

# City of Sioux Center, Iowa



## Annual Financial Report

for the fiscal year ended June 30, 2012

Prepared by:  
Finance Department  
Darryl Ten Pas, Finance Director

# CITY OF SIOUX CENTER, IOWA

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# CITY OF SIOUX CENTER, IOWA

## Officials

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



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October 31, 2012

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

The Comprehensive Annual Financial Report for the City of Sioux Center for fiscal year ended June 30, 2012, has been prepared by the finance department and is submitted herewith. State law requires that every general-purpose local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2012.

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

The City of Sioux Center's financial statements have been audited by Kroese & Kroese, P.C., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance the financial statements of the City of Sioux Center for the fiscal year ended June 30, 2012, is free of material misstatements. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used by management and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Sioux Center's financial statements for the fiscal year ended June 30, 2012, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **Profile of the Government**

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

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

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

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

## **Economic Condition and Outlook**

Construction activity in the City increased in calendar year 2011 from last year. Fourteen building permits were issued for commercial construction, sixty permits were issued for residential construction, and three permits were issued for tax-exempt construction. A total estimated taxable value of \$16,868,747 was added to the tax base in 2011.

Taxable retail sales in the City increased in 2011. Taxable sales were \$119,933,819 a 5% increase from 2010. The City's retail sales account for 39% of all taxable sales in the county which is unchanged from 2010.

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

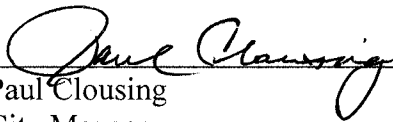
## **Long-term Financial Planning**


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

### **Acknowledgments**

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

Sincerely,

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

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

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Sioux Center, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Sioux Center, Iowa management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

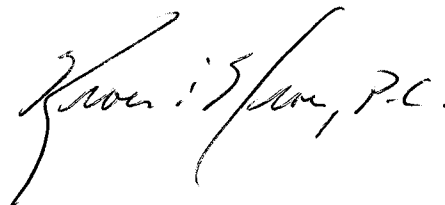
In our opinion, the financial statements referred to above the present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Sioux Center, Iowa at June 30, 2012, and the respective change in financial positions and the cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated October 4, 2012 on our consideration of City of Sioux Center, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 9 - 16 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Sioux Center, Iowa basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in pages 54 to 69, is presented for purposed of additional analysis and is not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Kwon: S/um, P.C." with a stylized flourish at the end.

Sioux Center, Iowa  
October 4, 2012



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## Management Discussion and Analysis

June 30, 2012

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, 2012. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

### Financial Highlights:

The assets of the City of Sioux Center exceeded liabilities at the close of business on June 30, 2012 by \$77,779,234 (net assets). Of this amount, \$24,414,563 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net assets increased by \$2,441,227 during the fiscal year. An increase of \$1,442,303 is attributable to governmental activities and an increase of \$998,924 to business type activities.

The City's long-term debt decreased \$482,000 due to principal payoff over the past year. General Obligation debt totaled \$10,490,000 and other long-term debt totaled \$3,978,000.

### Overview of the Financial Statements

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

### Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs.

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).

### **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.

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.

## Government-wide Financial Analysis

As stated earlier, net assets may serve over time as a useful indicator of the City's financial position. The largest part of the City's net assets reflects its investment in capital assets, less any related debt used to acquire those assets. 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.

City of Sioux Center Net Assets						
	Governmental Activities <u>2012</u>	Business- type Activities <u>2012</u>	Total <u>2012</u>	Governmental Activities <u>2011</u>	Business- type Activities <u>2011</u>	Total <u>2011</u>
Current and other assets	\$3,518,089	\$25,584,835	\$29,102,924	\$4,326,111	\$13,952,852	\$18,278,963
Capital assets	<u>45,080,190</u>	<u>20,376,610</u>	<u>65,456,800</u>	<u>42,746,353</u>	<u>31,655,959</u>	<u>74,402,312</u>
Total assets	<u>48,598,279</u>	<u>45,961,445</u>	<u>94,559,724</u>	<u>47,072,464</u>	<u>45,608,811</u>	<u>92,681,275</u>
Noncurrent liabilities	7,340,961	5,181,040	12,522,001	7,359,855	5,773,146	13,133,001
Other liabilities	<u>2,009,735</u>	<u>2,248,754</u>	<u>4,258,489</u>	<u>1,907,329</u>	<u>2,302,938</u>	<u>4,210,267</u>
Total liabilities	<u>9,350,696</u>	<u>7,429,794</u>	<u>16,780,490</u>	<u>9,267,184</u>	<u>8,076,084</u>	<u>17,343,268</u>
Net assets:						
Invested in capital assets, net of related	36,189,621	15,031,420	51,221,041	34,329,776	15,462,388	49,792,164
Restricted	1,455,096	688,534	2,143,630	1,389,263	838,130	2,227,393
Unrestricted	<u>1,602,866</u>	<u>22,811,697</u>	<u>24,414,563</u>	<u>2,086,241</u>	<u>21,232,209</u>	<u>23,318,450</u>
Total net assets	<u>\$39,247,583</u>	<u>\$38,531,651</u>	<u>\$77,779,234</u>	<u>\$37,805,280</u>	<u>\$37,532,727</u>	<u>\$75,338,007</u>

An additional portion of the City of Sioux Center's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

## Governmental Activities

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

### City of Sioux Center Change Net Assets

	Governmental Activities <u>2012</u>	Business- type Activities <u>2012</u>	Total <u>2012</u>	Governmental Activities <u>2011</u>	Business- type Activities <u>2011</u>	Total <u>2011</u>
<b>Revenues:</b>						
Charges for services	\$1,390,880	\$19,054,708	\$20,445,588	\$1,286,710	\$20,726,952	\$22,013,662
Operating grants and contributions	668,511		668,511	594,984		594,984
Capital grants and contributions	564,919		564,919	799,114		799,114
<b>General Revenues:</b>						
Property taxes	2,844,644		2,844,644	2,767,090		2,767,090
Tax increment financing	1,940,629		1,940,629	1,905,826		1,905,826
Local option sales tax	640,653		640,653	701,502		701,502
Use of property and money	27,596	394,572	422,168	47,956	375,112	423,068
Miscellaneous	<u>856,405</u>	<u>927,931</u>	<u>1,784,336</u>	<u>1,318,680</u>	<u>346,099</u>	<u>1,664,779</u>
<b>Total Revenues:</b>	<u>8,934,237</u>	<u>20,377,211</u>	<u>29,311,448</u>	<u>9,421,862</u>	<u>21,448,163</u>	<u>30,870,025</u>
<b>Expenses:</b>						
Public safety	1,123,039		1,123,039	1,087,057		1,087,057
Public works	1,683,109		1,683,109	1,758,350		1,758,350
Culture and recreation	3,442,682		3,442,682	3,311,975		3,311,975
Community and economic development	148,066		148,066	131,008		131,008
General government	996,544		996,544	706,708		706,708
Interest on debt	323,338		323,338	364,025		364,025
Capital projects			0			0
Centre Mall		1,109,253	1,109,253		1,025,600	1,025,600
Water Utility		1,264,355	1,264,355		1,302,133	1,302,133
Sewer Utility		1,050,397	1,050,397		1,227,212	1,227,212
Electric Utility		8,715,106	8,715,106		8,521,319	8,521,319
Gas Utility	<u>          </u>	<u>7,014,332</u>	<u>7,014,332</u>	<u>          </u>	<u>8,721,668</u>	<u>8,721,668</u>
<b>Total Expenses</b>	<u>7,716,778</u>	<u>19,153,443</u>	<u>26,870,221</u>	<u>7,359,123</u>	<u>20,797,932</u>	<u>28,157,055</u>
Increase/(decrease) in net assets before other financing sources	1,217,459	1,223,768	2,441,227	2,062,739	650,231	2,712,970
Other financing sources (uses)	<u>224,844</u>	<u>(224,844)</u>	<u>0</u>	<u>149,443</u>	<u>(149,443)</u>	<u>0</u>
Increase/(decrease) in net assets	<u>1,442,303</u>	<u>998,924</u>	<u>2,441,227</u>	<u>2,212,182</u>	<u>500,788</u>	<u>2,712,970</u>
Net assets-beginning	<u>37,805,280</u>	<u>37,532,727</u>	<u>75,338,007</u>	<u>35,593,098</u>	<u>37,031,939</u>	<u>72,625,037</u>
Net assets-ending	<u>\$39,247,583</u>	<u>\$38,531,651</u>	<u>\$77,779,234</u>	<u>\$37,805,280</u>	<u>\$37,532,727</u>	<u>\$75,338,007</u>

The Cities property tax revenues for general purposes increased by \$77,306 or approximately 4.8%. This increase is due to continued growth in property valuations. Trust and agency tax revenues decreased by \$37,395, this levy can only be used to fund general government employee benefits such as health insurance premiums, workmen's compensation insurance premiums and payroll taxes. This decrease is due to a small decrease in the trust and agency levy. The debt service levy revenues decreased \$31,870 due to a decrease in debt payments.

The increase in net assets in the governmental activities column in 2012 was \$1,442,303. In 2011 there was an increase in net assets for governmental activities of \$2,212,182. This discrepancy is due to the timing of grants, refunds and miscellaneous revenues for the City's capital projects that occur over several fiscal years.

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

### **Business-Type Activities**

Business-type activities increased the City of Sioux Center's net assets by \$998,924.

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>2012</u>	<u>2011</u>
Electric Utility	\$1,044,107	\$555,925
Natural Gas Utility	(164,026)	206,554
Water Utility	146,548	(77,426)
Sewer Utility	146,548	(121,922)
Centre Mall	<u>(174,253)</u>	<u>(62,343)</u>
Change in Net Assets	<u>\$998,924</u>	<u>\$500,788</u>

The change in net assets for the electric utility in 2012 was higher because of an increase to transmission capacity equity. Additionally, the electric utility had lower repair and maintenance cost compared to 2011.

Net assets in the gas utility in 2012 were negative for a number of reasons. Revenues continue to decrease as natural gas prices have fallen throughout the fiscal year, volume was lower because of a mild winter, and the utility made the first of three yearly donations for the hospital building project.

The water utility turned a 2011 deficit to a gain in 2012. Water sales were above average because of a dry summer which resulted in more gallons being sold. Additionally system repair and maintenance was lower than 2011.

The deficit in the sewer utility in 2011 also became a gain 2012 primarily due to the dry summer which resulted in increased revenue. No adjustments are made to customer summer usage for increased water demand due to lawn watering. System cost also decreased due to customer changes effecting system inflows. A rate increase was put in effect in the summer of 2010 and 2011 to help with recent deficits.

The Centre Mall's change in net assets increased from 2011 to 2012. This increase was due to a change in the way property taxes were accounted for. The change corrected the property taxes from a prepaid expense to an expense that needed to be accrued for. The change had no effect to cash balances.

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

As noted earlier, Sioux Center uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the City's governmental funds is to provide information on near-term resources. Unreserved fund balance may serve as a useful measure of a government's net resources available at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$2,614,969.

The general fund is the primary fund of the City. The general fund balance decreased by \$806,300 as of June 30, 2012. The decrease was due to internal funding of capital projects.

### **Budgetary Highlights**

The City of Sioux Center adopted one budget amendment during fiscal year. The total amendment increased budget disbursements by \$1,331,788. The increase was due to increased capital spending, and additional cost for additional projects that occurred. Total disbursements did not exceed the amended budget in fiscal year 2012.

### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$51,576,755 (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 \$2,215,559. The decrease in capital assets in business-type activities totaled \$430,968. The net increase in capital assets for all activities for the fiscal year was \$1,784,591. The decrease in capital assets for business-type activities is due to depreciation being higher than capital spending. Most of the increase in capital assets for governmental activities is the City's continued investment in infrastructure and new or additions to buildings.

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 \$10,490,000 general obligation debt and \$3,978,000 revenue bonds (and notes) debt outstanding as of June 30, 2012. This is a net decrease of \$482,000 from the balance at the end of the previous fiscal year and is due to continued principal payments on debt. Bonds were issued in the amount of \$1,500,000 to provide financing of the construction of the Terrace View event center. Water refunding debt was also issued for \$3,265,000 that refinanced two Water Revenue bonds from 2005 and 2007.

The City's general obligation debt is limited by the State of Iowa to 5% of the actual value of all taxable property in the community. The City's general obligation debt limit is \$20,421,434. Net bonded debt applicable to the City's debt limit (total issues outstanding less funds reserved for repayment of debt) is \$10,490,000 or 51% 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 remained steady in calendar year 2011. Fourteen building permits were issued for commercial construction, sixty permits were issued for residential construction and three permits were issued for tax exempt construction.

Total estimated valuation of this construction was \$16,868,747 compared to \$9,334,824 in the prior year.

Taxable retail sales in calendar year 2011 increased by \$5,728,446 for a total of \$119,933,819. The City's retail sales continue to account for 39% of all taxable sales in the county.

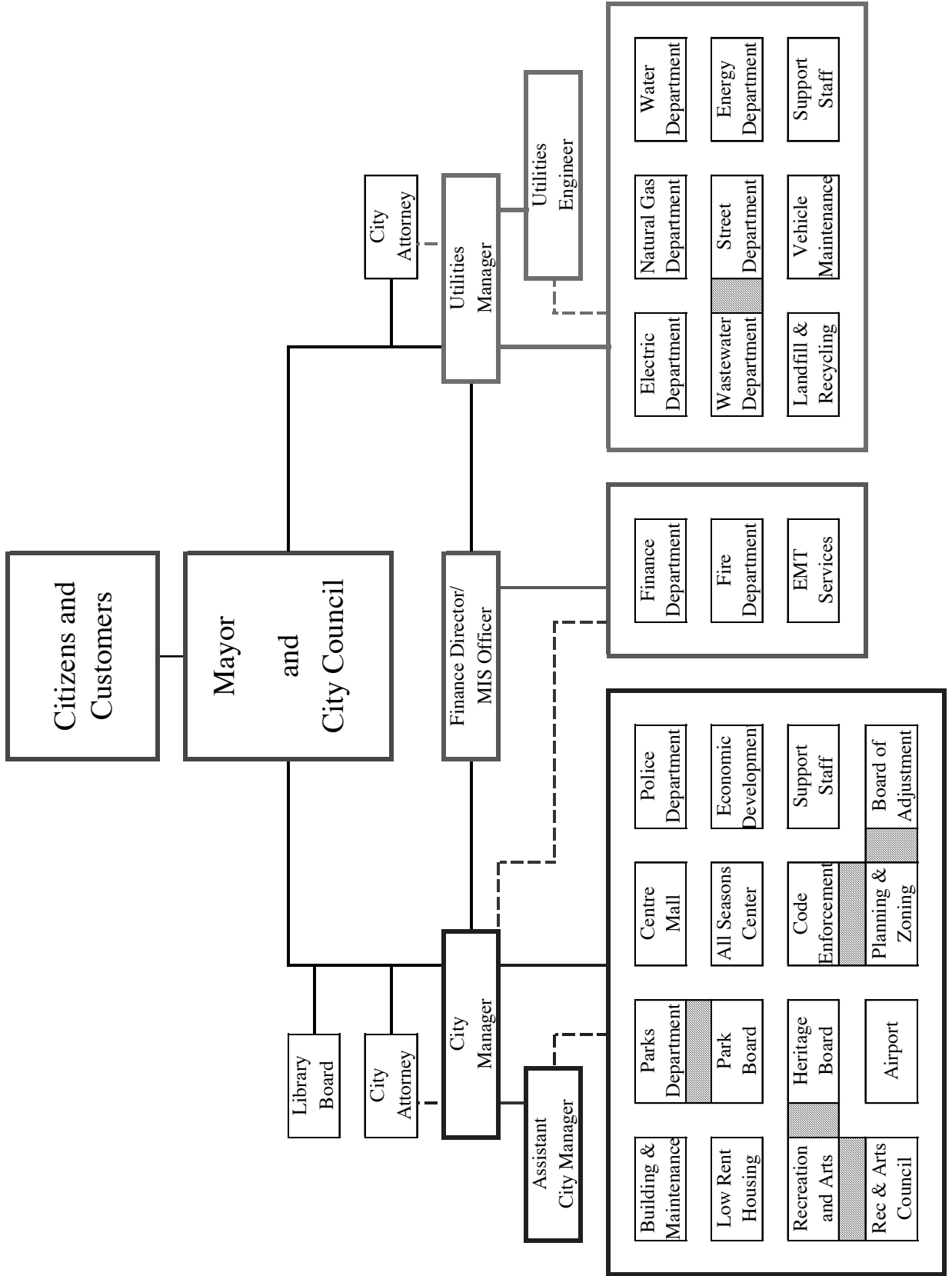
### **Contacting Sioux Center's Finance Department**

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



# City of Sioux Center Organizational Structure

June 30, 2012



# CITY OF SIOUX CENTER, IOWA

## Statement of Net Assets

June 30, 2012

<u>Assets</u>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and Pooled Investments	\$2,767,430	\$6,965,757	\$9,733,187
Receivables (net of allowance for uncollectibles):			
Taxes	4,244		4,244
Special Assessments	312,537		312,537
Accounts	195,707	1,617,574	1,813,281
Notes		2,303,462	2,303,462
Accrued Interest		54,043	54,043
Due from Agency Funds	143		143
Inventory		899,719	899,719
Prepaid Expenses	151,670	100,641	252,311
Nonoperating Properties-Land		10,262,341	10,262,341
Investment in Joint Ventures		2,615,730	2,615,730
Deferred Bond Issuance Costs, Discounts	86,359	177,612	263,971
Land		587,956	587,956
Capital Assets (Net of accumulated depreciation)	<u>45,080,190</u>	<u>20,376,610</u>	<u>65,456,800</u>
Total Assets	<u>48,598,280</u>	<u>45,961,445</u>	<u>94,559,725</u>
 <b><u>Liabilities and Net Assets</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	348,311	1,238,839	1,587,150
Accrued Interest Payable	21,767	(39,489)	(17,722)
Other Accrued Expenses		136,948	136,948
Payable from Restricted Assets - Customer Deposits		28,858	28,858
Deferred Property Taxes	316,781		316,781
Compensated Absences	128,982	131,492	260,474
General Obligation Bonds - Current	1,193,894	621,106	1,815,000
Revenue Bonds - Current		131,000	131,000
General Obligation Bonds - Non-current	7,340,961	1,619,040	8,960,001
Revenue Bonds - Non-current		<u>3,562,000</u>	<u>3,562,000</u>
Total Liabilities	<u>9,350,696</u>	<u>7,429,794</u>	<u>16,780,490</u>
 <b><u>Net Assets</u></b>			
Investment in Capital Assets, net of Related Debt	36,545,335	15,031,420	51,576,755
Restricted for Debt Service	1,455,096	688,534	2,143,630
Unrestricted	<u>1,247,152</u>	<u>22,811,697</u>	<u>24,058,849</u>
Total Net Assets	<u>39,247,583</u>	<u>38,531,651</u>	<u>77,779,234</u>
 Total Liabilities and Net Assets	 <u>\$48,598,279</u>	 <u>\$45,961,445</u>	 <u>\$94,559,724</u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	<u>Expenses</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		<u>Total</u>
		<u>Charges for Svcs</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Primary Government		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental activities:							
Public safety	(\$1,123,039)	\$57,466			(\$1,065,573)		(\$1,065,573)
Public works	(1,683,109)	394,089	\$668,511		(620,509)		(620,509)
Culture and recreation	(3,442,682)	818,972			(2,623,710)		(2,623,710)
Community and economic development	(148,066)	66,080			(81,986)		(81,986)
General government	(996,544)	54,273			(942,271)		(942,271)
Interest on long-term debt	(323,338)				(323,338)		(323,338)
Capital projects				<u>\$564,919</u>	<u>564,919</u>		<u>564,919</u>
Total governmental activities	<u>(7,716,778)</u>	<u>1,390,880</u>	<u>668,511</u>	<u>564,919</u>	<u>(5,092,468)</u>	-	<u>(5,092,468)</u>
Business-type activities:							
Centre Mall	(1,109,253)	482,752				(\$626,501)	(626,501)
Electric	(8,715,106)	9,091,337				376,231	376,231
Gas	(7,014,332)	6,846,384				(167,948)	(167,948)
Sewer	(1,050,397)	1,170,720				120,323	120,323
Water	<u>(1,264,355)</u>	<u>1,463,515</u>				<u>199,160</u>	<u>199,160</u>
Total business-type activities	<u>(19,153,443)</u>	<u>19,054,708</u>	-	-	-	<u>(98,735)</u>	<u>(98,735)</u>
Total primary government	<u>(\$26,870,221)</u>	<u>\$20,445,588</u>	<u>\$668,511</u>	<u>\$564,919</u>	<u>(\$5,092,468)</u>	<u>(\$98,735)</u>	<u>(\$5,191,203)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$1,704,146		\$1,704,146
Community center					131,051		131,051
Trust and agency					728,457		728,457
Tax increment financing					1,940,629		1,940,629
Debt service					280,990		280,990
Local option sales tax					640,653		640,653
Unrestricted investment earnings					27,596	\$394,572	422,168
Miscellaneous					856,405	927,931	1,784,336
Transfers					<u>224,844</u>	<u>(224,844)</u>	<u>0</u>
Total general revenues and transfers					<u>6,534,771</u>	<u>1,097,659</u>	<u>7,632,430</u>
Change in net assets					1,442,303	998,924	2,441,227
Net assets -- beginning					<u>37,805,280</u>	<u>37,532,727</u>	<u>75,338,007</u>
Net assets -- ending					<u>\$39,247,583</u>	<u>\$38,531,651</u>	<u>\$77,779,234</u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

Balance Sheet  
Governmental Funds  
June 30, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Event Center Construction</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>					
Cash and Pooled Investments	\$1,636,475	\$715,919	\$905	\$414,131	\$2,767,430
Accounts Receivable	195,707				195,707
Due from Other Funds	<u>1,093,512</u>	<u>133,288</u>	_____	_____	<u>1,226,800</u>
Total Assets	<u>2,925,694</u>	<u>849,207</u>	<u>905</u>	<u>414,131</u>	<u>4,189,937</u>
<b><u>Liabilities</u></b>					
Accounts Payable	213,837	22,138	52,692	59,644	348,311
Due to Other Funds	_____	_____	<u>1,009,260</u>	<u>217,397</u>	<u>1,226,657</u>
Total Liabilities	<u>213,837</u>	<u>22,138</u>	<u>1,061,952</u>	<u>277,041</u>	<u>1,574,968</u>
<b><u>Fund Balances</u></b>					
Unreserved					
Capital Project Funds			(1,061,047)	137,090	(923,957)
Debt Service Fund			0		0
General Fund	2,711,857				2,711,857
Special Revenue Funds	_____	<u>827,069</u>	_____	_____	<u>827,069</u>
<u>Nonspendable</u>					
<u>Restricted</u>					
Road Use Fund		827,069			
<u>Committed</u>					
Vacation & Sick Pay	123,819				
Storm Sewer	57,560				
<u>Assigned</u>					
Fire Dept Vehicle Replacement	151,469				
Capital Projects				137,090	
<u>Unassigned</u>	<u>2,379,009</u>	<u>0</u>	(1,061,047)	<u>0</u>	_____
Total Fund Balance	<u>2,711,857</u>	<u>827,069</u>	(1,061,047)	<u>137,090</u>	<u>2,614,969</u>
Total Liabilities and Fund Balance	<u>\$2,925,694</u>	<u>\$849,207</u>	<u>\$905</u>	<u>\$414,131</u>	<u>\$4,189,937</u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Assets June 30, 2012

<b>Total governmental fund balances</b>	\$2,614,969
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Governmental funds report capital outlays as expenditures while Governmental activities report depreciate expense to allocate those expenditures over the life of the assets.	45,080,190
Bond proceeds provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of debt and related items.	(8,448,497)
Governmental funds recognize interest expenditures in the period in which payment is made rather than in the period in which it accrues. Such amounts must be removed from expenditures and be reported instead as a reduction of the accrued liability for interest payable at year end. Likewise, expenditures related to compensated absences earned in prior years must be reported instead as a reduction in the liability for compensated absences.	(150,749)
Prepaid expenses in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these itesm as expenditures in the period that the corresponding net asset is exhausted.	<u>151,670</u>
<b>Net assets of governmental activities</b>	<u><u>\$39,247,583</u></u>

# CITY OF SIOUX CENTER, IOWA

## Statement of Revenues and Expenditures

### Governmental Funds

June 30, 2012

	General	Special Revenue	Urban Renewal TIF	Debt Service	Event Center Construction	Capital Projects	Total Governmental Funds
<b>Revenues:</b>							
Property Taxes	\$1,730,277	\$728,457		\$280,990			\$2,739,724
TIF Revenue			\$1,940,629				1,940,629
Other City Taxes	104,920	640,653					745,573
Licenses and Permits	106,251						106,251
Use of Money and Property	227,592			3,275			230,867
Intergovernmental	64,872	668,511			\$564,919		1,298,302
Charges for Services	1,084,598						1,084,598
Special Assessments	65,385						65,385
Miscellaneous	<u>629,427</u>				<u>72,254</u>	<u>\$20,450</u>	<u>722,131</u>
Total Revenues	<u>4,013,322</u>	<u>2,037,621</u>	<u>1,940,629</u>	<u>284,265</u>	<u>637,173</u>	<u>20,450</u>	<u>8,933,460</u>
<b>Expenditures:</b>							
Public Safety	1,024,890						1,024,890
Public Works	895,025	228,902					1,123,927
Culture and Recreation	2,941,486						2,941,486
Community and Economic Development	147,425						147,425
General Government	1,021,857						1,021,857
Debt Service							
Principal Retirement				1,381,722			1,381,722
Interest				329,283			329,283
Administrative Fees				1,739			1,739
Capital Projects					<u>2,617,481</u>	<u>875,571</u>	<u>3,493,052</u>
Total Expenditures	<u>6,030,683</u>	<u>228,902</u>	<u>0</u>	<u>1,712,744</u>	<u>2,617,481</u>	<u>875,571</u>	<u>11,465,381</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,017,361)</u>	<u>1,808,719</u>	<u>1,940,629</u>	<u>(1,428,479)</u>	<u>(1,980,308)</u>	<u>(855,121)</u>	<u>(2,531,921)</u>
<b>Other Financing Sources (Uses):</b>							
Transfers To Other Funds	(1,108,258)	(1,800,882)	(1,940,629)				(4,849,769)
Transfers From Other Funds	2,971,529			1,428,479	905	674,477	5,075,390
Proceeds from Bond Issuance					<u>1,500,000</u>		<u>1,500,000</u>
Total Other Financing Sources (Uses)	<u>1,863,271</u>	<u>(1,800,882)</u>	<u>(1,940,629)</u>	<u>1,428,479</u>	<u>1,500,905</u>	<u>674,477</u>	<u>1,725,621</u>
Net Change in Fund Balance	(154,090)	7,837	0	0	( 479,403)	(180,644)	(806,300)
Fund Balances - Beginning	<u>2,865,946</u>	<u>819,232</u>	<u>0</u>	<u>0</u>	<u>( 581,644)</u>	<u>317,735</u>	<u>3,421,269</u>
Fund Balances - Ending	<u>\$2,711,856</u>	<u>\$827,069</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,061,047)</u>	<u>\$137,091</u>	<u>\$2,614,969</u>

See notes to financial statements

**CITY OF SIOUX CENTER, IOWA**  
 Reconciliation of the Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 Governmental Funds to the Statement of Activities  
 June 30, 2012

**Net change in fund balances-Total governmental funds** (\$806,300)

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

Governmental funds report capital outlays as expenditures while 2,333,837  
 governmental activities report depreciation expense to allocate those  
 expenditures over the life of the assets.

Bond proceeds provide current financial resources to governmental funds, (116,008)  
 but increases long-term liabilities in the statement of net  
 assets. Repayment of bond principal is an expenditure in the governmental  
 funds, but the repayment reduces long-term liabilities in the statement of  
 net assets. Also, governmental funds report the effect of issuance costs,  
 premiums, discounts and similar items when debt is first issued, whereas  
 these amounts are deferred and amortized in the statement of activities.  
 This amount is the net effect of these differences in the treatment of debt  
 and related items.

Governmental funds recognize interest expenditures in the period in which 22,120  
 payment is made rather than in the period in which it accrues. Such amounts  
 must be removed from expenditures and be reported instead as a  
 reduction of the accrued liability for interest payable at year end.  
 Likewise expenditures related to compensated absences earned in prior  
 years must be reported instead as a reduction in the liability for compensated  
 absences.

Prepaid expenses in the governmental funds have been recorded as 8,654  
 expenditures when paid. However, the statement of activities will  
 report these items as expenditures in the period that the corresponding  
 net asset is exhausted. \_\_\_\_\_

**Change in net assets of governmental activities** \$1,442,303

# CITY OF SIOUX CENTER, IOWA

## Statement of Net Assets

### Proprietary Funds

June 30, 2012

	<u>Electric</u>	Natural <u>Gas</u>	<u>Water</u>	<u>Sewer</u>	Centre <u>Mall</u>	<u>Totals</u>	Gov Activities Internal Service <u>Fund</u>
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Pooled Investments	\$2,399,391	\$3,148,334	\$427,762	\$768,253	\$222,017	\$6,965,757	\$10,905
Receivables:							
Accounts	786,158	627,665	123,403	80,348		1,617,574	
Notes	22,906	14,623				37,529	
Accrued Interest	25,438	28,606				54,044	
Inventory	693,347	96,209	110,162			899,718	
Prepaid Expenses	<u>23,285</u>	<u>10,660</u>	<u>22,725</u>	<u>28,389</u>	<u>15,582</u>	<u>100,641</u>	
Total Current Assets	<u>3,950,525</u>	<u>3,926,097</u>	<u>684,052</u>	<u>876,990</u>	<u>237,599</u>	<u>9,675,263</u>	<u>10,905</u>
<b>Noncurrent Assets</b>							
Nonoperating Properties-Land	4,756,252	5,506,089				10,262,341	
Investment in Joint Venture	2,615,730					2,615,730	
Notes Receivable Long-term	1,028,555	1,237,378				2,265,933	
Deferred Bond Issue Costs			61,243	2,072	9,109	72,424	
Deferred Bond Discount Costs			89,739	2,330	13,118	105,187	
Capital Assets (net of depreciation)	4,300,720	3,066,062	7,163,231	2,377,304	3,954,354	20,861,671	
Transmission System	1,256,983					1,256,983	
Transmission System Accum Depreciation	<u>(1,154,088)</u>					<u>(1,154,088)</u>	
Total Noncurrent Assets	<u>12,804,152</u>	<u>9,809,529</u>	<u>7,314,213</u>	<u>2,381,706</u>	<u>3,976,581</u>	<u>36,286,181</u>	<u>0</u>
Total Assets	<u>16,754,677</u>	<u>13,735,626</u>	<u>7,998,265</u>	<u>3,258,696</u>	<u>4,214,180</u>	<u>45,961,444</u>	<u>10,905</u>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts Payable	799,290	350,912	53,939	21,696	13,002	1,238,839	10,905
Accrued Interest Payable			(45,503)	2,884	3,129	(39,490)	
Compensated Absences Payable	41,490	23,267	31,560	20,132	15,044	131,493	
Deposits	11,248	11,904	5,707			28,859	
Succeeding Year Property Tax					136,948	136,948	
Bonds, notes and loans payable			<u>315,171</u>	<u>166,935</u>	<u>270,000</u>	<u>752,106</u>	
Total Current Liabilities	<u>852,028</u>	<u>386,083</u>	<u>360,874</u>	<u>211,647</u>	<u>438,123</u>	<u>2,248,755</u>	<u>10,905</u>
<b>Noncurrent Liabilities</b>							
Bonds, notes and loans payable			<u>3,309,829</u>	<u>896,211</u>	<u>975,000</u>	<u>5,181,040</u>	
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>3,309,829</u>	<u>896,211</u>	<u>975,000</u>	<u>5,181,040</u>	<u>0</u>
Total Liabilities	<u>852,028</u>	<u>386,083</u>	<u>3,670,703</u>	<u>1,107,858</u>	<u>1,413,123</u>	<u>7,429,795</u>	<u>10,905</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	4,403,615	3,066,062	3,538,231	1,314,158	2,709,354	15,031,420	
Restricted for debt service			395,285	201,546	91,704	688,535	
Unrestricted	<u>11,499,033</u>	<u>10,283,481</u>	<u>394,046</u>	<u>635,136</u>		<u>22,811,696</u>	
Total Net Assets	<u>\$15,902,648</u>	<u>\$13,349,543</u>	<u>\$4,327,562</u>	<u>\$2,150,840</u>	<u>\$2,801,058</u>	<u>\$38,531,651</u>	<u>\$0</u>

See notes to financial statements



**CITY OF SIOUX CENTER, IOWA**  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
June 30, 2012

	<u>Electric</u>	Natural <u>Gas</u>	<u>Water</u>	<u>Sewer</u>	Centre <u>Mall</u>	<u>Totals</u>	Governmental Activities- Internal <u>Service Fund</u>
<b>Operating Revenues</b>							
Charges for Services	\$9,091,337	\$6,846,384	\$1,463,516	\$1,170,720	\$482,752	\$19,054,709	\$199,496
Earnings from Joint Venture	793,100					793,100	
Energy Efficiency MRES	17,064					17,064	
Miscellaneous	20,984	36,724	4,191	5,280	7,584	74,763	
Total Operating Revenues	<u>9,922,485</u>	<u>6,883,108</u>	<u>1,467,707</u>	<u>1,176,000</u>	<u>490,336</u>	<u>19,939,636</u>	<u>199,496</u>
<b>Operating Expenses</b>							
Personnel Services	539,813	366,811	398,659	384,840	207,301	1,897,424	90,352
Utilities	13,542	14,635	94,080	87,863	46,786	256,906	599
Repairs and Maintenance	301,435	215,480	218,615	180,730	28,326	944,586	110,199
Taxes	21,891	8,318			330,000	360,209	
Other Supplies	14,853	14,606	16,187	17,164	916	63,726	
Insurance Expenses	18,671	8,499	21,563	29,231	16,920	94,884	
Depreciation and Amortization	449,843	194,833	307,817	271,355	380,323	1,604,171	
Legal and Professional	7,715	6,893	8,307	34,854		57,769	
Advertising	15,301	12,472			47,018	74,791	
Miscellaneous	30,250	33,404	9,392	2,335	290	75,671	
Energy Efficiency	22,015	45,098				67,113	
Resale Purchases	6,991,178	5,804,683	8,073	—	—	12,803,934	
Total Operating Expenses	<u>8,426,507</u>	<u>6,725,732</u>	<u>1,082,693</u>	<u>1,008,372</u>	<u>1,057,880</u>	<u>18,301,184</u>	<u>201,150</u>
Total Operating Income (Loss)	1,495,978	157,376	385,014	167,628	(567,544)	1,638,452	(1,654)
<b>Nonoperating Revenues (Expenses)</b>							
Interest and Investment Revenue	57,283	53,058	3,542	5,748	1,618	121,249	1,654
Gain on Sale of Assets	42,953	0	19	31		43,003	
Land Rental	188,640	84,684				273,324	
Community Grants	(288,600)	(288,600)				(577,200)	
Bond Issuance Expense			(10,110)	(1,512)	(8,786)	(20,408)	
Interest Expense	—	—	(171,552)	(40,513)	(42,587)	(254,652)	
Total Nonoperating Revenue (Expenses)	<u>276</u>	<u>(150,858)</u>	<u>(178,101)</u>	<u>(36,246)</u>	<u>(49,755)</u>	<u>(414,684)</u>	<u>1,654</u>
Income (Loss) Before Contributions and transfers	<u>1,496,254</u>	<u>6,518</u>	<u>206,913</u>	<u>131,382</u>	<u>(617,299)</u>	<u>1,223,768</u>	<u>0</u>
<b>Transfers In</b>			3,033	15,166	443,046	461,245	
<b>Transfers Out</b>	(452,147)	(170,544)	(63,398)	—	—	(686,089)	
Change in Net Assets	1,044,107	(164,026)	146,548	146,548	(174,253)	998,924	0
Total Net Assets - Beginning	<u>14,858,541</u>	<u>13,513,570</u>	<u>4,181,014</u>	<u>2,004,291</u>	<u>2,975,311</u>	<u>37,532,727</u>	<u>0</u>
Total Net Assets-Ending	<u>\$15,902,648</u>	<u>\$13,349,544</u>	<u>\$4,327,562</u>	<u>\$2,150,839</u>	<u>\$2,801,058</u>	<u>\$38,531,651</u>	<u>\$0</u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2012

	<u>Business Type Activities</u>					<u>Total</u>	<u>Governmental Activities- Internal Service Fund</u>
	<u>Electric</u>	Natural <u>Gas</u>	<u>Water</u>	<u>Sewer</u>	Centre <u>Mall</u>		
<b>Cash Flows from Operating Activities</b>							
Received from customers	\$9,120,957	\$7,307,306	\$1,453,662	\$1,176,336	\$489,444	\$19,547,705	\$201,149
Other payments - customer deposits	(937)	(1,674)	(365)			(2,976)	
Payments to employees for services	(529,078)	(355,891)	(391,420)	(429,112)	(204,727)	(1,910,228)	(90,352)
Payments to suppliers for goods & services	<u>(7,341,825)</u>	<u>(6,374,001)</u>	<u>(349,398)</u>	<u>(331,891)</u>	<u>(342,931)</u>	<u>(14,740,046)</u>	<u>(112,364)</u>
Net cash provided (used) by operating activities	<u>1,249,117</u>	<u>575,740</u>	<u>712,479</u>	<u>415,333</u>	<u>(58,214)</u>	<u>2,894,455</u>	<u>(1,567)</u>
<b>Cash Flows from Noncapital Financing Activities</b>							
Community grants	(288,600)	(288,600)				(577,200)	
Operating subsidies & transfers to other funds	<u>(452,147)</u>	<u>(170,544)</u>	<u>(60,365)</u>	<u>15,166</u>	<u>443,046</u>	<u>(224,844)</u>	
Net cash provided (used) by noncapital financing activities	<u>(740,747)</u>	<u>(459,144)</u>	<u>(60,365)</u>	<u>15,166</u>	<u>443,046</u>	<u>(802,044)</u>	<u>0</u>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>							
Acquisition & construction of capital assets	(264,102)	(80,280)	(137,720)	(58,713)	0	(540,815)	
Bond Costs			(134,041)			(134,041)	
Bond Proceeds (Notes Issued)			3,265,000			3,265,000	
Interest paid on capital debt			(183,251)	(41,050)	(43,046)	(267,347)	
Investment in nonoperating properties	(1,519,053)	(349,928)				(1,868,981)	
Principal received (paid) on debt	21,931	160,799	(3,388,800)	(226,478)	(250,000)	(3,682,548)	
Proceeds from sale of capital assets	<u>42,953</u>	<u>0</u>	<u>19</u>	<u>31</u>	<u>—</u>	<u>43,003</u>	
Net cash provided (used) by operating activities	<u>(1,718,271)</u>	<u>(269,409)</u>	<u>(578,793)</u>	<u>(326,210)</u>	<u>(293,046)</u>	<u>(3,185,729)</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>							
Interest & dividends on investments	57,283	49,890	3,541	5,748	1,618	118,080	
Other nonoperating revenues (expenses)	<u>188,640</u>	<u>84,684</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>273,324</u>	<u>—</u>
Net cash provided (used) by operating activities	<u>245,923</u>	<u>134,574</u>	<u>3,541</u>	<u>5,748</u>	<u>1,618</u>	<u>391,404</u>	<u>0</u>
<b>Net increase (decrease in cash &amp; cash equivalents)</b>	(963,978)	(18,239)	76,862	110,037	93,404	(701,914)	(1,567)
<b>Balances - beginning of year</b>	<u>3,363,368</u>	<u>3,166,572</u>	<u>350,899</u>	<u>658,216</u>	<u>128,613</u>	<u>7,667,668</u>	<u>12,471</u>
<b>Balances - end of year</b>	<u>\$2,399,390</u>	<u>\$3,148,333</u>	<u>\$427,761</u>	<u>\$768,253</u>	<u>\$222,017</u>	<u>\$6,965,754</u>	<u>\$10,904</u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Statements of Cash Flows - Proprietary Funds

Year ended June 30, 2012

	<u>Business-Type Activities</u>					<u>Total</u>	<u>Governmental Activities- Internal Service Fund</u>
	<u>Electric</u>	<u>Natural Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Centre Mall</u>		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$1,495,979	\$157,376	\$385,013	\$167,628	(\$567,544)	\$1,638,452	
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation & amortization expense	449,843	194,833	307,817	271,355	380,323	1,604,171	
Earnings from joint venture	(793,100)					(793,100)	
Increase (Decrease) in liabilities:							
Other accounts payable - deposits	(936)	(1,674)	(365)			(2,975)	
Accounts payable	83,363	(190,209)	22,456	(14,386)	127,391	28,615	(\$1,567)
Accrued expenses	1,343	751	3,742	(9,600)	2,508	(1,256)	
(Increase) Decrease in assets							
Receivables, net	(8,428)	424,198	(14,045)	336	(892)	401,169	
Inventories	<u>21,054</u>	<u>(9,535)</u>	<u>7,860</u>	<u>—</u>	<u>—</u>	<u>19,379</u>	<u>—</u>
Net cash provided (used) by operating activities	<u>\$1,249,118</u>	<u>\$575,740</u>	<u>\$712,478</u>	<u>\$415,333</u>	<u>(\$58,214)</u>	<u>\$2,894,455</u>	<u>(\$1,567)</u>

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Payroll Clearing</u>				
Assets:				
Cash and cash equivalents	\$5,139	\$3,318,771	\$3,319,065	\$4,845
Total Assets:	5,139	3,318,771	3,319,065	4,845
Liabilities:				
Accounts payable	5,139	3,318,771	3,319,065	4,845
Total Liabilities:	\$5,139	\$3,318,771	\$3,319,065	\$4,845
<u>Sales Tax</u>				
Assets:				
Taxes receivable	\$29,587	\$375,522	\$375,703	\$29,406
Total Assets:	29,587	375,522	375,703	29,406
Liabilities:				
Accounts payable	29,587	375,522	375,703	29,406
Total Liabilities:	\$29,587	\$375,522	\$375,703	\$29,406
<u>Fiduciary Funds Total</u>				
Assets:				
Cash and cash equivalents	\$5,139	\$3,318,771	\$3,319,065	\$4,845
Taxes receivable	29,587	375,522	375,703	29,406
Total Assets:	34,726	3,694,293	3,694,768	34,251
Liabilities:				
Accounts payable	34,726	3,694,293	3,694,768	34,251
Total Liabilities:	\$34,726	\$3,694,293	\$3,694,768	\$34,251

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2012

## (1) Summary of Significant Accounting Policies

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

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

### A. Reporting Entity

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

### B. Basis of Presentation

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

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

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

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

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

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2012

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the City reports the following major proprietary funds:

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

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

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

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

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

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

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

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2012

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2012

### D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and receivable in September and March of the fiscal year with a 1 1/2 % per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget adopted by the City Council in March 2011.

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

Due from and Due to Other Funds - During the course of its operations, the City has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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



# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2012

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

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

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

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

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

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

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2012

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

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

Unassigned - All amounts not included in the preceding classifications.

### E. Budgets and Budgetary Accounting

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

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

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements did not exceed the amounts budgeted except for the debt service, public safety, and general government function.

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

The City's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other 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; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

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

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

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2012

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

The detail of interfund receivables and payables at June 30, 2012 is as follows:

<u>Due to Other Fund</u>	<u>Due From Other Fund</u>	<u>Amount</u>
Road Use Tax	Cap project - 16th St NE	\$144,109
Road Use Tax	Cap project - Hwy 75	73,288
Road Use Tax	Cap project	(133,288)
General	Agency - Sales Tax	142
General	Agency	(142)
General	Cap project - Conv. Center	1,009,260
General	Cap project	<u>(1,093,369)</u>
Total		<u>\$0</u>

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

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2012

## (4) Capital Assets

A summary of changes in capital assets is as follows:

### Primary Government:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$8,894,873			\$8,894,873
Construction in progress	<u>4,599,344</u>	<u>\$3,492,275</u>	<u>(\$2,539,122)</u>	<u>5,552,497</u>
Total capital assets not being depreciated	<u>13,494,217</u>	<u>3,492,275</u>	<u>(2,539,122)</u>	<u>14,447,370</u>
Capital assets being depreciated:				
Buildings	17,837,225	1,563,494		19,400,719
Improvements	3,639,504	140,353		3,779,857
Equipment	3,973,053	307,271	(11,322)	4,269,002
Infrastructure	<u>18,678,803</u>	<u>1,193,800</u>	<u>                    </u>	<u>19,872,603</u>
Total capital assets being depreciated	<u>44,128,585</u>	<u>3,204,918</u>	<u>(11,322)</u>	<u>47,322,181</u>
Less accumulated depreciation for:				
Buildings	3,923,805	714,751		4,638,556
Improvements	2,695,903	124,222		2,820,125
Equipment	2,938,075	400,406	(11,322)	3,327,159
Infrastructure	<u>5,318,667</u>	<u>584,855</u>	<u>                    </u>	<u>5,903,522</u>
Total accumulated depreciation	<u>14,876,450</u>	<u>1,824,234</u>	<u>(11,322)</u>	<u>16,689,362</u>
Total capital assets being depreciated, net	<u>29,252,135</u>	<u>1,380,684</u>	<u>0</u>	<u>30,632,819</u>
Governmental activities capital assets, net	<u>\$42,746,352</u>	<u>\$4,872,959</u>	<u>(\$2,539,122)</u>	<u>\$45,080,189</u>

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$587,956			\$587,956
Construction in progress	<u>282,153</u>	<u>\$278,003</u>	<u>(\$347,418)</u>	<u>212,738</u>
Total capital assets not being depreciated	<u>870,109</u>	<u>278,003</u>	<u>(347,418)</u>	<u>800,694</u>
Capital assets being depreciated:				
Buildings	8,718,405	322,969		9,041,374
Equipment	1,362,735	113,023		1,475,758
Transmission	1,256,983			1,256,983
Infrastructure	<u>38,041,002</u>	<u>174,238</u>	<u>                    </u>	<u>38,215,240</u>
Total capital assets being depreciated	<u>49,379,125</u>	<u>610,230</u>	<u>0</u>	<u>49,989,355</u>
Less accumulated depreciation for:				
Buildings	4,096,092	435,172		4,531,264
Equipment	1,146,409	86,061		1,232,470

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Transmission	1,143,535	10,553		1,154,088
Infrastructure	<u>21,867,389</u>	<u>1,040,271</u>		<u>22,907,660</u>
Total accumulated depreciation	<u>28,253,425</u>	<u>1,572,057</u>	<u>0</u>	<u>29,825,482</u>
Total capital assets being depreciated, net	<u>21,125,700</u>	<u>(961,827)</u>	<u>0</u>	<u>20,163,873</u>
Business-type activities capital assets, net	<u>\$21,995,809</u>	<u>(\$683,824)</u>	<u>(\$347,418)</u>	<u>\$20,964,567</u>

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

Governmental Activities:

Public Safety	\$280,749
Public Works	679,169
Culture and Recreation	818,272
General Government	<u>46,044</u>

Total depreciation expense - governmental activities \$1,824,234

Business-Type Activities:

Electric	\$417,733
Natural Gas	194,833
Water	307,817
Sewer	271,352
Centre Mall	<u>380,323</u>

Total depreciation expense - business-type activities \$1,572,058

**Reconciliation of Investment in Capital Assets:**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Land	\$8,894,873	\$587,956
Construction in Progress	5,552,497	212,738
Capital Assets (net of accumulated depreciation)	30,632,819	20,163,873
Less: General Obligation Bonds Payable	(8,534,854)	(1,955,146)
Revenue Bonds Payable	<u>                    </u>	<u>(3,978,000)</u>
Investment in Capital Assets, Net of Related Debt	<u>\$36,545,335</u>	<u>\$15,031,421</u>

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2012

### (5) Investment in Joint Venture

The City is a participant in the Missouri Basin Municipal Electric Cooperative Association, a joint venture for the construction and maintenance of power lines from the power source to the Northwest Iowa Power Cooperative. The construction of the lines is accomplished by NIPCO and there are no actual dedicated lines, but rather an agreement which guarantees the municipalities the right to draw power over the lines at a raw power cost without transmission charges. The City owns a 32.38 percent share of the venture with twelve other cities sharing in their ownership at varying percentages. The City's investment in the joint venture is accounted for by the equity method in the Electric Fund. Separately issued audited financial statements of the Associated are available from Missouri Basin Municipal Electric Cooperative Association.

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

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds Payable - July 1, 2011	\$10,780,000	\$4,170,000	\$14,950,000
Bonds Issued	1,500,000	3,540,000	5,040,000
Bonds Retired	<u>(1,790,000)</u>	<u>(3,732,000)</u>	<u>(5,522,000)</u>
Bonds Payable - June 30, 2012	<u>\$10,490,000</u>	<u>\$3,978,000</u>	<u>\$14,468,000</u>

Details of above general obligations and revenue bonds payable at June 30, 2012 are as follows:

#### Governmental Activities:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	Amount <u>Originally Issued</u>	Amount <u>Outstanding June 30, 2012</u>
General Obligation	2011	1.25-3.0	2016	260,000-325,000	\$1,500,000	\$1,175,000
General Obligation	2009	2.75-4.35	2019	420,000-615,000	5,100,000	3,790,000
General Obligation	2009	1.60-3.90	2019	90,000-300,000	1,585,000	675,000
General Obligation	2008	2.30-3.85	2018	121,893-162,524	1,395,000	884,854
General Obligation	2007	3.70-4.00	2022	49,771-241,200	<u>2,412,000</u>	<u>2,010,000</u>
					<u>\$11,992,000</u>	<u>\$8,534,854</u>

#### Business-type Activities:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	Amount <u>Originally Issued</u>	Amount <u>Outstanding June 30, 2012</u>
Revenue Water	2012	2.00-2.25	2024	\$275,000-\$325,000	\$3,540,000	\$3,265,000
General Obligation Centre Mall	2009	1.60-3.90	2019	140,000-345,000	2,145,000	1,245,000
General Obligation Sewer	2008	2.30-3.85	2018	13,107-17,476	150,000	95,146
General Obligation Water	2007	3.70-4.00	2022	8,914-43,200	432,000	360,000
General Obligation Sewer	2007	3.70-4.00	2022	6,314-30,600	306,000	255,000
Revenue Sewer	1994	3.00-4.54	2017	33,000-76,000	1,024,000	346,000
Revenue Sewer	1993	3.00-3.74	2017	39,000-79,000	<u>1,140,000</u>	<u>367,000</u>
					<u>\$8,737,000</u>	<u>\$5,933,146</u>

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2012

### Governmental Activities:

Year Ending	General Obligation	Interest on General Obligation	Total
<u>June 30, 2012</u>	<u>Principal</u>	<u>Obligation</u>	<u>Total</u>
2013	\$1,193,894	\$261,202	\$1,455,096
2014	1,227,237	230,336	1,457,573
2015	1,194,409	195,522	1,389,931
2016	1,236,581	160,711	1,397,292
2017	1,008,752	122,324	1,131,076
Thereafter	<u>2,673,981</u>	<u>202,701</u>	<u>2,876,682</u>
	<u>\$8,534,854</u>	<u>\$1,172,796</u>	<u>\$9,707,650</u>

### Business-type Activities:

Year Ending	General Obligation	Interest on General Obligation	Revenue Bonds	Interest on Revenue Bonds	Total
<u>June 30, 2012</u>	<u>Principal</u>	<u>Obligation</u>	<u>Principal</u>	<u>Bonds</u>	<u>Total</u>
2013	\$336,106	\$64,580	\$416,000	\$87,690	\$904,376
2014	347,763	55,314	437,000	78,060	918,137
2015	365,591	44,733	442,000	67,950	920,274
2016	203,419	33,259	448,000	57,690	742,368
2017	206,248	26,354	455,000	47,250	734,852
Thereafter	<u>496,019</u>	<u>47,059</u>	<u>1,780,000</u>	<u>144,125</u>	<u>2,467,203</u>
	<u>\$1,955,146</u>	<u>\$271,299</u>	<u>\$3,978,000</u>	<u>\$482,765</u>	<u>\$6,687,210</u>

### (7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$418,978, \$370,239 and \$343,711, respectively, equal to the required contributions for each year.

### (8) Major Customers

During the year ended June 30, 2012, charges for services provided by the natural gas utility of the City to Siouxland Energy was \$4,304,376 or 62.94% of total natural gas revenues. Total charges to Golden Crisp for electric services for the year was \$1,808,195 or 19.91% of total electric revenues. Total charges to Sioux Preme Egg was \$130,265 or 11.65% for the year for total sewer revenues.

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2012

## (9) Risk Management

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

## (10) Related Party Transactions

The City had business transactions between the City and City officials, totaling \$148,877 in goods/services and bank fees during the year ended June 30, 2012.

## (11) Deficit Fund Balance

Five Capital Projects Funds had deficit balances of \$1,328,013 at June 30, 2012. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of state grant monies, and property assessments.

## (12) Other Post Employment Benefits

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

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

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

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

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

Annual required contribution:	\$9,220
Contributions made:	<u>9,220</u>
Net OPEB Obligation June 30, 2011:	0
Percent of OPEB cost contributed:	100 %

## (13) Subsequent Event

Subsequent events have been evaluated through October 4, 2012, which is the date the financial statements were available to be issued.



**Required Supplementary Information**

**CITY OF SIOUX CENTER, IOWA**  
Required Supplementary Information  
Notes to Required Supplementary Information - Budgetary Reporting  
June 30, 2012

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt services, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year budget amendment increased budgeted disbursements by \$1,607,088. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements in the debt service, public safety, and general government function exceeded the amount budgeted.

# CITY OF SIOUX CENTER, IOWA

## Required Supplementary Information

### Budgetary Comparison Schedule

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

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

Year ended June 30, 2012

	Governmental Fund Types	Proprietary Fund Type	Less Funds not Required to be budgeted	Net	Budgeted Amounts		Final to Actual Variance Positive (Negative)
	<u>Actual</u>	<u>Actual</u>	<u>be budgeted</u>		<u>Original</u>	<u>Final</u>	
<b>Receipts:</b>							
Property Tax	\$2,739,724			\$2,739,724	\$2,727,759	\$2,727,081	\$12,643
Tax increment financing collections	1,940,629			1,940,629	1,966,853	1,966,853	(26,224)
Other city tax	745,573			745,573	725,001	750,001	(4,428)
License and permits	106,251			106,251	111,077	111,077	(4,826)
Use of money and property	230,867	439,230	1,654	668,443	557,240	685,640	(17,197)
Intergovernmental	1,298,302			1,298,302	1,231,133	1,346,133	(47,831)
Charges for services	1,084,598	19,254,205	199,496	20,139,307	22,210,148	20,711,148	(571,841)
Special assessments	65,385			65,385	6,878	65,078	307
Miscellaneous	<u>722,131</u>	<u>884,926</u>		<u>1,607,057</u>	<u>944,660</u>	<u>1,055,160</u>	<u>551,897</u>
Total Receipts	8,933,460	20,578,361	201,150	29,310,671	30,480,749	29,418,171	(107,500)
<b>Disbursements:</b>							
Public Safety	1,024,890			1,024,890	871,829	1,009,329	(15,561)
Public Works	1,123,927			1,123,927	972,925	1,202,093	78,166
Culture and recreation	2,941,486			2,941,486	2,689,863	3,018,283	76,797
Community and economic development	147,425			147,425	145,970	152,970	5,545
General government	1,021,857			1,021,857	667,132	1,007,132	(14,725)
Debt service	1,712,744			1,712,744	1,392,263	1,392,263	(320,481)
Capital projects	3,493,052			3,493,052	3,475,000	4,040,000	546,948
Business-type	<u>          </u>	<u>19,354,593</u>	<u>201,150</u>	<u>19,153,443</u>	<u>21,052,546</u>	<u>19,845,546</u>	<u>692,103</u>
Total Disbursements:	11,465,381	19,354,593	201,150	30,618,824	31,267,528	31,667,616	1,048,792
Excess of receipts over disbursements	(2,531,921)	1,223,768	0	(1,308,153)	(786,779)	(2,249,445)	941,292
Other financing sources, net	<u>1,725,621</u>	<u>(224,844)</u>	<u>0</u>	<u>1,500,777</u>	<u>2,630,000</u>	<u>2,630,000</u>	<u>(1,129,223)</u>
Excess of receipts and other financing sources over disbursements and other financing uses	<u>(\$806,300)</u>	<u>\$998,924</u>	<u>\$0</u>	<u>\$192,624</u>	<u>\$1,843,221</u>	<u>\$380,555</u>	<u>(\$187,931)</u>

## **Other Supplementary Information**

# CITY OF SIOUX CENTER, IOWA

## Nonmajor Special Revenue Funds

### Combining Balance Sheet

June 30, 2012

<u>Assets</u>	Road Use <u>Tax</u>	Local Option <u>Sales Tax</u>	TIF/ <u>Agency</u>	Trust & <u>Totals</u>	
Cash and Cash Equivalents	\$715,919				\$715,919
Due from Other Governments					
Due from Other Funds	<u>133,288</u>	_____	_____	_____	<u>133,288</u>
Total Assets	<u>849,207</u>	=====	=====	=====	<u>849,207</u>
<u>Liabilities</u>					
Accounts Payable	22,138				22,138
Deferred Revenue	_____	_____	_____	_____	_____
Total Liabilities	22,138	_____	_____	_____	22,138
<u>Fund Balance</u>					
Unreserved-Undesignated	<u>827,069</u>				<u>827,069</u>
Total Liabilities	<u>\$849,207</u>	=====	=====	=====	<u>\$849,207</u>

# CITY OF SIOUX CENTER, IOWA

## Nonmajor Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended June 30, 2012

<u>Assets</u>	<u>Local Option Sales Tax</u>	<u>Road Use Tax</u>	<u>TIF/ SSMID</u>	<u>Trust &amp; Agency</u>	<u>Totals</u>
Revenue:					
Property Taxes				\$728,457	\$728,457
TIF Revenue			\$1,940,629		1,940,629
Other City Taxes	\$640,653				640,653
Intergovernmental Use of Money and Property		\$668,511			668,511
	_____	_____	_____	_____	_____
Total Revenues	<u>640,653</u>	<u>668,511</u>	<u>1,940,629</u>	<u>728,457</u>	<u>3,978,250</u>
Expenditures:					
Current Operating:					
Public Works		228,902			228,902
Public Safety					
Community and Economic Development	_____	_____	_____	_____	_____
Total Expenditures	_____	<u>228,902</u>	_____	_____	<u>228,902</u>
Excess (Deficiency) of Revenues Over Expenditures					
	640,653	(439,609)	1,940,629	728,457	3,749,348
Other Financing (Uses)					
Operating Transfers to Other Funds	(640,653)	(431,772)	(1,940,629)	(728,457)	(3,741,512)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses					
	_____	(7,837)	_____	_____	(7,837)
Fund Balances at Beginning of Year					
	_____	<u>819,232</u>	_____	_____	<u>819,232</u>
Fund Balances at End of Year					
	=====	<u>\$827,069</u>	=====	=====	<u>\$827,069</u>

# CITY OF SIOUX CENTER, IOWA

Nonmajor Capital Projects Funds  
Combining Balance Sheet  
June 30, 2012

	<u>7th St. NW</u>	<u>EMT Building</u>	<u>Hwy. 75 Widening</u>	<u>New Airport Project</u>	<u>Convention Center</u>	<u>4th Ave. Bio-Tech Park</u>	<u>16th St. NE</u>	<u>4th Ave. Storm Sewer</u>	<u>Sidewalk</u>	<u>Fire Aerial</u>	<u>Total</u>
<b><u>ASSETS</u></b>											
Cash and Cash Equivalents			\$5,042	\$2,089	\$905	\$5,033				\$401,967	\$415,036
Accrued Interest											
Total Assets			<u>\$5,042</u>	<u>\$2,089</u>	<u>\$905</u>	<u>\$5,033</u>				<u>\$401,967</u>	<u>\$415,036</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>											
<b><u>Liabilities</u></b>											
Accounts Payable			\$78,330		\$52,692	\$7,420	\$147,701		\$43,590		\$329,733
Due to Other Funds					<u>1,009,260</u>						<u>1,009,260</u>
Total Liabilities			78,330		1,061,952	7,420	147,701		43,590		1,338,993
Fund Balance (Deficit)											
Unreserved - Undesignated			<u>(73,288)</u>	<u>\$2,089</u>	<u>(1,061,047)</u>	<u>(2,387)</u>	<u>(147,701)</u>		<u>(43,590)</u>	<u>\$401,967</u>	<u>(923,957)</u>
Total Liabilities and Fund Balance			<u>\$2,089</u>	<u>\$2,089</u>	<u>\$905</u>	<u>\$5,033</u>				<u>\$401,967</u>	<u>\$415,036</u>

# CITY OF SIOUX CENTER, IOWA

Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2012

	4th Ave. <u>Storm Sewer</u>	16th St <u>NE</u>	7th St <u>NW</u>	EMT <u>Building</u>	Bio-Tech <u>Park</u>	Hwy. 75 <u>Widening</u>	New Airport <u>Project</u>	<u>Sidewalk</u>	Fire <u>Aerial</u>	Convention <u>Center</u>	<u>Total</u>
Revenues:											
Special Assessments											
Intergovernmental										\$564,919	\$564,919
Miscellaneous	<u>\$20,000</u>	_____	_____		_____	_____	_____	<u>\$450</u>	_____	<u>72,251</u>	<u>92,704</u>
Total Revenues	20,000							450		637,173	657,623
Expenditures											
Capital Projects	<u>465,337</u>	<u>\$139,542</u>	<u>\$777</u>	<u>\$182</u>	_____	<u>(\$61,601)</u>	<u>\$83,717</u>	<u>124,415</u>	_____	<u>2,617,481</u>	<u>3,493,052</u>
Total Expenditures	<u>465,337</u>	<u>139,542</u>	<u>777</u>	<u>182</u>	<u>_____</u>	<u>(61,601)</u>	<u>83,717</u>	<u>124,415</u>	<u>_____</u>	<u>2,617,481</u>	<u>3,493,052</u>
Express (Deficiency) of Revenues Over Expenditures	(445,337)	(139,542)	(777)	(182)	_____	(61,601)	83,717	(123,965)	_____	(1,980,308)	(2,835,429)
Transfers	286,772	777		182		16,275	(85,000)	78,240	\$207,231	905	675,382
Bond Sales										1,500,000	1,500,000
Fund (Deficit) at Beginning of Year	<u>158,564</u>	<u>8,937</u>	<u>(777)</u>	_____	_____	<u>(27,962)</u>	<u>806</u>	<u>2136</u>	<u>194,737</u>	<u>(581,644)</u>	<u>(263,909)</u>
Fund (Deficit) at End of Year	<u>_____</u>	<u>(\$147,701)</u>	<u>_____</u>	<u>_____</u>	<u>(\$2,387)</u>	<u>(\$73,288)</u>	<u>\$2,089</u>	<u>(\$43,590)</u>	<u>\$401,967</u>	<u>(\$1,061,047)</u>	<u>\$(923,852)</u>



# CITY OF SIOUX CENTER, IOWA

Schedule of Receipts By Source and  
Disbursements By Function  
All Government Fund Types  
June 30, 2012

For the Last Four Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Receipts:				
Property Tax	\$2,739,724	\$2,767,090	\$2,649,813	\$2,298,169
Tax increment financing collections	1,940,629	1,905,826	1,480,441	1,570,680
Other city taxes	745,573	701,502	599,213	647,398
License and permits	106,251	77,080	106,897	130,642
Use of money and property	230,867	317,650	334,863	648,677
Intergovernmental	1,298,302	1,455,337	1,448,404	1,102,662
Charges for services	1,084,598	954,927	770,306	1,176,853
Special assessments	65,385	84,691	43,288	161,500
Miscellaneous	<u>722,131</u>	<u>1,157,760</u>	<u>1,173,909</u>	<u>1,055,171</u>
Total	<u>8,933,460</u>	<u>9,421,863</u>	<u>8,607,134</u>	<u>8,791,752</u>
Disbursements:				
Public Safety	1,024,890	998,840	882,827	814,558
Public Works	1,123,927	1,602,290	1,032,254	896,056
Culture and recreation	2,941,486	2,703,276	2,501,034	2,894,998
Community and economic development	147,425	128,740	148,900	132,971
General government	1,021,857	630,355	703,844	675,103
Debt service	1,712,744	1,394,845	1,414,694	2,459,808
Capital projects	<u>3,493,052</u>	<u>3,045,913</u>	<u>2,260,417</u>	<u>10,861,506</u>
Total	<u>\$11,465,381</u>	<u>\$10,504,259</u>	<u>\$8,943,970</u>	<u>\$18,735,000</u>

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in accordance with  
Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Sioux Center, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated October 4, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Sioux Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing opinion on the effectiveness of City of Sioux Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Sioux Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiency in internal control over financial reporting that we consider to be significant deficiencies, including a deficiency we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Sioux Center's ability to initiate, authorize, record, process, or report financial data a reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of or detected by City of Sioux Center's internal control. We found no significant deficiencies in internal control over financial reporting.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

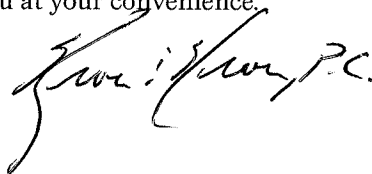
As part obtaining reasonable assurance about whether City of Sioux Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the city. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of these statutes.

City of Sioux Center's responses to findings identified in our audit are described in our accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the city's responses, we did not audit City of Sioux Center's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of City of Sioux Center and other parties to whom City of Sioux Center may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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



Sioux Center, Iowa  
October 4, 2012

Independent Auditor's Report on Compliance  
with Requirements That could Have a Direct and Material Effect  
on Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

Compliance

We have audited city of Sioux Center, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on City of Sioux Center's major federal program for the year ended June 30, 2012. City of Sioux Center's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of City of Sioux Center's management. Our responsibility is to express an opinion on City of Sioux Center's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United State, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal program occurred. An audit includes examining, on a test basis, evidence about City of Sioux Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Sioux Center's compliance with those requirements.

In our opinion, City of Sioux Center complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

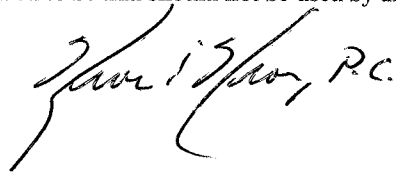
Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Sioux Center and other parties to whom City of Sioux Center may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "James J. Johnson, P.C.", is written over the printed text of the signature block.

Sioux Center, Iowa  
October 4, 2012

# CITY OF SIOUX CENTER, IOWA

## Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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

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

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

REPORTABLE CONDITIONS: NONE

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

INSTANCES OF NONCOMPLIANCE: NONE

REPORTABLE CONDITIONS: NONE

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

- IV-A-10 Certified Budget - Disbursements during the year ended June 30, 2012 did exceed the amount budgeted in debt service, public safety, and general government. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation." City will monitor budget categories for future years.
- IV-B-10 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-10 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Schedule of Findings and Questioned Costs

Year ended June 30, 2012

IV-D-10 Business Transactions - Business transactions between the City and the City officials or employees detailed as follows:

Name, Title, and <u>Business Connection</u>	<u>Description</u>	<u>Amount</u>
Dennis Walstra, Mayor Walstra Plumbing and Heating	Supplies	\$3,605
Randy Vreugdenhil, Council Member HSR, LLC	Management fee Events Lender, per bid	\$140,138
W. Dale Den Herder, Council Member American State Bank	BankFees as Fiscal Agent	\$5,067
Jamie Van Ravenswaay , Council Member	Fuel and supplies	\$67

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

IV-E-10 Bond Coverages - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-F-10 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-10 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City investment policy were noted.

IV-H-10 Revenue Bonds - The City has complied with the provisions of the revenue bond indentures which state that the bonds and interest are payable solely and only from the net earnings of the activities.

IV-I-10 Publication of Salaries - It was noted that salaries were published.

## Statistical Section

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

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

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



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

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities										
Invested in capital assets, net of related debt	\$17,570,408	\$19,775,429	\$20,036,209	\$20,451,964	\$20,174,350	\$23,593,626	\$29,143,806	\$31,116,445	\$34,329,776	\$36,189,621
Restricted	\$657,201	\$477,357	\$556,106	\$559,815	\$537,407	\$754,599	\$1,411,693	\$1,392,894	\$1,389,263	\$1,455,096
Unrestricted	\$2,486,983	\$3,393,796	\$4,043,856	\$3,094,441	\$5,728,799	\$4,377,746	\$3,480,688	\$3,083,759	\$2,086,241	\$1,602,866
Total governmental activities net assets	<u>\$20,714,592</u>	<u>\$23,646,582</u>	<u>\$24,636,171</u>	<u>\$24,106,220</u>	<u>\$26,440,556</u>	<u>\$28,725,971</u>	<u>\$34,036,187</u>	<u>\$35,593,098</u>	<u>\$37,805,280</u>	<u>\$39,247,583</u>
Business-type activities										
Invested in capital assets, net of related debt	\$12,153,801	\$11,087,401	\$11,806,447	\$9,500,725	\$12,079,937	\$15,556,676	\$15,805,673	\$15,451,921	\$15,462,388	\$15,031,420
Restricted	\$540,190	\$531,195	\$723,892	\$755,567	\$1,076,145	\$1,190,936	\$1,234,146	\$873,626	\$838,130	\$688,534
Unrestricted	\$9,060,076	\$10,484,459	\$10,891,326	\$17,759,176	\$19,899,659	\$17,510,142	\$19,854,323	\$20,706,392	\$21,232,208	\$22,811,697
Total business-type activities net assets	<u>\$21,754,067</u>	<u>\$22,103,055</u>	<u>\$23,421,665</u>	<u>\$28,015,468</u>	<u>\$33,055,741</u>	<u>\$34,257,754</u>	<u>\$36,894,142</u>	<u>\$37,031,939</u>	<u>\$37,532,726</u>	<u>\$38,531,651</u>
Primary government										
Invested in capital assets, net of related debt	\$29,724,209	\$30,862,830	\$31,842,656	\$29,952,689	\$32,254,287	\$39,150,302	\$44,949,479	\$46,568,366	\$49,792,164	\$51,221,041
Restricted	1,197,391	1,008,552	1,279,998	1,315,382	1,613,552	1,945,535	2,645,839	2,266,520	2,227,393	2,143,630
Unrestricted	11,547,059	13,878,255	14,935,182	20,853,617	25,628,458	21,887,888	23,335,011	23,790,151	23,318,449	24,414,563
Total primary government net assets	<u>\$42,468,659</u>	<u>\$45,749,637</u>	<u>\$48,057,836</u>	<u>\$52,121,688</u>	<u>\$59,496,297</u>	<u>\$62,983,725</u>	<u>\$70,930,329</u>	<u>\$72,625,037</u>	<u>\$75,338,006</u>	<u>\$77,779,234</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in FY 2003

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

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenses</b>										
Governmental activities:										
Public Safety	\$657,320	\$697,459	\$743,556	\$817,289	\$741,391	\$812,532	\$996,337	\$1,026,496	\$1,087,057	\$1,123,039
Public Works	925,622	957,142	942,212	1,041,100	1,110,196	1,473,643	1,357,890	1,630,940	1,758,350	1,683,109
Culture and Recreation	1,218,559	2,081,506	2,231,734	2,579,546	2,519,821	2,400,998	3,135,324	3,086,073	3,311,975	3,442,682
Community and Economic Development	175,604	173,930	114,083	148,772	150,322	231,692	133,247	149,263	131,008	148,066
General Government	468,334	500,723	627,660	674,592	614,518	592,506	626,507	695,282	706,708	996,544
Capital Projects			88,986	1,133,134	1,532,401					
Debt Service	230,642	210,963	191,846	152,184	144,171	238,421	307,498	401,459	364,025	323,338
<b>Total governmental activities expenses</b>	<b>3,676,081</b>	<b>4,621,723</b>	<b>4,940,077</b>	<b>6,546,617</b>	<b>6,812,820</b>	<b>5,749,792</b>	<b>6,556,803</b>	<b>6,989,513</b>	<b>7,359,123</b>	<b>7,716,778</b>
Business-type activities:										
Centre Mall	799,787	779,335	751,409	896,463	901,224	1,189,137	1,117,315	1,084,666	1,025,600	1,109,253
Water	855,045	862,799	929,888	913,444	958,977	1,098,883	1,147,543	1,147,264	1,302,133	1,264,355
Sewer	1,030,986	1,092,388	978,266	970,703	981,750	1,017,284	1,141,327	1,124,746	1,227,212	1,050,397
Electric	3,898,968	4,493,596	4,737,622	5,386,473	5,750,535	6,392,707	7,155,946	8,354,052	8,521,319	8,715,106
Natural Gas	5,694,341	6,526,642	8,009,601	10,397,592	9,470,983	13,485,073	13,140,995	10,643,488	8,721,668	7,014,332
<b>Total business-type activities expenses</b>	<b>12,279,127</b>	<b>13,754,760</b>	<b>15,406,786</b>	<b>18,564,675</b>	<b>18,063,469</b>	<b>23,183,084</b>	<b>23,703,126</b>	<b>22,354,216</b>	<b>20,797,932</b>	<b>19,153,443</b>
<b>Total primary government expenses</b>	<b>\$15,955,208</b>	<b>\$18,376,483</b>	<b>\$20,346,863</b>	<b>\$25,111,292</b>	<b>\$24,876,289</b>	<b>\$28,932,876</b>	<b>\$30,259,929</b>	<b>\$29,343,729</b>	<b>\$28,157,055</b>	<b>\$26,870,221</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public Safety	27,484	40,260	37,614	39,884	54,484	53,339	50,228	50,293	52,310	57,466
Public Works	347,866	264,375	229,180	309,319	223,861	451,014	490,109	333,692	367,443	394,089
Culture and Recreation	202,162	663,424	957,686	897,259	787,863	932,494	917,498	636,337	768,568	818,972
Community and Economic Development	53,374	46,506	56,294	83,885	97,422	67,366	96,457	71,494	41,993	66,080
General Government	41,479	42,970	57,026	40,907	32,890	15,216	36,589	38,047	56,397	54,273
Capital Projects										
Operating grants and contributions	692,135	577,002	538,893	518,312	529,391	542,128	481,551	559,269	594,984	668,511
Capital grants and contributions	7,260,194	1,893,626	158,503	116,575	394,131	387,295	401,970	821,197	799,114	564,919
<b>Total governmental activities program revenues</b>	<b>8,624,694</b>	<b>3,528,163</b>	<b>2,035,196</b>	<b>2,006,141</b>	<b>2,120,042</b>	<b>2,448,852</b>	<b>2,474,402</b>	<b>2,510,329</b>	<b>2,680,809</b>	<b>2,624,310</b>
Business-type activities:										
Charges for services:										
Centre Mall	299,723	398,036	417,432	379,069	392,026	469,590	472,346	455,205	453,156	482,752
Water	945,488	1,013,677	1,037,550	1,044,556	1,102,593	1,105,854	1,246,025	1,181,242	1,267,961	1,463,515
Sewer	683,919	747,228	914,104	1,021,816	863,499	999,517	1,012,341	850,807	1,007,896	1,170,720
Electric	4,295,759	4,936,376	5,227,088	5,757,876	6,074,370	6,984,873	7,610,111	8,492,056	9,042,937	9,091,337
Natural Gas	5,732,196	6,880,803	8,547,536	10,688,579	9,611,852	13,843,901	13,565,023	10,850,723	8,955,003	6,846,384

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total business-type activities program revenues	11,957,085	13,976,120	16,143,710	18,891,896	18,044,340	23,403,735	23,905,846	21,830,033	20,726,953	19,054,708
Total primary government program revenues	<u>\$20,581,779</u>	<u>\$17,504,283</u>	<u>\$18,178,906</u>	<u>\$20,898,037</u>	<u>\$20,164,382</u>	<u>\$25,852,587</u>	<u>\$26,380,248</u>	<u>\$24,340,362</u>	<u>\$23,407,762</u>	<u>\$21,679,018</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$4,948,613	(\$1,093,560)	(\$2,904,881)	(\$4,540,476)	(\$4,692,778)	(\$3,300,940)	(\$4,082,401)	(\$4,479,184)	(\$4,678,314)	(\$5,092,468)
Business-type activities	(322,042)	221,360	736,924	327,221	(19,129)	220,651	202,720	(524,183)	(70,979)	(98,735)
Total primary government net expense	<u>\$4,626,571</u>	<u>(\$872,200)</u>	<u>(\$2,167,957)</u>	<u>(\$4,213,255)</u>	<u>(\$4,711,907)</u>	<u>(\$3,080,289)</u>	<u>(\$3,879,681)</u>	<u>(\$5,003,367)</u>	<u>(\$4,749,293)</u>	<u>(\$5,191,203)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities										
Property taxes	\$2,218,514	\$2,577,737	\$2,709,532	\$2,795,346	\$3,163,518	\$3,325,694	\$3,868,849	\$4,130,253	\$4,672,916	\$4,785,273
Local option sales tax	409,204	442,959	428,672	520,697	552,779	562,369	647,398	599,213	701,502	640,653
Unrestricted investment earnings	141,845	50,096	69,953	38,757	189,599	222,533	128,520	74,833	47,956	27,596
Miscellaneous	(58,934)	975,185	1,087,859	372,329	729,840	1,799,569	5,151,748	1,292,505	1,318,680	856,405
Transfers	(398,014)	(20,427)	(312,932)	(327,022)	(211,105)	(250,734)	(403,899)	(60,710)	149,443	224,844
Total governmental activities	<u>2,312,615</u>	<u>4,025,550</u>	<u>3,983,084</u>	<u>3,400,107</u>	<u>4,424,631</u>	<u>5,659,431</u>	<u>9,392,616</u>	<u>6,036,094</u>	<u>6,890,497</u>	<u>6,534,771</u>
Business-type activities										
Unrestricted investment earnings	97,545	101,172	154,527	471,081	500,290	627,900	498,962	370,324	375,112	394,572
Miscellaneous	139,400	(23,270)	93,118	3,462,606	3,987,178	102,726	1,241,096	230,946	346,099	927,931
Transfers	398,014	20,427	312,932	327,022	211,105	250,734	403,899	60,710	(149,443)	(224,844)
Total business-type activities	<u>634,959</u>	<u>98,329</u>	<u>560,577</u>	<u>4,260,709</u>	<u>4,698,573</u>	<u>981,360</u>	<u>2,143,957</u>	<u>661,980</u>	<u>571,768</u>	<u>1,097,659</u>
Total primary government	<u>\$2,947,574</u>	<u>\$4,123,879</u>	<u>\$4,543,661</u>	<u>\$7,660,816</u>	<u>\$9,123,204</u>	<u>\$6,640,791</u>	<u>\$11,536,573</u>	<u>\$6,698,074</u>	<u>\$7,462,265</u>	<u>\$7,632,430</u>
<b>Change in Net Assets</b>										
Governmental activities	7,261,228	2,931,990	1,078,203	(1,140,369)	(268,147)	2,358,491	5,310,215	1,556,910	2,212,183	1,442,303
Business-type activities	312,917	319,689	1,297,501	4,587,930	4,679,444	1,202,011	2,346,677	137,797	500,789	998,924
Total primary government	<u>\$7,574,145</u>	<u>\$3,251,679</u>	<u>\$2,375,704</u>	<u>\$3,447,561</u>	<u>\$4,411,297</u>	<u>\$3,560,502</u>	<u>\$7,656,892</u>	<u>\$1,694,707</u>	<u>\$2,712,972</u>	<u>\$2,441,227</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in FY 2003

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$81,465	\$81,465	\$81,465	\$81,466	\$12,000	\$12,000	\$0	\$0	\$0	\$0
Unreserved	1,575,033	1,474,533	1,634,908	1,637,982	2,503,644	2,808,809	2,901,658	3,047,500	2,865,946	2,711,856
Total general fund	<u>\$1,656,498</u>	<u>\$1,555,998</u>	<u>\$1,716,373</u>	<u>\$1,719,448</u>	<u>\$2,515,644</u>	<u>\$2,820,809</u>	<u>\$2,901,658</u>	<u>\$3,047,500</u>	<u>\$2,865,946</u>	<u>\$2,711,856</u>
All other governmental funds										
Reserved	\$622,880	\$7,637	\$9,463	\$3,275	\$27,515	\$42,911	\$0	\$0	\$0	\$0
Unreserved, reported in:										
Special revenue funds	1,282,735	1,513,502	1,573,686	1,403,070	1,132,559	1,343,131	1,758,146	975,700	819,232	827,069
Debt service funds							6,596	0	0	0
Capital project funds	(716,813)	289,212	931,743	589,577	2,440,638	894,064	85,369	331,023	(263,909)	(923,956)
Total all other governmental funds	<u>\$1,188,802</u>	<u>\$1,810,351</u>	<u>\$2,514,892</u>	<u>\$1,995,922</u>	<u>\$3,600,712</u>	<u>\$2,280,106</u>	<u>\$1,850,111</u>	<u>\$1,306,723</u>	<u>\$555,323</u>	<u>(\$96,887)</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in FY 2003

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Property taxes	\$1,475,319	\$1,541,583	\$1,621,948	\$1,694,967	\$1,855,675	\$2,078,370	\$2,298,169	\$2,649,813	\$2,767,090	\$2,844,644
Tax increment financing	731,104	1,031,418	1,074,393	964,944	1,180,181	1,230,337	1,570,680	1,480,441	1,905,826	1,940,629
Other city taxes	421,293	447,695	441,863	636,228	680,442	579,357	647,398	599,213	701,502	640,653
Special assessments	152,031	86,469	25,889	98,425	76,711	16,638	130,642	43,288	84,691	65,385
Licenses and permits	83,925	76,817	85,507	99,355	127,662	88,490	659,653	106,897	77,080	106,251
Intergovernmental	4,548,531	1,744,167	704,756	631,724	981,638	810,054	1,091,687	1,448,404	1,455,337	1,298,302
Charges for services	307,936	631,281	994,074	930,449	968,434	1,449,527	1,176,853	770,306	954,927	1,084,598
Miscellaneous	3,741,885	1,655,539	1,206,157	447,399	587,430	1,513,042	161,500	1,173,909	1,157,760	722,131
Use of property and money	147,703	129,093	176,623	274,990	297,606	421,621	1,055,171	334,863	317,650	230,867
<b>Total Revenues</b>	<b>11,609,727</b>	<b>7,344,062</b>	<b>6,331,210</b>	<b>5,778,481</b>	<b>6,755,779</b>	<b>8,187,436</b>	<b>8,791,753</b>	<b>8,607,134</b>	<b>9,421,863</b>	<b>8,933,460</b>
<b>Expenditures</b>										
Public safety	612,478	636,876	725,681	776,606	730,316	750,423	814,558	882,827	998,840	867,980
Public works	837,560	625,173	585,562	659,692	803,434	892,144	896,056	1,032,254	1,602,290	1,123,927
Culture and recreation	1,060,886	1,845,690	1,912,130	2,098,074	2,106,035	2,235,045	2,894,998	2,501,034	2,703,276	2,941,486
Community and economic development	174,244	172,788	111,704	138,977	150,468	230,464	132,971	148,900	128,740	147,425
General government	452,608	483,381	644,968	614,226	599,959	594,657	675,103	703,844	630,355	1,178,767
Capital projects	8,992,000	2,169,779	666,257	1,133,134	1,831,620	5,057,283	10,861,506	2,260,417	3,045,913	3,493,052
Debt service										
Interest	229,896	214,564	161,447	145,306	124,308	210,272	378,245	408,200	368,837	331,022
Principal	198,495	884,877	329,981	377,570	367,433	376,855	2,081,563	1,006,494	1,026,008	1,381,722
<b>Total Expenditures</b>	<b>12,558,167</b>	<b>7,033,128</b>	<b>5,137,730</b>	<b>5,943,585</b>	<b>6,713,573</b>	<b>10,347,143</b>	<b>18,735,000</b>	<b>8,943,970</b>	<b>10,504,259</b>	<b>11,465,381</b>
Excess of revenues over (under) expenditures										
Other financing sources (uses)										
Bonds issued	875,000				2,412,000	1,395,000	9,998,000			1,500,000
Transfers in	1,269,863	2,538,360	2,726,432	3,157,238	3,721,260	3,354,776	3,751,412	4,859,181	4,887,354	5,075,390
Transfers out	(1,667,877)	(2,558,787)	(3,039,364)	(3,484,260)	(3,932,365)	(3,605,510)	(4,155,311)	(4,919,891)	(4,737,911)	(4,849,769)
<b>Total other financing sources (uses)</b>	<b>476,986</b>	<b>(20,427)</b>	<b>(312,932)</b>	<b>(327,022)</b>	<b>2,200,895</b>	<b>1,144,266</b>	<b>9,594,101</b>	<b>(60,710)</b>	<b>149,443</b>	<b>1,725,621</b>
<b>Net change in fund balances</b>	<b>(\$471,454)</b>	<b>\$290,507</b>	<b>\$880,548</b>	<b>(\$492,126)</b>	<b>\$2,243,101</b>	<b>(\$1,015,441)</b>	<b>(\$349,146)</b>	<b>(\$397,546)</b>	<b>(\$932,953)</b>	<b>(\$806,300)</b>
Debt service as a percentage of noncapital expenditures	3.4%	15.6%	9.6%	8.8%	7.3%	5.7%	13.1%	15.8%	13.3%	14.9%

Note: The city began to report accrual information when it implemented GASB Statement 34 in FY 2003

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

Fiscal Year	Real Property		Utilities		Total		Assessed Value as a Percentage of Estimated Actual
	Assessed	Estimated Actual Value	Assessed	Estimated Actual Value	Assessed	Estimated Actual Value	
2000-01	\$130,805,202	\$198,031,047	\$1,407,989	\$1,415,545	\$132,213,191	\$199,446,592	66.3%
2001-02	139,002,317	205,362,319	1,341,770	1,341,770	140,344,087	206,704,089	67.9%
2002-03	159,627,034	246,523,537	1,275,960	1,287,596	160,902,994	247,811,133	64.9%
2003-04	160,872,021	247,768,524	1,244,987	1,244,987	162,117,008	249,013,511	65.1%
2004-05	159,310,103	254,092,890	1,261,133	1,264,303	160,571,236	255,357,193	62.9%
2005-06	164,454,918	259,762,534	1,270,418	1,270,418	165,725,336	261,032,952	63.5%
2006-07	179,069,053	292,992,586	1,167,183	1,170,856	180,236,236	294,163,442	61.3%
2007-08	186,183,196	299,224,460	1,293,020	1,293,020	187,476,216	300,517,480	62.4%
2008-09	205,956,675	343,021,104	1,293,020	1,293,020	207,249,695	344,314,124	60.2%
2009-10	224,969,963	365,108,615	1,236,807	1,236,807	226,206,770	366,345,422	61.7%
2010-11	241,960,347	392,473,744	1,348,433	1,348,433	243,308,780	393,822,177	61.8%
2011-12	252,797,103	406,947,980	1,480,698	1,480,698	254,277,801	408,428,678	62.3%

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

Fiscal Year	City Direct Rates							Overlapping Rates				Total City Consolidated Rate
	General Rate	Civic Center Rate	Liability Ins Rate	Employee Benefits Rate	Debt Service Rate	Total Direct City Rate	School District	County Consolidated	Vocational School			
2000-01	\$8.10000	\$0.13500	\$0.43980	\$2.81012		\$11.48492	\$13.63856	\$3.53287	\$0.52226	\$29.17861		
2001-02	8.10000	0.13500	0.43989	2.96762		11.64251	13.60919	3.51674	0.53380	29.30224		
2002-03	8.10000	0.13500	0.41947	2.35705	0.65386	11.66538	14.20535	3.93682	0.54774	30.35529		
2003-04	8.10000	0.13500	0.43223	2.97334	0.60000	12.24057	14.30223	4.64743	0.65433	31.84456		
2004-05	8.10000	0.13500	0.70419	3.64606	0.60574	13.19099	14.05656	5.06682	0.58447	32.89884		
2005-06	8.10000	0.13500	0.64160	4.15154	0.42565	13.45379	14.00026	6.14423	0.58365	34.18193		
2006-07	8.10000	0.13500	0.64274	4.61540	0.27741	13.77055	13.98994	6.13163	0.66202	34.55414		
2007-08	8.10000	0.13500	0.65838	4.38082	0.69824	13.97244	13.99807	6.03708	0.67287	34.68046		
2008-09	8.10000	0.13500	0.82780	4.55974	0.62726	14.24980	14.80599	5.62130	0.68751	35.36460		
2009-10	8.10000	0.13500	0.73361	4.04093	1.37952	14.38906	16.08818	5.51633	0.65473	36.64830		
2010-11	8.10000	0.13500	0.71172	4.15979	1.28256	14.38906	16.12488	5.37471	0.67631	36.56496		
2011-12	8.10000	0.13500	0.67817	3.76149	1.10076	13.77542	16.12157	5.36350	0.65058	35.91107		

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

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

<u>Taxpayer</u>	FY 2012		<u>Taxpayer</u>	FY 2002	
	Taxable Assessed	Percentage of Total		Taxable Assessed	Percentage of Total
	<u>Value</u>	<u>Taxable Value</u>		<u>Value</u>	<u>Taxable Value</u>
Trigen, LLC (Pella)	\$12,792,660	5.03%	Trigen, LLC (Pella)	9,302,581	5.78%
Walmart Real Estate	7,832,790	3.08%	Farmers Cooperative Society	5,400,730	3.36%
Farmers Cooperative Society	7,477,910	2.94%	City of Sioux Center (Centre Mall)	4,514,400	2.81%
City of Sioux Center (Centre Mall)	6,577,390	2.59%	Sioux Automation	2,671,158	1.66%
Patrick Cudahy (Golden Crisp)	3,436,610	1.35%	American State Bank	2,431,517	1.51%
Southridge Lodging	2,706,980	1.06%	Gorges Quick to Fix	\$2,319,239	1.44%
Link Mfg	2,634,300	1.04%	SC Community Hospital	\$2,258,740	1.40%
American State Bank	2,468,840	0.97%	Link Manufacturing	1,911,430	1.19%
Harbor Group Investments LLC	2,502,800	0.98%	EMW Groschopp	1,665,769	1.04%
R&C Hulshof Farms, LLC	<u>2,240,640</u>	0.88%	Vet Pharm	<u>1,524,295</u>	0.95%
	<u>50,670,920</u>	19.93%		<u>33,999,859</u>	21.13%

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

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

Fiscal Year	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		<u>Amount</u>	Percent of Levy		<u>Amount</u>	Percent of Levy
2002-03	2,214,809	2,210,123	99.8%	1,725	2,211,848	99.9%
2003-04	2,485,848	2,508,382	100.9%	2,393	2,510,775	101.0%
2004-05	2,606,377	2,691,285	103.3%	315	2,691,600	103.3%
2005-06	2,846,327	2,757,691	96.9%	890	2,758,580	96.9%
2006-07	3,137,741	3,144,012	100.2%	910	3,144,922	100.2%
2007-08	3,316,224	3,308,708	99.8%	899	3,309,607	99.8%
2008-09	3,754,272	3,857,934	102.8%	1,040	3,858,974	102.8%
2009-10	4,130,253	4,122,204	99.8%	3,488	4,125,692	99.9%
2010-11	4,630,104	4,661,663	100.7%	3,952	4,665,615	100.8%
2011-12	4,694,612	4,679,886	99.7%	467	4,680,353	99.7%

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

Fiscal Year	Governmental Activities	Business-Type Activities			Total	Per Capita
	General Obligation Bonds	Water Bonds	Sewer Bonds	Centre Mall Bonds	Primary Government	
2002-03	4,458,912	3,899,246	2,197,849	3,200,000	13,756,007	2,174
2003-04	3,574,036	3,788,923	2,058,711	2,920,000	12,341,670	1,951
2004-05	3,244,055	3,749,414	1,913,723	4,055,000	12,962,192	2,049
2005-06	2,860,298	3,596,363	1,762,882	3,635,000	11,854,543	1,874
2006-07	4,825,322	4,739,488	1,912,191	3,880,000	15,357,001	2,427
2007-08	5,843,467	4,565,051	1,890,481	3,360,000	15,658,999	2,475
2008-09	10,449,078	4,267,114	1,700,807	2,305,000	18,721,999	2,959
2009-10	9,442,585	4,075,457	1,497,958	1,800,000	16,816,000	2,658
2010-11	8,416,577	3,748,800	1,289,623	1,495,000	14,950,000	2,121
2011-12	8,534,854	3,625,000	1,063,146	1,245,000	14,468,000	2,053

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

Fiscal Year	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total	Percentage of	Per Capita
				Estimated Actual Taxable Value of Property	
2001-02	3,780,539	1,359	3,779,180	2.69%	630
2002-03	4,458,912	622,880	3,836,032	2.38%	639
2003-04	3,574,036	7,637	3,566,399	2.20%	594
2004-05	3,244,055	9,463	3,234,592	2.01%	539
2005-06	2,860,298	3,275	2,857,023	1.72%	432
2006-07	4,825,322	27,515	4,797,807	2.66%	726
2007-08	5,843,467	42,911	5,800,556	3.09%	877
2008-09	10,449,078	6,596	10,442,482	5.04%	1,580
2009-10	9,442,585	0	9,442,585	4.17%	1,428
2010-11	8,416,577	0	8,416,577	3.46%	1,194
2011-12	8,534,854	0	8,534,854	3.36%	1,211

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

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

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable</u>	<u>Estimated</u> <u>Share of Direct</u> <u>and Overlapping</u> <u>Debt</u>
Debt repaid with property taxes:			
Sioux Center Community School District	\$10,570,000	66.10%	\$6,986,626
Sioux County	7,985,000	17.32%	<u>1,383,028</u>
Subtotal, overlapping debt			8,369,654
City of Sioux Center direct debt			<u>8,534,854</u>
Total direct and overlapping debt			<u><u>\$16,904,508</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.



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

**Legal Debt Margin Calculation for FY 2012**

Assessed value	\$408,428,678
Debt limit (5% of assessed value)	20,421,434
Debt applicable to limit	10,490,000
Total general obligation bonds	0
Less: Amount set aside for repayment of general obligation debt	0
Total net debt applicable to limit	<u>10,490,000</u>
Legal debt margin	<u>\$9,931,434</u>

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$12,388,426	\$12,450,676	\$12,767,860	\$13,051,648	\$14,708,172	\$15,025,874	\$17,215,706	\$18,317,271	\$19,691,109	\$20,421,434
Total net debt applicable to limit	7,777,746	7,165,390	7,898,192	6,880,000	9,205,000	9,787,089	13,880,000	12,240,000	10,780,000	10,490,000
Legal debt margin	\$4,610,680	\$5,285,286	\$4,869,668	\$6,171,648	\$5,503,172	\$5,238,785	\$3,335,706	\$6,077,271	\$8,911,109	\$9,931,434
Total net debt applicable to the limit as a percentage of debt limit	62.78%	57.55%	61.86%	52.71%	62.58%	65.13%	80.62%	66.82%	54.75%	51.37%

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

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

Water Revenue Bonds

Fiscal Year	Revenue	Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2002-03	966,858	445,152	521,706	87,435	187,342	1.90
2003-04	1,032,974	449,675	583,299	88,248	183,734	2.14
2004-05	1,065,595	510,760	554,835	94,720	179,402	2.02
2005-06	1,134,541	512,008	622,533	130,000	136,883	2.33
2006-07	1,153,328	577,409	575,919	135,000	137,546	2.11
2007-08	1,179,939	665,935	514,004	200,000	167,654	1.40
2008-09	1,277,352	698,291	579,061	265,000	160,124	1.36
2009-10	1,203,030	677,696	525,334	150,000	152,406	1.74
2010-11	1,281,897	825,605	456,292	220,000	145,439	1.25
2011-12	1,471,268	774,876	696,392	275,000	107,934	1.82

Sewer Revenue Bonds

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

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

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

Population	7,048
Median age	27.7
Median household income	\$55,876
Per capita income	\$21,093
Median home or condo value	\$153,185
Cost of living index (US average is 100)	79.7
Percentage with high-school equivalency	79.5%
Percentage with bachelor's degree or higher	27.8%
Percentage with graduate or professional degree	10.9%
Unemployment rate	3.6%
Daytime population change due to commuting	+1432 (24%)
Average household size	2.7
Residents with incomes below the poverty level	7.3%
School enrollment	1,479

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

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government and Utilities Management	17	17	17	18	19	19	19	19	19	18
Police Officers	7	7	7	7	7	7	7	7	7	7
Public Works	1	1	1	1	1	1	1	1	1	1
Culture and Recreation	6	6	6	6	6	6	6	6	5	5
Library	6	6	6	6	6	6	6	6	7	7
Electric	4	4	4	4	4	4	4	4	4	4
Natural Gas	3	3	3	3	3	3	3	3	3	3
Water	4	4	4	4	4	4	4	4	4	4
Sewer	4	4	4	4	4	4	4	4	4	4
Centre Mall	2	2	2	2	2	2	2	2	2	2
Total	<u>53</u>	<u>53</u>	<u>53</u>	<u>54</u>	<u>55</u>	<u>55</u>	<u>55</u>	<u>55</u>	<u>56</u>	<u>55</u>

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

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

<u>Function/Program</u>	<u>2012</u>
<b>General Government</b>	
Building Permits Issued	79
<b>Police</b>	
Citations	809
Arrests	190
<b>Fire</b>	
Emergency Responses	90
<b>Parks and Recreation</b>	
Pool Admissions	25,501
Ice Arena Admissions	3,565
<b>Library</b>	
Items Checked Out	160,097
<b>Water</b>	
Average Daily Consumption	1,056,000
Peak Consumption	1,864,000
<b>Sewer</b>	
Average Daily Treatment	1,265,000
Peak load (gallons per day)	2,145,000
<b>Electric</b>	
KWH Purchased	122,676,527
KWH Sold	116,857,376
Average Revenue per KWH Sold	0.078
<b>Gas</b>	
MCF Purchased	1,522,633
MCF Sold	1,528,236
Average Revenue per MCF Sold	4.480

Source: Various city departments

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

<b><u>Function/Program</u></b>	<b><u>2012</u></b>
<b>Police</b>	
Stations	1
Patrol units	4
<b>Fire</b>	
Stations	2
Emergency vehicles	7
<b>Other Public Works</b>	
Streets (miles)	54
Highways (miles)	4
Streetlights	720
Traffic signals	4
<b>Parks and Recreation</b>	
Parks/playgrounds	9
Bike trail (miles)	6.5
Baseball/softball diamonds	8
Soccer/football fields	6
Facilities (All Seasons Center - pool, ice arena)	1
<b>Water</b>	
Water mains (miles)	64
Fire hydrants	308
Number of wells	15
Elevated storage capacity (gallons)	650,000
Water plant capacity (gallons per day)	1,920,000
Meters in service	2,348
<b>Sewer</b>	
Sanitary sewers (miles)	43
Storm sewers (miles)	16
Design capacity (gallons per day)	4,000,000
Number of lift stations	9
<b>Electric</b>	
Electric main wire (miles)	72
Meters in Service	2,607
<b>Gas</b>	
Gas mains (miles)	74
Meters in Service	2,194

City of Sioux Center, Iowa

Staff

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