

City of Sioux Center, Iowa



Annual Financial Report

for the fiscal year ended June 30, 2017

Prepared by:
Finance Department
Darryl Ten Pas, Finance Director

**CITY OF SIOUX CENTER, IOWA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017
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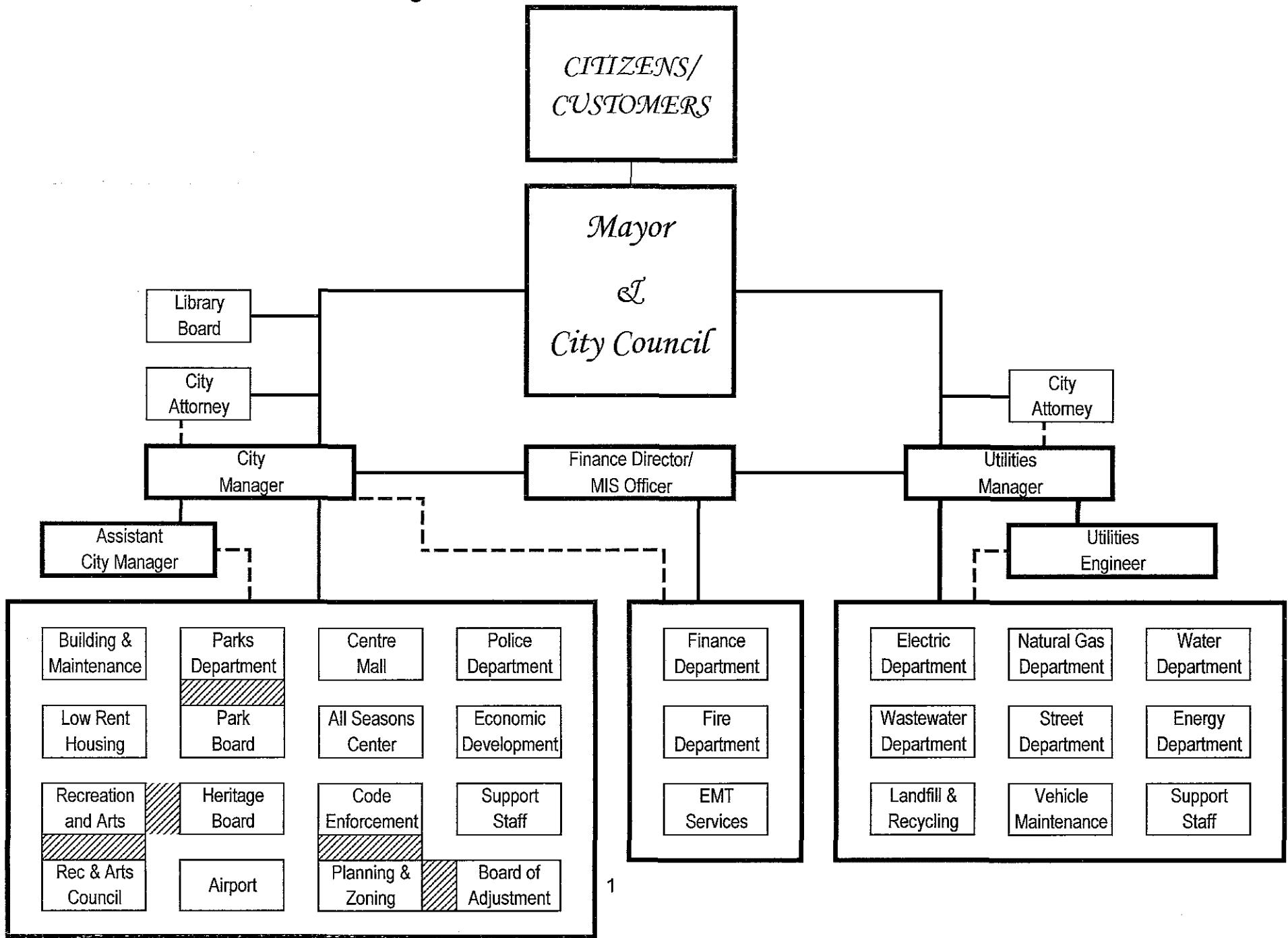
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City of Sioux Center

ORGANIZATIONAL STRUCTURE



CITY OF SIOUX CENTER, IOWA

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Walstra	Mayor	Jan 2020
Eric Moerman	Council Member	Jan 2020
Verlyn Rozeboom	Council Member	Jan 2020
Jamie Van Ravenswaay	Council Member	Jan 2018
Randy Vreugdenhil	Council Member	Jan 2018
W. Dale Den Herder	Council Member	Jan 2018
Scott Wynja	City Manager	Indefinite
Darryl Ten Pas	Treasurer, Finance Director	Indefinite
Brian Van Engen	Attorney	Indefinite

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council
City of Sioux Center, Iowa

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 the CITY OF SIOUX CENTER, IOWA (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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 the City of Sioux Center, Iowa, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of funding progress for retiree health plan, Schedule of the City's Proportionate Share of the Net Pension Liability and Schedule of City's Contributions to Iowa Public Employees' Retirement System on pages 5 through 8 and 55 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements,

is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2018, on our consideration of the City of Sioux Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sioux Center's internal control over financial reporting and compliance.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
January 26, 2018

Management Discussion and Analysis

June 30, 2017

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, 2017. 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, 2017 by \$84,966,596 (net position). Of this amount, \$21,581,233 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased by \$2,403,869 during the fiscal year. An increase of \$1,596,200 is attributable to governmental activities and an increase of \$807,669 to business type activities.

The City's long-term debt decreased \$1,890,000 due to principal payment over the past year and no bonds being issued. However, the City secured a \$5,500,000 sewer revenue note from the Iowa Finance Authority during 2017. The proceeds will be used for planning and design of a new waste treatment plant. The City had drawn down \$348,736 as of June 30, 2017. General Obligation debt totaled \$3,568,000 and other long-term debt totaled \$2,128,736. In addition the City has issued internal debt for capital projects in the amount of \$721,050 that will be paid with TIF funds over the next two years.

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 required supplementary information and 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.

The statement of net position information on all of the City's assets, deferred inflows of resources, liabilities and deferred outflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Sioux Center is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported 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, debt service, and capital projects. 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 and self-funded part of the City's health insurance. 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 position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$84,966,596 at the close of the most recent fiscal year.

City of Sioux Center Net Position

	Governmental Activities		Business-type		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$11,431,588	\$9,266,959	\$23,540,801	\$23,145,129	\$34,972,389	\$32,412,088
Capital assets	42,248,918	43,843,922	23,651,678	23,151,237	65,900,596	66,995,159
Total assets	53,680,506	53,110,881	47,192,479	46,296,366	100,872,985	99,407,247
Deferred Outflows	594,292	483,693	404,851	230,417	999,143	714,110
Long-Term Liabilities	3,476,399	4,223,689	3,262,880	3,124,737	6,739,279	7,348,426
Other liabilities	1,895,552	1,894,433	2,622,766	2,356,155	4,518,318	4,250,588
Total liabilities	5,371,951	6,118,122	5,885,646	5,480,892	11,257,597	11,599,014
Deferred Inflows	5,569,516	5,739,321	78,419	220,295	5,647,935	5,959,616
Net Position:						
Net Investment in Capital Assets	39,198,868	39,575,978	21,041,283	20,227,133	60,240,151	59,803,111
Restricted	2,737,247	2,257,547	407,965	403,778	3,145,212	2,661,325
Unrestricted	1,397,216	(96,394)	20,184,017	20,194,685	21,581,233	20,098,291
Total net position	\$43,333,331	\$41,737,131	\$41,633,265	\$40,825,596	\$84,966,596	\$82,562,727

The largest part of the City's net position (70.9 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 position (3.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$21,581,233) may be used to meet the government's ongoing obligations to citizens and creditors.

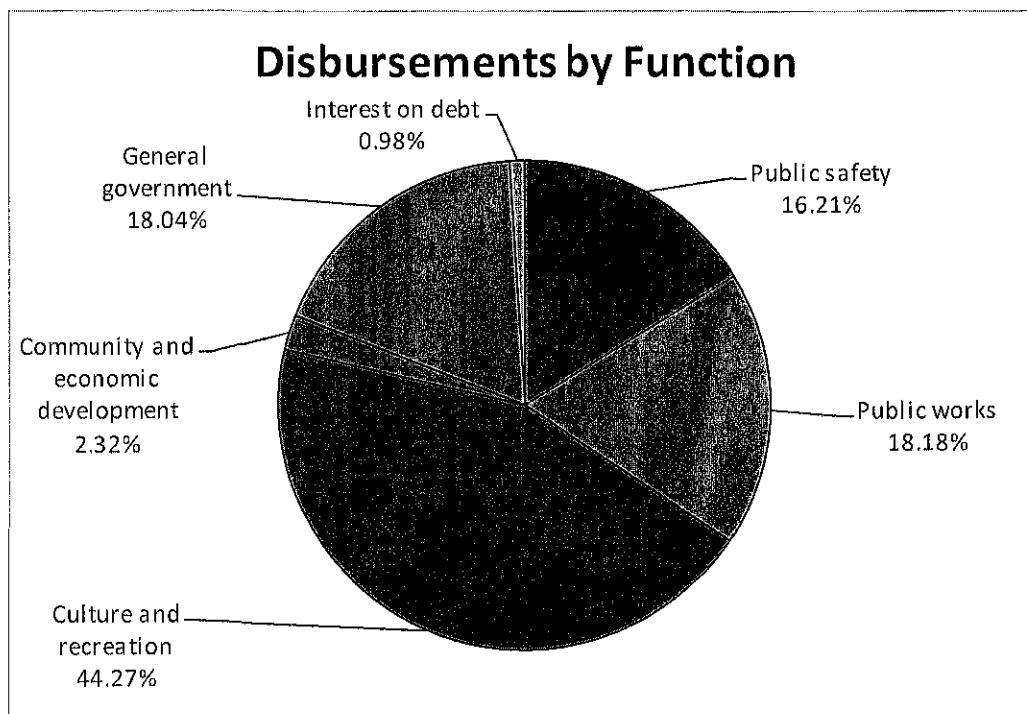
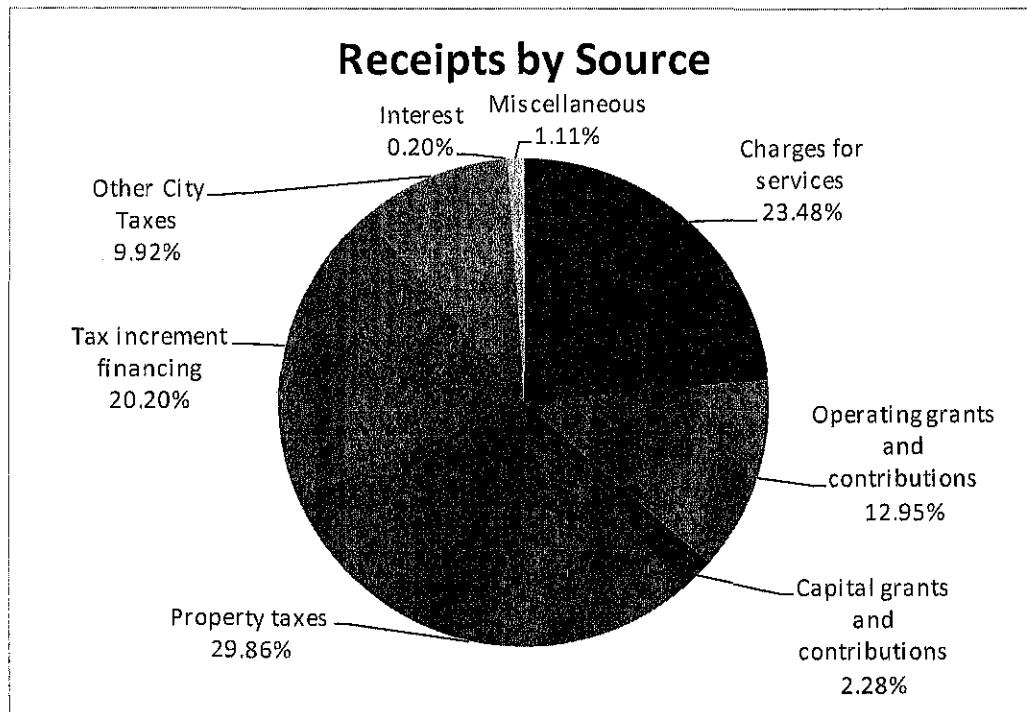
At the end of the current fiscal year, the City of Sioux Center is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The City's total net position increased during the current fiscal year. The increase in net assets in the business-type activities 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 position follows:

City of Sioux Center Change Net Position						
	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Charges for services	\$2,466,963	\$2,514,855	\$20,396,885	\$18,977,997	\$22,863,848	\$21,492,852
Operating grants and contributions	1,360,562	1,416,600	-	-	1,360,562	1,416,600
Capital grants and contributions	239,249	81,859	-	-	239,249	81,859
General Revenues:						
Property taxes	3,137,041	2,990,078	-	-	3,137,041	2,990,078
Tax increment financing	2,122,422	2,296,598	-	-	2,122,422	2,296,598
Other city taxes	1,042,172	805,958	-	-	1,042,172	805,958
Interest	20,763	25,051	117,159	71,314	137,922	96,365
Miscellaneous	116,851	131,269	1,817,362	1,891,913	1,934,213	2,023,182
Total Revenues:	10,506,023	10,262,268	22,331,406	20,941,224	32,837,429	31,203,492
Expenses:						
Public safety	1,510,299	1,292,287	-	-	1,510,299	1,292,287
Public works	1,693,887	1,833,705	-	-	1,693,887	1,833,705
Culture and recreation	4,124,895	3,920,969	-	-	4,124,895	3,920,969
Community and economic development	215,862	222,034	-	-	215,862	222,034
General government	1,680,901	2,015,242	-	-	1,680,901	2,015,242
Interest on debt	90,990	131,133	-	-	90,990	131,133
Centre Mall	-	-	955,746	873,966	955,746	873,966
Water Utility	-	-	1,513,895	1,325,725	1,513,895	1,325,725
Sewer Utility	-	-	1,318,322	1,123,375	1,318,322	1,123,375
Electric Utility	-	-	10,218,043	9,514,228	10,218,043	9,514,228
Gas Utility	-	-	7,110,720	5,912,326	7,110,720	5,912,326
Total Expenses	9,316,834	9,415,370	21,116,726	18,749,620	30,433,560	28,164,990
Increase/(decrease) in net position before other financing sources	1,189,189	846,898	1,214,680	2,191,604	2,403,869	3,038,502
Other financing sources (uses)	407,011	474,666	(407,011)	(474,666)	-	-
Increase/(decrease) in net position	1,596,200	1,321,564	807,669	1,716,938	2,403,869	3,038,502
Net Position-beginning	41,737,131	40,415,567	40,825,596	39,108,658	82,562,727	79,524,225
Net Position-ending	\$43,333,331	\$41,737,131	\$41,633,265	\$40,825,596	\$84,966,596	\$82,562,727



Sioux Center's property tax revenues for general purposes increased by \$146,963 or approximately 4.9%. This increase is due to continued increasing property valuations and new properties being added.

The increase in net position in the governmental activities column in 2017 was \$1,596,200. In 2016 there was an increase in net position for governmental activities of \$1,321,564. Any discrepancy is due to the timing of grants, refunds and miscellaneous revenues for the City's capital projects that occur over several fiscal years.

Historically 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 position by \$807,669.

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>2017</u>	<u>2016</u>
Electric Utility	\$834,170	\$1,604,632
Natural Gas Utility	60,886	(106,012)
Water Utility	147,321	322,462
Sewer Utility	(40,091)	18,822
Centre Mall	<u>(194,617)</u>	<u>(122,966)</u>
Change in Net Position	<u>\$807,669</u>	<u>\$1,716,938</u>

The change in net position for the electric utility in 2017 decreased from 2016 because of increased depreciation and operating and maintenance cost.

Change in net position in the gas utility in 2017 was positive because of increased revenue.

The change in net position for the water utility in 2017 decreased from 2016 because of increased depreciation and operation and maintenance costs.

The change in net position for the sewer utility in 2017 decreased from 2016 because of increased depreciation and operation and maintenance costs.

The Centre Mall's change in net position decreased from 2016 to 2017. This decrease compared to 2016 was due to increased Operating and Maintenance expenses.

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 total fund balances of \$4,986,334 an increase of \$2,020,372 from last fiscal year.

The general fund is the primary fund of the City. The general total fund balance increased by \$517,354 as of June 30, 2017 compared to June 30, 2016.

Budgetary Highlights

The City of Sioux Center adopted one budget amendment during fiscal year. The total amendment increased budget disbursements by \$1,665,000. The increase was due to additional expenditures for Public Works equipment and repairs. Cultural and Recreation expenditures grew because of increases in recreation activities. Total disbursements exceeded the budgeted amounts for Public Works, General Government, and Business-Type activities for 2017.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$60,240,151 (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 (\$377,110). The increase in capital assets in business-type activities totaled \$814,150. The net increase in capital assets for all activities for the fiscal year was \$437,040. The increase in capital assets for business-type activities is due to increased spending in infrastructure and repairs done to the west substation after a catastrophic system failure caused a fire to destroy most of the switching equipment. Most of the decrease in capital assets for governmental activities is due to depreciation expense.

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 \$5,696,736 at the end of the current fiscal year. Of this amount \$3,568,000 was general obligation debt which is debt backed by the full faith and credit of the government. The remainder of \$2,128,736 is revenue bonds (and notes) debt that is secured by specific revenue sources. This is a net decrease of \$1,541,244 from the balance at the end of the previous fiscal year. No bonds were issued during the fiscal year, however, the City secured a \$5,500,000 sewer revenue note from the Iowa Finance Authority during 2017. The proceeds will be used for planning and design of a new waste treatment plant. The City had drawn down \$348,736 as of June 30, 2017.

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 \$26,005,079. Net bonded debt applicable to the City's debt limit (total issues outstanding less funds reserved for repayment of debt) is \$3,568,000 or 13.7% 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 solid activity in calendar year 2016. 19 building permits were issued for commercial construction, 65 permits were issued for residential construction and no permits were issued for tax exempt construction.

Total estimated valuation of this construction was \$25,335,787 compared to \$13,763,298 in the prior year.

Taxable retail sales in fiscal year 2017 increased by \$7,820,193 for a total of \$155,352,525. The City's retail sales account for 40% 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 1st Ave NW, Sioux Center, Iowa 51250.

CITY OF SIOUX CENTER, IOWA
 STATEMENT OF NET POSITION
 JUNE 30, 2017

	Primary Government Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,887,632	\$ 7,912,244	\$ 12,799,876
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	218,715	2,066,133	2,284,848
Taxes	7,434	-	7,434
Subsequent Year Taxes	5,454,401	-	5,454,401
Accrued Interest	-	24,932	24,932
Estimated Unbilled Usage	-	524,398	524,398
Special Assessments	168,131	-	168,131
Notes Receivable	-	2,236,917	2,236,917
Interfund Balances	207,400	(207,400)	-
Due from Other Governmental Agencies	341,679	-	341,679
Inventories	-	1,064,948	1,064,948
Prepaid Assets	146,196	141,407	287,603
Land Held for Resale	-	9,362,956	9,362,956
Restricted Assets, Cash and Investments:			
Revenue Bond Current Debt Service Account - Cash & Investments	-	414,266	414,266
Land	8,929,873	2,487,556	11,417,429
Construction in Progress	2,633,510	1,128,989	3,762,499
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	30,685,535	20,035,133	50,720,668
Total Assets	53,680,506	47,192,479	100,872,985
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	594,292	404,851	999,143
Total Deferred Outflows of Resources	594,292	404,851	999,143
LIABILITIES			
Accounts Payable	552,694	1,784,217	2,336,911
Accrued Expenses	-	193,556	193,556
Customer Deposits	29,378	42,207	71,585
Accrued Interest	6,436	6,882	13,318
Noncurrent Liabilities:			
Due within one year:			
Revenue Bonds Payable	-	325,000	325,000
General Obligation Bonds	1,260,238	222,156	1,482,394
Compensated Absences and Benefits	46,806	48,746	95,552
Due in more than one year:			
Revenue Bonds Payable	-	1,790,555	1,790,555
General Obligation Bonds	1,789,812	272,684	2,062,496
Net Pension Liability	1,534,966	1,045,671	2,580,637
Other Post Employment Benefits	11,202	7,729	18,931
Compensated Absences and Benefits, Long-Term	140,419	146,243	286,662
Total Liabilities	5,371,951	5,885,646	11,257,597
DEFERRED INFLOW OF RESOURCES			
Deferred Revenue - Subsequent Year Taxes	5,454,401	-	5,454,401
Pension Related Deferred Inflows	115,115	78,419	193,534
Total Deferred Inflow of Resources	5,569,516	78,419	5,647,935
NET POSITION			
Net Investment in Capital Assets	39,198,868	21,041,283	60,240,151
Restricted for:			
Debt Service	4,516	407,965	412,481
TIF	9,626	-	9,626
Specific Revenues	663	-	663
Local Option Sales Tax	1,008,579	-	1,008,579
Road Use Tax	1,713,863	-	1,713,863
Unrestricted	1,397,216	20,184,017	21,581,233
Total Net Position	\$ 43,333,331	\$ 41,633,265	\$ 84,966,596

See Accompanying Notes to Financial Statements

CITY OF SIOUX CENTER, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,510,299	\$ 355,923	\$ 37,363	\$ -
Public Works	1,693,887	483,418	900,684	239,249
Culture and Recreation	4,124,895	979,563	381,296	-
Community and Economic Development	215,862	-	-	-
General Government	1,680,901	648,059	34,544	-
Debt Service	90,990	-	6,675	-
Total governmental activities	<u>9,316,834</u>	<u>2,466,963</u>	<u>1,360,562</u>	<u>239,249</u>
Business-Type Activities:				
Electric Utility	10,218,043	9,911,730	-	-
Water Utility	1,513,895	1,678,372	-	-
Sewer Utility	1,318,322	1,208,260	-	-
Gas Utility	7,110,720	7,128,643	-	-
Centre Mall	955,746	469,880	-	-
Total Business-Type Activities:	<u>21,116,726</u>	<u>20,396,885</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 30,433,560</u>	<u>\$ 22,863,848</u>	<u>\$ 1,360,562</u>	<u>\$ 239,249</u>

General Revenues:
 Property taxes
 Tax Increment Financing
 Other City Taxes
 Interest
 Unrestricted Intergovernmental Revenues
 Miscellaneous
 Interfund Transfers
 Total general revenues and transfers
 Change in net position
 Net Position - beginning
 Net Position - ending

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (1,117,013)		\$ (1,117,013)
(70,536)		(70,536)
(2,764,036)		(2,764,036)
(215,862)		(215,862)
(998,298)		(998,298)
(84,315)		(84,315)
<u>(5,250,060)</u>		<u>(5,250,060)</u>
\$ (306,313)		(306,313)
164,477		164,477
(110,062)		(110,062)
17,923		17,923
(485,866)		(485,866)
<u>(719,841)</u>		<u>(719,841)</u>
<u>(5,250,060)</u>		<u>(5,969,901)</u>
3,137,041	-	3,137,041
2,122,422	-	2,122,422
1,042,172	-	1,042,172
20,763	117,159	137,922
116,851	-	116,851
-	1,817,362	1,817,362
407,011	(407,011)	-
<u>6,846,260</u>	<u>1,527,510</u>	<u>8,373,770</u>
1,596,200	807,669	2,403,869
41,737,131	40,825,596	82,562,727
<u>\$ 43,333,331</u>	<u>\$ 41,633,265</u>	<u>\$ 84,966,596</u>

CITY OF SIOUX CENTER, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2017

	General	TIF
Assets		
Cash and Pooled Investments	\$ 2,687,037	\$ 5,328
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	218,715	-
Taxes	2,270	4,298
Subsequent Year Taxes	2,405,594	2,161,998
Special Assessments	168,131	-
Due from Other Funds	890,453	-
Due from Other Governmental Agencies	39,320	-
Total Assets	<u>6,411,520</u>	<u>2,171,624</u>
Liabilities		
Accounts Payable	337,392	-
Customer Deposits	29,378	-
Due to Other Funds	-	-
Total Liabilities	<u>366,770</u>	<u>-</u>
Deferred Inflow of Resources		
Unavailable Revenue - Special Assessments	168,131	-
Unavailable Revenue - Subsequent Year Taxes	2,405,594	2,161,998
Total Deferred Inflow of Resources	<u>2,573,725</u>	<u>2,161,998</u>
Fund Balances (Deficits)		
Restricted for:		
Debt Service	-	-
TIF	-	9,626
Employee Benefit	-	-
Road Use Tax	-	-
Committed for:		
Storm Sewer	91,060	-
Local Option Sales Tax	-	-
Assigned for:		
Fire Department	30,474	-
Event Center	30,000	-
Unassigned	3,319,491	-
Total Fund Balances (Deficits)	<u>3,471,025</u>	<u>9,626</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,411,520</u>	<u>\$ 2,171,624</u>

Capital Projects	Other Governmental Funds	Total Governmental Funds
Commercial Industrial Park		
\$ -	\$ 2,091,667	\$ 4,784,032
-	-	218,715
-	866	7,434
-	886,809	5,454,401
-	-	168,131
-	675,791	1,566,244
140,061	162,298	341,679
140,061	3,817,431	12,540,636
-	206,157	543,549
-	-	29,378
1,086,937	271,907	1,358,844
1,086,937	478,064	1,931,771
-	-	168,131
-	886,809	5,454,401
-	886,809	5,622,532
-	2,007	2,007
-	-	9,626
-	663	663
-	1,713,863	1,713,863
-	-	91,060
-	1,008,579	1,008,579
-	-	30,474
-	-	30,000
(946,876)	(272,554)	2,100,061
(946,876)	2,452,558	4,986,333
\$ 140,061	\$ 3,817,431	\$ 12,540,636

See Accompanying Notes to Financial Statements

CITY OF SIOUX CENTER, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 18)	\$ 4,986,333
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	42,248,918
Deferred revenues that provide current financial resources for governmental activities	168,131
The internal service fund is used by management to allocate capital equipment operational expenses to various departments.	56,789
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(6,436)
Accrued compensated absences, net pension liability, and other post employment benefits not reported on the modified accrual basis	(1,678,625)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:	
Deferred Outflows of Resources	\$ 568,037
Deferred Inflows of Resources	(105,962)
	462,075
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	146,196
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(3,050,050)
 Total Net Position - Governmental Activities (page 14)	 \$ 43,333,331

CITY OF SIOUX CENTER, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2017

	General	TIF
Revenue:		
Taxes	\$ 2,293,600	\$ -
Special Assessments	26,715	-
Licenses and Permits	120,097	-
Intergovernmental	191,409	-
Charges for Services	1,511,161	-
Use of Money and Property	419,814	-
TIF Revenue	-	2,095,955
Other City Taxes	143,225	-
Interest on Investments	-	2,099
Miscellaneous	798,210	-
Total Revenue	5,504,231	2,098,054
Expenditures:		
Public Safety	1,225,152	-
Public Works	1,057,755	-
Culture and Recreation	3,463,196	-
Community and Economic Development	195,637	-
General Government	852,744	-
Capital Projects	-	-
Debt Service:		
Principal Retirement	-	-
Interest/Bond Costs	-	-
Total Expenditures	6,794,484	-
Excess (deficiency) of revenues over expenditures	(1,290,253)	2,098,054
Other financing sources (uses):		
Issuance of Debt	-	-
Transfers In	1,947,606	-
Transfers Out	(140,000)	(2,098,868)
Total other financing sources (uses)	1,807,606	(2,098,868)
Net Change in Fund Balance	517,353	(814)
Fund balances (Deficits)-beginning of year	2,953,672	10,440
Fund balances (Deficits)- end of year	\$ 3,471,025	\$ 9,626

Capital Projects	Other	Total
Commercial	Governmental	Governmental
Industrial Park	Funds	Funds
\$ -	\$ 843,441	\$ 3,137,041
-	-	26,715
-	-	120,097
123,469	941,903	1,256,781
-	-	1,511,161
-	-	419,814
-	-	2,095,955
-	898,947	1,042,172
-	1,329	3,428
115,780	-	913,990
239,249	2,685,620	10,527,154
 -	 -	 1,225,152
-	760,640	1,818,395
-	-	3,463,196
-	-	195,637
-	-	852,744
-	49,070	49,070
 -	 1,222,410	 1,222,410
-	87,190	87,190
-	2,119,310	8,913,794
 239,249	 566,310	 1,613,360
 -	 1,972,157	 3,919,763
-	(1,273,884)	(3,512,752)
-	698,273	407,011
 239,249	 1,264,583	 2,020,371
 (1,186,125)	 1,187,975	 2,965,962
 \$ (946,876)	 \$ 2,452,558	 \$ 4,986,333

See Accompanying Notes to Financial Statements

CITY OF SIOUX CENTER, IOWA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds (page 21) \$ 2,020,371

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlay exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 637,358
Depreciation expense	(2,232,362)
	<hr/>
	(1,595,004)

Revenues reported in the funds that are not available to provide current financial resources (46,815)

The internal service fund is used by management to allocate capital equipment operational expenses to various departments. The net revenue of the internal service funds is reported with governmental activities: 25,684

Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources (3,648)

Accrued interest expense that does not require current financial resources 717

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	\$ (1,079)
Other post employment benefits	(3,038)
Pension expense	(18,883)
	<hr/>
	(23,000)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was: 1,222,410

The effect of bond issuance discounts and premiums are shown in the governmental funds when new debt is issued, whereas, these amounts are deferred and accreted in the Statement of Activities (4,515)

Change in net position of governmental activities (page 16) \$ 1,596,200

CITY OF SIOUX CENTER, IOWA
 COMBINING STATEMENT OF NET POSITION
 Proprietary Funds
 JUNE 30, 2017

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,720,398	\$ 23,382	\$ 537,967
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	938,188	158,427	92,845
Accrued Interest	12,466	-	-
Estimated Unbilled Usage	366,281	66,683	44,145
Notes Receivable	800,554	-	-
Due from Other Funds	1,511,400	-	-
Inventories	804,236	135,582	-
Prepaid Assets	44,903	25,481	38,185
Total Current Assets	7,198,426	409,555	713,142
Non Current Assets			
Land Held for Resale	6,548,232	-	-
Restricted Assets:			
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents	-	414,266	-
Land	1,555,893	78,274	45,035
Construction in Progress	193,800	291,138	558,002
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,522,024	7,286,896	2,288,152
Total Noncurrent Assets	13,819,949	8,070,574	2,891,189
Total Assets	21,018,375	8,480,129	3,604,331
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	101,484	87,082	89,749
Total Deferred Outflows of Resources	101,484	87,082	89,749
LIABILITIES			
Current Liabilities			
Accounts Payable	938,452	120,061	183,481
Accrued Expenses	-	-	-
Customer Deposits	17,616	9,816	-
Due to Other Funds	-	946,400	565,000
Accrued Interest	-	6,301	155
Total Current Liabilities	956,068	1,082,578	748,636
Noncurrent Liabilities:			
Due within one year:			
Revenue Bonds Payable	-	325,000	-
General Obligation Bonds	-	39,086	44,676
Compensated Absences	13,567	11,811	9,364
Due in more than one year:			
Revenue Bonds Payable	-	1,441,819	348,736
General Obligation Bonds	-	160,457	112,227
Net Pension Liability	262,118	224,920	231,809
Other Post Employment Benefits	2,054	1,620	1,547
Compensated Absences and Benefits, Long-Term	40,701	35,435	28,094
Total Liabilities	1,274,508	3,322,726	1,525,089
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	19,657	16,868	17,384
Total Deferred Inflow of Resources	19,657	16,868	17,384
NET POSITION			
Net Investment in Capital Assets	7,271,717	5,689,946	2,385,550
Restricted for:			
Debt Service	-	407,965	-
Unrestricted	12,553,977	(870,294)	(233,943)
Total Net Position	\$ 19,825,694	\$ 5,227,617	\$ 2,151,607

Business Type Activities			Governmental Activities	
Gas Utility	Nonmajor Centre Mall	Total	Internal Service	
\$ 4,489,272	\$ 141,225	\$ 7,912,244	\$ 103,600	
856,402	20,271	2,066,133	-	
12,466	-	24,932	-	
47,289	-	524,398	-	
1,436,363	-	2,236,917	-	
-	-	1,511,400	-	
125,130	-	1,064,948	-	
11,793	21,045	141,407	-	
<u>6,978,715</u>	<u>182,541</u>	<u>15,482,379</u>	<u>103,600</u>	
2,814,724	-	9,362,956	-	
-	-	414,266	-	
572,592	235,762	2,487,556	-	
44,805	41,244	1,128,989	-	
<u>2,364,229</u>	<u>2,573,832</u>	<u>20,035,133</u>	<u>-</u>	
<u>5,796,350</u>	<u>2,850,838</u>	<u>33,428,900</u>	<u>-</u>	
<u>12,775,065</u>	<u>3,033,379</u>	<u>48,911,279</u>	<u>103,600</u>	
<u>79,274</u>	<u>47,262</u>	<u>404,851</u>	<u>26,255</u>	
<u>79,274</u>	<u>47,262</u>	<u>404,851</u>	<u>26,255</u>	
504,566	37,657	1,784,217	9,145	
-	193,556	193,556	-	
14,775	-	42,207	-	
-	207,400	1,718,800	-	
-	426	6,882	-	
<u>519,341</u>	<u>439,039</u>	<u>3,745,662</u>	<u>9,145</u>	
-	-	325,000	-	
9,356	138,394	222,156	-	
-	4,648	48,746	-	
-	-	1,790,555	-	
-	-	272,684	-	
204,752	122,072	1,045,671	54,768	
1,722	786	7,729	-	
28,070	13,943	146,243	-	
<u>763,241</u>	<u>718,882</u>	<u>7,604,446</u>	<u>63,913</u>	
<u>15,355</u>	<u>9,155</u>	<u>78,419</u>	<u>9,153</u>	
<u>15,355</u>	<u>9,155</u>	<u>78,419</u>	<u>9,153</u>	
2,981,626	2,712,444	21,041,283	-	
9,094,117	(359,840)	20,184,017	56,789	
<u>\$ 12,075,743</u>	<u>\$ 2,352,604</u>	<u>\$ 41,633,265</u>	<u>\$ 56,789</u>	

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended June 30, 2017

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Operating Revenues:			
Charges for Services	\$ 9,911,730	\$ 1,678,372	\$ 1,208,260
Total Operating Revenue	<u>9,911,730</u>	<u>1,678,372</u>	<u>1,208,260</u>
Operating Expenses:			
Operating and Maintenance	9,667,508	1,036,582	959,771
Depreciation	549,605	415,423	331,215
Total Operating Expenses	<u>10,217,113</u>	<u>1,452,005</u>	<u>1,290,986</u>
Operating Income	(305,383)	226,367	(82,726)
Non-Operating Income (Expense):			
Interest Income	69,951	4,758	4,011
Other Non-operating Revenues	1,566,527	60,607	47,874
Interest Expense	-	(61,890)	(23,512)
Gain/(Loss) on Sale of Fixed Assets	(930)	-	-
Total Non-Operating Income (Expenses)	<u>1,635,548</u>	<u>3,475</u>	<u>28,373</u>
Income (Loss) before Transfers	1,330,165	229,842	(54,353)
Transfers In	-	2,852	14,262
Transfers Out	<u>(495,995)</u>	<u>(85,373)</u>	<u>-</u>
Change in Net Position	834,170	147,321	(40,091)
Net Position - Beginning	<u>18,991,524</u>	<u>5,080,296</u>	<u>2,191,698</u>
Net Position - Ending	<u>\$ 19,825,694</u>	<u>\$ 5,227,617</u>	<u>\$ 2,151,607</u>

Business Type Activities			Governmental Activities	
Gas Utility	Nonmajor		Internal Service Fund	
	Centre	Mall	Total	
\$ 7,128,643	\$ 469,880	\$ 20,396,885	\$ 271,681	
<u>7,128,643</u>	<u>469,880</u>	<u>20,396,885</u>	<u>271,681</u>	
6,919,410	613,262	19,196,533	247,970	
191,222	333,322	1,820,787	-	
<u>7,110,632</u>	<u>946,584</u>	<u>21,017,320</u>	<u>247,970</u>	
18,011	(476,704)	(620,435)	23,711	
37,560	879	117,159	-	
131,515	10,839	1,817,362	1,973	
(88)	(9,162)	(94,652)	-	
(3,824)	-	(4,754)	-	
<u>165,163</u>	<u>2,556</u>	<u>1,835,115</u>	<u>1,973</u>	
183,174	(474,148)	1,214,680	25,684	
-	279,531	296,645	-	
(122,288)	-	(703,656)	-	
60,886	(194,617)	807,669	25,684	
<u>12,014,857</u>	<u>2,547,221</u>	<u>40,825,596</u>	<u>31,105</u>	
\$ 12,075,743	\$ 2,352,604	\$ 41,633,265	\$ 56,789	

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2017

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 9,947,632	\$ 1,669,757	\$ 1,207,049
Cash Paid to Suppliers for Goods and Services	(9,126,331)	(639,781)	(544,586)
Cash Paid to Employees for Services	(456,348)	(379,513)	(385,273)
Other Nonoperating Income	1,566,528	60,607	47,874
Net Cash Provided (Used) by Operating Activities	<u>1,931,481</u>	<u>711,070</u>	<u>325,064</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(820,790)	(597,962)	(431,520)
Proceeds from Sale of Fixed Assets	-	-	
Proceeds from Issuance of Debt	-	-	348,736
Principal Paid on Notes and Bonds	-	(338,400)	(199,190)
Interest Paid on Notes and Bonds	-	(60,142)	(23,312)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(820,790)</u>	<u>(996,504)</u>	<u>(305,286)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers From (To) Other Funds	(495,995)	(82,521)	14,262
Due From (To) Other Funds	(290,000)	340,000	(50,000)
Decrease in Notes Receivable	32,829	-	-
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>(753,166)</u>	<u>257,479</u>	<u>(35,738)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investment Securities	(3,154,114)	-	-
Proceeds from Joint Venture	176,360	-	-
Interest and Dividends on Investments	65,156	4,758	4,011
Net Cash Provided (Used) by Investing Activities	<u>(2,912,598)</u>	<u>4,758</u>	<u>4,011</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(2,555,073)</u>	<u>(23,197)</u>	<u>(11,949)</u>
Cash and Cash Equivalents at Beginning of Year	<u>5,275,471</u>	<u>460,845</u>	<u>549,916</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,720,398</u>	<u>\$ 437,648</u>	<u>\$ 537,967</u>

Gas Utility	Business Type Activities			Governmental Activities	
	Nonmajor	Centre Mall	Total	Internal Service	
\$ 6,866,653	\$ 466,574	\$ 20,157,665	\$ 271,682		
(6,406,099)	(382,709)	(17,099,506)	(169,949)		
(333,318)	(202,486)	(1,756,938)	(77,426)		
131,429	10,839	1,817,277	1,973		
<u>258,665</u>	<u>(107,782)</u>	<u>3,118,498</u>	<u>26,280</u>		
(85,391)	(212,606)	(2,148,269)	-		
155,896	-	155,896	-		
-	-	348,736	-		
-	(130,000)	(667,590)	-		
-	(7,605)	(91,059)	-		
<u>70,505</u>	<u>(350,211)</u>	<u>(2,402,286)</u>	<u>-</u>		
(122,288)	279,531	(407,011)	-		
33,265	-	66,094	-		
<u>(89,023)</u>	<u>279,531</u>	<u>(340,917)</u>	<u>-</u>		
-	-	(3,154,114)	-		
-	-	176,360	-		
32,765	879	107,569	-		
<u>32,765</u>	<u>879</u>	<u>(2,870,185)</u>	<u>-</u>		
272,912	(177,583)	(2,494,890)	26,280		
<u>4,216,360</u>	<u>318,808</u>	<u>10,821,400</u>	<u>77,320</u>		
<u>\$ 4,489,272</u>	<u>\$ 141,225</u>	<u>\$ 8,326,510</u>	<u>\$ 103,600</u>		

continued

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2017

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ (305,383)	\$ 226,367	\$ (82,726)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	549,605	415,423	331,215
Other Non-Operating Income	1,566,528	60,607	47,874
(Increase) Decrease in Assets:			
Accounts Receivable	(30,320)	(23,468)	(7,585)
Inventories	103,753	24,214	-
Prepaid Expenses	7,009	991	637
Estimated Unbilled Usage	69,010	14,988	6,373
Deferred Outflows of Resources	(43,657)	(36,158)	(38,195)
Increase (Decrease) in Liabilities			
Accounts Payable	(46,470)	(1,086)	26,176
Accrued Wages and Compensated Absences	22,940	1,337	5,656
Accrued Expenses	-	-	-
Customer Deposits	(2,789)	(135)	-
Net Pension Liability	76,727	60,792	66,943
Deferred Inflows of Resources	(36,096)	(33,344)	(31,792)
OPEB Liability	624	542	488
Total Adjustments	<u>2,236,864</u>	<u>484,703</u>	<u>407,790</u>
Net Cash Provided (Used) by Operating Activities	<u>1,931,481</u>	<u>711,070</u>	<u>325,064</u>
 Cash and Cash Equivalents			
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents	2,720,398	23,382	537,967
Total Cash and Cash Equivalents	<u>\$ 2,720,398</u>	<u>\$ 437,648</u>	<u>\$ 537,967</u>

Gas Utility	Business Type Activities			Governmental Activities	
	Centre Mall	Total		Internal Service	
\$ 18,011	\$ (476,704)	\$ (620,435)	\$ 23,711		
191,222	333,322	1,820,787			
131,429	10,839	1,817,277		1,973	
(246,061)	(3,305)	(310,739)			-
(12,834)		115,133			-
(1,331)	235	7,541			-
(11,808)		78,563			-
(35,400)	(21,022)	(174,432)		(14,511)	
186,861	12,862	178,343		(1,671)	
2,381	(2,321)	29,993			-
	14,584	14,584			-
(4,119)		(7,043)			-
65,243	38,709	308,414			-
(25,471)	(15,171)	(141,874)		(1,143)	
542	190	2,386		17,921	
240,654	368,922	3,738,933		2,569	
258,665	(107,782)	3,118,498	\$ 26,280		
4,489,272	141,225	7,912,244		103,600	
		414,266			
\$ 4,489,272	\$ 141,225	\$ 8,326,510	\$ 103,600		

CITY OF SIOUX CENTER, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Agency Fund
JUNE 30, 2017

ASSETS

Cash and Cash Equivalents	\$ 460,427
Taxes Receivable	34,414
Total Assets	<u>494,841</u>

LIABILITIES

Accounts Payable	494,841
Total Liabilities	<u>\$ 494,841</u>

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sioux Center, Iowa is a political subdivision of the State of Iowa located in Sioux County. The City operates under a Council-Manager form of government and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides electric, water, sewer, gas utilities and a municipal shopping mall for its citizens.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

A. Reporting Entity

For financial reporting purposes, the City of Sioux Center, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. 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 are such that exclusion would cause the City's 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.

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Sioux County Conference Board, Sioux County Emergency Management Commission, Sioux County Joint E911 Service Board and Sioux County Regional Airport Board.

B. Basic Financial Statements-Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, and capital project funds are classified as governmental activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The City first uses restricted resources to finance qualifying activities.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, culture and recreation, community and economic development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year activities.

C. Fund Accounting

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

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

- 1) **General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.
- 2) **Special Revenue Fund** – The TIF Fund (Tax Incremental Financing) is used to account for property taxes received to be expended for public improvements, construction of public infrastructure as well as economic development opportunities, incentives, sites, land, rebates, and grant agreements.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- 3) **Capital Projects Fund** – The Commercial Industrial Park Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

The Electric Fund is used to account for the operation and maintenance of the City's electric systems.

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Natural Gas Fund is used to account for the operation and maintenance of the City's gas system.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City's agency funds includes the payroll clearing fund and sales tax fund.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2017, expenditures exceeded the amount budgeted in the Public Works, General Government and Business Type functions.

F. Cash And Cash Equivalents And Investments

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

1) Cash and Cash Equivalents

Includes demand deposits, cash on hand and cash investments with original maturities of three months or less.

2) Investments consist of the following

<u>Type</u>	<u>Method</u>
Commercial Bonds	Fair Value

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. 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 levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council 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 Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking 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 and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2016. Any county collections on the 2016-2017 tax levy remitted to the City within 60 days subsequent to June 30, 2017, are recorded as property tax revenue.

H. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2017, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

Inventories of enterprise funds are valued at cost using FIFO. Inventories are recorded as expenses when consumed rather than when purchased.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items.

K. Restricted Assets

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Property and Equipment

Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost of \$25,000 or more beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings	40 – 50 Years
Building Improvements	25 – 50 Years
Infrastructure	30 – 50 Years
Machinery & Equipment	3 – 20 Years
Vehicles	3 – 10 Years
Infrastructure	30 – 50 Years

M. Land Held for Resale

During the course of activities incidental to its operations, the City acquires land to develop for economic development purposes. The City then offers the land for resale. The land is carried at cost including any improvements made to the land.

N. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability for this and any related benefits is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts and related benefits is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

O. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

P. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

Q. Landfill Closure Costs

The City does not operate a sanitary landfill; therefore, no closure/post closure costs are included in these statements.

R. Classifying Fund Balance Amounts

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the City incurs an expenditure and both restricted and unrestricted amounts are available, the City considers restricted amounts to have been spent. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

S. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

T. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employers' Retirement System (IPERS) and additions to/deductions from IPERS's fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. 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.

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 city ordinance 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.

Assigned – Amounts the City intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The finance officer or City Manager is authorized, based on action of the City Council, to assign amounts to a specific purpose pursuant to authority given by the City Council.

Unassigned – All amounts not included in other spendable classifications. The General Fund is the only fund with a positive unassigned fund balance.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2017, were entirely covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C 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 obligation of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences 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; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - (Continued)

Deposits at June 30, 2017, are shown below:

	Primary Government	Fiduciary Fund	Total
Demand Deposits	\$ 12,895,822	\$ 460,427	\$ 13,356,249

Interest Rate Risk: The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the City. Information about the exposure of the City's investments to this risk is as follows:

Type of Investment	Fair Value	<u>Investment Maturities (In Years)</u>		S & P Rating June 30, 2017
		Greater Than 1 Year	\$ 350,245	
Commercial Bonds	\$ 350,245			AA+

The City uses fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the Commercial Bonds of \$350,245 were determined using the last reported sales price at current exchange rates (Level 1 inputs).

The City had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board's Statement No. 72.

Credit Risk: The City's investment policy addresses the issue of credit risk. Investments are limited to certain types of investments and by diversifying the investment portfolio.

Note 3 - DUE FROM OTHER GOVERNMENTS

At June 30, 2017, amounts due from other governments were as follows:

Due from the Iowa Department of Transportation for road use tax allocations	\$ 91,312
Due from the Iowa Department of Transportation for RISE Grant	140,061
Due from the State of Iowa for local option sales taxes	70,986
Due from the State of Iowa for hotel and motel sales taxes	39,320
Total Due from Other Governments	\$ 341,679

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 4 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2017, short-term interfund borrowings were as follows:

Fund Due To	Fund Due From	Amount
General Fund	Commercial Industrial Park	\$ 436,937
General Fund	Mall Fund	207,400
General Fund	Nonmajor Governmental Funds	246,116
		<hr/>
		890,453
Road Use Tax Fund	Commercial Industrial Park	650,000
Road Use Tax Fund	Nonmajor Governmental Funds	25,791
		<hr/>
		675,791
Electric Fund	Water Fund	946,400
Electric Fund	Sewer Fund	565,000
		<hr/>
		1,511,400
		<hr/>
		\$ 3,077,644

Interfund receivables and payables are used to record negative pooled cash and to record money advanced to internally finance various projects.

Note 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance		Balance	
	July 1, 2016	Additions	Deletions	June 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,929,873	\$ -	\$ -	\$ 8,929,873
Construction in Progress	2,926,885	947	294,322	2,633,510
Total capital assets not being depreciated	11,856,758	947	294,322	11,563,383
Capital assets being depreciated:				
Buildings	23,838,200	294,918	229,665	23,903,453
Improvements	4,844,168	230,395	3,558	5,071,005
Equipment	5,821,238	405,420	290,805	5,935,853
Infrastructure	22,245,438	-	-	22,245,438
Total capital assets being depreciated	56,749,044	930,733	524,028	57,155,749
Less: Accumulated Depreciation for:				
Buildings	8,695,540	987,896	229,665	9,453,771
Improvements	3,260,405	202,167	3,558	3,459,014
Equipment	4,325,303	378,349	290,805	4,412,847
Infrastructure	8,480,632	663,950	-	9,144,582
Total Accumulated Depreciation	24,761,880	2,232,362	524,028	26,470,214
Total capital assets being depreciated, net	31,987,164	(1,301,629)	-	30,685,535
Governmental activities capital assets, net	\$ 43,843,922	\$(1,300,682)	\$ 294,322	\$ 42,248,918

Construction in progress at June 30, 2017, for the governmental activities consisted of the Hospital Redevelopment project, North Highway Commercial Development project, storm sewer project and recreational related projects.

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2017

Note 5 - CAPITAL ASSETS – (Continued)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,487,556	\$ -	\$ -	\$ 2,487,556
Construction in Progress	2,031,332	1,069,170	1,971,513	1,128,989
Total capital assets not being depreciated	<u>4,518,888</u>	<u>1,069,170</u>	<u>1,971,513</u>	<u>3,616,545</u>
Capital assets being depreciated:				
Buildings	10,403,566	521,613	33,150	10,892,029
Improvements	39,894,282	2,198,437	51,160	42,041,559
Equipment	1,574,207	523,987	28,393	2,069,801
Infrastructure	2,455,332	-	-	2,455,332
Total capital assets being depreciated	<u>54,327,387</u>	<u>3,244,037</u>	<u>112,703</u>	<u>57,458,721</u>
Less: Accumulated Depreciation	<u>35,695,038</u>	<u>1,820,787</u>	<u>92,237</u>	<u>37,423,588</u>
Total capital assets being depreciated, net	<u>18,632,349</u>	<u>1,423,250</u>	<u>20,466</u>	<u>20,035,133</u>
Business-type activities capital assets, net	<u><u>\$ 23,151,237</u></u>	<u><u>\$ 2,492,420</u></u>	<u><u>\$ 1,991,979</u></u>	<u><u>\$ 23,651,678</u></u>

Construction in progress at June 30, 2017 for the business-type activities consisted of electric substation improvements, various water, sewer, and gas related improvements.

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

Governmental Activities:

Public Safety	\$ 331,723
Public Works	154,765
Culture and Recreation	913,506
General Government	<u>832,368</u>
Total depreciation expense – governmental activities	<u><u>\$ 2,232,362</u></u>

Business-Type Activities:

Electric	\$ 549,605
Water	415,423
Sewer	331,215
Gas	191,222
Centre Mall	<u>333,322</u>
Total depreciation expense – business-type activities	<u><u>\$ 1,820,787</u></u>

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type
Land	\$ 8,929,873	\$ 2,487,556
Construction in Progress	2,633,510	1,128,989
Capital Assets (net of accumulated depreciation)	30,685,535	20,035,133
Less: General Obligation Bonds Payable	3,050,050	494,840
Revenue Bonds	-	2,115,555
Net Investment in Capital Assets	<u>\$ 39,198,868</u>	<u>\$ 21,041,283</u>

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 6 - LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds outstanding as of June 30, 2017 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – 2009 Refunding	1.60-3.90%	\$ 205,000
Business Type Activities – 2009 Refunding	1.60-3.90%	140,000
Governmental Activities – 2009	2.75-4.35%	1,200,000
Governmental Activities – 2013 Refunding	.40-1.60%	1,272,124
Business Type Activities – 2013 Refunding	.40-1.60%	357,876
Governmental Activities – 2015	1.55%	393,000
		<u>3,568,000</u>
Net Unamortized Bond Discounts		(23,110)
Total General Obligation Bonds on Statement of Net Position		<u>\$ 3,544,890</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$1,260,238	\$ 61,706	\$1,321,944	\$223,762	\$ 9,398	\$ 233,160
2019	1,132,229	35,582	1,167,811	66,771	3,575	70,346
2020	222,057	9,503	231,560	67,943	2,907	70,850
2021	225,886	6,838	232,724	69,114	2,092	71,206
2022	229,714	3,675	233,389	70,286	1,125	71,411
Total	<u>\$3,070,124</u>	<u>\$ 117,304</u>	<u>\$3,187,428</u>	<u>\$497,876</u>	<u>\$ 19,097</u>	<u>\$ 516,973</u>

The Governmental General Obligation Bonds on the Statement of Net Position is net unamortized bond discount of \$20,074.

The Business-type General Obligation Bonds on the Statement of Net Position is net of unamortized bond discount of \$3,036.

The current position of the Business-Type Activity General Obligation Bond Liability on the Government-Wide Statement of Net Position is shown net of unamortized bond discount of \$1,606.

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service.

Revenue bonds outstanding at June 30, 2017 are as follows:

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 6 - LONG-TERM DEBT – (Continued)

Primary Government

Purpose	Interest Rates	Amounts
Water Revenue Bonds	2.00-2.25%	\$ 1,780,000
IFA Planning Design	0%	348,736
		<hr/>
Net Unamortized Bond Discount and Premium		2,128,736
Total Revenue Bonds on Statement of Net Position		(13,181)
		<hr/>
		\$ 2,115,555

The City issued \$5,500,000 Sewer Revenue Capital Loan Note from the Iowa finance Authority during fiscal year 2017. The proceeds will be used for planning and design of a new waste treatment plant. The City had drawdown \$348,736 as of June 30, 2017. Repayment of this note is anticipated to begin fiscal year 2021.

Revenue bond debt service requirements to maturity are as follows:

Primary Government

Year Ending June 30,	Business-Type Activities		
	Water Principal	Water Interest	Total
2018	\$ 325,000	\$ 36,600	\$ 361,600
2019	250,000	30,100	280,100
2020	250,000	25,100	275,100
2021	225,000	20,100	245,100
2022	230,000	15,600	245,600
2023-2024	500,000	16,625	516,625
Total	\$ 1,780,000	\$ 144,125	\$ 1,924,125

The Water Revenue Bonds are shown net of unamortized bond discount of \$13,181.

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 4,292,534	\$ -	\$ 1,222,410	\$ 3,070,124	\$ 1,260,238
Other Post Employment Benefits	8,164	3,038	-	11,202	-
Compensated Absences	186,146	1,079	-	187,225	46,806
Net Pension Liability	1,029,882	505,084	-	1,534,966	-
Governmental Activity Long-Term Liabilities	\$ 5,516,726	\$ 509,201	\$ 1,222,410	4,803,517	\$ 1,307,044

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 6 - LONG-TERM DEBT – (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds Payable:					
General Obligation	\$ 710,446	\$ -	\$ 212,570	\$ 497,876	\$ 222,156
Revenue Bonds	2,235,000	348,736	455,000	2,128,736	325,000
Other Post Employment Benefits	5,343	2,386	-	7,729	-
Compensated Absences	164,993	29,996	-	194,989	48,746
Net Pension Liability	737,255	308,416	-	1,045,671	-
Business-Type Activity					
Long-Term Liabilities	\$ 3,853,037	\$ 689,534	\$ 667,570	\$ 3,875,001	\$ 595,902

Note 7 - TRANSFERS

The following is a summary of transfers between funds:

	General	Nonmajor Governmental	Centre Mall	Water	Sewer	Total Transfers Out
General	\$ -	\$ -	\$ 140,000	\$ -	\$ -	\$ 140,000
TIF	22,701	1,919,522	139,531	2,852	14,262	2,098,868
Nonmajor						
Governmental	1,221,249	52,635	-	-	-	1,273,884
Water	85,373	-	-	-	-	85,373
Electric	495,995	-	-	-	-	495,995
Gas	122,288	-	-	-	-	122,288
Total Transfers In	\$ 1,947,606	\$ 1,972,157	\$ 279,531	\$ 2,852	\$ 14,262	\$ 4,216,408

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. Use unrestricted revenues collected in proprietary funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 8 - PENSION PLAN

Plan description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 8 - PENSION PLAN – (Continued)

Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55.

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except for members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 8 - PENSION PLAN – (Continued)

Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30 year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.56 percent of covered payroll and the City contributed 9.84 percent of covered payroll for a total rate of 16.40 percent.

The City's total contributions to IPERS for the year ended June 30, 2017 was \$326,186.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported a liability of \$2,580,637 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2016, the City's collective proportion was .0410060 percent, which was an increase of .005237 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$339,228. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City's Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,542	\$ 40,523
Changes of assumptions	38,914	132
Net difference between projected and actual earnings on IPERS' investments	433,972	-
Changes in proportion and differences between City contributions and proportionate share of contributions	177,529	152,879
City's contributions subsequent to the measurement date	326,186	-
Total	\$ 999,143	\$ 193,534

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 8 - PENSION PLAN – (Continued)

\$326,186 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	Amount
2018	\$ 47,384
2019	47,384
2020	219,019
2021	155,245
2022	10,391
	<u>\$ 479,423</u>

There were no non-employer contributing entities of IPERS.

Actuarial assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Salary Increases (effective June 30, 2010)	4.00 - 17 percent average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, and including inflation
Wage Growth (effective June 30, 1990)	4.00 percent per annum based on 3.00% inflation and 1.00 percent real wage inflation

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 8 - PENSION PLAN – (Continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28%	1.90%
Domestic Equity	24	5.85
International Equity	16	6.32
Private Equity / Debt	11	10.31
Real Estate	8	3.87
Credit Opportunities	5	4.48
U.S. TIPS	5	1.36
Other Real Assets	2	6.42
Cash	1	(0.26)
Total	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
Proportionate Share of the Net Pension Liability City	\$ 4,420,707	\$ 2,580,637	\$ 1,027,906

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at www.ipers.org.

Payables to the pension plan

At June 30, 2017, the City reported payables to the defined benefit pension plan of \$27,729 for legally required employer contributions and \$18,476 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees. There are active members in the plan, no retired members were in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a premium only plan with Wellmark. Retirees under age 65 pay all of the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual Required Contribution	\$ 5,314
Interest on Net OPEB Obligation	110
<hr/>	
Increase in OPEB Obligation	5,424
<hr/>	
Net OPEB Obligation, Beginning of Year	13,507
<hr/>	
Net OPEB Obligation, End of Year	<u>\$ 18,931</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015, 2016 and 2017 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 5,424	29%	\$ 18,931
June 30, 2016	\$ 6,696	50%	13,507
June 30, 2015	-	0%	6,811

Funded Status and Funding Progress – As of June 30, 2016, the actuarial accrued liability was \$41,507, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$41,507. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,874,074 and the ratio of the UAAL to covered payroll was 1.1%. As of June 30, 2017, there were no trust fund assets.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2017

Note 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – (Continued)

funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions include a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 5%. 2017 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits. Marital status of members at the calculation date was assumed to continue throughout retirement.

Turnover-Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Note 10 - DEFICIT FUND EQUITY

The City has three funds with a deficit equity balance at June 30, 2017. The City intends to finance these deficits from various resources including; road use tax funds, general funds, and capital project debt financing.

The individual fund deficits were as follows:

Capital Project – Highway 75 Enhancement.....	\$ 261,131
Capital Project – Redevelopment Fund	11,423
Capital Project – Commercial Industrial Park	946,876

Note 11 - RISK FINANCING

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the 2016-2017 fiscal year, the City elected to purchase commercial insurance to cover against the risk of loss. There have been no reductions in insurance coverage from prior years, nor were there settlements in excess of insurance coverage the last three years.

Beginning January 1, 2014, the City began to operate a medical expense reimbursement plan. Under the plan, the City currently purchases a fully insured high deductible healthcare plan and self-funds the deductible and out of pocket maximum down to a lower deductible and out of pocket maximum for employees. A portion of the premium savings between the purchased plan and the employee plan is used to fund the claims for employees who exceed their lower deductible plan. The City's risk is limited to the difference between the out of pocket maximums of the two plans.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 11 - RISK FINANCING – (Continued)

The claims payable, including claims incurred but not yet reported, have been determined by the City's management and have been recorded in the accompanying financial statements. Changes in the claim's liability amount were as follows:

Year Ended June 30,	Beginning Balance Liability	Claims and Changes in Estimates	Claim Payments	Ending Balance
2017	\$ 3,425	\$ 64,340	\$ 67,259	\$ 506
2016	\$ 18,811	\$ 47,924	\$ 63,310	\$ 3,425
2015	\$ -	\$ 120,863	\$ 102,052	\$ 18,811
2014	\$ -	\$ 34,888	\$ 34,888	\$ -

The June 30, 2017 claims payable balance of \$506 is reflected in accounts payable balance on the statement of net position.

Note 12 - COMMITMENTS

At June 30, 2017 the City had three construction contracts in process with the following approximate amounts to be paid as work progresses:

2 nd Ave Water Main	\$ 217,736
WWTP Engineering	892,500
West Sub Transformer	513,561

Note 13 – NOTES RECEIVABLE

In July 1998, the City loaned Northwood Court, L.P. \$60,000 for the construction of apartments. The loan is due by July 1, 2020 and has an interest rate of 1%. The balance on the note is \$15,057 as of June 30, 2017.

In August 2006, the City loaned Sioux Center Land Development, Inc. \$1,850,000 for economic development purposes. The final payment is currently payable August 1, 2025 and interest equal to the 5-Year Treasury note. In fiscal year 2013, the City paid for improvements totaling \$70,000 for land developed by Sioux Center Land Development, Inc. The City will be reimbursed as lots are sold by Sioux Center Land Development. The balance on the notes is \$1,510,994 as of June 30, 2017.

In August 2014, the City loaned Sioux Center Saddle Club \$30,000 with 2% interest to improve facilities located on the fair grounds. The loan due date was initially December 31, 2014 but automatically renews each year at December 31 until paid in full. The balance on the note is \$30,000 as of June 30, 2017.

In March 2014, the City agreed to lease Sandy Hollow Golf Club and Campground to Sioux County with the option to purchase the property at any time during the lease. The annual payments made by the County shall be credited towards the purchase price. The City recorded a note receivable of \$600,000 which has a balance of \$510,000 as of June 30, 2017.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 13 – NOTES RECEIVABLE – (Continued)

In 2012, the City entered into agreement with Lewis and Clark Rural Water System, Inc. for the reimbursement of cost for a new well and pipeline. The initial balance was \$334,231 with a repayment schedule of 5 years and the last payment due June 30, 2018. The interest on the note is 4% and the balance as of June 30, 2017 is \$24,416.

In 2015, the City loaned The Ridge Golf Course \$22,647 with no interest charged. The loan is to be repaid within 10 years. In 2016, the City loaned an additional \$154,053 to The Ridge Golf Course. In 2017, the City loaned an additional \$172,450 to the Ridge Golf Course. The balance as of June 30, 2017 is \$146,450.

Note 14 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2017, the City abated \$0 of property tax under the urban renewal and economic development projects. Property taxes are expected to be abated beginning in the year ending June 30, 2018.

Note 15 - NEW ACCOUNTING PRONOUNCEMENT

The City of Sioux Center adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about the City's tax abatements and tax abatements of other entities which impact the City.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2017

Note 16 - PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's other postemployment benefits.

Note 17 - SUBSEQUENT EVENTS

In November 2017, the City entered into a contract for approximately \$22,500,000 for construction of a waste treatment plant. The project will be funded with general obligation loan issued in December 2017.

In December 2017, the City issued \$26,742,000 of general obligation notes to pay the costs for a new waste water treatment plant. Iowa Finance Authority issued the notes to the City.

CITY OF SIOUX CENTER, IOWA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL, ALL GOVERNMENTAL AND PROPRIETARY FUNDS - GAAP BASIS
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2017

	Governmental Fund Type Actual	Proprietary Funds Actual	Total Actual
Revenue:			
Taxes	\$ 3,137,041	\$ -	\$ 3,137,041
Special Assessments	26,715	-	26,715
Licenses and Permits	120,097	-	120,097
Intergovernmental	1,256,781	-	1,256,781
Charges for Services	1,511,161	20,396,885	21,908,046
TIF Revenue	2,095,955	-	2,095,955
Other City Taxes	1,042,172	-	1,042,172
Use of Money and Property	423,242	117,159	540,401
Miscellaneous	913,990	1,817,362	2,731,352
Total Receipts	10,527,154	22,331,406	32,858,560
Expenditures:			
Public Safety	1,225,152	-	1,225,152
Public Works	1,818,395	-	1,818,395
Culture and Recreation	3,463,196	-	3,463,196
Community and Economic Development	195,637	-	195,637
General Government	852,744	-	852,744
Capital Projects	49,070	-	49,070
Debt Service	1,309,600	-	1,309,600
Business Type Activities	-	21,116,726	21,116,726
Total Disbursements	8,913,794	21,116,726	30,030,520
Excess (deficiency) of revenue over expenditures	1,613,360	1,214,680	2,828,040
Other financing sources (uses):			
Interfund Transfers In	3,919,763	296,645	4,216,408
Interfund Transfers Out	(3,512,752)	(703,656)	(4,216,408)
Total other financing sources (uses)	407,011	(407,011)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	2,020,371	807,669	2,828,040
Fund balances/Net position- beginning of year	2,965,962	40,825,596	43,791,558
Fund balances/Net position - end of year	\$ 4,986,333	\$ 41,633,265	\$ 46,619,598

Budgeted Amounts		Final Budget Favorable (Unfavorable)
Original	Final	
\$ 3,130,870	\$ 3,130,870	\$ 6,171
31,865	31,865	(5,150)
101,300	101,300	18,797
1,055,870	1,055,870	200,911
20,176,275	20,651,275	1,256,771
2,120,000	2,120,000	(24,045)
885,251	885,251	156,921
710,150	766,150	(225,749)
819,850	2,041,850	689,502
<u>29,031,431</u>	<u>30,784,431</u>	<u>2,074,129</u>
1,283,235	1,293,235	68,083
1,452,175	1,603,175	(215,220)
3,545,845	3,897,845	434,649
190,300	200,300	4,663
796,610	846,610	(6,134)
140,000	140,000	90,930
1,310,750	1,310,750	1,150
<u>18,695,613</u>	<u>19,787,613</u>	<u>(1,329,113)</u>
<u>27,414,528</u>	<u>29,079,528</u>	<u>(950,992)</u>
1,616,903	1,704,903	1,123,137
5,234,528	5,234,528	(1,018,120)
<u>(5,234,528)</u>	<u>(5,234,528)</u>	<u>1,018,120</u>
-	-	-
1,616,903	1,704,903	1,123,137
43,791,558	43,791,558	-
<u>\$ 45,408,461</u>	<u>\$ 45,496,461</u>	<u>\$ 1,123,137</u>

CITY OF SIOUX CENTER
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2017

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 modified accrual basis following required public notice and hearing for all funds except Agency Funds and the Internal Service Funds, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. The budget was amended once during the year.

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund. These nine functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, 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. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted expenditures by \$1,665,000. The budget amendment is reflected in the final budgeted amounts.

During the fiscal year ended June 30, 2017, disbursements exceeded budgeted amounts in the public works function, general government function, and business-type activities.

CITY OF SIOUX CENTER, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
For the Year Ended June 30, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)			Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	June 30, 2009 *	\$ -	\$ 12,100	\$ 12,100		0.00%	\$ 2,875,405		0.4%
2010	June 30, 2010	\$ -	\$ 12,100	\$ 12,100		0.00%	\$ 2,719,151		0.4%
2011	June 30, 2011	\$ -	\$ 8,350	\$ 8,350		0.00%	\$ 2,892,126		0.3%
2012	June 30, 2012	\$ -	\$ 9,220	\$ 9,220		0.00%	\$ 2,624,192		0.4%
2013	June 30, 2013	\$ -	\$ 9,250	\$ 9,250		0.00%	\$ 2,891,569		0.3%
2014	June 30, 2014	\$ -	\$ 6,811	\$ 6,811		0.00%	\$ 2,920,141		0.2%
2015	June 30, 2015	\$ -	\$ 136,190	\$ 136,190		0.00%	\$ 3,245,276		4.2%
2016	June 30, 2016	\$ -	\$ 82,489	\$ 82,498		0.00%	\$ 3,500,000		2.4%
2017	June 30, 2017	\$ -	\$ 41,507	\$ 41,507		0.00%	\$ 3,874,074		1.1%

* Fiscal 2009 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and Net OPEB Obligation, funding status and funding progress.

CITY OF SIOUX CENTER, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015
City's proportion of the net pension liability	.0410060%	.0357685%	.0396470%
City's proportionate share of the net pension liability	\$ 2,581	\$ 1,767	\$ 1,572
City's covered-employee payroll	\$ 2,975	\$ 3,245	\$ 3,149
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	86.76%	54.45%	49.92%
Plan fiduciary net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Entity will present information for those years for which information is available.

CITY OF SIOUX CENTER, IOWA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 326	\$ 308	\$ 297	\$ 286	\$ 270
Contributions in relation to the statutorily required contribution	<u>(326)</u>	<u>(308)</u>	<u>(297)</u>	<u>(286)</u>	<u>(270)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Entity's covered employee payroll	\$ 3,601	\$ 2,975	\$ 3,245	\$ 3,149	\$ 3,048
Contributions as a percentage of covered-employee payroll	9.05%	10.35%	9.09%	9.08%	8.86%
	2012	2011	2010	2009	2008
Statutorily required contribution	\$ 251	\$ 224	\$ 208	\$ 191	\$ 175
Contributions in relation to the statutorily required contribution	<u>(251)</u>	<u>(224)</u>	<u>(208)</u>	<u>(191)</u>	<u>(175)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Entity's covered employee payroll	\$ 3,022	\$ 3,061	\$ 2,985	\$ 2,885	\$ 2,758
Contributions as a percentage of covered-employee payroll	8.31%	7.32%	6.97%	6.62%	6.35%

CITY OF SIOUX CENTER, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017

Changes of Benefit Terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

CITY OF SIOUX CENTER, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2017

	Special Revenue				Debt Service Fund
	LOST	Employee Benefits Levy	Road Use Tax	Emergency Management Levy	
Assets					
Cash and Pooled Investments	\$ 937,593	\$ -	\$ 1,152,270	\$ -	\$ 1,804
Receivables (Net, where applicable, of allowance for uncollectibles)					
Taxes	-	663	-	-	203
Subsequent Year Taxes	-	680,000	-	32,000	174,809
Due from Other Funds	-	-	675,791	-	-
Due from Other Governmental Agencies	70,986	-	91,312	-	-
Total Assets	1,008,579	680,663	1,919,373	32,000	176,816
Liabilities					
Accounts Payable	-	-	205,510	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	-	205,510	-	-
Deferred Inflow of Resources					
Unavailable Revenue - Subsequent Year Taxes	-	680,000	-	32,000	174,809
Total Deferred Inflow of Resources	-	680,000	-	32,000	174,809
Fund Balances					
Restricted for:					
Debt Service	-	-	-	-	2,007
Local Option Sales Tax	1,008,579	-	-	-	-
Employee Benefit	-	663	-	-	-
Road Use Tax	-	-	1,713,863	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	1,008,579	663	1,713,863	-	2,007
Total Liabilities, and Fund Balances	\$ 1,008,579	\$ 680,663	\$ 1,919,373	\$ 32,000	\$ 176,816

Capital Projects						Total
St. Andrews Extension	Highway 75 Enhancement	Redevelopment Fund	Convention Center	Highway 75 Widening	Governmental Nonmajor Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,091,667	
-	-	-	-	-	866	
-	-	-	-	-	886,809	
-	-	-	-	-	675,791	
-	-	-	-	-	162,298	
-	-	-	-	-	3,817,431	
- 340	307	-	-	-	206,157	
- 260,791	11,116	-	-	-	271,907	
- 261,131	11,423	-	-	-	478,064	
-	-	-	-	-	886,809	
-	-	-	-	-	886,809	
-	-	-	-	-	2,007	
-	-	-	-	-	1,008,579	
-	-	-	-	-	663	
-	-	-	-	-	1,713,863	
- (261,131)	(11,423)	-	-	-	(272,554)	
- (261,131)	(11,423)	-	-	-	2,452,558	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,817,431	

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Governmental Nonmajor Funds
For the Year Ended June 30, 2017

	Special Revenue				Debt Service Fund
	LOST	Employee Benefits Levy	Road Use Tax	Emergency Management Levy	
Revenue:					
Taxes	\$ -	\$ 676,347	\$ -	\$ -	\$ 167,094
Intergovernmental	-	34,544	900,684	-	6,675
Other City Taxes	898,947	-	-	-	-
Interest on Investments	-	-	-	-	1,329
Total Revenue	898,947	710,891	900,684	-	175,098
Expenditures:					
Public Works	-	-	760,640	-	-
Capital Projects	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	1,222,410
Interest/Bond Costs	-	-	-	-	87,190
Total Expenditures	-	-	760,640	-	1,309,600
Excess (deficiency) of revenues over expenditures	898,947	710,891	140,044	-	(1,134,502)
Other financing sources (uses):					
Issuance of Debt	-	-	-	-	-
Transfers In	-	-	-	-	1,135,589
Transfers Out	(450,296)	(713,589)	(109,999)	-	-
Total other financing sources (uses)	(450,296)	(713,589)	(109,999)	-	1,135,589
Net Change in Fund Balance	448,651	(2,698)	30,045	-	1,087
Fund balances (Deficits)-beginning of year	559,928	3,361	1,683,818	-	920
Fund balances (Deficits)- end of year	\$ 1,008,579	\$ 663	\$ 1,713,863	\$ -	\$ 2,007

Capital Projects					Total
St. Andrews Extension	Highway 75 Enhancement	Redevelopment Fund	Convention Center	Highway 75 Widening	Governmental Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 843,441
-	-	-	-	-	941,903
-	-	-	-	-	898,947
-	-	-	-	-	1,329
-	-	-	-	-	<u>2,685,620</u>
					760,640
-	45,137	3,933	-	-	49,070
-	-	-	-	-	1,222,410
-	-	-	-	-	87,190
-	45,137	3,933	-	-	<u>2,119,310</u>
-	(45,137)	(3,933)	-	-	566,310
					1,972,157
273,972	43,000	-	466,960	52,636	(1,273,884)
<u>273,972</u>	<u>43,000</u>	-	<u>466,960</u>	<u>52,636</u>	<u>698,273</u>
273,972	(2,137)	(3,933)	466,960	52,636	1,264,583
(273,972)	(258,994)	(7,490)	(466,960)	(52,636)	1,187,975
\$ -	\$ (261,131)	\$ (11,423)	\$ -	\$ -	\$ 2,452,558

CITY OF SIOUX CENTER, IOWA
 COMBINING STATEMENT OF NET POSITION
 Internal Service Funds
 For the Year Ended June 30, 2017

	Internal Service Fund		
	Auto Revolving	Health Insurance	Total
ASSETS			
Cash	\$ 8,639	\$ 94,961	\$ 103,600
Total Assets	<u>8,639</u>	<u>94,961</u>	<u>103,600</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	<u>26,255</u>	<u>-</u>	<u>26,255</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	8,639	506	9,145
Total Current Liabilities	<u>8,639</u>	<u>506</u>	<u>9,145</u>
Noncurrent Liabilities:			
Net Pension Liability	54,768	-	54,768
Total Liabilities	<u>63,407</u>	<u>506</u>	<u>63,913</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	<u>9,153</u>	<u>-</u>	<u>9,153</u>
NET POSITION			
Unrestricted	(37,666)	94,455	56,789
Total Net Position	<u>\$ (37,666)</u>	<u>\$ 94,455</u>	<u>\$ 56,789</u>

CITY OF SIOUX CENTER, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Internal Service Funds
 For the Year Ended June 30, 2017

	Internal Service Fund		
	Auto Revolving	Health Insurance	Total
	\$	\$	\$
Operating Revenues:			
Charges for Services	179,967	93,687	273,654
Total Operating Revenue	<u>179,967</u>	<u>93,687</u>	<u>273,654</u>
Operating Expenses:			
Operating and Maintenance	182,234	65,736	247,970
Total Operating Expenses	<u>182,234</u>	<u>65,736</u>	<u>247,970</u>
Operating Income	(2,267)	27,951	25,684
Change in Net Position	(2,267)	27,951	25,684
Net Position - Beginning	(35,399)	66,504	31,105
Net Position - Ending	<u>\$ (37,666)</u>	<u>\$ 94,455</u>	<u>\$ 56,789</u>

CITY OF SIOUX CENTER, IOWA
 Statement of Changes in Assets and Liabilities
 Agency Fund
 For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
PAYROLL CLEARING				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 450,839	\$ 5,029,636	\$ 5,023,248	\$ 457,227
Total Assets	<u>450,839</u>	<u>5,029,636</u>	<u>5,023,248</u>	<u>457,227</u>
<u>Liabilities</u>				
Accounts Payable	450,839	5,029,636	5,023,248	457,227
Total Liabilities	<u>450,839</u>	<u>5,029,636</u>	<u>5,023,248</u>	<u>457,227</u>
SALES TAX				
<u>Assets</u>				
Cash and Cash Equivalents	3,773	370,124	370,697	3,200
Taxes Receivable	33,431	371,375	370,392	34,414
Total Assets	<u>37,204</u>	<u>741,499</u>	<u>741,089</u>	<u>37,614</u>
<u>Liabilities</u>				
Accounts Payable	37,204	371,058	370,648	37,614
Total Liabilities	<u>37,204</u>	<u>371,058</u>	<u>370,648</u>	<u>37,614</u>
TOTAL AGENCY FUND				
<u>Assets</u>				
Cash and Cash Equivalents	454,612	5,399,760	5,393,945	460,427
Taxes Receivable	33,431	371,375	370,392	34,414
Total Assets	<u>488,043</u>	<u>5,771,135</u>	<u>5,764,337</u>	<u>494,841</u>
<u>Liabilities</u>				
Accounts Payable	488,043	5,400,694	5,393,896	494,841
Total Liabilities	<u>\$ 488,043</u>	<u>\$ 5,400,694</u>	<u>\$ 5,393,896</u>	<u>\$ 494,841</u>

Statistical Section

This part of the City of Sioux Center's 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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	69
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	74
Debt Capacity 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.	79
Demographic and Economic Information 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.	84
Operating Information 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.	86

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

City of Sioux Center
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net Invested in capital assets	\$23,593,626	\$29,143,806	\$31,116,445	\$34,329,776	\$36,189,621	\$37,921,056	\$36,127,931	\$38,508,224	\$39,575,978	\$39,198,868
Restricted	754,599	1,411,693	1,392,894	1,389,263	1,455,096	1,457,573	1,379,909	2,291,050	2,257,547	2,737,247
Unrestricted	4,377,746	3,480,688	3,083,759	2,086,241	1,602,866	580,123	2,685,934	(453,707)	(96,393)	1,397,216
Total governmental activities net position	\$28,725,971	\$34,036,187	\$35,593,098	\$37,805,280	\$39,247,583	\$39,958,752	\$40,193,774	\$40,345,567	\$41,737,132	\$43,333,331
Business-type activities										
Net Invested in capital assets	\$15,556,676	\$15,805,673	\$15,451,921	\$15,462,388	\$15,031,420	\$16,013,908	\$16,068,047	\$17,604,973	\$20,227,133	\$21,041,283
Restricted	1,190,936	1,234,146	873,626	838,130	688,534	624,266	759,566	433,522	403,778	407,965
Unrestricted	17,510,142	19,854,323	20,706,392	21,232,208	22,811,697	22,527,561	21,599,211	21,070,163	20,194,685	20,184,017
Total business-type activities net position	\$34,257,754	\$36,894,142	\$37,031,939	\$37,532,726	\$38,531,651	\$39,165,735	\$38,426,824	\$39,108,658	\$40,825,596	\$41,633,265
Primary government										
Net Invested in capital assets	\$39,150,302	\$44,949,479	\$46,568,366	\$49,792,164	\$51,221,041	\$53,934,964	\$52,195,978	\$56,113,197	\$59,803,111	\$60,240,151
Restricted	1,945,535	2,645,839	2,266,520	2,227,393	2,143,630	2,081,839	2,139,475	2,724,572	2,661,325	3,145,212
Unrestricted	21,887,888	23,335,011	23,790,151	23,318,449	24,414,563	23,107,684	24,285,145	20,616,456	20,098,292	21,581,233
Total primary government net position	\$62,983,725	\$70,930,329	\$72,625,037	\$75,338,006	\$77,779,234	\$79,124,487	\$78,620,598	\$79,454,225	\$82,562,728	\$84,966,596

City of Sioux Center
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses										
Governmental activities:										
Public Safety	\$812,532	\$996,337	\$1,026,496	\$1,087,057	\$1,123,039	\$1,205,647	\$1,232,254	\$1,378,410	\$1,292,287	\$1,510,298
Public Works	1,473,643	1,357,890	1,630,940	1,758,350	1,683,109	1,983,961	2,028,060	1,411,372	1,833,705	1,693,888
Culture and Recreation	2,400,998	3,135,324	3,086,073	3,311,975	3,442,682	3,634,503	4,414,137	3,823,595	3,920,969	4,124,895
Community and Economic Development	231,692	133,247	149,263	131,008	148,066	185,660	285,022	159,876	222,034	215,862
General Government	592,506	626,507	695,282	706,708	996,544	943,785	1,146,253	1,894,813	2,015,242	1,680,901
Debt Service	238,421	307,498	401,459	364,025	323,338	258,630	226,094	211,195	131,133	90,990
Total governmental activities expenses	5,749,792	6,556,803	6,989,513	7,359,123	7,716,778	8,212,186	9,331,820	8,879,261	9,415,370	9,316,834
Business-type activities:										
Centre Mall	1,189,137	1,117,315	1,084,666	1,025,600	1,109,253	1,016,468	901,545	935,506	873,966	955,746
Water	1,098,883	1,147,543	1,147,264	1,302,133	1,264,355	1,317,264	1,248,792	1,282,811	1,325,725	1,513,895
Sewer	1,017,284	1,141,327	1,124,746	1,227,212	1,050,397	1,019,632	1,010,493	1,062,633	1,123,375	1,318,322
Electric	6,392,707	7,155,946	8,354,052	8,521,319	8,715,106	8,767,471	9,196,469	9,437,069	9,514,228	10,218,043
Natural Gas	13,485,073	13,140,995	10,643,488	8,721,668	7,014,332	7,396,615	10,919,217	8,426,870	5,912,326	7,110,720
Total business-type activities expenses	23,183,084	23,703,126	22,354,216	20,797,932	19,153,443	19,517,450	23,276,516	21,144,889	18,749,620	21,116,726
Total primary government expenses	\$28,932,876	\$30,259,929	\$29,343,729	\$28,157,055	\$26,870,221	\$27,729,636	\$32,608,336	\$30,024,150	\$28,164,990	\$30,433,560
Program Revenues										
Governmental activities:										
Charges for services:										
Public Safety	53,339	50,228	50,293	52,310	57,466	57,479	57,011	345,828	384,310	355,923
Public Works	451,014	490,109	333,692	367,443	394,089	421,184	447,474	486,249	497,318	483,418
Culture and Recreation	932,494	917,498	636,337	768,568	818,972	905,664	887,966	940,108	1,032,268	979,563
Community and Economic Development	67,366	96,457	71,494	41,993	66,080	187,367	65,576			
General Government	15,216	36,589	38,047	56,397	54,273	57,761	56,431	524,014	600,959	648,059
Operating grants and contributions	542,128	481,551	559,269	594,984	668,511	674,958	703,769	1,190,341	1,416,600	1,360,562
Capital grants and contributions	387,295	401,970	821,197	799,114	564,919	66,900	288,330	484,727	81,859	239,249
Total governmental activities program revenues	2,448,852	2,474,402	2,510,329	2,680,809	2,624,310	2,371,313	2,506,557	3,971,267	4,013,314	4,066,774
Business-type activities:										
Charges for services:										
Centre Mall	469,590	472,346	455,205	453,156	482,752	471,820	440,770	503,314	460,118	469,880
Water	1,105,854	1,246,025	1,181,242	1,267,961	1,463,515	1,526,332	1,580,634	1,565,667	1,630,270	1,678,372
Sewer	999,517	1,012,341	850,807	1,007,896	1,170,720	1,068,788	1,073,016	1,063,220	1,105,295	1,208,260
Electric	6,984,873	7,610,111	8,492,056	9,042,937	9,091,337	9,147,357	9,637,207	10,434,989	9,911,161	9,911,730
Natural Gas	13,843,901	13,565,023	10,850,723	8,955,003	6,846,384	7,434,309	10,623,489	8,582,176	5,871,153	7,128,643
Total business-type activities program revenues	23,403,735	23,905,846	21,830,033	20,726,953	19,054,708	19,648,606	23,355,116	22,149,366	18,977,997	20,396,885
Total primary government program revenues	\$25,852,587	\$26,380,248	\$24,340,362	\$23,407,762	\$21,679,018	\$22,019,919	\$25,861,673	\$26,120,633	\$22,991,311	\$24,463,659

City of Sioux Center
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net (expense)/revenue										
Governmental activities	(\$3,300,940)	(\$4,082,401)	(\$4,479,184)	(\$4,678,314)	(\$5,092,468)	(\$5,840,873)	(\$6,825,263)	(\$4,907,994)	(\$5,402,056)	(\$5,250,060)
Business-type activities	220,651	202,720	(524,183)	(70,979)	(98,735)	131,156	78,600	1,004,477	228,377	(719,841)
Total primary government net expense	<u>(\$3,080,289)</u>	<u>(\$3,879,681)</u>	<u>(\$5,003,367)</u>	<u>(\$4,749,293)</u>	<u>(\$5,191,203)</u>	<u>(\$5,709,717)</u>	<u>(\$6,746,663)</u>	<u>(\$3,903,517)</u>	<u>(\$5,173,679)</u>	<u>(\$5,969,901)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities										
Property taxes	\$3,325,694	\$3,868,849	\$4,130,253	\$4,672,916	\$4,785,273	\$4,792,723	\$4,742,189	\$5,055,237	\$5,286,676	\$5,402,688
Local option sales tax	562,369	647,398	599,213	701,502	640,653	760,459	732,227	802,539	805,958	898,947
Unrestricted investment earnings	222,533	128,520	74,833	47,956	27,596	13,652	10,817	15,403	25,051	20,763
Miscellaneous	1,799,569	5,151,748	1,292,505	1,318,680	856,405	806,237	1,359,547	52,316	131,269	116,851
Transfers	(250,734)	(403,899)	(60,710)	149,443	224,844	178,971	215,504	299,326	474,666	407,011
Total governmental activities	<u>5,659,431</u>	<u>9,392,616</u>	<u>6,036,094</u>	<u>6,890,497</u>	<u>6,534,771</u>	<u>6,552,042</u>	<u>7,060,284</u>	<u>6,224,821</u>	<u>6,723,620</u>	<u>6,846,260</u>
Business-type activities										
Unrestricted investment earnings	627,900	498,962	370,324	375,112	394,572	450,744	272,058	74,822	71,314	117,159
Miscellaneous	102,726	1,241,096	230,946	346,099	927,931	231,155	(874,066)	694,984	1,891,913	1,817,362
Transfers	250,734	403,899	60,710	(149,443)	(224,844)	(178,971)	(215,504)	(299,326)	(474,666)	(407,011)
Total business-type activities	<u>981,360</u>	<u>2,143,957</u>	<u>661,980</u>	<u>571,768</u>	<u>1,097,659</u>	<u>502,928</u>	<u>(817,512)</u>	<u>470,480</u>	<u>1,488,561</u>	<u>1,527,510</u>
Total primary government	<u>\$6,640,791</u>	<u>\$11,536,573</u>	<u>\$6,698,074</u>	<u>\$7,462,265</u>	<u>\$7,632,430</u>	<u>\$7,054,970</u>	<u>\$6,242,772</u>	<u>\$6,695,301</u>	<u>\$8,212,181</u>	<u>\$8,373,770</u>
Change in Net Assets										
Governmental activities	2,358,491	5,310,215	1,556,910	2,212,183	1,442,303	711,169	235,021	1,316,827	1,321,564	1,596,200
Business-type activities	1,202,011	2,346,677	137,797	500,789	998,924	634,084	(738,912)	1,474,957	1,716,938	807,669
Total primary government	<u>\$3,560,502</u>	<u>\$7,656,892</u>	<u>\$1,694,707</u>	<u>\$2,712,972</u>	<u>\$2,441,227</u>	<u>\$1,345,253</u>	<u>(\$503,891)</u>	<u>\$2,791,784</u>	<u>\$3,038,502</u>	<u>\$2,403,869</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Reserved	\$12,000	\$ -	\$ -	\$362,332	\$332,848	\$388,311	\$442,100	\$273,560	\$273,445	\$151,534
Unreserved	2,808,809	2,901,658	3,047,500	2,503,614	2,379,009	1,951,621	2,363,220	2,687,880	2,680,227	3,319,492
Total general fund	<u>\$2,820,809</u>	<u>\$2,901,658</u>	<u>\$3,047,500</u>	<u>\$2,865,946</u>	<u>\$2,711,857</u>	<u>\$2,339,932</u>	<u>\$2,805,320</u>	<u>\$2,961,440</u>	<u>\$2,953,672</u>	<u>\$3,471,026</u>
All other governmental funds										
Reserved										
Special revenue funds	\$1,386,042	\$1,758,146	\$975,700	\$1,136,967	\$964,159	\$666,311	\$829,848	\$2,283,810	\$2,257,547	\$2,732,731
Debt service funds	-	6,596	-	-	-	2,366	1,444	886	920	2,007
Unreserved, reported in:										
Capital project funds	894,064	85,369	331,023	(581,644)	(1,061,047)	(1,093,762)	(1,233,721)	(2,560,701)	(2,246,176)	(1,219,430)
Total all other governmental funds	<u>\$2,280,106</u>	<u>\$1,850,111</u>	<u>\$1,306,723</u>	<u>\$555,323</u>	<u>(\$96,888)</u>	<u>(\$425,085)</u>	<u>(\$402,429)</u>	<u>(\$276,005)</u>	<u>\$12,291</u>	<u>\$1,515,308</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Property taxes	\$2,078,370	\$2,298,169	\$2,649,813	\$2,767,090	\$2,844,644	\$2,748,374	\$2,753,332	\$2,836,721	\$2,846,253	\$3,137,041
Tax increment financing	1,230,337	1,570,680	1,480,441	1,905,826	1,940,629	1,938,795	1,857,358	2,066,001	2,270,163	2,095,955
Other city taxes	579,357	647,398	599,213	701,502	640,653	866,013	863,726	937,515	949,783	1,042,172
Special assessments	16,638	130,642	43,288	84,691	65,385	291,450	37,876	48,439	33,313	26,715
Licenses and permits	88,490	659,653	106,897	77,080	106,251	226,252	104,227	90,052	123,935	120,097
Intergovernmental	810,054	1,091,687	1,448,404	1,455,337	1,298,302	813,507	1,059,050	1,296,967	1,220,719	1,256,781
Charges for services	1,449,527	1,176,853	770,306	954,927	1,084,598	1,183,030	1,187,909	1,450,178	1,546,092	1,511,161
Miscellaneous	1,513,042	161,500	1,173,909	1,157,760	722,131	443,137	1,250,063	789,908	947,915	917,418
Use of property and money	421,621	1,055,171	334,863	317,650	230,867	233,827	237,795	349,939	295,373	419,814
Total Revenues	8,187,436	8,791,753	8,607,134	9,421,863	8,933,460	8,744,385	9,351,336	9,865,720	10,233,546	10,527,154
Expenditures										
Public safety	750,423	814,558	882,827	998,840	867,980	1,036,957	971,376	1,284,798	1,206,043	1,225,152
Public works	892,144	896,056	1,032,254	1,602,290	1,123,927	1,272,247	1,303,694	1,195,356	1,983,696	1,818,395
Culture and recreation	2,235,045	2,894,998	2,501,034	2,703,276	2,941,486	2,946,583	2,956,452	3,473,949	4,105,876	3,463,196
Community and economic development	230,464	132,971	148,900	128,740	147,425	185,538	285,958	268,921	224,363	195,637
General government	594,657	675,103	703,844	630,355	1,178,767	1,210,905	1,099,921	1,092,187	1,305,023	852,743
Capital projects	5,057,283	10,861,506	2,260,417	3,045,913	3,493,052	1,516,153	1,000,931	1,496,634	860,900	49,070
Debt service										
Interest	210,272	378,245	408,200	368,837	331,022	261,202	233,227	196,974	126,886	87,190
Principal	376,855	2,081,563	1,006,494	1,026,008	1,381,722	1,193,894	1,227,237	2,692,752	1,267,895	1,222,410
Total Expenditures	10,347,143	18,735,000	8,943,970	10,504,259	11,465,381	9,623,479	9,078,796	11,701,571	11,080,682	8,913,793
Excess of revenues over (under) expenditures										
Other financing sources (uses)										
Bonds issued	1,395,000	9,998,000			1,500,000				583,000	
Transfers in	3,354,776	3,751,412	4,859,181	4,887,354	5,075,390	4,709,077	4,460,960	4,025,995	4,497,120	3,919,763
Transfers out	(3,605,510)	(4,155,311)	(4,919,891)	(4,737,911)	(4,849,769)	(4,530,106)	(4,245,455)	(3,726,669)	(4,022,454)	(3,512,752)
Total other financing sources (uses)	1,144,266	9,594,101	(60,710)	149,443	1,725,621	178,971	215,505	299,326	1,057,666	407,011
Net change in fund balances	(\$1,015,441)	(\$349,146)	(\$397,546)	(\$932,953)	(\$806,300)	(\$700,123)	\$488,045	(\$1,536,525)	\$210,530	\$2,020,372
Debt service as a percentage of noncapital expenditures	11.1%	31.2%	21.2%	18.7%	21.5%	17.9%	18.1%	28.3%	13.6%	14.8%

City of Sioux Center
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increment</u>	<u>Local Option</u>			<u>Total</u>
		<u>Financing Tax</u>	<u>Sales Tax</u>	<u>Hotel/Motel Tax</u>	<u>Road Use Tax</u>	
2007-08	\$ 2,078,370	\$ 1,230,337	\$ 562,369	\$ 16,988	\$ 542,128	\$ 4,430,192
2008-09	\$ 2,298,169	\$ 1,570,680	\$ 647,398	\$ 18,910	\$ 481,551	\$ 5,016,708
2009-10	\$ 2,649,813	\$ 1,480,441	\$ 599,213	\$ 18,337	\$ 559,269	\$ 5,307,073
2010-11	\$ 2,767,090	\$ 1,905,826	\$ 701,502	\$ 36,682	\$ 594,984	\$ 6,006,084
2011-12	\$ 2,844,644	\$ 1,940,629	\$ 640,653	\$ 104,920	\$ 668,511	\$ 6,199,357
2012-13	\$ 2,748,374	\$ 1,938,795	\$ 760,459	\$ 105,554	\$ 674,958	\$ 6,228,140
2013-14	\$ 2,753,332	\$ 1,857,358	\$ 732,227	\$ 131,499	\$ 703,769	\$ 6,178,185
2014-15	\$ 2,836,721	\$ 2,066,001	\$ 802,539	\$ 134,975	\$ 750,961	\$ 6,591,197
2015-16	\$ 2,846,253	\$ 2,270,163	\$ 805,958	\$ 143,825	\$ 864,109	\$ 6,930,308
2016-17	\$ 3,137,041	\$ 2,095,955	\$ 898,947	\$ 143,225	\$ 900,684	\$ 7,175,852

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 Actual
	Estimated Assessed	Actual Value	Estimated Assessed	Actual Value	Estimated Assessed	Actual Value	
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%
2013-14	\$ 279,840,418	\$ 428,869,986	\$ 1,512,294	\$ 1,512,294	\$ 281,352,712	\$ 430,382,280	65.4%
2014-15	\$ 297,906,658	\$ 460,200,314	\$ 1,421,943	\$ 1,477,025	\$ 299,328,601	\$ 461,677,339	64.8%
2015-16	\$ 304,122,233	\$ 472,051,140	\$ 1,292,230	\$ 1,401,426	\$ 305,414,463	\$ 473,452,566	64.5%
2016-17	\$ 334,548,710	\$ 518,532,614	\$ 1,443,227	\$ 1,568,958	\$ 335,991,937	\$ 520,101,572	64.6%

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

Fiscal Year	City Direct Rates						Overlapping Rates			Total City Consolidated 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	
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
2013-14	8.10000	0.13500	0.61160	3.11155	0.66247	12.62062	13.93095	5.33520	0.69069	32.57746
2014-15	8.10000	0.13500	0.58434	2.97283	0.60273	12.39490	14.91587	5.43111	0.69099	33.43287
2015-16	8.10000	0.13500	0.58696	2.99075	0.55735	12.37006	15.85291	5.38224	0.73347	34.33868
2016-17	8.10000	0.13500	0.50721	2.58441	0.49938	11.82600	15.90604	5.17972	0.78118	33.69294

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

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

	FY 2017		FY 2007		
<u>Taxpayer</u>	Taxable Assessed <u>Value</u>	Percentage of Total <u>Taxable Value</u>	<u>Taxpayer</u>	Taxable Assessed <u>Value</u>	
Farmers Coop Society	\$9,202,239	2.74%	Trigen, LLC	\$14,183,900	7.87%
Wal-Mart Real Estate	8,331,021	2.48%	Farmers Coop Society	7,510,024	4.17%
Trigen, LLC (Pella)	7,002,486	2.08%	City of Sioux Center (Centre Mall)	6,564,833	3.64%
American State Bank	6,926,717	2.06%	Sioux Automation	4,875,128	2.70%
City Of Sioux Center (Centre Mall)	6,374,547	1.90%	Sioux Center Community Hospital	4,206,350	2.33%
Harbor Group Investments LLC	3,603,249	1.07%	Golden Crisp	4,178,000	2.32%
R&C Hulshof Farms LLC	3,285,873	0.98%	Vet Pharm	2,535,980	1.41%
Ver Hoef Automotive	3,269,871	0.97%	American State Bank	2,401,540	1.33%
South Ridge Lodging	2,861,892	0.85%	Harbor Group Investments LLC	1,980,130	1.10%
Patrick Cudahy, Inc.(Golden Crisp)	<u>2,861,406</u>	0.85%	EMW Groschopp	<u>1,800,000</u>	1.00%
	<u>\$53,719,301</u>	15.99%		<u>\$50,235,885</u>	27.87%

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

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

Fiscal Year	Collected within the Fiscal Year of the Levy			Delinquent	Total Collections to Date	
	Total Tax Levy For Fiscal Year	Amount	Percent of Levy		Amount	Percent of Levy
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%	\$ 789	\$ 4,680,675	99.7%
2012-13	\$ 4,732,132	\$ 4,686,293	99.0%	\$ 4,290	\$ 4,690,583	99.1%
2013-14	\$ 4,600,157	\$ 4,610,062	100.2%	\$ 628	\$ 4,610,690	100.2%
2014-15	\$ 4,898,269	\$ 4,891,613	99.9%	\$ 5,498	\$ 4,897,111	100.0%
2015-16	\$ 5,119,475	\$ 5,115,891	99.9%	\$ 525	\$ 5,116,416	99.9%
2016-17	\$ 5,233,042	\$ 5,232,995	100.0%	\$ 1,245	\$ 5,234,240	100.0%

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

Fiscal Year	Governmental Activities General Obligation Bonds	Business-Type Activities				Total Primary Government	Per Capita
		Water Bonds	Sewer Bonds	Centre Mall Bonds			
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	
2013-14	\$ 7,670,181	\$ 3,255,314	\$ 919,505	\$ 695,000	\$ 12,540,000	1,779	
2014-15	\$ 4,977,429	\$ 2,656,343	\$ 549,228	\$ 400,000	\$ 8,583,000	1,218	
2015-16	\$ 4,292,534	\$ 2,317,943	\$ 357,523	\$ 270,000	\$ 7,238,000	1,027	
2016-17	\$ 3,070,124	\$ 1,979,543	\$ 507,069	\$ 140,000	\$ 5,696,736	808	

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amount Available in Debt Service Fund</u>	<u>Total</u>	<u>Estimated Actual Taxable Value of Property</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
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	\$ -	\$ 9,442,585	\$ 4.17%	1,428	
2010-11	\$ 8,416,577	\$ -	\$ 8,416,577	\$ 3.46%	1,194	
2011-12	\$ 8,534,854	\$ -	\$ 8,534,854	\$ 3.36%	1,211	
2012-13	\$ 9,506,884	\$ 2,366	\$ 9,504,518	\$ 3.55%	1,349	
2013-14	\$ 8,279,647	\$ 1,444	\$ 8,278,203	\$ 2.94%	1,175	
2014-15	\$ 4,977,429	\$ 577	\$ 4,976,852	\$ 1.66%	706	
2015-16	\$ 4,292,534	\$ 451	\$ 4,292,083	\$ 1.41%	609	
2016-17	\$ 3,070,124	\$ 1,804	\$ 3,068,320	\$ 0.91%	435	

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.

**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	\$18,040,000	67.20%	\$12,122,234
Sioux County	5,815,000	17.18%	999,248
Northwest Iowa Community College	17,110,000	7.34%	<u>1,256,398</u>
Subtotal, overlapping debt			14,377,880
City of Sioux Center direct debt			<u>3,070,124</u>
Total direct and overlapping debt			<u><u>\$17,448,004</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 unity's total taxable assessed value.

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

Legal Debt Margin Calculation for FY 2017

Assessed value	\$520,101,572
Debt limit (5% of assessed value)	26,005,079
Debt applicable to limit	
Total general obligation bonds	3,568,000
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	<u>3,568,000</u>
Legal debt margin	<u><u>\$22,437,079</u></u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$15,025,874	\$17,215,706	\$18,317,271	\$19,691,109	\$20,421,434	\$20,972,772	\$21,386,457	\$22,885,123	\$23,672,628	\$26,005,079
Total net debt applicable to limit	9,787,089	13,880,000	12,240,000	10,780,000	10,490,000	9,008,613	7,454,183	5,900,000	5,003,000	3,568,000
Legal debt margin	\$5,238,785	\$3,335,706	\$6,077,271	\$8,911,109	\$9,931,434	\$11,964,159	\$13,932,274	\$16,985,123	\$18,669,628	\$22,437,079
Total net debt applicable to the limit as a percentage of debt limit	65.13%	80.62%	66.82%	54.75%	51.37%	42.95%	34.85%	25.78%	21.13%	13.72%

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

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

Water Revenue Bonds

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
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
2013-14	\$ 1,594,293	\$ 801,967	\$ 792,326	\$ 300,000	\$ 60,600	2.20
2014-15	\$ 1,624,296	\$ 846,553	\$ 777,743	\$ 300,000	\$ 54,600	2.19
2015-16	\$ 1,721,001	\$ 886,376	\$ 834,625	\$ 300,000	\$ 48,600	2.39
2016-17	\$ 1,743,737	\$ 1,036,582	\$ 707,155	\$ 300,000	\$ 42,600	2.06

Sewer Revenue Bonds

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
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
2013-14	\$ 1,086,805	\$ 701,265	\$ 385,540	\$ 137,000	\$ 10,185	2.62
2014-15	\$ 1,082,507	\$ 735,229	\$ 347,278	\$ 142,000	\$ 7,788	2.32
2015-16	\$ 1,127,868	\$ 785,953	\$ 341,915	\$ 148,000	\$ 5,303	2.23
2016-17	\$ 1,260,145	\$ 959,771	\$ 300,374	\$ 155,000	\$ 2,713	1.90

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.

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

Population	7,048
Median age	27.4
Median household income	\$72,876
Per capita income	\$27,711
Median home or condo value	\$199,306
Cost of living index (US average is 100)	80.2
Percentage with high-school equivalency	87.4%
Percentage with bachelor's degree or higher	36.5%
Percentage with graduate or professional degree	11.5%
Unemployment rate	1.3%
Daytime population change due to commuting	+1,913 (25.7%)
Average household size	2.7
Residents with incomes below the poverty level	4.2%
School enrollment	1,801

Source: Population, median age and education level provided by Bureau of Census.

School enrollment data provided by Sioux Center News.

Unemployment rate provided by the Iowa Workforce Development.

Information from federal agencies consolidated by www.city-data.com

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government and Utilities Management	7.6	7.5	7.8	7.0	6.9	7.2	7.0	7.2	7.1	7.8
Public Safety	7.7	8.0	8.7	8.1	8.7	9.0	9.4	9.4	9.2	9.5
Public Works	3.5	3.8	4.1	3.5	3.1	3.0	3.1	3.0	3.5	3.2
Culture and Recreation	25.7	26.4	25.0	25.3	24.9	25.0	23.7	24.6	23.4	22.7
Library	7.2	8.0	9.1	9.2	8.9	8.5	8.7	8.3	8.4	8.7
Electric	6.1	6.2	7.4	6.1	6.4	6.3	5.9	5.7	5.7	6.3
Natural Gas	4.8	4.9	5.4	4.9	4.8	4.9	4.7	4.5	4.8	4.7
Water	4.7	4.8	5.4	4.9	5.1	5.2	5.0	5.0	5.0	4.9
Sewer	5.1	5.1	5.5	5.6	5.2	5.5	5.5	5.6	5.4	5.3
Centre Mall	3.8	3.4	3.9	3.3	3.6	3.5	3.5	3.4	3.5	3.7
Total	76.2	78.1	82.3	77.9	77.6	78.1	76.5	76.7	76.0	76.8

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.

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

<u>Function/Program</u>	<u>2017</u>
General Government	
Building Permits Issued	97
Police	
Citations	667
Arrests	108
Fire	
Emergency Responses	125
Parks and Recreation	
Pool Admissions	25,553
Ice Arena Admissions	4,939
Library	
Items Checked Out	221,467
Water	
Average Daily Consumption	876,000
Peak Consumption	1,716,000
Sewer	
Average Daily Treatment	1,273,973
Peak load (gallons per day)	3,106,000
Electric	
KWH Purchased	126,470,491
KWH Sold	122,911,142
Average Revenue per KWH Sold	0.081
Gas	
MCF Purchased	1,668,007
MCF Sold	1,680,496
Average Revenue per MCF Sold	4.242

Source: Various city departments

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

	<u>Function/Program</u>	<u>2017</u>
Police		
Stations		1
Patrol units		4
Fire		
Stations		2
Emergency vehicles		7
Other Public Works		
Streets (miles)		56
Highways (miles)		4
Streetlights		770
Traffic signals		4
Parks and Recreation		
Parks/playgrounds		10
Bike trail (miles)		7.7
Baseball/softball diamonds		8
Soccer/football fields		6
Facilities (All Seasons Center - pool, ice arena)		1
Water		
Water mains (miles)		70
Fire hydrants		360
Number of wells		16
Elevated storage capacity (gallons)		650,000
Water plant capacity (gallons per day)		2,100,000
Meters in service		2,624
Sewer		
Sanitary sewers (miles)		47
Storm sewers (miles)		18
Design capacity (gallons per day)		4,000,000
Number of lift stations		10
Electric		
Electric main wire (miles)		87
Meters in Service		2,770
Gas		
Gas mains (miles)		79
Meters in Service		2,367

Source: Various city departments

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Members of the City Council
City of Sioux Center, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sioux Center, Iowa, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Sioux Center, Iowa's basic financial statements and have issued our report thereon dated January 26, 2018.

Internal Control Over Financial Reporting:

In planning and performing our audit of the financial statements, we considered the City of Sioux Center, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sioux Center, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sioux Center, Iowa's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detects and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *Significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings as item 2017-001 that we consider to be a material weakness.

Compliance and Other Matters:

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

City of Sioux Center, Iowa's Response to Findings

City of Sioux Center, Iowa's response to the findings identified in our audit is described in the accompanying schedule of findings. The City of Sioux Center, Iowa's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
January 26, 2018

CITY OF SIOUX CENTER, IOWA
Schedule of Findings
For the Year Ended June 30, 2017

Part I: Summary of the Independent Auditors' Results

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.
There were no prior year audit findings.

Material Weakness:

2017-01 Financial Reporting – Material Adjusting Journal Entries

Condition and Criteria – The auditors were required to propose and have management post adjusting entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles..

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation – The City should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the City's financial statements.

Views of Responsible Officials – City management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost effective. However, management has and will continue to monitor this process on a regular basis.

Part III: Other Findings Related to Required Statutory Reporting

III-A-17 Certified Budget

Condition and Criteria – City expenditures during the year ended June 30, 2017, exceeded amounts budgeted in the Public Works, General Government, and Business-Type functions.

Effect – The City is not in compliance with Chapter 384.18 of the Code of Iowa.

CITY OF SIOUX CENTER, IOWA
Schedule of Findings
For the Year Ended June 30, 2017

Part III: Other Findings Related to Required Statutory Reporting - (Continued)

Cause – The City approved a budget amendment on May 15, 2017. With limited personnel and time constraints, the City inadvertently omitted some items from the preparation of their budget amendment. This resulted in the Public Works, General Government, and Business-Type functions to be overspent.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Views of Responsible Officials – The budget will be amended in the future, if applicable.

III-B-17 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-C-17 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

III-D-17 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

III-E-17 - Questionable Expenditures - We noted no questionable expenditures during our audit.

III-F-17 - Revenue Bonds - No violations of revenue bond resolutions were noted.

III-G-17 - Business Transactions – Business transactions between the City and city officials are detailed as follows:

Name, Title and Business Connection	Transaction/Description	Amount
Dennis Walstra, Mayor Walstra Plumbing and Heating	Supplies	\$ 31,604 (2)
Randy Vrugdenhil, Council Member HSR, LLC	Management fee for the Event Center, per bid	75,000 (3)
W. Dale Den Herder, Council Member American State Bank	Bank fees as fiscal agent	1,850 (2)
Jamie Van Ravensway, Council Member MJ's Sinclair	Fuel and Supplies	65 (1)

- 1) The transaction does not appear to represent a conflict of interest since the total transaction was less than \$1,500 during the year, per Chapter 362.5(3)(j) of the Code of Iowa.
- 2) This transaction may represent a conflict of interest and the City should contact legal counsel for determination.
- 3) This transaction does not appear to represent a conflict of interest since it was a bid.

CITY OF SIOUX CENTER, IOWA
Schedule of Findings
For the Year Ended June 30, 2017

Part III: Other Findings Related to Required Statutory Reporting - (Continued)

III-H-17 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

III-I-17 - 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.