1,227,237	647,762	1,874,999
Revenue Bonds - Current		137,000	137,000
General Obligation Bonds - Non-current	8,279,647	1,810,353	10,090,000
Revenue Bonds - Non-current		<u>3,125,000</u>	<u>3,125,000</u>
Total Liabilities	<u>10,698,844</u>	<u>7,581,375</u>	<u>18,280,219</u>
 <b><u>Net Position</u></b>			
Investment in Capital Assets, net of Related Debt	35,755,133	15,788,085	51,543,218
Restricted for Debt Service	1,457,573	624,266	2,081,839
Unrestricted	<u>2,746,046</u>	<u>22,753,384</u>	<u>25,499,430</u>
Total Net Position	<u>39,958,752</u>	<u>39,165,735</u>	<u>79,124,487</u>
 Total Liabilities and Net Position	 <u>\$50,657,596</u>	 <u>\$46,747,110</u>	 <u>\$97,404,706</u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

Statement of Activities  
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
Governmental activities:							
Public safety	(\$1,205,647)	\$57,479			(\$1,148,168)		(\$1,148,168)
Public works	(1,983,961)	421,184	\$674,958		(887,819)		(887,819)
Culture and recreation	(3,634,503)	905,664			(2,728,839)		(2,728,839)
Community and economic development	(185,660)	187,367			1,707		1,707
General government	(943,785)	57,761			(886,024)		(886,024)
Interest on long-term debt	(258,630)				(258,630)		(258,630)
Capital projects				\$66,900	66,900		66,900
Total governmental activities	<u>(8,212,186)</u>	<u>1,629,455</u>	<u>674,958</u>	<u>66,900</u>	<u>(5,840,873)</u>	-	<u>(5,840,873)</u>
Business-type activities:							
Centre Mall	(1,016,468)	471,820				(\$544,648)	(544,648)
Electric	(8,767,471)	9,147,357				379,886	379,886
Gas	(7,396,615)	7,434,309				37,694	37,694
Sewer	(1,019,632)	1,068,788				49,156	49,156
Water	<u>(1,317,264)</u>	<u>1,526,332</u>				<u>209,068</u>	<u>209,068</u>
Total business-type activities	<u>(19,517,450)</u>	<u>19,648,606</u>	-	-	-	<u>131,156</u>	<u>131,156</u>
Total primary government	<u>(\$27,729,636)</u>	<u>\$21,278,061</u>	<u>\$674,958</u>	<u>\$66,900</u>	<u>(\$5,840,873)</u>	<u>\$131,156</u>	<u>(\$5,709,717)</u>

General Revenues:

Property tax levied for:		
General purposes		\$1,799,155
Community center		133,280
Trust and agency		737,769
Tax increment financing		1,938,795
Debt service		183,724
Local option sales tax		760,459
Unrestricted investment earnings		13,652
Miscellaneous		806,237
Transfers		<u>178,971</u>
Total general revenues and transfers		<u>6,552,042</u>
Change in net assets		711,169
Net position -- beginning		<u>39,247,583</u>
Net position -- ending		<u>\$39,958,752</u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Balance Sheet Governmental Funds June 30, 2013

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Event Center Construction</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>						
Cash and Pooled Investments	\$1,294,909	\$730,790	\$2,366	\$0	\$223,481	\$2,251,546
Accounts Receivable	379,581					379,581
Due from Other Funds	<u>1,098,165</u>	<u>423,673</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>1,521,838</u>
Total Assets	<u>2,772,655</u>	<u>1,154,463</u>	<u>2,366</u>	<u>0</u>	<u>223,481</u>	<u>4,152,965</u>
<b><u>Liabilities</u></b>						
Accounts Payable	432,724	29,251	0	0	258,710	720,685
Due to Other Funds	<u>          </u>	<u>          </u>	<u>          </u>	<u>1,093,762</u>	<u>423,673</u>	<u>1,517,435</u>
Total Liabilities	<u>432,724</u>	<u>29,251</u>	<u>0</u>	<u>1,093,762</u>	<u>682,383</u>	<u>2,238,120</u>
<b><u>Nonspendable</u></b>						
<b><u>Restricted</u></b>						
Road Use Fund		819,232				819,232
<b><u>Committed</u></b>						
Vacation & Sick Pay	126,882					126,882
Storm Sewer	109,960					109,960
<b><u>Assigned</u></b>						
Fire Dept Vehicle Replacement	151,469					151,469
Capital Projects					(458,902)	(458,902)
<b><u>Unassigned</u></b>	<u>1,951,621</u>	<u>305,981</u>	<u>2,366</u>	<u>0</u>	<u>(1,093,762)</u>	<u>1,163,840</u>
Total Fund Balance	<u>2,339,932</u>	<u>1,125,213</u>	<u>2,366</u>	<u>(1,093,762)</u>	<u>(458,902)</u>	<u>1,914,847</u>
Total Liabilities and Fund Balance	<u>\$2,772,656</u>	<u>\$1,154,464</u>	<u>\$2,366</u>	<u>\$0</u>	<u>\$223,481</u>	<u>          </u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position June 30, 2013

<b>Total governmental fund balances</b>	\$1,914,847
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Governmental funds report capital outlays as expenditures while Governmental activities report depreciate expense to allocate those expenditures over the life of the assets.	45,262,016
Bond proceeds provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of debt and related items.	(7,218,320)
Governmental funds recognize interest expenditures in the period in which payment is made rather than in the period in which it accrues. Such amounts must be removed from expenditures and be reported instead as a reduction of the accrued liability for interest payable at year end. Likewise, expenditures related to compensated absences earned in prior years must be reported instead as a reduction in the liability for compensated absences.	(151,256)
Prepaid expenses in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.	<u>151,465</u>
<b>Net position of governmental activities</b>	<u>\$39,958,752</u>

**CITY OF SIOUX CENTER, IOWA**  
Statement of Revenues and Expenditures and Changes in Fund Balances  
Governmental Funds  
June 30, 2013

	June 30, 2013						Total
	<u>General</u>	<u>Special Revenue</u>	<u>Urban Renewal TIF</u>	<u>Debt Service</u>	<u>Event Center Construction</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>
<b>Revenues:</b>							
Property Taxes	\$1,826,881	\$737,769		\$183,724			\$2,748,374
Tax Increment Financing			\$1,938,795				1,938,795
Other City Taxes	105,554	760,459					866,013
Licenses and Permits	226,252						226,252
Use of Money and Property	231,805		225	1,797			233,827
Intergovernmental	71,479	674,958		171		\$66,899	813,507
Charges for Services	1,183,030						1,183,030
Special Assessments	47,923						47,923
Miscellaneous	<u>330,842</u>	—	—	—	<u>\$9,637</u>	<u>346,185</u>	<u>686,664</u>
Total Revenues	<u>4,023,766</u>	<u>2,173,186</u>	<u>1,939,020</u>	<u>185,692</u>	<u>9,637</u>	<u>413,084</u>	<u>8,744,385</u>
<b>Expenditures:</b>							
Public Safety	1,036,957						1,036,957
Public Works	901,888	370,359					1,272,247
Culture and Recreation	2,946,583						2,946,583
Community and Economic Development	185,538						185,538
General Government	1,210,905						1,210,905
Debt Service							
Principal Retirement				1,193,894			1,193,894
Interest				261,202			261,202
Administrative Fees				0			0
Capital Projects					<u>42,351</u>	<u>1,473,802</u>	<u>1,516,153</u>
Total Expenditures	<u>6,281,871</u>	<u>370,359</u>	<u>0</u>	<u>1,455,096</u>	<u>42,351</u>	<u>1,473,802</u>	<u>9,623,479</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,258,105)</u>	<u>1,802,827</u>	<u>1,939,020</u>	<u>(1,269,404)</u>	<u>(32,714)</u>	<u>(1,060,718)</u>	<u>(879,094)</u>
<b>Other Financing Sources (Uses):</b>							
Transfers To Other Funds	(1,086,403)	(1,510,643)	(1,933,060)				(4,530,106)
Transfers From Other Funds	2,972,582			1,271,770		464,725	4,709,077
Proceeds from Bond Issuance							<u>0</u>
Total Other Financing Sources (Uses)	<u>1,886,179</u>	<u>(1,510,643)</u>	<u>(1,933,060)</u>	<u>1,271,770</u>	<u>0</u>	<u>464,725</u>	<u>178,971</u>
Net Change in Fund Balance	(371,926)	292,184	5,960	2,366	(32,714)	(595,993)	(700,123)
Fund Balances - Beginning	<u>2,711,857</u>	<u>827,069</u>	<u>0</u>	<u>0</u>	<u>(1,061,047)</u>	<u>137,091</u>	<u>2,614,970</u>
Fund Balances - Ending	<u>\$2,339,931</u>	<u>\$1,119,253</u>	<u>\$5,960</u>	<u>\$2,366</u>	<u>(\$1,093,761)</u>	<u>(\$458,902)</u>	<u>\$1,914,847</u>

**CITY OF SIOUX CENTER, IOWA**  
 Reconciliation of the Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 Governmental Funds to the Statement of Activities  
 June 30, 2013

**Net change in fund balances-Total governmental funds** (\$700,123)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. 181,827

Bond proceeds provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of debt and related items. 1,230,177

Governmental funds recognize interest expenditures in the period in which payment is made rather than in the period in which it accrues. Such amounts must be removed from expenditures and be reported instead as a reduction of the accrued liability for interest payable at year end. Likewise expenditures related to compensated absences earned in prior years must be reported instead as a reduction in the liability for compensated absences. (508)

Prepaid expenses in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted. (204)

**Change in net position of governmental activities** \$711,169

# CITY OF SIOUX CENTER, IOWA

## Statement of Net Position

### Proprietary Funds

June 30, 2013

	<u>Electric</u>	Natural <u>Gas</u>	<u>Water</u>	<u>Sewer</u>	Centre <u>Mall</u>	<u>Totals</u>	Gov Activities Internal Service <u>Fund</u>
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Pooled Investments	\$2,836,224	\$3,047,110	\$380,651	\$766,067	\$308,682	\$7,338,734	\$11,368
Receivables:							
Accounts	790,297	1,086,800	105,424	74,387		2,056,908	
Notes	23,927	63,279				87,206	
Accrued Interest	25,438	25,438				50,876	
Inventory	690,719	104,680	109,064			904,463	
Prepaid Expenses	<u>25,379</u>	<u>11,108</u>	<u>25,978</u>	<u>31,179</u>	<u>17,342</u>	<u>110,986</u>	
Total Current Assets	<u>4,391,984</u>	<u>4,338,415</u>	<u>621,117</u>	<u>871,633</u>	<u>326,024</u>	<u>10,549,173</u>	<u>11,368</u>
<b>Noncurrent Assets</b>							
Nonoperating Properties-Land	4,131,663	5,018,153				9,149,816	
Investment in Joint Venture	2,570,840					2,570,840	
Notes Receivable Long-term	1,004,628	1,267,948				2,272,576	
Deferred Bond Issue Costs			59,135	4,949	7,490	71,574	
Deferred Bond Discount Costs			82,970	3,230	9,315	95,515	
Restricted Investments - Held in Escrow			271,483	257,935		529,418	
Capital Assets (net of depreciation)	4,836,427	3,499,180	7,168,818	2,335,053	3,576,380	21,415,858	
Transmission System	1,256,983					1,256,983	
Transmission System Accum Depreciation	<u>(1,164,641)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,164,641)</u>	
Total Noncurrent Assets	<u>12,635,900</u>	<u>9,785,281</u>	<u>7,582,406</u>	<u>2,601,167</u>	<u>3,593,185</u>	<u>36,197,939</u>	<u>0</u>
Total Assets	<u>17,027,884</u>	<u>14,123,696</u>	<u>8,203,523</u>	<u>3,472,800</u>	<u>3,919,209</u>	<u>46,747,112</u>	<u>11,368</u>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts Payable	770,775	559,596	57,996	47,309	9,041	1,444,717	11,368
Accrued Interest Payable			53,622	2,451	2,555	58,628	
Compensated Absences Payable	40,156	23,106	30,791	22,565	13,469	130,087	
Deposits	12,378	11,072	6,118			29,568	
Succeeding Year Property Tax					198,260	198,260	
Bonds, notes and loans payable	<u>—</u>	<u>—</u>	<u>330,857</u>	<u>173,906</u>	<u>280,000</u>	<u>784,763</u>	
Total Current Liabilities	<u>823,309</u>	<u>593,774</u>	<u>479,384</u>	<u>246,231</u>	<u>503,325</u>	<u>2,646,023</u>	<u>11,368</u>
<b>Noncurrent Liabilities</b>							
Bonds, notes and loans payable	<u>—</u>	<u>—</u>	<u>3,255,314</u>	<u>985,038</u>	<u>695,000</u>	<u>4,935,352</u>	
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>3,255,314</u>	<u>985,038</u>	<u>695,000</u>	<u>4,935,352</u>	<u>0</u>
Total Liabilities	<u>823,309</u>	<u>593,774</u>	<u>3,734,698</u>	<u>1,231,269</u>	<u>1,198,325</u>	<u>7,581,375</u>	<u>11,368</u>
<b>NET POSITION</b>							
Invested in capital assets, net of related debt	4,928,769	3,499,180	3,582,647	1,438,842	2,601,379	16,050,817	
Restricted for debt service			330,857	173,906	119,503	624,266	
Unrestricted	<u>11,275,807</u>	<u>10,030,742</u>	<u>555,321</u>	<u>628,782</u>	<u>—</u>	<u>22,490,652</u>	
Total Net Position	<u>\$16,204,576</u>	<u>\$13,529,922</u>	<u>\$4,468,825</u>	<u>\$2,241,530</u>	<u>\$2,720,882</u>	<u>\$39,165,735</u>	<u>\$0</u>

See notes to financial statements

**CITY OF SIOUX CENTER, IOWA**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
June 30, 2013

	<u>Electric</u>	<u>Natural Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Centre Mall</u>	<u>Totals</u>	<u>Governmental Activities- Internal Service Fund</u>
<b>Operating Revenues</b>							
Charges for Services	\$9,147,357	\$7,434,309	\$1,526,332	\$1,068,788	\$471,820	\$19,648,606	\$208,839
Earnings from Joint Venture	50,360					50,360	
Energy Efficiency MRES	48,226					48,226	
Miscellaneous	8,269	94,392	1,196	22,974	5,738	132,569	
Total Operating Revenues	<u>9,254,212</u>	<u>7,528,701</u>	<u>1,527,528</u>	<u>1,091,762</u>	<u>477,558</u>	<u>19,879,761</u>	<u>208,839</u>
<b>Operating Expenses</b>							
Personnel Services	556,130	364,013	404,617	382,749	198,223	1,905,732	94,367
Utilities	14,284	14,482	92,700	109,902	51,769	283,137	634
Repairs and Maintenance	259,254	149,190	226,333	129,794	31,057	795,628	115,420
Taxes	23,398	8,138			250,800	282,336	
Other Supplies	12,344	11,387	13,447	13,150	1,411	51,739	
Insurance Expenses	19,192	8,773	22,176	32,034	17,537	99,712	
Depreciation and Amortization	515,135	193,442	322,001	283,467	377,973	1,692,018	
Legal and Professional	8,737	7,419	8,654	31,805		56,615	
Advertising	14,813	10,751			44,684	70,248	
Miscellaneous	21,075	23,271	8,216	1,928	620	55,110	
Energy Efficiency	52,865	28,421				81,286	
Resale Purchases	<u>6,986,744</u>	<u>6,294,328</u>	<u>26,340</u>	<u>—</u>	<u>—</u>	<u>13,307,412</u>	<u>—</u>
Total Operating Expenses	<u>8,483,971</u>	<u>7,113,615</u>	<u>1,124,484</u>	<u>984,829</u>	<u>974,074</u>	<u>18,680,973</u>	<u>210,421</u>
Total Operating Income (Loss)	770,241	415,086	403,044	106,933	(496,516)	1,198,788	(1,582)
<b>Nonoperating Revenues (Expenses)</b>							
Interest and Investment Revenue	45,118	45,586	1,120	3,287	1,192	96,303	1,582
Gain on Sale of Assets	0	0	0	0		0	
Land Rental	224,633	129,808				354,441	
Community Grants	(283,500)	(283,000)				(566,500)	
Bond Issuance Expense			(13,508)	(625)	(5,423)	(19,556)	
Interest Expense	<u>—</u>	<u>—</u>	<u>(179,273)</u>	<u>(34,178)</u>	<u>(36,972)</u>	<u>(250,423)</u>	
Total Nonoperating Revenue (Expenses)	<u>(13,749)</u>	<u>(107,606)</u>	<u>(191,661)</u>	<u>(31,516)</u>	<u>(41,203)</u>	<u>(385,735)</u>	<u>1,582</u>
Income (Loss) Before Contributions and transfers	<u>756,492</u>	<u>307,480</u>	<u>211,383</u>	<u>75,417</u>	<u>(537,719)</u>	<u>813,053</u>	<u>0</u>
<b>Transfers In</b>			3,055	15,273	457,546	475,874	
<b>Transfers Out</b>	<u>(454,567)</u>	<u>(127,100)</u>	<u>(73,176)</u>	<u>—</u>	<u>—</u>	<u>(654,843)</u>	
Change in Net Position	301,925	180,380	141,262	90,690	(80,173)	634,084	0
 Total Net Position - Beginning	<u>15,902,648</u>	<u>13,349,543</u>	<u>4,327,562</u>	<u>2,150,840</u>	<u>2,801,057</u>	<u>38,531,650</u>	<u>0</u>
 Total Net Position-Ending	<u>\$16,204,573</u>	<u>\$13,529,923</u>	<u>\$4,468,824</u>	<u>\$2,241,530</u>	<u>\$2,720,884</u>	<u>\$39,165,734</u>	<u>\$0</u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2013

	<u>Business Type Activities</u>					<u>Total</u>	<u>Governmental Activities- Internal Service Fund</u>
	<u>Electric</u>	Natural <u>Gas</u>	<u>Water</u>	<u>Sewer</u>	Centre <u>Mall</u>		
<b>Cash Flows from Operating Activities</b>							
Received from customers	\$9,197,621	\$7,069,117	\$1,542,255	\$1,094,933	\$475,799	\$19,379,725	\$210,421
Other payments - customer deposits	1,131	(832)	411			710	
Payments to employees for services	(541,058)	(351,804)	(401,391)	(412,067)	(199,799)	(1,906,119)	(94,367)
Payments to suppliers for goods & services	<u>(7,455,001)</u>	<u>(6,368,316)</u>	<u>(396,705)</u>	<u>(261,248)</u>	<u>(340,528)</u>	<u>(14,821,798)</u>	<u>(115,591)</u>
Net cash provided (used) by operating activities	<u>1,202,693</u>	<u>348,165</u>	<u>744,570</u>	<u>421,618</u>	<u>(64,528)</u>	<u>2,652,518</u>	<u>463</u>
<b>Cash Flows from Noncapital Financing Activities</b>							
Community grants	(283,500)	(283,000)				(566,500)	
Operating subsidies & transfers to other funds	<u>(454,567)</u>	<u>(127,100)</u>	<u>(70,121)</u>	<u>15,273</u>	<u>457,546</u>	<u>(178,969)</u>	
Net cash provided (used) by noncapital financing activities	<u>(738,067)</u>	<u>(410,100)</u>	<u>(70,121)</u>	<u>15,273</u>	<u>457,546</u>	<u>(745,469)</u>	<u>0</u>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>							
Acquisition & construction of capital assets	(945,039)	(626,559)	(327,588)	(241,216)	0	(2,140,402)	
Bond Costs			(175,946)	(262,335)		(438,281)	
Bond Proceeds (Notes Issued)			276,343	262,733		539,076	
Interest paid on capital debt			(180,316)	(34,611)	(37,546)	(252,473)	
Investment in nonoperating properties	624,589	487,937				1,112,526	
Principal received (paid) on debt	22,906	(79,226)	(315,171)	(166,935)	(270,000)	(808,426)	
Proceeds from sale of capital assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Net cash provided (used) by operating activities	<u>(297,544)</u>	<u>(217,848)</u>	<u>(722,678)</u>	<u>(442,364)</u>	<u>(307,546)</u>	<u>(1,987,980)</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>							
Interest & dividends on investments	45,118	48,754	1,120	3,287	1,191	99,470	
Other nonoperating revenues (expenses)	<u>224,633</u>	<u>129,807</u>				<u>354,440</u>	
Net cash provided (used) by operating activities	<u>269,751</u>	<u>178,561</u>	<u>1,120</u>	<u>3,287</u>	<u>1,191</u>	<u>453,910</u>	<u>0</u>
<b>Net increase (decrease in cash &amp; cash equivalents</b>	436,833	(101,222)	(47,109)	(2,186)	86,663	372,979	463
<b>Balances - beginning of year</b>	<u>2,399,391</u>	<u>3,148,334</u>	<u>427,762</u>	<u>768,253</u>	<u>222,017</u>	<u>6,965,757</u>	<u>10,905</u>
<b>Balances - end of year</b>	<u>\$2,836,224</u>	<u>\$3,047,112</u>	<u>\$380,653</u>	<u>\$766,067</u>	<u>\$308,680</u>	<u>\$7,338,736</u>	<u>\$11,368</u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Statements of Cash Flows - Proprietary Funds

Year ended June 30, 2013

	<u>Business-Type Activities</u>					<u>Total</u>	<u>Governmental Activities- Internal Service Fund</u>
	<u>Electric</u>	<u>Natural Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Centre Mall</u>		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$770,243	\$415,086	\$403,044	\$106,933	(\$496,518)	\$1,198,788	
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation & amortization expense	515,135	193,442	322,001	283,467	377,973	1,692,018	
Earnings from joint venture	(50,360)					(50,360)	
Increase (Decrease) in liabilities:							
Other accounts payable - deposits	1,131	(832)	411			710	
Accounts payable	(28,516)	208,684	4,057	25,613	57,351	267,189	463
Accrued expenses	(1,334)	(160)	(769)	2,434	(1,575)	(1,404)	
(Increase) Decrease in assets							
Receivables, net	(6,232)	(459,584)	14,726	3,171	(1,759)	(449,678)	
Inventories	<u>2,628</u>	<u>(8,471)</u>	<u>1,098</u>	—	—	<u>(4,745)</u>	—
Net cash provided (used) by operating activities	<u>\$1,202,695</u>	<u>\$348,165</u>	<u>\$744,570</u>	<u>\$421,618</u>	<u>(\$64,528)</u>	<u>\$2,652,518</u>	<u>\$463</u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2013

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
<u>Payroll Clearing</u>				
Assets:				
Cash and cash equivalents	\$4,845	\$3,269,209	\$3,270,072	\$3,982
Total Assets:	4,845	3,269,209	3,270,072	3,982
Liabilities:				
Accounts payable	4,845	3,269,209	3,270,072	3,982
Total Liabilities:	\$4,845	\$3,269,209	\$3,270,072	\$3,982
<u>Sales Tax</u>				
Assets:				
Taxes receivable	\$29,406	\$365,327	\$366,721	\$28,012
Total Assets:	29,406	365,327	366,721	28,012
Liabilities:				
Accounts payable	29,406	365,327	366,721	28,012
Total Liabilities:	\$29,406	\$365,327	\$366,721	\$28,012
<u>Fiduciary Funds Total</u>				
Assets:				
Cash and cash equivalents	\$4,845	\$3,269,209	\$3,270,072	\$3,982
Taxes receivable	29,406	365,327	366,721	28,012
Total Assets:	34,251	3,634,536	3,636,793	31,994
Liabilities:				
Accounts payable	34,251	3,634,536	3,636,793	31,994
Total Liabilities:	\$34,251	\$3,634,536	\$3,636,793	\$31,994

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2013

## (1) Summary of Significant Accounting Policies

The City of Sioux Center, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the City Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides electric, natural gas, water and sewer utilities, and a municipal shopping mall for its citizens.

The City's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

### A. Reporting Entity

For financial reporting purposes, City of Sioux Center, Iowa has included all funds, organizations, agencies, boards and commissions. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City would cause the financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

### B. Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions; these are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provision or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2013

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Tax Increment Financing Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal projects.

The Local Option Sales Tax fund is used to account for the revenues from the tax authorized by referendum and used for capital improvements, equipment and community programs and services.

Other Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's long-term general obligation debt.

The Capital Projects Funds is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the City reports the following major proprietary funds:

Electric Utility - The electric utility accounts for the operation of a municipally owned electric system, which distributes electrical power to the residents of the City.

Natural Gas Utility - The natural gas utility accounts for the operation of a municipally owned natural gas system, which distributes natural gas to the residents of the City and rural industrial customers.

Water Utility - The water utility accounts for the operation of a municipally owned water system, which provides services to the residents of the City.

Sewer Utility - The sewer utility accounts for the operation of a municipally owned sewage collection and treatment facility, which provides services to the residents of the City.

Centre Mall - The Centre Mall fund accounts for the operation of a municipally owned shopping mall which provides retailers with store space pursuant to a lease agreement.

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-recovery basis.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2013

### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and agency fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the agency have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

The proprietary funds of the City apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's funds are charges to customers for sales and services. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2013

### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the lien date. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax askings and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and receivable in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget adopted by the City Council in March 2012.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other Funds - During the course of its operations, the City has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method.

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2013

Capital Assets - Capital assets, which include land, buildings, improvements, equipment, vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Infrastructure	\$50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Property and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings	40-50
Building Improvements	25-50
Infrastructure	30-50
Equipment	3-20
Vehicles	3-10

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2013

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

## E. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds, except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type activities and non-program.

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, disbursements did not exceed the amounts budgeted except for the public works, capital projects and business type.

## (2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government; its agencies and instrumentalities; certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's investments are categorized to give an indication of the level of risk assumed by the City's at year end. The City's investments are all Category 1, which means that the investments are insured or registered or the securities are held by the City or its agent in the City's name.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2013

## (3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

<u>Due to Other Fund</u>	<u>Due From Other Fund</u>	<u>Amount</u>
Road Use Tax	Cap project - 16th St NE	\$84,690
Road Use Tax	Cap project - Hwy 75	263,846
Road Use Tax	Cap project	(423,673)
Road Use Tax	Cap Project - St. Andrews Way	75,137
General	Agency - Sales Tax	4,404
General	Agency	(4,404)
General	Cap project - Conv. Center	1,093,762
General	Cap project	<u>(1,093,762)</u>
Total		<u>\$0</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Repayments will be made from future revenues.

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2013

## (4) Capital Assets

A summary of changes in capital assets is as follows:

### Primary Government:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$8,894,873			\$8,894,873
Construction in progress	<u>5,552,497</u>	<u>\$1,481,646</u>	<u>(\$2,181,565)</u>	<u>4,852,578</u>
Total capital assets not being depreciated	<u>14,447,370</u>	<u>1,481,646</u>	<u>(2,181,565)</u>	<u>13,747,451</u>
Capital assets being depreciated:				
Buildings	19,400,719	266,351		19,667,070
Improvements	3,779,857	121,962		3,901,819
Equipment	4,269,002	1,016,706	(281,608)	5,004,100
Infrastructure	<u>19,872,603</u>	<u>1,427,541</u>		<u>21,300,144</u>
Total capital assets being depreciated	<u>47,322,181</u>	<u>2,832,560</u>	<u>(281,608)</u>	<u>49,873,133</u>
Less accumulated depreciation for:				
Buildings	4,638,556	715,955		5,354,511
Improvements	2,820,125	131,218		2,951,343
Equipment	3,327,159	471,200	(281,608)	3,516,751
Infrastructure	<u>5,903,522</u>	<u>632,440</u>		<u>6,535,962</u>
Total accumulated depreciation	<u>16,689,362</u>	<u>1,950,813</u>	<u>(281,608)</u>	<u>18,358,567</u>
Total capital assets being depreciated, net	<u>30,632,819</u>	<u>881,747</u>	<u>0</u>	<u>31,514,566</u>
Governmental activities capital assets, net	<u>\$45,080,189</u>	<u>\$2,363,393</u>	<u>(\$2,181,565)</u>	<u>\$45,262,017</u>

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$587,956	\$922,100		\$1,510,056
Construction in progress	<u>212,738</u>	<u>\$915,413</u>	<u>(\$549,989)</u>	<u>578,162</u>
Total capital assets not being depreciated	<u>800,694</u>	<u>1,837,513</u>	<u>(549,989)</u>	<u>2,088,218</u>
Capital assets being depreciated:				
Buildings	9,041,374	102,261		9,143,635
Equipment	1,475,758	102,373		1,578,131
Transmission	1,256,983			1,256,983
Infrastructure	<u>38,215,240</u>	<u>648,243</u>		<u>38,863,483</u>
Total capital assets being depreciated	<u>49,989,355</u>	<u>852,877</u>	<u>0</u>	<u>50,842,232</u>
Less accumulated depreciation for:				
Buildings	4,531,264	453,069		4,984,333
Equipment	1,232,470	79,721		1,312,191

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Transmission	1,154,088	10,553		1,164,641
Infrastructure	<u>22,907,660</u>	<u>1,053,425</u>		<u>23,961,085</u>
Total accumulated depreciation	<u>29,825,482</u>	<u>1,596,768</u>	<u>0</u>	<u>31,422,250</u>
 Total capital assets being depreciated, net	 <u>20,163,873</u>	 <u>(743,891)</u>	 <u>0</u>	 <u>19,419,982</u>
Business-type activities capital assets, net	<u>\$20,964,567</u>	<u>\$1,093,622</u>	<u>(\$549,989)</u>	<u>\$21,508,200</u>

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

Governmental Activities:

Public Safety	\$331,949
Public Works	748,529
Culture and Recreation	830,459
General Government	<u>39,876</u>

Total depreciation expense - governmental activities \$1,950,813

Business-Type Activities:

Electric	\$419,885
Natural Gas	193,442
Water	322,000
Sewer	283,467
Centre Mall	<u>378,973</u>

Total depreciation expense - business-type activities \$1,597,767

**Reconciliation of Investment in Capital Assets:**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Land	8,894,873	1,510,056
Construction in Progress	4,852,578	578,162
Capital Assets (net of accumulated depreciation)	31,514,566	19,419,982
Less: General Obligation Bonds Payable	(9,506,884)	(2,458,115)
Revenue Bonds Payable		<u>(3,262,000)</u>
 Investment in Capital Assets, Net of Related Debt	 <u>\$35,755,133</u>	 <u>\$15,788,085</u>

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2013

### (5) Investment in Joint Venture

The City is a participant in the Missouri Basin Municipal Electric Cooperative Association, a joint venture for the construction and maintenance of power lines from the power source to the Northwest Iowa Power Cooperative. The construction of the lines is accomplished by NIPCO and there are no actual dedicated lines, but rather an agreement which guarantees the municipalities the right to draw power over the lines at a raw power cost without transmission charges. The City owns a 32.67 percent share of the venture with twelve other cities sharing in their ownership at varying percentages. The City's investment in the joint venture is accounted for by the equity method in the Electric Fund. Separately issued audited financial statements of the Associated are available from Missouri Basin Municipal Electric Cooperative Association.

### (6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds Payable - July 1, 2012	\$10,490,000	\$3,978,000	\$14,468,000
Bonds Issued	2,705,000	0	2,705,000
Bonds Retired	<u>(1,530,000)</u>	<u>(416,000)</u>	<u>(1,946,000)</u>
Bonds Payable - June 30, 2013	<u>\$11,665,000</u>	<u>\$3,562,000</u>	<u>\$15,227,000</u>

Details of above general obligations and revenue bonds payable at June 30, 2013 are as follows:

#### Governmental Activities:

	Date of <u>Issue</u>	Interest <u>Rates</u>	Final Due <u>Date</u>	Annual <u>Payments</u>	Amount Originally <u>Issued</u>	Outstanding <u>June 30, 2013</u>
General Obligation	2013	.40-1.60	2022	153,495-372,410	\$2,165,924	\$2,165,924
General Obligation	2011	3.0-1.25	2016	260,000-325,000	\$1,500,000	\$850,000
General Obligation	2009	2.75-4.35	2019	420,000-615,000	5,100,000	3,315,000
General Obligation	2009	1.60-3.90	2019	90,000-300,000	1,585,000	585,000
General Obligation	2008	2.30-3.85	2018	121,893-162,524	1,395,000	749,417
General Obligation	2007	3.70-4.00	2022	49,771-241,200	<u>2,412,000</u>	<u>1,841,543</u>
					<u>\$14,157,924</u>	<u>\$9,506,884</u>

#### Business-type Activities:

	Date of <u>Issue</u>	Interest <u>Rates</u>	Final Due <u>Date</u>	Annual <u>Payments</u>	Amount Originally <u>Issued</u>	Outstanding <u>June 30, 2013</u>
General Obligation Water	2013	.40-1.60	2022	38,400-41,143	\$276,343	\$276,343
General Obligation Sewer	2013	.40-1.60	2022	16,505-29,143	\$262,733	\$262,733
Revenue Water	2012	2.00-2.25	2024	\$275,000-\$325,000	\$3,540,000	\$2,980,000
General Obligation Centre Mall	2009	1.60-3.90	2019	140,000-345,000	2,145,000	975,000
General Obligation Sewer	2008	2.30-3.85	2018	13,107-17,476	150,000	80,583
General Obligation Water	2007	3.70-4.00	2022	8,914-43,200	432,000	329,828
General Obligation Sewer	2007	3.70-4.00	2022	6,314-30,600	306,000	233,629
Revenue Sewer	1994	3.00-4.54	2017	33,000-76,000	1,024,000	283,000
Revenue Sewer	1993	3.00-3.74	2017	39,000-79,000	<u>1,140,000</u>	<u>299,000</u>
					<u>\$9,276,076</u>	<u>\$5,720,116</u>

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2013

### Governmental Activities:

Year Ending June 30, 2013	General Obligation <u>Principal</u>	Interest on General Obligation	<u>Total</u>
2014	\$1,227,237	\$230,336	\$1,457,573
2015	1,347,904	199,274	1,547,178
2016	1,604,476	179,854	1,784,330
2017	1,381,162	139,627	1,520,789
2018	1,431,677	105,187	1,536,864
Thereafter	<u>2,514,429</u>	<u>144,098</u>	<u>2,658,527</u>
	<u>\$9,506,885</u>	<u>\$998,376</u>	<u>\$10,505,261</u>

### Business-type Activities:

Year Ending June 30, 2013	General Obligation <u>Principal</u>	Interest on General Obligation	Revenue Bonds <u>Principal</u>	Interest on Revenue Bonds	<u>Total</u>
2014	\$347,763	\$55,314	\$437,000	\$78,060	\$918,137
2015	382,096	45,136	442,000	67,950	937,182
2016	285,524	38,493	448,000	57,690	829,707
2017	288,838	31,178	455,000	47,250	822,266
2018	303,323	23,323	325,000	36,600	688,246
Thereafter	<u>550,571</u>	<u>37,722</u>	<u>1,455,000</u>	<u>107,525</u>	<u>2,150,818</u>
	<u>\$2,158,115</u>	<u>\$231,166</u>	<u>\$3,562,000</u>	<u>\$395,075</u>	<u>\$6,346,356</u>

During the year ended June 30, 2013, the City was in compliance with all revenue note provisions.

### (7) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by the state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013 and 2012 were \$270,466 and \$251,379, respectively.

### (8) Major Customers

During the year ended June 30, 2013, charges for services provided by the natural gas utility of the City to Siouxland Energy was \$4,421,775 or 59.56% of total natural gas revenues. Total charges to Golden Crisp for electric services for the year was \$1,839,198 or 20.13% of total electric revenues.

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2013

## (9) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## (10) Related Party Transactions

The City had business transactions between the City and City officials, totaling \$102,254 in goods/services and bank fees during the year ended June 30, 2013.

## (11) Deficit Fund Balance

Five Capital Projects Funds had deficit balances of \$1,554,994 at June 30, 2013. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of state grant monies, and property assessments.

## (12) Other Post Employment Benefits

Plan Description: The City provides health care coverage to all eligible employees and their dependents.

Premium costs are shared by the City and the employee. The City does allow retirees under the age of 65 to stay on the City's group health care plan; however the retirees must pay 100 % of the premium cost. Upon reaching eligibility for Medicare, retirees are required to leave the City's group plan. Since the City offers retirees under the age of 65 the option of staying on the City's group plan, the City is implicitly subsidizing the retiree's premium cost through the group. Under the parameters of GASB 45, the City must record this implicit liability as an "other post-employment benefit".

Actuarial Method: The City's other post employment benefit liability is actuarially determined using the alternative measurement method. This calculation makes several assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about the healthcare cost trend and the number of retirees who will take advantage of this benefit.

Calculation Assumptions: In this fiscal year's valuation, actuarial assumptions included a 4.5 % discount rate and an annual healthcare cost trend rate of 9 % initially, decreasing .3 % per year until reaching an ultimate rate of 4 %. Health care costs for privately purchased personal premiums were assumed to net 5 % higher than projected premiums under the City's group health insurance plan. Usage of the benefit was assumed to be 5 % of the total possible liability.

The following schedule shows the annual OPEB cost for the year, the amount actually contributed and the net OPEB obligation.

Annual required contribution:	\$9,250
Contributions made:	<u>9,250</u>
Net OPEB Obligation June 30, 2013:	0
Percent of OPEB cost contributed:	100 %

## (13) Subsequent Event

Subsequent events have been evaluated through October 17, 2013, which is the date the financial statements were available to be issued.

**Required Supplementary Information**

# **CITY OF SIOUX CENTER, IOWA**

## Required Supplementary Information

### Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2013

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt services, capital projects and business type activities. function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year budget amendment decreased budgeted disbursements by \$1,078,800. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements in the public works, capital projects, and business type function exceeded the amount budgeted.

# CITY OF SIOUX CENTER, IOWA

## Required Supplementary Information

### Budgetary Comparison Schedule

#### of Receipts, Disbursements, and Changes in Balances -

#### Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary funds

Year ended June 30, 2013

	Governmental Fund Types	Proprietary Fund Type	Less Funds not Required to be budgeted	Net	Budgeted Amounts		Final to Actual Variance Positive (Negative)
	<u>Actual</u>	<u>Actual</u>	<u>be budgeted</u>		<u>Original</u>	<u>Final</u>	<u>(Negative)</u>
<b>Receipts:</b>							
Property Tax	\$2,748,374			\$2,748,374	\$2,743,676	\$2,743,676	\$4,698
Tax increment financing collections	1,938,795			1,938,795	1,988,455	1,988,455	(49,660)
Other city tax	866,013			866,013	755,000	850,000	16,013
License and permits	226,252			226,252	86,400	196,400	29,852
Use of money and property	233,827	452,326	1,582	684,571	571,050	700,050	(15,479)
Intergovernmental	813,507			813,507	689,200	764,700	48,807
Charges for services	1,183,030	20,066,284	208,839	21,040,475	21,977,795	20,107,745	932,730
Special assessments	47,923			47,923	18,378	37,878	10,045
Miscellaneous	<u>686,664</u>	<u>232,737</u>		<u>919,401</u>	<u>647,950</u>	<u>820,300</u>	<u>99,101</u>
Total Receipts	8,744,385	20,751,347	210,421	29,285,311	29,477,904	28,209,204	1,076,107
<b>Disbursements:</b>							
Public Safety	1,036,957			1,036,957	961,207	1,069,307	32,350
Public Works	1,272,247			1,272,247	1,194,693	1,224,693	(47,554)
Culture and recreation	2,946,583			2,946,583	2,799,098	3,096,478	149,895
Community and economic development	185,538			185,538	150,841	192,841	7,303
General government	1,210,905			1,210,905	1,188,069	1,218,789	7,884
Debt service	1,455,096			1,455,096	1,458,097	1,458,097	3,001
Capital projects	1,516,153			1,516,153	725,000	1,090,000	(426,153)
Business-type	<u>          </u>	<u>19,938,293</u>	<u>210,421</u>	<u>19,727,872</u>	<u>21,082,530</u>	<u>19,084,030</u>	<u>(643,842)</u>
Total Disbursements:	9,623,479	19,938,293	210,421	29,351,351	29,559,535	28,434,235	(917,116)
Excess of receipts over disbursements	(879,094)	813,054	0	(66,040)	(81,631)	(225,031)	158,991
Other financing sources, net	<u>178,971</u>	<u>(178,970)</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Excess of receipts and other financing sources over disbursements and other financing uses	<u>(\$700,123)</u>	<u>\$634,084</u>	<u>\$0</u>	<u>(\$66,039)</u>	<u>(\$81,631)</u>	<u>(\$225,031)</u>	<u>\$158,992</u>

## **Other Supplementary Information**

# CITY OF SIOUX CENTER, IOWA

## Nonmajor Special Revenue Funds

### Combining Balance Sheet

June 30, 2013

<u>Assets</u>	Road Use <u>Tax</u>	Local Option <u>Sales Tax</u>	TIF/ <u>Agency</u>	Trust & <u>Totals</u>	
Cash and Cash Equivalents	\$637,246	\$87,584	\$5,960		\$730,790
Due from Other Governments					
Due from Other Funds	<u>423,673</u>	_____	_____	_____	<u>423,673</u>
Total Assets	<u>1,060,919</u>	<u>87,584</u>	<u>5,960</u>	=====	<u>1,154,464</u>
 <u>Liabilities</u>					
Accounts Payable	29,251				29,251
Deferred Revenue	_____	_____	_____	_____	_____
Total Liabilities	29,251	_____	_____	_____	29,251
 <u>Fund Balance</u>					
Unreserved-Undesignated	<u>1,031,668</u>	<u>87,584</u>	<u>5,960</u>		<u>1,125,213</u>
Total Liabilities and Fund Balance	<u>\$1,060,919</u>	<u>\$87,584</u>	<u>\$5,960</u>	=====	<u>\$1,154,464</u>

# CITY OF SIOUX CENTER, IOWA

## Nonmajor Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended June 30, 2013

<u>Assets</u>	<u>Local Option Sales Tax</u>	<u>Road Use Tax</u>	<u>TIF/ SSMID</u>	<u>Trust &amp; Agency</u>	<u>Totals</u>
Revenue:					
Property Taxes				\$737,769	\$737,769
TIF Revenue			\$938,795		1,938,795
Other City Taxes	\$760,459				760,459
Intergovernmental		\$674,958			674,958
Use of Money and Property	_____	_____	225	_____	225
Total Revenues	<u>760,459</u>	<u>674,958</u>	<u>1,939,020</u>	<u>737,769</u>	<u>4,112,206</u>
Expenditures:					
Current Operating:					
Public Works		370,359			370,359
Public Safety					
Community and Economic Development	_____	_____	_____	_____	_____
Total Expenditures	_____	<u>370,359</u>	_____	_____	<u>370,359</u>
Excess (Deficiency) of Revenues Over					
Expenditures	760,459	(304,599)	1,939,020	737,769	3,741,847
Other Financing (Uses)					
Operating Transfers to Other Funds	(672,875)	(100,000)	(1,933,060)	(737,769)	(3,443,704)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses					
	87,584	(204,599)	5,960		(298,143)
Fund Balances at Beginning of Year					
	_____	<u>827,069</u>	_____	_____	<u>827,069</u>
Fund Balances at End of Year					
	<u>\$87,584</u>	<u>\$103,668</u>	<u>\$5,960</u>	_____	<u>\$1,125,212</u>

# CITY OF SIOUX CENTER, IOWA

Nonmajor Capital Projects Funds  
Combining Balance Sheet  
June 30, 2013

	<u>St. Andrews Way Extension</u>	<u>EMT Building</u>	<u>Hwy. 75 Widening</u>	<u>New Airport Project</u>	<u>Convention Center</u>	<u>4th Ave. Bio-Tech Park</u>	<u>16th St. NE</u>	<u>Fire Aerial</u>	<u>Sidewalk</u>	<u>Hwy 75 S Lane</u>	<u>Total</u>
<b><u>ASSETS</u></b>											
Cash and Cash Equivalents			\$220,226	\$2,329		\$925					\$223,481
Accrued Interest											
Total Assets			<u>\$220,226</u>	<u>\$2,329</u>		<u>\$925</u>					<u>\$223,481</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>											
<b><u>Liabilities</u></b>											
Accounts Payable	\$45,007		\$212,608			\$925				\$170	\$258,710
Due to Other Funds	<u>75,137</u>		<u>95,972</u>		<u>\$1,093,762</u>		<u>\$84,690</u>			<u>167,874</u>	<u>1,517,435</u>
Total Liabilities	120,144		308,580		1,093,762	925	84,690			168,044	1,776,145
Fund Balance (Deficit)											
Unreserved - Undesignated	<u>(120,144)</u>		<u>(88,354)</u>	<u>\$2,329</u>	<u>(1,093,762)</u>		<u>(84,690)</u>			<u>(168,044)</u>	<u>(1,552,664)</u>
Total Liabilities and Fund Balance			<u>\$220,226</u>	<u>\$2,329</u>		<u>\$925</u>					<u>\$223,481</u>

# CITY OF SIOUX CENTER, IOWA

Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2013

	16th St <u>NE</u>	7th St <u>NW</u>	EMT <u>Building</u>	Bio-Tech <u>Park</u>	Hwy. 75 <u>Widening</u>	New Airport <u>Project</u>	Sidewalk	Fire <u>Aerial</u>	Convention <u>Center</u>	St. Andrews <u>Way Extension</u>	Hwy 75 <u>S Lane</u>	<u>Total</u>
Revenues:												
Special Assessments					\$243,527							\$243,527
Intergovernmental	\$64,512			\$2,387								66,899
Miscellaneous	<u>70,000</u>	_____		_____	<u>32,658</u>	_____	_____	_____	<u>\$9,637</u>			<u>112,295</u>
Total Revenues	134,512			2,387	276,185				9,637			422,720
Expenditures												
Capital Projects	<u>163,352</u>	_____	<u>\$34,507</u>	_____	<u>(291,251)</u>	<u>\$84,760</u>	<u>\$26,745</u>	<u>\$585,000</u>	<u>42,351</u>	<u>\$120,144</u>	<u>\$168,044</u>	<u>1,227,965</u>
Total Expenditures	<u>163,352</u>	_____	<u>34,507</u>	_____	<u>(291,251)</u>	<u>84,760</u>	<u>26,745</u>	<u>585,000</u>	<u>42,351</u>	<u>120,144</u>	<u>168,044</u>	<u>1,227,965</u>
Express (Deficiency) of Revenues Over Expenditures	(28,840)		(34,507)	2,387	(15,066)		(26,745)	(585,000)	(32,715)	(120,144)	(168,044)	(805,245)
Transfers	91,851		34,507			(85,000)	70,335	183,033				464,725
Bond Sales												
Fund (Deficit) at Beginning of Year	<u>(147,701)</u>	<u>(\$777)</u>	_____	<u>2,387</u>	<u>(73,288)</u>	<u>2,089</u>	<u>43,590</u>	<u>401,967</u>	<u>(1,061,047)</u>	_____	_____	<u>(923,180)</u>
Fund (Deficit) at End of Year	<u>(\$84,690)</u>	<u>(\$777)</u>	_____	_____	<u>(\$88,354)</u>	<u>\$2,329</u>	_____	_____	<u>(\$1,093,762)</u>	<u>(\$120,144)</u>	<u>(\$168,044)</u>	<u>(\$ 1,263,699)</u>

# CITY OF SIOUX CENTER, IOWA

## Schedule of Receipts By Source and Disbursements By Function All Government Fund Types Year Ended June 30, 2013

For the Last Four Years

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Receipts:				
Property Tax	\$2,748,374	\$2,739,724	\$2,767,090	\$2,649,813
Tax increment financing collections	1,938,795	1,940,629	1,905,826	1,480,441
Other city taxes	866,013	745,573	701,502	599,213
License and permits	226,252	106,251	77,080	106,897
Use of money and property	233,827	230,867	317,650	334,863
Intergovernmental	813,507	1,298,302	1,455,337	1,448,404
Charges for services	1,183,030	1,084,598	954,927	770,306
Special assessments	47,923	65,385	84,691	43,288
Miscellaneous	<u>686,664</u>	<u>722,131</u>	<u>1,157,760</u>	<u>1,173,909</u>
Total Receipts	<u>8,744,385</u>	<u>8,933,460</u>	<u>9,421,863</u>	<u>8,607,134</u>
Disbursements:				
Public Safety	1,036,957	1,024,890	998,840	882,827
Public Works	1,272,247	1,123,927	1,602,290	1,032,254
Culture and recreation	2,946,583	2,941,486	2,703,276	2,501,034
Community and economic development	185,538	147,425	128,740	148,900
General government	1,210,905	1,021,857	630,355	703,844
Debt service	1,455,096	1,712,744	1,394,845	1,414,694
Capital projects	<u>1,516,153</u>	<u>3,493,052</u>	<u>3,045,913</u>	<u>2,260,417</u>
Total Disbursements	<u>\$9,623,479</u>	<u>\$11,465,381</u>	<u>\$10,504,259</u>	<u>\$8,943,970</u>

# CITY OF SIOUX CENTER, IOWA

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

Grantor / Program	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect			
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's Program	14.228	12-CF-003	<u>\$552,076</u>

Basis of Presentation - The Schedule of Expenditures of Federal Award includes the federal grant activity of City of Sioux Center and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



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

To the Honorable Mayor and  
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Sioux Center, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Sioux Center, Iowa's internal control over financial reporting to determine the audit procedures 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 Sioux Center, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Sioux Center, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Sioux Center, Iowa'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 which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We found no significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Sioux Center, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the city. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### 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 result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of City of Sioux Center, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink, appearing to read "Joe J. Spang, P.C.", written in a cursive style.

Sioux Center, Iowa  
October 17, 2013



Independent Auditor's Report on Compliance  
for Each Major Federal Program, on Internal Control over Compliance  
and on the Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited City of Sioux Center, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on City of Sioux Center, Iowa's major federal program for the year ended June 30, 2013. City of Sioux Center, Iowa's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for City of Sioux Center, Iowa's federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Sioux Center, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on City of Sioux Center, Iowa's compliance.

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## Opinion on Each Major Federal Program

In our opinion, City of Sioux Center, Iowa complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

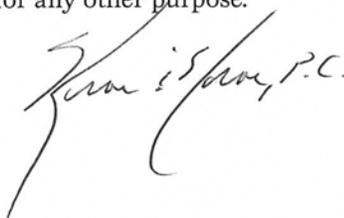
The management of City of Sioux Center, Iowa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Sioux Center, Iowa's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Sioux Center, Iowa  
October 17, 2013



# CITY OF SIOUX CENTER, IOWA

## Schedule of Findings and Questioned Costs

Year ended June 30, 2013

### Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements.
- b) No significant deficiencies and material weaknesses in internal control over financial reporting were found during the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No material weaknesses in internal control over a major program were noted.
- e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- f) The audit found no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a)
- g) The major program was Community Development Block Grants DFDA 14.288 pass through number 12-CF-003.
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) City of Sioux Center, Iowa did not qualify as a low-risk auditee.

### Part II: Findings Related to the General Purpose Financial Statements:

INTERNAL CONTROL DEFICIENCIES: NONE

INSTANCES OF NON-COMPLIANCE: NONE

### Part III: Findings and Questioned Costs for Federal Awards:

INTERNAL CONTROL DEFICIENCIES: NONE

INSTANCES OF NON-COMPLIANCE: NONE

### Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-13 Certified Budget - Disbursements during the year ended June 30, 2013 did not exceed the amount budgeted in debt service, public safety, and general government. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."
- IV-B-13 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-13 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Schedule of Findings and Questioned Costs

Year ended June 30, 2013

IV-D-13 Business Transactions - Business transactions between the City and the City officials or employees detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dennis Walstra, Mayor Walstra Plumbing and Heating	Supplies	\$11,314
Randy Vreugdenhil, Council Member HSR, LLC	Management fee Events Lender, per bid	\$81,347
W. Dale Den Herder, Council Member American State Bank	BankFees as Fiscal Agent	\$9,487
Jamie Van Ravenswaay , Council Member	Fuel and Supplies	\$106

In accordance with Chapter 362.5(2), the transaction with the bank does not appear to be a conflict of interest because American State Bank has been designated as a depository, paying agent, or for investment of funds. The transaction with Walstra Plumbing & Heating, and MJ's Sinclair, do not appear to represent a conflict of interest because competitive bidding was not required for amounts under \$25,000, in accordance with Iowa Code. The transaction with council member for management does not appear to represent a conflict of interest since it was entered into competitive bidding in accordance with Chapter 362.5 (3) (d) of the Code of Iowa.

IV-E-13 Bond Coverages - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-F-13 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-13 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City investment policy were noted.

IV-H-13 Revenue Bonds - No instances of non-compliance with revenue note provisions were noted.

IV-I-13 Publication of Salaries - It was noted that salaries were published.

IV-J-13 Urban Renewal Annual Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Schedule</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	5-8
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	9-13
<b>Demographic and Economic Information</b> This schedule offers demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	14
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	15-17

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**Schedule 1**  
**City of Sioux Center**  
**Net Assets by Component,**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Invested in capital assets, net of related debt	\$19,775,429	\$20,036,209	\$20,451,964	\$20,174,350	\$23,593,626	\$29,143,806	\$31,116,445	\$34,329,776	\$36,189,621	\$37,921,056
Restricted	\$477,357	\$556,106	\$559,815	\$537,407	\$754,599	\$1,411,693	\$1,392,894	\$1,389,263	\$1,455,096	\$1,457,573
Unrestricted	\$3,393,796	\$4,043,856	\$3,094,441	\$5,728,799	\$4,377,746	\$3,480,688	\$3,083,759	\$2,086,241	\$1,602,866	\$580,123
Total governmental activities net assets	<u>\$23,646,582</u>	<u>\$24,636,171</u>	<u>\$24,106,220</u>	<u>\$26,440,556</u>	<u>\$28,725,971</u>	<u>\$34,036,187</u>	<u>\$35,593,098</u>	<u>\$37,805,280</u>	<u>\$39,247,583</u>	<u>\$39,958,752</u>
Business-type activities										
Invested in capital assets, net of related debt	\$11,087,401	\$11,806,447	\$9,500,725	\$12,079,937	\$15,556,676	\$15,805,673	\$15,451,921	\$15,462,388	\$15,031,420	\$16,013,908
Restricted	\$531,195	\$723,892	\$755,567	\$1,076,145	\$1,190,936	\$1,234,146	\$873,626	\$838,130	\$688,534	\$624,266
Unrestricted	\$10,484,459	\$10,891,326	\$17,759,176	\$19,899,659	\$17,510,142	\$19,854,323	\$20,706,392	\$21,232,208	\$22,811,697	\$22,527,561
Total business-type activities net assets	<u>\$22,103,055</u>	<u>\$23,421,665</u>	<u>\$28,015,468</u>	<u>\$33,055,741</u>	<u>\$34,257,754</u>	<u>\$36,894,142</u>	<u>\$37,031,939</u>	<u>\$37,532,726</u>	<u>\$38,531,651</u>	<u>\$39,165,735</u>
Primary government										
Invested in capital assets, net of related debt	\$30,862,830	\$31,842,656	\$29,952,689	\$32,254,287	\$39,150,302	\$44,949,479	\$46,568,366	\$49,792,164	\$51,221,041	\$53,934,964
Restricted	1,008,552	1,279,998	1,315,382	1,613,552	1,945,535	2,645,839	2,266,520	2,227,393	2,143,630	2,081,839
Unrestricted	13,878,255	14,935,182	20,853,617	25,628,458	21,887,888	23,335,011	23,790,151	23,318,449	24,414,563	23,107,684
Total primary government net assets	<u>\$45,749,637</u>	<u>\$48,057,836</u>	<u>\$52,121,688</u>	<u>\$59,496,297</u>	<u>\$62,983,725</u>	<u>\$70,930,329</u>	<u>\$72,625,037</u>	<u>\$75,338,006</u>	<u>\$77,779,234</u>	<u>\$79,124,487</u>

**Schedule 2**  
**City of Sioux Center**  
**Changes in Net assets,**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses</b>										
Governmental activities:										
Public Safety	\$697,459	\$743,556	\$817,289	\$741,391	\$812,532	\$996,337	\$1,026,496	\$1,087,057	\$1,123,039	\$1,205,647
Public Works	957,142	942,212	1,041,100	1,110,196	1,473,643	1,357,890	1,630,940	1,758,350	1,683,109	1,983,961
Culture and Recreation	2,081,506	2,231,734	2,579,546	2,519,821	2,400,998	3,135,324	3,086,073	3,311,975	3,442,682	3,634,503
Community and Economic Development	173,930	114,083	148,772	150,322	231,692	133,247	149,263	131,008	148,066	185,660
General Government	500,723	627,660	674,592	614,518	592,506	626,507	695,282	706,708	996,544	943,785
Capital Projects		88,986	1,133,134	1,532,401						
Debt Service	210,963	191,846	152,184	144,171	238,421	307,498	401,459	364,025	323,338	258,630
Total governmental activities expenses	4,621,723	4,940,077	6,546,617	6,812,820	5,749,792	6,556,803	6,989,513	7,359,123	7,716,778	8,212,186
Business-type activities:										
Centre Mall	779,335	751,409	896,463	901,224	1,189,137	1,117,315	1,084,666	1,025,600	1,109,253	1,016,468
Water	862,799	929,888	913,444	958,977	1,098,883	1,147,543	1,147,264	1,302,133	1,264,355	1,317,264
Sewer	1,092,388	978,266	970,703	981,750	1,017,284	1,141,327	1,124,746	1,227,212	1,050,397	1,019,632
Electric	4,493,596	4,737,622	5,386,473	5,750,535	6,392,707	7,155,946	8,354,052	8,521,319	8,715,106	8,767,471
Natural Gas	6,526,642	8,009,601	10,397,592	9,470,983	13,485,073	13,140,995	10,643,488	8,721,668	7,014,332	7,396,615
Total business-type activities expenses	13,754,760	15,406,786	18,564,675	18,063,469	23,183,084	23,703,126	22,354,216	20,797,932	19,153,443	19,517,450
Total primary government expenses	\$18,376,483	\$20,346,863	\$25,111,292	\$24,876,289	\$28,932,876	\$30,259,929	\$29,343,729	\$28,157,055	\$26,870,221	\$27,729,636
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public Safety	\$40,260	\$37,614	\$39,884	\$54,484	\$53,339	\$50,228	\$50,293	\$52,310	\$57,466	\$57,479
Public Works	264,375	229,180	309,319	223,861	451,014	490,109	333,692	367,443	394,089	421,184
Culture and Recreation	663,424	957,686	897,259	787,863	932,494	917,498	636,337	768,568	818,972	905,664
Community and Economic Development	46,506	56,294	83,885	97,422	67,366	96,457	71,494	41,993	66,080	187,367
General Government	42,970	57,026	40,907	32,890	15,216	36,589	38,047	56,397	54,273	57,761
Capital Projects										
Operating grants and contributions	577,002	538,893	518,312	529,391	542,128	481,551	559,269	594,984	668,511	674,958
Capital grants and contributions	1,893,626	158,503	116,575	394,131	387,295	401,970	821,197	799,114	564,919	66,900
Total governmental activities program revenues	3,528,163	2,035,196	2,006,141	2,120,042	2,448,852	2,474,402	2,510,329	2,680,809	2,624,310	2,371,313
Business-type activities:										
Charges for services:										
Centre Mall	398,036	417,432	379,069	392,026	469,590	472,346	455,205	453,156	482,752	471,820
Water	1,013,677	1,037,550	1,044,556	1,102,593	1,105,854	1,246,025	1,181,242	1,267,961	1,463,515	1,526,332
Sewer	747,228	914,104	1,021,816	863,499	999,517	1,012,341	850,807	1,007,896	1,170,720	1,068,788
Electric	4,936,376	5,227,088	5,757,876	6,074,370	6,984,873	7,610,111	8,492,056	9,042,937	9,091,337	9,147,357
Natural Gas	6,880,803	8,547,536	10,688,579	9,611,852	13,843,901	13,565,023	10,850,723	8,955,003	6,846,384	7,434,309

**Schedule 2**  
**City of Sioux Center**  
**Changes in Net assets,**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total business-type activities program revenues	13,976,120	16,143,710	18,891,896	18,044,340	23,403,735	23,905,846	21,830,033	20,726,953	19,054,708	19,648,606
Total primary government program revenues	\$17,504,283	\$18,178,906	\$20,898,037	\$20,164,382	\$25,852,587	\$26,380,248	\$24,340,362	\$23,407,762	\$21,679,018	\$22,019,919
<b>Net (expense)/revenue</b>										
Governmental activities	(\$1,093,560)	(\$2,904,881)	(\$4,540,476)	(\$4,692,778)	(\$3,300,940)	(\$4,082,401)	(\$4,479,184)	(\$4,678,314)	(\$5,092,468)	(\$5,840,873)
Business-type activities	221,360	736,924	327,221	(19,129)	220,651	202,720	(524,183)	(70,979)	(98,735)	131,156
Total primary government net expense	(\$872,200)	(\$2,167,957)	(\$4,213,255)	(\$4,711,907)	(\$3,080,289)	(\$3,879,681)	(\$5,003,367)	(\$4,749,293)	(\$5,191,203)	(\$5,709,717)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities										
Property taxes	\$2,577,737	\$2,709,532	\$2,795,346	\$3,163,518	\$3,325,694	\$3,868,849	\$4,130,253	\$4,672,916	\$4,785,273	\$4,792,723
Local option sales tax	442,959	428,672	520,697	552,779	562,369	647,398	599,213	701,502	640,653	760,459
Unrestricted investment earnings	50,096	69,953	38,757	189,599	222,533	128,520	74,833	47,956	27,596	13,652
Miscellaneous	975,185	1,087,859	372,329	729,840	1,799,569	5,151,748	1,292,505	1,318,680	856,405	806,237
Transfers	(20,427)	(312,932)	(327,022)	(211,105)	(250,734)	(403,899)	(60,710)	149,443	224,844	178,971
Total governmental activities	4,025,550	3,983,084	3,400,107	4,424,631	5,659,431	9,392,616	6,036,094	6,890,497	6,534,771	6,552,042
Business-type activities										
Unrestricted investment earnings	101,172	154,527	471,081	500,290	627,900	498,962	370,324	375,112	394,572	450,744
Miscellaneous	(23,270)	93,118	3,462,606	3,987,178	102,726	1,241,096	230,946	346,099	927,931	231,155
Transfers	20,427	312,932	327,022	211,105	250,734	403,899	60,710	(149,443)	(224,844)	(178,971)
Total business-type activities	98,329	560,577	4,260,709	4,698,573	981,360	2,143,957	661,980	571,768	1,097,659	502,928
Total primary government	\$4,123,879	\$4,543,661	\$7,660,816	\$9,123,204	\$6,640,791	\$11,536,573	\$6,698,074	\$7,462,265	\$7,632,430	\$7,054,970
<b>Change in Net Assets</b>										
Governmental activities	2,931,990	1,078,203	(1,140,369)	(268,147)	2,358,491	5,310,215	1,556,910	2,212,183	1,442,303	711,169
Business-type activities	319,689	1,297,501	4,587,930	4,679,444	1,202,011	2,346,677	137,797	500,789	998,924	634,084
Total primary government	\$3,251,679	\$2,375,704	\$3,447,561	\$4,411,297	\$3,560,502	\$7,656,892	\$1,694,707	\$2,712,972	\$2,441,227	\$1,345,253

**Schedule 3**  
**City of Sioux Center**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$81,465	\$81,465	\$81,466	\$12,000	\$12,000	\$0	\$0	\$0	\$0	\$0
Unreserved	1,474,533	1,634,908	1,637,982	2,503,644	2,808,809	2,901,658	3,047,500	2,865,946	2,711,856	2,339,932
Total general fund	\$1,555,998	\$1,716,373	\$1,719,448	\$2,515,644	\$2,820,809	\$2,901,658	\$3,047,500	\$2,865,946	\$2,711,856	\$2,339,932
All other governmental funds										
Reserved	\$7,637	\$9,463	\$3,275	\$27,515	\$42,911	\$0	\$0	\$0	\$0	\$0
Unreserved, reported in:										
Special revenue funds	1,513,502	1,573,686	1,403,070	1,132,559	1,343,131	1,758,146	975,700	819,232	827,069	1,125,213
Debt service funds						6,596	0	0	0	2,366
Capital project funds	289,212	931,743	589,577	2,440,638	894,064	85,369	331,023	(263,909)	(923,956)	(1,552,664)
Total all other governmental funds	\$1,810,351	\$2,514,892	\$1,995,922	\$3,600,712	\$2,280,106	\$1,850,111	\$1,306,723	\$555,323	(\$96,887)	(\$425,085)

**Schedule 4**  
**City of Sioux Center**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Property taxes	\$1,541,583	\$1,621,948	\$1,694,967	\$1,855,675	\$2,078,370	\$2,298,169	\$2,649,813	\$2,767,090	\$2,844,644	\$2,748,374
Tax increment financing	1,031,418	1,074,393	964,944	1,180,181	1,230,337	1,570,680	1,480,441	1,905,826	1,940,629	1,938,795
Other city taxes	447,695	441,863	636,228	680,442	579,357	647,398	599,213	701,502	640,653	866,013
Special assessments	86,469	25,889	98,425	76,711	16,638	130,642	43,288	84,691	65,385	291,450
Licenses and permits	76,817	85,507	99,355	127,662	88,490	659,653	106,897	77,080	106,251	226,252
Intergovernmental	1,744,167	704,756	631,724	981,638	810,054	1,091,687	1,448,404	1,455,337	1,298,302	813,507
Charges for services	631,281	994,074	930,449	968,434	1,449,527	1,176,853	770,306	954,927	1,084,598	1,183,030
Miscellaneous	1,655,539	1,206,157	447,399	587,430	1,513,042	161,500	1,173,909	1,157,760	722,131	443,137
Use of property and money	129,093	176,623	274,990	297,606	421,621	1,055,171	334,863	317,650	230,867	233,827
<b>Total Revenues</b>	<b>7,344,062</b>	<b>6,331,210</b>	<b>5,778,481</b>	<b>6,755,779</b>	<b>8,187,436</b>	<b>8,791,753</b>	<b>8,607,134</b>	<b>9,421,863</b>	<b>8,933,460</b>	<b>8,744,385</b>
<b>Expenditures</b>										
Public safety	636,876	725,681	776,606	730,316	750,423	814,558	882,827	998,840	867,980	1,036,957
Public works	625,173	585,562	659,692	803,434	892,144	896,056	1,032,254	1,602,290	1,123,927	1,272,247
Culture and recreation	1,845,690	1,912,130	2,098,074	2,106,035	2,235,045	2,894,998	2,501,034	2,703,276	2,941,486	2,946,583
Community and economic development	172,788	111,704	138,977	150,468	230,464	132,971	148,900	128,740	147,425	185,538
General government	483,381	644,968	614,226	599,959	594,657	675,103	703,844	630,355	1,178,767	1,210,905
Capital projects	2,169,779	666,257	1,133,134	1,831,620	5,057,283	10,861,506	2,260,417	3,045,913	3,493,052	1,516,153
Debt service										
Interest	214,564	161,447	145,306	124,308	210,272	378,245	408,200	368,837	331,022	261,202
Principal	884,877	329,981	377,570	367,433	376,855	2,081,563	1,006,494	1,026,008	1,381,722	1,193,894
<b>Total Expenditures</b>	<b>7,033,128</b>	<b>5,137,730</b>	<b>5,943,585</b>	<b>6,713,573</b>	<b>10,347,143</b>	<b>18,735,000</b>	<b>8,943,970</b>	<b>10,504,259</b>	<b>11,465,381</b>	<b>9,623,479</b>
Excess of revenues over (under) expenditures										
Other financing sources (uses)										
Bonds issued				2,412,000	1,395,000	9,998,000			1,500,000	
Transfers in	2,538,360	2,726,432	3,157,238	3,721,260	3,354,776	3,751,412	4,859,181	4,887,354	5,075,390	4,709,077
Transfers out	(2,558,787)	(3,039,364)	(3,484,260)	(3,932,365)	(3,605,510)	(4,155,311)	(4,919,891)	(4,737,911)	(4,849,769)	(4,530,106)
Total other financing sources (uses)	(20,427)	(312,932)	(327,022)	2,200,895	1,144,266	9,594,101	(60,710)	149,443	1,725,621	178,971
<b>Net change in fund balances</b>	<b>\$290,507</b>	<b>\$880,548</b>	<b>(\$492,126)</b>	<b>\$2,243,101</b>	<b>(\$1,015,441)</b>	<b>(\$349,146)</b>	<b>(\$397,546)</b>	<b>(\$932,953)</b>	<b>(\$806,300)</b>	<b>(\$700,123)</b>
Debt service as a percentage of noncapital expenditures	15.6%	9.6%	8.8%	7.3%	5.7%	13.1%	15.8%	13.3%	14.9%	15.1%

**Schedule 5**  
**City of Sioux Center**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property		Utilities		Total		Assessed Value as a Percentage of Estimated
	Assessed	Estimated Actual Value	Assessed	Estimated Actual Value	Assessed	Estimated Actual Value	
2003-04	160,872,021	247,768,524	1,244,987	1,244,987	162,117,008	249,013,511	65.1%
2004-05	159,310,103	254,092,890	1,261,133	1,264,303	160,571,236	255,357,193	62.9%
2005-06	164,454,918	259,762,534	1,270,418	1,270,418	165,725,336	261,032,952	63.5%
2006-07	179,069,053	292,992,586	1,167,183	1,170,856	180,236,236	294,163,442	61.3%
2007-08	186,183,196	299,224,460	1,293,020	1,293,020	187,476,216	300,517,480	62.4%
2008-09	205,956,675	343,021,104	1,293,020	1,293,020	207,249,695	344,314,124	60.2%
2009-10	224,969,963	365,108,615	1,236,807	1,236,807	226,206,770	366,345,422	61.7%
2010-11	241,960,347	392,473,744	1,348,433	1,348,433	243,308,780	393,822,177	61.8%
2011-12	252,797,103	406,947,980	1,480,698	1,480,698	254,277,801	408,428,678	62.3%
2012-13	266,433,924	417,788,946	1,666,484	1,666,484	268,100,408	419,455,430	63.9%

**Schedule 6**  
**City of Sioux Center**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Year	City Direct Rates							Overlapping Rates				Total City Consolidate Rate
	General Rate	Civic Center Rate	Liability Ins Rate	Employee Benefits Rate	Debt Service Rate	Total Direct City Rate	School District	County Consolidated	Vocational School			
2003-04	8.10000	0.13500	0.43223	2.97334	0.60000	12.24057	14.30223	4.64743	0.65433	31.84456		
2004-05	8.10000	0.13500	0.70419	3.64606	0.60574	13.19099	14.05656	5.06682	0.58447	32.89884		
2005-06	8.10000	0.13500	0.64160	4.15154	0.42565	13.45379	14.00026	6.14423	0.58365	34.18193		
2006-07	8.10000	0.13500	0.64274	4.61540	0.27741	13.77055	13.98994	6.13163	0.66202	34.55414		
2007-08	8.10000	0.13500	0.65838	4.38082	0.69824	13.97244	13.99807	6.03708	0.67287	34.68046		
2008-09	8.10000	0.13500	0.82780	4.55974	0.62726	14.24980	14.80599	5.62130	0.68751	35.36460		
2009-10	8.10000	0.13500	0.73361	4.04093	1.37952	14.38906	16.08818	5.51633	0.65473	36.64830		
2010-11	8.10000	0.13500	0.71172	4.15979	1.28256	14.38906	16.12488	5.37471	0.67631	36.56496		
2011-12	8.10000	0.13500	0.67817	3.76149	1.10076	13.77542	16.12157	5.36350	0.65058	35.91107		
2012-13	8.10000	0.13500	0.63748	3.59173	0.68380	13.14801	16.11643	5.34016	0.64379	35.24839		

Note: Overlapping rates are those of other local governments that apply to property owners within the City of Sioux Center.

**Schedule 7**  
**City of Sioux Center**  
**Principal Property Tax Payers**  
**Current and Ten Years Ago**

<u>Taxpayer</u>	FY 2013		<u>Taxpayer</u>	FY 2003	
	<u>Assessed Value</u>	<u>Percentage of Total Taxable Value</u>		<u>Assessed Value</u>	<u>Percentage of Total Taxable Value</u>
Trigen, LLC (Pella)	\$12,792,660	4.77%	Trigen, LLC (Pella)	\$9,302,581	5.78%
Farmers Cooperative Society	7,897,910	2.95%	Farmers Cooperative Society	5,400,730	3.36%
Walmart Real Estate	7,832,790	2.92%	City of Sioux Center (Centre Mall)	4,514,400	2.81%
City of Sioux Center (Centre Mall)	6,643,230	2.48%	Sioux Automation	2,671,158	1.66%
Harbor Group Investments LLC	3,941,170	1.47%	American State Bank	2,431,517	1.51%
Patrick Cudahy (Golden Crisp)	3,483,680	1.30%	Gorges Quick to Fix	2,319,239	1.44%
Link Mfg	2,769,190	1.03%	SC Community Hospital	2,258,740	1.40%
Southridge Lodging	2,706,980	1.01%	Link Manufacturing	1,911,430	1.19%
American State Bank	2,556,360	0.95%	EMW Groschopp	1,665,769	1.04%
R&C Hulshof Farms, LLC	<u>2,520,710</u>	0.94%	Vet Pharm	<u>1,524,295</u>	0.95%
	<u>53,144,680</u>	19.82%		<u>\$33,999,859</u>	21.13%

Source: Assessed valuations are obtained from the Sioux County Assessor's Office.

**Schedule 8**  
**City of Sioux Center**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Total Tax Levy For Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Delinquent Tax Collections</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2003-04	2,485,848	2,508,382	100.9%	2,393	2,510,775	101.0%
2004-05	2,606,377	2,691,285	103.3%	315	2,691,600	103.3%
2005-06	2,846,327	2,757,691	96.9%	890	2,758,580	96.9%
2006-07	3,137,741	3,144,012	100.2%	910	3,144,922	100.2%
2007-08	3,316,224	3,308,708	99.8%	899	3,309,607	99.8%
2008-09	3,754,272	3,857,934	102.8%	1,040	3,858,974	102.8%
2009-10	4,130,253	4,122,204	99.8%	3,488	4,125,692	99.9%
2010-11	4,630,104	4,661,663	100.7%	3,952	4,665,615	100.8%
2011-12	4,694,612	4,679,886	99.7%	467	4,680,353	99.7%
2012-13	4,732,132	4,686,293	99.0%	3,551	4,689,844	99.1%

**Schedule 9**  
**City of Sioux Center**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities	Business-Type Activities			Total	Per Capita
	General Obligation <u>Bonds</u>	Water <u>Bonds</u>	Sewer <u>Bonds</u>	Centre Mall <u>Bonds</u>	Primary <u>Government</u>	
2003-04	3,574,036	3,788,923	2,058,711	2,920,000	12,341,670	1,951
2004-05	3,244,055	3,749,414	1,913,723	4,055,000	12,962,192	2,049
2005-06	2,860,298	3,596,363	1,762,882	3,635,000	11,854,543	1,874
2006-07	4,825,322	4,739,488	1,912,191	3,880,000	15,357,001	2,427
2007-08	5,843,467	4,565,051	1,890,481	3,360,000	15,658,999	2,475
2008-09	10,449,078	4,267,114	1,700,807	2,305,000	18,721,999	2,959
2009-10	9,442,585	4,075,457	1,497,958	1,800,000	16,816,000	2,658
2010-11	8,416,577	3,748,800	1,289,623	1,495,000	14,950,000	2,121
2011-12	8,534,854	3,625,000	1,063,146	1,245,000	14,468,000	2,053
2012-13	9,506,884	3,586,172	1,158,944	975,000	15,227,000	2,160

**Schedule 10**  
**City of Sioux Center**  
**Ratios of Outstanding General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation <u>Bonds</u>	Less: Amount Available in Debt <u>Service Fund</u>	Total	Percentage of Estimated Actual Taxable <u>Value of Property</u>	Per <u>Capita</u>
	2003-04	3,574,036	7,637	3,566,399	2.20%
2004-05	3,244,055	9,463	3,234,592	2.01%	539
2005-06	2,860,298	3,275	2,857,023	1.72%	432
2006-07	4,825,322	27,515	4,797,807	2.66%	726
2007-08	5,843,467	42,911	5,800,556	3.09%	877
2008-09	10,449,078	6,596	10,442,482	5.04%	1,580
2009-10	9,442,585	0	9,442,585	4.17%	1,428
2010-11	8,416,577	0	8,416,577	3.46%	1,194
2011-12	8,534,854	0	8,534,854	3.36%	1,211
2012-13	9,506,884	2,366	9,504,518	3.55%	1,349

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements  
See Schedule of Demographic and Economic Statistics for population data.  
See Schedule of Assessed Value and Estimated Actual Value of Taxable Property for valuation data.

**Schedule 11**  
**City of Sioux Center**  
**Direct and Overlapping Governmental Activities Debt**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes:			
Sioux Center Community School District	\$11,180,000	66.35%	\$7,418,044
Sioux County	11,105,000	16.56%	<u>1,838,523</u>
Subtotal, overlapping debt			9,256,567
City of Sioux Center direct debt			<u>9,506,884</u>
Total direct and overlapping debt			<u><u>\$18,763,451</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Iowa Department of Management. Debt outstanding data provided by each governmental unit.

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

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**Schedule 12**  
**City of Sioux Center**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

**Legal Debt Margin Calculation for FY 2013**

Assessed value	\$419,455,430
Debt limit (5% of assessed value)	20,972,772
Debt applicable to limit	
Total general obligation bonds	11,665,000
Less: Amount set aside for repayment of general obligation debt	(2,656,387)
Total net debt applicable to limit	<u>9,008,613</u>
Legal debt margin	<u>\$11,964,159</u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$12,450,676	\$12,767,860	\$13,051,648	\$14,708,172	\$15,025,874	\$17,215,706	\$18,317,271	\$19,691,109	\$20,421,434	\$20,972,772
Total net debt applicable to limit	7,165,390	7,898,192	6,880,000	9,205,000	9,787,089	13,880,000	12,240,000	10,780,000	10,490,000	9,008,613
Legal debt margin	\$5,285,286	\$4,869,668	\$6,171,648	\$5,503,172	\$5,238,785	\$3,335,706	\$6,077,271	\$8,911,109	\$9,931,434	\$11,964,159
Total net debt applicable to the limit as a percentage of debt limit	57.55%	61.86%	52.71%	62.58%	65.13%	80.62%	66.82%	54.75%	51.37%	42.95%

Note: Under state finance law, the City's total outstanding general obligation debt should not exceed 5% of total assessed property value.

**Schedule 13**  
**City of Sioux Center**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Water Revenue Bonds

Fiscal Year	Revenue	Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003-04	1,032,974	449,675	583,299	88,248	183,734	2.14
2004-05	1,065,595	510,760	554,835	94,720	179,402	2.02
2005-06	1,134,541	512,008	622,533	130,000	136,883	2.33
2006-07	1,153,328	577,409	575,919	135,000	137,546	2.11
2007-08	1,179,939	665,935	514,004	200,000	167,654	1.40
2008-09	1,277,352	698,291	579,061	265,000	160,124	1.36
2009-10	1,203,030	677,696	525,334	150,000	152,406	1.74
2010-11	1,281,897	825,605	456,292	220,000	145,439	1.25
2011-12	1,471,268	774,876	696,392	275,000	107,934	1.82
2012-13	1,528,648	802,483	726,165	285,000	66,300	2.07

Sewer Revenue Bonds

Fiscal Year	Revenue	Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2002-03	682,734	439,470	243,264	88,000	96,483	1.32
2003-04	727,269	506,052	221,217	91,000	69,451	1.38
2004-05	921,883	534,482	387,401	95,000	65,712	2.41
2005-06	1,051,212	607,910	443,302	99,000	53,389	2.91
2006-07	926,762	670,680	256,082	103,000	42,000	1.77
2007-08	1,023,489	677,612	345,877	108,000	38,910	2.35
2008-09	1,023,677	798,879	224,798	112,000	35,670	1.52
2009-10	877,230	792,479	84,751	116,000	32,310	0.57
2010-11	1,095,926	909,331	186,595	121,000	28,830	1.25
2011-12	1,181,779	737,017	444,762	127,000	25,200	2.92
2012-13	1,095,049	701,362	393,687	131,000	21,390	2.58

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include depreciation, interest, or amortization expenses.

**Schedule 14**  
**City of Sioux Center**  
**Demographic and Economic Statistics**

Population	7,048
Median age	27.7
Median household income	\$56,333
Per capita income	\$24,320
Median home or condo value	\$164,703
Cost of living index (US average is 100)	80.3
Percentage with high-school equivalency	84.2%
Percentage with bachelor's degree or higher	28.0%
Percentage with graduate or professional degree	8.8%
Unemployment rate	3.2%
Daytime population change due to commuting	629 (23.4%)
Average household size	2.7
Residents with incomes below the poverty level	6.6%
School enrollment	1,541

Source: Population, median age and education level provided by Bureau of Census.  
School enrollment data provided by Iowa Department of Education.  
Unemployment rate provided by the Iowa Workforce Development.  
Information from federal agencies consolidated by [www.city-data.com](http://www.city-data.com)

**Schedule 15**  
**City of Sioux Center**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government and Utilities Management	17	17	18	19	19	19	19	19	18	17
Police Officers	7	7	7	7	7	7	7	7	7	8
Public Works	1	1	1	1	1	1	1	1	1	1
Culture and Recreation	6	6	6	6	6	6	6	5	5	5
Library	6	6	6	6	6	6	6	7	7	7
Electric	4	4	4	4	4	4	4	4	4	4
Natural Gas	3	3	3	3	3	3	3	3	3	3
Water	4	4	4	4	4	4	4	4	4	4
Sewer	4	4	4	4	4	4	4	4	4	5
Centre Mall	2	2	2	2	2	2	2	2	2	3
Total	<u>53</u>	<u>53</u>	<u>54</u>	<u>55</u>	<u>55</u>	<u>55</u>	<u>55</u>	<u>56</u>	<u>55</u>	<u>57</u>

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

**Schedule 16**  
**City of Sioux Center**  
**Operating Indicators by Function/Program**

<u>Function/Program</u>	<u>2013</u>
<b>General Government</b>	
Building Permits Issued	89
<b>Police</b>	
Citations	711
Arrests	159
<b>Fire</b>	
Emergency Responses	102
<b>Parks and Recreation</b>	
Pool Admissions	25,331
Ice Arena Admissions	3,822
<b>Library</b>	
Items Checked Out	217,559
<b>Water</b>	
Average Daily Consumption	1,056,000
Peak Consumption	1,895,000
<b>Sewer</b>	
Average Daily Treatment	958,000
Peak load (gallons per day)	4,550,000
<b>Electric</b>	
KWH Purchased	120,895,272
KWH Sold	118,708,727
Average Revenue per KWH Sold	0.080
<b>Gas</b>	
MCF Purchased	1,522,534
MCF Sold	1,533,477
Average Revenue per MCF Sold	4.848

Source: Various city departments

**Schedule 17**  
**City of Sioux Center**  
**Capital Asset Statistics by Function/Program**

<b><u>Function/Program</u></b>	<b><u>2013</u></b>
<b>Police</b>	
Stations	1
Patrol units	4
<b>Fire</b>	
Stations	2
Emergency vehicles	7
<b>Other Public Works</b>	
Streets (miles)	54
Highways (miles)	4
Streetlights	735
Traffic signals	4
<b>Parks and Recreation</b>	
Parks/playgrounds	9
Bike trail (miles)	6.5
Baseball/softball diamonds	8
Soccer/football fields	6
Facilities (All Seasons Center - pool, ice arena)	1
<b>Water</b>	
Water mains (miles)	65
Fire hydrants	311
Number of wells	15
Elevated storage capacity (gallons)	650,000
Water plant capacity (gallons per day)	1,920,000
Meters in service	2,400
<b>Sewer</b>	
Sanitary sewers (miles)	43
Storm sewers (miles)	16
Design capacity (gallons per day)	4,000,000
Number of lift stations	10
<b>Electric</b>	
Electric main wire (miles)	79
Meters in Service	2,627
<b>Gas</b>	
Gas mains (miles)	74
Meters in Service	2,245

Source: Various city departments

City of Sioux Center, Iowa

Staff

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