

City of Sioux Center, Iowa



Annual Financial Report

for the fiscal year ended June 30, 2019

**Prepared by:
Finance Department
Darryl Ten Pas, Finance Director**

**CITY OF SIOUX CENTER, IOWA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019
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CITY OF SIOUX CENTER, IOWA

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Krahling	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, 2019, 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, 2019, 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.

Correction of Error

As described in Note 16 to the financial statements, land purchased had not been properly recorded in the prior year. This amount is corrected on the accompanying financial statements. Our opinion is not modified with respect to this matter.

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 4 through 12 and 56 through 62 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 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 statistical section has 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 22, 2020, 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 22, 2020

Management Discussion and Analysis

June 30, 2019

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, 2019. 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, 2019 by \$91,109,315 (net position). Of this amount, \$20,610,273 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 \$4,146,389 during the fiscal year. An increase of \$1,668,009 is attributable to governmental activities and an increase of \$2,478,380 to business type activities.

The City's long-term debt increased \$8,952,750 due to bonds being issued for the waste water treatment plant expansion. General Obligation debt totaled \$11,260,052 and other long-term debt totaled \$12,601,615. In addition, the City has issued internal debt for capital projects in the amount of \$226,200 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 position. 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 position are reported as soon as the underlying event giving rise to the change occurs *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Sioux Center that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety, culture and recreation, public works, community and economic development, general government, 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 \$91,109,315 at the close of the most recent fiscal year.

City of Sioux Center Net Position

	Governmental Activities		Business-type		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$14,778,400	\$18,984,979	\$23,440,797	\$26,420,206	\$38,219,197	\$45,405,185
Capital assets	<u>46,973,733</u>	<u>41,332,496</u>	<u>43,123,475</u>	<u>30,360,708</u>	<u>90,097,208</u>	<u>71,693,204</u>
Total assets	<u>61,752,133</u>	<u>60,317,475</u>	<u>66,564,272</u>	<u>56,780,914</u>	<u>128,316,405</u>	<u>117,098,389</u>
Deferred Outflows	568,176	652,636	383,357	448,925	\$951,533	\$1,101,561
Long-Term Liabilities	8,361,788	9,002,184	17,173,827	7,576,562	25,535,615	16,578,746
Other liabilities	<u>2,256,707</u>	<u>2,322,602</u>	<u>4,379,301</u>	<u>5,181,237</u>	<u>6,636,008</u>	<u>7,503,839</u>
Total liabilities	<u>10,618,495</u>	<u>11,324,786</u>	<u>21,553,128</u>	<u>12,757,799</u>	<u>32,171,623</u>	<u>24,082,585</u>
Deferred Inflows	5,900,589	5,749,674	86,411	1,642,330	5,987,000	7,392,004
Net Position:						
Net Investment in Capital Assets	39,810,845	38,508,433	26,357,938	23,773,082	66,168,783	62,281,515
Restricted	3,970,487	3,307,184	359,772	367,018	4,330,259	3,674,202
Unrestricted	<u>2,019,893</u>	<u>2,080,034</u>	<u>18,590,380</u>	<u>18,689,610</u>	<u>20,610,273</u>	<u>20,769,644</u>
Total net position	<u>\$45,801,225</u>	<u>\$43,895,651</u>	<u>\$45,308,090</u>	<u>\$42,829,710</u>	<u>\$91,109,315</u>	<u>\$86,725,361</u>

The largest part of the City's net position (72.6 percent) reflects its investment in capital assets (e.g. land buildings, machinery, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these long-term liabilities.

An additional portion of the City of Sioux Center's net position (4.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$20,610,273 may be used to meet the government's ongoing obligations to citizens and creditors.

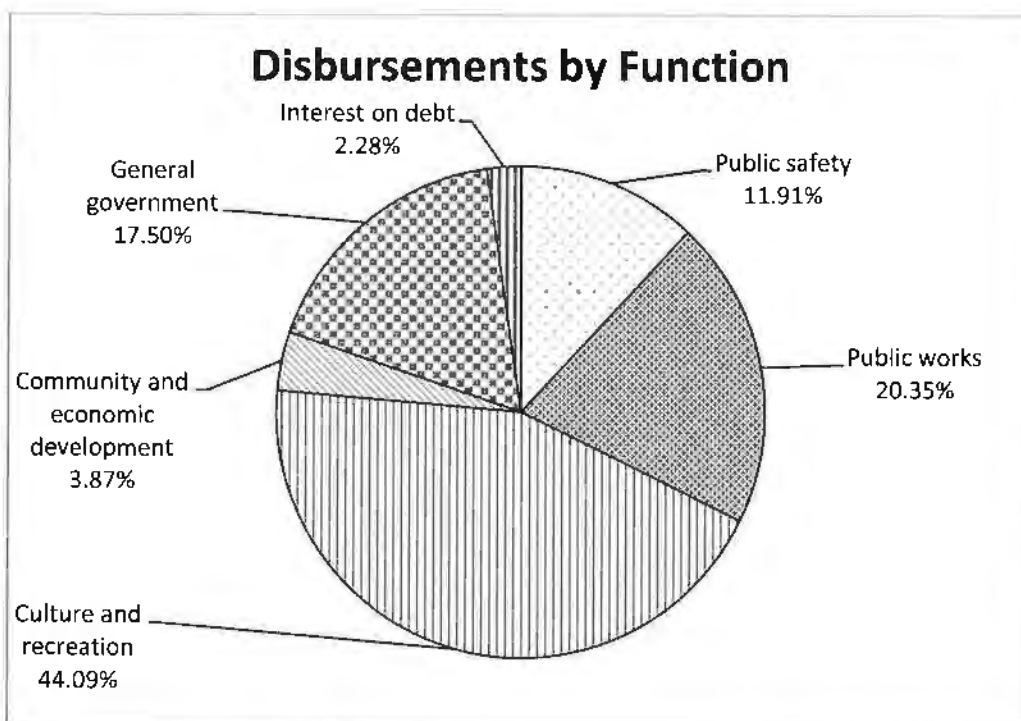
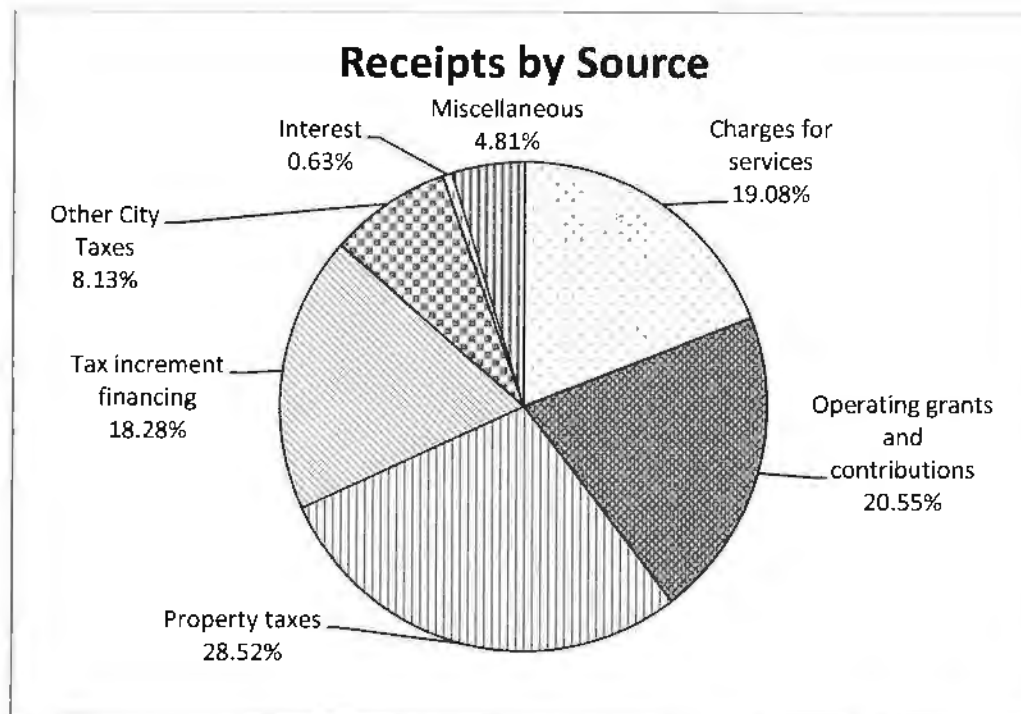
At the end of the current fiscal year, the City of Sioux Center is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The City's total net 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 position follows:

City of Sioux Center Change Net Position						
	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Charges for services	\$2,303,989	\$2,417,085	\$21,347,478	\$21,745,482	\$23,651,467	\$24,162,567
Operating grants and contributions	2,481,929	1,400,071	-	-	2,481,929	1,400,071
Capital grants and contributions	-	678,125	1,572,942	-	1,572,942	678,125
General Revenues:						
Property taxes	3,444,607	3,298,407	-	-	3,444,607	3,298,407
Tax increment financing	2,207,730	2,059,465	-	-	2,207,730	2,059,465
Other city taxes	982,175	928,371	-	-	982,175	928,371
Interest	75,743	27,652	152,911	137,017	228,654	164,669
Miscellaneous	582,389	155,972	985,919	1,466,013	1,568,308	1,621,985
Total Revenues:	<u>12,078,562</u>	<u>10,965,148</u>	<u>24,059,250</u>	<u>23,348,512</u>	<u>36,137,812</u>	<u>34,313,660</u>
Expenses:						
Public safety	1,234,978	1,526,040	-	-	1,234,978	1,526,040
Public works	2,110,487	1,925,094	-	-	2,110,487	1,925,094
Culture and recreation	4,570,714	4,087,358	-	-	4,570,714	4,087,358
Community and economic development	400,945	1,197,672	-	-	400,945	1,197,672
General government	1,814,431	1,735,932	-	-	1,814,431	1,735,932
Interest on debt	236,014	174,467	-	-	236,014	174,467
Centre Mall	-	-	940,703	963,741	940,703	963,741
Water Utility	-	-	1,556,044	1,509,601	1,556,044	1,509,601
Sewer Utility	-	-	1,581,146	1,411,190	1,581,146	1,411,190
Electric Utility	-	-	10,269,110	10,400,973	10,269,110	10,400,973
Gas Utility	-	-	7,276,851	7,638,970	7,276,851	7,638,970
Total Expenses	<u>10,367,569</u>	<u>10,646,563</u>	<u>21,623,854</u>	<u>21,924,475</u>	<u>31,991,423</u>	<u>32,571,038</u>
Increase/(decrease) in net position before other financing sources	1,710,993	318,585	2,435,396	1,424,037	4,146,389	1,742,622
Other financing sources (uses)	(42,984)	214,787	42,984	(214,787)	-	-
Increase/(decrease) in net position	<u>1,668,009</u>	<u>533,372</u>	<u>2,478,380</u>	<u>1,209,250</u>	<u>4,146,389</u>	<u>1,742,622</u>
Net Position-beginning (as restated)	44,133,216	43,362,279	42,829,710	41,620,460	86,962,926	84,982,739
Net Position-ending	<u>\$45,801,225</u>	<u>\$43,895,651</u>	<u>\$45,308,090</u>	<u>\$42,829,710</u>	<u>\$91,109,315</u>	<u>\$86,725,361</u>



Sioux Center's property tax revenues for general purposes increased by \$146,200 or approximately 4.4%. This increase is due to continued increasing property valuations and new properties being added to the taxes roles.

The increase in net position in the governmental activities column in 2019 was \$1,668,009. In 2018 there was an increase in net position for governmental activities of \$533,372. 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 \$2,478,380.

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>2019</u>	<u>2018</u>
Electric Utility	\$101,797	\$626,819
Natural Gas Utility	(169,952)	170,653
Water Utility	123,188	189,749
Sewer Utility	2,568,331	253,337
Centre Mall	<u>(144,984)</u>	<u>(31,308)</u>
Change in Net Position	<u>\$2,478,380</u>	<u>\$1,209,250</u>

The change in net position for the electric utility in 2019 decreased from 2018 because of decreased Other Non-operating Income.

Change in net position in the gas utility in 2019 was negative because of decreased revenue.

The water utility had a gain in net position for 2019. Water sales were down 3.6 % compared to 2018. System repair and maintenance decreased in fiscal 2019. A rate increase was implemented in the summer of 2018.

The sewer utility also had a net position increase in 2019. The increase was due to a large rate increase in that was put into effect the summer of 2017 and 2018 due to plans for substantial plant improvements. There was also a contribution in aid of construction from an industrial customer for the sewer plant improvements.

The Centre Mall's change in net position decreased from 2018 to 2019. This decrease was due to a lower 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 \$6,745,069 a decrease of \$5,168,133 from last fiscal year.

The general fund is the primary fund of the City. The general total fund balance increased by \$1,613,126 as of June 30, 2019 compared to June 30, 2018.

Budgetary Highlights

The City of Sioux Center adopted one budget amendment during fiscal year. The total amendment increased budget disbursements by \$2,253,000. The increase was due to additional expenditures in Public Works for street repairs that were budgeted for Fiscal 2018 but were not completed until Fiscal 2019. Cultural and Recreation expenditures grew because of needed boiler repairs at the All Season Center. Capital Projects increased due to payments for the outdoor pool expansion being required sooner than planned. Total disbursements did exceed the amended budget in fiscal year 2019.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$66,168,783 (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) increased \$1,302,412. The increase in capital assets in business-type activities totaled \$2,584,856. The net increase in capital assets for all activities for the fiscal year was \$3,887,268. 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 increase in capital assets for governmental activities is due to construction of the outdoor pool.

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 \$23,861,656 at the end of the current fiscal year. Of this amount \$11,260,052 was general obligation debt which is debt backed by the full faith and credit of the government. The remainder of \$12,601,615 is revenue bonds (and notes) debt that is secured by specific revenue sources. This is a net increase of \$8,952,737 from the balance at the end of the previous fiscal year. Three bonds were drawn on from 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 \$29,319,996. Net bonded debt applicable to the City's debt limit (total issues outstanding and development agreements less funds reserved for repayment of debt) is \$19,403,063 or 66.18% 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 2018. 20 building permits were issued for commercial construction, 58 permits were issued for residential construction and 1 permit was issued for tax exempt construction.

Total estimated valuation of this construction was \$44,020,039 compared to \$28,373,660 in the prior year.

Taxable retail sales in fiscal year 2019 increased by \$11,053,126 for a total of \$172,216,271. The City's retail sales account for 43% 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.

FINANCIAL STATEMENTS

CITY OF SIOUX CENTER, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and Cash Equivalents	\$ 6,233,570	\$ 7,283,038	\$ 13,516,608
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	388,678	2,017,521	2,406,199
Taxes	10,622	-	10,622
Subsequent Year Taxes	5,772,627	-	5,772,627
Accrued Interest	-	22,117	22,117
Estimated Unbilled Usage	-	587,688	587,688
Special Assessments	125,011	-	125,011
Notes Receivable	1,127,732	2,402,307	3,530,039
Interfund Balances	274,265	(274,265)	-
Due from Other Governmental Agencies	211,358	-	211,358
Inventories	-	815,129	815,129
Prepaid Assets	132,991	198,494	331,485
Long Term Prepaid Asset	-	282,953	282,953
Land Held for Resale	501,546	9,741,718	10,243,264
Restricted Assets, Cash and Investments:			
Revenue Bond Current Debt Service Account - Cash & Investments	-	364,097	364,097
Land	9,134,306	2,462,117	11,596,423
Construction in Progress	10,078,010	20,935,134	31,013,144
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	27,761,417	19,726,224	47,487,641
Total Assets	61,752,133	66,564,272	128,316,405
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	555,141	374,873	930,014
OPEB Related Deferred Outflows	13,035	8,484	21,519
Total Deferred Outflows of Resources	568,176	383,357	951,533
LIABILITIES			
Accounts Payable	1,559,210	3,214,498	4,773,708
Accrued Expenses	-	192,400	192,400
Customer Deposits	27,990	49,726	77,716
Accrued Interest	17,109	30,493	47,602
Noncurrent Liabilities:			
Due within one year:			
Revenue Bonds Payable	-	350,000	350,000
General Obligation Bonds	597,057	491,942	1,088,999
Compensated Absences and Benefits	55,341	50,242	105,583
Due in more than one year:			
Revenue Bonds Payable	-	12,243,885	12,243,885
General Obligation Bonds	6,565,831	3,679,710	10,245,541
Net Pension Liability	1,582,667	1,068,744	2,651,411
Other Post Employment Benefits	47,268	30,761	78,029
Compensated Absences and Benefits, Long-Term	166,022	150,727	316,749
Total Liabilities	10,618,495	21,553,128	32,171,623
DEFERRED INFLOW OF RESOURCES			
Deferred Revenue - Subsequent Year Taxes	5,772,627	-	5,772,627
Pension Related Deferred Inflows	127,962	86,411	214,373
Total Deferred Inflow of Resources	5,900,589	86,411	5,987,000
NET POSITION			
Net Investment in Capital Assets	39,810,845	26,357,938	66,168,783
Restricted for:			
Debt Service	-	359,772	359,772
TIF	8,943	-	8,943
Specific Revenues	1,209	-	1,209
Local Option Sales Tax	1,025,251	-	1,025,251
Road Use Tax	1,790,033	-	1,790,033
Donor Restrictions	1,145,051	-	1,145,051
Unrestricted	2,019,893	18,590,380	20,610,273
Total Net Position	\$ 45,801,225	\$ 45,308,090	\$ 91,109,315

See Accompanying Notes to Financial Statements

CITY OF SIOUX CENTER, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,234,978	\$ 347,501	\$ 30,478	\$ -
Public Works	2,110,487	543,204	917,451	-
Culture and Recreation	4,570,714	908,180	348,296	-
Community and Economic Development	400,945	-	-	-
General Government	1,814,431	505,104	1,179,971	-
Debt Service	236,014	-	5,733	-
Total governmental activities	10,367,569	2,303,989	2,481,929	-
Business-Type Activities:				
Electric Utility	10,269,110	10,220,413	-	-
Water Utility	1,556,044	1,651,500	-	-
Sewer Utility	1,581,146	1,930,082	-	1,572,942
Gas Utility	7,276,851	7,115,575	-	-
Centre Mall	940,703	429,908	-	-
Total Business-Type Activities:	21,623,854	21,347,478	-	1,572,942
Total Primary Government	\$ 31,991,423	\$ 23,651,467	\$ 2,481,929	\$ 1,572,942

General Revenues:
Property taxes
Tax Increment Financing
Other City Taxes
Interest
Unrestricted Intergovernmental Revenues
Gain on Sale of Assets
Sale of Uncapitalized 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
\$ (856,999)		\$ (856,999)
(649,832)		(649,832)
(3,314,238)		(3,314,238)
(400,945)		(400,945)
(129,356)		(129,356)
(230,281)		(230,281)
<u>(5,581,651)</u>		<u>(5,581,651)</u>
	\$ (48,697)	(48,697)
	95,456	95,456
	1,921,878	1,921,878
	(161,276)	(161,276)
	<u>(510,795)</u>	<u>(510,795)</u>
	1,296,566	1,296,566
<u>(5,581,651)</u>	1,296,566	<u>(4,285,085)</u>
3,444,607	-	3,444,607
2,207,730	-	2,207,730
982,175	-	982,175
75,743	152,911	228,654
139,852	-	139,852
428,451	-	428,451
14,086	-	14,086
-	985,919	985,919
<u>(42,984)</u>	<u>42,984</u>	<u>-</u>
7,249,660	1,181,814	8,431,474
1,668,009	2,478,380	4,146,389
43,895,651	42,829,710	86,725,361
237,565	-	237,565
<u>44,133,216</u>	<u>42,829,710</u>	<u>86,962,926</u>
<u>\$ 45,801,225</u>	<u>\$ 45,308,090</u>	<u>\$ 91,109,315</u>

See Accompanying Notes to Financial Statements

CITY OF SIOUX CENTER, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2019

	General	TIF
Assets		
Cash and Pooled Investments	\$ 3,022,483	\$ 4,445
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	388,678	-
Taxes	4,553	4,498
Subsequent Year Taxes	2,699,576	2,238,000
Special Assessments	125,011	-
Notes Receivable	1,127,732	-
Due from Other Funds	760,017	-
Due from Other Governmental Agencies	62,619	-
Land Held for Resale	501,548	
Total Assets	<u>8,692,215</u>	<u>2,246,943</u>
Liabilities		
Accounts Payable	507,425	-
Customer Deposits	27,990	-
Due to Other Funds	-	-
Total Liabilities	<u>535,415</u>	<u>-</u>
Deferred Inflow of Resources		
Unavailable Revenue - Special Assessments	125,011	-
Unavailable Revenue - Subsequent Year Taxes	2,699,576	2,238,000
Unavailable Revenue - Sale of Land	353,813	
Total Deferred Inflow of Resources	<u>3,178,400</u>	<u>2,238,000</u>
Fund Balances (Deficits)		
Restricted for:		
Debt Service	-	-
TIF	-	8,943
Emergency Management	-	-
Employee Benefit	-	-
Road Use Tax	-	-
Heritage Village	1,145,051	-
Committed for:		
Storm Sewer	76,084	-
Local Option Sales Tax	-	-
Assigned for:		
Fire Department	113,688	-
Event Center	50,000	-
Youth Hockey	78,062	-
Heritage Village	8,738	-
Unassigned	3,506,777	-
Total Fund Balances (Deficits)	<u>4,978,400</u>	<u>8,943</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,692,215</u>	<u>\$ 2,246,943</u>

See Accompanying Notes to Financial Statements

Capital Projects		Other	Total
All Seasons		Governmental	Governmental
Center		Funds	Funds
\$ 448,601	\$	2,677,499	\$ 6,153,028
-		-	388,678
-		1,571	10,622
-		835,051	5,772,627
-		-	125,011
-		-	1,127,732
-		-	760,017
-		148,739	211,358
			501,546
448,601		3,662,860	15,050,619
1,025,979		6,953	1,540,357
-		-	27,990
-		485,752	485,752
1,025,979		492,705	2,054,099
-		-	125,011
-		835,051	5,772,627
			353,813
-		835,051	6,251,451
-		5,102	5,102
-		-	8,943
-		57	57
-		1,209	1,209
-		1,790,033	1,790,033
-		-	1,145,051
-		-	76,084
-		1,025,251	1,025,251
-		-	113,688
-		-	50,000
-		-	78,062
-		-	8,738
(577,378)		(486,548)	2,442,851
(577,378)		2,335,104	6,745,069
\$ 448,601	\$	3,662,860	\$ 15,050,619

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, 2019

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

Total Fund Balance - Governmental Funds (page 18)		\$	8,745,069
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds			46,973,733
Deferred revenues that provide current financial resources for governmental activities			478,824
The internal service fund is used by management to allocate capital equipment operational expenses to various departments.			21,323
Accrued expenses from the balance sheet that require current financial resources for governmental activities			(17,109)
Accrued compensated absences, net pension liability, and other post employment benefits not reported on the modified accrual basis			(1,796,008)
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	\$	548,782
	Deferred Inflows of Resources		<u>(123,492)</u>
			425,290
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources			132,991
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds			<u>(7,162,888)</u>
Total Net Position - Governmental Activities (page 14)		\$	<u><u>45,801,225</u></u>

CITY OF SIOUX CENTER, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2019

	General	TIF
Revenue:		
Taxes	\$ 2,566,715	\$ -
Special Assessments	21,442	-
Licenses and Permits	107,640	-
Intergovernmental	199,644	-
Charges for Services	1,455,668	-
Use of Money and Property	430,762	-
TIF Revenue	-	2,207,730
Other City Taxes	156,943	-
Interest on Investments	-	4,833
Contribution for Heritage Village	1,150,000	-
Miscellaneous	749,468	-
Total Revenue	<u>6,838,282</u>	<u>2,212,563</u>
Expenditures:		
Public Safety	1,327,128	-
Public Works	1,212,039	-
Culture and Recreation	4,037,913	-
Community and Economic Development	378,640	-
General Government	980,903	-
Capital Projects	-	-
Debt Service:		
Principal Retirement	-	-
Interest/Bond Costs	-	-
Total Expenditures	<u>7,936,623</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,098,341)</u>	<u>2,212,563</u>
Other financing sources (uses):		
Proceeds from Sale of Land	50,000	-
Proceeds from Sale of Uncapitalized Assets	14,086	-
Transfers In	3,086,911	-
Transfers Out	(439,530)	(2,495,452)
Total other financing sources (uses)	<u>2,711,467</u>	<u>(2,495,452)</u>
Net Change in Fund Balance	1,613,126	(282,889)
Fund balances (Deficits)-beginning of year	3,365,274	291,832
Fund balances (Deficits)- end of year	<u>\$ 4,978,400</u>	<u>\$ 8,943</u>

See Accompanying Notes to Financial Statements

Capital Projects		Other	Total
All Seasons		Governmental	Governmental
Center		Funds	Funds
\$ -	\$ 877,890	\$ 3,444,605	
-	-	21,442	
-	-	107,640	
-	953,156	1,152,800	
-	-	1,455,668	
-	-	430,762	
-	-	2,207,730	
-	825,232	982,175	
33,571	2,120	40,524	
-	-	1,150,000	
-	-	749,468	
33,571	2,658,398	11,742,814	
-	-	1,327,128	
-	886,665	2,098,704	
-	-	4,037,913	
-	-	378,640	
-	-	980,903	
6,178,500	468,330	6,646,830	
-	1,222,229	1,222,229	
-	239,702	239,702	
6,178,500	2,816,926	16,932,049	
(6,144,929)	(158,528)	(5,189,235)	
-	-	50,000	
-	-	14,086	
-	1,622,194	4,709,105	
-	(1,817,107)	(4,752,089)	
-	(194,913)	21,102	
(6,144,929)	(353,441)	(5,168,133)	
5,567,551	2,688,545	11,913,202	
\$ (577,378)	\$ 2,335,104	\$ 6,745,069	

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, 2019

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

Net change in fund balances - total governmental funds (page 21)	\$ (5,168,133)
--	----------------

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

Expenditures for capital assets	\$ 7,722,574	
Depreciation expense	<u>(2,285,770)</u>	5,436,804

Governmental funds report the proceeds from the sale of fixed assets as revenue whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net assets on the statement of activities.

320,681

Revenues reported in the funds that are not available to provide current financial resources

(18,344)

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:

(30,676)

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

(21,503)

Accrued interest expense that does not require current financial resources

2,043

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	\$ (27,290)	
Other post employment benefits	(6,482)	
Pension expense	<u>(42,966)</u>	(76,738)

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	\$ -	
Repayments of long-term debt	<u>1,222,229</u>	1,222,229

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

1,646

Change in net position of governmental activities (page 16)

\$ 1,668,009

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF NET POSITION
Proprietary Funds
JUNE 30, 2019

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 4,341,362	\$ 22,649	\$ 307,207
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	890,304	144,557	314,463
Accrued Interest	11,377	-	-
Estimated Unbilled Usage	396,643	66,936	81,622
Notes Receivable	1,181,697	-	-
Due from Other Funds	2,088,134	-	-
Inventories	505,620	148,215	-
Prepaid Assets	50,024	26,495	52,687
Total Current Assets	9,465,161	408,852	755,979
Non Current Assets			
Land Held for Resale	5,044,653	-	-
Long Term Prepaid Assets	-	-	-
Restricted Assets:			
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents	-	364,097	-
Land	1,530,454	78,274	45,035
Construction in Progress	372,466	477,470	19,900,190
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,207,537	7,807,307	2,302,863
Total Noncurrent Assets	12,155,110	8,727,148	22,248,088
Total Assets	21,620,271	9,136,000	23,004,067
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	99,949	79,017	80,345
OPEB Related Deferred Outflows	2,226	1,831	1,903
Total Deferred Outflows of Resources	102,175	80,848	82,248
LIABILITIES			
Current Liabilities			
Accounts Payable	783,434	87,177	1,970,934
Accrued Expenses	-	-	-
Customer Deposits	21,912	11,960	-
Due to Other Funds	-	1,956,097	375,000
Accrued Interest	-	4,325	26,168
Total Current Liabilities	805,346	2,059,559	2,372,102
Noncurrent Liabilities:			
Due within one year:			
Revenue Bonds Payable	-	250,000	100,000
General Obligation Bonds	-	39,771	452,171
Compensated Absences	12,738	12,611	10,558
Due in more than one year:			
Revenue Bonds Payable	-	947,270	11,296,615
General Obligation Bonds	-	81,600	3,598,110
Net Pension Liability	284,950	226,273	229,061
Other Post Employment Benefits	8,072	6,638	6,899
Compensated Absences and Benefits, Long-Term	38,214	37,835	31,672
Total Liabilities	1,149,320	3,660,557	18,097,188
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	23,039	18,214	18,520
Total Deferred Inflow of Resources	23,039	18,214	18,520
NET POSITION			
Net Investment in Capital Assets	7,110,457	7,044,410	6,801,192
Restricted for:			
Debt Service	-	359,772	-
Unrestricted	13,439,630	(1,866,105)	(1,830,585)
Total Net Position	\$ 20,550,087	\$ 5,538,077	\$ 4,970,607

Business Type Activities			Governmental Activities Internal Service
Gas Utility	Nonmajor Centre Mall	Total	
\$ 2,332,244	\$ 279,576	\$ 7,283,038	\$ 80,542
654,829	13,368	2,017,521	-
10,740	-	22,117	-
42,487	-	587,688	-
1,220,610	-	2,402,307	-
162,398	-	2,250,532	-
161,294	-	815,129	-
45,928	23,360	198,494	-
<u>4,630,530</u>	<u>316,304</u>	<u>15,576,826</u>	<u>80,542</u>
4,697,065	-	9,741,718	-
282,953	-	282,953	-
-	-	364,097	-
572,592	235,762	2,462,117	-
183,808	1,200	20,935,134	-
<u>2,275,143</u>	<u>2,133,374</u>	<u>19,726,224</u>	<u>-</u>
<u>8,011,561</u>	<u>2,370,336</u>	<u>53,512,243</u>	<u>-</u>
<u>12,642,091</u>	<u>2,686,640</u>	<u>69,089,069</u>	<u>80,542</u>
72,201	43,361	374,873	19,394
1,617	907	8,484	-
<u>73,818</u>	<u>44,268</u>	<u>383,357</u>	<u>19,394</u>
364,220	8,733	3,214,498	18,853
-	192,400	192,400	-
15,854	-	49,726	-
-	193,700	2,524,797	-
-	-	30,493	-
<u>380,074</u>	<u>394,833</u>	<u>6,011,914</u>	<u>18,853</u>
-	-	350,000	-
-	-	491,942	-
8,400	5,935	50,242	-
-	-	12,243,885	-
-	-	3,679,710	-
205,842	123,618	1,068,744	55,290
5,865	3,287	30,761	-
25,199	17,807	150,727	-
<u>625,380</u>	<u>545,480</u>	<u>24,077,925</u>	<u>74,143</u>
16,643	9,995	86,411	4,470
<u>16,643</u>	<u>9,995</u>	<u>86,411</u>	<u>4,470</u>
3,031,543	2,370,336	26,357,938	-
-	-	359,772	-
<u>9,042,343</u>	<u>(194,903)</u>	<u>18,590,380</u>	<u>21,323</u>
<u>\$ 12,073,886</u>	<u>\$ 2,175,433</u>	<u>\$ 45,308,090</u>	<u>\$ 21,323</u>

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended June 30, 2019

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Operating Revenues:			
Charges for Services	\$ 10,220,413	\$ 1,651,500	\$ 1,930,082
Total Operating Revenue	<u>10,220,413</u>	<u>1,651,500</u>	<u>1,930,082</u>
Operating Expenses:			
Operating and Maintenance	9,620,889	1,024,204	1,066,665
Depreciation	648,221	479,244	293,139
Total Operating Expenses	<u>10,269,110</u>	<u>1,503,448</u>	<u>1,359,804</u>
Operating Income	(48,697)	148,052	570,278
Non-Operating Income (Expense):			
Interest Income	98,981	3,457	11,340
Other Non-operating Revenues	566,208	109,751	178,225
Interest Expense	-	(52,596)	(221,342)
Total Non-Operating Income (Expenses)	<u>665,189</u>	<u>60,612</u>	<u>(31,777)</u>
Income (Loss) before Transfers	616,492	208,664	538,501
Capital Contribution	-	-	1,572,942
Transfers In	-	2,860	456,888
Transfers Out	<u>(514,695)</u>	<u>(88,336)</u>	<u>-</u>
Change in Net Position	101,797	123,188	2,568,331
Net Position - Beginning	<u>20,448,290</u>	<u>5,414,889</u>	<u>2,402,276</u>
Net Position - Ending	<u>\$ 20,550,087</u>	<u>\$ 5,538,077</u>	<u>\$ 4,970,607</u>

Business Type Activities			Governmental
	Nonmajor		Activities
Gas	Centre		Internal Service
Utility	Mall	Total	Fund
<u>\$ 7,115,575</u>	<u>\$ 429,908</u>	<u>\$ 21,347,478</u>	<u>\$ 291,872</u>
<u>7,115,575</u>	<u>429,908</u>	<u>21,347,478</u>	<u>291,872</u>
7,070,022	589,989	19,371,749	324,852
206,772	350,734	1,978,110	-
<u>7,276,794</u>	<u>940,703</u>	<u>21,349,859</u>	<u>324,852</u>
(161,219)	(510,795)	(2,381)	(32,980)
37,687	1,446	152,911	-
121,370	10,365	985,919	2,304
(57)	-	(273,995)	-
<u>159,000</u>	<u>11,811</u>	<u>864,835</u>	<u>2,304</u>
(2,219)	(498,984)	862,454	(30,676)
-	-	1,572,942	-
-	354,000	813,748	-
<u>(167,733)</u>	<u>-</u>	<u>(770,764)</u>	<u>-</u>
(169,952)	(144,984)	2,478,380	(30,676)
<u>12,243,838</u>	<u>2,320,417</u>	<u>42,829,710</u>	<u>51,999</u>
<u>\$ 12,073,886</u>	<u>\$ 2,175,433</u>	<u>\$ 45,308,090</u>	<u>\$ 21,323</u>

See Accompanying Notes to Financial Statements

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2019

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 10,389,395	\$ 1,678,951	\$ 1,733,760
Cash Paid to Suppliers for Goods and Services	(9,058,944)	(727,159)	(184,136)
Cash Paid to Employees for Services	(378,184)	(313,560)	(1,898,997)
Other Nonoperating Income	568,208	109,751	178,225
Net Cash Provided (Used) by Operating Activities	<u>1,498,495</u>	<u>747,983</u>	<u>(171,148)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(445,728)	(1,023,693)	(14,681,332)
Contributions for Sewer Project	-	-	1,572,942
Proceeds from Issuance of Debt	-	-	10,907,747
Principal Paid on Notes and Bonds	-	(289,086)	(443,885)
Interest Paid on Notes and Bonds	-	(50,781)	(202,146)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(445,728)</u>	<u>(1,363,560)</u>	<u>(2,826,474)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers From (To) Other Funds	(514,696)	(85,478)	456,888
Due From (To) Other Funds	(251,734)	884,697	(190,000)
(Increase) Decrease in Notes Receivable	186,527	-	-
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>(579,903)</u>	<u>599,221</u>	<u>266,888</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investments	(625,012)	-	-
Interest and Dividends on Investments	108,380	3,457	11,340
Net Cash Provided (Used) by Investing Activities	<u>(518,632)</u>	<u>3,457</u>	<u>11,340</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(43,768)	(12,899)	(2,719,394)
Cash and Cash Equivalents at Beginning of Year	4,385,130	399,645	3,026,601
Cash and Cash Equivalents at End of Year	<u>\$ 4,341,362</u>	<u>\$ 386,746</u>	<u>\$ 307,207</u>

See Accompanying Notes to Financial Statements

Business Type Activities			Governmental
Gas	Nonmajor		Activities
Utility	Centre	Total	Internal
	Mall		Service
\$ 7,259,811	\$ 425,164	\$ 21,467,081	\$ 294,176
(7,387,564)	(438,038)	(17,795,841)	(259,414)
(280,908)	(155,867)	(3,027,496)	(73,617)
121,369	10,365	985,918	
(287,292)	(158,376)	1,629,662	(38,855)
(203,522)	(45,987)	(16,380,262)	-
-	-	1,572,942	-
-	-	10,907,747	-
-	-	(732,771)	-
(57)	-	(252,984)	-
(203,579)	(45,987)	(4,885,328)	-
(167,734)	354,000	42,982	-
-	(20,300)	222,683	-
78,170	-	264,897	-
(88,564)	333,700	530,342	-
275,925	-	(349,087)	-
46,451	1,446	171,074	-
322,376	1,446	(178,013)	-
(258,059)	130,783	(2,903,337)	(38,855)
2,590,303	148,793	10,550,472	119,397
\$ 2,332,244	\$ 279,576	\$ 7,647,135	\$ 80,542

continued

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2019

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income	\$ (48,697)	\$ 148,052	\$ 570,278
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	848,221	479,244	293,139
Other Non-Operating Income	566,208	109,751	178,225
Other Non-Operating Expenses	-	-	-
(Increase) Decrease in Assets:			
Accounts Receivable	72,247	16,617	(181,147)
Inventories	312,163	(604)	-
Prepaid Expenses	(2,855)	420	(6,255)
Estimated Unbilled Usage	71,348	7,859	(15,175)
Deferred Outflows of Resources	19,311	13,792	15,354
Increase (Decrease) in Liabilities			
Accounts Payable	(134,642)	(24,334)	557,763
Accrued Wages and Compensated Absences	7,979	4,292	3,478
Accrued Expenses	-	-	-
Customer Deposits	5,389	2,975	-
Net Pension Liability	(19,981)	(13,374)	(17,065)
Deferred Inflows of Resources	4,323	3,566	(1,569,529)
OPEB Liability	(2,517)	(273)	(214)
Total Adjustments	1,547,192	599,931	(741,428)
Net Cash Provided (Used) by Operating Activities	1,498,495	747,983	(171,148)
Cash and Cash Equivalents	4,341,382	22,649	307,207
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents	-	364,097	-
Total Cash and Cash Equivalents	\$ 4,341,382	\$ 386,748	\$ 307,207

Business Type Activities			Governmental Activities
Gas Utility	Centre Mall	Total	Internal Service
\$ (161,219)	\$ (510,795)	\$ (2,381)	\$ (32,980)
206,772	350,734	1,978,110	-
121,369	10,365	985,918	2,304
-	-	-	-
147,874	(4,744)	50,647	-
(10,354)	-	301,205	-
(478,746)	(1,757)	(489,193)	-
(7,053)	-	56,977	-
11,191	5,920	65,568	4,118
(116,656)	(7,888)	274,243	(7,634)
1,620	1,412	18,781	-
-	(647)	(647)	-
3,615	-	11,979	-
(7,688)	(3,637)	(61,745)	(5,408)
3,537	2,184	(1,555,919)	745
(1,354)	477	(3,881)	-
(126,073)	352,419	1,632,043	(5,875)
(287,292)	(158,376)	1,629,662	\$ (38,855)
2,332,244	279,576	7,283,038	80,542
-	-	364,097	-
\$ 2,332,244	\$ 279,576	\$ 7,647,135	\$ 80,542

CITY OF SIOUX CENTER, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Agency Fund
JUNE 30, 2019

ASSETS

Cash and Cash Equivalents	\$	504,078
Taxes Receivable		<u>31,422</u>
Total Assets		<u><u>535,500</u></u>

LIABILITIES

Accounts Payable		<u>535,500</u>
Total Liabilities	\$	<u><u>535,500</u></u>

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

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, 2019

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, 2019

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 or 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, 2019

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, 2019, expenditures exceeded the amount budgeted in the Community and Economic Development, General Government, Capital Project 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.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

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

2) Investments consist of the following

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

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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2018. Any county collections on the 2018-2019 tax levy remitted to the City within 60 days subsequent to June 30, 2019, 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, 2019, 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, 2019 are recorded as prepaid items.

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2019

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

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.

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

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, 2019. 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.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

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

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. 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.

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2019

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

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.

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' 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.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2019, were entirely covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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>	<u>S & P Rating</u>
		Greater Than 1 Year	June 30, 2019
Commercial Bonds	\$ 158,745	\$ 158,745	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 \$158,745 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, 2019, amounts due from other governments were as follows:

Due from the Iowa Department of Transportation for road use tax allocations	\$ 72,755
Due from the State of Iowa for local option sales taxes	75,984
Due from the State of Iowa for hotel and motel sales taxes	62,619
Total Due from Other Governments	<u>\$ 211,358</u>

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

Note 4 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2019, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Mail Fund	\$ 193,700
General Fund	Nonmajor Governmental Funds	323,354
General Fund	Water Fund	242,963
		<u>760,017</u>
Electric Fund	Water Fund	1,713,134
Electric Fund	Sewer Fund	375,000
		<u>2,088,134</u>
Gas Fund	Nonmajor Governmental Funds	162,398
		<u>162,398</u>
		<u>\$ 3,010,549</u>

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 8,929,873	\$ 237,565	\$ 33,132	\$ -	\$ 9,134,306
Construction in Progress	3,063,363	7,014,647	-	-	10,078,010
Total capital assets not being depreciated	<u>11,993,236</u>	<u>7,252,212</u>	<u>33,132</u>	<u>-</u>	<u>19,212,316</u>
Capital assets being depreciated:					
Buildings	24,029,836	173,123	-	-	24,202,959
Improvements	5,422,460	166,555	-	-	5,589,015
Equipment	6,251,751	368,249	66,675	54,540	6,607,864
Infrastructure	22,245,438	-	-	-	22,245,438
Total capital assets being depreciated	<u>57,949,485</u>	<u>707,927</u>	<u>66,675</u>	<u>54,540</u>	<u>58,645,276</u>
Less: Accumulated Depreciation for:					
Buildings	10,359,053	943,269	-	-	11,302,322
Improvements	3,689,076	248,039	-	-	3,937,115
Equipment	4,753,564	430,512	66,675	54,540	5,171,940
Infrastructure	9,808,532	663,950	-	-	10,472,482
Total Accumulated Depreciation	<u>28,610,225</u>	<u>2,285,770</u>	<u>66,675</u>	<u>54,540</u>	<u>30,883,859</u>
Total capital assets being depreciated, net	<u>29,339,260</u>	<u>(1,577,843)</u>	<u>-</u>	<u>-</u>	<u>27,761,417</u>
Governmental activities capital assets, net	<u>\$ 41,332,496</u>	<u>\$ 5,674,369</u>	<u>\$ 33,132</u>	<u>\$ -</u>	<u>\$ 46,973,733</u>

Construction in progress at June 30, 2019, for the governmental activities consisted of the Outdoor pool enhancements, Highway 75 Commercial Development project, fire engine and recreational related projects.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

Note 5 - CAPITAL ASSETS – (Continued)

	Balance July 1, 2018	Additions	Deletions	Reclass	Balance June 30, 2019
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$2,462,117	\$ -	\$ -	\$ -	\$ 2,462,117
Construction in Progress	7,580,392	14,601,364	1,246,622	-	20,935,134
Total capital assets not being depreciated	10,042,509	14,601,364	1,246,622	-	23,397,251
Capital assets being depreciated:					
Buildings	10,962,751	179,982	-	-	11,142,733
Improvements	44,009,737	1,061,724	-	-	45,071,461
Equipment	1,991,915	144,429	393	(54,540)	2,081,411
Infrastructure	2,455,332	-	-	-	2,455,332
Total capital assets being depreciated	59,419,735	1,386,135	393	(54,540)	60,750,937
Less: Accumulated Depreciation	39,101,536	1,978,110	393	(54,540)	41,024,713
Total capital assets being depreciated, net	20,318,199	(591,975)	-	-	19,726,224
Business-type activities capital assets, net	\$30,360,708	\$14,009,389	\$1,246,622	\$ -	\$ 43,123,475

Construction in progress at June 30, 2019 for the business-type activities consisted of Centre Mall exterior 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	\$ 194,361
Public Works	266,937
Culture and Recreation	1,003,818
General Government	820,654

Total depreciation expense – governmental activities \$ 2,285,770

Business-Type Activities:

Electric	\$ 648,221
Water	479,244
Sewer	293,139
Gas	206,772
Centre Mall	350,734

Total depreciation expense – business-type activities \$ 1,978,110

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type
Land	\$ 9,134,306	\$ 2,462,117
Construction in Progress	10,078,010	20,935,134
Capital Assets (net of accumulated depreciation)	27,761,417	19,726,224
Less: General Obligation Bonds Payable	7,162,888	4,171,652
Revenue Bonds	-	12,593,885
Net Investment in Capital Assets	<u>\$ 39,810,845</u>	<u>\$ 26,357,938</u>

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

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, 2019 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – 2013 Refunding	.40-1.60%	\$ 677,657
Business Type Activities – 2013 Refunding	.40-1.60%	207,343
Governmental Activities – 2018	3.00%	6,410,000
Business Type Activities – 2018 – Direct Borrowing	1.75%	3,965,052
		<u>11,260,052</u>
Net Unamortized Bond Discounts and Premium		74,488
Total General Obligation Bonds on Statement of Net Position		<u>\$11,334,540</u>

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 597,057	\$ 205,295	\$ 802,352	\$ 67,942	\$ 2,907	\$ 70,849
2021	610,886	191,380	802,266	69,114	2,092	71,206
2022	629,714	320,640	950,354	70,287	1,125	71,412
2023	405,000	297,249	702,249	-	-	-
2024	420,000	277,222	697,222	-	-	-
2025-2037	4,425,000	717,962	5,142,962	-	-	-
Total	<u>\$7,087,657</u>	<u>\$2,009,748</u>	<u>\$9,097,405</u>	<u>\$ 207,343</u>	<u>\$ 6,124</u>	<u>\$ 213,467</u>

<u>Year Ending June 30,</u>	<u>Business-Type Activities- Direct Borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 424,000	\$ 158,970	\$ 582,970
2021	433,000	151,550	584,550
2022	441,000	143,972	584,972
2023	450,000	136,255	586,255
2024	459,000	128,380	587,380
2025-2037	1,758,052	875,875	2,633,927
Total	<u>\$3,965,052</u>	<u>\$1,595,002</u>	<u>\$5,560,054</u>

The Governmental General Obligation Bonds on the Statement of Net Position is net unamortized bond discount of \$11,041 and premium of \$86,272.

The Business-type General Obligation Bonds on the Statement of Net Position is net of unamortized bond discount of \$743.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

Note 6 - LONG-TERM DEBT – (Continued)

The City issued \$9,500,000 Sewer General Obligation Capital Loan Note, a direct borrowing from the Iowa finance Authority during fiscal year 2018. The note is subject to optional redemption by the City at a price of par plus accrued interest on any date with the prior written consent of the Issuer, or if all or substantially all of the project is damaged or destroyed. The note is subject to mandatory redemption if costs of the project are less than initially projected, in which case the amount of the loan shall be reduced to an amount equal to the actual project costs disbursed. Whenever an event of default occurs the Issuer shall have the right to take any action authorized under the loan agreement. The proceeds will be used for the construction of a new waste treatment plant. The City had drawdowns of \$3,965,052 as of June 30, 2019. Repayment of this note began in fiscal year 2019.

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, 2019 are as follows:

Primary Government

Purpose	Interest Rates	Amounts
Water Revenue Bonds	2.00-2.25%	\$ 1,205,000
Sewer Taxable Revenue Note -Direct Borrowing	1.75%	7,764,450
Sewer Revenue Note – Direct Borrowing	1.75%	3,632,165
		<u>12,601,615</u>
Net Unamortized Bond Discount and Premium		(7,730)
Total Revenue Bonds on Statement of Net Position		<u>\$ 12,593,885</u>

The City issued \$8,000,000 Taxable Sewer Revenue Capital Loan Notes, a direct borrowing, from the Iowa finance Authority during fiscal year 2018. The revenue note is subject to optional redemption by the City at a price of par plus accrued interest on any date with the prior written consent of the Issuer, or if all or substantially all of the project is damaged or destroyed. The note is subject to mandatory redemption if costs of the project are less than initially projected, in which case the amount of the loan shall be reduced to an amount equal to the actual project costs disbursed. Whenever an event of default occurs the Issuer shall have the right to take any action authorized under the loan agreement. The proceeds will be used for construction of a new waste treatment plant. The City had drawn down \$7,764,450 as of June 30, 2019. Repayment of this note is anticipated to begin fiscal year 2020.

The City issued \$9,242,000 Taxable Sewer Revenue Capital Loan Notes, a direct borrowing, from the Iowa finance Authority during fiscal year 2018. The revenue note is subject to optional redemption by the City at a price of par plus accrued interest on any date with the prior written consent of the Issuer, or if all or substantially all of the project is damaged or destroyed. The note is subject to mandatory redemption if costs of the project are less than initially projected, in which case the amount of the loan shall be reduced to an amount equal to the actual project costs disbursed. Whenever an event of default occurs the Issuer shall have the right to take any action authorized under the loan agreement. The proceeds will be used for construction of a new waste treatment

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

Note 6 - LONG-TERM DEBT – (Continued)

plant. The City had drawn down \$3,632,165 as of June 30, 2019. Repayment of this note is anticipated to begin fiscal year 2020.

Revenue bond debt service requirements to maturity are as follows:

Primary Government

Year Ending June 30,	Business-Type Activities				
	Water Principal	Water Interest	Sewer - Direct Borrowing		Total
			Principal	Interest	
2020	\$ 250,000	\$ 25,100	\$ 100,000	\$ 195,215	\$ 570,315
2021	250,000	20,100	485,855	209,564	965,519
2022	225,000	15,600	546,137	200,612	987,349
2023	230,000	11,000	557,486	190,597	989,083
2024	250,000	5,625	567,737	180,538	1,003,900
2025-2038	-	-	9,139,400	1,329,851	10,469,251
Total	\$ 1,205,000	\$ 77,425	\$ 11,396,615	\$ 2,306,377	\$ 14,985,417

The Water Revenue Bonds are shown net of unamortized bond discount of \$7,730.

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 8,309,886	\$ -	\$ 1,222,229	\$ 7,087,657	\$ 597,057
Compensated Absences	194,073	27,290	-	221,363	55,341
Governmental Activity Long-Term Liabilities	\$ 8,503,959	\$ 27,290	\$ 1,222,229	\$ 7,309,020	\$ 652,398
Business-Type Activities:					
Bonds Payable:					
General Obligation	\$ 274,114	\$ -	\$ 66,771	\$ 207,343	\$ 67,942
General Obligation – Direct Borrowings	47,500	4,333,552	416,000	3,965,052	424,000
Revenue Bonds	1,455,000	-	250,000	1,205,000	250,000
Revenue Bonds – Direct Borrowings	4,822,420	6,574,195	-	11,396,615	100,000
Compensated Absences	182,189	18,781	-	200,970	50,242
Business-Type Activity Long-Term Liabilities	\$ 6,781,223	\$ 10,926,528	\$ 732,771	\$ 16,974,980	\$ 892,184

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

Note 7 - TRANSFERS

The following is a summary of transfers between funds:

	General	Nonmajor Governmental	Centre Mall	Water	Sewer	Total Transfers Out
General	\$ -	\$ 299,530	\$ 140,000	\$ -	\$ -	\$ 439,530
TIF	667,521	1,154,183	214,000	2,860	456,888	2,495,452
Nonmajor						
Governmental	1,648,626	168,481	-	-	-	1,817,107
Water	88,336	-	-	-	-	88,336
Electric	514,695	-	-	-	-	514,695
Gas	167,733	-	-	-	-	167,733
Total Transfers In	\$3,086,911	\$ 1,622,194	\$ 354,000	\$ 2,860	\$ 456,888	\$ 5,522,853

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, 2019

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.

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29 percent of

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

Note 8 - PENSION PLAN – (Continued)

covered payroll and the City contributed 9.44 percent for a total rate of 15.73 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, 2019 was \$351,484.

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

At June 30, 2019, the City reported a liability of \$2,651,411 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's collective proportion was .0418981 percent, which was an increase of .000136 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$412,672. At June 30, 2019, 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	\$ 15,770	\$ 63,973
Changes of assumptions	431,290	1,908
Net difference between projected and actual earnings on IPERS' investments	-	88,534
Changes in proportion and differences between City contributions and proportionate share of contributions	131,470	59,958
City's contributions subsequent to the measurement date	351,484	-
Total	<u>\$ 930,014</u>	<u>\$ 214,373</u>

\$351,484 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, 2020. 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, 2019

Note 8 - PENSION PLAN – (Continued)

Year Ending June 30,	Amount
2020	\$ 213,211
2021	147,242
2022	(428)
2023	5,193
2024	(1,061)
	<u>\$ 364,157</u>

There were no non-employer contributing entities of IPERS.

Actuarial assumptions – The total pension liability in the June 30, 2018 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, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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, 2019

Note 8 - PENSION PLAN – (Continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.0%	6.01%
International Equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public Credit	3.5	3.93
Private Equity	11.0	10.81
Public Real Assets	7.0	2.91
Private Real Assets	7.5	4.14
Private Credit	3.0	3.11
Cash	1.0	(0.25)
Total	100.0%	

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	\$ 4,816,549	\$ 2,651,411	\$ 835,658

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, 2019, the City reported payables to the defined benefit pension plan of \$29,503 for legally required employer contributions and \$19,925 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, 2019

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, 2019, 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 \$78,029 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 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, 2019 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Changes in Total OPEB Liability

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

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

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 75,322
Changes for the year:	
Service cost	2,415
Interest	2,739
Differences between expected and actual experiences	-
Changes in assumptions	-
Benefit payments	<u>(2,447)</u>
Net changes	<u>2,707</u>
Total OPEB liability end of year	<u>\$ 78,029</u>

Changes of assumptions reflect no change in the discount rate from 3.58% in fiscal year 2018 to fiscal year 2019.

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.

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Total OPEB Liability	\$ 85,955	\$ 78,029	\$ 70,974

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:.

	<u>1% Decrease (5.00% decreasing to 3.5%)</u>	<u>Current Healthcare Cost Trend Rate (6.00% decreasing To 4.5%)</u>	<u>1% Increase (7.00% decreasing To 5.5%)</u>
Total OPEB Liability	\$ 69,863	\$ 78,029	\$ 87,597

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2019, the City recognized OPEB expense of \$7,572. At June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 17,864
Changes of assumptions	3,655
Total	<u>\$ 21,519</u>

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

Year ending June 30,	Amount
2020	\$ 2,418
2021	2,418
2022	2,418
2023	2,418
2024	2,418
Thereafter	9,429
Total	<u>\$ 21,519</u>

Note 10 - DEFICIT FUND EQUITY

The City has three funds with a deficit equity balance at June 30, 2019. 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.....	\$ 68,097
Capital Project – All Season Center.....	577,378
Capital Project – Commercial Industrial Park.....	418,451

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 2018-2019 fiscal year, the City elected to purchase commercial insurance to cover against the risk of loss. There have been no reductions in insurance coverage from prior years, nor were there settlements in excess of insurance coverage the last three years.

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

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

Note 11 - RISK FINANCING (Continued)

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

Year Ended June 30,	Beginning Balance Liability	Claims and Changes in Estimates	Claim Payments	Ending Balance
2019	\$ 7,931	\$ 100,477	\$ 103,334	\$ 5,074
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

The June 30, 2019 claims payable balance of \$5,074 is reflected in accounts payable balance on the statement of net position.

Note 12 - COMMITMENTS

At June 30, 2019 the City had nine construction contracts in process with the following approximate amounts to be paid as work progresses:

Outdoor Aquatic Center Expansion	\$ 171,177
WWTP Construction	5,673,245
Children's Park Shelter House	6,300
Utility Meter Project	970,351
Children's Park Renovations	207,735
1 st Avenue SW	68,827
South Main	109,629
4 th Avenue	152,580
Fire Engine	279,530

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 \$8,542 as of June 30, 2019.

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 note is \$1,394,744 as of June 30, 2019.

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, 2019.

CITY OF SIOUX CENTER, IOWA
Notes to Financial Statements
June 30, 2019

Note 13 - NOTES RECEIVABLE – (Continued)

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 \$450,000 as of June 30, 2019.

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, 2019 is \$73,238.

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 \$592,670 as of June 30, 2019.

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 \$445,783 as of June 30, 2019.

In May 2018, the City loaned The Ridge Golf Course \$227,741 with 0.85% interest. The loan is to be repaid within 5 years. The balance as of June 30, 2019 is \$97,740.

In April 2019, the City loaned The Ridge Golf Course \$150,509 with 1.10% interest. The loan is to be repaid with a minimum of two payment per year. The balance as of June 30, 2019 is \$83,509.

In May 2019, the City entered into a land sale agreement with the Sioux Center Community School District. The agreement states the loan payments are due on June 1, 2020 and June 1, 2021. The balance as of June 30, 2019 is \$353,813.

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, 2019

Note 14 - TAX ABATEMENTS (Continued)

For the year ended June 30, 2019, the City abated \$49,246 of property tax under the urban renewal and economic development projects.

Note 15 - URBAN RENEWAL DEVELOPMENT AGREEMENTS

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer or business in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer or additions of employees by the business. The total to be paid by the City under the agreements is not to exceed \$684,715.

During the year ended June 30, 2019, the City rebated \$136,862 of incremental property tax to developers and businesses. The total cumulative principal amount rebated on the agreements is \$266,426. The outstanding balance on the agreements at June 30, 2019 was \$418,289.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements. However, the agreements are subject to the constitutional debt limitation of the City.

Certain agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements not including an annual appropriation clause is subject to the constitutional debt limitation.

Note 16 - ACCOUNTING CHANGE/RESTATEMENT

It was determined that land purchased for a future fire station had not been properly capitalized in the prior year. A prior period adjustment was made increasing the governmental activities net position by \$237,565.

Note 17 - PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

Note 18 - SUBSEQUENT EVENTS

In November of 2019, the City issued \$2,900,000 of taxable general obligation bonds to pay the costs of sewer and lift station upgrades, purchase of land, and green space improvements.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2019

	Governmental Fund Type Actual	Proprietary Funds Actual	Total Actual
Revenue:			
Taxes	\$ 3,444,605	\$ -	\$ 3,444,605
Special Assessments	21,442	-	21,442
Licenses and Permits	107,640	-	107,640
Intergovernmental	1,152,800	-	1,152,800
Charges for Services	1,455,668	21,347,478	22,803,146
TIF Revenue	2,207,730	-	2,207,730
Other City Taxes	982,175	-	982,175
Use of Money and Property	471,286	152,911	624,197
Miscellaneous	1,899,468	985,919	2,885,387
Total Receipts	<u>11,742,814</u>	<u>22,486,308</u>	<u>34,229,122</u>
Expenditures:			
Public Safety	1,327,128	-	1,327,128
Public Works	2,098,704	-	2,098,704
Culture and Recreation	4,037,913	-	4,037,913
Community and Economic Development	378,640	-	378,640
General Government	980,903	-	980,903
Capital Projects	6,646,830	-	6,646,830
Debt Service	1,461,931	-	1,461,931
Business Type Activities	-	21,623,854	21,623,854
Total Disbursements	<u>16,932,049</u>	<u>21,623,854</u>	<u>38,555,903</u>
Excess (deficiency) of revenue over expenditures	(5,189,235)	862,454	(4,326,781)
Other financing sources (uses):			
Proceeds from Debt Financing	50,000	-	50,000
Proceeds from Sale of Uncapitalized Assets	14,086	-	14,086
Capital Contribution	-	1,572,942	1,572,942
Interfund Transfers In	4,709,105	813,748	5,522,853
Interfund Transfers Out	(4,752,089)	(770,764)	(5,522,853)
Total other financing sources (uses)	<u>21,102</u>	<u>1,615,926</u>	<u>1,637,028</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(5,168,133)	2,478,380	(2,689,753)
Fund balances/Net position- beginning of year	11,913,202	42,829,710	54,742,912
Fund balances/Net position - end of year	<u>\$ 6,745,069</u>	<u>\$ 45,308,090</u>	<u>\$ 52,053,159</u>

Budgeted Amounts		Final Budget Favorable (Unfavorable)
Original	Final	
\$ 3,441,954	\$ 3,441,954	\$ 2,651
22,238	22,238	(796)
113,900	113,900	(6,260)
1,101,600	1,101,600	51,200
22,783,105	23,458,105	(654,959)
2,205,000	2,205,000	2,730
990,001	990,001	(7,826)
659,015	659,015	(34,818)
970,395	3,840,395	(955,008)
<u>32,287,208</u>	<u>35,832,208</u>	<u>(1,603,086)</u>
1,377,435	1,401,435	74,307
1,866,770	2,222,770	124,066
4,269,362	4,385,362	347,449
334,680	349,680	(28,960)
878,320	878,320	(102,583)
4,875,000	5,375,000	(1,271,830)
1,169,162	1,169,162	(292,769)
20,468,745	21,710,745	86,891
<u>35,239,474</u>	<u>37,492,474</u>	<u>(1,063,429)</u>
(2,952,266)	(1,660,266)	(2,666,515)
-	-	50,000
-	-	14,086
-	-	1,572,942
6,349,065	6,349,065	(826,212)
<u>(6,349,065)</u>	<u>(6,349,065)</u>	<u>826,212</u>
<u>-</u>	<u>-</u>	<u>1,637,028</u>
(2,952,266)	(1,660,266)	(1,029,487)
54,742,912	54,742,912	-
<u>\$ 51,790,646</u>	<u>\$ 53,082,646</u>	<u>\$ (1,029,487)</u>

CITY OF SIOUX CENTER
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2019

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 \$2,253,000. The budget amendment is reflected in the final budgeted amounts.

During the fiscal year ended June 30, 2019, disbursements exceeded budgeted amounts in the community and economic development function, general government, capital projects 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 FIVE FISCAL YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017	2016	2015
City's proportion of the net pension liability	.0418981%	.0417624%	.0410060%	.0357685%	.0396470%
City's proportionate share of the net pension liability	\$ 2,651	\$ 2,782	\$ 2,581	\$ 1,767	\$ 1,572
City's covered payroll	\$ 3,663	\$ 3,601	\$ 2,975	\$ 3,245	\$ 3,149
City's proportionate share of the net pension liability as a percentage of its covered payroll	72.37%	77.26%	86.76%	54.45%	49.92%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	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, 2019**

	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 351	\$ 332	\$ 326	\$ 308	\$ 297
Contributions in relation to the statutorily required contribution	(351)	(332)	(326)	(308)	(297)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered payroll	\$ 3,682	\$ 3,663	\$ 3,601	\$ 2,975	\$ 3,245
Contributions as a percentage of covered payroll	9.53%	9.06%	9.05%	10.35%	9.09%

	2014	2013	2012	2011	2010
Statutorily required contribution	\$ 286	\$ 270	\$ 251	\$ 224	\$ 208
Contributions in relation to the statutorily required contribution	(286)	(270)	(251)	(224)	(208)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered payroll	\$ 3,149	\$ 3,048	\$ 3,022	\$ 3,061	\$ 2,985
Contributions as a percentage of covered payroll	9.08%	8.86%	8.31%	7.32%	6.97%

CITY OF SIOUX CENTER, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

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 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018.

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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, 2019**

	2019	2018
Service Cost	\$ 2,415	\$ 2,345
Interest Cost	2,739	2,614
Difference between expected and actual experiences	-	21,878
Changes in assumptions	-	4,477
Benefit payments	(2,447)	(634)
Net change in total OPEB liability	2,707	30,680
Total OPEB liability beginning of year, as restated	75,322	44,642
Total OPEB liability end of year	\$ 78,029	\$ 75,322
Covered-employee payroll	\$ 3,132,251	\$ 3,041,020
Total OPEB liability as a percentage of covered-employee payroll	2.49%	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, 2019	3.58%
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.

See accompanying independent auditor's report

OTHER SUPPLEMENTARY INFORMATION

CITY OF SIOUX CENTER, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2019

	Special Revenue				
	LOST	Employee Benefits Levy	Road Use Tax	Emergency Management Levy	Debt Service Fund
Assets					
Cash and Pooled Investments	\$ 949,267	\$ -	\$ 1,723,435	\$ -	\$ 4,797
Receivables (Net, where applicable, of allowance for uncollectible)					
Taxes	-	1,209	-	57	305
Subsequent Year Taxes	-	725,000	-	45,000	65,051
Due from Other Governmental Agencies	75,984	-	72,755	-	-
Total Assets	1,025,251	726,209	1,796,190	45,057	70,153
Liabilities					
Accounts Payable	-	-	6,157	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	-	6,157	-	-
Deferred Inflow of Resources					
Unavailable Revenue - Subsequent Year Taxes	-	725,000	-	45,000	65,051
Total Deferred Inflow of Resources	-	725,000	-	45,000	65,051
Fund Balances					
Restricted for:					
Debt Service	-	-	-	-	5,102
Local Option Sales Tax	1,025,251	-	-	-	-
Employee Benefit	-	1,209	-	-	-
Emergency Management	-	-	-	57	-
Road Use Tax	-	-	1,790,033	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	1,025,251	1,209	1,790,033	57	5,102
Total Liabilities Deferred Inflow of Resources, and Fund Balances	\$ 1,025,251	\$ 726,209	\$ 1,796,190	\$ 45,057	\$ 70,153

Capital Projects				Total
Fire Truck	Commercial Industrial Park	Highway 75 Enhancement	Redevelopment Fund	Governmental Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,677,499
-	-	-	-	1,571
-	-	-	-	835,051
-	-	-	-	148,739
-	-	-	-	3,662,860
-	-	796	-	6,953
-	418,451	67,301	-	485,752
-	418,451	68,097	-	492,705
-	-	-	-	835,051
-	-	-	-	835,051
-	-	-	-	5,102
-	-	-	-	1,025,251
-	-	-	-	1,209
-	-	-	-	57
-	-	-	-	1,790,033
-	(418,451)	(68,097)	-	(486,548)
-	(418,451)	(68,097)	-	2,335,104
\$ -	\$ -	\$ -	\$ -	\$ 3,662,860

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Governmental Nonmajor Funds
For the Year Ended June 30, 2019

	Special Revenue				
	LOST	Employee Benefits Levy	Road Use Tax	Emergency Management Levy	Debt Service Fund
Revenue:					
Taxes	\$ -	\$ 680,256	\$ -	\$ 32,015	\$ 165,619
Intergovernmental	-	29,971	916,041	1,411	5,733
Other City Taxes	825,232	-	-	-	-
Interest on Investments	-	-	-	-	2,120
Total Revenue	825,232	710,227	916,041	33,426	173,472
Expenditures:					
Public Works	-	-	886,665	-	-
Capital Projects	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	1,222,229
Interest/Bond Costs	-	-	-	-	239,702
Total Expenditures	-	-	886,665	-	1,461,931
Excess (deficiency) of revenues over expenditures	825,232	710,227	29,376	33,426	(1,288,459)
Other financing sources (uses):					
Transfers In	-	-	20,000	-	1,289,664
Transfers Out	(963,746)	(709,948)	(110,000)	(33,413)	-
Total other financing sources (uses)	(963,746)	(709,948)	(90,000)	(33,413)	1,289,664
Net Change in Fund Balance	(138,514)	279	(60,624)	13	1,205
Fund balances (Deficits)-beginning of year	1,163,765	930	1,850,657	44	3,897
Fund balances (Deficits)- end of year	\$ 1,025,251	\$ 1,209	\$ 1,790,033	\$ 57	\$ 5,102

Capital Projects				Total
Fire Truck	Commercial Industrial Park	Highway 75 Enhancement	Redevelopment Fund	Governmental Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 877,890
-	-	-	-	953,156
-	-	-	-	825,232
-	-	-	-	2,120
-	-	-	-	2,656,398
-	-	-	-	886,665
279,530	146,485	42,315	-	468,330
-	-	-	-	1,222,229
-	-	-	-	239,702
279,530	146,485	42,315	-	2,816,926
(279,530)	(146,485)	(42,315)	-	(158,528)
279,530	-	30,000	3,000	1,622,194
-	-	-	-	(1,817,107)
279,530	-	30,000	3,000	(194,913)
-	(146,485)	(12,315)	3,000	(353,441)
-	(271,966)	(55,782)	(3,000)	2,688,545
\$ -	\$ (418,451)	\$ (68,097)	\$ -	\$ 2,335,104

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF NET POSITION
Internal Service Funds
June 30, 2019

	Internal Service Fund		
	Auto Revolving	Health Insurance	Total
ASSETS			
Cash	\$ 7,045	\$ 73,497	\$ 80,542
Total Assets	<u>7,045</u>	<u>73,497</u>	<u>80,542</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	19,394	-	19,394
LIABILITIES			
Current Liabilities			
Accounts Payable	9,625	9,228	18,853
Total Current Liabilities	<u>9,625</u>	<u>9,228</u>	<u>18,853</u>
Noncurrent Liabilities:			
Net Pension Liability	55,290	-	55,290
Total Liabilities	<u>64,915</u>	<u>9,228</u>	<u>74,143</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	4,470	-	4,470
NET POSITION			
Unrestricted	(42,946)	64,269	21,323
Total Net Position	<u>\$ (42,946)</u>	<u>\$ 64,269</u>	<u>\$ 21,323</u>

CITY OF SIOUX CENTER, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Internal Service Funds
For the Year Ended June 30, 2019

	Internal Service Fund		
	Auto Revolving	Health Insurance	Total
Operating Revenues:			
Charges for Services	\$ 213,926	\$ 80,250	\$ 294,176
Total Operating Revenue	<u>213,926</u>	<u>80,250</u>	<u>294,176</u>
Operating Expenses:			
Operating and Maintenance	215,933	108,919	324,852
Total Operating Expenses	<u>215,933</u>	<u>108,919</u>	<u>324,852</u>
Operating Income	(2,007)	(28,669)	(30,676)
Change In Net Position	(2,007)	(28,669)	(30,676)
Net Position - Beginning	<u>(40,939)</u>	<u>92,938</u>	<u>51,999</u>
Net Position - Ending	<u>\$ (42,946)</u>	<u>\$ 64,269</u>	<u>\$ 21,323</u>

CITY OF SIOUX CENTER, IOWA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>PAYROLL CLEARING</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 470,150	\$ 4,806,633	\$ 4,789,996	\$ 486,787
Total Assets	470,150	4,806,633	4,789,996	486,787
<u>Liabilities</u>				
Accounts Payable	470,150	4,806,633	4,789,996	486,787
Total Liabilities	470,150	4,806,633	4,789,996	486,787
 <u>SALES TAX</u>				
<u>Assets</u>				
Cash and Cash Equivalents	3,279	400,751	386,739	17,291
Taxes Receivable	36,363	321,569	326,510	31,422
Total Assets	39,642	722,320	713,249	48,713
<u>Liabilities</u>				
Accounts Payable	39,642	671,317	662,246	48,713
Total Liabilities	39,642	671,317	662,246	48,713
 <u>TOTAL AGENCY FUND</u>				
<u>Assets</u>				
Cash and Cash Equivalents	473,429	5,207,364	5,176,735	504,078
Taxes Receivable	36,363	321,569	326,510	31,422
Total Assets	509,792	5,526,953	5,503,245	535,500
<u>Liabilities</u>				
Accounts Payable	509,792	5,477,950	5,452,242	535,500
Total Liabilities	\$ 509,792	\$ 5,477,950	\$ 5,452,242	\$ 535,500

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 government's overall financial health.

Contents	Page
Financial Trends	70
These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.	
Revenue Capacity	75
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	80
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	85
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	
Operating Information	86
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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									
	<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>	<u>2019</u>
Governmental activities										
Net Invested in capital assets	\$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	\$39,810,845
Restricted	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	3,970,487
Unrestricted	3,083,759	2,086,241	1,602,866	580,123	2,685,934	(453,707)	(96,393)	1,397,216	2,080,034	2,019,893
Total governmental activities net position	<u>\$35,593,098</u>	<u>\$37,805,280</u>	<u>\$39,247,583</u>	<u>\$39,958,752</u>	<u>\$40,193,774</u>	<u>\$40,345,567</u>	<u>\$41,737,132</u>	<u>\$43,333,331</u>	<u>\$43,895,651</u>	<u>\$45,801,225</u>
Business-type activities										
Net Invested in capital assets	\$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	\$26,357,938
Restricted	873,626	838,130	688,534	624,266	759,566	433,522	403,778	407,964	367,018	359,772
Unrestricted	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	18,590,380
Total business-type activities net position	<u>\$37,031,939</u>	<u>\$37,532,726</u>	<u>\$38,531,651</u>	<u>\$39,165,735</u>	<u>\$38,426,824</u>	<u>\$39,108,658</u>	<u>\$40,825,596</u>	<u>\$41,633,265</u>	<u>\$42,829,710</u>	<u>\$45,308,090</u>
Primary government										
Net Invested in capital assets	\$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	\$66,168,783
Restricted	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	4,330,259
Unrestricted	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	20,610,273
Total primary government net position	<u>\$72,625,037</u>	<u>\$75,338,006</u>	<u>\$77,779,234</u>	<u>\$79,124,487</u>	<u>\$78,620,598</u>	<u>\$79,454,225</u>	<u>\$82,562,728</u>	<u>\$84,966,596</u>	<u>\$86,725,361</u>	<u>\$91,109,315</u>

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

	<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>	<u>2019</u>
Expenses										
Governmental activities:										
Public Safety	\$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	\$1,234,978
Public Works	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	2,110,487
Culture and Recreation	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	4,570,714
Community and Economic Development	149,263	131,008	148,066	185,660	285,022	159,876	222,034	215,862	1,197,672	400,945
General Government	695,282	706,708	996,544	943,785	1,146,253	1,894,813	2,015,241	1,680,901	1,735,932	1,814,431
Debt Service	401,459	364,025	323,338	258,630	226,094	211,195	131,133	90,990	174,467	236,014
Total governmental activities expenses	<u>6,989,513</u>	<u>7,359,123</u>	<u>7,716,778</u>	<u>8,212,186</u>	<u>9,331,820</u>	<u>8,879,261</u>	<u>9,415,369</u>	<u>9,316,834</u>	<u>10,646,563</u>	<u>10,367,569</u>
Business-type activities:										
Centre Mall	1,084,666	1,025,600	1,109,253	1,016,468	901,545	935,506	873,966	955,746	963,741	940,703
Water	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	1,556,044
Sewer	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	1,581,146
Electric	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	10,269,110
Natural Gas	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	7,276,851
Total business-type activities expenses	<u>22,354,216</u>	<u>20,797,932</u>	<u>19,153,443</u>	<u>19,517,450</u>	<u>23,276,516</u>	<u>21,144,889</u>	<u>18,749,620</u>	<u>21,116,726</u>	<u>21,924,475</u>	<u>21,623,854</u>
Total primary government expenses	<u>\$29,343,729</u>	<u>\$28,157,055</u>	<u>\$26,870,221</u>	<u>\$27,729,636</u>	<u>\$32,608,336</u>	<u>\$30,024,150</u>	<u>\$28,164,989</u>	<u>\$30,433,560</u>	<u>\$32,571,038</u>	<u>\$31,991,423</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Public Safety	50,293	52,310	57,466	57,479	57,011	345,828	384,310	355,923	420,661	347,501
Public Works	333,692	367,443	394,089	421,184	447,474	486,249	497,318	483,418	531,849	543,204
Culture and Recreation	636,337	768,568	818,972	905,664	887,966	940,108	1,032,268	979,563	982,462	908,180
Community and Economic Development	71,494	41,993	66,080	187,367	65,576					
General Government	38,047	56,397	54,273	57,761	56,431	524,014	600,959	648,059	482,113	505,104
Operating grants and contributions	559,269	594,984	668,511	674,958	703,769	1,190,341	1,416,600	1,360,562	1,400,071	2,481,929
Capital grants and contributions	821,197	799,114	564,919	66,900	288,330	484,727	81,859	239,249	678,125	1,572,942
Total governmental activities program revenues	<u>2,510,329</u>	<u>2,680,809</u>	<u>2,624,310</u>	<u>2,371,313</u>	<u>2,506,557</u>	<u>3,971,267</u>	<u>4,013,314</u>	<u>4,066,774</u>	<u>4,495,281</u>	<u>6,358,860</u>
Business-type activities:										
Charges for services:										
Centre Mall	455,205	453,156	482,752	471,820	440,770	503,314	460,118	469,880	422,434	429,908
Water	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	1,651,500
Sewer	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	1,930,082
Electric	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	10,220,413
Natural Gas	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	7,115,575
Total business-type activities program revenues	<u>21,830,033</u>	<u>20,726,953</u>	<u>19,054,708</u>	<u>19,648,606</u>	<u>23,355,116</u>	<u>22,149,366</u>	<u>18,977,997</u>	<u>20,396,885</u>	<u>21,745,482</u>	<u>21,347,478</u>
Total primary government program revenues	<u>\$24,340,362</u>	<u>\$23,407,762</u>	<u>\$21,679,018</u>	<u>\$22,019,919</u>	<u>\$25,861,673</u>	<u>\$26,120,633</u>	<u>\$22,991,311</u>	<u>\$24,463,659</u>	<u>\$26,240,763</u>	<u>\$27,706,338</u>

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

	<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>	<u>2019</u>
Net (expense)/revenue										
Governmental activities	(\$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)	(\$5,581,651)
Business-type activities	(524,183)	(70,979)	(98,735)	131,156	78,600	1,004,477	228,377	(719,841)	(178,993)	1,296,566
Total primary government net expense	<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>	<u>(\$4,285,085)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Property taxes	\$4,130,253	\$4,672,916	\$4,785,273	\$4,792,723	\$4,742,189	\$5,055,237	\$5,286,676	\$5,402,688	\$5,504,383	\$5,809,280
Local option sales tax	599,213	701,502	640,653	760,459	732,227	802,539	805,958	898,947	781,860	825,232
Unrestricted investment earnings	74,833	47,956	27,596	13,652	10,817	15,403	25,051	20,763	27,652	75,743
Miscellaneous	1,292,505	1,318,680	856,405	806,237	1,359,547	52,316	131,269	116,851	155,972	582,389
Transfers	(60,710)	149,443	224,844	178,971	215,504	299,326	474,666	407,011	214,787	(42,984)
Total governmental activities	<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>	<u>7,249,660</u>
Business-type activities										
Unrestricted investment earnings	370,324	375,112	394,572	450,744	272,058	74,822	71,314	117,159	137,017	152,911
Miscellaneous	230,946	346,099	927,931	231,155	(874,066)	694,984	1,891,913	1,817,362	1,466,013	985,919
Transfers	60,710	(149,443)	(224,844)	(178,971)	(215,504)	(299,326)	(474,666)	(407,011)	(214,787)	42,984
Total business-type activities	<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>	<u>1,181,814</u>
Total primary government	<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>	<u>\$8,431,474</u>
Change in Net Position										
Governmental activities	1,556,910	2,212,183	1,442,303	711,169	235,021	1,316,827	1,321,565	1,596,200	533,372	1,668,009
Business-type activities	137,797	500,789	998,924	634,084	(738,912)	1,474,957	1,716,938	807,669	1,209,250	2,478,380
Total primary government	<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>	<u>\$4,146,389</u>

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

	<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>	<u>2019</u>
General Fund										
Reserved	\$0	\$362,332	\$332,848	\$388,311	\$442,100	\$273,560	\$273,445	\$151,534	\$275,685	\$1,471,623
Unreserved	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	3,506,777
Total general fund	<u>\$3,047,500</u>	<u>\$2,865,946</u>	<u>\$2,711,857</u>	<u>\$2,339,932</u>	<u>\$2,805,320</u>	<u>\$2,961,440</u>	<u>\$2,953,672</u>	<u>\$3,471,026</u>	<u>\$3,365,274</u>	<u>\$4,978,400</u>
All other governmental funds										
Reserved										
Special revenue funds	\$975,700	\$1,136,967	\$964,159	\$666,311	\$829,848	\$2,283,810	\$2,257,547	\$2,732,731	\$3,307,228	\$2,825,493
Debt service funds				2,366	1,444	886	920	2,007	3,897	5,102
Unreserved, reported in:										
Capital project funds	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	(1,063,926)
Total all other governmental funds	<u>\$1,306,723</u>	<u>\$555,323</u>	<u>(\$96,888)</u>	<u>(\$425,085)</u>	<u>(\$402,429)</u>	<u>(\$276,005)</u>	<u>\$12,291</u>	<u>\$1,515,308</u>	<u>\$8,547,928</u>	<u>\$1,766,669</u>

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

	<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>	<u>2019</u>
Revenues										
Property taxes	\$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	\$3,444,605
Tax increment financing	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	2,207,730
Other city taxes	599,213	701,502	640,653	866,013	863,726	937,515	949,783	1,042,172	928,371	982,175
Special assessments	43,288	84,691	65,385	291,450	37,876	48,439	33,313	26,715	31,976	21,442
Licenses and permits	106,897	77,080	106,251	226,252	104,227	90,052	123,935	120,097	172,835	107,640
Intergovernmental	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	1,152,800
Charges for services	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	1,455,668
Miscellaneous	1,173,909	1,157,760	722,131	443,137	1,250,063	789,908	947,915	917,418	1,507,743	1,939,992
Use of property and money	334,863	317,650	230,867	233,827	237,795	349,939	295,373	419,814	337,070	430,762
Total Revenues	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	11,742,814
Expenditures										
Public safety	882,827	998,840	867,980	1,036,957	971,376	1,284,798	1,206,043	1,225,152	1,435,799	1,327,128
Public works	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	2,098,704
Culture and recreation	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	4,037,913
Community and economic development	148,900	128,740	147,425	185,538	285,958	268,921	224,363	195,637	1,176,735	378,640
General government	703,844	630,355	1,178,767	1,210,905	1,099,921	1,092,187	1,305,023	852,743	906,046	980,903
Capital projects	2,260,417	3,045,913	3,493,052	1,516,153	1,000,931	1,496,634	860,900	49,070	973,608	6,646,830
Debt service										
Interest	408,200	368,837	331,022	261,202	233,227	196,974	126,886	87,190	157,236	239,702
Principal	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	1,222,229
Total Expenditures	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	16,932,049
Excess of revenues over (under) expenditures										
Other financing sources (uses)										
Bonds issued	-	-	1,500,000	-	-	-	583,000	-	6,592,435	-
Proceeds from Sale of Land or Assets	-	-	-	-	-	-	-	-	-	64,086
Transfers in	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	4,709,105
Transfers out	(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)	(4,752,089)
Total other financing sources (uses)	(60,710)	149,443	1,725,621	178,971	215,505	299,326	1,057,666	407,011	6,807,222	21,102
Net change in fund balances	(\$397,546)	(\$932,953)	(\$806,300)	(\$700,123)	\$488,045	(\$1,536,525)	\$210,530	\$2,020,372	\$6,309,130	(\$5,168,133)
Debt service as a percentage of noncapital expenditures	21.2%	18.7%	21.5%	17.9%	18.1%	28.3%	13.6%	14.8%	13.5%	14.2%

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increment Financing Tax</u>	<u>Local Option Sales Tax</u>	<u>Hotel/Motel Tax</u>	<u>Road Use Tax</u>	<u>Total</u>
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	781,859	146,511	875,158	7,161,400
2018-19	\$ 3,444,605	\$ 2,207,730	\$ 825,232	\$ 156,943	\$ 916,040	\$ 7,550,550

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

Fiscal Year	<u>Real Property</u>		<u>Utilities</u>		<u>Total</u>		Assessed Value as a Percentage of Estimated Actual
	<u>Assessed</u>	<u>Estimated Actual Value</u>	<u>Assessed</u>	<u>Estimated Actual Value</u>	<u>Assessed</u>	<u>Estimated Actual Value</u>	
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%
2018-19	\$ 375,480,803	\$ 584,858,208	\$ 1,414,313	\$ 1,541,704	\$ 376,895,116	\$ 586,399,912	64.3%

**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	
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
2018-19	8.10000	0.13500	0.45419	2.30779	0.10860	0.44142	11.54700	15.99929	5.11961	0.79417	33.46007

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**

Taxable Valuation 2019			Taxable Valuation 2009		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Value</u>
Farmer Coop Society	\$9,454,500	2.40%	Trigen, LLC (Pella)	\$10,604,270	4.69%
Wal-Mart Real Estate	8,331,021	2.12%	Walmart Real Estate	7,919,240	3.50%
Trigen, LLC	7,044,282	1.79%	Farmers Cooperative Society	7,267,270	3.21%
City of Sioux Center	6,645,186	1.69%	City of Sioux Center (Centre Mall)	5,480,427	2.42%
American State Bank	4,065,183	1.03%	Sioux Automation	3,889,510	1.72%
Ver Hoef Automotive	3,801,393	0.97%	Patrick Cudahy (Golden Crisp)	3,652,010	1.61%
R&C Hulshof Farms LLC	3,218,310	0.82%	Southridge Lodging	2,770,760	1.22%
Smithfield Packaged Meats Corp	3,035,664	0.77%	Link Mfg	2,692,835	1.19%
South Ridge Lodging	2,861,892	0.73%	American State Bank	2,474,170	1.09%
Harbor Group Investments LLC	<u>2,722,644</u>	0.69%	Sioux Center Community Hospital	<u>2,154,420</u>	0.95%
	<u>\$51,180,075</u>	13.01%		<u>\$48,904,912</u>	21.62%

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**

<u>Fiscal Year</u>	<u>Total Tax Levy For Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Delinquent Tax Collections</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
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%	626	5,360,516	98.3%
2018-19	\$ 5,651,046	\$ 5,652,337	100.0%	\$ 376	\$ 5,652,713	100.0%

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

Fiscal Year	Governmental Activities	Business-Type Activities			Total	Per Capita
	General Obligation Bonds	Water Bonds	Sewer Bonds	Centre Mall Bonds	Primary Government	
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
2018-19	\$ 7,087,657	\$ 1,326,371	\$ 15,447,639	\$ -	\$ 23,861,667	3,386

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

<u>Fiscal</u> <u>Year</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Less: Amount</u> <u>Available in Debt</u> <u>Service Fund</u>	<u>Total</u>	<u>Percentage of</u> <u>Estimated</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per</u> <u>Capita</u>
2009-10	\$ 9,442,585	\$ -	\$ 9,442,585	4.17%	1,428
2010-11	8,416,577	-	8,416,577	3.46%	1,194
2011-12	8,534,854	-	8,534,854	3.36%	1,211
2012-13	9,506,884	2,366	9,504,518	3.55%	1,349
2013-14	8,279,647	1,444	8,278,203	2.94%	1,175
2014-15	4,977,429	577	4,976,852	1.66%	706
2015-16	4,292,534	451	4,292,083	1.41%	609
2016-17	3,070,124	1,804	3,068,320	0.91%	435
2017-18	8,309,886	3,693	8,306,193	2.36%	1,179
2018-19	\$ 7,087,657	\$ 4,798	\$ 7,082,859	2.01%	1,005

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	\$30,025,000	66.90%	\$20,087,161
Sioux County	3,555,000	17.35%	616,812
Northwest Iowa Community College	13,245,000	7.41%	<u>981,840</u>
Subtotal, overlapping debt			21,685,813
City of Sioux Center direct debt			<u>7,087,657</u>
Total direct and overlapping debt			<u><u>\$28,773,470</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 2019

Assessed value	\$586,399,912
Debt limit (5% of assessed value)	29,319,996
Debt applicable to limit	
Total general obligation bonds	11,206,052
Urban Renewal Development Agreements	124,063
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	<u>11,330,115</u>
Legal debt margin	<u><u>\$17,989,881</u></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>	<u>2019</u>
Debt limit	\$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	\$29,319,996
Total net debt applicable to limit	<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>17,469,000</u>	<u>19,403,063</u>
Legal debt margin	<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>\$9,306,329</u>	<u>\$9,916,933</u>
Total net debt applicable to the limit as a percentage of debt limit	66.82%	54.75%	51.37%	42.95%	34.85%	25.78%	21.13%	13.72%	65.24%	66.18%

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>	
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
2018-19	\$ 1,764,707	\$ 1,024,204	\$ 740,503	\$ 250,000	\$ 30,100	2.64

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>	
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
2018-19	\$ 3,692,589	\$ 1,066,665	\$ 2,625,924	\$ -	\$ 166,441	15.78

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	27.6
Median household income	\$63,476
Per capita income	\$26,532
Median home or condo value	\$190,688
Cost of living index (US average is 100)	78.5
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	1.7%
Daytime population change due to commuting	+1,924 (25.8%)
Average household size	2.7
Residents with incomes below the poverty level	4.2%
School enrollment	1,890

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>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>	<u>2019</u>
General Government and Utilities Management	7.8	7.0	6.9	7.2	7.0	7.2	7.1	7.8	7.7	8.2
Public Safety	8.7	8.1	8.7	9.0	9.4	9.4	9.2	9.5	10.1	9.7
Public Works	4.1	3.5	3.1	3.0	3.1	3.0	3.5	3.2	3.7	2.8
Culture and Recreation	25.0	25.3	24.9	25.0	23.7	24.6	23.4	22.7	24.3	24.4
Library	9.1	9.2	8.9	8.5	8.7	8.3	8.4	8.7	8.9	8.8
Electric	7.4	6.1	6.4	6.3	5.9	5.7	5.7	6.3	5.9	6.0
Natural Gas	5.4	4.9	4.8	4.9	4.7	4.5	4.8	4.7	5.0	5.1
Water	5.4	4.9	5.1	5.2	5.0	5.0	5.0	4.9	5.2	5.3
Sewer	5.5	5.6	5.2	5.5	5.5	5.6	5.4	5.3	5.2	5.5
Centre Mall	3.9	3.3	3.6	3.5	3.5	3.4	3.5	3.7	3.6	3.3
Total	82.3	77.9	77.6	78.1	76.5	76.7	76.0	76.8	79.6	79.1

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>2019</u>
General Government	
Building Permits Issued	79
Police	
Citations	440
Arrests	101
Fire	
Emergency Responses	107
Parks and Recreation	
Pool Admissions	23,629
Ice Arena Admissions	5,219
Library	
Items Checked Out	348,614
Water	
Average Daily Consumption	767,000
Peak Consumption	1,611,000
Sewer	
Average Daily Treatment	1,836,000
Peak load (gallons per day)	6,747,000
Electric	
KWH Purchased	127,111,732
KWH Sold	124,205,385
Average Revenue per KWH Sold	0.082
Gas	
MCF Purchased	1,571,147
MCF Sold	1,570,652
Average Revenue per MCF Sold	4,530.000

Source: Various city departments

City of Sioux Center
Capital Asset Statistics by Function/Program

<u>Function/Program</u>	<u>2019</u>
Police	
Stations	1
Patrol units	4
Fire	
Stations	2
Emergency vehicles	7
Other Public Works	
Streets (miles)	58
Highways (miles)	4
Streetlights	772
Traffic signals	4
Parks and Recreation	
Parks/playgrounds	10
Bike trail (miles)	7.5
Baseball/softball diamonds	8
Soccer/football fields	6
Facilities (All Seasons Center - pool, ice arena)	1
Water	
Water mains (miles)	67
Fire hydrants	388
Number of wells	16
Elevated storage capacity (gallons)	650,000
Water plant capacity (gallons per day)	2,100,000
Meters in service	2,795
Sewer	
Sanitary sewers (miles)	43
Storm sewers (miles)	20
Design capacity (gallons per day)	4,000,000
Number of lift stations	10
Electric	
Electric main wire (miles)	103
Meters in Service	2,812
Gas	
Gas mains (miles)	85
Meters in Service	2,446

Source: Various city departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sioux Center, Iowa, as of and for the year ended June 30, 2019, 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 22, 2020.

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 2019-01 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 22, 2020

CITY OF SIOUX CENTER, IOWA
Schedule of Findings
For the Year Ended June 30, 2019

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:

2019-01 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-19 Certified Budget

Condition and Criteria – City expenditures during the year ended June 30, 2019, exceeded amounts budgeted in the General Government, Community and Economic Development, Capital Projects 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, 2019

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

Cause – The City approved a budget amendment on May 30, 2019. With limited personnel and time constraints, the City inadvertently omitted some items from the preparation of their budget amendment. This resulted in the General Government, Capital Projects, Community and Economic Development and Debt Service 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-19 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- III-C-19 - 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-19 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- III-E-19 - Questionable Expenditures - We noted no questionable expenditures during our audit.
- III-F-19 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- III-G-19 - 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	\$ 3,460	(2)
Randy Vrugdenhil, Council Member HSR, LLC	Management fee for the Event Center, per bid	99,730	(3)
W. Dale Den Herder, Council Member American State Bank	Bank fees as fiscal agent	2,291	(2)
Jamie Van Ravensway, Council Member MJ's Sinclair	Fuel and Supplies	64	(1)
Ezra Weikert, Employee Weikert Painting	Services	800	(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, 2019

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

- III-H-19 - 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-19 - 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.
- III-J-19 - Financial Condition - At June 30, 2019, the City had deficit balances in the following funds:

<u>Fund</u>	<u>Amount</u>
Capital Projects - All Season Center	\$ (577,378)
Commercial Industrial Park	(418,451)
Highway 75 Enhancement	(68,097)

Recommendation - The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response - The City will review available resources to return these funds to a sound financial position.

Conclusion - Response accepted.

III - K- 19 Certified Budget

Condition and Criteria - City property tax askings between the published budget and the budget certificate summary were \$1,362 more than the publication.

Effect - The City is not in compliance with Chapter 384.16(5) of the Code of Iowa.

Cause - The budget certificate summary numbers were input from information which used an improper calculation.

Recommendation - The City should implement procedures to ensure that the information provided for publication and the budget certificate summary match.