

City of Sioux Center, Iowa



Annual Financial Report

for the fiscal year ended June 30, 2018

Prepared by:
Finance Department
Darryl Ten Pas, Finance Director

**CITY OF SIOUX CENTER, IOWA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS**

INTRODUCTORY SECTION

	Page
Organization Chart.....	1
Directory of City Officials.....	2
FINANCIAL SECTION	
Independent Auditors' Report.....	3 – 4
Management's Discussion and Analysis	5 – 13
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	14
Statement of Activities	15 – 16
FUND FINANCIAL STATEMENTS	
Governmental Funds Financial Statements	
Balance Sheet	17 – 18
Reconciliation of the Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances	20 – 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	22
Proprietary Funds Financial Statements	
Combining Statement of Net Position	23 – 24
Combining Statement of Revenues, Expenses and Changes in Net Position	25 – 26
Combining Statement of Cash Flows	27 – 30
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position	31
Notes to Financial Statements	32 – 57
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual, All Governmental and Proprietary Funds – GAAP Basis.....	58 – 59
Notes to Required Supplementary Information	60
Schedule of City's Proportionate Share of the Net Position Liability	61
Schedule of City's Contribution to Iowa Public Employees Retirement System	62
Notes to Required Supplemental Information.....	63
Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes.....	64

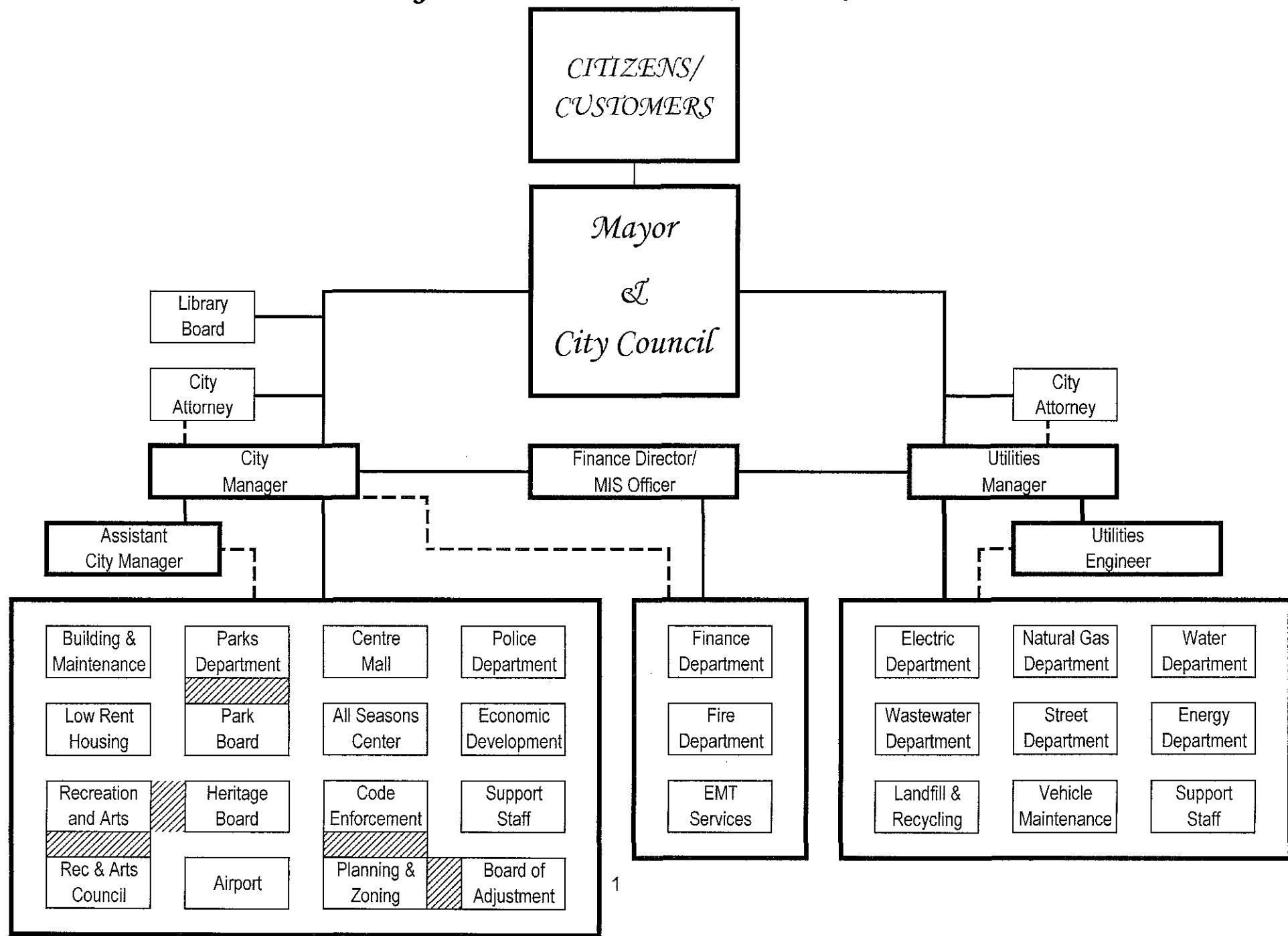
**CITY OF SIOUX CENTER, IOWA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS**

FINANCIAL SECTION – (CONTINUED)

	Page
Other Supplementary Information	
Governmental Non-Major Funds Combining Financial Statements	
Balance Sheet	65 – 66
Statement of Revenues, Expenditures and Changes in Fund Balance	67 – 68
Internal Service Funds Combining Financial Statements	
Statement of Net Position	69
Statement of Revenues, Expenses, and Changes in Net Position	70
Fiduciary Funds Combining Financial Statements	
Statement of Changes in Assets and Liabilities	71
<i>STATISTICAL SECTION</i>	
Net Position by Component.....	72
Changes in Net Position.....	73 - 74
Fund Balances of Governmental Funds	75
Changes in Fund Balances of Governmental Funds	76
General Governmental Tax Revenues by Source	77
Assessed Value and Estimated Actual Value of Taxable Property	78
Direct and Overlapping Property Tax Rates.....	79
Principal Property Tax Payers.....	80
Property Tax Levies and Collections.....	81
Ratios of Outstanding Debt by Type	82
Ratios of Outstanding General Bonded Debt Outstanding	83
Direct and Overlapping Governmental Activities Debt.....	84
Legal Debt Margin Information	85
Pledged-Revenue Coverage	86
Demographic and Economic Statistics	87
Full-time Equivalent City Government Employees by Function	88
Operating Indicators by Function/Program.....	89
Capital Asset Statistics by Function/Program.....	90
 Independent Auditors' Report on Compliance and on Other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	
Schedule of Findings	91 - 92
	93 - 95

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 2022
Randy Vreugdenhil	Council Member	Jan 2022
W. Dale Den Herder	Council Member	Jan 2022
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, 2018, 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 involves 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, 2018, 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.

Emphasis of a Matter

As discussed in Note 15 to the financial statements, the City adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As described in Note 15 to the financial statements, construction

in process for governmental activities were materially understated in the prior year. In addition, land held for resale was understated in prior year financial statements within the general fund. Our opinions are not modified with respect to these matters.

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 the City's Proportionate Share of the Net Pension Liability, Schedule of City's Contributions to Iowa Public Employees' Retirement System and Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes on pages 5 through 13 and 58 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 27, 2019, 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 solely 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 the effectiveness of the City's 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 21, 2019



CITY OF SIOUX CENTER, IOWA, 51250
335 First Avenue NW

Ph 712-722-0761 · Fax 712-722-0760
www.siouxcenter.org

Management Discussion and Analysis

June 30, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights:

The assets of the City of Sioux Center exceeded liabilities at the close of business on June 30, 2018 by \$86,725,361 (net position). Of this amount, \$20,769,644 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position, after restated beginning balance, increased by \$1,742,622 during the fiscal year. An increase of \$533,372 is attributable to governmental activities and an increase of \$1,209,250 to business type activities.

The City's long-term debt increased \$9,212,184 due to bonds being issued for the waste water treatment plant expansion and the outdoor pool expansion. General Obligation debt totaled \$8,631,500 and other long-term debt totaled \$6,277,420. In addition the City has issued internal debt for capital projects in the amount of \$345,000 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 and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Sioux Center is improving or deteriorating.

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Proprietary Funds

The City of Sioux Center maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the activities of the electric utility, gas utility, water utility, sewer utility and the Centre Mall.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Sioux Center uses an internal service fund to account for vehicle maintenance 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 assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$86,725,361 at the close of the most recent fiscal year.

City of Sioux Center Net Assets

	Governmental Activities		Business-type		Total	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2018	2017 (Not Restated)
Current and other assets	\$18,984,979	\$11,431,588	\$26,420,206	\$23,540,801	\$45,405,185	\$34,972,389
Capital assets	41,332,496	42,248,918	30,360,708	23,651,678	71,693,204	65,900,596
Total assets	<u>60,317,475</u>	<u>53,680,506</u>	<u>56,780,914</u>	<u>47,192,479</u>	<u>117,098,389</u>	<u>100,872,985</u>
Deferred Outflows	652,636	594,292	448,925	404,851	\$1,101,561	\$999,143
Long-Term Liabilities	9,002,184	3,476,399	7,576,562	3,262,880	16,578,746	6,739,279
Other liabilities	2,322,602	1,895,552	5,181,237	2,622,766	7,503,839	4,518,318
Total liabilities	<u>11,324,786</u>	<u>5,371,951</u>	<u>12,757,799</u>	<u>5,885,646</u>	<u>24,082,585</u>	<u>11,257,597</u>
Deferred Inflows	5,749,674	5,569,516	1,642,330	78,419	7,392,004	5,647,935
Net Position:						
Net Investment in Capital Assets	38,508,433	39,198,868	23,773,082	21,041,283	62,281,515	60,240,151
Restricted	3,307,184	2,737,247	367,018	407,964	3,674,202	3,145,211
Unrestricted	2,080,034	1,397,216	18,689,610	20,184,018	20,769,644	21,581,234
Total net assets	<u>\$43,895,651</u>	<u>\$43,333,331</u>	<u>\$42,829,710</u>	<u>\$41,633,265</u>	<u>\$86,725,361</u>	<u>\$84,966,596</u>

The largest part of the City's net assets (71.8 percent) reflects its investment in capital assets (e.g. land buildings, machinery, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these long-term liabilities.

An additional portion of the City of Sioux Center's net assets (4.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$20,769,644) may be used to meet the government's ongoing obligations to citizens and creditors.

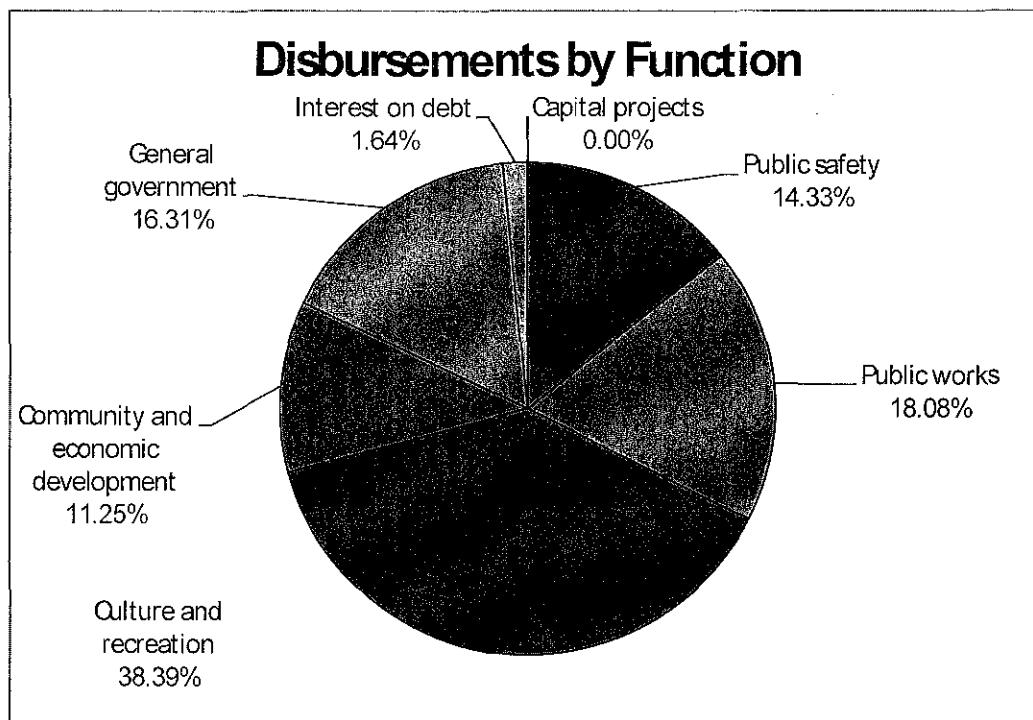
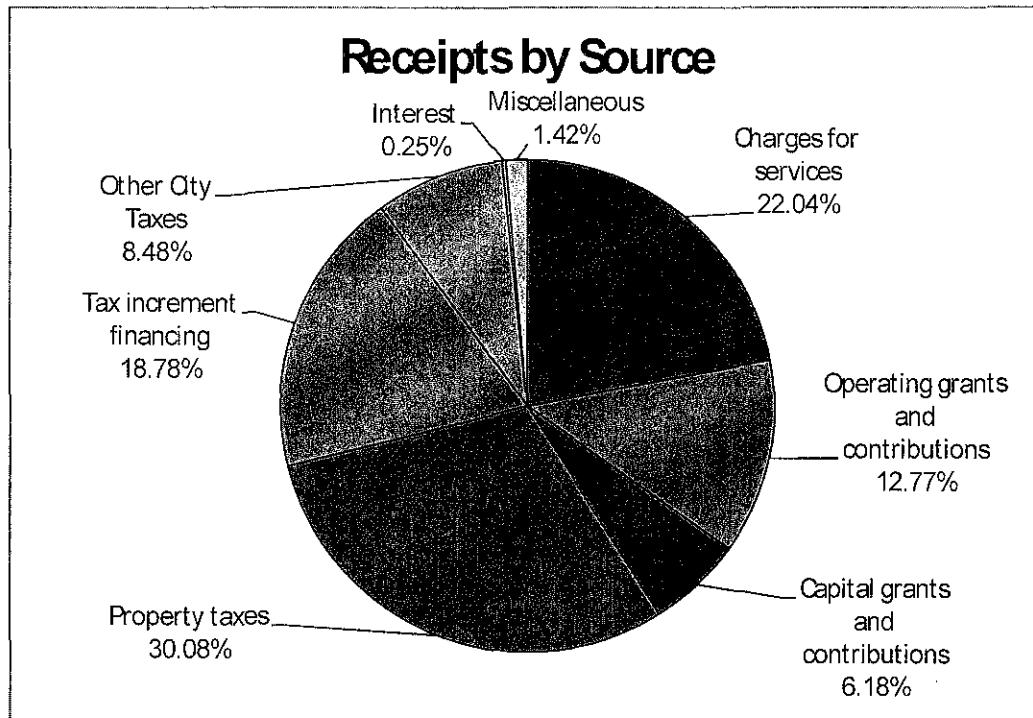
At the end of the current fiscal year, the City of Sioux Center is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities except for governmental unrestricted.

The City's total net assets 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 assets follows:

City of Sioux Center Change Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2018	2017 (Not Restated)
Revenues:						
Charges for services	\$2,417,085	\$2,466,963	\$21,745,482	\$20,396,885	\$24,162,567	\$22,863,848
Operating grants and contributions	1,400,071	1,360,562	-	-	1,400,071	1,360,562
Capital grants and contributions	678,125	239,249	-	-	678,125	239,249
General Revenues:						
Property taxes	3,298,407	3,137,041	-	-	3,298,407	3,137,041
Tax increment financing	2,059,465	2,122,422	-	-	2,059,465	2,122,422
Other city taxes	928,371	1,042,172	-	-	928,371	1,042,172
Interest	27,652	20,763	137,017	117,159	164,669	137,922
Miscellaneous	155,972	116,851	1,466,013	1,817,362	1,621,985	1,934,213
Total Revenues:	10,965,148	10,506,023	23,348,512	22,331,406	34,313,660	32,837,429
Expenses:						
Public safety	1,526,040	1,510,298	-	-	1,526,040	1,510,298
Public works	1,925,094	1,644,818	-	-	1,925,094	1,644,818
Culture and recreation	4,087,358	4,124,895	-	-	4,087,358	4,124,895
Community and economic development	1,197,672	215,862	-	-	1,197,672	215,862
General government	1,735,932	1,680,901	-	-	1,735,932	1,680,901
Capital Projects		49,070	-	-	-	49,070
Interest on debt	174,467	90,990	-	-	174,467	90,990
Centre Mall	-	-	963,741	955,746	963,741	955,746
Water Utility	-	-	1,509,601	1,513,895	1,509,601	1,513,895
Sewer Utility	-	-	1,411,190	1,318,322	1,411,190	1,318,322
Electric Utility	-	-	10,400,973	10,218,043	10,400,973	10,218,043
Gas Utility	-	-	7,638,970	7,110,720	7,638,970	7,110,720
Total Expenses	10,646,563	9,316,834	21,924,475	21,116,726	32,571,038	30,433,560
Increase/(decrease) in net position before other financing sources	318,585	1,189,189	1,424,037	1,214,680	1,742,622	2,403,869
Other financing sources (uses)	214,787	407,011	(214,787)	(407,011)	-	-
Increase/(decrease) in net position	533,372	1,596,200	1,209,250	807,669	1,742,622	2,403,869
Net Position-beginning (as restated)	43,362,279	41,737,131	41,620,460	40,825,596	84,982,739	82,562,727
Net Position-ending	\$43,895,651	\$43,333,331	\$42,829,710	\$41,633,265	\$86,725,361	\$84,966,596



Sioux Center's property tax revenues for general purposes increased by \$161,366 or approximately 5.1%. 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 2018 was \$533,372. In 2017 there was an increase in net position for governmental activities of \$1,596,200.

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 \$1,209,250.

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>2018</u>	<u>2017</u>
Electric Utility	\$626,819	\$834,170
Natural Gas Utility	170,653	60,886
Water Utility	189,749	147,321
Sewer Utility	253,337	(40,091)
Centre Mall	<u>(31,308)</u>	<u>(194,617)</u>
Change in Net Position	<u>\$1,209,250</u>	<u>\$807,669</u>

The change in net position for the electric utility in 2018 decreased from 2017 because of increased depreciation and operating and maintenance cost.

Change in net position in the gas utility in 2018 was positive because of increased revenue.

The water utility had a gain in net position for 2018. Water sales were up 2.2 % compared to 2017. System repair and maintenance decreased in fiscal 2018. The last rate increase was implemented in the summer of 2016.

The sewer utility also had a net position increase in 2018. The increase was due to a large rate increase in rates that was put into effect the summer of 2017 due to plans for substantial plant improvements. A second and last planned large rate increases was put into effect during the summer of 2018.

The Centre Mall's change in net position decrease improved from 2017 to 2018. This decrease was due to a larger Transfers In of TIF funds to repay for ongoing building improvements.

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 \$11,913,202 an increase of \$6,926,869 from last fiscal year.

The general fund is the primary fund of the City. The general total fund balance decreased by \$105,751 as of June 30, 2018 compared to June 30, 2017.

Budgetary Highlights

The City of Sioux Center adopted one budget amendment during fiscal year. The total amendment increased budget disbursements by \$6,653,600. The increase was due to additional expenditures for Community and Economic Development for development agreements that were entered into. Cultural and Recreation expenditures grew because of increases in recreation activities. Capital Projects increased due to starting the outdoor pool expansion. Total disbursements did not exceed the amended budget in fiscal year 2018.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$62,281,515 (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 (\$690,435). The increase in capital assets in business-type activities totaled \$2,731,799. The net increase in capital assets for all activities for the fiscal year was (\$2,041,364). The increase in capital assets for business-type activities is due to increased spending in infrastructure and the waste water plant upgrades. Most of the decrease in capital assets for governmental activities is due to issuing a \$6,500,000 bond for the outdoor pool expansion.

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 \$14,908,920 at the end of the current fiscal year. Of this amount \$8,631,500 was general obligation debt which is debt backed by the full faith and credit of the government. The remainder of \$6,277,420 is revenue bonds (and notes) debt that is secured by specific revenue sources. This is a net increase of \$9,212,184 from the balance at the end of the previous fiscal year. Four bonds were issued during the fiscal year. One for the outdoor pool expansion, and three were issued by the Iowa Finance Authority for the sewer plant upgrades.

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 \$26,775,329. Net bonded debt applicable to the City's debt limit (total issues outstanding less funds reserved for repayment of debt) is \$8,631,500 or 32.24% 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 2017 23 building permits were issued for commercial construction, 78 permits were issued for residential construction and no permits were issued for tax exempt construction.

Total estimated valuation of this construction was \$28,373,660 compared to \$25,335,787 in the prior year.

Taxable retail sales in fiscal year 2018 increased by \$5,810,620 for a total of \$161,163,145. The City's retail sales account for 41% 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, 2018

	Primary Government Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,969,854	\$ 10,178,263	\$ 21,148,117
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	261,394	2,068,168	2,329,562
Taxes	5,365	-	5,365
Subsequent Year Taxes	5,648,315	-	5,648,315
Accrued Interest	-	40,280	40,280
Estimated Unbilled Usage	-	644,665	644,665
Special Assessments	143,355	-	143,355
Notes Receivable	792,741	2,667,004	3,459,745
Interfund Balances	214,000	(214,000)	-
Due from Other Governmental Agencies	177,723	-	177,723
Inventories	-	1,116,334	1,116,334
Prepaid Assets	154,493	154,652	309,145
Land Held for Resale	617,739	9,392,631	10,010,370
Restricted Assets, Cash and Investments:			
Revenue Bond Current Debt Service Account - Cash & Investments	-	372,209	372,209
Land	8,929,873	2,462,117	11,391,990
Construction in Progress	3,063,363	7,580,392	10,643,755
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	29,339,260	20,318,199	49,657,459
Total Assets	60,317,475	56,780,914	117,098,389
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	639,707	437,917	1,077,624
OPEB Related Deferred Outflows	12,929	11,008	23,937
Total Deferred Outflows of Resources	652,636	448,925	1,101,561
LIABILITIES			
Accounts Payable	1,000,137	4,579,642	5,579,779
Accrued Expenses	-	193,047	193,047
Customer Deposits	32,567	37,747	70,314
Accrued Interest	19,151	12,417	31,568
Noncurrent Liabilities:			
Due within one year:			
Revenue Bonds Payable	-	250,000	250,000
General Obligation Bonds	1,222,229	66,772	1,289,001
Compensated Absences and Benefits	48,518	41,612	90,130
Due in more than one year:			
Revenue Bonds Payable	-	6,017,008	6,017,008
General Obligation Bonds	7,164,534	253,846	7,418,380
Net Pension Liability	1,651,415	1,130,489	2,781,904
Other Post Employment Benefits	40,680	34,642	75,322
Compensated Absences and Benefits, Long-Term	145,555	140,577	286,132
Total Liabilities	11,324,786	12,757,799	24,082,585
DEFERRED INFLOW OF RESOURCES			
Deferred Revenue - Subsequent Year Taxes	5,648,315	-	5,648,315
Pension Related Deferred Inflows	101,359	69,388	170,747
Unavailable Revenue - Waste Water Plant	-	1,572,942	1,572,942
Total Deferred Inflow of Resources	5,749,674	1,642,330	7,392,004
NET POSITION			
Net Investment in Capital Assets	38,508,433	23,773,082	62,281,515
Restricted for:			
Debt Service	-	367,018	367,018
TIF	291,832	-	291,832
Specific Revenues	930	-	930
Local Option Sales Tax	1,163,765	-	1,163,765
Road Use Tax	1,850,657	-	1,850,657
Unrestricted	2,080,034	18,689,610	20,769,644
Total Net Position	\$ 43,895,651	\$ 42,829,710	\$ 86,725,361

See Accompanying Notes to Financial Statements

CITY OF SIOUX CENTER, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,526,040	\$ 420,661	\$ 122,707	\$ -
Public Works	1,925,094	531,849	876,746	676,925
Culture and Recreation	4,087,358	982,462	360,045	1,200
Community and Economic Development	1,197,672	-	-	-
General Government	1,735,932	482,113	33,754	-
Debt Service	174,467	-	6,819	-
Total governmental activities	<u>10,646,563</u>	<u>2,417,085</u>	<u>1,400,071</u>	<u>678,125</u>
Business-Type Activities:				
Electric Utility	10,400,973	10,253,507	-	-
Water Utility	1,509,601	1,712,992	-	-
Sewer Utility	1,411,190	1,589,842	-	-
Gas Utility	7,638,970	7,766,707	-	-
Centre Mall	963,741	422,434	-	-
Total Business-Type Activities:	<u>21,924,475</u>	<u>21,745,482</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 32,571,038</u>	<u>\$ 24,162,567</u>	<u>\$ 1,400,071</u>	<u>\$ 678,125</u>
General Revenues:				
Property taxes				
Tax Increment Financing				
Other City Taxes				
Interest				
Unrestricted Intergovernmental Revenues				
Gain on Sale of Assets				
Miscellaneous				
Interfund Transfers				
Total general revenues and transfers				
Change in net position				
Net Position - beginning				
Prior Period Adjustment				
Net Position - beginning as restated				
Net Position - ending				

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

Governmental Activities	Business-Type Activities	Total
\$ (982,672)	\$ (982,672)	
160,426	160,426	
(2,743,651)	(2,743,651)	
(1,197,672)	(1,197,672)	
(1,220,065)	(1,220,065)	
(167,648)	(167,648)	
<u>(6,151,282)</u>	<u>(6,151,282)</u>	
\$ (147,466)	(147,466)	
203,391	203,391	
178,652	178,652	
127,737	127,737	
(541,307)	(541,307)	
<u>(178,993)</u>	<u>(178,993)</u>	
<u>(6,151,282)</u>	<u>(178,993)</u>	<u>(6,330,275)</u>
3,298,407	-	3,298,407
2,059,465	-	2,059,465
928,371	-	928,371
27,652	137,017	164,669
145,684	-	145,684
10,288	479,226	489,514
-	986,787	986,787
214,787	(214,787)	-
<u>6,684,654</u>	<u>1,388,243</u>	<u>8,072,897</u>
533,372	1,209,250	1,742,622
43,333,331	41,633,265	84,966,596
28,948	(12,805)	16,143
43,362,279	41,620,460	84,982,739
<u>\$ 43,895,651</u>	<u>\$ 42,829,710</u>	<u>\$ 86,725,361</u>

CITY OF SIOUX CENTER, IOWA

BALANCE SHEET

Governmental Funds

JUNE 30, 2018

	General	TIF
Assets		
Cash and Pooled Investments	\$ 1,542,668	\$ 290,960
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	261,394	-
Taxes	3,315	872
Subsequent Year Taxes	2,565,745	2,205,000
Special Assessments	143,355	-
Notes Receivable	792,741	-
Due from Other Funds	518,966	-
Due from Other Governmental Agencies	42,319	-
Land Held for Resale	617,739	
Total Assets	<u>6,488,242</u>	<u>2,496,832</u>
Liabilities		
Accounts Payable	381,301	-
Customer Deposits	32,567	-
Due to Other Funds	-	-
Total Liabilities	<u>413,868</u>	-
Deferred Inflow of Resources		
Unavailable Revenue - Special Assessments	143,355	-
Unavailable Revenue - Subsequent Year Taxes	2,565,745	2,205,000
Total Deferred Inflow of Resources	<u>2,709,100</u>	<u>2,205,000</u>
Fund Balances (Deficits)		
Restricted for:		
Debt Service	-	-
TIF	-	291,832
Emergency Management	-	-
Employee Benefit	-	-
Road Use Tax	-	-
Committed for:		
Storm Sewer	70,306	-
Local Option Sales Tax	-	-
Assigned for:		
Fire Department	98,222	-
Event Center	40,000	-
Youth Hockey	58,569	-
Heritage Village	8,588	-
Capital Projects	-	-
Unassigned	3,089,589	-
Total Fund Balances (Deficits)	<u>3,365,274</u>	<u>291,832</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,488,242</u>	<u>\$ 2,496,832</u>

See Accompanying Notes to Financial Statements

Capital Projects	Other	Total
All Seasons Center	Governmental Funds	Governmental Funds
\$ 6,068,451	\$ 2,948,378	\$ 10,850,457
-	-	261,394
-	1,178	5,365
-	877,570	5,648,315
-	-	143,355
-	-	792,741
-	25,782	544,748
-	135,404	177,723
		617,739
6,068,451	3,988,312	19,041,837
500,900	91,449	973,650
-	-	32,567
-	330,748	330,748
500,900	422,197	1,336,965
-	-	143,355
-	877,570	5,648,315
-	877,570	5,791,670
-	3,897	3,897
	-	291,832
-	44	44
-	930	930
-	1,850,657	1,850,657
-	-	70,306
-	1,163,765	1,163,765
-	-	98,222
-	-	40,000
-	-	58,569
-	-	8,588
5,567,551	-	5,567,551
-	(330,748)	2,758,841
5,567,551	2,688,545	11,913,202
\$ 6,068,451	\$ 3,988,312	\$ 19,041,837

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, 2018

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

Total Fund Balance - Governmental Funds (page 18)	\$ 11,913,202
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	41,332,496
Deferred revenues that provide current financial resources for governmental activities	143,355
The internal service fund is used by management to allocate capital equipment operational expenses to various departments.	51,999
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(19,151)
Accrued compensated absences, net pension liability, and other post employment benefits not reported on the modified accrual basis	(1,825,470)
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	\$ 629,124
Deferred Inflows of Resources	(97,634)
	531,490
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	154,493
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(8,386,763)
 Total Net Position - Governmental Activities (page 14)	 \$ 43,895,651

CITY OF SIOUX CENTER, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2018

	General	TIF
Revenue:		
Taxes	\$ 2,410,028	\$ -
Special Assessments	31,976	-
Licenses and Permits	172,835	-
Intergovernmental	202,409	-
Charges for Services	1,539,117	-
Use of Money and Property	337,070	-
TIF Revenue	-	2,059,465
Other City Taxes	146,511	-
Interest on Investments	-	2,675
Miscellaneous	821,895	-
Total Revenue	5,661,841	2,062,140
Expenditures:		
Public Safety	1,435,799	-
Public Works	1,234,055	-
Culture and Recreation	3,680,723	-
Community and Economic Development	1,176,735	-
General Government	906,046	-
Capital Projects	-	-
Debt Service:		
Principal Retirement	-	-
Interest/Bond Costs	-	-
Total Expenditures	8,433,358	-
Excess (deficiency) of revenues over expenditures	(2,771,517)	2,062,140
Other financing sources (uses):		
Issuance of Debt	-	-
Premium on bonds issued	-	-
Transfers In	2,228,056	-
Transfers Out	(180,029)	(1,779,934)
Total other financing sources (uses)	2,048,027	(1,779,934)
Net Change in Fund Balance	(723,490)	282,206
Fund balances (Deficits)-beginning of year	3,471,025	9,626
Prior Period Adjustment	617,739	-
Fund balances (Deficits)-beginning of year as restated	4,088,764	9,626
Fund balances (Deficits)- end of year	\$ 3,365,274	\$ 291,832

See Accompanying Notes to Financial Statements

Capital Projects	Other	Total
All Seasons	Governmental	Governmental
Center	Funds	Funds
\$ -	\$ 888,379	\$ 3,298,407
-	-	31,976
-	-	172,835
-	917,318	1,119,727
-	-	1,539,117
-	-	337,070
-	-	2,059,465
-	781,860	928,371
3,651	1,397	7,723
1,200	676,925	1,500,020
4,851	3,265,879	10,994,711
-	-	1,435,799
-	668,364	1,902,419
-	-	3,680,723
-	-	1,176,735
-	-	906,046
941,636	31,971	973,607
-		
-	1,260,238	1,260,238
88,099	69,137	157,236
 1,029,735	2,029,710	11,492,803
 (1,024,884.00)	1,236,169	(498,092)
 6,500,000	-	6,500,000
92,435	-	92,435
-	1,431,714	3,659,770
-	(1,485,020)	(3,444,983)
6,592,435	(53,306)	6,807,222
 5,567,551	1,182,863	6,309,130
-	1,505,682	4,986,333
-	-	617,739
-	1,505,682	5,604,072
 \$ 5,567,551	\$ 2,688,545	\$ 11,913,202

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, 2018

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

Net change in fund balances - total governmental funds (page 21)	\$ 6,309,130
--	--------------

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. Depreciation expense exceeded capital outlay in the current year as follows:

Expenditures for capital assets	\$ 1,930,024
Depreciation expense	<u>(2,270,563)</u>
	(340,539)

Revenues reported in the funds that are not available to provide current financial resources	(24,775)
--	----------

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:

	(4,790)
--	---------

Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources	8,297
---	-------

Accrued interest expense that does not require current financial resources	(12,715)
--	----------

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	\$ (6,848)
Other cost employment benefits	(3,641)
Pension expense	<u>(54,035)</u>
	(64,524)

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:

Proceeds from debt issuance	\$ (6,592,435)
Repayments of long-term debt	<u>1,260,238</u>
	(5,332,197)

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

Change in net position of governmental activities (page 16)	<u>\$ 533,372</u>
---	-------------------

CITY OF SIOUX CENTER, IOWA
 COMBINING STATEMENT OF NET POSITION
 Proprietary Funds
 JUNE 30, 2018

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 4,385,130	\$ 27,436	\$ 3,026,601
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	962,551	161,174	133,316
Accrued Interest	20,776	-	-
Estimated Unbilled Usage	467,989	74,795	66,447
Notes Receivable	1,368,224	-	-
Due from Other Funds	1,836,400	-	-
Inventories	817,783	147,611	-
Prepaid Assets	47,169	26,915	46,432
Total Current Assets	<u>9,906,022</u>	<u>437,931</u>	<u>3,272,796</u>
Non Current Assets			
Land Held for Resale	4,419,641	-	-
Restricted Assets:			
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents		372,209	-
Land	1,530,454	78,274	45,035
Construction in Progress	88,487	248,367	6,967,971
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,694,008	7,491,961	2,506,277
Total Noncurrent Assets	<u>11,732,590</u>	<u>8,190,811</u>	<u>9,519,283</u>
Total Assets	<u>21,638,612</u>	<u>8,628,742</u>	<u>12,792,079</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	118,121	92,444	95,342
OPEB Related Deferred Outflows	3,365	2,196	2,260
Unamortized bond discount	-	-	-
Total Deferred Outflows of Resources	<u>121,486</u>	<u>94,640</u>	<u>97,602</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	918,076	111,511	3,052,558
Accrued Expenses	-	-	-
Customer Deposits	16,523	8,985	-
Due to Other Funds	-	1,271,400	565,000
Accrued Interest	-	5,191	7,226
Total Current Liabilities	<u>934,599</u>	<u>1,397,087</u>	<u>3,624,784</u>
Noncurrent Liabilities:			
Due within one year:			
Revenue Bonds Payable	-	250,000	-
General Obligation Bonds	-	39,086	27,686
Compensated Absences	10,743	10,720	10,658
Due in more than one year:			
Revenue Bonds Payable	-	1,194,588	4,822,420
General Obligation Bonds	-	121,371	132,475
Net Pension Liability	304,931	238,647	246,126
Other Post Employment Benefits	10,589	6,911	7,113
Compensated Absences and Benefits, Long-Term	32,230	35,435	28,094
Total Liabilities	<u>1,293,092</u>	<u>3,293,845</u>	<u>8,899,356</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	18,716	14,648	15,107
Unavailable Revenue - Waste Water Plant	-	-	1,572,942
Total Deferred Inflow of Resources	<u>18,716</u>	<u>14,648</u>	<u>1,588,049</u>
NET POSITION			
Net Investment in Capital Assets	7,312,949	6,213,557	4,536,702
Restricted for:			
Debt Service	-	367,018	-
Unrestricted	13,135,341	(1,165,686)	(2,134,426)
Total Net Position	<u>\$ 20,448,290</u>	<u>\$ 5,414,889</u>	<u>\$ 2,402,276</u>

Business Type Activities			Governmental Activities	
Gas Utility	Nonmajor		Internal Service	
	Centre	Mail	Total	
\$ 2,590,303	\$ 148,793	\$ 10,178,263	\$ 119,397	
802,503	8,624	2,068,168	-	
19,504	-	40,280	-	
35,434	-	644,665	-	
1,298,780	-	2,667,004	-	
-	-	1,836,400	-	
150,940	-	1,116,334	-	
12,533	21,603	154,652	-	
<u>4,909,997</u>	<u>179,020</u>	<u>18,705,766</u>	<u>119,397</u>	
4,972,990	-	9,392,631	-	
-	-	372,209	-	
572,592	235,762	2,462,117	-	
140,378	135,189	7,580,392	-	
<u>2,321,821</u>	<u>2,304,132</u>	<u>20,318,199</u>	<u>-</u>	
<u>8,007,781</u>	<u>2,675,083</u>	<u>40,125,548</u>	<u>-</u>	
<u>12,917,778</u>	<u>2,854,103</u>	<u>58,831,314</u>	<u>119,397</u>	
82,715	49,295	437,917	23,512	
2,294	893	11,008	-	
<u>85,009</u>	<u>50,188</u>	<u>448,925</u>	<u>23,512</u>	
480,876	16,621	4,579,642	26,487	
-	193,047	193,047	-	
12,239	-	37,747	-	
-	214,000	2,050,400	-	
-	-	12,417	-	
<u>493,115</u>	<u>423,668</u>	<u>6,873,253</u>	<u>26,487</u>	
-	-	250,000	-	
-	-	66,772	-	
3,909	5,582	41,612	-	
-	-	6,017,008	-	
-	-	253,846	-	
213,530	127,255	1,130,489	60,698	
7,219	2,810	34,642	-	
28,070	16,748	140,577	-	
<u>745,843</u>	<u>576,063</u>	<u>14,808,199</u>	<u>87,185</u>	
13,106	7,811	69,388	3,725	
-	-	1,572,942	-	
<u>13,106</u>	<u>7,811</u>	<u>1,642,330</u>	<u>3,725</u>	
3,034,791	2,675,083	23,773,082	-	
-	-	367,018	-	
9,209,047	(354,666)	18,689,610	51,999	
<u>\$ 12,243,838</u>	<u>\$ 2,320,417</u>	<u>\$ 42,829,710</u>	<u>\$ 51,999</u>	

CITY OF SIOUX CENTER, IOWA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Proprietary Funds

For the Year Ended June 30, 2018

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Operating Revenues:			
Charges for Services	\$ 10,253,507	\$ 1,712,992	\$ 1,589,842
Total Operating Revenue	<u>10,253,507</u>	<u>1,712,992</u>	<u>1,589,842</u>
Operating Expenses:			
Operating and Maintenance	9,767,921	1,001,580	1,026,791
Depreciation	633,052	453,956	350,075
Total Operating Expenses	<u>10,400,973</u>	<u>1,455,536</u>	<u>1,376,866</u>
Operating Income	(147,466)	257,456	212,976
Non-Operating Income (Expense):			
Interest Income	73,177	4,374	15,999
Other Non-operating Revenues	743,522	65,750	44,273
Interest Expense	-	(54,065)	(34,324)
Gain/(Loss) on Sale of Fixed Assets	454,079	-	-
Total Non-Operating Income (Expenses)	<u>1,270,778</u>	<u>16,059</u>	<u>25,948</u>
Income (Loss) before Transfers	1,123,312	273,515	238,924
Transfers In	-	2,883	14,413
Transfers Out	<u>(496,493)</u>	<u>(86,649)</u>	<u>-</u>
Change in Net Position	626,819	189,749	253,337
Net Position - Beginning	19,825,694	5,227,617	2,151,607
Prior Period Adjustment	(4,223)	(2,477)	(2,668)
Net Position - Beginning (Restated)	<u>19,821,471</u>	<u>5,225,140</u>	<u>2,148,939</u>
Net Position - Ending	\$ 20,448,290	\$ 5,414,889	\$ 2,402,276

Gas Utility	Business Type Activities			Governmental Activities Internal Service Fund	
	Nonmajor		Total		
	Centre Mall				
\$ 7,766,707	\$ 422,434	\$ 21,745,482	\$ 287,031		
<u>7,766,707</u>	<u>422,434</u>	<u>21,745,482</u>	<u>287,031</u>		
7,445,964	618,638	19,860,894	292,433		
192,940	340,418	1,970,441	-		
<u>7,638,904</u>	<u>959,056</u>	<u>21,831,335</u>	<u>292,433</u>		
127,803	(536,622)	(85,853)	(5,402)		
42,533	934	137,017	-		
116,688	16,554	986,787	612		
(66)	(4,685)	(93,140)	-		
<u>25,147</u>	<u>-</u>	<u>479,226</u>	<u>-</u>		
<u>184,302</u>	<u>12,803</u>	<u>1,509,890</u>	<u>612</u>		
312,105	(523,819)	1,424,037	(4,790)		
-	492,511	509,807	-		
<u>(141,452)</u>	<u>-</u>	<u>(724,594)</u>	<u>-</u>		
170,653	(31,308)	1,209,250	(4,790)		
12,075,743	2,352,604	41,633,265	56,789		
(2,558)	(879)	(12,805)			
<u>12,073,185</u>	<u>2,351,725</u>	<u>41,620,460</u>	<u>56,789</u>		
<u>\$ 12,243,838</u>	<u>\$ 2,320,417</u>	<u>\$ 42,829,710</u>	<u>\$ 51,999</u>		

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2018

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 10,126,343	\$ 1,701,302	\$ 1,527,069
Cash Paid to Suppliers for Goods and Services	(9,342,730)	(686,842)	(451,102)
Cash Paid to Employees for Services	(429,836)	(331,080)	(333,926)
Other Nonoperating Income	743,522	65,750	44,273
Net Cash Provided (Used) by Operating Activities	<u>1,097,299</u>	<u>749,130</u>	<u>786,314</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(722,849)	(616,249)	(4,350,723)
Proceeds from Sale of Fixed Assets	111,003	-	-
Contributions for Sewer Project	-	-	1,572,942
Proceeds from Issuance of Debt	-	-	4,521,184
Principal Paid on Notes and Bonds	-	(364,086)	(44,676)
Interest Paid on Notes and Bonds	-	(52,406)	(26,819)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(611,846)</u>	<u>(1,032,741)</u>	<u>1,671,908</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers From (To) Other Funds	(496,493)	(83,766)	14,413
Due From (To) Other Funds	(325,000)	325,000	-
(Increase) Decrease in Notes Receivable	(567,670)	-	-
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>(1,389,163)</u>	<u>241,234</u>	<u>14,413</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments	-	-	-
Proceeds from Joint Venture	2,503,575	-	-
Interest and Dividends on Investments	64,867	4,374	15,999
Net Cash Provided (Used) by Investing Activities	<u>2,568,442</u>	<u>4,374</u>	<u>15,999</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,664,732	(38,003)	2,488,634
Cash and Cash Equivalents at Beginning of Year	<u>2,720,398</u>	<u>437,648</u>	<u>537,967</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,385,130</u>	<u>\$ 399,645</u>	<u>\$ 3,026,601</u>

Gas Utility	Business Type Activities			Governmental Activities	
	Nonmajor		Total	Internal Service	
	Centre Mall				
\$ 7,829,925	\$ 434,081	\$ 21,618,720	\$ 287,643		
(7,192,035)	(452,622)	(18,125,331)	(197,192)		
(305,167)	(173,183)	(1,573,192)	(74,654)		
116,622	16,554	986,721	-		
<u>449,345</u>	<u>(175,170)</u>	<u>2,906,918</u>	<u>15,797</u>		
(261,454)	(173,802)	(6,125,077)	-		
63,045	-	174,048			
-	-	1,572,942			
-	-	4,521,184			
-	(140,000)	(548,762)	-		
-	(3,505)	(82,730)	-		
<u>(198,409)</u>	<u>(317,307)</u>	<u>(488,395)</u>	<u>-</u>		
(141,452)	492,511	(214,787)	-		
-	6,600	6,600	-		
137,583	-	(430,087)	-		
<u>(3,869)</u>	<u>499,111</u>	<u>(638,274)</u>	<u>-</u>		
(2,181,531)	-	(2,181,531)	-		
-	-	2,503,575	-		
35,495	934	121,669	-		
<u>(2,146,036)</u>	<u>934</u>	<u>443,713</u>	<u>-</u>		
(1,898,969)	7,568	2,223,962	15,797		
<u>4,489,272</u>	<u>141,225</u>	<u>8,326,510</u>	<u>103,600</u>		
<u>\$ 2,590,303</u>	<u>\$ 148,793</u>	<u>\$ 10,550,472</u>	<u>\$ 119,397</u>		

continued

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ (147,466)	\$ 257,456	\$ 212,976
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	633,052	453,956	350,075
Other Non-Operating Income	743,522	65,750	44,273
Other Non-Operating Expenses	16,656	-	-
(Increase) Decrease in Assets:			
Accounts Receivable	(24,363)	(2,747)	(40,471)
Inventories	(13,547)	(12,029)	-
Prepaid Expenses	(2,266)	(1,434)	(8,247)
Estimated Unbilled Usage	(101,708)	(8,112)	(22,302)
Deferred Outflows of Resources	(20,002)	(7,559)	(7,853)
Increase (Decrease) in Liabilities			
Accounts Payable	(20,376)	(8,550)	241,631
Accrued Wages and Compensated Absences	(11,295)	(1,091)	1,294
Accrued Expenses	-	-	-
Customer Deposits	(1,093)	(831)	-
Net Pension Liability	42,813	13,727	14,317
Deferred Inflows of Resources	(941)	(2,220)	(2,277)
OPEB Liability	4,313	2,814	2,898
Total Adjustments	<u>1,244,765</u>	<u>491,674</u>	<u>573,338</u>
Net Cash Provided (Used) by Operating Activities	<u>1,097,299</u>	<u>749,130</u>	<u>786,314</u>
 Cash and Cash Equivalents			
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents	4,385,130	27,436	3,026,601
Total Cash and Cash Equivalents	<u>\$ 4,385,130</u>	<u>372,209</u>	<u>-</u>
	<u>\$ 4,385,130</u>	<u>\$ 399,645</u>	<u>\$ 3,026,601</u>

Gas Utility	Business Type Activities			Governmental Activities Internal Service
	Centre Mall	Total		
\$ 127,803	\$ (536,622)	\$ (85,853)	\$ (5,402)	
192,940	340,418	1,970,441		-
116,622	16,554	986,721	612	
-	9,139	25,795	-	
53,900	11,647	(2,034)	-	
(25,810)		(51,386)	-	
(741)	(558)	(13,246)	-	
11,855		(120,267)	-	
(5,735)	(2,926)	(44,075)	-	
			2,743	
(23,690)	(21,036)	167,979	17,342	
(4,732)	3,740	(12,084)	-	
-	(509)	(509)	-	
(2,536)	-	(4,460)	-	
8,778	5,183	84,818	-	
(2,249)	(1,344)	(9,031)	(5,428)	
2,940	1,144	14,109	5,930	
321,542	361,452	2,992,771	21,199	
449,345	(175,170)	2,906,918	\$ 15,797	
2,590,303	148,793	10,178,263	119,397	
		372,209	-	
\$ 2,590,303	\$ 148,793	\$ 10,550,472	\$ 119,397	

CITY OF SIOUX CENTER, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Agency Fund
JUNE 30, 2018

ASSETS

Cash and Cash Equivalents	\$ 473,429
Taxes Receivable	36,363
Total Assets	<u>509,792</u>

LIABILITIES

Accounts Payable	<u>509,792</u>
Total Liabilities	<u>\$ 509,792</u>

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2018

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, 2018

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, 2018

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

3) Capital Projects Fund – The All Seasons Center Fund is used to account for all resources used in the aquatic center expansion.

Internal Service Funds – 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.

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 include the payroll clearing fund and sales tax fund.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

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, 2018, expenditures exceeded the amount budgeted in the Public Safety, Community and Economic Development and Debt Service 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

Type	Method
Commercial Bonds	Fair Value

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2017. Any county collections on the 2017-2018 tax levy remitted to the City within 60 days subsequent to June 30, 2018, 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, 2018, 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, 2018 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, 2018

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 acquisition 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, 2018. 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, 2018

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 OPEB 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 and OPEB.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

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. Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

V. 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, 2018, 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.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

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

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.

Deposits at June 30, 2018, are shown below:

	Primary Government	Fiduciary Fund	Total
Demand Deposits	\$ 21,228,442	\$ 473,429	\$ 21,701,871

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, 2018
		Greater Than 1 Year		
Commercial Bonds	\$ 350,444	\$ 350,444		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 \$350,444 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, 2018, amounts due from other governments were as follows:

Due from the Iowa Department of Transportation for road use tax allocations	\$ 67,215
Due from the State of Iowa for local option sales taxes	68,189
Due from the State of Iowa for hotel and motel sales taxes	42,319
Total Due from Other Governments	\$ 177,723

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

Note 4 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2018, short-term interfund borrowings were as follows:

Fund Due To	Fund Due From	Amount
General Fund	Mall Fund	\$ 214,000
General Fund	Nonmajor Governmental Funds	304,966
		<hr/>
		518,966
Road Use Tax Fund	Nonmajor Governmental Funds	25,782
		<hr/>
		25,782
Electric Fund	Water Fund	1,271,400
Electric Fund	Sewer Fund	565,000
		<hr/>
		1,836,400
		<hr/>
		\$ 2,381,148

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, 2017	Additions	Deletions	June 30, 2018
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,929,873	\$ -	\$ -	\$ 8,929,873
Construction in Progress	2,633,510	1,005,736	575,883	3,063,363
Total capital assets not being depreciated	11,563,383	1,005,736	575,883	11,993,236
Capital assets being depreciated:				
Buildings	23,903,453	126,383	-	24,029,836
Improvements	5,071,005	351,455	-	5,422,460
Equipment	5,935,853	446,450	130,552	6,251,751
Infrastructure	22,245,438	-	-	22,245,438
Total capital assets being depreciated	57,155,749	924,288	130,552	57,949,485
Less: Accumulated Depreciation for:				
Buildings	9,453,771	905,282	-	10,359,053
Improvements	3,459,014	230,062	-	3,689,076
Equipment	4,412,847	471,269	130,552	4,753,564
Infrastructure	9,144,582	663,950	-	9,808,532
Total Accumulated Depreciation	26,470,214	2,270,563	130,552	28,610,225
Total capital assets being depreciated, net	30,685,535	(1,346,275)	-	29,339,260
Governmental activities capital assets, net	\$ 42,248,918	\$ (340,539)	\$ 575,883	\$ 41,332,496

Construction in progress at June 30, 2018, for the governmental activities consisted of the Outdoor pool enhancements, Highway 75 Commercial Development project and recreational related projects.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

Note 5 - CAPITAL ASSETS – (Continued)

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,487,556	\$ -	\$ 25,439	\$ 2,462,117
Construction in Progress	1,128,989	7,970,876	1,519,473	7,580,392
Total capital assets not being depreciated	<u>3,616,545</u>	<u>7,970,876</u>	<u>1,544,912</u>	<u>10,042,509</u>
Capital assets being depreciated:				
Buildings	10,892,029	70,722	-	10,962,751
Improvements	42,041,559	1,968,178	-	44,009,737
Equipment	2,069,801	216,039	293,925	1,991,915
Infrastructure	2,455,332	-	-	2,455,332
Total capital assets being depreciated	<u>57,458,721</u>	<u>2,254,939</u>	<u>293,925</u>	<u>59,419,735</u>
Less: Accumulated Depreciation	37,423,588	1,970,441	292,493	39,101,536
Total capital assets being depreciated, net	<u>20,035,133</u>	<u>284,498</u>	<u>1,432</u>	<u>20,318,199</u>
Business-type activities capital assets, net	<u>\$23,651,678</u>	<u>\$ 8,255,374</u>	<u>\$ 1,546,344</u>	<u>\$ 30,360,708</u>

Construction in progress at June 30, 2018 for the business-type activities consisted of electric substation improvements, sewer plant expansion, various water and gas related improvements.

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

Governmental Activities:

Public Safety	\$ 267,211
Public Works	197,249
Culture and Recreation	985,792
General Government	<u>820,311</u>
Total depreciation expense – governmental activities	<u>\$ 2,270,563</u>

Business-Type Activities:

Electric	\$ 633,052
Water	453,956
Sewer	350,075
Gas	192,940
Centre Mall	<u>340,418</u>
Total depreciation expense – business-type activities	<u>\$ 1,970,441</u>

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type
Land	\$ 8,929,873	\$ 2,462,117
Construction in Progress	3,063,363	7,580,392
Capital Assets (net of accumulated depreciation)	29,339,260	20,318,199
Less: General Obligation Bonds Payable	2,824,063	320,618
Revenue Bonds	-	6,267,008
Net Investment in Capital Assets	<u>\$ 38,508,433</u>	<u>\$ 23,773,082</u>

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

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, 2018 are as follows:

Purpose	Interest Rates	Amounts
Governmental Activities – 2009 Refunding	1.60-3.90%	\$ 100,000
Governmental Activities – 2009	2.75-4.35%	615,000
Governmental Activities – 2013 Refunding	.40-1.60%	895,886
Business Type Activities – 2013 Refunding	.40-1.60%	274,114
Governmental Activities – 2015	1.55%	199,000
Governmental Activities – 2018	3.00%	6,500,000
Business Type Activities – 2018	1.75%	47,500
		8,631,500
Net Unamortized Bond Discounts and Premium		75,881
Total General Obligation Bonds on Statement of Net Position		<u>\$ 8,707,381</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
2019	\$1,222,229	\$ 231,869	\$ 1,454,098	\$ 66,772	\$ 3,575	\$ 70,347
2020	597,057	205,295	802,352	67,943	2,907	70,850
2021	610,890	191,380	802,270	116,614	2,092	118,706
2022	629,710	176,668	806,382	70,285	1,125	71,410
2023	405,000	160,993	565,993	-	-	-
2024-2033	4,845,000	866,808	5,711,808	-	-	-
Total	\$8,309,886	\$1,833,013	\$10,142,903	\$ 321,614	\$ 9,699	\$ 331,313

The Governmental General Obligation Bonds on the Statement of Net Position is net unamortized bond discount of \$15,558 and premium of \$92,435.

The Business-type General Obligation Bonds on the Statement of Net Position is net of unamortized bond discount of \$996.

The City issued \$9,500,000 Sewer General Obligation Capital Loan Note from the Iowa Finance Authority during fiscal year 2018. The proceeds will be used for the construction of a new waste treatment plant. The City had drawdown \$47,500 as of June 30, 2018. Repayment of this note is anticipated to begin fiscal year 2021.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

Note 6 - LONG-TERM DEBT – (Continued)

During fiscal year 2018, the City issued \$6,500,000 General Obligation Urban Renewal Bonds, Series 2018 with an average interest rate of 3.04% with annual maturities from June 2019 through 2033. The proceeds will be used for the construction of a new outdoor aquatic center.

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, 2018 are as follows:

Primary Government

Purpose	Interest Rates	Amounts
Water Revenue Bonds	2.00-2.25%	\$ 1,455,000
Sewer Taxable Revenue Note	1.75%	4,776,210
Sewer Revenue Note	1.75%	46,210
		<hr/>
Net Unamortized Bond Discount and Premium		6,277,420
Total Revenue Bonds on Statement of Net Position		<hr/> <u>(10,412)</u>
		<hr/> <u>\$ 6,267,008</u>

The City issued \$8,000,000 Taxable Sewer Revenue Capital Loan Notes from the Iowa finance Authority during fiscal year 2018. The proceeds will be used for construction of a new waste treatment plant. The City had drawdown \$4,776,210 as of June 30, 2018. Repayment of this note is anticipated to begin fiscal year 2020.

The City issued \$9,242,000 Taxable Sewer Revenue Capital Loan Notes from the Iowa finance Authority during fiscal year 2018. The proceeds will be used for construction of a new waste treatment plant. The City had drawdown \$46,210 as of June 30, 2018. Repayment of this note is anticipated to begin fiscal year 2020.

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2018

Note 6 - LONG-TERM DEBT – (Continued)

Revenue bond debt service requirements to maturity are as follows:

Primary Government

Year Ending June 30,	Business-Type Activities					Total
	Water Principal	Water Interest	Sewer Principal	Sewer Interest		
2019	\$ 250,000	\$ 30,100	\$ -	\$ 40,476	\$ 320,576	
2020	250,000	25,100	96,210	122,285	493,595	
2021	225,000	20,100	321,139	81,578	647,817	
2022	230,000	15,600	321,139	77,349	644,088	
2023	250,000	11,000	321,139	73,045	655,184	
2024-2038	250,000	5,625	3,762,793	650,967	4,669,385	
Total	\$ 1,455,000	\$ 107,525	\$ 4,822,420	\$ 1,045,700	\$ 7,430,645	

The Water Revenue Bonds are shown net of unamortized bond discount of \$10,412.

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 3,070,124	\$ 6,500,000	\$ 1,260,238	\$ 8,309,886	\$ 1,222,229
Other Post Employment Benefits	11,202	29,478	-	40,680	-
Compensated Absences	187,225	6,848	-	194,073	48,518
Net Pension Liability	1,534,966	116,449	-	1,651,415	-
Governmental Activity Long-Term Liabilities	\$ 4,803,517	\$ 6,652,775	\$ 1,260,238	\$ 10,196,054	\$ 1,270,747
Business-Type Activities:					
Bonds Payable:					
General Obligation Revenue Bonds	\$ 497,876	\$ 47,500	\$ 223,762	\$ 321,614	\$ 66,772
Other Post Employment Benefits	2,128,736	4,473,684	325,000	6,277,420	250,000
Compensated Absences	7,729	26,913	-	34,642	-
Net Pension Liability	194,989	-	12,800	182,189	41,612
Business-Type Activity Long-Term Liabilities	\$ 3,875,001	\$ 4,632,915	\$ 561,562	\$ 7,946,354	\$ 358,384

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2018

Note 7 - TRANSFERS

The following is a summary of transfers between funds:

	General	Nonmajor Governmental	Centre Mall	Water	Sewer	Total Transfers Out
General	\$ -	\$ 40,029	\$ 140,000	\$ -	\$ -	\$ 180,029
TIF	18,442	1,391,685	352,511	2,883	14,413	1,779,934
Nonmajor Governmental	1,485,020	-	-	-	-	1,485,020
Water	86,649	-	-	-	-	86,649
Electric	496,493	-	-	-	-	496,493
Gas	141,452	-	-	-	-	141,452
Total Transfers In	<u>\$2,228,056</u>	<u>\$ 1,431,714</u>	<u>\$ 492,511</u>	<u>\$ 2,883</u>	<u>\$ 14,413</u>	<u>\$ 4,169,577</u>

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.

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:

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

Note 8 - PENSION PLAN – (Continued)

- 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 and may retire any time after reaching age 50 with 22 or more years of covered employment. 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

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.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

Note 8 - PENSION PLAN – (Continued)

In fiscal year 2018, 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 6.81 percent of covered payroll and the City contributed 10.21 percent of covered payroll for a total rate of 17.02 percent.

The City's total contributions to IPERS for the year ended June 30, 2018 was \$331,848.

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

At June 30, 2018, the City reported a liability of \$2,781,904 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City's collective proportion was .0417624 percent, which was an increase of .0007564 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$431,405. At June 30, 2018, 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	\$ 26,865	\$ 30,132
Changes of assumptions	546,359	73
Net difference between projected and actual earnings on IPERS' investments	-	34,388
Changes in proportion and differences between City contributions and proportionate share of contributions	172,552	106,154
City's contributions subsequent to the measurement date	331,848	-
Total	\$ 1,077,624	\$ 170,747

\$331,848 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

Note 8 - PENSION PLAN – (Continued)

Year Ended	
June 30,	Amount
2019	\$ 72,541
2020	246,649
2021	181,318
2022	34,542
2023	39,979
	<hr/>
	\$ 575,029

There were no non-employer contributing entities of IPERS.

Actuarial assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 to 16.25 percent average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (effective June 30, 2017)	7.00 percent per annum, compounded annually, net of pension plan investment expense, and including inflation
Wage Growth (effective June 30, 2017)	3.25 percent per annum based on 2.60% inflation and .65 percent real wage inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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, 2018

Note 8 - PENSION PLAN – (Continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	27.0%	2.25%
Domestic Equity	24.0	6.25
International Equity	16.0	6.71
Public Credit	3.5	3.46
Private Equity	11.0	11.15
Public Real Assets	7.0	3.27
Private Real Assets	7.5	4.18
Private Credit	3.0	4.25
Cash	1.0	(0.31)
Total	<u>100%</u>	

Discount rate – The discount rate used to measure the total pension liability was 7.00 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 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate.

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
Proportionate Share of the Net Pension Liability City	\$ 4,860,615	\$ 2,781,904	\$ 1,035,685

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, 2018, the City reported payables to the defined benefit pension plan of \$29,186 for legally required employer contributions and \$19,514 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, 2018

Note 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical / prescription drug benefits for employees, retirees and their dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by City of Sioux Center and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>53</u>
Total	<u>53</u>

Total OPEB Liability – The City's total OPEB liability of \$75,322 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurements.

Rate of inflation (effective July 1, 2017)	2.50% per annum
Rates of salary increase (effective July 1, 2017)	3.00% per year,
Discount rate (effective July 1, 2017)	3.58% compounded annually
Healthcare cost trend rate (effective June 30, 2017)	6.00% initial rate decreasing by .25% annually to an ultimate rate of 4.50%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.58% which reflects The Bond Buyer index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2017 generational projection of future mortality improvements. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used for IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

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

Changes in Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	\$ 44,642
Changes for the year:	
Service cost	2,345
Interest	2,614
Differences between expected and actual experiences	21,878
Changes in assumptions	4,477
Benefit payments	(634)
Net changes	<u>30,680</u>
Total OPEB liability end of year	<u>\$ 75,322</u>

Changes of assumptions reflect a change in the discount rate from 4.50% in fiscal year 2017 to 3.58% in fiscal year 2018.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.58%) or 1% higher (4.58%) than the current discount rate.

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 82,973	\$ 75,322	\$ 68,512

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability, calculated using the current healthcare cost trend rate of 6.0% decreasing to 4.5%, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1-percentage point lower (5.0% decreasing to 3.5%) or 1-percentage point higher (7.0% decreasing to 5.5%) than the current rate.:

	1% Decrease 5.00% decreasing to 3.5%	Current Healthcare Cost Trend Rate 6.00% decreasing To 4.5%	1% Increase 7.00% decreasing To 5.5%
Total OPEB Liability	\$ 67,439	\$ 75,322	\$ 84,558

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

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

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2018, the City recognized OPEB expense of \$7,377. At June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 19,871
Changes of assumptions	4,066
Total	\$ 23,937

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2019	\$ 2,418
2020	2,418
2021	2,418
2022	2,418
2023	2,418
Thereafter	<u>11,847</u>
Total	\$ 23,937

Note 10 - DEFICIT FUND EQUITY

The City has three funds with a deficit equity balance at June 30, 2018. 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.....	\$ 55,782
Capital Project – Redevelopment Fund	3,000
Capital Project – Commercial Industrial Park	271,966

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 2017-2018 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.

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2018

Note 11 - RISK FINANCING – (Continued)

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.

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
2018	\$ 506	\$ 79,448	\$ 72,023	\$ 7,931
2017	\$ 3,425	\$ 64,340	\$ 67,259	\$ 506
2016	\$ 18,811	\$ 47,924	\$ 63,310	\$ 3,425
2015	\$ -	\$ 120,863	\$ 102,052	\$ 18,811

The June 30, 2018 claims payable balance of \$7,931 is reflected in accounts payable balance on the statement of net position.

Note 12 - COMMITMENTS

At June 30, 2018 the City had six construction contracts in process with the following approximate amounts to be paid as work progresses:

Outdoor Aquatic Center Expansion	\$5,943,456
WWTP Construction	17,438,982
North Elevated Tank Repainting	290,680
Utility Meter Project	1,239,172
Children's Park Renovations	227,535
East 1 st Street Water Project	102,225

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 \$11,815 as of June 30, 2018.

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 \$1,482,692 as of June 30, 2018.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

Note 13 – NOTES RECEIVABLE – (Continued)

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, 2018.

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 \$480,000 as of June 30, 2018.

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, 2018 is \$77,435.

In July 2017, the City loaned Sioux Center Land Development, Inc. \$625,000 for economic development purposes with no interest charged. The final payment is currently payable July 1, 2027. The City will be reimbursed as lots are sold by Sioux Center Land Development. The balance on the notes is \$625,000 as of June 30, 2018.

In February 2018, the City loaned Sioux Center Land Development, Inc. \$724,343 for economic development purposes. The final payment is currently payable September 1, 2027 and interest equal to the 5-Year Treasury note. The City will be reimbursed as lots are sold by Sioux Center Land Development. The balance on the notes is \$585,062 as of June 30, 2018.

In May 2018, the City loaned The Ridge Golf Course \$227,741 with no interest charged. The loan is to be repaid within 5 years. The balance as of June 30, 2018 is \$167,741.

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.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

Note 14 – TAX ABATEMENTS (Continued)

For the year ended June 30, 2018, 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, 2019.

Note 15 - ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental and business type activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

It was determined that activity in the ongoing Highway 75 widening project had not been properly capitalized in construction in process. A prior period adjustment was made increasing the governmental activities net position by \$41,856.

It was determined that land and improvements which had been capitalized in prior years for the Hospital Redevelopment Project would be reclassified to land held for resale. A prior period adjustment was made increasing the general fund balance by \$617,739.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2018

Note 15 - ACCOUNTING CHANGE/RESTATEMENT (Continued)

	Business Type Activities					Centre Mall	Total
	Electric	Water	Sewer	Gas			
Net Position June 30, 2017 as previously reported	\$19,825,694	\$ 5,227,617	\$ 2,151,607	\$12,075,743	\$2,352,604	\$41,633,265	
Net OPEB obligation measured under previous standards	2,054	1,620	1,547	1,722	786	7,729	
Total OPEB liability at June 30, 2017	(6,277)	(4,097)	(4,215)	(4,280)	(1,665)	(20,534)	
Net position July 1, 2017, as restated	\$19,821,471	\$ 5,225,140	\$ 2,148,939	\$12,073,185	\$2,351,725	\$41,620,460	
<hr/>							
	Governmental Activities	General Fund					
Net Position/ Fund Balance June 30, 2017, as previously reported	\$43,333,331	\$ 3,471,025					
Net OPEB obligation measured under previous standards	11,202	-					
Total OPEB liability at June 30, 2017	(24,110)	-					
Other	41,856	617,739					
Net Position/ Fund Balance July 1, 2017 as restated	\$43,362,279	\$ 4,088,764					
<hr/>							

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2018

	Governmental Fund Type Actual	Proprietary Funds Actual	Total Actual
Revenue:			
Taxes	\$ 3,298,407	\$ -	\$ 3,298,407
Special Assessments	31,976	-	31,976
Licenses and Permits	172,835	-	172,835
Intergovernmental	1,119,727	-	1,119,727
Charges for Services	1,539,117	21,745,482	23,284,599
TIF Revenue	2,059,465	-	2,059,465
Other City Taxes	928,371	-	928,371
Proceeds from Sale of Real Estate	-	-	-
Use of Money and Property	344,793	137,017	481,810
Miscellaneous	1,500,020	986,787	2,486,807
Total Receipts	10,994,711	22,869,286	33,863,997
Expenditures:			
Public Safety	1,435,799	-	1,435,799
Public Works	1,902,419	-	1,902,419
Culture and Recreation	3,680,723	-	3,680,723
Community and Economic Development	1,176,735	-	1,176,735
General Government	906,046	-	906,046
Capital Projects	973,607	-	973,607
Debt Service	1,417,474	-	1,417,474
Business Type Activities	-	21,445,249	21,445,249
Total Disbursements	11,492,803	21,445,249	32,938,052
Excess (deficiency) of revenue over expenditures	(498,092)	1,424,037	925,945
Other financing sources (uses):			
Proceeds from Debt Financing	6,500,000	-	6,500,000
Premium on bonds issued	92,435	-	92,435
Interfund Transfers In	3,659,770	509,807	4,169,577
Interfund Transfers Out	(3,444,983)	(724,594)	(4,169,577)
Total other financing sources (uses)	6,807,222	(214,787)	6,592,435
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	6,309,130	1,209,250	7,518,380
Fund balances/Net position- beginning of year	4,986,333	41,633,265	46,619,598
Prior Period Adjustment	617,739	(12,805)	604,934
Fund balances/Net position - end of year	\$ 11,913,202	\$ 42,829,710	\$ 54,742,912

Budgeted Amounts		Final Budget Favorable (Unfavorable)
Original	Final	
\$ 3,292,403	\$ 3,292,403	\$ 6,004
22,238	22,238	9,738
108,080	138,080	34,755
1,076,157	1,076,157	43,570
20,530,175	23,440,175	(155,576)
2,161,998	2,161,998	(102,533)
948,000	948,000	(19,629)
-	-	-
842,820	842,820	(361,010)
928,960	1,747,960	738,847
<u>29,910,831</u>	<u>33,669,831</u>	<u>194,166</u>
1,367,450	1,367,450	(68,349)
1,935,910	2,030,910	128,491
3,993,420	4,254,020	573,297
326,560	1,117,560	(59,175)
840,890	941,890	35,844
400,000	2,780,000	1,806,393
1,324,445	1,324,445	(93,029)
<u>19,062,278</u>	<u>22,088,278</u>	<u>643,029</u>
<u>29,250,953</u>	<u>35,904,553</u>	<u>2,966,501</u>
659,878	(2,234,722)	3,160,667
-	-	6,500,000
		92,435
5,503,845	12,003,845	(7,834,268)
(5,503,845)	(5,503,845)	1,334,268
-	6,500,000	92,435
659,878	4,265,278	3,253,102
46,619,598	46,619,598	-
-	-	604,934
<u>\$ 47,279,476</u>	<u>\$ 50,884,876</u>	<u>\$ 3,858,036</u>

CITY OF SIOUX CENTER
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2018

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 \$6,653,600. The budget amendment is reflected in the final budgeted amounts.

During the fiscal year ended June 30, 2018, disbursements exceeded budgeted amounts in the public safety function, community and economic development function and debt service.

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, 2018

	2018	2017	2016	2015
City's proportion of the net pension liability	.0417624%	.0410060%	.0357685%	.0396470%
City's proportionate share of the net pension liability	\$ 2,782	\$ 2,581	\$ 1,767	\$ 1,572
City's covered-employee payroll	\$ 3,601	\$ 2,975	\$ 3,245	\$ 3,149
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	77.26%	86.76%	54.45%	49.92%
Plan fiduciary net position as a percentage of the total pension liability	82.21%	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, 2018

	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 332	\$ 326	\$ 308	\$ 297	\$ 286
Contributions in relation to the statutorily required contribution	(332)	(326)	(308)	(297)	(286)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered employee payroll	\$ 3,663	\$ 3,601	\$ 2,975	\$ 3,245	\$ 3,149
Contributions as a percentage of covered-employee payroll	9.06%	9.05%	10.35%	9.09%	9.08%
	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 270	\$ 251	\$ 224	\$ 208	\$ 191
Contributions in relation to the statutorily required contribution	(270)	(251)	(224)	(208)	(191)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered employee payroll	\$ 3,048	\$ 3,022	\$ 3,061	\$ 2,985	\$ 2,885
Contributions as a percentage of covered-employee payroll	8.86%	8.31%	7.32%	6.97%	6.62%

CITY OF SIOUX CENTER, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

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.

Changes of Assumptions

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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
SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Service Cost	\$ 2,345
Interest Cost	2,614
Difference between expected and actual experiences	21,878
Changes in assumptions	4,477
Benefit payments	<u>(634)</u>
Net change in total OPEB liability	<u>30,680</u>
Total OPEB liability beginning of year, as restated	<u>44,642</u>
Total OPEB liability end of year	<u>\$ 75,322</u>
Covered-employee payroll	\$ 3,041,020
Total OPEB liability as a percentage of covered-employee payroll	2.48%

Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.00%

Note: GASB No.75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the county will present information for those years for which information is available.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF SIOUX CENTER, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2018

	Special Revenue				Debt Service Fund
	LOST	Employee Benefits Levy	Road Use Tax	Emergency Management Levy	
Assets					
Cash and Pooled Investments	\$ 1,095,576	\$ -	\$ 1,849,109	\$ -	\$ 3,693
Receivables (Net, where applicable, of allowance for uncollectibles)					
Taxes	-	930	-	44	204
Subsequent Year Taxes	-	680,000	-	32,000	165,570
Due from Other Funds	-	-	25,782	-	-
Due from Other Governmental Agencies	68,189	-	67,215	-	-
Total Assets	1,163,765	680,930	1,942,106	32,044	169,467
Liabilities					
Accounts Payable	-	-	91,449	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	-	91,449	-	-
Deferred Inflow of Resources					
Unavailable Revenue - Subsequent Year Taxes	-	680,000	-	32,000	165,570
Total Deferred Inflow of Resources	-	680,000	-	32,000	165,570
Fund Balances					
Restricted for:					
Debt Service	-	-	-	-	3,897
Local Option Sales Tax	1,163,765	-	-	-	-
Employee Benefit	-	930	-	-	-
Emergency Management	-	-	-	44	-
Road Use Tax	-	-	1,850,657	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	1,163,765	930	1,850,657	44	3,897
Total Liabilities Deferred Inflow of Resources, and Fund Balances	\$ 1,163,765	\$ 680,930	\$ 1,942,106	\$ 32,044	\$ 169,467

Capital Projects				Total
Commercial Industrial Park	Highway 75 Enhancement	Redevelopment Fund	Governmental Nonmajor Funds	
\$ -	\$ -	\$ -	\$ 2,948,378	
-	-	-	1,178	
-	-	-	877,570	
-	-	-	25,782	
-	-	-	135,404	
			<u>3,988,312</u>	
271,966	55,782	3,000	91,449	
<u>271,966</u>	<u>55,782</u>	<u>3,000</u>	<u>330,748</u>	
-	-	-	877,570	
-	-	-	<u>877,570</u>	
-	-	-	3,897	
-	-	-	1,163,765	
-	-	-	930	
-	-	-	44	
			1,850,657	
(271,966)	(55,782)	(3,000)	(330,748)	
<u>(271,966)</u>	<u>(55,782)</u>	<u>(3,000)</u>	<u>2,688,545</u>	
\$ -	\$ -	\$ -	\$ 3,988,312	

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Governmental Nonmajor Funds
For the Year Ended June 30, 2018

	Special Revenue				Debt Service Fund
	LOST	Employee Benefits Levy	Road Use Tax	Emergency Management Levy	
Revenue:					
Taxes	\$ -	\$ 681,257	\$ -	\$ 32,059	\$ 175,063
Intergovernmental	-	33,753	875,158	1,588	6,819
Other City Taxes	781,860	-	-	-	-
Interest on Investments	-	-	-	-	1,397
Miscellaneous	-	-	-	-	-
Total Revenue	781,860	715,010	875,158	33,647	183,279
Expenditures:					
Public Works	-	-	668,364	-	-
Capital Projects	-	-	-	-	-
Debt Service:			-		
Principal Retirement	-	-	-	-	1,260,238
Interest/Bond Costs	-	-	-	-	69,137
Total Expenditures	-	-	668,364	-	1,329,375
Excess (deficiency) of revenues over expenditures	781,860	715,010	206,794	33,647	(1,146,096)
Other financing sources (uses):					
Transfers In	-	-	40,000	-	1,147,986
Transfers Out	(626,674)	(714,743)	(110,000)	(33,603)	-
Total other financing sources (uses)	(626,674)	(714,743)	(70,000)	(33,603)	1,147,986
Net Change in Fund Balance	155,186	267	136,794	44	1,890
Fund balances (Deficits)-beginning of year	1,008,579	663	1,713,863	-	2,007
Fund balances (Deficits)- end of year	\$ 1,163,765	\$ 930	\$ 1,850,657	\$ 44	\$ 3,897

Capital Projects			Total	
Commercial Industrial Park	Highway 75 Enhancement	Redevelopment Fund	Governmental Nonmajor Funds	
\$ -	\$ -	\$ -	\$ 888,379	
-	-	-	917,318	
-	-	-	781,860	
-	-	-	1,397	
676,925	-	-	676,925	
<u>676,925</u>	<u>-</u>	<u>-</u>	<u>3,265,879</u>	
 - 2,015	 - 29,651	 305	 668,364 31,971	
-	-	-	1,260,238	
-	-	-	69,137	
<u>2,015</u>	<u>29,651</u>	<u>305</u>	<u>2,029,710</u>	
 674,910	 (29,651)	 (305)	 1,236,169	
 - 235,000	 - -	 8,728	 1,431,714 (1,485,020)	
<u>- 235,000</u>	<u>-</u>	<u>8,728</u>	<u>(53,306)</u>	
 674,910	 205,349	 8,423	 1,182,863	
 (946,876)	 (261,131)	 (11,423)	 1,505,682	
 <u>\$ (271,966)</u>	 <u>\$ (55,782)</u>	 <u>\$ (3,000)</u>	 <u>\$ 2,688,545</u>	

CITY OF SIOUX CENTER, IOWA
 COMBINING STATEMENT OF NET POSITION
 Internal Service Funds
 For the Year Ended June 30, 2018

	Internal Service Fund		
	Auto Revolving	Health Insurance	Total
ASSETS			
Cash	\$ 12,323	\$ 107,074	\$ 119,397
Total Assets	12,323	107,074	119,397
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	23,512	-	23,512
LIABILITIES			
Current Liabilities			
Accounts Payable	12,351	14,136	26,487
Total Current Liabilities	12,351	14,136	26,487
Noncurrent Liabilities:			
Net Pension Liability	60,698	-	60,698
Total Liabilities	73,049	14,136	87,185
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	3,725	-	3,725
NET POSITION			
Unrestricted	(40,939)	92,938	51,999
Total Net Position	\$ (40,939)	\$ 92,938	\$ 51,999

CITY OF SIOUX CENTER, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Internal Service Funds
 For the Year Ended June 30, 2018

	Internal Service Fund		
	Auto Revolving	Health Insurance	Total
Operating Revenues:			
Charges for Services	\$ 210,081	\$ 77,562	\$ 287,643
Total Operating Revenue	210,081	77,562	287,643
Operating Expenses:			
Operating and Maintenance	213,354	79,079	292,433
Total Operating Expenses	213,354	79,079	292,433
Operating Income	(3,273)	(1,517)	(4,790)
Change in Net Position	(3,273)	(1,517)	(4,790)
Net Position - Beginning	(37,666)	94,455	56,789
Net Position - Ending	\$ (40,939)	\$ 92,938	\$ 51,999

CITY OF SIOUX CENTER, IOWA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2018

	Balance		Balance	
	July 1, 2017	Additions	Deductions	June 30, 2018
<u>PAYROLL CLEARING</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 457,227	\$ 5,180,970	\$ 5,168,047	\$ 470,150
Total Assets	457,227	5,180,970	5,168,047	470,150
<u>Liabilities</u>				
Accounts Payable	457,227	5,180,970	5,168,047	470,150
Total Liabilities	457,227	5,180,970	5,168,047	470,150
<u>SALES TAX</u>				
<u>Assets</u>				
Cash and Cash Equivalents	3,200	385,768	385,689	3,279
Taxes Receivable	34,414	388,582	386,633	36,363
Total Assets	37,614	774,350	772,322	39,642
<u>Liabilities</u>				
Accounts Payable	37,614	807,705	805,677	39,642
Total Liabilities	37,614	807,705	805,677	39,642
<u>TOTAL AGENCY FUND</u>				
<u>Assets</u>				
Cash and Cash Equivalents	460,427	5,566,738	5,553,736	473,429
Taxes Receivable	34,414	388,582	386,633	36,363
Total Assets	494,841	5,955,320	5,940,369	509,792
<u>Liabilities</u>				
Accounts Payable	494,841	5,988,675	5,973,724	509,792
Total Liabilities	\$ 494,841	\$ 5,988,675	\$ 5,973,724	\$ 509,792

Statistical Section

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

<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.	72
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.	77
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.	82
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.	87
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.	89

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net Invested in capital assets	\$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	\$38,508,433
Restricted	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	3,307,184
Unrestricted	3,480,688	3,083,759	2,086,241	1,602,866	580,123	2,685,934	(453,707)	(96,393)	1,397,216	2,080,034
Total governmental activities net position	\$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	\$43,895,651
Business-type activities										
Net Invested in capital assets	\$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	\$23,773,082
Restricted	1,234,146	873,626	838,130	688,534	624,266	759,566	433,522	403,778	407,964	367,018
Unrestricted	19,854,323	20,706,392	21,232,208	22,811,697	22,527,561	21,599,211	21,070,163	20,194,685	20,184,018	18,689,610
Total business-type activities net position	\$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	\$42,829,710
Primary government										
Net Invested in capital assets	\$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	\$62,281,515
Restricted	2,645,839	2,266,520	2,227,393	2,143,630	2,081,839	2,139,475	2,724,572	2,661,325	3,145,211	3,674,202
Unrestricted	23,335,011	23,790,151	23,318,449	24,414,563	23,107,684	24,285,145	20,616,456	20,098,292	21,581,234	20,769,644
Total primary government net position	\$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	\$86,725,361

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

	<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>	<u>2018</u>
Expenses										
Governmental activities:										
Public Safety	\$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	\$1,526,040
Public Works	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	1,925,094
Culture and Recreation	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	4,087,358
Community and Economic Development	133,247	149,263	131,008	148,066	185,660	285,022	159,876	222,034	215,862	1,197,672
General Government	626,507	695,282	706,708	996,544	943,785	1,146,253	1,894,813	2,015,241	1,680,901	1,735,932
Debt Service	307,498	401,459	364,025	323,338	258,630	226,094	211,195	131,133	90,990	174,467
Total governmental activities expenses	6,556,803	6,989,513	7,359,123	7,716,778	8,212,186	9,331,820	8,879,261	9,415,369	9,316,834	10,646,563
Business-type activities:										
Centre Mall	1,117,315	1,084,666	1,025,600	1,109,253	1,016,468	901,545	935,506	873,966	955,746	963,741
Water	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	1,509,601
Sewer	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	1,411,190
Electric	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	10,400,973
Natural Gas	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	7,638,970
Total business-type activities expenses	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	21,924,475
Total primary government expenses	\$30,259,929	\$29,343,729	\$28,157,055	\$26,870,221	\$27,729,636	\$32,608,336	\$30,024,150	\$28,164,989	\$30,433,560	\$32,571,038
Program Revenues										
Governmental activities:										
Charges for services:										
Public Safety	50,228	50,293	52,310	57,466	57,479	57,011	345,828	384,310	355,923	420,661
Public Works	490,109	333,692	367,443	394,089	421,184	447,474	486,249	497,318	483,418	531,849
Culture and Recreation	917,498	636,337	768,568	818,972	905,664	887,966	940,108	1,032,268	979,563	982,462
Community and Economic Development	96,457	71,494	41,993	66,080	187,367	65,576				
General Government	36,589	38,047	56,397	54,273	57,761	56,431	524,014	600,959	648,059	482,113
Operating grants and contributions	481,551	559,269	594,984	668,511	674,958	703,769	1,190,341	1,416,600	1,360,562	1,400,071
Capital grants and contributions	401,970	821,197	799,114	564,919	66,900	288,330	484,727	81,859	239,249	678,125
Total governmental activities program revenues	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	4,495,281
Business-type activities:										
Charges for services:										
Centre Mall	472,346	455,205	453,156	482,752	471,820	440,770	503,314	460,118	469,880	422,434
Water	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	1,712,992
Sewer	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	1,589,842
Electric	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	10,253,507
Natural Gas	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	7,766,707
Total business-type activities program revenues	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	21,745,482
Total primary government program revenues	\$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	\$26,240,763

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

	<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>	<u>2018</u>
Net (expense)/revenue										
Governmental activities	(\$4,082,401)	(\$4,479,184)	(\$4,678,314)	(\$5,092,468)	(\$5,840,873)	(\$6,825,263)	(\$4,907,994)	(\$5,402,055)	(\$5,250,060)	(\$6,151,282)
Business-type activities	202,720	(524,183)	(70,979)	(98,735)	131,156	78,600	1,004,477	228,377	(719,841)	(178,993)
Total primary government net expense	<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>(\$5,173,678)</u>	<u>(\$5,969,901)</u>	<u>(\$6,330,275)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities										
Property taxes	\$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	\$5,532,035
Local option sales tax	647,398	599,213	701,502	640,653	760,459	732,227	802,539	805,958	898,947	781,860
Unrestricted investment earnings	128,520	74,833	47,956	27,596	13,652	10,817	15,403	25,051	20,763	145,684
Miscellaneous	5,151,748	1,292,505	1,318,680	856,405	806,237	1,359,547	52,316	131,269	116,851	10,288
Transfers	(403,899)	(60,710)	149,443	224,844	178,971	215,504	299,326	474,666	407,011	214,787
Total governmental activities	<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>	<u>6,684,654</u>
Business-type activities										
Unrestricted investment earnings	498,962	370,324	375,112	394,572	450,744	272,058	74,822	71,314	117,159	137,017
Miscellaneous	1,241,096	230,946	346,099	927,931	231,155	(874,066)	694,984	1,891,913	1,817,362	1,466,013
Transfers	403,899	60,710	(149,443)	(224,844)	(178,971)	(215,504)	(299,326)	(474,666)	(407,011)	(214,787)
Total business-type activities	<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>	<u>1,388,243</u>
Total primary government	<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>	<u>\$8,072,897</u>
Change in Net Assets										
Governmental activities	5,310,215	1,556,910	2,212,183	1,442,303	711,169	235,021	1,316,827	1,321,565	1,596,200	533,372
Business-type activities	2,346,677	137,797	500,789	998,924	634,084	(738,912)	1,474,957	1,716,938	807,669	1,209,250
Total primary government	<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>\$3,038,503</u>	<u>\$2,403,869</u>	<u>\$1,742,622</u>

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

	<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>	<u>2018</u>
General Fund										
Reserved	\$0	\$0	\$362,332	\$332,848	\$388,311	\$442,100	\$273,560	\$273,445	\$151,534	\$275,685
Unreserved	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	3,089,589
Total general fund	\$2,901,658	\$3,047,500	\$2,865,946	\$2,711,857	\$2,339,932	\$2,805,320	\$2,961,440	\$2,953,672	\$3,471,026	\$3,365,274
All other governmental funds										
Reserved										
Special revenue funds	\$1,758,146	\$975,700	\$1,136,967	\$964,159	\$666,311	\$829,848	\$2,283,810	\$2,257,547	\$2,732,731	\$3,307,228
Debt service funds	6,596				2,366	1,444	886	920	2,007	3,897
Unreserved, reported in:										
Capital project funds	85,369	331,023	(581,644)	(1,061,047)	(1,093,762)	(1,233,721)	(2,560,701)	(2,246,176)	(1,219,430)	5,236,803
Total all other governmental funds	\$1,850,111	\$1,306,723	\$555,323	(\$96,888)	(\$425,085)	(\$402,429)	(\$276,005)	\$12,291	\$1,515,308	\$8,547,928

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

	<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>	<u>2018</u>
Revenues										
Property taxes	\$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	\$3,298,407
Tax increment financing	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	2,059,465
Other city taxes	647,398	599,213	701,502	640,653	866,013	863,726	937,515	949,783	1,042,172	928,371
Special assessments	130,642	43,288	84,691	65,385	291,450	37,876	48,439	33,313	26,715	31,976
Licenses and permits	659,653	106,897	77,080	106,251	226,252	104,227	90,052	123,935	120,097	172,835
Intergovernmental	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	1,119,728
Charges for services	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	1,539,117
Miscellaneous	161,500	1,173,909	1,157,760	722,131	443,137	1,250,063	789,908	947,915	917,418	1,507,743
Use of property and money	1,055,171	334,863	317,650	230,867	233,827	237,795	349,939	295,373	419,814	337,070
Total Revenues	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	10,994,712
Expenditures										
Public safety	814,558	882,827	998,840	867,980	1,036,957	971,376	1,284,798	1,206,043	1,225,152	1,435,799
Public works	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	1,902,419
Culture and recreation	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	3,680,723
Community and economic development	132,971	148,900	128,740	147,425	185,538	285,958	268,921	224,363	195,637	1,176,735
General government	675,103	703,844	630,355	1,178,767	1,210,905	1,099,921	1,092,187	1,305,023	852,743	906,046
Capital projects	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	973,608
Debt service										
Interest	378,245	408,200	368,837	331,022	261,202	233,227	196,974	126,886	87,190	157,236
Principal	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	1,260,238
Total Expenditures	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	11,492,804
Excess of revenues over (under) expenditures										
Other financing sources (uses)										
Bonds issued	9,998,000			1,500,000			583,000			6,592,435
Transfers in	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	3,659,770
Transfers out	(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)	(3,444,983)
Total other financing sources (uses)	9,594,101	(60,710)	149,443	1,725,621	178,971	215,505	299,326	1,057,666	407,011	6,807,222
Net change in fund balances	(\$349,146)	(\$397,546)	(\$932,953)	(\$806,300)	(\$700,123)	\$488,045	(\$1,536,525)	\$210,530	\$2,020,372	\$6,309,130
Debt service as a percentage of noncapital expenditures	31.2%	21.2%	18.7%	21.5%	17.9%	18.1%	28.3%	13.6%	14.8%	13.5%

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

<u>Fiscal Year</u>	<u>Tax Increment</u>		<u>Local Option</u>			<u>Total</u>
	<u>Property Tax</u>	<u>Financing Tax</u>	<u>Sales Tax</u>	<u>Hotel/Motel Tax</u>	<u>Road Use Tax</u>	
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
2017-18	\$ 3,298,407	\$ 2,059,465	\$ 781,860	\$ 146,511	\$ 875,158	\$ 7,161,401

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

Fiscal <u>Year</u>	<u>Real Property</u>		<u>Utilities</u>		<u>Total</u>		Assessed Value as a Percentage of Estimated <u>Actual</u>
	<u>Assessed</u>	<u>Estimated</u> <u>Actual Value</u>	<u>Assessed</u>	<u>Estimated</u> <u>Actual Value</u>	<u>Assessed</u>	<u>Estimated</u> <u>Actual Value</u>	
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%
2017-18	350,662,030	533,859,189	1,508,162	1,647,381	352,170,192	535,506,570	65.8%

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	Emergency 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	
2017-18	8.10000	0.13500	0.48098	2.46904	0.11619	0.49879	11.80000	15.96735	5.04687	0.79048	33.60470	

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 2018

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Value</u>
Farmers Coop Society	\$10,224,710	2.71%
Wal-Mart Real Estate	9,256,690	2.46%
TriGen, LLC (Pella)	7,780,540	2.06%
City Of Sioux Center	8,278,490	2.20%
American State Bank	5,844,740	1.55%
Harbor Group Investments LLC	4,037,910	1.07%
Ver Hoef Automotive	3,633,190	0.96%
R&C Hulshof Farms LLC	3,650,970	0.97%
Patrick Cudahy, Inc.(Golden Crisp)	3,179,340	0.84%
South Ridge Lodging	3,179,880	0.84%
	<u>59,066,460</u>	<u>15.67%</u>

FY 2009

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Value</u>
TriGen, LLC	\$11,258,327	6.01%
Farmers Cooperative Society	8,114,615	4.33%
City of Sioux Center	7,362,150	3.93%
Sioux Automation	4,907,458	2.62%
Sioux Center Community Hospital	4,555,580	2.43%
Patrick Cudahy	4,178,000	2.23%
American State Bank	2,689,720	1.43%
Link Manufacturing	2,221,081	1.18%
RC Properties	2,172,156	1.16%
Harbor Group Investments	1,828,300	0.98%
	<u>49,287,387</u>	<u>26.29%</u>

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	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2017-18	\$ 5,454,401	\$ 5,359,890	98.3%	\$ 220	\$ 5,360,110	98.3%

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			
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
2017-18	\$ 8,309,886	\$ 1,615,457	\$ 4,983,577	\$ -	\$ 14,908,920		2,115

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

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>Percentage of Estimated Actual Taxable Value of Property</u>		<u>Per Capita</u>
				<u>Total</u>			
2008-09	\$ 10,449,078	\$ 6,596		\$ 10,442,482	5.04%		1,580
2009-10	9,442,585		0	9,442,585	4.17%		1,428
2010-11	8,416,577		0	8,416,577	3.46%		1,194
2011-12	8,534,854		0	8,534,854	3.36%		1,211
2012-13	9,506,884		2,366	9,504,518	3.55%		1,349
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
2017-18	\$ 8,309,886	\$ 3,693		\$ 8,306,193	2.36%		1,179

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	\$15,730,000	68.41%	\$10,760,401
Sioux County	4,325,000	17.81%	770,272
Northwest Iowa Community College	8,815,000	7.62%	<u>671,666</u>
Subtotal, overlapping debt			12,202,339
City of Sioux Center direct debt			<u>8,309,886</u>
Total direct and overlapping debt			<u><u>\$20,512,225</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 2018

Assessed value	\$535,506,570
Debt limit (5% of assessed value)	26,775,329
Debt applicable to limit	
Total general obligation bonds	8,631,500
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	8,631,500
Legal debt margin	<u><u>\$18,143,829</u></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>	<u>2018</u>
Debt limit	\$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	\$26,775,329
Total net debt applicable to limit	<u>13,880,000</u>	<u>12,240,000</u>	<u>10,780,000</u>	<u>10,490,000</u>	<u>9,008,613</u>	<u>7,454,183</u>	<u>5,900,000</u>	<u>5,003,000</u>	<u>3,568,000</u>	<u>8,631,500</u>
Legal debt margin	<u>\$3,335,706</u>	<u>\$6,077,271</u>	<u>\$8,911,109</u>	<u>\$9,931,434</u>	<u>\$11,964,159</u>	<u>\$13,932,274</u>	<u>\$16,985,123</u>	<u>\$18,669,628</u>	<u>\$22,437,079</u>	<u>\$18,143,829</u>
Total net debt applicable to the limit as a percentage of debt limit	80.62%	66.82%	54.75%	51.37%	42.95%	34.85%	25.78%	21.13%	13.72%	32.24%

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>	
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
2017-18	\$ 1,783,116	\$ 1,001,580	\$ 781,536	\$ 325,000	\$ 36,600	2.16

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>	
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
2017-18	\$ 1,650,114	\$ 1,026,791	\$ 623,323	\$ -	\$ 16,116	38.68

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	1.0%
Daytime population change due to commuting	+1,913 (25.7%)
Average household size	2.7
Residents with incomes below the poverty level	7.7%
School enrollment	1,870

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>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>	<u>2018</u>
General Government and Utilities Management	7.5	7.8	7.0	6.9	7.2	7.0	7.2	7.1	7.8	7.7
Public Safety	8.0	8.7	8.1	8.7	9.0	9.4	9.4	9.2	9.5	10.1
Public Works	3.8	4.1	3.5	3.1	3.0	3.1	3.0	3.5	3.2	3.7
Culture and Recreation	26.4	25.0	25.3	24.9	25.0	23.7	24.6	23.4	22.7	24.3
Library	8.0	9.1	9.2	8.9	8.5	8.7	8.3	8.4	8.7	8.9
Electric	6.2	7.4	6.1	6.4	6.3	5.9	5.7	5.7	6.3	5.9
Natural Gas	4.9	5.4	4.9	4.8	4.9	4.7	4.5	4.8	4.7	5.0
Water	4.8	5.4	4.9	5.1	5.2	5.0	5.0	5.0	4.9	5.2
Sewer	5.1	5.5	5.6	5.2	5.5	5.5	5.6	5.4	5.3	5.2
Centre Mall	3.4	3.9	3.3	3.6	3.5	3.5	3.4	3.5	3.7	3.6
Total	78.1	82.3	77.9	77.6	78.1	76.5	76.7	76.0	76.8	79.6

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>2018</u>
General Government	
Building Permits Issued	73
Police	
Citations	679
Arrests	117
Fire	
Emergency Responses	103
Parks and Recreation	
Pool Admissions	23,588
Ice Arena Admissions	5,006
Library	
Items Checked Out	304,084
Water	
Average Daily Consumption	863,000
Peak Consumption	1,676,000
Sewer	
Average Daily Treatment	1,380,333
Peak load (gallons per day)	7,875,000
Electric	
KWH Purchased	128,298,843
KWH Sold	121,173,091
Average Revenue per KWH Sold	0.085
Gas	
MCF Purchased	1,705,631
MCF Sold	1,726,084
Average Revenue per MCF Sold	4.500

Source: Various city departments

City of Sioux Center
Capital Asset Statistics by Function/Program

	<u>Function/Program</u>	<u>2018</u>
Police		
Stations		1
Patrol units		4
Fire		
Stations		2
Emergency vehicles		7
Other Public Works		
Streets (miles)		57
Highways (miles)		4
Streetlights		736
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		376
Number of wells		16
Elevated storage capacity (gallons)		650,000
Water plant capacity (gallons per day)		2,100,000
Meters in service		2,714
Sewer		
Sanitary sewers (miles)		49
Storm sewers (miles)		19
Design capacity (gallons per day)		4,000,000
Number of lift stations		10
Electric		
Electric main wire (miles)		88
Meters in Service		2,783
Gas		
Gas mains (miles)		82
Meters in Service		2,408

Source: Various city departments



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543
www.williamscpas.com

**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, 2018, 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 21, 2019.

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 detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 2018-01 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 21, 2019

CITY OF SIOUX CENTER, IOWA
Schedule of Findings
For the Year Ended June 30, 2018

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:

2018-01 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-18 Certified Budget

Condition and Criteria – City expenditures during the year ended June 30, 2018, exceeded amounts budgeted in the Public Safety, Community and Economic Development, and Debt Service.

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, 2018

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

Cause – The City approved a budget amendment on May 22, 2018. 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-18 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-C-18 - 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 ensure that the coverage is adequate for current operations.

III-D-18 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

III-E-18 - Questionable Expenditures - We noted no questionable expenditures during our audit.

III-F-18 - Revenue Bonds - No violations of revenue bond resolutions were noted.

III-G-18 - 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	\$ 22,507 (2)
Randy Vrugdenhil, Council Member HSR, LLC	Management fee for the Event Center, per bid	75,791 (3)
W. Dale Den Herder, Council Member American State Bank	Bank fees as fiscal agent	1,750 (2)
Jamie Van Ravensway, Council Member MJ's Sinclair	Fuel and Supplies	170 (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, 2018

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

III-H-18 - 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-18 - 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.