COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE CITY OF SIOUX CITY, IOWA

FOR THE YEAR ENDED JUNE 30,2006

PREPARED BY

FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

CITY OF SIOUX CITY, IOWA
INTRODUCTORY SECTION

CITY OF SIOUX CITY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2006

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THE COVER

This year's cover is a photo of the Historic 4th Street in downtown Sioux City. This historic area is a three-block stretch extending from Virginia Street east to Floyd Boulevard on 4th Street.

The area features block buildings designed by local architects. Most of these buildings were constructed in the early 1890's and many were made in the Richardsonian Romanesque style. The Boston and Evans Block buildings are included in the National Register of Historic Places for their architecture style and engineering.

Historic 4th Street is now home to several exciting businesses. Among these are several bar and grill eateries and a 14 theatre cinema complex. Also on Historic 4th Street you will find antique, floral, other specialty shops and professional offices.

This area is home to several annual events that include Awesome Biker Nights and the Lewis and Clark Marathon. Awesome Biker Nights is held each June and includes a motorcycle rally and several concerts. This event is a fund raiser for several local charities. The Lewis and Clark Marathon is held each October and concludes in the Historic 4th Street area. This marathon is organized by the Missouri River Runners. A new event in 2006 is "Fridays on the Promenade" held each week that includes a concert and refreshments.

From its origins in the late 1800's, Historic 4th Street continues to be revitalized. Today it is a thriving, energetic area offering many entertainment and business opportunities.

ABOUT SIOUX CITY, IA

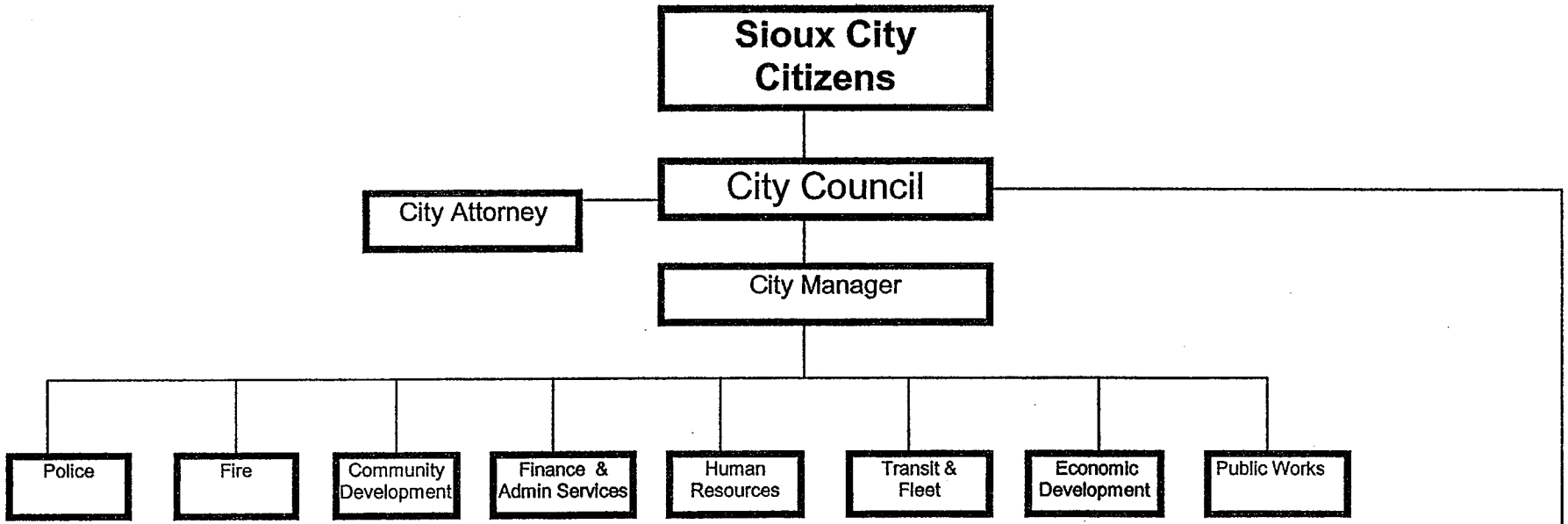
The City of Sioux City, Iowa has had a long and colorful past. Founded in 1854 its roots go back to the days of the early fur traders. Located in the center of America's heartland, Sioux City is located at the confluence of the Missouri and Big Sioux Rivers at the junction of the States of Iowa, Nebraska, and South Dakota. This Tri-State area is known as Siouxland.

Sioux City was a major transportation and marketing center, behind only St. Louis and Chicago. In the 1880s, Sioux City gained the reputation of being a wild, corrupt and uncivilized place due to the many political scandals and open defiance and conflict over such matters as the temperance laws.

On April 28, 1953, voters of Sioux City approved the City Council and Manager form of government. In 1962, Sioux City was awarded the "All-America" city status by Look Magazine and the National Municipal League. Again, in 1990, Sioux City received the "All-America" city designation.

Sioux City has become known as a regional medical community servicing the area covered by a 50-mile radius. Sioux City boasts of having two hospitals with over 300 beds each. In 1992, the Siouxland Community Health Center was created to serve the needs of area residents that are without health insurance or lack adequate coverage. The Center is funded by a grant from the Federal Government and is supported by several community organizations and agencies. In addition to having the latest in hospital services available, the medical community offers a family practice residency program.

Siouxland is the headquarters to many national companies including Tyson Foods, Soo Honey Association, American PopCorn, Aalfs manufacturing, Terra Industries, Inc., Wilson Trailer, Inc., BPI Technology Inc and Great West Casualty Company.



Administrative

Airport Board
Art Center Board
Convention Center Board
Human Rights Commission
Library
Museum
Skywalk System Board of Trustees

Advisory, Quasi-Judicial*, Building, Licensing, and Appeals^

Board of Adjustments*
Building and Housing Code Board^
Civil Service Commission*
Effective Public Policy
Electrical Board^
Environmental Board
Fiscal Management Committee
Historic Preservation Committee
Licensing Appeals Board^
Mechanical Board^
Parks and Recreation Board
Parking Advisory Board
Planning and Zoning Commission
Rehabilitation Loan Review Committee
Sister City Committee
Transit Board
Youth Commission

SCHEDULE OF CITY OFFICIALS

June 30, 2006

Elected Officials		Term Expires
Mayor	Craig Berenstein	January 1, 2008
Mayor Pro Tem	Jason Geary	January 1, 2008
Council Member	David Ferris	January 1, 2010
Council Member	Brent Hoffman	January 1, 2010
Council Member	James Rixner	January 1, 2010

Council Appointed Officials		Date of Appointment
City Manager	Paul Eckert	March 22, 2002
City Attorney	James Abshier	October 17, 1983
City Clerk	Lisa McCardle	June 24, 2006

City Manager and Board Appointed Officials		Date of Appointment
Airport Director	Glenn Januska	December 4, 2000
Art Center Director	Albert Harris	March 25, 2002
Director of Community Development/Planning	vacant	
Director of Field Services	Judith Nicolls	January 21, 2002
Director of Finance and Administrative Services	Robert Padmore	June 24, 2006
Director of Human Rights Commission	Karen Mackey	March 22, 2004
Economic Development Director	Patricia Heagel	September 17, 2002
Executive Director Convention Center, Auditorium and Tourism Bureau	Dennis Gann	November 16, 1990
Fire Chief	Gregory Martin	June 19, 2006
Library Director	Betsy Thompson	June 21, 1995
Museum Director	Steve Hansen	December 17, 2001
Police Chief	Joe Frisbie	April 28, 1997
Public Works Director	David Dorsett	March 7, 2005
Purchasing/Fleet/Transit Director	Curt Miller	December 26, 1978

SIOUX
CITY
TM

SIOUX CITY
SUCCESSFUL
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SIOUX CITY

Offices of the City Manager & Finance Director
City of Sioux City, Iowa
P O Box 447
Sioux City, IA 51102-0447
November 13, 2006

Honorable Mayor
Members of the City Council
Citizens of Sioux City, IA
City of Sioux City, IA

The comprehensive annual financial report of the City of Sioux City, Iowa for the fiscal year ended June 30, 2006 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

Generally Accepted Accounting Principals (GAAP) requires that the City provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the management 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's MD&A can be found immediately following the report of the independent auditors.

The financial statements and schedules included in this report reflect all the funds of the City in accordance with standards set by the Governmental Accounting Standards Board.

The City has established a comprehensive internal control framework that is designed to compile sufficiently reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The comprehensive annual financial report is separated into four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organizational chart, a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada and a list of principal officials. The financial section includes the independent auditors report, management's discussion and analysis, the basic financial statements, required supplementary information and other supplementary information. The statistical section includes unaudited financial and demographic information, generally presented on a multi-year basis. The single audit section includes information regarding the required single audit in conformity with the provisions of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The single audit section also includes the Schedule of Federal Award Expenditures, Findings and Recommendations, and the auditor's reports on internal control and compliance with applicable laws and regulations.

The Code of Iowa requires an annual audit be made of the books of accounts, financial records and transactions of all administrative departments of the City by the State Auditor or by a Certified Public Accountant selected by the City Council. The audit for fiscal year 2006 was performed by Williams & Company, Certified Public Accountants. Williams & Company concluded that the City of Sioux City's financial statements for year ended June 30, 2006, are fairly presented in

conformity with GAAP. Williams & Company's auditor's report is presented in the financial section of this report.

GOVERNMENT PROFILE

The City of Sioux City was incorporated in 1855, and is located in the northwest part of the state. The western border is the Missouri River and abuts the states of Nebraska and South Dakota. The City currently occupies a land area of 60 square miles and serves a population of 85,013. The City is empowered to levy a property tax on real properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council. The City has operated under the council-manager form of government since 1954. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, the City Attorney and the City Treasurer. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms. The City provides a full range of services.

The following schedule details the available services:

Cultural	***Fire Services***	***Police Services***	***Utilities***
Art Center	Suppression	Patrol	Water
Museum	Prevention	Prevention	Sewer
Library	Training	Investigation	Solid Waste
Convention Center & Auditorium/Tourism	Hazardous Materials	Safety	Storm Sewer

Public Works	***Community Development***	***Transportation***
Streets/Bridges/Waters	Planning/Zoning	Airport
Traffic/Parking	Inspections	Transit
Engineering	Housing	
Recreation/Aquatics	Economic Development	
Cemeteries	Property	

The State Code of Iowa requires the adoption of an annual budget on or before March 15 of each year, which becomes effective July 1 and constitutes the appropriation for each program specified therein until amended. Any amendments to the City budget must be prepared and adopted in the same manner as the original budget. With the exception of capital improvement projects and encumbrances, all other appropriations, as adopted and amended, lapse at the end of the fiscal year. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Annual budgets are adopted on the basis consistent with generally accepted accounting principles for all governmental funds. The City's budget is prepared on the modified accrual basis of accounting. Budgetary control is mandated by State law at the program structure level for all funds rather than at the individual fund level. The City maintains control over the program structure by reviewing estimated purchase amounts prior to release of purchase orders. Purchases orders are encumbered and open encumbrances are reported as reservations of fund balances at June 30.

The Finance and Administrative Services Department is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse. The Department also ensures that adequate data is compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City continues to demonstrate its responsibility for sound financial management through the statements and schedules included in the financial section of this report.

ECONOMIC CONDITION

LOCAL ECONOMY

Sioux City was named one of Iowa's Great Places. Sioux City is one of three pilot cities that will receive financing and will be able to access the services of 19 state agencies to assist in planned improvements for Sioux City's downtown/riverfront area. The plan presented to the Great Places board would transform the Stockyards into an area with trails, pedestrian bridges, landscaping and an interpretive park. Additional projects include: rehabilitation of and reopening the Badgerow Building, an improved parking ramp on Jones Street, a new city museum, demolition of the KD station, connecting the disconnected 18 miles of recreation trails, a signature bridge linking downtown to the riverfront, enhancing the Floyd Boulevard Local Foods Market and restoration of the Hose House in the Stockyards area.

Sioux City's riverfront along the Missouri River has already become a site for new construction. The new Tyson Events Center, situated along Interstate 29 in downtown Sioux City, was opened December 2003. The Tyson Events Center hosts a variety of concerts and entertainment and is home for the junior hockey league Sioux City Musketeers (United States Hockey League), and the indoor football Sioux City Bandits (United Indoor Football League).

The former Sioux City Auditorium has been transformed into the Long Lines Family Recreation Center, a multiple-use recreation facility, which is connected directly into the new Tyson Events Center. Additional amenities along the riverfront include the Lewis and Clark Interpretive Center, a key information center for the historical trail.

The City continues to market and offer numerous aid packages for new development sites. The available development sites provide access to major interstates and highways with 10 - 140 acre parcels available for commercial and industrial development. These sites include the Donner Park Tax Increment area and the Floyd Valley Urban Renewal area.

The Donner Park Tax Increment area is comprised of the Bridgeport Industrial and the Airport Business Parks, and runs parallel to Interstate 29 in the southern portion of Sioux City. In 2005, Qwest Communications opened a new call center in the former Sosinc Building located on Harbor Drive in the Donner Park. The project resulted in the addition of almost 500 jobs in Sioux City.

Another new business will open soon just south of the Donner Park area in near-by Sergeant Bluff, Iowa. Stream, a Richardson, Texas based firm will open a call center to provide technical support and customer service for major technological clients. The new call center expects to hire 500 employees by the end of 2006.

The Floyd Valley Urban Renewal area is the former Stockyards site used extensively by the meat packing industry in Sioux City's early years. With changes in the meat industry, this area is being redeveloped to support new industrial and commercial uses. In fiscal year 1999, the City committed $1.1 million of local funding to demolish a 14 acre hog confinement facility built circa 1920. In addition, the Environmental Protection Agency has committed $200,000 of federal funds for the Brownfield assessment of the Floyd Valley area, to identity areas ready for redevelopment and areas which may need cleanup prior to redevelopment. One retail giant, Home Depot recently opened in the area. Additional commercial opportunities exist to complete the redevelopment of this area.

Sioux City has grown economically in the past few years with many new developments and improvements in the retail and residential sectors. This type of growth will help support the projects and improvements to truly make Sioux City a "Great Place".

Growth is illustrated by continued development of the Woodbury Heights residential area in the western part of Sioux City. New housing continues to spring up and populate the Highland Tax Increment area. Private developers have purchased land and are signing million dollar development agreements for retail expansion to serve this area and the adjacent Dakota Dunes area of South Dakota. A new Fareway grocery store was recently built near Woodbury Heights that will anchor a new Westside retail center.

The Singing Hills commercial development in Southern Sioux City completed the development of approximately 680,000 square feet of retail space. This includes a stand alone 200,000 square foot Super Wal-mart in the Northgate area of Singing Hills. Several restaurants, including Culver's, occupy sites at the Siouxland Towne Center, another retail center on the South Side of Singing Hills near Wal-Mart. On the opposite side of Singing Hills Boulevard, is a smaller retail subdivision with approximately ten lot developments. Recent occupants include Pizza Hut, Kentucky Fried Chicken, Quizno's, Rex's Electronics and Hunan Palace.

A major development which has changed the commercial landscape of the City of Sioux City was the recent opening of the Lakeport Commons and Sunnybrook Plaza commercial developments. These new commercial sites have added nearly 1.2 million square feet of commercial development. These developments have resulted in larger existing stores and the introduction of new commercial chains in Sioux City, including Greatland Target, Lowe's Home Improvement, Linens and Things, Kohl's, PetSmart, Gordmans, Old Navy, Best Buy, Red Robin Restaurant, and Olive Garden Restaurant, among others. Further commercial development is expected in this area. The City provided infrastructure development in these areas.

The Southern Hills Mall, just north of the Singing Hills commercial development, has enjoyed new growth and renovation. New restaurants and stores are nestled in the hub of shopping activity; Chuck E Cheese, Barnes and Noble, Scheel's Sports, renovation of Sears and also the Carmike Theaters, and the relocation of JC Penny's Department Store from downtown.

New construction has recently been established along Hamilton Boulevard, a major thoroughfare extending north from Interstate 29 to Plymouth County. Braunger's Commercial Center at 14th and Hamilton and a Retail Center at 19th and Hamilton have welcomed newly remodeled facilities, new restaurants and new stores such as Panera Bread, Coldstone Creamery, Blimpies, Science Nutrition, Schoolhouse Stock, 24-Hour Fitness, Close to Home, Charlie's Liquor and Tires, Tires, Tires.

Northern Sioux City in the Leed's area along Floyd Boulevard has experienced development with the addition of a Super Wal-mart Store. A new Pizza Hut, Dairy Queen, Jitters coffee house, Kato Fashions and Beijing, a Chinese restaurant, supplement this key structure in luring additional retail stores to this area of town.

Downtown Sioux City has also seen growth and renovation. The Woodbury Center along Gordon Drive has several shops such as United Real Estate Solutions and The International House of Pancakes. Central Bank has recently completed a renovation project worth $2 million along 4th Street between Pierce and Nebraska Streets. Little Chicago Deli has recently relocated to a newly renovated building at the corner of 4th and Nebraska Street. The Holiday Inn along Gordon Drive has also completed a $2 million renovation project. Another project, The Plymouth Block Restoration, entailed the renovation of a major building in the Historic District. The restoration offered the Historic District 36 affordable rental units, 12 market rental units, and office and retail space. The City's involvement included HOME funds and parking lot improvements.

Another addition to downtown is the Promenade Theater located on 4th Street between the Convention Center and the Historic District of Sioux City. The theater is a stadium style, fourteen screen, 2700 seat Cineplex wrapped with 15,000 square feet of retail space. The theater is part of a multi-phased entertainment district that will lie in cohesion with the Historic District, and will include an historic hotel and additional retail/parking mix.

Industrial growth is still necessary to provide a balance in the area's local economic stability. While the retail sector of the City has grown substantially in the past few years, much effort has also been spent on the industrial sector. Gateway, a large computer manufacturer located in North Sioux City, South Dakota sold its operations in recent years, resulting in several mass lay-offs for many employees. Several value added agricultural industries have added jobs. Sioux City will benefit from future job growth in these industries.

Sioux City will continue to support our Medical hub which consists of Mercy Medical Center and St. Luke's Regional Medical Center. Mercy Medical Center employs 2,000 employees, treats over 200,000 patients annually and has recently completed construction of a $25 million Heart Center. St. Luke's Regional Medical Center employs over 1,300 employees, treats over 150,000 patients annually and has just completed a $35 million outpatient center.

LONG-TERM FINANCIAL PLANNING

National interest rates have been at record lows in past years in an effort to strengthen the economy. The City has taken advantage of the unusually low interest rates in relation to debt service by keeping the term of loans at a minimum. This allows quicker debt repayment for continued long-term growth rather than spreading smaller payments across a longer period of time. All of the City general obligation debt is to be repaid within the next 10 years. City debt increased $3.3 million in fiscal year 2006. This increase includes the issuance of three series of general obligation bonds, $4.33 million, $12.99 million and $1.83 million.

The City has also experienced much growth stemming from low interest rates. For Sioux City, in fiscal year 2006, 3,201 building permits were issued with a value of $132,796,811. These factors rank first in terms of number and third in terms of value in the last 10 years, indicating continued growth. With this continual economic expansion, the City has seen an increase in the property tax base. With the addition of many retail centers in the community, sales tax revenue has strengthened, which increases the amount of the local option sales tax revenue for the City. Approximately $9 million in local option sales taxes are collected annually; 60% of local option sales tax is allocated toward reducing taxes levied for debt service and employee benefit costs, 20% is allocated for infrastructure, 10% is allocated to pay for City Hall new construction debt, and the remaining 10% is allocated toward economic development activities, loans, and grants.

Much of the long-term financial growth of the City stems from the use of Tax Increment Financing (TIF). The use of TIF money allows the City make public improvements in the portions of the City where a tax increment base is set into place. Property owners within a TIF district pay property tax on the entire assessed value of their property. The local governments receive only the taxes

levied on the base value of the property. The property value above the base amount is considered the increment value. Any property taxes levied on this increment value are set aside by the City in a separate account. The development costs for the TIF area are paid from this special account. Currently the City has seven tax increment districts.

The City's regional market is enhanced by about $1.9 million per year from revenues received from the Argosy Riverboat gambling facility. These revenues are derived from various sources of the riverboat operations. The revenues received go into the Event Center debt service and other Capital Improvement Projects (CIP).

The Sioux City Council has been committed to maintaining high quality services while minimizing any property tax increase on the median home. Achieving this goal has only been possible with high quality management and significant growth in our economy, while efficiently utilizing tools such as TIF monies and local option sales tax revenues.

RELEVANT FINANCIAL POLICIES

Each year, capital improvement requests are submitted by various departments for approval. A constant struggle can be the capital improvement program hearings, which are held to decide which of these requests hold more priority than others. The programs can vary anywhere from infrastructure and economic development to new buildings or snow removal equipment. Appropriate funding and maintenance of capital projects are prioritized with operating budget demands. The City's policy is to ensure the future operating costs associated with these acquisitions are then taken into consideration for the operating budget forecasts.

The budget is balanced each year with a long-term outlook that will be positive for the organization and the community. The Finance and Administrative Services Department maintains an effective financial management system for accurately reporting annual results as well as monitoring budgetary developments throughout the year. The financial information conforms to and is classified according to the Generally Accepted Accounting Principles (GAAP) for fund accounting.

The City has been conscious of implementing the policy of full service costing. The City has examined specific expenditures/expenses from support services as well as administrative overhead costs and charges benefiting departments accordingly. This policy is upheld to the extent that it is administratively feasible.

The City has been continually challenged in trying to match expenditure increases with conservatively estimated revenue growth. The City's financial policy states that ongoing expenditures will be funded with ongoing revenues. The City continues to control cost growth, which has and will continue to expand at a faster rate than the City's revenue growth. This continues to be an important focus in all areas of the City since the ultimate result is either eliminating programs or employees within the City to reduce expenditures, or to increase property taxes for City property owners. The recent commercial growth in the City has emphasized the need to make economic development an important spotlight to continue to increase the property tax base, as well as to increase the amount of sales tax revenue resulting from these retail sales facilities.

MAJOR INITIATIVES

Sioux City continues to invest heavily in capital improvements and infrastructure rehabilitation. With average capital spending programmed at $47 million we expect to make considerable progress in meeting our infrastructure needs.

In fiscal year 2006 the City spent $29.64 million on capital improvement projects. Our largest project was the $9.8 million spent in the Outer Belt Floyd to Lewis project. The second largest project was the $4.8 million in the Perry Creek Flood Control. The third largest project was the $2.8 million for the relocation of Headid Park.

Major construction projects done in conjunction with developers include the following:

* Lakeport Commons- New construction continues in the Lakeport Commons Area in Morningside near the Southern Hills Mall. This new retail strip-mall is located along the Highway 20 By-Pass across Lakeport Road from the Southern Hills Mall. A few new stores and restaurants have opened in the last year including Best Buy, Kohl's, Old Navy, Red Robin Gourmet Burgers, Talbot's, Linens N Things, Dress Barn, Petsmart, Shoe Carnival, Factory Card & Party Outlet, Family Christian Book Store, Coldwater Creek, Ann Taylor, J. Jill and Jos. A. Banks; three additional stores, Gordman's, Gunderson's and Michael's have relocated from different areas of Sioux City.

*Marina Development- Sioux City is currently working with a developer who has started renovating and improving our Marina facilities along the Missouri River front. New docks are currently in place. Bev's on the River, a restaurant and banquet facility opened in early December 2005. Construction on a new hotel near Bev's will start in the fall of 2006.

*Outer Belt Drive, Floyd to Lewis- Construction started in 2006 to connect Outer Drive located on the north side of Sioux City to Lewis Boulevard, also known as Highway 75. This project is part of the long range transportation plan and Hoeven Valley Corridor Study.

The City continues to work with the Sioux City Community School District to replace or renovate a number of old and dilapidated schools. Excluding private schools, Sioux City currently has 20 Elementary Schools, 3 Middle Schools, and 3 High Schools that are supported by the Sioux City Community School District. School District success in passing a one percent local option sales tax for school construction will provide over $90 million in ten years for replacement of schools. A recent Sioux City special election held was the Local Option Sales Tax Election on whether or not to continue the one percent local option sales tax for school construction. This election was held August 2, 2005 and passed with 7,208 total votes cast. The use of sales tax funds is especially welcome since large, property tax supported, debt issuance will not be necessary to replace schools. Large school debt issuance would increase overlapping debt and could have a negative impact on the City's bond rating.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Sioux City, Iowa has received a Certificate of Achievement every year since fiscal year 1984 except for fiscal year 1996 and 1998. We believe that our current report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate. The fiscal year 1996 report's production was delayed past the submittal

deadline because of the City's financial application software change at the beginning of the fiscal year. The fiscal year 1998 report's production was delayed past the submittal deadline because of changes in personnel and software.

Acknowledgment - The preparation and completion of the 2006 Comprehensive Annual Financial Report was made possible by the dedicated service of Finance Division employees. Each member of the Division has our sincere appreciation for the contributions they made toward this report. Sioux City is very fortunate to have such excellent, versatile and dedicated people.

In closing, without the leadership and support of the City Council, the preparation of this report would not have been possible.

Respectfully Submitted,

Paul Eckert,
City Manager

Robert Padmore,
Finance and Administrative
Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sioux City, Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CITY OF SIOUX CITY, IOWA
FINANCIAL SECTION

WILLIAMS & COMPANY P.C.
Certified Public Accountants

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600 Fourth Street
P.O. Box 298
Sioux City, IA 51102-0298
Phone (712) 252-5337

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the CITY OF SIOUX CITY, IOWA (the City) as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit 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 present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sioux City, Iowa as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards,* we have also issued a report dated October 13, 2006 on our consideration of the City of Sioux City, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the results 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 conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section, Other Financial Information and Statistical Information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Sioux City, Iowa. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The accompanying combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the accompanying Schedule of Expenditures of Passenger Facility Charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies,* issued by the Federal Aviation Administration, and they are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Williams & Company, P.C.
Certified Public Accountants

Sioux City, Iowa
October 13, 2006

SIOUX CITY
SUCCESSFUL
SURPRISING
SIOUX CITY

Management Discussion and Analysis

June 30, 2006

This discussion and analysis of the City of Sioux City's financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2006. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page xi and the City's financial statements which follow this report.

Financial Highlights

- The assets of the City of Sioux City exceeded liabilities at June 30, 2006 by $333,553,706. Of this amount $77,216,454 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

- The city's net assets increased by $23,982,831 during the year. Of this amount the assets of our Governmental Activities increased $15,777,759 and the assets of our Business-Type Activities increased $8,205,072.

- The largest factor in the increase in fund balance was the amount by which capital outlays exceeded depreciation in the current period. In fiscal year 2006 that amount was $15,438,491.

- The City's long term debt increased $3,307,191 (2.45%) primarily due to the issuance of three series of general obligation bonds. The first series of general obligation bonds totaled $4,330,000, the second series was for $12,990,000 and the third series was for $1,830,000. The bond proceeds were used to fund the fiscal year 2006 Capital Improvement Program. Outstanding General Obligation debt totals $103,890,000 and outstanding revenue debt and capital leases total $34,207,306.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is, "Is the City of Sioux City in a better financial position at the end of this fiscal year, compared to last year?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private-sector companies. These two statements report the City's net assets, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure are also important in making this determination.

In the Statement of Net Assets and the Statement of Activities, we have divided the City into two kinds of activities:

- **Governmental Activities** - Most of the City's basic services are reported here, such as Police, Fire, Public Works and Parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.

- **Business-Type Activities** - The City charges fees to customers to cover the cost of these services. Included here are the City Water, Sewer, Solid Waste, Airport and Parking funds.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as Sales Tax Revenues). The City has the following types of funds:

- **Governmental Funds** - Most of the City's basic services are included in governmental funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental fund information helps

determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following each Governmental Fund financial statement.

- **Proprietary funds** - When the City charges customers for the service it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the proprietary funds report and the business-type activities we report in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary funds report.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. The City is the trustee, or fiduciary, for the Woodbury County Information and Communications Commission funds which can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found behind the Fiduciary funds statements.

THE CITY AS A WHOLE

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects it's investment in capital assets (land, buildings and improvements, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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 liabilities.

The following comparison chart shows the changes in net assets for the years ended June 30, 2006 and 2005:

	General Governmental Activities	
	2006	2005
Current and Other Assets	$136,061,458	$132,846,833
Capital Assets	274,651,449	259,431,218
Total Assets	410,712,907	392,278,051
Long-Term Liabilities Outstanding	98,959,488	99,785,449
Other Liabilities	59,038,577	55,555,519
Total Liabilities	157,998,065	155,340,968
Net Assets:		
Invested in Capital Assets, Net of Related Debt	178,531,068	163,066,644
Restricted	18,048,802	21,290,054
Unrestricted	56,134,972	52,580,385
Total Net Assets	$252,714,842	$236,937,083

This summary reflects an increase in total net assets of 6.6% for the governmental activities and an increase of 11.3% in the business-type activities.

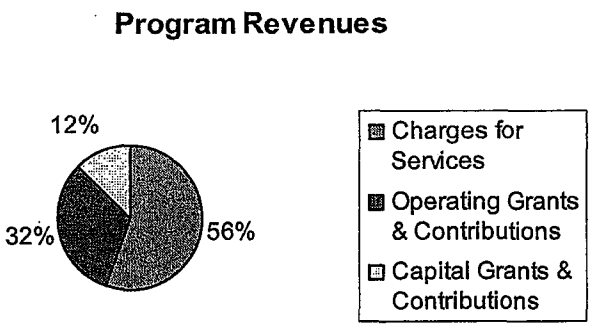
Business-Type Activities		Totals	
2006	2005	2006	2005
$28,141,796	$20,392,267	$164,203,254	$153,239,100
101,734,307	96,310,398	376,385,756	355,741,616
129,876,103	116,702,665	540,589,010	508,980,716
44,644,470	40,540,549	143,603,958	140,325,998
4,392,769	3,528,324	63,431,346	59,083,843
49,037,239	44,068,873	207,035,304	199,409,841
59,757,382	57,908,190	238,288,450	220,974,834
---	---	18,048,802	21,290,054
21,081,482	14,725,602	77,216,454	67,305,987
$80,838,864	$72,633,792	$333,553,706	$309,570,875

Total revenue reported in fiscal year 2006 was $140,326,784. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for fiscal years 2006 and 2005:

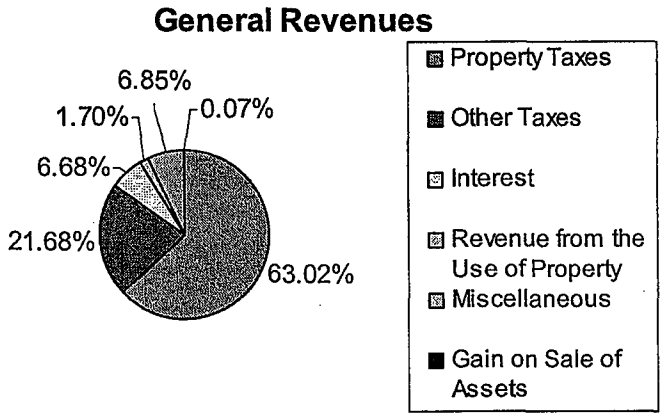
	General Governmental Activities	
Revenue Source	**2006**	**2005**
Program Revenues:		
Charges for Services	$12,552,718	$15,432,592
Operating Grants and Contributions	20,355,850	20,615,010
Capital Grants and Contributions	9,081,256	5,545,934
Total Program Revenues	41,989,824	41,593,536
General Revenues :		
Property Taxes	42,622,467	42,050,654
Other Taxes	14,663,692	14,660,185
Interest	3,691,733	1,631,250
Revenue from the Sale of Uncapitalized Property	715,093	---
Miscellaneous	2,503,184	2,720,836
Net Gain on Sale of Capital Assets	44,155	645,515
Total General Revenues	64,240,324	61,708,440
Total Revenues	106,230,148	103,301,976
Transfers	(3,269,450)	383,333
Total Revenues & Transfers	$102,960,698	$103,685,309

Business-Type Activities		Totals	
2006	2005	2006	2005
$27,890,071	$26,622,114	$40,442,789	$42,054,706
2,813,675	3,725,102	23,169,525	24,340,112
---	---	9,081,256	5,545,934
30,703,746	30,347,216	72,693,570	71,940,752
---	---	42,622,467	42,050,654
---	---	14,663,692	14,660,185
825,506	438,552	4,517,239	2,069,802
433,482	---	1,148,575	---
2,126,499	225,128	4,629,683	2,945,964
7,403	1,265,105	51,558	1,910,620
3,392,890	1,928,785	67,633,214	63,637,225
34,096,636	32,276,001	140,326,784	135,577,977
3,269,450	(383,333)	---	---
$37,366,086	$31,892,668	$140,326,784	$135,577,977

Program revenues totaled $72,693,570 for fiscal year 2006. Governmental Activities provided $41,989,824 and Business-Type Activities provided $30,703,746. Revenue collected for Charges for Services during fiscal year 2006 was $40,442,789, accounting for approximately 56% of the total program revenues. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2006 totaled $67,633,214. Governmental Activities provided $64,240,324 and Business-Type Activities provided $3,392,890. Property tax revenues for fiscal year 2006 totaled $42,622,467, accounting for 63% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for fiscal year 2006 totaled $116,343,953. Expenses for General Governmental Activities totaled $87,182,939 accounting for 75% of total expenses. Business-Type Activity expenses totaled $29,161,014 for 25% of the total. The following table shows total expenses by Function/Program for fiscal years 2006 and 2005:

	General Governmental		Business-Type	
Expenses	2006	2005	2006	2005
Public Safety	$27,117,017	$27,628,436	$ ---	$ ---
Public Works	13,640,878	11,028,031	---	---
Culture and Recreation	14,727,651	13,550,054	---	---
Comm and Economic Devel	10,965,458	8,402,228	---	---
General Government	5,791,061	5,257,329	---	---
Debt Service	5,992,311	5,678,533	---	---
Capital Projects	8,948,563	2,874,889	---	---
Unallocated Depreciation	---	4,289,476	---	---
Business-Type Activities	---	---	29,161,014	29,426,937
Total Expenses	$87,182,939	$78,708,976	$29,161,014	$29,426,937

	Totals	
Expenses	2006	2005
Public Safety	$27,117,017	$27,628,436
Public Works	13,640,878	11,028,031
Culture and Recreation	14,727,651	13,550,054
Comm and Economic Devel	10,965,458	8,402,228
General Government	5,791,061	5,257,329
Debt Service	5,992,311	5,678,533
Capital Projects	8,948,563	2,874,889
Unallocated Depreciation	---	4,289,476
Business-Type Activities	29,161,014	29,426,937
Total Expenses	$116,343,953	$108,135,913

The following table shows the activities included within each program level:

Program Level	Activity
Public Safety	Individual & Community Protection, Physical Health
Public Works	Public Service, Utilities, Transportation
Culture and Recreation	Education & Culture
Community and Economic Development	Environmental Preservation, Housing & Community Devel.
General Government	Policy & Administration
Debt Service	Debt
Capital Projects	Capital Improvement Projects

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent $27,117,017 and received $2,610,418 in revenue thus leaving a cost to the taxpayer of $24,506,599 to be funded by various methods. This format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, COPS Grants, Block Grants
Community and Economic Development	HUD Grants, Building Permits, Licenses
General Government	Internal Service – Charges for Services

The total cost of governmental activities this year was $87,182,939. Of these costs, $12,552,718 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions were $29,437,106, leaving a Net Expense of $45,193,115 for governmental activities. These expenses of $45,193,115 were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial section provides further detail. The Net (Expense) Revenue by governmental activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
Governmental Activities	FY06	FY05
Public Safety	$(24,506,599)	$(23,441,685)
Public Works	(1,564,910)	313,228
Culture & Recreation	(9,914,795)	(8,765,642)
Community & Economic Development	(1,089,398)	621,468
General Government	(2,280,392)	1,429,662
Debt Service	(5,955,935)	(5,377,629)
Capital Projects	118,914	2,394,634
Unallocated Depreciation Expense	---	(4,289,476)
Total Net (Expense) Revenue Government Activities	(45,193,115)	(37,115,440)
General Revenues & Transfers	60,970,874	62,091,773
Change in Net Assets	$15,777,759	$24,976,333

Total resources available during the year to finance governmental operations were $339,897,781, consisting of Net Assets at July 1, 2005 of $236,937,083, program revenues of $41,989,824, General Revenues of $64,240,324 and transfers of $(3,269,450). Total Governmental Activities during the year expended $87,182,939; thus, Net Assets were increased by $15,777,759 to $252,714,842.

Business-Type Activities

Business-type activities increased the City's net assets by $8,205,072.

The cost of all Proprietary activities this year was $29,161,014. As shown in the Statement of Activities, the amounts paid by users of the systems was $27,890,071, and $2,813,675 was funded from grants and contributions, resulting in total Net Revenue for business-type activities of $1,542,732. The Net (Expense) Revenue by Business-Type Activity is shown in the following table:

	Net (Expense) Revenue	
Business-Type Activities	**FY06**	**FY05**
Airport System	$(502,489)	$1,696,364
Water System	2,377,521	(992,450)
Sewer System	(617,434)	776,364
Solid Waste System	436,290	(475,073)
Non-Major Enterprise Funds	(151,156)	(84,926)
Total Net (Expense) Revenue Business-Type Activities	1,542,732	920,279
General Revenues & Transfers	6,662,340	1,545,452
Change in Net Assets	$8,205,072	$2,465,731

Total resources available during the year to finance Proprietary Fund activities were $109,999,878 consisting of Net Assets at July 1, 2005 of $72,633,792, program revenues of $30,703,746, General Revenues of $3,392,890 and transfers of $3,269,450. Total Proprietary Fund Activities during the year expended $29,161,014, thus Net Assets were increased by $8,205,072 to $80,838,864.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City 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 inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of $69,616,405 (20% unreserved). The combined Governmental Funds balance increased $332,066 from the prior year.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by $577,018. The fund balance of $6,759,321 is 17% of expenditures which is at the upper end of our goal of a fund balance between 15% and 17% of expenditures.

The Debt Service Fund is used to account for general long-term debt principal, interest and related costs. The fiscal year 2006 fund balance of $1,784,604 decreased 37% from the fiscal year 2005 restated fund balance. The majority (81%) of the fund balance is reserved for debt service, while the remainder is reserved for long-term notes receivable and encumbrances.

The Capital Improvements Fund accounts for all transactions relating to the acquisition or construction of major capital facilities excluding those financed by Proprietary Funds and Fiduciary Funds. The fund balance decreased by $1,960,204 from fiscal year 2005 to fiscal year 2006. The fund balance decrease is due to a decrease in notes receivable. The Green-Valley Floyd Golf Corporation Note is now part the Debt Service Fund notes receivable since it was included in the Capital Projects Fund in fiscal year 2005 in error. Payments made on the three remaining notes totaled $1.8 million.

The Enterprise Funds, which account for operations that are similar to a private business, had total net assets increase by $8,205,072 from fiscal year 2005 to fiscal year 2006. The main reasons for the change in net assets were due to an increase in the Water System charges for services of $1.3 million, an increase in interest income of $387,000 an increase in total other non-operating revenues of $526,000 and additional transfers in of $3.56 million to the Parking Fund from the Central Business District to fund construction of a new parking ramp. In addition, total business-type activities decreased its repairs and improvements expenses by $544,000 and transfers out were $1.2 million lower than fiscal year 2005.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2006 original (adopted) General Fund amount of $48,160,762 to the final budget amount of $57,375,777 shows a net increase of $9,215,015.

Original Budget	Encumbrances	Beginning Balance	Supplemental Changes	Final Budget
$48,160,762	$465,774	$48,626,536	$8,749,241	$57,375,777

Supplemental changes include additional appropriation for storm damage, various grants received during the fiscal year, accrual activity and year-end budget adjustments.

The following table shows the General Fund budget variances by program structure:

	Amended Budget	Actual	Variance
EXPENDITURES			
Public Safety	$29,308,995	$26,338,185	$2,970,810
Public Works	1,803,080	1,427,477	375,603
Culture and Recreation	9,481,922	6,518,969	2,962,953
Community & Economic Development	2,426,765	2,276,293	150,472
General Government	8,020,845	2,860,057	5,160,788
	51,041,607	39,420,981	11,620,626
Transfers Out	6,334,170	7,449,559	(1,115,389)
Total Expenditures	$57,375,777	$46,870,540	$10,505,237

The City complied with statutory requirements and did not exceed the budget by program structure.

CAPITAL ASSETS

The City's investment in capital assets, including land, building and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2006 was $238,288,450 (net of accumulated depreciation and outstanding financings). This is an increase of $17,313,616 from fiscal year 2005. The gross additions to capital assets for fiscal year 2006 are as follows:

	General Governmental Activities		Business-Type Activities	
	2006	2005	2006	2005
Land	$467,339	$1,393,548	$ ---	$ ---
Infrastructure	3,758,555	3,775,699	---	---
Buildings	51,045,631	---	9,992,835	52,979
Improvements-Other than Buildings	29,449,070	---	9,370,769	8,018,978
Equipment	3,124,486	2,210,606	---	930,800
Construction in Progress	15,614,322	18,164,912	5,945,993	5,113,543
Total Gross Additions	$103,459,403	$25,544,765	$25,309,597	$14,116,300

	Totals	
	2006	2005
Land	$467,339	$1,393,548
Infrastructure	3,758,555	3,775,699
Buildings	61,038,466	52,979
Improvements-Other than Buildings	38,819,839	8,018,978
Equipment	3,124,486	3,141,406
Construction in Progress	21,560,315	23,278,455
Total Gross Additions	$128,769,000	$39,661,065

Buildings were the major capital outlay for Governmental Activities in fiscal year 2006. These outlays included: The Event Center and the Ground Transportation Center. The majority of expenditures in improvements included: Lakeport Commons, 6th Street Bridge improvements, Military Road, Lincoln Way

extension, Court Street reconstruction, and Floyd Blvd. reconstruction. The majority of expenditures for construction in progress were incurred by the Capital Improvement Fund. Land was acquired for the Lakeport Commons, the Outer Belt Drive Floyd to Lewis, Hwy 75/20 Nature Trail, Wesley Parkway and the Perry Creek Flood Control Projects. The majority of the equipment acquired was licensed vehicles and contractor's mobile by the City's Central Maintenance Garage fund which is an Internal Service Fund.

For Business-Type Activities, the $9,992,835 addition to Buildings include the Floyd Lift Station and the Airport Maintenance Facility. Improvements Other than Buildings resulted mainly from construction projects completed during the year and capitalized as a completed asset. Some of these completed projects included: Ramps B and D improvements, and the Airport passenger loading bridge. Construction in Progress costs included the Waste Water Treatment Plant rehabilitation, the Well Replacement program, and Airport Taxiway "C".

See Note 5 to the financial statements for more information on the City's capital assets.

DEBT ADMINISTRATION

At year end, the City had $138,097,306 of debt outstanding. This is an increase of $3,307,191 (2.45%) from the prior year. Of this amount $98,959,488 is to be paid from tax sources (primarily Local Option Sales Tax, general taxes and Tax Increment Funds). The remainder is to be repaid from our Municipal Enterprises.

Debt administration is quite conservative since all City general obligation debt is to be repaid within the next 10 years. This rapid repayment when combined with the use of Tax Increment Financing and Local Option Sales Tax Revenue has allowed the City to maintain our Aa bond rating. This rating is the second highest possible rating and reflects well on our community.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt outstanding to 5% of the assessed value of all taxable property in the community. Thus our debt capacity is $161,205,717. With outstanding General Obligation Debt applicable to this limit of $102,542,645 we are utilizing 63.6% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

ECONOMIC FACTORS

Sioux City continues to benefit from a large amount of development. Building permits in fiscal year 2006 totaled $132,796,811. This amount is $10,427,787 below the fiscal year 2005 record amount of $143,224,598. These amounts are far above any amount permitted in at least the last 10 years. Major construction recently completed or still underway totals over $280 million. Construction of the Rivers Edge Vision Iowa Project was completed with a cost of over $70 million. The Sunny Brook Shopping Center, Lakeport Commons and two Walmarts represent over $70 million in construction. Hospital construction provides over $55 million in construction. Smaller shopping areas, hotel renovation and the downtown Cinema represent another $45 million in construction. In addition to increased property tax base, these developments solidify Sioux City's position as the regional shopping destination and should have a significant impact on sales tax collections for Sioux City, Woodbury County and the Sioux City Community School District.

Additional large scale construction is underway. Public Construction is at a historic high with construction underway or announced of over $130 million. Water and Sewer Plant improvements and the replacement of the Floyd Lift Station add $125 million in construction. The new infrastructure replacement project will add $7 million in construction annually.

Interest rates remain at historically low levels. Construction of Water and Sewer Improvements will be financed through the State Revolving Loan Program. The State Revolving Loan Program provides 3% loans over 20 years to finance our Water and Sewer improvements. While our investments should be prudent and the debt still needs to be repaid, this opportunity to do needed work at historically low interest rates is unlikely to be repeated often and should be appreciated and seized.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the City Finance and Administrative Services Department at 712-279-6207.

CITY OF SIOUX CITY, IOWA

BASIC FINANCIAL STATEMENTS

EXHIBIT 1

CITY OF SIOUX CITY, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 62,816,895	$ 18,594,805	$ 81,411,700
Accounts Receivable	1,011,780	4,644,644	5,656,424
Accrued Interest Receivable	608,994	105,662	714,656
Notes Receivable	16,365,992	1,000	16,366,992
Special Assessments	1,164,862	---	1,164,862
Due from Other Governments	53,271,039	4,414,597	57,685,636
Internal Balances	54,525	(54,525)	---
Inventories, at Cost	339,716	---	339,716
Prepaid Items	367,268	---	367,268
Internal Balances - Note Receivable	60,387	(60,387)	---
Restricted Assets:			
Cash and Cash Equivalents	---	496,000	496,000
Capital Assets not being depreciated:			
Land	37,631,541	2,638,284	40,269,825
Construction in Progress	29,643,295	22,272,329	51,915,624
Capital Assets net of accumulated depreciation:			
Infrastructure	81,201,192	---	81,201,192
Buildings	72,570,358	12,335,185	84,905,543
Buildings under Capital Lease	4,029,375	---	4,029,375
Improvements other than buildings	38,188,664	62,851,181	101,039,845
Equipment	11,387,024	1,637,328	13,024,352
Total Assets	410,712,907	129,876,103	540,589,010
LIABILITIES			
Accounts Payable	2,852,875	742,080	3,594,955
Accrued Wages	1,076,857	91,155	1,168,012
Accrued Interest Payable	301,371	118,456	419,827
Contracts and Retainers Payable	5,681,693	3,775,762	9,457,455
Due to Other Governments	53,279	213,217	266,496
Estimated Liability for Damage Claims	3,449,149	---	3,449,149
Matured Bonds and Coupons Payable	1,740	13,719	15,459
Payables from Restricted Assets:			
Accrued Revenue Bond Interest	---	7,201	7,201
Revenue Bonds - Current	---	720,000	720,000
Deferred Revenue	46,008,931	---	46,008,931
Long-Term Liabilities:			
Due within one year			
General Obligation Bonds Payable	16,786,767	1,758,233	18,545,000
Unamortized Bond Charges	(62,537)	(33,028)	(95,565)
Notes Payable	75,000	1,468,000	1,543,000
Capital Lease Payable	670,000	---	670,000
Compensated Absences	2,320,972	439,670	2,760,642
Due in more than one year			
General Obligation Bonds Payable	78,572,843	6,772,157	85,345,000
Unamortized Bond Charges	(324,781)	(535,793)	(860,574)
Revenue Bonds Payable	---	1,195,000	1,195,000
Notes Payable	15,771	30,063,535	30,079,306
Compensated Absences	518,135	---	518,135
Estimated Liability for Landfill Closure	---	2,227,875	2,227,875
Total Liabilities	157,998,065	49,037,239	207,035,304
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	178,531,068	59,757,382	238,288,450
Restricted for:			
Capital Improvements	15,772,571	---	15,772,571
Debt Service	1,438,126	---	1,438,126
Perpetual Care, non-expendable	838,105	---	838,105
Total Restricted	18,048,802	---	18,048,802
Unrestricted	56,134,972	21,081,482	77,216,454
Total Net Assets	$ 252,714,842	$ 80,838,864	$ 333,553,706

The notes to the financial statements are an integral part of this statement.

CITY OF SIOUX CITY, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
Public Safety	$ 27,117,017	$ 280,292	$ 2,330,126	$ ---
Public Works	13,640,878	3,384,768	8,691,200	---
Culture and Recreation	14,727,651	4,547,640	265,216	---
Community and Economic Development	10,965,458	871,956	9,004,104	---
General Government	5,791,061	3,445,465	65,204	---
Debt Service	5,992,311	---	---	36,376
Capital Projects	8,948,563	22,597	---	9,044,880
Total Governmental Activities	87,182,939	12,552,718	20,355,850	9,081,256
Business-Type Activities:				
Airport	4,825,894	1,591,496	2,731,909	---
Water	7,465,007	9,842,528	---	---
Sewer	11,414,499	10,735,055	62,010	---
Solid Waste	3,980,655	4,397,189	19,756	---
Non-Major Enterprise Funds	1,474,959	1,323,803	---	---
Total Business-Type Activities	29,161,014	27,890,071	2,813,675	---
Total Functions/Programs	$ 116,343,953	$ 40,442,789	$ 23,169,525	$ 9,081,256
General Revenues:				
Property Taxes				
Other Taxes				
Interest				
Revenue from Sale of Uncapitalized Property				
Miscellaneous				
Net Gain on Sale of Capital Assets				
Transfers				
Total General Revenues and Transfers				
Changes in Net Assets				
Net Assets - Beginning of Year				
Net Assets - End of Year				

The notes to the financial statements are an integral part of this statement.

EXHIBIT 2

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (24,506,599)	$ ---	$ (24,506,599)
(1,564,910)	---	(1,564,910)
(9,914,795)	---	(9,914,795)
(1,089,398)	---	(1,089,398)
(2,280,392)	---	(2,280,392)
(5,955,935)	---	(5,955,935)
118,914	---	118,914
(45,193,115)	---	(45,193,115)
---	(502,489)	(502,489)
---	2,377,521	2,377,521
---	(617,434)	(617,434)
---	436,290	436,290
---	(151,156)	(151,156)
---	1,542,732	1,542,732
$ (45,193,115)	$ 1,542,732	$ (43,650,383)
42,622,467	---	42,622,467
14,663,692	---	14,663,692
3,691,733	825,506	4,517,239
715,093	433,482	1,148,575
2,503,184	2,126,499	4,629,683
44,155	7,403	51,558
(3,269,450)	3,269,450	---
60,970,874	6,662,340	67,633,214
15,777,759	8,205,072	23,982,831
236,937,083	72,633,792	309,570,875
$ 252,714,842	$ 80,838,864	$ 333,553,706

CITY OF SIOUX CITY, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

ASSETS	General	Other Employee Benefits	Debt Service
Cash and Cash Equivalents	$ 5,496,507	$ 260,295	$ 1,212,948
Accounts Receivable	689,671	---	6,042
Accrued Interest Receivable	404,905	---	389
Notes Receivable	---	---	285,530
Special Assessments	---	---	1,164,862
Due from Other Governments	20,601,510	12,897,881	13,234,242
Due from Other Funds	559,124	---	29,819
Inventories	---	---	---
Prepaid Items	---	---	---
Notes Receivable from Other Funds	---	---	60,387
Total Assets	27,751,717	13,158,176	15,994,219
LIABILITIES			
Accounts Payable	232,347	7,220	800
Accrued Wages	875,672	---	---
Contracts and Retainers Payable	64,271	---	---
Due to Other Governments	6,078	---	---
Due to Other Funds	8,839	---	---
Matured Bonds and Coupons Payable	---	---	1,740
Deferred Revenue	19,805,189	12,674,304	14,207,075
Total Liabilities	20,992,396	12,681,524	14,209,615
FUND BALANCES			
Reserved for:			
Capital Improvements	---	---	---
Debt Service	---	---	1,438,126
Encumbrances	333,970	---	561
Perpetual Care, non-expendable	---	---	---
Inventories	---	---	---
Long-Term Notes Receivable	---	---	345,917
Prepaid Items	---	---	---
Unreserved, undesignated reported in:			
General Fund	6,425,351	---	---
Special Revenue Funds	---	476,652	---
Total Fund Balances (Deficit)	6,759,321	476,652	1,784,604
Total Liabilities and Fund Balances	$ 27,751,717	$ 13,158,176	$ 15,994,219

The notes to the financial statements are an integral part of this statement.

EXHIBIT 3

Capital Improvements	Other Governmental Funds	Total Governmental Funds
$ 38,629,528	$ 7,597,985	$ 53,197,263
2,660	282,161	980,534
4,970	180,336	590,600
9,548,293	6,532,169	16,365,992
---	---	1,164,862
3,395,147	3,142,259	53,271,039
---	6,118	595,061
---	86,213	86,213
---	367,268	367,268
---	---	60,387
51,580,598	18,194,509	126,679,219
902,733	1,192,294	2,335,394
7,792	161,537	1,045,001
5,467,630	146,830	5,678,731
---	47,201	53,279
44,767	486,930	540,536
---	---	1,740
---	721,565	47,408,133
6,422,922	2,756,357	57,062,814
15,772,571	---	15,772,571
---	---	1,438,126
19,836,812	548,220	20,719,563
---	838,105	838,105
---	86,213	86,213
9,548,293	6,532,169	16,426,379
---	367,268	367,268
---	---	6,425,351
---	7,066,177	7,542,829
45,157,676	15,438,152	69,616,405
$ 51,580,598	$ 18,194,509	$ 126,679,219

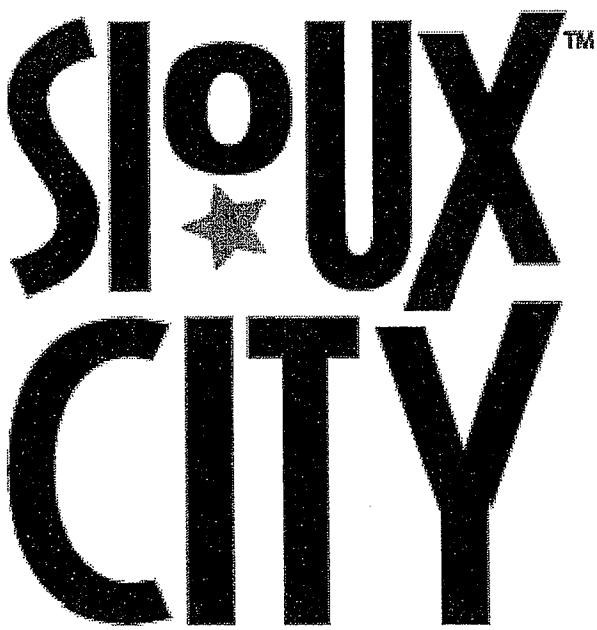
EXHIBIT 3A

CITY OF SIOUX CITY, IOWA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balances (Deficit) - Governmental Funds	$	69,616,405
Infrastructure, property and equipment used in governmental activities are not financial resources and therefore, are not reported in the funds.		265,181,019
Internal Service funds are used by management to fund and maintain the City's insurance policies provided to user departments and for the maintenance, repair and replacement of the City's fleet and are included in the Statement of Net Assets.		15,248,469
Deferred Revenues that provide current financial resources for governmental activities.		1,399,202
Accrued interest expense from the balance sheet that requires current financial resources for governmental activities.		(301,371)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		387,318
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(98,816,200)
Total Net Assets - Governmental Activities	$	252,714,842

The notes to the financial statements are an integral part of this statement.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CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

REVENUES	General	Other Employee Benefits	Debt Service
Taxes	$ 23,005,509	$ 13,138,045	$ 11,238,213
Special Assessments	157,251	---	109,067
Regulatory Fees	1,174,657	---	---
Intergovernmental Revenue	2,519,632	---	---
Revenue from Use of Property	261,067	---	4,800
Charges for Services	4,487,640	---	---
Interest	2,472,821	---	91,600
Contributions	234,405	---	---
Miscellaneous	226,683	2,826	1,375,280
Total Revenue	34,539,665	13,140,871	12,818,960
EXPENDITURES			
Current:			
Public Safety	26,338,185	797,234	---
Public Works	1,427,477	681	---
Culture and Recreation	6,518,969	108,887	---
Community and Economic Development	2,276,293	12,106	---
General Government	2,860,057	31,533	---
Debt Service	---	---	22,838,878
Capital Projects	---	---	---
Total Expenditures	39,420,981	950,441	22,838,878
Excess (Deficiency) of Revenues Over Expenditures	(4,881,316)	12,190,430	(10,019,918)
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Bonds and Notes	---	---	200,960
Premiums on Bonds Issued	---	---	25,137
Discounts on Bonds Issued	---	---	(29,993)
Transfers In	12,907,893	500,000	11,931,718
Transfers Out	(7,449,559)	(12,095,111)	(3,142,041)
Total Other Financing Sources (Uses)	5,458,334	(11,595,111)	8,985,781
Net Change in Fund Balance	577,018	595,319	(1,034,137)
Fund Balance (Deficit) - Beg. of Year Before Prior Per. Adj.	6,182,303	(118,667)	2,568,741
Prior Period Adjustment	---	---	250,000
Fund Balance (Deficit) - Beg. of Year After Prior Per. Adj.	6,182,303	(118,667)	2,818,741
Fund Balance (Deficit) - End of Year	$ 6,759,321	$ 476,652	$ 1,784,604

The notes to the financial statements are an integral part of this statement.

EXHIBIT 4

Capital Improvements	Other Governmental Funds	Total Governmental Funds
$ ---	$ 9,841,533	$ 57,223,300
---	31,218	297,536
---	---	1,174,657
6,852,680	17,617,584	26,989,896
895,018	3,270,540	4,431,425
---	2,580,262	7,067,902
763,906	231,984	3,560,311
2,176,429	---	2,410,834
3,521	570,174	2,178,484
10,691,554	34,143,295	105,334,345
---	---	27,135,419
---	10,557,707	11,985,865
---	6,605,810	13,233,666
---	8,991,199	11,279,598
---	---	2,891,590
---	---	22,838,878
28,442,887	---	28,442,887
28,442,887	26,154,716	117,807,903
(17,751,333)	7,988,579	(12,473,558)
16,361,061	---	16,562,021
---	---	25,137
---	---	(29,993)
5,876,472	6,011,776	37,227,859
(6,446,404)	(11,846,285)	(40,979,400)
15,791,129	(5,834,509)	12,805,624
(1,960,204)	2,154,070	332,066
47,367,880	13,284,082	69,284,339
(250,000)	---	---
47,117,880	13,284,082	69,284,339
$ 45,157,676	$ 15,438,152	$ 69,616,405

EXHIBIT 4A

CITY OF SIOUX CITY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net Change in Fund Balances - Governmental Funds	$	332,066
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		15,438,491
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(9,832)
Accrued interest expense that does not require current financial resources.		(7,083)
Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in the long-term compensated absences for the year was:		701,723
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Additionally, the effect of issuance costs, premiums, discounts and similar items when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities. The net change in long-term debt for the year was:		296,485
Internal Service funds are used by the City to fund and maintain the City's insurance policies provided to user departments and for the maintenance, repair and replacement of the City's equipment and are included in the Statement of Net Assets. The net expense of the Internal Service funds is reported with governmental activities.		(974,091)
Changes in Net Assets - Governmental Activities	$	15,777,759

The notes to the financial statements are an integral part of this statement.

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CITY OF SIOUX CITY, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Business-Type Activities	
	Airport	Water System
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 724,765	$ 2,916,904
Accounts Receivable	139,084	2,026,719
Accrued Interest Receivable	7,255	22,532
Notes Receivable	1,000	---
Due from Other Governments	2,053,133	270,529
Due from Other Funds	---	11,730
Inventories, at Cost	---	---
Restricted Assets:		
Cash and Cash Equivalents	---	496,000
Total Current Assets	2,925,237	5,744,414
Non-Current Assets		
Capital Assets, Net of Accumulated Depreciation	23,986,369	35,313,293
Total Assets	26,911,606	41,057,707
LIABILITIES		
Current Liabilities		
Accounts Payable	64,788	578,872
Accrued Wages and Compensated Absences	111,593	252,010
Accrued Interest Payable	5,800	59,476
Contracts and Retainers Payable	1,124,046	957,984
Due to Other Governments	---	119,143
Due to Other Funds	29,819	---
Estimated Liability for Damage Claims	---	---
Current Portion of G.O. Bonds	434,134	324,893
Current Portion of Notes Payable	---	1,003,000
Matured Bonds and Coupons Payable	---	6,050
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	---	7,201
Current Portion of Revenue Bonds	---	720,000
Total Current Liabilities	1,770,180	4,028,629
Non-Current Liabilities		
Estimated Liability for Landfill Closure	---	---
Notes Payable to Other Funds	60,387	---
General Obligation Bonds, Net of Current Portion	1,301,905	617,736
Unamortized Charges	(534)	(207,851)
Revenue Bonds, Net of Current Portion	---	1,195,000
Notes Payable, Net of Current Portion	---	19,518,242
Total Liabilities	3,131,938	25,151,756
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	22,250,330	11,934,422
Unrestricted	1,529,338	3,971,529
Total Net Assets	$ 23,779,668	$ 15,905,951

The notes to the financial statement are an integral part of this statement.

EXHIBIT 5

Business-Type Activities				Governmental Activities
Sewer System	Solid Waste System	Nonmajor Enterprise Funds	Totals	Internal Service Funds
$ 5,940,821	$ 2,208,842	$ 6,803,473	$ 18,594,805	$ 9,619,632
1,605,311	617,456	256,074	4,644,644	31,246
31,270	9,401	35,204	105,662	18,394
---	---	---	1,000	---
2,085,303	5,632	---	4,414,597	---
33,037	---	4,267	49,034	---
---	---	---	---	253,503
---	---	---	496,000	---
9,695,742	2,841,331	7,099,018	28,305,742	9,922,775
37,350,826	1,699,624	3,384,195	101,734,307	9,470,430
47,046,568	4,540,955	10,483,213	130,040,049	19,393,205
21,297	33,292	43,831	742,080	517,481
83,228	33,282	50,712	530,825	175,144
41,806	1,417	9,957	118,456	---
1,283,472	371,214	39,046	3,775,762	2,962
72,551	21,523	---	213,217	---
---	---	73,740	103,559	---
---	---	---	---	3,449,149
381,048	289,613	328,545	1,758,233	---
465,000	---	---	1,468,000	---
56	---	7,613	13,719	---
---	---	---	7,201	---
---	---	---	720,000	---
2,348,458	750,341	553,444	9,451,052	4,144,736
---	2,227,875	---	2,227,875	---
---	---	---	60,387	---
2,095,472	88,523	2,668,521	6,772,157	---
(359,262)	(1,174)	---	(568,821)	---
---	---	---	1,195,000	---
10,545,293	---	---	30,063,535	---
14,629,961	3,065,565	3,221,965	49,201,185	4,144,736
23,864,013	1,321,488	387,129	59,757,382	9,470,430
8,552,594	153,902	6,874,119	21,081,482	5,778,039
$ 32,416,607	$ 1,475,390	$ 7,261,248	$ 80,838,864	$ 15,248,469

CITY OF SIOUX CITY, IOWA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-Type Activities	
	Airport	Water System
OPERATING REVENUES		
Revenue from Use of Property	$ 1,126,236	$ ---
Charges for Service	465,260	9,842,528
Total Operating Revenues	1,591,496	9,842,528
OPERATING EXPENSES		
Employee Services	1,036,215	3,340,185
Supplies and Services	338,874	712,356
Repairs and Improvements	1,554,630	589,241
Utilities	144,388	401,255
Depreciation	1,665,941	1,598,412
Damage Settlement	---	---
Total Operating Expenses	4,740,048	6,641,449
Operating Income (Loss)	(3,148,552)	3,201,079
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental Revenue	2,731,909	---
Interest Income	45,274	229,184
Revenue from Use of Property	---	66,611
Gain (Loss) on Sale of Capital Assets	(2,187)	7,500
Other Non-Operating Revenues	1,118,137	911,990
Interest Expense	(85,314)	(749,392)
Other Non-Operating Expenses	(532)	(74,166)
Total Non-Operating Revenues (Expenses)	3,807,287	391,727
Income (Loss) before Transfers	658,735	3,592,806
Transfers In	300,000	---
Transfers Out	(515,000)	(75,000)
Changes in Net Assets	443,735	3,517,806
Net Assets - Beginning of Year	23,335,933	12,388,145
Net Assets - End of Year	$ 23,779,668	$ 15,905,951

The notes to the financial statements are an integral part of this statement.

Business-Type Activities				Governmental Activities
Sewer System	Solid Waste System	Nonmajor Enterprise Funds	Totals	Internal Service Funds
$ 8,805	$ 151,285	$ ---	$ 1,286,326	$ ---
10,726,250	4,245,904	1,323,803	26,603,745	17,539,447
10,735,055	4,397,189	1,323,803	27,890,071	17,539,447
2,048,758	397,698	468,092	7,290,948	11,476,778
5,384,964	3,231,452	565,464	10,233,110	1,590,523
1,366,296	205,163	156,002	3,871,332	3,177,313
99,043	18,865	47,381	710,932	32,800
2,074,708	96,799	148,475	5,584,335	2,361,817
---	---	---	---	637,809
10,973,769	3,949,977	1,385,414	27,690,657	19,277,040
(238,714)	447,212	(61,611)	199,414	(1,737,593)
62,010	19,756	---	2,813,675	---
272,660	97,149	181,239	825,506	131,422
---	433,482	1,252	501,345	105,834
---	2,090	---	7,403	44,155
27,566	---	943	2,058,636	---
(402,064)	(29,504)	(88,189)	(1,354,463)	---
(38,666)	(1,174)	(1,356)	(115,894)	---
(78,494)	521,799	93,889	4,736,208	281,411
(317,208)	969,011	32,278	4,935,622	(1,456,182)
---	---	3,560,000	3,860,000	587,041
(550)	---	---	(590,550)	(104,950)
(317,758)	969,011	3,592,278	8,205,072	(974,091)
32,734,365	506,379	3,668,970	72,633,792	16,222,560
$ 32,416,607	$ 1,475,390	$ 7,261,248	$ 80,838,864	$ 15,248,469

CITY OF SIOUX CITY, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-Type Activities	
	Airport	Water System
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$ 5,410,442	$ 10,397,610
Cash Paid for Personal Services	(1,015,406)	(3,410,064)
Cash Paid to Suppliers	(2,672,641)	478,767
Net Cash Provided by Operating Activities	1,722,395	7,466,313
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Bond Sales	253,750	---
Bond Issuance Costs	---	(62,154)
Acquisition and Construction of Capital Assets	(1,612,175)	(5,799,289)
Proceeds from Sale of Assets	(2,187)	7,500
Proceeds from Notes Payable	---	2,095,870
Principal Paid on Notes and Bonds	(394,949)	(1,988,894)
Interest Paid on Notes and Bonds	(85,693)	(755,398)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,841,254)	(6,502,365)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers In	300,000	---
Transfers Out	(515,000)	(75,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	(215,000)	(75,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends on Investments	41,672	218,424
Net Cash Provided By Investing Activities	41,672	218,424
Net Increase (Decrease) in Cash and Cash Equivalents	(292,187)	1,107,372
Cash and Cash Equivalents at Beginning of Year	1,016,952	2,305,532
Cash and Cash Equivalents at End of Year	$ 724,765	$ 3,412,904
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (3,148,552)	$ 3,201,079
Adjustments to Reconcile Net Operating Income(Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,665,941	1,598,412
Miscellaneous Non-Operating Income	3,850,046	978,601
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:		
Accounts Receivable	(31,100)	(423,519)
Due from Other Governments	(1,501,275)	855,748
Due from Other Funds	---	847,461
Inventories	---	---
Accounts Payable	(28,972)	33,185
Accrued Wages and Compensated Absences	20,809	(69,879)
Contracts and Retainers Payable	922,173	415,289
Due to Other Governments	---	29,936
Due to Other Funds	937	---
Estimated Liability for Landfill Closure	---	---
Estimated Liability for Damage Claims	---	---
Notes Payable to Other Funds	(27,612)	---
Total Adjustments	4,870,947	4,265,234
Net Cash Provided by Operating Activities	$ 1,722,395	$ 7,466,313
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:		
Cash and Cash Equivalents - Current Assets	$ 724,765	$ 2,916,904
Cash and Cash Equivalents - Restricted Assets	---	496,000
Cash and Cash Equivalents at End of Year	$ 724,765	$ 3,412,904

The notes to the financial statements are an integral part of this statement.

Business-Type Activities				Governmental Activities
Sewer System	Solid Waste System	Nonmajor Enterprise Funds	Totals	Internal Service Funds
$ 10,785,467	$ 4,787,965	$ 1,327,156	$ 32,708,640	$ 17,723,007
(2,079,022)	(401,598)	(477,050)	(7,383,140)	(11,509,816)
(7,335,528)	(3,413,146)	(791,285)	(13,733,833)	(4,761,053)
1,370,917	973,221	58,821	11,591,667	1,452,138
---	---	2,350,000	2,603,750	---
(19,357)	---	---	(81,511)	---
(3,567,631)	(6,225)	(22,922)	(11,008,242)	(2,444,893)
---	2,090	---	7,403	345,491
2,275,883	---	---	4,371,753	---
(834,240)	(341,558)	(151,145)	(3,710,786)	---
(394,356)	(30,640)	(81,339)	(1,347,426)	---
(2,539,701)	(376,333)	2,094,594	(9,165,059)	(2,099,402)
---	---	3,560,000	3,860,000	587,041
(550)	---	---	(590,550)	(104,950)
(550)	---	3,560,000	3,269,450	482,091
266,807	92,744	149,095	768,742	124,891
266,807	92,744	149,095	768,742	124,891
(902,527)	689,632	5,862,510	6,464,800	(40,282)
6,843,348	1,519,210	940,963	12,626,005	9,659,914
$ 5,940,821	$ 2,208,842	$ 6,803,473	$ 19,090,805	$ 9,619,632
$ (238,714)	$ 447,212	$ (61,611)	$ 199,414	$ (1,737,593)
2,074,708	96,799	148,475	5,584,335	2,361,817
89,576	453,238	839	5,372,300	105,834
(39,164)	(62,462)	1,158	(555,087)	77,726
(1,995,667)	47,031	---	(2,594,163)	---
1,145,519	---	---	1,992,980	---
---	---	---	---	(95,591)
14,116	(233,043)	(3,766)	(218,480)	208,767
(30,264)	(3,900)	(8,958)	(92,192)	(33,038)
346,220	138,778	27,704	1,850,164	129
4,587	34	---	34,557	---
---	---	(45,020)	(44,083)	---
---	89,534	---	89,534	---
---	---	---	---	564,087
---	---	---	(27,612)	---
1,609,631	526,009	120,432	11,392,253	3,189,731
$ 1,370,917	$ 973,221	$ 58,821	$ 11,591,667	$ 1,452,138
$ 5,940,821	$ 2,208,842	$ 6,803,473	$ 18,594,805	$ 9,619,632
---	---	---	496,000	---
$ 5,940,821	$ 2,208,842	$ 6,803,473	$ 19,090,805	$ 9,619,632

EXHIBIT 8

CITY OF SIOUX CITY, IOWA
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

ASSETS		
Cash and Cash Equivalents	$	201,539
Accounts Receivable		46,240
Total Assets		247,779
LIABILITIES		
Accounts Payable		20,048
Due to Other Governments		227,731
Total Liabilities		247,779
Total Net Assets	$	---

The notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Sioux City, Iowa, was incorporated May 5, 1855, under the laws of the State of Iowa, later amended by the Home Rule City Act. The City operates under the Council-Manager form of government and provides the following program services as authorized by its charter: public safety, public works, culture and recreation, community and economic development, and general government. These program services are administered by departments, agencies and various boards.

These financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) that apply to governmental units. All funds created under the authority of the State Code of Iowa, the operations of which are under the control of the City's governing body, and by financial reporting standards for governmental units are included herewith.

The Governmental Accounting Standards Board is responsible for establishing U.S. GAAP for state and local government through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its business-type activities. The more significant accounting policies established in U.S. GAAP and used by the City are discussed below.

The City of Sioux City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City.

The City of Sioux City does not include any component units within its reporting entity.

The City participates in jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. The City is a member of the County Assessor's Conference Board and the City Assessor's Conference Board.

B. Basic Financial Statements – Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, capital projects, and permanent funds are classified as governmental activities. The City's internal service fund is classified as a governmental-type activity. The government-wide financial statements do not include fiduciary funds.

Note 1 - (Continued)

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

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (Public Safety, Public Works, Culture and Recreation, Community and Economic Development, General Government, Capital Projects, and Debt Service), unallocated depreciation expense and business-type activities. These expenses are supported by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

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

C. Fund Accounting

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds, which should have a specific community focus. The non-major funds are combined into a single column in the fund financial statements. The various funds reported in the financial statements are grouped into fund types as follows:

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

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation. The General Fund is a major fund.

Note 1 - (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Funds for Sioux City include: Other Employee Benefits, Emergency Fund, Storm Water Drainage, Road Use, Community Development, Housing, Main Street, Younkers Self-Improvement District, Local Option Sales Tax, Convention Center/Auditorium, and Transit System. The Other Employee Benefits Fund is a major fund that is used to account for the City's employee benefits tax levy.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Debt Service Fund is a major fund.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Fiduciary Funds). The Capital Projects Fund is a major fund.

Permanent Fund - The Permanent Fund accounts for assets held by the City pursuant to the cemetery trust agreement. The principal portion of this fund type must remain intact. According to Iowa Code, Title XIV, Chapter 566A.3, only the income from a perpetual care fund shall be used for the care and maintenance of the cemetery for which it was established. The interest earnings must be deposited into the fund in which the cemetery is maintained as required by the Iowa Code, Title XIV Chapter 566.16, which is the General Fund for Sioux City.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

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

Airport Fund - The Airport Fund accounts for the operation and maintenance of the City's airport facility. The Airport Fund is a major fund.

Water Fund - The Water Utility Fund accounts for the operation and maintenance of the City's water system. The Water Fund is a major fund.

Sewer Fund - The Sewer Utility Fund accounts for the operation and maintenance of the City's sewer system. The Sewer Fund is a major fund.

Solid Waste Fund -The Solid Waste Fund accounts for the operation and maintenance of the City's solid waste facilities. The Solid Waste Fund is a major fund.

Note 1 - (Continued)

Enterprise Funds – (Continued)

Parking Fund - The Parking Fund accounts for the operations of the City-owned parking ramps and other parking facilities.

Skyway System - The Skyway System accounts for the maintenance and security of the skyway system.

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

The City's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Central Maintenance Garage - The Central Maintenance Garage Fund accounts for maintenance and repair services for the City's automotive equipment and acquisition of replacement vehicles.

Comprehensive Insurance - The Comprehensive Insurance Fund accounts for the funding and maintenance of the City's insurance policies provided to user departments.

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

SIMPCO Fund – The Siouxland Interstate Metropolitan Planning Council (SIMPCO) Fund accounts for the activities of SIMPCO.

Revolving Fund – The Revolving Fund accounts for the refunds to City customers.

WCICC Fund – The Woodbury County Information Communication Center (WCICC) Fund accounts for the activity of the WCICC.

SHARP Fund – The Siouxland Historic Auditorium Restoration Project (SHARP) Fund accounts for the activities of SHARP.

Note 1 - (Continued)

D. Basis of Accounting

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

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

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

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

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

E. Budgets

Chapter 384, Section 16, of the State Code of Iowa requires the adoption of an annual budget on or before March 15 of each year, which becomes effective July 1 and constitutes the appropriation for each program specified therein until amended. The City budget may be amended for specified level purposes and budget amendments must be prepared and adopted in the same manner as the original budget. Appropriations, as adopted and amended, lapse at the end of the fiscal year, with the exception of Capital Improvement Projects and Encumbrances. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds. The City's budget is prepared on the modified accrual basis of accounting. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the program level for all funds combined rather than at the individual fund level. This level of control is at a level higher than the individual fund. It is necessary, therefore, to aggregate the expenditures of governmental fund types with expenses of proprietary fund types on a program level basis and to compare such program totals to program budgeted totals in order to demonstrate legal compliance with budget. Legal budget compliance for cities in the State of Iowa is applied only to expenditures.

F. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents include not only currency on hand, but also demand deposits with banks or other financial institutions. Cash also includes deposits in the cash management pool, which has the general characteristics of a demand deposit account.

Note 1 - (Continued)

Iowa Code, Chapter 452.10, Custody of Public Funds, allows the City Treasurer to invest public funds not needed for operations. Chapter 97B.7, Trustees duties, indicates that the City Treasurer shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Common, preferred, and guaranteed stock is an exception for the investment of public funds.

The City follows the provisions of GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments for External Investment Pools". The City used the following methods in determining the reported amounts: Commercial paper – quoted fair value, U.S. Treasuries – quoted fair value, U.S. Agencies – quoted fair value.

G. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2006, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

H. Notes Receivable From Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as notes receivable.

I. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental and proprietary fund type inventories are recorded as expenditures when consumed rather than when purchased.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006 are recorded as prepaid items.

K. Restricted Assets

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

L. Capital Assets

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

Buildings & Structures	39 - 50 Years
Machinery & Equipment	3 - 10 Years
Infrastructure	15 - 70 Years

Note 1 - (Continued)

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when the employees separate from service with the exception of employees of the Transit System. All Transit System employees who are covered by the Amalgamated Transit Union receive, upon retirement or death, a sick leave benefit of up to 120 days of paid sick leave.

N. Fund Equity

Reserves represent those portions of fund equity legally segregated for specific use in the future.

O. Interfund Transactions

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note 2 - Deposits and Investments

State statutes authorize the City to invest in "notes, certificates, bonds, prime eligible bankers acceptances, commercial paper rated within the two highest classifications of prime as established by at least one of the standard rating services approved by the Superintendent of Banking pursuant to Chapter 17A, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits in depositories as provided in Chapter 12B and receive the time certificates of deposit for the funds, certain registered open-end management investment companies, certain joint investment trusts or in savings accounts in depositories, or in warrants or improvement certificates of drainage districts." Additionally, as required by statute, the City Council has implemented an investment policy for the City. This policy does not specifically limit those authorized by statute, but does express the Council's preferences as to maturities, trading and location of financial institutions invested in. Investments during the year have not varied from these statutes and were consistent with those held by the City at year-end.

Deposits

The City's deposits at June 30, 2006 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the City or the City's agent in the City's name, or by a multiple financial institution collateral pool 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's bank deposits, per banks, at June 30, 2006 were $59,358,835. These deposits have a book balance of $53,994,838.

Investments

Investments are shown at fair value, except those that have a remaining maturity at the time of purchase of one year or less are shown at amortized costs. Presented below are the ratings, where applicable, by investment type as of June 30, 2006.

Investments	Carrying Amount	Credit Rating 6/30/06
Commercial Paper	$ 998,041	A-2
U.S. Treasury Strips	440,068	N/A
U.S. Agencies	26,657,601	N/A
	$28,095,710	

Note 2 - (Continued)

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. It is the City's policy to comply with rating restrictions.

Concentration of credit risk. The City's investment policy does not allow for an investment in any one issuer that is in excess of 5% percent of the City's total investments.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The 2005 Iowa Code Chapter 12C Deposit of Public Funds requires that any bank accepting deposits of public funds to fully collateralize those deposits with the State Treasurer.

Custodial risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's investments at June 30, 2006, the City has limited custodial credit risk exposure because all investments of the City must be held for the credit of the City in compliance with Iowa Code Chapter 12B. The counterparty must keep the securities in an account separate and apart from its own.

Cash and Cash Equivalents

The City pools the resources of each individual fund's available cash in order to obtain higher rates of return than could be if the funds were invested individually. The interest earned on the Cash and Cash Equivalents is allocated to selected funds, as determined by the Director of Finance and the City Treasurer, in accordance with the City's investment policy, based on the ratio of each fund's participation in the pool. The Cash and Cash Equivalents at June 30, 2006 consisted of the following:

Reconciliation to Exhibit 1:	Carrying Amount
Investments	$28,095,710
Bank Deposits	53,994,838
Cash on hand, petty cash and other cash items	18,691
Total Cash and Cash Equivalents	$82,109,239

Cash and Cash Equivalents – Exhibit 1	$81,411,700
Cash and Cash Equivalents Restricted – Exhibit 1	496,000
Cash and Cash Equivalents – Exhibit 8	201,539
Total Cash and Cash Equivalents	$82,109,239

Note 3 - Revenue Bond Compliance

The following schedule shows the Revenue bond ordinance covenant ratios:

	WATER SYSTEM
OPERATING REVENUE (CASH BASIS)	
Charges for Service	$ 9,829,509
OPERATING EXPENSES (CASH BASIS)	
Transmission and Distribution	2,022,760
Pumping and Purification	1,740,503
Administration	1,488,113
Meter Shop and Repair	209,222
Utility Billing	246,713
TOTAL OPERATING EXPENSES	5,707,311
AMOUNT AVAILABLE FOR DEBT SERVICE	$ 4,122,198
REVENUE BOND PRINCIPAL AND INTEREST	$ 806,407
REVENUE BOND COVENANT RATIO	5.11

The following requirements were set forth for revenue bonds issued by the Water System issued by the City of Sioux City.

Water
The City has pledged to maintain a reserve fund called the Water Revenue Debt Reserve that is equal to at least the lesser of:
A. Maximum principal and interest coming due in any succeeding fiscal year. Or
B. 10% of the proceeds of the sale of bonds. Or
C. 125% of average annual principal and interest on the bonds.

All of the above bond ordinance requirements were met in fiscal year 2006, which resulted in no over or under funding of the required bond funds as of June 30, 2006.

CITY OF SIOUX CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Note 4 - Receivables

The following schedule details receivables:

Fund Type	Property Taxes	Grants/ Revenue from Other Governments	Accounts Receivable	Notes Receivable	Special Assessments	Total
GENERAL	$20,134,579	$ 466,931	$ 689,671	$ ---	$ ---	$21,291,181
Special Revenues						
Emergency Fund	541,256	---	---	---	---	541,256
Storm Water Drainage	---	---	75,119	---	---	75,119
Road Use	---	554,297	---	---	---	554,297
Community Development	---	368,278	---	6,477,282	---	6,845,560
Housing	---	4,580	16,758	---	---	21,338
Main Street	190,334	---	---	---	---	190,334
Local Option Sales Tax	---	1,483,514	---	54,887	---	1,538,401
Convention Ctr/Auditorium	---	---	179,705	---	---	179,705
Transit System	---	---	10,579	---	---	10,579
Employee Benefits	12,897,881	---	---	---	---	12,897,881
TOTAL SPECIAL REVENUES	13,629,471	2,410,669	282,161	6,532,169	---	22,854,470
DEBT SERVICE	13,234,242	---	6,042	285,530	1,164,862	14,690,676
CAPITAL PROJECTS	---	3,395,147	2,660	9,548,293	---	12,946,100
Enterprises						
Airport System	---	2,053,133	139,084	1,000	---	2,193,217
Water System	---	270,529	2,026,719	---	---	2,297,248
Sewer System	---	2,085,303	1,605,311	---	---	3,690,614
Solid Waste System	---	5,632	617,456	---	---	623,088
Parking Facility	---	---	172,012	---	---	172,012
Skyway System	---	---	84,062	---	---	84,062
TOTAL ENTERPRISE	---	4,414,597	4,644,644	1,000	---	9,060,241
Internal Service Funds						
Central Maintenance Garage	---	---	27,875	---	---	27,875
Comprehensive Insurance	---	---	3,371	---	---	3,371
TOTAL INTERNAL SERVICE	---	---	31,246	---	---	31,246
TOTAL RECEIVABLES	$46,998,292	$ 10,687,344	$5,656,424	$16,366,992	$ 1,164,862	$80,873,914

Note 4 - (Continued)

All property subject to taxation is valued by the City Assessor, in compliance with State law, every two years subject to equalization action of the State Director of Revenue and further adjustment to restrict growth of taxable valuations to an annual limit of four percent statewide.

Taxes are billed and collected for the City of Sioux City by the Woodbury County Treasurer and are levied and due on July 1 of each year. Property taxes attach as an enforceable lien on March 15, also. The first installment becomes delinquent the following October 1 and the second installment becomes delinquent April 1 of the following calendar year. Property tax revenues are recognized when they become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed sixty days. The maximum rate for the General Fund is $8.10 per thousand dollars assessed valuation. General Obligation Bonds issued are payable from taxes levied in the Debt Service Fund without limitation as to rate or amount. The City has been at the $8.10 General Fund limit for the past twenty-five years.

In fiscal 1983, the City received an Urban Development Action Grant (UDAG) totaling almost $2,000,000, which was loaned to area businesses for commercial and industrial developments. The City is entitled to all of the funds that are paid back on the loans. These funds can be loaned to other businesses for commercial or industrial development. All loans are secured by mortgages on the related real estate. Only one of the original projects is still outstanding. This loan is to the Call Terminal, L.P. and has an outstanding balance at June 30, 2006 of $358,850. It carries an interest rate of 4% and calls for annual payments of $21,975 until December 2031. During fiscal 2003, the City made a new loan under this program to the Civic Partners. Draws were made under this agreement totaling $1,980,000 and the note was set up with monthly payments beginning in June 2005. Accrued interest on this note from inception until monthly payments began was capitalized into an additional note in June 2005 with an original balance of $145,421. These loans carry an interest rate of 6.33% and require total monthly payments of $14,643 through February 2013 with a balloon payment due at maturity. The combined outstanding balance of these notes at June 30, 2006 was $2,071,852.

The City also has other notes receivable totaling $609,225 at June 30, 2006, from rehabilitation loans made from Community Development funds. In connection with the Home Program funded by the U.S. Department of Housing and Urban Development the Community Development Fund had notes receivable outstanding of $3,437,355 from eighteen local businesses.

The Debt Service Fund has a note receivable from the Sioux City Explorer's Baseball with a balance of $38,852 at June 30, 2006. The note has a 6% interest rate and calls for annual principal and interest payments of $7,901 until 2012. Also in the Debt Service Fund is a note receivable from the Green-Valley Floyd Golf Corporation with an original amount of $250,000 for the purchase and installation of a new sprinkler system at Floyd Golf Course. The balance outstanding at June 30, 2006 was $246,678. The note carries an interest rate of 4.45% and calls for monthly payments of $2,585 through April 2016.

The City has three loans in the Capital Projects Fund. The City loaned $120,000 to the Castle on the Hill in December 2003. The purpose of the loan was for the development of affordable housing in the City. The loan carries an interest rate of 1% for a term of 30 years with payments beginning in December 2013. The other two notes in the Capital Projects Fund are receivable from Siouxland Historic Auditorium Restoration Project LLC (SHARP). These notes funded the construction of the Long Lines Family Recreation Center which is owned by SHARP. The first note had an original balance of $9,000,000, an interest rate of 6% and calls for monthly payments of $115,256. The outstanding balance at June 30, 2006 was $5,461,693. The second note had an original balance of $4,500,000, an interest rate of 10% and calls for monthly payments of $91,552. The outstanding balance at June 30, 2006 was $3,966,600. The City has received more than the required monthly payments and has applied the excess to the principal balance outstanding.

The City has a number of notes receivable from economic development incentive packages with local businesses totaling $54,887. These notes receivables are reported in the Local Option Sales Tax fund.

The Airport Fund has a note receivable of $1,000 in connection with Trans World Airlines, Inc. bankruptcy proceedings.

Note 4 – (Continued)

The Water, Sewer, and Solid Waste Funds accrue unbilled revenues rendered subsequent to the last billing date and prior to year end based upon the number of days unbilled compared to the first billing subsequent to year end. At June 30, 2006, unbilled utility revenues included in the accounts receivable of the Water, Sewer and Solid Waste System funds were $1,034,054, $838,699 and $298,223, respectively.

Note 5 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2006, is as follows:

Governmental Activities (including Internal Service Funds):

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
Capital assets, not being depreciated:				
Land	$ 37,164,202	$467,339	$ ---	$37,631,541
Construction in Progress	94,656,513	15,614,322	(80,627,540)	29,643,295
Total capital assets, not being depreciated	**131,820,715**	**16,081,661**	**(80,627,540)**	**67,274,836**
Capital assets, being depreciated:				
Buildings	35,297,420	51,045,631	---	86,343,051
Buildings under capital lease	7,675,000	---	---	7,675,000
Improvements other than buildings	15,002,023	29,449,070	---	44,451,093
Equipment	37,499,167	3,124,486	(2,124,664)	38,498,989
Infrastructure	108,110,078	3,758,555	---	111,868,633
Total capital assets, being depreciated	203,583,688	87,377,742	(2,124,664)	288,836,766
Less accumulated depreciation for:				
Buildings	(12,793,064)	(979,629)	---	(13,772,693)
Buildings under capital lease	(3,453,750)	(191,875)	---	(3,645,625)
Improvements other than buildings	(5,397,520)	(864,909)	---	(6,262,429)
Equipment	(26,136,136)	(2,797,363)	1,821,534	(27,111,965)
Infrastructure	(28,192,715)	(2,474,726)	---	(30,667,441)
Total accumulated depreciation	(75,973,185)	(7,308,502)	1,821,534	(81,460,153)
Total capital assets, being depreciated,net	**127,610,503**	**80,069,240**	**(303,130)**	**207,376,613**
Governmental Activities capital assets,net	**$259,431,218**	**$96,150,901**	**$(80,930,670)**	**$274,651,449**

The Internal Service Funds and General Capital Assets are combined on the Governmental Activities Statement of Net Assets.

Note 5 - (Continued)

Business-Type Activities:

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006
Capital assets, not being depreciated:				
Land	$ 2,640,471	$ ---	$ (2,187)	$ 2,638,284
Construction in progress	30,403,122	5,945,993	(14,076,786)	22,272,329
Total capital assets, not being depreciated	**33,043,593**	**5,945,993**	**(14,078,973)**	**24,910,613**
Capital assets, being depreciated:				
Buildings	53,274,483	9,992,835	---	63,267,318
Improvements other than buildings	82,762,526	9,370,769	(222,380)	91,910,915
Equipment	5,323,030	---	(98,713)	5,224,317
Total capital assets, being depreciated	141,360,039	19,363,604	(321,093)	160,402,550
Less accumulated depreciation for:				
Buildings	(49,566,424)	(1,365,709)	---	(50,932,133)
Improvements other than buildings	(25,063,020)	(3,996,714)	---	(29,059,734)
Equipment	(3,463,790)	(221,912)	98,713	(3,586,989)
Total accumulated depreciation	(78,093,234)	(5,584,335)	98,713	(83,578,856)
Total capital assets, being depreciated,net	**63,266,805**	**13,779,269**	**(222,380)**	**76,823,694**
Business-Type Activities capital assets,net	**$96,310,398**	**$19,725,262**	**$(14,301,353)**	**$101,734,307**

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

Governmental Activities	
Public Safety	$ 650,045
Public Works	1,635,985
Culture and Recreation	1,466,741
Community and Economic Development	272,237
General Government	3,283,494
Total	$7,308,502
Business-Type Activities	
Airport	$1,665,941
Water	1,598,412
Sewer	2,074,708
Solid Waste	96,799
Parking	148,475
Total	$5,584,335

Note 5 – (Continued)

Reconciliation of Invested in Capital Assets, Net of Related Debt:

	Governmental Activities	Business-type Activities
Capital Assets (net of accumulated depreciation)	$274,651,449	$101,734,307
Less: G.O. Bonds Payable	95,359,610	8,530,390
Notes Payable	90,771	31,531,535
Capital Lease	670,000	---
Revenue Bonds	---	1,915,000
Invested in Capital Assets, Net of Related Debt	$178,531,068	$ 59,757,382

Note 6 – Capital Leases

The City entered into a lease agreement with the Sioux City Chamber Foundation as lessee for the construction of the Sioux City Convention Center. The leased assets and related obligations are accounted for in the governmental activities on the statement of net assets. Buildings under capital lease have an original cost of $7,675,000, accumulated depreciation of $3,645,625 for a net book value at June 30, 2006 of $4,029,375. On July 8, 1993, the Sioux City Chamber Foundation refunded the Civic Center G.O. Bonds. The existing capital lease was reformatted to account for the refunding resulting in a net savings to the City of $659,735.

The following is a schedule of future minimum lease payments under capital lease, together with the net present value of the minimum lease payments as of June 30, 2006.

Year Ending June 30	Amount
2007	$ 703,500
Less: Amount Representing Interest	(33,500)
Present Value of Minimum Lease Payments	$ 670,000

Note 7 – Long-Term Debt

NOTES PAYABLE

During fiscal year 2003, the City borrowed $300,000 on a 0% interest loan from the Iowa DOT's AMOCO Loan Program. The funds went toward the local match required for a FTA grant for the new ground transportation center. The loan is unsecured. The outstanding balance at June 30, 2006 was $75,000.

During fiscal year 1997, the City borrowed funds from the State of Iowa through the Iowa Sewage Treatment Works Financing Program. The City received two low interest notes to help finance the construction of the Southeast Morningside Interceptor Sewer. Both notes are unsecured. The first loan with an original amount of $1,422,000 has an interest rate of 3.74% and had a balance outstanding at June 30, 2006 of $769,000. The second loan with an original amount of $1,363,000 has an interest rate of 4.54% and had a balance outstanding at June 30, 2006 of $831,000.

During fiscal year 2003, the City borrowed funds from the State of Iowa Clean and Drinking Water State Revolving Funds. The City received three notes at 3% interest to make certain improvements to the wastewater treatment and water systems. The loans are to be drawn upon as funds are spent on the improvements. All three notes are unsecured. The outstanding balances as of June 30, 2006 were $12,156,000 in the Water fund and $7,079,000 in the Sewer fund.

The City borrowed $11,264,000 from the State of Iowa Clean and Drinking Water State Revolving funds during fiscal 2004. The loan is at 3% and is also unsecured. The loan is to be drawn upon as the funds are spent on the improvements. The loan has not been fully drawn as of June 30, 2006 and has a remaining balance available to draw of $2,047,758. The outstanding balance on the note as of June 30, 2006 was $8,365,242.

During fiscal 2006, the City obtained another note with the State of Iowa Clean and Drinking Water State Revolving Funds in the amount of $31,000,000 at 3% interest. The loan is to be drawn upon as improvements are made. Only $2,331,293 was drawn during fiscal 2006 leaving a remaining balance to be drawn of $28,668,707. The outstanding balance of the note as of June 30, 2006 was $2,331,293.

In January, 2005, the City approved a resolution to loan itself $400,000 with grant funds from the EPA under the Brownfields Cleanup Revolving Loan Fund Program. These funds will be used for the removal of environmental hazards located on Cunningham Drive in Sioux City. As of June 30, 2006, only $15,771 was drawn and outstanding under this loan agreement.

Annual debt service requirements to maturity for the above notes payable are as follows:

Year Ending	Governmental Activities		Business-Type Activities	
June 30	Principal	Interest	Principal	Interest
2007	$75,000	$ ---	$ 1,468,000	$1,225,055
2008	---	---	2,501,000	1,772,465
2009	---	---	2,844,000	1,747,530
2010	15,771	---	1,675,293	1,662,210
2011	---	---	1,661,000	752,730
2012-2016	---	---	9,012,000	2,984,520
2017-2021	---	---	9,480,000	1,610,700
2022-2023	---	---	2,890,242	190,710
Total	$90,771	$ ---	$31,531,535	$11,945,920

Note 7 - (Continued)

GENERAL OBLIGATION BONDS

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

The City issued new bonds during fiscal 2006 as follows:

On December 5, 2005, the City sold general obligation bonds in three series. Series B, in the amount of $4,330,000, was sold to Hutchinson, Shockey, Erley & Co. for $4,355,137. It has a true interest rate of 3.9426% and principal due June 1 of the years 2007 through 2016. Series C, in the amount of $12,990,000, was sold to Citigroup Corporate and Investment Banking for $12,970,974. It has a true interest rate of 3.8745% and principal due June 1 of the years 2007 through 2016. Series D, in the amount of $1,830,000, was sold to BB&T Capital Markets for $1,819,033. It has a true interest rate of 5.2448% and principal due June 1 of the years 2007 through 2016.

General obligation bonds outstanding as of June 30, 2006 are as follows:

Purpose	Interest Rates	Amounts
Governmental Activities	3.00 – 5.25%	$89,698,429
Governmental Activities – Refunding	2.00 – 4.60%	5,661,181
Business-type Activities	3.00 – 5.25%	7,416,571
Business-type Activities – Refunding	2.00 – 4.60%	$ 1,113,819

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

Year Ending	Governmental Activities		Business-Type Activities	
June 30	Principal	Interest	Principal	Interest
2007	$16,786,767	$ 3,582,951	$1,758,233	$ 344,024
2008	15,002,477	3,000,245	1,202,523	277,811
2009	13,729,140	2,475,028	1,115,860	230,826
2010	10,238,747	1,964,730	981,253	186,439
2011	9,556,748	1,569,693	863,252	146,353
2012-2016	30,045,731	2,885,280	2,609,269	268,990
Total	$95,359,610	$15,477,927	$8,530,390	$1,454,443

Note 7 - (Continued)

REVENUE BONDS

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service. Revenue bonds outstanding at June 30, 2006 are as follows:

Purpose	Interest Rates	Amounts
Water System	4.46%	$1,915,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Business-Type Activities Principal	Interest
2007	$720,000	$86,407
2008	730,000	54,008
2009	465,000	21,157
Total	$1,915,000	$ 161,572

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	$94,904,574	$16,546,250	$16,091,214	$95,359,610	$16,786,767
Notes Payable	173,333	15,771	98,333	90,771	75,000
Capital Lease Obligations	1,310,000	---	640,000	670,000	670,000
Compensated Absences	3,397,542	2,327,852	2,886,287	2,839,107	2,320,972
Governmental Activities Long-term Liabilities	$99,785,449	$18,889,873	$19,715,834	$98,959,488	$19,852,739
Business-type Activities:					
Bonds Payable:					
General Obligation Bonds	$ 7,530,426	$2,603,750	$1,603,786	$ 8,530,390	$1,758,233
Revenue Bonds	2,595,000	---	680,000	1,915,000	720,000
Notes Payable	28,276,782	4,681,753	1,427,000	31,531,535	1,468,000
Compensated Absences	409,173	277,821	247,324	439,670	439,670
Est. Liability for Landfill Closure	2,138,341	89,534	---	2,227,875	---
Business-type Activities Long-term Liabilities	$40,949,722	$7,652,858	$3,958,110	$44,644,470	$4,385,903

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At June 30, 2006, $143,288 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are liquidated by the funds where the employee's wages and benefits are allocated. For the above balances in compensated absences as of June 30, 2006, approximately 62% will be liquidated by the general fund, 31% by the special revenue funds, 2% by the capital projects fund and 5% by the internal service funds.

Note 7 - (Continued)

UNAMORTIZED BOND CHARGES

Unamortized bond charges related to bond activities consisted of the following items at June 30, 2006:

Fund or Activity Type	Bond Issue Date	Original Amount	Balance at 6/30/05 with Current Year Additions	2006 Amor-tization	Balance at 6/30/06
Governmental Activities:					
Bond Issue Costs:					
General Fund	12/1/2000	$ 91,249	$ 38,045	$ 10,641	$ 27,404
General Fund	11/1/2001	74,050	43,681	7,593	36,088
General Fund	7/1/2002	77,771	44,441	11,110	33,331
General Fund	12/1/2002	72,160	44,045	9,371	34,674
General Fund	11/1/2003	56,208	45,989	5,109	40,880
General Fund	2/9/2004	23,815	11,907	5,954	5,953
General Fund	12/1/2004	67,620	61,473	6,147	55,326
General Fund	4/1/2005	26,904	21,523	5,381	16,142
General Fund	12/1/2005	75,892	75,892	6,899	68,993
Bond Discount:					
General Fund	12/1/2000	135,175	64,869	14,061	50,808
General Fund	7/1/2002	77,088	44,051	11,013	33,038
General Fund	12/1/2002	28,007	21,543	2,154	19,389
General Fund	11/1/2003	10,763	8,806	979	7,827
General Fund	12/1/2004	69,280	62,982	6,298	56,684
General Fund	12/1/2005	29,993	29,993	2,727	27,266
Bond Premium:					
General Fund	11/1/2001	(172,081)	(57,361)	(28,680)	(28,681)
General Fund	12/1/2002	(43,002)	(10,750)	(10,750)	---
General Fund	11/1/2003	(42,356)	(30,820)	(5,769)	(25,051)
General Fund	12/1/2004	(57,585)	(52,350)	(5,235)	(47,115)
General Fund	4/1/2005	(4,644)	(3,715)	(929)	(2,786)
General Fund	12/1/2005	(25,137)	(25,137)	(2,285)	(22,852)
Subtotal Governmental Activities			439,107	51,789	387,318
Business-type Activities:					
Bond Issue Costs:					
Airport System	11/1/2001	3,202	1,067	533	534
Water System	11/1/2001	640	213	107	106
Solid Waste	11/1/2001	7,043	2,348	1,174	1,174
Loan Origination Fees:					
Water System	6/25/2002	137,360	117,737	6,541	111,196
Water System	1/2/2004	112,640	101,912	5,364	96,548
Sewer System	6/25/2002	80,000	68,572	3,809	64,763
Sewer System	7/01/2005	310,000	310,000	15,500	294,500
Subtotal Business-type Activities			601,849	33,028	568,821
Total Governmental and Business-type Activities			$1,040,956	$ 84,817	$ 956,139

Note 8 - Deficit Equity Balances

The Younkers Self-Improvement District reported a negative fund balance at June 30, 2006 of $1,587. The deficit will be corrected during Fiscal Year 2007 with an increase in taxes.

The Convention Center/Auditorium had a deficit fund balance at June 30, 2006 of $1,132,753, up from $1,018,146 at June 30, 2005. The operation of the Convention Center and Auditorium requires a high percentage of their costs to be fixed and therefore, when revenue is down, the fund operates at a deficit. The FY07 budget should correct this with a combination of revenue increases, taxes and control over expenditures.

Note 9 – Internal Balances

The following is a summary of Interfund Receivables/Payables and Notes Receivables/Payables as of June 30, 2006:

Fund	Interfund Receivable	Interfund Payable	Notes Receivable	Notes Payable
General	$ 559,124	$ 8,839	$ ---	$ ---
Capital Improvements	---	44,767	---	---
Debt Service	29,819	---	60,387	---
Nonmajor Governmental	6,118	486,930	---	---
Airport	---	29,819	---	60,387
Water System	11,730	---	---	---
Sewer	33,037	---	---	---
Nonmajor Enterprise	4,267	73,740	---	---
Totals	$644,095	$644,095	$ 60,387	$ 60,387

Internal Balances represent amounts due from/due to other funds to cover deficit cash balances at June 30, 2006. The Notes Receivable in the Debt Service Fund is for an advance made to the Airport for the amount owed for previous debt service payments. The Airport makes annual payments to the Debt Service Fund. The current portion of $29,819 is reported as an Interfund Payable/Receivable.

NOTE 9 - Internal Balances (Continued)

The following is a summary of Transfers between Fund Types:

	Governmental Fund Types					Proprietary Fund Types			Total
	General	Empl Benefits	Debt Service	Capital Improv	Nonmajor Govt	Airport	Parking	Internal Service	Transfers Out
General	$ ---	$ 500,000	$ 2,387,092	$ (11,551)	$ 4,574,018	$ ---	$ ---	$ ---	$ 7,449,559
Employee Benefits	11,543,301	---	---	---	551,810	---	---	---	12,095,111
Debt Service	---	---	---	2,755,943	86,098	300,000	---	---	3,142,041
Capital Improvements	30,000	---	1,758,884	---	517,556	---	3,560,000	579,964	6,446,404
Nonmajor Govt	1,334,592	---	7,785,192	2,437,130	282,294	---	---	7,077	11,846,285
Airport	---	---	---	515,000	---	---	---	---	515,000
Water	---	---	---	75,000	---	---	---	---	75,000
Sewer	---	---	550	---	---	---	---	---	550
Internal Service	---	---	---	104,950	---	---	---	---	104,950
TOTAL TRANSFERS-IN	$ 12,907,893	$ 500,000	$ 11,931,718	$ 5,876,472	$ 6,011,776	$ 300,000	$ 3,560,000	$ 587,041	$ 41,674,900

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.
3. To use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10 - RESERVES

The following schedule reflects all Reserves of Fund Balances as presented in the Fund Level Statements:

	Fund Balances Reserves					
	Encumbrances	Long Term Notes/Adv. Receivable	Inventory/ Debt Service	Perpetual Care/ Capital Improv.	Joint Venture/ Prepaids	Total
General	$ **333,970**	$ ---	$ ---	$ ---	$ ---	$ **333,970**
Special Revenue						
Road Use	197,803	---	---	---	---	197,803
Community Development	295,385	6,477,282	---	---	12,290	6,784,957
Housing	38,764	---	---	---	354,978	393,742
Local Option Sales Tax	---	54,887	---	---	---	54,887
Convention Center/Auditorium	---	---	86,213	---	---	86,213
Transit Operations	16,268	---	---	---	---	16,268
Total Special Revenue	**548,220**	**6,532,169**	**86,213**	---	**367,268**	**7,533,870**
Debt Service	**561**	**345,917**	**1,438,126**	---	---	**1,784,604**
Capital Improvements	**19,836,812**	**9,548,293**	---	**15,772,571**	---	**45,157,676**
Permanent Fund						
Cemetery Trust	$ ---	$ ---	$ ---	$ **838,105**	$ ---	$ **838,105**
TOTAL RESERVES OF FUND BALANCES						**$ 55,648,225**

Note 11 - Risk Management/Contingent Liabilities

The City participates in a number of federally assisted grant programs, principally Federal Aviation Administration, FTA Capital, Planning and Operating Assistance Grants, Federal Highway Construction Grants, and Community Development Block Grant. The programs are subject to financial and compliance audits. The amount of expenditures if any, which may be disallowed by the Grantor agencies is not determinable at this time; however, City officials do not believe that such amounts would be significant.

The City is a defendant in a number of lawsuits in its normal course of operations. The City Attorney estimates that an unfavorable outcome on certain lawsuits is likely and, accordingly, a provision for losses of $1,023,501 has been established in the accompanying financial statements as of June 30, 2006. A provision for health claims incurred but unpaid as of June 30, 2006 of $2,425,648 has also been recorded.

The City is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God. The City has self-insured itself since July 1, 1986 for general liability, automobile, transit and workers compensation. The City began self-insuring health coverage as of July 1, 1988. It is self-insured for health coverage risk up to $75,000, specific, and 125% of expected annual paid claims in the aggregate.

The self-insurance programs are administered using an internal service fund, the Comprehensive Insurance fund, which records premium revenue as "Charges for Service". All funds of the City participate in the self-insurance programs and make payments to the Comprehensive Insurance fund based on pre-determined amounts needed to pay prior and current year claims and to establish a reserve for future catastrophic losses. Currently the City is unfunded for reserves to cover incurred but unreported claims and unanticipated claim fluctuations.

The City maintains outside insurance coverage through various insurance policies on buildings and their contents, equipment and property, employee dishonesty, and excess health coverage throughout 2006. There have been no significant reductions in insurance coverage from prior years. The City has had no amount of settlements exceeding insurance coverage for each of the past five fiscal years.

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

Year ended June 30	Beginning Balance Liability	Claims and Changes in Estimates	Claim Payments	Ending Balance
1997	$ 3,465,897	$ 5,152,111	$ 5,015,413	$ 3,602,595
1998	3,602,595	4,138,232	4,850,423	2,890,404
1999	2,890,404	4,687,472	4,878,764	2,699,112
2000	2,699,112	6,397,681	5,850,742	3,246,051
2001	3,246,051	9,144,373	7,162,571	5,227,853
2002	5,227,853	8,644,172	8,604,898	5,267,127
2003	5,267,127	7,879,845	8,187,698	4,959,274
2004	4,959,274	6,998,492	8,238,600	3,719,166
2005	3,719,166	7,357,918	8,192,022	2,885,062
2006	2,885,062	9,944,427	9,380,340	3,449,149

Note 12 - Commitments

The City has recognized as a liability only that portion of construction contracts completed through June 30, 2006. The following summary presents the amount of contracts outstanding at June 30, 2006:

Construction	$22,955,628
Design & Engineering Services	5,378,537
Other	1,436,874
Less: Due, but unpaid at June 30, 2006	(8,423,097)
Construction Contract Commitments	$21,347,942

In addition to the above construction contract commitments outstanding at June 30, 2006, the City had $1,679,377 of purchase orders outstanding.

Note 13 - Deferred Revenues

Deferred Revenues, which are measurable but not yet available at June 30, 2006 are as follows:

	EXHIBIT 1	EXHIBIT 3
Property Taxes	$46,008,931	$46,359,757
Special Assessments	---	1,048,376
Total Deferred Revenues	$46,008,931	$47,408,133

Note 14 - Joint Venture

The Woodbury County Information and Communication Commission (WCICC) was formed in fiscal year 1988. WCICC was established to operate a combined data processing and communications center for the City and the County. Each governmental unit selects two of its members to serve on the commission and a fifth member is selected by the commission. The operating budget is approved by both governments with contributions for operations from both. All assets, liabilities and equity are owned on a 60/40 basis. Summary financial information as of, and for the fiscal year ended June 30, 2006 is presented as follows:

Fixed Assets	$ 1,285,004
Other Assets	227,731
Total Assets	1,512,735
Total Liabilities	443,855
Fund Equity	1,068,880
Total Liabilities and Fund Equity	1,512,735
Total Revenue	2,165,621
Total Expenditures	(2,267,245)
Net Decrease in Fund Balance	$(101,624)

Note 14 - (Continued)

The Woodbury County Information and Communication Commission does not publish a Comprehensive Annual Financial Report. The City's share of the fixed assets are reported in governmental activities.

City's Share of Joint Venture	
Assets	60%
Liabilities	60%
Equity	60%

Note 15 - Post-Employment Health Care Benefits

All full time employees that retire or become disabled are offered the following options:

Health Insurance - The option of continuing with the City's Health Insurance plan at the employee's own cost.

Life Insurance - The option of converting their City paid policy from term to whole life at their own expense with our life insurance carrier.

Long-Term Disability - The option of converting their City paid group policy to a personal policy at their own expense with our life insurance carrier.

Any other full-time employee that terminates his/her employment with the City can continue their health benefit plan for 18 months as afforded by the Consolidated Omnibus Budget Reconciliation Act of 1985. Again the full cost is that of the terminated employee. After the 18-month period the employee is given the option of converting their health insurance coverage to an individual policy with Blue Cross and Blue Shield. With the exception of the health insurance, all of the above mentioned benefits are available to any terminating full-time employee.

Note 16 - Employee Benefits

Vacation hours for City employees are accumulated for subsequent use or for payment upon termination, retirement or death up to a maximum ranging from 120 to 200 hours based upon number of years employed.

Severance pay is paid to all employees of the Professional, Administrative, Technical, Supervisory, Executive and Council Appointed employees group (PATS), with a minimum of 15 years of consecutive service with the City. The pay is based on three day's pay for each full twelve months of consecutive service upon retirement, resignation, death or termination (other than for disciplinary reasons).

All vacation and severance pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. At June 30, 2006, there was no liability recorded in the governmental funds for accrued vacation or severance pay.

City employees accumulate sick leave hours for subsequent use. Sick leave hours are not a vested benefit and expire if unused upon termination, death or retirement, with the exception of the Transit System's employees covered by the Amalgamated Transit Union Agreement with the City of Sioux City. These employees receive a benefit of up to 120 days of paid sick leave upon death or retirement. The accumulated sick leave under this agreement for transit employees is recorded only in the government-wide financial statements. All other accumulated sick leave is not recognized as an expenditure until used or paid as it is not measurable at June 30, 2006.

Compensated absences consist of the following amounts as of June 30, 2006:

Accrued Vacation	$ 1,985,473
Accrued Severance Pay	1,105,511
Accrued Transit Sick Leave	187,793
Total	$ 3,278,777

Compensated absences have been recorded as follows:

	CURRENT	LONG-TERM	TOTAL
Enterprise Funds	$ 439,670	$ ---	$ 439,670
Internal Service Funds	143,288	---	143,288
Government-Wide Statement	2,177,684	518,135	2,695,819
	$ 2,760,642	$ 518,135	$ 3,278,777

Note 17 - Pension and Retirement

IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM

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 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.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004 were $1,401,433, $1,316,812, and $1,301,971, respectively, equal to the required contributions for each year.

POLICE AND FIRE RETIREMENT SYSTEM

The City contributes to the Municipal Fire & Police Retirement System of Iowa (MFPRSI) which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees appointed by the State of Iowa. MFPRSI provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation. The employers' contribution rate is based upon an actuarially determined normal contribution rate. The normal contribution rate is provided by State statute to be the actuarial liabilities of the plan less current plan assets, the total then being divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions. Legislatively appropriated contributions from the State may further reduce the employers' contribution rate. However, under the Code of Iowa, the employers' contribution rate cannot be less than 17.00 percent of earnable compensation. Contribution requirements are established by State statute. The City's contribution to MFPRSI for the years ended June 30, 2006, 2005 and 2004 were $3,752,271 (28.21%), $3,175,088 (24.92%), and $2,396,948 (20.48%), respectively, equal to the required contributions for each year.

Note 18 - Landfill Closures and Post-Closure Care Costs

State and federal laws and regulations require the City's Solid Waste System to place a final cover on its 28th Street landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste System reports a portion of these closure and post-closure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $2,227,875 reported as landfill closure and post-closure care liability at June 30, 2006, represents the cumulative amount reported to date based on the use of 95 percent of the estimated capacity of the landfill. The estimate for total costs as of June 30, 2006 is $2,339,800. The Solid Waste System will recognize the remaining estimated cost of closure and post-closure care of $111,925 as the remaining estimated capacity is filled. The Solid Waste System will be closing the landfill on September 30, 2007. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The State of Iowa specifies financial assurance requirements in Code Section 567-Chapter 11. The Iowa Code enumerates various allowable financial assurance mechanisms to meet the costs of closure and post-closure care. The City satisfies this requirement with a Local Government Dedicated Fund passed and approved on June 16, 2003 under Resolution 2003-000501.

Note 19 – Prior Period Restatement

At June 30, 2005, the City had a note receivable from the Green-Valley Floyd Golf Corporation for $250,000. The note receivable was included in the Capital Projects Fund instead of the Debt Service Fund in error. In fiscal 2006, the Debt Service and the Capital Projects funds were restated to make this correction.

Note 20 – Subsequent Events

On September 20, 2006 the City entered into a loan and disbursement agreement with the Iowa Finance Authority's State Revolving Fund. The trustee, Wells Fargo Bank, National Association is in receipt of the $6 million loan which will be used for a water related project in Sioux City.

On October 16, 2006 the City Council passed resolutions fixing the date for the issuance of $9,100,000 General Obligation Bonds.

REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

In accordance with the Governmental Accounting Standards Board Statements No. 25, No. 27 and No. 34, the following information is a required part of the general purpose financial statements.

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CITY OF SIOUX CITY, IOWA
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - ALL GOVERNMENTAL AND PROPRIETARY FUNDS [1]
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

	Governmental Fund Types Actual	Internal Service Funds Actual	Proprietary Funds Actual	Total Actual
REVENUES				
Taxes	$ 57,223,300	$ ---	$ ---	$ 57,223,300
Special Assessments	297,536	---	---	297,536
Regulatory Fees	1,174,657	---	---	1,174,657
Intergovernmental Revenue [2]	26,989,896	---	2,813,675	29,803,571
Revenue from Use of Property	7,991,736	237,256	2,620,580	10,849,572
Charges for Service [3]	7,067,902	17,539,447	26,603,745	51,211,094
Miscellaneous	4,589,318	44,155	2,058,636	6,692,109
Total Revenues	105,334,345	17,820,858	34,096,636	157,251,839
EXPENDITURES				
Public Safety	27,135,419	---	---	27,135,419
Public Works	11,985,865	---	---	11,985,865
Culture and Recreation	13,233,666	---	---	13,233,666
Community and Economic Development	11,279,598	---	---	11,279,598
General Government	2,891,590	---	---	2,891,590
Debt Service	22,838,878	---	1,354,463	24,193,341
Capital Projects [2]	28,442,887	---	---	28,442,887
Business-Type/ Enterprises [2]	---	19,277,040	27,806,551	47,083,591
Total Expenditures	117,807,903	19,277,040	29,161,014	166,245,957
Excess (Deficiency) of Revenues Over Expenditures	(12,473,558)	(1,456,182)	4,935,622	(8,994,118)
OTHER FINANCING SOURCES (USES)				
Other Financing Sources	53,785,024	587,041	3,860,000	58,232,065
Other Financing Uses	(40,979,400)	(104,950)	(590,550)	(41,674,900)
Total Other Financing Sources (Uses)	12,805,624	482,091	3,269,450	16,557,165
Net Change in Fund Balance	332,066	(974,091)	8,205,072	$ 7,563,047
Fund Balance - Beginning of Year	69,284,339	16,222,560	72,633,792	
Fund Balance - End of Year	$ 69,616,405	$ 15,248,469	$ 80,838,864	

Notes:

[1] In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing which includes all funds, except agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The City budgets on a modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary fund types. Formal and legal budgetary control is based upon eight major classes of expenditures known as functions, not by fund or fund type. These eight functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type/ enterprises. The legal level of control is at the aggregated function level, not at the fund or fund type level.

[2] Intergovernmental revenue and the expenditures for capital projects and enterprises are significantly below budgeted amounts due to the timing of when projects are actually completed and the corresponding revenue is received.

[3] Revenue from charges for services is under budget due primarily to the amount of the budget amendments which were shown as revenue but should have come out of the fund balances.

Budgeted Amounts		Final Budget Over (Under)
Original	Final	
$ 57,036,300	$ 57,036,300	$ 187,000
283,750	283,750	13,786
1,559,942	1,559,942	(385,285)
59,383,226	61,725,792	(31,922,221)
5,789,693	5,789,693	5,059,879
52,125,432	55,583,528	(4,372,434)
4,766,285	6,469,133	222,976
180,944,628	188,448,138	(31,196,299)
26,674,215	29,645,493	2,510,074
12,080,078	14,873,078	2,887,213
13,301,631	15,974,638	2,740,972
15,137,575	17,722,426	6,442,828
4,302,822	6,415,616	3,524,026
24,445,141	26,882,642	2,689,301
90,928,119	95,611,026	67,168,139
94,891,143	100,868,614	53,785,023
281,760,724	307,993,533	141,747,576
(100,816,096)	(119,545,395)	110,551,277
84,577,423	85,811,948	(27,579,883)
(53,900,299)	(53,900,299)	12,225,399
30,677,124	31,911,649	(15,354,484)
(70,138,972)	(87,633,746)	$ 95,196,793
158,140,691	156,631,374	
$ 88,001,719	$ 68,997,628	

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CITY OF SIOUX CITY, IOWA
OTHER SUPPLEMENTARY INFORMATION

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

The following funds included in this fund type and their purposes are as follows:

MAJOR FUNDS:

Other Employee Benefits - To account for the City's employee benefits tax levy.

NON-MAJOR FUNDS:

Emergency Fund - To account for the Emergency Levy.

Storm Water Drainage - To account for the collection of revenues for Storm Water Drainage Fees.

Road Use - To account for State revenues allocated to the City for maintenance and improvement of City streets.

Community Development - To account for the use of Community Development Block Grant Funds as received from the Federal Government.

Housing - To account for the operations of Federal Section 8, low income housing projects and municipally sponsored rent payment assistance programs.

Main Street - To account for the collection of a levy to fund the revitalization of the City's downtown area.

Younkers Self-Improvement District - To account for revenue generated by the self-improvement district.

Local Option Sales Tax - To account for revenue generated by the one percent local option sales tax.

Convention Center/Auditorium - To account for revenue generated by the operations of the Convention Center and the Auditorium.

Transit System - To account for the Transit levy and operations of the City's bus and other transit services.

Permanent Fund - Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

The following fund included in this fund type and its purpose is as follows:

Cemetery Trust – To account for the activity of the perpetual care trust of the City.

CITY OF SIOUX CITY, IOWA
COMBINING BALANCE SHEET
GOVERNMENTAL NONMAJOR FUNDS
JUNE 30, 2006

	Special Revenue Funds				
ASSETS	Emergency Fund	Storm Water Drainage	Road Use	Community Development	Housing
Cash and Cash Equivalents	$ 2,695,223	$ 1,002,675	$ 1,008,626	$ ---	$ 1,119,662
Accounts Receivable	---	75,119	---	---	16,758
Accrued Interest Receivable	---	---	---	178,394	---
Notes Receivable	---	---	---	6,477,282	---
Due from Other Governments	541,256	---	554,297	368,278	4,580
Due from Other Funds	---	---	---	---	---
Inventories	---	---	---	---	---
Prepaid Items	---	---	---	12,290	354,978
Total Assets	3,236,479	1,077,794	1,562,923	7,036,244	1,495,978
LIABILITIES					
Accounts Payable	---	---	171,270	40,734	21,469
Accrued Wages	---	---	62,731	11,284	12,890
Contracts & Retainers Payable	---	---	---	128,332	---
Due to Other Governments	---	10,348	---	---	34,464
Due to Other Funds	---	---	---	70,937	---
Deferred Revenue	532,501	---	---	---	---
Total Liabilities	532,501	10,348	234,001	251,287	68,823
FUND BALANCES					
Reserved for Encumbrances	---	---	197,803	295,385	38,764
Reserved for Perpetual Care, non-expendable	---	---	---	---	---
Reserved for Inventories	---	---	---	---	---
Reserved for Long-Term Notes	---	---	---	6,477,282	---
Reserved for Prepaid Items	---	---	---	12,290	354,978
Unreserved, undesignated	2,703,978	1,067,446	1,131,119	---	1,033,413
Total Fund Balances (Deficit)	2,703,978	1,067,446	1,328,922	6,784,957	1,427,155
Total Liabilities and Fund Balances	$ 3,236,479	$ 1,077,794	$ 1,562,923	$ 7,036,244	$ 1,495,978

Special Revenue Funds					Permanent Fund	
Main Street	Yonkers Self-Impr. District	Local Option Sales Tax	Convention Center/ Auditorium	Transit Operations	Cemetery Trust	Total Governmental Nonmajor Funds
$ 98,073	$ ---	$ 596,391	$ ---	$ 239,230	$ 838,105	$ 7,597,985
---	---	---	179,705	10,579	---	282,161
---	---	1,942	---	---	---	180,336
---	---	54,887	---	---	---	6,532,169
190,334	---	1,483,514	---	---	---	3,142,259
---	---	---	6,118	---	---	6,118
---	---	---	86,213	---	---	86,213
---	---	---	---	---	---	367,268
288,407	---	2,136,734	272,036	249,809	838,105	18,194,509
---	---	---	941,251	17,570	---	1,192,294
---	---	---	46,743	27,889	---	161,537
---	---	---	---	18,498	---	146,830
---	---	---	2,389	---	---	47,201
---	1,587	---	414,406	---	---	486,930
189,064	---	---	---	---	---	721,565
189,064	1,587	---	1,404,789	63,957	---	2,756,357
---	---	---	---	16,268	---	548,220
---	---	---	---	---	838,105	838,105
---	---	---	86,213	---	---	86,213
---	---	54,887	---	---	---	6,532,169
---	---	---	---	---	---	367,268
99,343	(1,587)	2,081,847	(1,218,966)	169,584	---	7,066,177
99,343	(1,587)	2,136,734	(1,132,753)	185,852	838,105	15,438,152
$ 288,407	$ ---	$ 2,136,734	$ 272,036	$ 249,809	$ 838,105	$ 18,194,509

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Special Revenue Funds				
	Emergency Fund	Storm Water Drainage	Road Use	Community Development	Housing
REVENUES					
Taxes	$ 514,457	$ ---	$ ---	$ ---	$ ---
Special Assessments	---	31,218	---	---	---
Intergovernmental Revenue	---	---	7,119,682	4,052,842	4,873,542
Revenue from Use of Property	---	---	---	---	---
Charges for Services	---	1,243,200	2,468	---	---
Interest	---	13,043	---	188,188	---
Miscellaneous	---	---	32,189	149,450	37,788
Total Revenue	514,457	1,287,461	7,154,339	4,390,480	4,911,330
EXPENDITURES					
Current:					
Public Works	---	93,820	7,401,497	---	---
Culture and Recreation	---	---	---	---	---
Community and Economic Development	---	---	---	3,976,484	4,671,715
Total Expenditures	---	93,820	7,401,497	3,976,484	4,671,715
Excess (Deficiency) of Revenues Over Expenditures	514,457	1,193,641	(247,158)	413,996	239,615
OTHER FINANCING SOURCES (USES)					
Transfers In	2,127,163	---	551,810	---	---
Transfers Out	(515,989)	(1,059,424)	(582,900)	(40,920)	---
Total Other Financing Sources (Uses)	1,611,174	(1,059,424)	(31,090)	(40,920)	---
Net Change in Fund Balance	2,125,631	134,217	(278,248)	373,076	239,615
Fund Balance (Deficit) - Beginning of Year	578,347	933,229	1,607,170	6,411,881	1,187,540
Fund Balance (Deficit) - End of Year	$ 2,703,978	$ 1,067,446	$ 1,328,922	$ 6,784,957	$ 1,427,155

Main Street	Younkers Self-Impr. District	Local Option Sales Tax	Convention Center/ Auditorium	Transit Operations	Permanent Fund: Cemetery Trust	Total Governmental Nonmajor Funds
$ 210,732	$ ---	$ 9,116,344	$ ---	$ ---	$ ---	$ 9,841,533
---	---	---	---	---	---	31,218
---	---	---	---	1,571,518	---	17,617,584
---	---	---	3,171,752	43,198	55,590	3,270,540
---	---	---	656,016	678,578	---	2,580,262
---	---	2,092	28,661	---	---	231,984
---	---	---	303,874	46,873	---	570,174
210,732	---	9,118,436	4,160,303	2,340,167	55,590	34,143,295
---	---	---	---	3,062,390	---	10,557,707
---	---	---	6,605,810	---	---	6,605,810
270,000	---	73,000	---	---	---	8,991,199
270,000	---	73,000	6,605,810	3,062,390	---	26,154,716
(59,268)	---	9,045,436	(2,445,507)	(722,223)	55,590	7,988,579
86,098	---	---	2,337,977	908,728	---	6,011,776
---	---	(9,367,913)	(7,077)	(272,062)	---	(11,846,285)
86,098	---	(9,367,913)	2,330,900	636,666	---	(5,834,509)
26,830	---	(322,477)	(114,607)	(85,557)	55,590	2,154,070
72,513	(1,587)	2,459,211	(1,018,146)	271,409	782,515	13,284,082
$ 99,343	$ (1,587)	$ 2,136,734	$ (1,132,753)	$ 185,852	$ 838,105	$ 15,438,152

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

The following funds included in this fund type and their purposes are as follows:

MAJOR FUNDS:

Airport System - To account for the operations of the Sioux Gateway Airport.

Water System - To account for the operations of the City's water facilities and services.

Sewer System - To account for the operations of the City's sewage treatment facilities and services.

Solid Waste System - To account for the operations of the City's sanitary landfill facilities.

NON-MAJOR FUNDS:

Parking Facilities - To account for the operations of the City-owned parking ramps and other parking facilities.

Skyway System - To account for the maintenance and security of the skyway system.

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2006

EXHIBIT B-1

ASSETS	Parking Facilities	Skyway System	Totals
Current Assets			
Cash and Cash Equivalents	$ 6,803,473	$ ---	$ 6,803,473
Accounts Receivable	172,012	84,062	256,074
Accrued Interest Receivable	35,204	---	35,204
Due from Other Funds	---	4,267	4,267
Total Current Assets	7,010,689	88,329	7,099,018
Non-Current Assets			
Fixed Assets, Net of Accumulated Depreciation	3,384,195	---	3,384,195
Total Assets	10,394,884	88,329	10,483,213
LIABILITIES			
Current Liabilities			
Accounts Payable	31,266	12,565	43,831
Accrued Wages and Compensated Absences	48,199	2,513	50,712
Accrued Interest Payable	9,957	---	9,957
Contracts and Retainers Payable	39,046	---	39,046
Due to Other Funds	489	73,251	73,740
Current Portion of G.O. Bonds	328,545	---	328,545
Matured Bonds and Coupons Payable	7,613	---	7,613
Total Current Liabilities	465,115	88,329	553,444
Non-Current Liabilities			
General Obligation Bonds, Net of Current Portion	2,668,521	---	2,668,521
Total Non-current Liabilities	2,668,521	---	2,668,521
Total Liabilities	3,133,636	88,329	3,221,965
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	387,129	---	387,129
Unrestricted	6,874,119	---	6,874,119
Total Net Assets	$ 7,261,248	$ ---	$ 7,261,248

EXHIBIT B-2

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Parking Facilities	Skyway System	Totals
OPERATING REVENUES			
Charges for Services	$ 1,069,120	$ 254,683	$ 1,323,803
Total Operating Revenues	1,069,120	254,683	1,323,803
OPERATING EXPENSES			
Employee Services	434,994	33,098	468,092
Supplies and Services	448,116	117,348	565,464
Repairs and Improvements	91,363	64,639	156,002
Utilities	7,783	39,598	47,381
Depreciation	148,475	---	148,475
Total Operating Expenses	1,130,731	254,683	1,385,414
Operating (Loss)	(61,611)	---	(61,611)
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	181,239	---	181,239
Revenue from Use of Property	1,252	---	1,252
Other Non-Operating Revenues	943	---	943
Interest Expense	(88,189)	---	(88,189)
Other Non-Operating Expenses	(1,356)	---	(1,356)
Total Non-Operating Expenses	93,889	---	93,889
Income before Transfers	32,278	---	32,278
Transfers In	3,560,000	---	3,560,000
Changes in Net Assets	3,592,278	---	3,592,278
Net Assets - Beginning of Year	3,668,970	---	3,668,970
Net Assets - End of Year	$ 7,261,248	$ ---	$ 7,261,248

CITY OF SIOUX CITY, IOWA

EXHIBIT B-3

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

	Parking Facilities	Skyway System	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 1,031,849	$ 295,307	$ 1,327,156
Cash Paid for Personal Services	(442,297)	(34,753)	(477,050)
Cash Paid to Suppliers	(530,731)	(260,554)	(791,285)
Net Cash Provided by Operating Activities	58,821	---	58,821
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Bond Sales	2,350,000	---	2,350,000
Acquisition and Construction of Capital Assets	(22,922)	---	(22,922)
Principal Paid on Notes and Bonds	(151,145)	---	(151,145)
Interest Paid on Notes and Bonds	(81,339)	---	(81,339)
Net Cash Provided by Capital and Related Financing Activities	2,094,594	---	2,094,594
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers In	3,560,000		3,560,000
Net Cash Provided by Non-Capital Financing Activities	3,560,000	---	3,560,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends on Investments	149,095	---	149,095
Net Cash Provided by Investing Activities	149,095	---	149,095
Net Increase in Cash and Cash Equivalents	5,862,510	---	5,862,510
Cash and Cash Equivalents at Beginning of Year	940,963	---	940,963
Cash and Cash Equivalents at End of Year	$ 6,803,473	$ ---	$ 6,803,473
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating (Loss)	$ (61,611)	$ ---	$ (61,611)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	148,475	---	148,475
Miscellaneous Non-Operating Income	839	---	839
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:			
Accounts Receivable	(39,466)	40,624	1,158
Accounts Payable	(10,306)	6,540	(3,766)
Accrued Wages and Compensated Absences	(7,303)	(1,655)	(8,958)
Contracts and Retainers Payable	27,704	---	27,704
Due to Other Funds	489	(45,509)	(45,020)
Total Adjustments	120,432	---	120,432
Net Cash Provided by Operating Activities	$ 58,821	$ ---	$ 58,821

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

The following funds included in this fund type and their purposes are as follows:

Central Maintenance Garage - To account for maintenance and repair services for the City's automotive equipment and acquisition of replacement vehicles.

Comprehensive Insurance - To account for the funding and maintenance of the City's insurance policies provided to user departments.

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2006

	Central Maintenance Garage	Comprehensive Insurance	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 3,269,209	$ 6,350,423	$ 9,619,632
Accounts Receivable	27,875	3,371	31,246
Accrued Interest Receivable	---	18,394	18,394
Inventories, at Cost	253,503	---	253,503
Total Current Assets	3,550,587	6,372,188	9,922,775
Non-Current Assets			
Fixed Assets, Net of Accumulated Depreciation	9,470,430	---	9,470,430
Total Assets	13,021,017	6,372,188	19,393,205
LIABILITIES			
Accounts Payable	414,881	102,600	517,481
Accrued Wages and Compensated Absences	89,579	85,565	175,144
Contracts and Retainers Payable	---	2,962	2,962
Estimated Liability for Damage Claims	---	3,449,149	3,449,149
Total Liabilities	504,460	3,640,276	4,144,736
NET ASSETS			
Invested in Capital Assets	9,470,430	---	9,470,430
Unrestricted	3,046,127	2,731,912	5,778,039
Total Net Assets	$ 12,516,557	$ 2,731,912	$ 15,248,469

EXHIBIT C-2

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Central Maintenance Garage	Comprehensive Insurance	Totals
OPERATING REVENUE			
Charges for Services	$ 6,300,187	$ 11,239,260	$ 17,539,447
OPERATING EXPENSES			
Employee Services	1,246,817	10,229,961	11,476,778
Supplies and Services	482,130	1,108,393	1,590,523
Repairs and Improvements	3,170,455	6,858	3,177,313
Utilities	30,251	2,549	32,800
Depreciation	2,361,817	---	2,361,817
Damage Settlement	---	637,809	637,809
Total Operating Expenses	7,291,470	11,985,570	19,277,040
Net Operating (Loss)	(991,283)	(746,310)	(1,737,593)
NON-OPERATING REVENUES			
Interest Income	---	131,422	131,422
Revenue from Use of Property	105,324	510	105,834
Gain on Sale of Capital Assets	44,155	---	44,155
Total Non-Operating Revenues	149,479	131,932	281,411
(Loss) before Transfers	(841,804)	(614,378)	(1,456,182)
Transfers In	579,964	7,077	587,041
Transfers Out	(104,950)	---	(104,950)
Changes in Net Assets	(366,790)	(607,301)	(974,091)
Net Assets - Beginning of Year	12,883,347	3,339,213	16,222,560
Net Assets - End of Year	$ 12,516,557	$ 2,731,912	$ 15,248,469

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Central Maintenance Garage	Comprehensive Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 6,485,255	$ 11,237,752	$ 17,723,007
Cash Paid for Personal Services	(1,268,122)	(10,241,694)	(11,509,816)
Cash Paid to Suppliers	(3,507,453)	(1,253,600)	(4,761,053)
Net Cash Provided (Used) by Operating Activities	1,709,680	(257,542)	1,452,138
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(2,444,893)	---	(2,444,893)
Proceeds from Sale of Assets	345,491	---	345,491
Net Cash (Used) by Capital and Related Financing Activities	(2,099,402)	---	(2,099,402)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers In	579,964	7,077	587,041
Transfers Out	(104,950)	---	(104,950)
Net Cash Provided by Non-Capital Financing Activities	475,014	7,077	482,091
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends on Investments	---	124,891	124,891
Net Cash Provided by Investing Activities	---	124,891	124,891
Net Increase (Decrease) in Cash and Cash Equivalents	85,292	(125,574)	(40,282)
Cash and Cash Equivalents at Beginning of Year	3,183,917	6,475,997	9,659,914
Cash and Cash Equivalents at End of Year	$ 3,269,209	$ 6,350,423	$ 9,619,632
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (991,283)	$ (746,310)	$ (1,737,593)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	2,361,817	---	2,361,817
Miscellaneous Non-Operating Income	105,324	510	105,834
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:			
Accounts Receivable	79,744	(2,018)	77,726
Inventories	(95,591)	---	(95,591)
Accounts Payable	270,974	(62,207)	208,767
Accrued Wages and Compensated Absences	(21,305)	(11,733)	(33,038)
Contracts and Retainers Payable	---	129	129
Estimated Liability for Damage Claims	---	564,087	564,087
Total Adjustments	2,700,963	488,768	3,189,731
Net Cash Provided by Operating Activities	$ 1,709,680	$ (257,542)	$ 1,452,138

Agency Funds - Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The following represents the funds and/or government agencies for which the City acts in an agent capacity.

Siouxland Interstate Metropolitan Planning Council (SIMPCO) - To account for the activity of SIMPCO.

Revolving - To account for refunds to City customers.

Woodbury County Information Communication Commission - To account for the activity of the WCICC.

Siouxland Historic Auditorium Restoration Project (SHARP) – To account for the activity of the SHARP.

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2006

	Siouxland Interstate Metropolitan Planning Council (SIMPCO)
ASSETS	
Cash and Cash Equivalents	$ ---
Accounts Receivable	---
Total Assets	---
LIABILITIES	
Accounts Payable	---
Due to Other Governments	---
Total Liabilities	---
Total Net Assets	$ ---

Revolving	Woodbury County Information Communication Commission	Siouxland Historic Auditorium Restoration Project (SHARP)	Totals
$ 1,971	$ 199,568	$ ---	$ 201,539
18,077	28,163	---	46,240
20,048	227,731	---	247,779
20,048	---	---	20,048
---	227,731	---	227,731
20,048	227,731	---	247,779
$ ---	$ ---	$ ---	$ ---

EXHIBIT D-2

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

SIOUXLAND INTERSTATE METROPOLITAN PLANNING COUNCIL (SIMPCO)	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
ASSETS				
Cash and Cash Equivalents	$ 134,943	$ 192,855	$ 327,798	$ ---
Total Assets	134,943	192,855	327,798	---
LIABILITIES				
Due to Other Governments	134,943	192,855	327,798	---
Total Liabilities	$ 134,943	$ 192,855	$ 327,798	$ ---

REVOLVING				
ASSETS				
Cash and Cash Equivalents	$ 10,781	$ 834,969	$ 843,779	$ 1,971
Accounts Receivable	---	18,077	---	18,077
Total Assets	10,781	853,046	843,779	20,048
LIABILITIES				
Accounts Payable	10,781	853,046	843,779	20,048
Total Liabilities	$ 10,781	$ 853,046	$ 843,779	$ 20,048

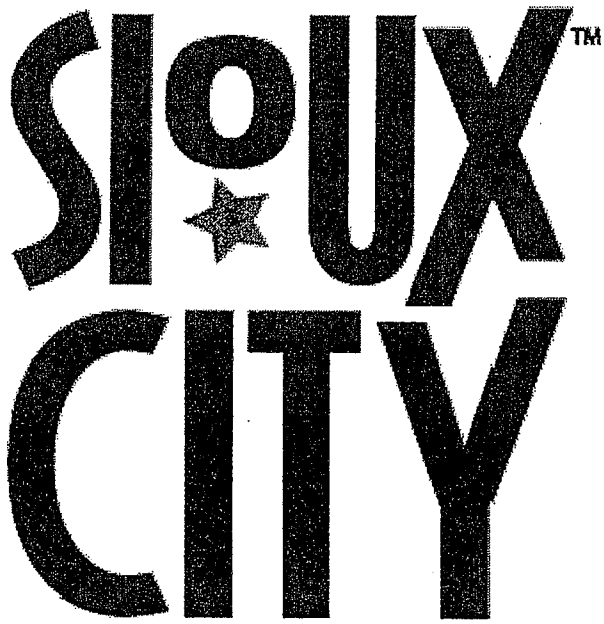
WOODBURY COUNTY INFORMATION COMMUNICATION COMMISSION (WCICC)				
ASSETS				
Cash and Cash Equivalents	$ 71,639	$ 3,229,407	$ 3,101,478	$ 199,568
Accounts Receivable	89,845	545,297	606,979	28,163
Total Assets	161,484	3,774,704	3,708,457	227,731
LIABILITIES				
Due to Other Governments	161,484	3,774,704	3,708,457	227,731
Total Liabilities	$ 161,484	$ 3,774,704	$ 3,708,457	$ 227,731

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

SIOUXLAND HISTORIC AUDITORIUM RESTORATION PROJECT (SHARP)	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
ASSETS				
Cash and Cash Equivalents	$ ---	$ 3,058,626	$ 3,058,626	$ ---
Total Assets	---	3,058,626	3,058,626	---
LIABILITIES				
Due to Other Governments	---	3,058,626	3,058,626	---
Total Liabilities	$ ---	$ 3,058,626	$ 3,058,626	$ ---

TOTAL - ALL AGENCY FUNDS

ASSETS				
Cash and Cash Equivalents	$ 217,363	$ 7,315,857	$ 7,331,681	$ 201,539
Accounts Receivable	89,845	563,374	606,979	46,240
Total Assets	307,208	7,879,231	7,938,660	247,779
LIABILITIES				
Accounts Payable	10,781	853,046	843,779	20,048
Due to Other Governments	296,427	7,026,185	7,094,881	227,731
Total Liabilities	$ 307,208	$ 7,879,231	$ 7,938,660	$ 247,779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CITY OF SIOUX CITY, IOWA
STATISTICAL SECTION

CITY OF SIOUX CITY, IOWA
STATISTICAL SECTION
(Unaudited)

This part of the City of Sioux City's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures and supplementary information. This information has not been audited by the independent auditor.

Contents **Table**

Financial Trends
These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective. I -V

Revenue Capacity
These tables contain information that may assist the reader in assessing the City's most significant local revenue source, the property tax. VI-X

Debt Capacity
These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. XI-XV

Economic & Demographic Information
These tables offer economic and demographic indicators to assist the reader in understanding the environment within which the government's financial activities take place. XVI-XVII

Operating Information
These tables contain service and infrastructure indicators that can inform one's understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs. XVIII-XX

Source:

Unless otherwise noted, the information in these tables is derived from the annual financial report for the relevant year. The City implemented GASB No. 34 in fiscal year 2002, therefore tables presenting government-wide information includes only five years.

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TABLE I

CITY OF SIOUX CITY, IOWA
GOVERNMENT-WIDE NET ASSETS BY COMPONENT[2]
LAST FIVE FISCAL YEARS[1]
(ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR				
	2002	2003	2004	2005	2006
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	$ 101,371,194	$ 132,205,841	$ 165,606,928	$ 163,066,644	$ 178,531,068
Restricted for:					
Capital Improvements	5,074,878	---	10,666,980	18,095,819	15,772,571
Debt Service	4,061,206	3,802,491	4,924,215	2,411,720	1,438,126
Perpetual Care, non-expendable	621,662	660,395	724,772	782,515	838,105
Unrestricted	44,457,987	47,747,865	29,559,632	52,580,385	56,134,972
Total Governmental Activities Net Assets	155,586,927	184,416,592	211,482,527	236,937,083	252,714,842
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	55,758,246	60,353,358	56,065,900	57,908,190	59,757,382
Unrestricted	14,079,033	9,184,436	14,102,161	14,725,602	21,081,482
Total Business-Type Activities Net Assets	69,837,279	69,537,794	70,168,061	72,633,792	80,838,864
Primary Government					
Invested in Capital Assets, Net of Related Debt	157,129,440	192,559,199	221,672,828	220,974,834	238,288,450
Restricted for:					
Capital Improvements[3]	5,074,878	---	10,666,980	18,095,819	15,772,571
Debt Service	4,061,206	3,802,491	4,924,215	2,411,720	1,438,126
Perpetual Care, non-expendable	621,662	660,395	724,772	782,515	838,105
Unrestricted	58,537,020	56,932,301	43,661,793	67,305,987	77,216,454
Total Primary Government Net Assets	$ 225,424,206	$ 253,954,386	$ 281,650,588	$ 309,570,875	$ 333,553,706

Notes:
[1] The City implemented GASB Statement No. 34 in fiscal year 2002, therefore, five years of government-wide financial data is presented.

[2] Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Iowa or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.

[3] In fiscal year 2003, the entire Capital Improvements fund balance was encumbered, primarily for the Events Center project.

TABLE II

CITY OF SIOUX CITY, IOWA
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS[2]
(ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR				
	2002	2003	2004	2005	2006
Expenses[1]					
Governmental Activities:					
Public Safety	$ -	$ 24,129,343	$ 24,901,874	$ 27,628,436	$ 27,117,017
Community Protection	21,048,856	---	---	---	---
Public Works	---	10,960,350	11,000,039	11,028,031	13,640,878
Culture and Recreation	---	11,183,008	12,183,759	13,550,054	14,727,651
Human Development	6,186,316	---	---	---	---
Community and Economic Development	---	11,017,771	10,680,718	8,402,228	10,965,458
Home and Community Development	39,315,091	---	---	---	---
General Government	---	15,803,180	650,274	5,257,329	5,791,061
Policy and Administration	25,273,412	---	---	---	---
Debt Service	---	---	---	5,678,533	5,992,311
Capital Projects	---	4,216,065	8,668,744	2,874,889	8,948,563
Interest Expense	---	5,523,373	5,334,401	---	---
Unallocated Depreciation Expense	6,382,983	6,305,406	6,718,649	4,289,476	---
Total Governmental Activities Expenses	98,206,658	89,138,496	80,138,458	78,708,976	87,182,939
Business-Type Activities:					
Airport	---	3,783,809	3,547,215	3,541,192	4,825,894
Water	---	10,446,242	11,693,816	9,451,225	7,465,007
Sewer	---	8,987,353	10,229,066	10,105,125	11,414,499
Solid Waste	---	3,158,508	3,642,375	4,876,127	3,980,655
Home and Community Development	22,167,410	---	---	---	---
Nonmajor Enterprise Funds	---	1,560,468	1,615,818	1,453,268	1,474,959
Total Business-Type Activities Expenses	22,167,410	27,936,380	30,728,290	29,426,937	29,161,014
Total Primary Government Expenses	120,374,068	117,074,876	110,866,748	108,135,913	116,343,953
Program Revenues[1]					
Governmental Activities:					
Charges for Services:					
Public Safety	---	1,797,850	306,263	288,873	280,292
Community Protection	1,606,056	---	---	---	---
Public Works	---	1,832,618	3,006,966	3,153,921	3,384,768
Culture and Recreation	---	938,765	1,123,362	4,502,333	4,547,640
Human Development	932,104	---	---	---	---
Community and Economic Development	---	1,968,650	738,406	856,813	871,956
Home and Community Development	7,896,550	---	---	---	---
General Government	---	16,484,226	4,578,523	6,606,159	3,445,465
Policy and Administration	18,779,982	---	---	---	---
Capital Projects	---	---	---	24,493	22,597
Operating Grants and Contributions	12,835,750	21,167,457	20,833,159	20,615,010	20,355,850
Capital Grants and Contributions	12,762,481	15,670,270	15,935,106	5,545,934	9,081,256
Special Assessments	731,180	338,882	---	---	---
Total Governmental Activities Program Revenues	55,544,103	60,198,718	46,521,785	41,593,536	41,989,824

	FISCAL YEAR				
	2002	2003	2004	2005	2006
Business-Type Activities:					
Charges for Services:					
Airport	---	2,350,085	1,548,766	1,556,390	1,591,496
Water	---	7,380,118	7,742,305	8,458,775	9,842,528
Sewer	---	10,776,672	10,807,909	10,881,489	10,735,055
Solid Waste	---	3,538,028	4,262,988	4,357,118	4,397,189
Home and Community Development	23,664,198	---	---	---	---
Nonmajor Enterprise Funds	---	1,516,720	1,519,706	1,368,342	1,323,803
Operating Grants and Contributions	831,046	1,490,965	503,502	3,725,102	2,813,675
Total Business-Type Activities Program Revenues	24,495,244	27,052,588	26,385,176	30,347,216	30,703,746
Total Primary Government Program Revenues	80,039,347	87,251,306	72,906,961	71,940,752	72,693,570
Net (Expense)/Revenue[3]					
Governmental Activities	(42,662,555)	(28,939,778)	(33,616,673)	(37,115,440)	(45,193,115)
Business-Type Activities	2,327,834	(883,792)	(4,343,114)	920,279	1,542,732
Total Primary Government Net Expense	(40,334,721)	(29,823,570)	(37,959,787)	(36,195,161)	(43,650,383)
General Revenues					
Governmental Activities:					
Property Taxes	35,747,416	38,509,110	39,229,665	42,050,654	42,622,467
Other Taxes	10,871,535	13,296,768	13,686,734	14,660,185	14,663,692
Interest	1,385,238	1,093,276	768,608	1,631,250	3,691,733
Revenue from the Use of Property	3,449,175	2,964,164	3,564,962	---	---
Revenue from Sale of Uncapitalized Property	---	---	---	185,424	715,093
Miscellaneous	2,769,278	2,107,173	2,895,044	2,720,836	2,503,184
Net Gain on Sale of Capital Assets	139,869	---	---	460,091	44,155
Transfers	(320,648)	(201,048)	157,595	383,333	(3,269,450)
Total Governmental Activities	54,041,863	57,769,443	60,302,608	62,091,773	60,970,874
Business-Type Activities:					
Interest	417,422	264,882	295,742	438,552	825,506
Revenue from the Sale of Uncapitalized Property	71,243	116,085	75,465	---	433,482
Miscellaneous	4,111	2,292	4,046,313	225,128	2,126,499
Net Gain on Sale of Capital Assets	---	---	---	1,265,105	7,403
Transfers	320,648	201,048	(157,595)	(383,333)	3,269,450
Total Business-Type Activities	813,424	584,307	4,259,925	1,545,452	6,662,340
Total Primary Government	54,855,287	58,353,750	64,562,533	63,637,225	67,633,214
Change in Net Assets					
Governmental Activities	11,379,308	28,829,665	26,685,935	24,976,333	15,777,759
Business-Type Activities	3,141,258	(299,485)	(83,189)	2,465,731	8,205,072
Total Primary Government	$ 14,520,566	$ 28,530,180	$ 26,602,746	$ 27,442,064	$ 23,982,831

Notes:

[1] The State of Iowa program levels changed in Fiscal Year 2003.

[2] The City implemented GASB Statement No. 34 in fiscal year 2002, therefore, five years of government-wide financial data is presented.

[3] Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

TABLE III

CITY OF SIOUX CITY, IOWA
TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(CASH BASIS OF ACCOUNTING)

FISCAL YEAR	GENERAL PROPERTY TAXES[1]	LOCAL OPTION SALES TAXES	BANK FRANCHISE TAXES[3]	UTILITY FRANCHISE TAXES[2]	CABLE TV FRANCHISE TAX	HOTEL-MOTEL TAXES	TOTAL TAXES
1997	$ 26,551,094	$ 8,743,189	$ 87,125	$ 1,582,980	$ 273,537	$ 784,390	$ 38,022,315
1998	28,695,014	9,455,867	140,908	1,573,530	303,854	810,771	40,979,944
1999	31,674,675	8,377,968	129,135	1,537,733	322,879	874,869	42,917,259
2000	32,629,478	8,725,415	135,784	1,569,485	337,886	847,425	44,245,473
2001	34,321,188	8,701,410	131,732	2,174,699	348,365	761,523	46,438,917
2002	35,616,651	8,254,737	117,997	1,609,194	355,693	815,659	46,769,931
2003	39,842,558	8,484,774	109,028	2,101,499	343,070	693,391	51,574,320
2004	41,062,196	8,881,668	118,143	1,751,309	351,497	781,039	52,945,852
2005	44,015,693	9,181,382	83,659	2,390,727	345,038	819,901	56,836,400
2006	$ 44,497,164	$ 8,927,742	$ ---	$ 2,259,183	$ 349,939	$ 890,533	$ 56,924,561
Percentage Change In Dollars Over 10 Years	67.59%	2.11%	-100.00%	42.72%	27.93%	13.53%	49.71%

Notes:
[1] In fiscal year 2003, the City property tax levy increased from 14.40683 to 16.00121.

[2] In fiscal years 2001, 2003 and 2005, utility franchise taxes increased due to increases in City-wide utility sales by the City's utility provider, MidAmerican Energy.

[3] Bank franchise taxes were implemented for ten years and were completed during fiscal year 2005.

TABLE IV

CITY OF SIOUX CITY, IOWA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved[1]	$ 143,055	$ 404,280	$ 247,529	$ 492,694	$ 298,477	$ 475,175	$ 235,828	$ 330,372	$ 465,774	$ 333,970
Unreserved	4,528,195	4,272,040	4,557,806	4,312,731	4,521,415	4,485,508	4,734,750	4,687,269	5,716,529	6,425,351
Total General Fund	4,671,250	4,676,320	4,805,335	4,805,425	4,819,892	4,960,683	4,970,578	5,017,641	6,182,303	6,759,321
All Other Governmental Funds										
Reserved	12,209,734	10,671,681	17,145,698	24,131,849	30,369,443	35,949,563	44,168,957	35,698,820	57,733,852	55,314,255
Unreserved, reported in:										
Special Revenue Funds	4,695,033	4,232,951	2,880,847	5,941,854	6,696,954	7,007,526	4,681,193	4,721,544	5,368,184	7,542,829
Total All Other Governmental Funds[2]	16,904,767	14,904,632	20,026,545	30,073,703	37,066,397	42,957,089	48,850,150	40,420,364	63,102,036	62,857,084
Total Governmental Funds										
Reserved	12,352,789	11,075,961	17,393,227	24,624,543	30,667,920	36,424,738	44,404,785	36,029,192	58,199,626	55,648,225
Unreserved	9,223,228	8,504,991	7,438,653	10,254,585	11,218,369	11,493,034	9,415,943	9,408,813	11,084,713	13,968,180
Total Governmental Funds	$ 21,576,017	$ 19,580,952	$ 24,831,880	$ 34,879,128	$ 41,886,289	$ 47,917,772	$ 53,820,728	$ 45,438,005	$ 69,284,339	$ 69,616,405

Notes:

[1] The fluctuations in the General Fund reserved fund balance are due to the encumbrances at year end.

[2] The fluctuations in the fund balance result from construction projects in which funds are borrowed in one year and spent in another fiscal year.

TABLE V

CITY OF SIOUX CITY, IOWA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	$ 38,710,090	$ 40,116,010	$ 43,063,085	$ 44,448,618	$ 46,257,444	$ 46,560,104	$ 51,706,623	$ 52,998,921	$ 56,614,493	$ 57,223,300
Special Assessments	702,603	690,824	739,397	683,722	466,685	502,280	440,633	226,404	301,359	297,536
Regulatory Fees	889,917	911,767	952,100	999,535	1,032,075	1,061,288	1,250,875	1,237,582	1,328,107	1,174,657
Intergovernmental Revenue	19,526,634	18,268,786	18,493,448	22,386,325	21,152,816	32,475,237	36,642,152	36,359,020	25,599,234	26,989,896
Revenue from the Use of Property	3,457,904	3,637,438	3,521,039	3,494,669	3,536,082	3,629,669	3,041,082	3,482,104	4,462,980	4,431,425
Charges for Services	5,044,381	5,586,633	5,631,781	6,318,779	6,206,583	6,453,870	6,279,171	6,511,977	7,079,903	7,067,902
Interest	1,293,835	1,350,905	1,516,287	2,082,505	2,650,589	1,385,238	1,093,276	763,379	1,569,427	3,560,311
Contributions	565,441	259,120	286,415	357,171	211,687	503,475	195,575	267,001	260,806	2,410,834
Miscellaneous	508,911	1,044,389	784,770	1,967,970	1,535,484	2,573,765	1,991,930	2,601,848	2,366,864	2,178,484
Total Revenues	70,699,716	71,865,872	74,988,322	82,759,294	83,049,445	95,144,926	102,641,317	104,448,236	99,583,173	105,334,345
Expenditures[1]										
Public Safety	---	---	---	---	---	---	24,262,437	24,921,335	27,162,912	27,135,419
Community Protection	18,445,383	18,859,312	18,894,778	20,824,905	21,293,946	23,629,295	---	---	---	---
Public Works	---	---	---	---	---	---	11,004,008	10,918,769	10,932,711	11,985,865
Culture and Recreation	---	---	---	---	---	---	11,132,692	12,210,191	13,153,004	13,233,666
Human Development	8,876,537	9,777,976	9,509,737	10,174,183	10,159,692	10,589,986	---	---	---	---
Community and Economic Development	---	---	---	---	---	---	11,011,474	10,654,583	9,142,019	11,279,598
Home and Community Development	16,451,644	14,521,052	14,662,265	15,596,842	17,097,358	18,148,505	---	---	---	---
General Government	---	---	---	---	---	---	3,073,574	3,071,353	3,395,797	2,891,590
Policy and Administration	4,132,476	6,879,478	5,641,957	5,769,526	5,649,458	6,503,907	---	---	---	---
Debt Service										
Principal	9,979,708	13,230,006	9,260,796	10,880,625	10,634,588	6,239,281	10,682,841	11,536,556	13,783,047	16,829,547
Interest and Fiscal Charges	4,826,770	5,048,026	4,799,984	2,912,097	4,891,608	9,570,196	5,684,742	5,479,590	5,787,508	6,009,331
Capital Projects	17,713,386	16,303,803	14,957,113	15,140,517	17,417,408	31,375,569	46,244,027	45,529,590	9,193,970	28,442,887
Total Expenditures	80,425,904	84,619,653	77,726,630	81,298,695	87,144,058	106,056,739	123,095,795	124,321,967	92,550,968	117,807,903
Excess of Revenues over (under) Expenditures	(9,726,188)	(12,753,781)	(2,738,308)	1,460,599	(4,094,613)	(10,911,813)	(20,454,478)	(19,873,731)	7,032,205	(12,473,558)
Other Financing Sources (Uses)										
Proceeds from Issuance of Bonds and Notes	9,541,638	8,458,006	9,121,760	8,885,281	12,562,441	16,114,622	26,889,906	11,867,975	18,945,000	16,562,021
Proceeds from Refunding Bonds Issued	---	3,574,072	---	---	5,370,000	4,062,300	4,455,675	2,548,000	3,468,000	---
Payment to Refunded Bond Escrow Agent	---	---	---	---	(5,300,000)	(3,960,000)	(4,446,245)	(2,528,000)	(3,448,000)	---
Premiums on Bonds Issued	---	---	---	---	---	172,081	43,002	42,356	62,229	25,137
Discounts on Bonds Issued	---	---	---	---	(135,175)	---	(105,094)	(10,763)	(69,280)	(29,993)
Transfers In	18,452,284	20,328,938	30,479,873	22,661,397	25,137,390	30,969,460	31,433,852	27,915,915	35,383,804	37,227,859
Transfers Out	(18,452,284)	(20,328,938)	(30,479,873)	(22,661,397)	(25,137,390)	(31,003,332)	(31,913,662)	(28,724,475)	(37,672,513)	(40,979,400)
Total Other Financing Sources (Uses)	9,541,638	12,032,078	9,121,760	8,885,281	12,497,266	16,355,131	26,357,434	11,111,008	16,669,240	12,805,624
Net Change in Fund Balances	$ (184,550)	$ (721,703)	$ 6,383,452	$ 10,345,880	$ 8,402,653	$ 5,443,318	$ 5,902,956	$ (8,762,723)	$ 23,701,445	$ 332,066
Debt Service as a percentage of non-capital expenditures[2]	n/a	n/a	n/a	n/a	n/a	16.99%	18.23%	18.55%	21.74%	22.31%

Note:
[1] The State of Iowa program levels changed in 1997 and again in 2003.
[2] The non-capital expenditures for years 1997-2001 is not readily available.

TABLE VI

CITY OF SIOUX CITY, IOWA
ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY[1]
LAST TEN FISCAL YEARS

FISCAL YEAR	REAL PROPERTY ASSESSED VALUE	REAL PROPERTY TAXABLE VALUE[2]	UTILITIES ASSESSED VALUE	UTILITIES TAXABLE VALUE	TOTAL ASSESSED VALUE	TOTAL TAXABLE VALUE	TOTAL TAXABLE VALUE TO TOTAL ASSESSED VALUE
1997	$ 2,069,995,239	$ 1,298,556,966	$ 142,265,286	$ 142,111,832	$ 2,212,260,525	$ 1,440,668,798	65%
1998	2,101,642,553	1,288,205,113	149,439,667	160,325,927	2,251,082,220	1,448,531,040	64%
1999	2,505,460,937	1,410,790,886	188,005,845	188,002,439	2,693,466,782	1,598,793,325	59%
2000	2,545,441,168	1,498,668,502	168,584,134	168,584,144	2,714,025,302	1,667,252,646	61%
2001	2,666,055,791	1,571,433,991	130,130,042	130,130,042	2,796,185,833	1,701,564,033	61%
2002	2,757,749,024	1,660,580,572	130,515,881	130,515,881	2,888,264,905	1,791,096,453	62%
2003	2,944,880,846	1,665,576,989	129,163,982	129,163,982	3,074,044,828	1,794,740,971	58%
2004	2,978,740,856	1,739,587,340	131,714,015	131,714,015	3,110,454,871	1,871,301,355	60%
2005	3,032,174,354	1,734,566,855	131,744,261	131,744,261	3,163,918,615	1,866,311,116	59%
2006	$ 3,099,265,840	$ 1,786,220,561	$ 124,848,499	$ 124,848,499	$ 3,224,114,339	$ 1,911,069,060	59%

Source: Woodbury County, Iowa; County Auditor

Notes:

[1] Taxable Value does not include the Tax Increment Levy.

[2] Taxable value = (percent rollback * assessed value) - exemptions (military, homestead, elderly, etc.)

TABLE VII

CITY OF SIOUX CITY, IOWA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $1,000 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS
TAX RATES

	CITY OF SIOUX CITY				OVERLAPPING RATES							
FISCAL YEAR	GENERAL	SPECIAL REVENUE	DEBT SERVICE	TOTAL DIRECT	SCHOOL DISTRICT	COUNTY	WESTERN IOWA TECH	CITY ASSESSOR	AG EXTENSION	SPECIAL STATE	TOTAL OVERLAPPING	TOTAL DIRECT AND OVERLAPPING
1997	$ 8.260	$ 5.761	$ 0.950	$ 14.971	$ 14.601	$ 6.822	$ 0.533	$ 0.292	$ 0.066	$ 0.005	$ 22.319	$ 37.290
1998	8.260	6.190	0.830	15.280	15.216	6.643	0.608	0.411	0.065	0.005	22.947	38.227
1999	8.250	5.624	0.110	13.984	14.994	6.115	0.595	0.464	0.060	0.005	22.233	36.217
2000	8.520	5.007	0.420	13.947	13.648	6.270	0.560	0.526	0.058	0.005	21.067	35.014
2001	8.520	5.267	0.620	14.407	14.696	6.317	0.610	0.539	0.057	0.005	22.224	36.631
2002	8.610	4.617	1.180	14.407	14.435	6.868	0.621	0.450	0.054	0.005	22.433	36.840
2003	8.600	5.581	1.820	16.001	15.770	6.820	0.944	0.620	0.054	0.004	24.213	40.214
2004	8.600	6.573	1.260	16.433	16.151	7.109	0.541	0.582	0.053	0.004	24.440	40.873
2005	8.430	8.187	1.170	17.787	17.016	7.660	0.572	0.431	0.054	0.004	25.737	43.524
2006	$ 8.490	$ 8.831	$ 0.650	$ 17.971	$ 17.500	$ 7.691	$ 0.699	$ 0.426	$ 0.054	$ 0.004	$ 26.373	$ 44.344

Source: Woodbury County, Iowa; County Auditor

TABLE VIII

CITY OF SIOUX CITY, IOWA
PRINCIPAL TAXPAYERS AND THEIR ASSESSED VALUATIONS
JUNE 30, 2006

	2006			1997		
TAXPAYER	ASSESSED VALUE	RANK	% OF TOTAL ASSESSED VALUE	ASSESSED VALUE	RANK	% OF TOTAL ASSESSED VALUE
SOUTHERN HILLS MALL	$ 68,985,100	1	2.14%	$ 33,851,000	2	1.53%
WAL-MART	33,933,700	2	1.05%	---	---	0.00%
LAKEPORT COMMONS	28,555,400	3	0.89%	---	---	0.00%
WA KLINGER	21,965,800	4	0.68%	15,439,800	3	0.70%
CLOVERLEAF COLD STORAGE	21,535,400	5	0.67%	---	---	0.00%
DAVENPORT ET AL	21,483,680	6	0.67%	---	---	0.00%
LARRY BOOK ET AL	15,778,700	7	0.49%	---	---	0.00%
HANDY LC	15,038,400	8	0.47%	---	---	0.00%
ST. LUKE'S MEDICAL	12,173,200	9	0.38%	---	---	0.00%
DAVIES IOWA LOGISITICS PORTFOLIO I LLC	11,853,600	10	0.37%	---	---	0.00%
MIDAMERICAN ENERGY[1]	---	---	0.00%	114,510,881	1	5.18%
CARGILL INC.	---	---	0.00%	14,255,200	4	0.64%
QWEST	---	---	0.00%	12,280,736	5	0.56%
SIOUX BEE HONEY	---	---	0.00%	7,540,700	6	0.34%
TERRA REAL ESTATE	---	---	0.00%	7,406,000	7	0.33%
FIRST NATIONAL BANK	---	---	0.00%	6,964,600	8	0.31%
JOHN MORRELL	---	---	0.00%	6,952,000	9	0.31%
AMERICAN POPCORN	---	---	0.00%	6,144,300	10	0.28%
TOTAL PRINCIPAL TAXPAYERS	251,302,980		7.79%	225,345,217		10.19%
ALL OTHER TAXPAYERS	2,972,811,359		92.21%	1,986,915,308		89.81%
TOTAL ASSESSED VALUATION	$ 3,224,114,339		100.00%	$ 2,212,260,525		100.00%

Source: City Assessor, Sioux City, Iowa

Note:
[1] The change in rank of MidAmerican Energy over ten years reflects the change in valuation of utilities.

TABLE IX

CITY OF SIOUX CITY, IOWA
PROPERTY TAX LEVIES AND COLLECTIONS[1]
LAST TEN FISCAL YEARS

FISCAL YEAR	TOTAL[2] TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECT-ION	TOTAL TAX COLLECT-IONS	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY	OUT-STANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES TO TAX LEVY
1997	$ 22,062,986	$ 21,115,705	95.71%	$ 437,962	$ 21,553,667	97.69%	$ 87,860	0.40%
1998	22,337,926	22,046,716	98.70%	243,786	22,290,502	99.79%	120,027	0.54%
1999	22,740,220	22,603,463	99.40%	370,474	22,973,937	101.03%	155,288	0.68%
2000	23,375,102	22,732,052	97.25%	340,034	23,072,086	98.70%	144,037	0.62%
2001	24,695,282	24,574,878	99.51%	487,805	25,062,683	101.49%	116,041	0.47%
2002	26,152,122	25,610,836	97.93%	276,290	25,887,126	98.99%	174,888	0.67%
2003	29,270,945	28,709,279	98.08%	429,160	29,138,439	99.55%	296,988	1.01%
2004	31,031,623	30,344,967	97.79%	537,989	30,882,956	99.52%	191,621	0.62%
2005	33,456,833	32,553,542	97.30%	543,692	33,097,234	98.93%	287,967	0.86%
2006	$ 34,507,900	$ 33,669,147	97.57%	$ 589,883	$ 34,259,030	99.28%	$ 350,826	1.02%

Source: Woodbury County Treasurer, Woodbury County, Iowa

Notes:

[1] GAAP Basis.

[2] Tax Increment Levy and SID tax Levy not included.

TABLE X

CITY OF SIOUX CITY, IOWA
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR	CURRENT ASSESSMENTS DUE	CURRENT ASSESSMENTS COLLECTED	PERCENT OF COLLECTIONS TO AMOUNT DUE	TOTAL OUTSTANDING CURRENT & DELINQUENT ASSESSMENTS[1]
1997	$ 227,934	$ 702,603	308%	$ 2,831,026
1998	283,103	690,825	244%	1,840,713
1999	184,071	739,395	402%	1,751,943
2000	175,194	679,774	388%	2,021,362
2001	202,136	473,744	234%	1,680,378
2002	168,038	505,822	301%	1,934,712
2003	193,471	442,040	228%	1,821,654
2004	182,165	283,281	156%	1,152,335
2005	115,234	307,002	266%	1,245,630
2006	$ 124,563	$ 298,352	240%	$ 1,164,862

Source: Woodbury County Treasurer, Woodbury County, Iowa

Note:
[1] GAAP basis.

TABLE XI

CITY OF SIOUX CITY, IOWA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME[1]	PER CAPITA[1]
	NOTES PAYABLE	GENERAL OBLIGATION BONDS	CAPITAL LEASES	NOTES PAYABLE	GENERAL OBLIGATION BONDS	REVENUE BONDS			
1997	$ 586,037	$ 62,057,587	$ 5,391,512	$ 2,122,093	$ 11,512,413	$ 7,280,000	$ 88,949,642	8.95%	1,105
1998	516,446	61,420,644	4,969,442	2,745,600	11,369,356	6,740,000	87,761,488	8.83%	1,090
1999	324,554	62,040,274	4,527,372	2,594,910	10,654,726	6,175,000	86,316,836	8.69%	1,072
2000	591,462	62,139,652	4,040,302	2,439,109	10,220,348	5,725,000	85,155,873	5.37%	1,002
2001	546,521	64,821,209	3,540,000	2,277,223	10,943,791	4,960,000	87,088,744	5.49%	1,024
2002	751,146	71,408,850	3,030,000	2,110,000	10,556,150	4,420,000	92,276,146	5.82%	1,085
2003	859,792	88,040,439	2,480,000	11,870,924	9,044,561	3,840,000	116,135,716	7.32%	1,366
2004	644,709	89,042,621	1,915,000	26,463,062	8,092,379	3,240,000	129,397,771	8.15%	1,522
2005	173,333	94,904,574	1,310,000	28,276,782	7,530,426	2,595,000	134,790,115	8.37%	1,586
2006	$ 90,771	$ 95,359,610	$ 670,000	$ 31,531,535	$ 8,530,390	$ 1,915,000	$ 138,097,306	8.57%	1,624

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

[1] See the Schedule of Demographic and Economic Statistics, Table XVI for personal income and population data.

TABLE XII

CITY OF SIOUX CITY, IOWA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND	TOTAL	PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE[1] OF PROPERTY	PER CAPITA[2]
1997	$ 62,057,587	$ 2,268,527	$ 59,789,060	4.15%	$ 743
1998	61,420,644	1,958,171	59,462,473	4.11%	739
1999	62,040,274	437,474	61,602,800	3.85%	765
2000	62,139,652	3,081,924	59,057,728	3.54%	695
2001	64,821,209	2,454,780	62,366,429	3.67%	734
2002	71,408,850	4,061,206	67,347,644	3.76%	792
2003	88,040,439	3,802,491	84,237,948	4.69%	991
2004	89,042,621	4,924,215	84,118,406	4.50%	989
2005	94,904,574	2,411,720	92,492,854	4.96%	1,088
2006	$ 95,359,610	$ 1,438,126	$ 93,921,484	4.91%	$ 1,105

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

[1] See the Table of Assessed Values and Taxable Value of Taxable Property, Table VI for property value data.

[2] Population data can be found in the Table of Demographic and Economic Statistics, Table XVI.

TABLE XIII

CITY OF SIOUX CITY, IOWA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT[6]
JUNE 30, 2006

NAME OF GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE[7] TO THIS GOVERNMENTAL UNIT	AMOUNT APPLICABLE TO CITY OF SIOUX CITY
Direct:			
City of Sioux City	$ 95,450,381	100.00%	$ 95,450,381
Overlapping:			
Woodbury County[1]	2,240,000	69.00%	1,545,600
Sioux City Community School District[2]	7,695,124	100.00%	7,695,124
Western Iowa Technical College[3]	13,635,000	37.70%	5,140,395
Lawton-Bronson School District[4]	3,150,000	6.83%	215,145
Sergeant Bluff Comm School District[5]	7,405,000	24.81%	1,837,181
Total Overlapping	34,125,124		16,433,445
TOTAL	$ 129,575,505		$ 111,883,826

Sources:
[1] County Auditor and Recorder, Woodbury County, Iowa
[2] Sioux City Community School District
[3] Western Iowa Technical College
[4] Lawton-Bronson School District
[5] Sergeant Bluff Community School District

Notes:
[6] Excluding General Obligation bonds reported in the Enterprise Funds.
[7] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

TABLE XIV

CITY OF SIOUX CITY, IOWA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	$ 110,613,026	$ 112,554,111	$ 134,673,339	$ 135,701,265	$ 139,571,212	$ 144,182,450	$ 153,702,241	$ 155,522,744	$ 158,195,931	$ 161,205,717
Total net debt applicable to limit	74,009,603	74,093,874	75,176,990	72,308,647	76,133,964	80,764,940	94,142,301	92,855,494	100,196,613	102,542,645
Legal Debt Margin	$ 36,603,423	$ 38,460,237	$ 59,496,349	$ 63,392,618	$ 63,437,248	$ 63,417,510	$ 59,559,940	$ 62,667,250	$ 57,999,318	$ 58,663,072
Total net debt applicable to limit as a percentage of debt limit	66.91%	65.83%	55.82%	53.29%	54.55%	56.02%	61.25%	59.71%	63.34%	63.61%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2006

ASSESSED VALUE			
Real and Personal Property Within the City			$ 3,224,114,339
TOTAL ESTIMATED VALUATION			3,224,114,339
DEBT LIMIT - 5% OF ESTIMATED VALUATION			161,205,717
AMOUNT OF DEBT APPLICABLE TO LIMIT			
Total Bonded Debt and Long-Term Notes Payable		137,427,306	
Less:			
Revenue Bonds and Notes Payable			
Sewer Revolving Notes Payable	11,010,293		
Water Revolving Notes Payable	20,521,242		
Water Revenue Bonds	1,915,000		
		33,446,535	
Amount Available for Repayment of General Obligation Debt		1,438,126	
DEBT APPLICABLE TO DEBT LIMIT			102,542,645
LEGAL DEBT MARGIN			$ 58,663,072

Notes: Under Title IX, Subtitle 2, Chapter 358C, paragraph 16 of the Iowa State Code, the City's debt limit should not exceed 5% of the estimated value of the taxable property within that district.

CITY OF SIOUX CITY, IOWA
REVENUE BOND COVERAGE
WATER AND PARKING
LAST TEN FISCAL YEARS[1]

FISCAL YEAR	NET REVENUE	DIRECT OPERATING EXPENSES[2]	DEPRECIATION INCLUDED IN EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	PAYMENTS ON PRINCIPAL
1997	$ 6,437,857	$ 5,146,456	$ 1,139,170	$ 1,291,401	$ 505,000
1998	7,184,115	5,846,176	1,202,611	1,337,939	540,000
1999	7,216,228	6,396,282	1,225,369	819,946	565,000
2000	7,150,112	5,164,470	1,109,523	1,985,642	450,000
2001	6,801,222	5,760,247	1,173,733	1,040,975	475,000
2002	7,227,982	5,866,852	1,372,715	1,361,130	540,000
2003	7,380,118	10,061,662	1,521,262	(2,681,544)	580,000
2004	7,742,305	10,979,959	1,519,685	(3,237,654)	600,000
2005	8,458,775	8,625,392	1,525,667	(166,617)	645,000
2006	$ 9,842,528	$ 6,641,449	$ 1,598,412	$ 3,201,079	$ 680,000

Notes:
[1] GAAP Basis.
[2] In Fiscal 1999 the Parking Revenue Bonds were retired.

TABLE XV

PAYMENTS FOR INTEREST	TOTAL DEBT SERVICE PAYMENTS	COVERAGE	NET REVENUE AVAILABLE FOR DEBT SERVICE PLUS DEPRECIATION	COVERAGE WITHOUT DEPRECIATION
$ 454,919	$ 959,919	1.35	$ 2,430,571	2.53
426,618	966,618	1.38	2,540,550	2.63
396,343	961,343	0.85	2,045,315	2.13
364,544	814,544	2.44	3,095,165	3.80
339,794	814,794	1.28	2,214,708	2.72
239,019	779,019	1.75	2,733,845	3.51
197,682	777,682	(3.45)	(1,160,282)	(1.49)
173,033	773,033	(4.19)	(1,717,969)	(2.22)
146,033	791,033	(0.21)	1,359,050	1.72
$ 117,008	$ 797,008	4.02	$ 4,799,491	6.02

TABLE XVI

CITY OF SIOUX CITY, IOWA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

CALENDAR YEAR	POPULATION[1]	TOTAL PERSONAL INCOME[3]	PER CAPITA PERSONAL INCOME[2]	EDUCATIONAL ATTAINMENT BACHELOR'S DEGREE OR HIGHER[1]	MEDIAN AGE[1]	SCHOOL ENROLLMENT[4]	UNEMPLOYMENT RATE[5]
1997	80,505	$ 993,351,195	$ 12,339	18%	32.1	17,147	3.80%
1998	80,505	993,351,195	12,339	18%	32.1	17,332	3.20%
1999	80,505	993,351,195	12,339	18%	32.1	17,222	2.70%
2000	85,013	1,586,852,658	18,666	19%	33.4	17,044	2.70%
2001	85,013	1,586,852,658	18,666	19%	33.4	16,984	3.20%
2002	85,013	1,586,852,658	18,666	19%	33.4	16,721	3.90%
2003	85,013	1,586,852,658	18,666	19%	33.4	16,505	5.00%
2004	85,013	1,586,852,658	18,666	19%	33.4	16,465	5.40%
2005	85,013	1,610,486,272	18,944	19%	33.4	16,227	4.50%
2006	85,013	$ 1,610,486,272	$ 18,944	20%	37.5	16,024	3.80%

Sources:

[1] U.S. Census Bureau

[2] City of Sioux City Comprehensive Plan Publication "My Home, Our Neighborhood, Everybody's Hometown" for years 1997-2004; Iowa Workforce Development Website years 2005-2006

[3] Computation of per capita personal income multiplied by population

[4] Sioux City Community School District, Bishop Heelan Catholic Schools and Siouxland Community Christian School

[5] Iowa Workforce Development Website

TABLE XVII

CITY OF SIOUX CITY
PRINCIPAL EMPLOYERS
CURRENT YEAR[1]

	2006		
EMPLOYER	# OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Tyson Fresh Meats	3,850	1	9.08%
Mercy Medical Center	2,000	2	4.72%
Gateway	1,800	3	4.25%
Sioux City Schools	1,500	4	3.54%
St. Luke's Medical Center	1,300	5	3.07%
John Morrell	1,300	6	3.07%
City of Sioux City	787	7	1.86%
Western Iowa Tech Community College	706	8	1.67%
185th Iowa Air National Guard	690	9	1.63%
MidAmerican Energy Company	659	10	1.55%
Total Principal Employers	14,592		34.42%
Other Employers	27,808		65.58%
Total Employers	42,400		100.00%

Source: Sioux City Economic Development Department

Notes:
[1] Comparative data for nine years ago not currently available.

TABLE XVIII

CITY OF SIOUX CITY, IOWA
FULL-TIME EQUIVALENT CITY GOVERNMENT BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Fire	119.00	119.00	119.00	119.00	119.00	118.63	118.63	115.63	115.63	117.00
Police	153.30	155.30	153.15	157.65	157.65	159.65	160.65	158.65	159.65	153.65
Public Works										
Engineering	26.50	28.14	28.14	28.14	28.14	25.00	23.40	24.40	24.40	20.00
Field Services[1]	146.84	145.83	150.50	148.56	151.02	131.59	128.49	128.49	126.91	137.81
Transit[3]	36.25	36.25	36.25	36.25	36.25	36.25	36.25	30.52	53.02	52.02
Culture and Recreation										
Art Center	9.15	10.14	10.14	10.14	9.99	9.99	9.99	9.99	9.99	9.99
Convention Center/Auditorium/Tourism	51.54	57.55	55.26	52.26	52.26	60.46	60.46	60.46	58.71	58.71
Library	38.97	39.72	39.72	39.27	39.27	38.15	38.02	36.27	36.27	36.27
Museum	6.85	7.05	9.64	9.94	9.81	9.66	9.66	9.28	9.61	9.61
Community and Economic Development										
Community Development	51.80	51.38	51.38	49.86	49.86	43.51	42.51	43.02	42.52	42.38
Economic Development	-	-	-	-	-	-	5.00	8.00	8.00	8.00
General Government										
Administrative Services[1]	-	42.98	42.98	41.15	39.40	45.75	42.55	41.05	40.05	39.55
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager[2]	35.20	12.30	12.30	12.30	12.80	19.30	10.30	8.18	7.88	3.88
Finance[3]	36.50	35.50	37.00	38.00	37.63	37.63	36.13	36.08	11.58	11.58
Human Rights	2.00	3.00	3.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00
Legal	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	7.00
Employees under 28E Agreement										
Communications Center	23.40	23.40	26.40	26.40	26.40	25.40	25.40	24.40	24.40	24.40
Information Center	10.00	10.00	11.00	12.00	13.00	13.00	15.00	15.00	14.00	14.00
Airport	20.00	21.00	21.00	20.00	20.00	20.00	20.00	20.00	18.33	17.83
Water[1]	58.26	37.88	37.88	37.38	37.38	36.00	36.75	36.00	36.00	34.00
Sewer	16.00	17.50	17.50	17.00	17.00	16.00	15.00	15.00	15.00	15.00
Solid Waste[4]	5.00	37.00	31.00	30.75	30.75	30.75	29.75	29.75	29.75	2.00
	858.56	902.92	905.24	900.05	901.61	890.72	878.94	864.17	854.70	821.68

Source: City of Sioux City Finance Department

Notes:

[1] In 1997 various positions in the Public Works (Field Services) function were eliminated. The Parking Department was transferred from Public Works (Field Services) function to the General Government (Administrative Services) function in 2002 (6 FTE's). The Public Works (Field Services) function also had reductions in various areas in 2002.

[2] Several positions were moved from the City Manager department in 1998 to form the Administrative Services department. The Economic Development department was part of the Community Development Department prior to 2002. In 2002 the Economic Development Department was moved to the General Government (City Manger) function. In 2003 the Economic Development Department moved out of the General Government (City Manager) function and into the Economic and Community Development function as its own department. The Marketing Department in the General Government (City Manager) function was eliminated in 2004.

[3] The Central Maintenance Garage was moved from the General Government (Finance) function to the Public Works (Transit) function.

[4] The Solid Waste function added 32 full-time equivalents in 1998 due to the City taking over the services. In 2006, the Solid Waste function was contracted out.

TABLE XIX

CITY OF SIOUX CITY, IOWA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS[1]

Function	FISCAL YEAR 1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Average physical arrests per day - adult	n/a	n/a	n/a	n/a	n/a	14.0	16.4	17.8	16.5	14.9
Average physical arrests per day - juvenile	n/a	n/a	n/a	n/a	n/a	4.8	4.2	4.8	4.4	4.5
Traffic citations issued	n/a	n/a	n/a	n/a	n/a	9,719	13,258	16,110	17,634	13,117
Fire										
Number of suppression calls	n/a	n/a	n/a	1,456	1,557	1,697	1,512	1,487	1,427	1,704
Number of emergency medical calls	n/a	n/a	n/a	3,733	3,859	4,228	4,234	4,206	4,158	3,931
% of responses where EMS on scene in 4 min	n/a	n/a	n/a	67%	67%	61%	59%	61%	61%	50%
Number of hazardous materials incidents in city	n/a	n/a	n/a	5	4	2	5	1	11	6
Public Works										
Streets cleaned per year (miles)	n/a	n/a	15,467	20,425	14,944	15,650	17,762	20,015	21,505	19,620
Asphalt placed (tons)	n/a	n/a	1,005	841	1,295	1,086	1,384	1,137	1,167	889
Potholes repaired	n/a	n/a	n/a	n/a	21,604	17,231	17,742	18,932	24,537	19,833
Dirt miles bladed and shaped	n/a	n/a	7,365	8,233	5,870	7,308	6,464	5,824	5,209	5,607
Total Transit System miles	n/a	n/a	n/a	n/a	900,417	1,135,532	821,037	688,761	674,405	681,902
Total Transit System passengers[4]	n/a	n/a	n/a	n/a	n/a	1,220,945	1,191,507	1,007,149	1,042,757	860,519
Total Transit System passengers per mile	n/a	n/a	n/a	n/a	n/a	1.07	1.45	1.46	1.55	1.26
Culture and Recreation										
Swimming pool attendance[2]	n/a	102,388	100,301	105,000	103,000	95,000	90,000	60,000	84,324	85,396
Museum visitation[3]	n/a	26,556	45,729	48,102	44,177	48,515	59,550	63,625	64,674	50,893
Community and Economic Development										
Total residential/commercial permits issued	783	956	1,295	1,048	1,241	1,366	1,303	1,319	2,794	3,201
Total property value for permits issued	$ 30,291,186	43,462,636	65,353,597	57,623,463	71,979,203	107,191,834	138,591,284	112,172,440	143,224,598	$ 132,796,811
Number of inspections made	n/a	n/a	n/a	n/a	n/a	16,144	23,424	19,364	22,594	25,026
Water										
Water production (millions of gallons)	4,786	4,673	4,606	4,898	4,839	4,821	4,858	4,784	5,457	5,081
Water main breaks per miles of pipe	n/a	0.18	0.17	0.20	0.24	0.20	0.26	0.25	0.31	0.21
Total main breaks	n/a	75	69	82	99	81	105	103	124	86
Length of service disruption per break (hours)	n/a	n/a	n/a	7.46	8.9	6.19	6.00	5.96	10.18	6.13
Sewer										
Sewer backups	n/a	34	28	56	54	51	51	57	97	93
Total hours per sewer backup	n/a	n/a	4.78	5.78	4.35	5.10	2.96	6.45	6.69	5.27
Solid Waste										
Refuse collected (tons/day)	n/a	n/a	116.31	119.37	118.61	126.66	128.00	129.24	127.08	121.85
Recyclables collected (tons/day)	n/a	n/a	7.98	8.10	7.30	6.91	6.85	6.53	8.42	8.78

Source: Various City of Sioux City departments.

Notes:
[1] Indicators are not available in all areas for all ten years.
[2] Swimming pool attendance was low in fiscal year 2004 due to unseasonably cool weather.
[3] Museum attendance increased in fiscal year 2003 due to the Lewis and Clark Expedition visitors.
[4] Total Transit passengers decreased in 2006 since the number is the actual number of passengers and no longer based on a formula.

TABLE XX

CITY OF SIOUX CITY, IOWA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	49	52
Training Centers	0	1	1	1	1	1	1	1	1	1
Fire										
Stations	7	7	7	7	7	7	7	7	7	7
Engines	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	15	14
Public Works										
Transit buses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	44	42
Streets (miles)	431	431	439	569	510	510	510	510	510	510
Streetlights (City Owned)	641	641	641	1,164	1,170	1,283	1,283	1,339	1,384	1,379
Sidewalks (miles)	463	463	464	466	469	470	496	497	497	497
Culture and Recreation										
Parks acres	1,585	1,585	1,400	1,425	1,425	1,425	1,425	1,425	1,425	1,403
Parks	54	54	53	57	57	57	57	57	57	57
Swimming Pools	4	4	4	5	5	5	5	5	5	5
Tennis Courts	21	21	24	24	24	24	22	22	22	22
Softball Diamonds	23	23	23	23	23	23	18	13	13	13
Baseball Diamonds	26	26	26	35	35	35	40	34	34	34
Soccer Fields	12	12	10	14	14	9	9	10	10	10
Golf Courses (18 hole)	3	3	3	2	2	2	2	2	2	2
Play Fields	28	28	29	29	29	29	29	29	29	29
Cemetery										
Cemeteries (acres)	210	210	226	226	226	226	225	225	225	225
Cemeteries Maintained (acres)	186	186	226	226	226	226	180	180	180	185
Water										
Fire hydrants (City maintained)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,476	3,543
Water mains (miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	405	415
Sewer										
Sanitary Sewer (miles)	347	347	330	320	320	320	320	320	320	320
Storm Sewer (miles)	190	190	200	200	200	200	200	200	200	200
Solid Waste										
Solid Waste Collection Trucks	10	10	10	11	11	11	11	11	11	11
Recycling Trucks	5	5	5	5	5	5	5	5	5	5

CITY OF SIOUX CITY, IOWA

ADDITIONAL INFORMATION

EXHIBIT E-1

CITY OF SIOUX CITY HOUSING AUTHORITY
BALANCE SHEET
JUNE 30, 2006

Performance Center Project	625-007	625-040	GRAND TOTAL (MEMORANDUM
Project No.	IA018V0	IA018NC009	
Contract No.	KC9030V	KC9030	ONLY)
ASSETS			
Cash	$ 399,822	$ 19,719	$ 419,541
Accounts Receivable	15,047	---	15,047
Interprogram Receivable	---	---	---
Hud Receivable	---	4,580	4,580
Prepaid Housing Assistance	332,751	22,227	354,978
Total Assets	747,620	46,526	794,146
LIABILITIES & DEFERRED CREDITS			
Accounts Payable	852	---	852
Interprogram Payable	---	---	---
Security Deposits	20,628	---	20,628
HUD Payable	333,360	---	333,360
Accrued Liabilities	105,305	52	105,357
Total Liabilities	460,145	52	460,197
EQUITY:			
Unrestricted Net Assets	287,475	46,474	333,949
Total Liabilities & Equity/Net Assets	$ 747,620	$ 46,526	$ 794,146

CITY OF SIOUX CITY, IOWA
SCHEDULE OF SIOUX CITY FEDERAL HOUSING AUTHORITY
ANALYSIS OF GENERAL FUND CASH
JUNE 30, 2006

Performance Center Project	625-007	625-040	GRAND TOTALS (MEMORANDUM
Project No.	IA018V0	IA018NC0009	
Contract No.	KC9030V	KC9030	ONLY)
COMPOSITION BEFORE ADJUSTMENTS			
Net Operating Receipts Retained:			
Total Net Assets	$ 287,475	$ 46,474	$ 333,949
Total	287,475	46,474	333,949
ADJUSTMENTS			
Expenses Not Paid/(Prepaid):			
Accounts Payable	852	---	852
Interprogram Payable	---	---	---
Accrued Wages	105,305	52	105,357
HUD Payable	333,360	---	333,360
Security Deposits	20,628	---	20,628
Prepaid Rent	(332,751)	(22,227)	(354,978)
Income Not Received:			
HUD Receivable	---	(4,580)	(4,580)
Accounts Receivable	(15,047)	---	(15,047)
Interprogram Receivable	---	---	---
General Fund Cash Available	$ 399,822	$ 19,719	$ 419,541

CITY OF SIOUX CITY, IOWA **EXHIBIT E-3**
SCHEDULE OF SALARY AND TRAVEL EXPENSES
FOR TEN HIGHEST PAID EMPLOYEES
FOR THE YEAR ENDED JUNE 30, 2006

NAME	SALARY	ALLOWANCES/ REIMBURSED EXPENSES	DESCRIPTION
Paul A. Eckert, City Manager	$121,242	$5,914	Travel/ auto allowance
Joseph C. Frisbie, Police Chief	$108,425	$1,062	Travel reimbursement
David J. Dorsett, Public Works Director	$107,538	$1,217	Travel reimbursement
Dennis J. Gann, Executive Director CCAT	$106,713	$1,718	Travel reimbursement
Robert A. Hamilton, Fire Chief	$105,180	$ 770	Travel reimbursement
Robert K. Padmore, Finance and Administrative Services Director	$103,151	$ 89	Travel reimbursement
John P. Meyers, Finance Director	$102,170	$1,938	Travel/ auto allowance
Judith A. Nicolls, Field Services Director	$101,750	$ ---	
John J. Malloy, Information Services Director	$97,136	$ 46	Travel reimbursement
Christopher R. Payer, City Engineer	$94,715	$ 123	Travel reimbursement

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2006

		Interest Rate	Amount	Total
GENERAL OBLIGATION BONDS				
Type: Corporate Purpose				
Issued: 12/1/97				
Amount Issued: $10,000,000				
City Project # 911-129				
Matures:	2007	4.40%	800,000	
	2008	4.50%	800,000	
	2009	4.50%	800,000	
	2010	4.50%	800,000	
				$3,200,000
Type: Corporate Purpose				
Issued: 12/1/98				
Amount Issued: $9,975,000				
City Project # 911-131				
Matures:	2007	4.00%	800,000	
	2008	4.00%	800,000	
	2009	4.00%	800,000	
	2010	4.00%	800,000	
	2011	4.00%	800,000	
				$4,000,000
Type: Corporate Purpose				
Issued: 12/1/99				
Amount Issued: $10,000,000				
City Project # 911-133				
Matures:	2007	4.70%	835,000	
	2008	4.80%	835,000	
	2009	4.88%	830,000	
	2010	4.95%	830,000	
	2011	5.00%	830,000	
	2012	5.00%	830,000	
				$4,990,000

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2006

		Interest Rate	Amount	Total
GENERAL OBLIGATION BONDS				
Type: Corporate Purpose				
Issued: 12/1/01				
Amount Issued: $15,000,000				
City Project # 911-134				
Matures:	2007	4.63%	1,250,000	
	2008	4.70%	1,250,000	
	2009	4.70%	1,250,000	
	2010	4.75%	1,250,000	
	2011	4.80%	1,250,000	
	2012	5.00%	1,250,000	
	2013	5.00%	1,250,000	
				$8,750,000
Type: Corporate Purpose				
Issued: 11/1/01				
Amount Issued: $17,450,000				
City Project # 911-135				
Matures:	2007	4.00%	1,455,000	
	2008	4.00%	1,455,000	
	2009	4.00%	1,455,000	
	2010	4.00%	1,455,000	
	2011	4.00%	1,455,000	
	2012	4.20%	1,455,000	
	2013	4.30%	1,450,000	
	2014	4.40%	1,450,000	
				$11,630,000
Type: Corporate Purpose				
Issued: 12/1/00				
Amount Issued: $5,370,000				
City Project # 911-136				
Matures:	2007	4.45%	740,000	
				$740,000
Type: Corporate Purpose				
Issued: 11/1/01				
Amount Issued: $6,155,000				
City Project # 911-137				
Matures:	2007	4.00%	1,460,000	
				$1,460,000

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2006

		Interest Rate	Amount	Total
GENERAL OBLIGATION BONDS				
Type: Corporate Purpose				
Issued: 12/1/02				
Amount Issued: $7,025,000				
City Project # 911-138				
Matures:	2007	3.00%	585,000	
	2008	3.25%	585,000	
	2009	3.50%	585,000	
	2010	3.75%	585,000	
	2011	4.00%	585,000	
	2012	4.00%	585,000	
	2013	4.00%	585,000	
	2014	4.25%	585,000	
	2015	4.25%	585,000	
				$5,265,000
Type: Corporate Purpose				
Issued: 7/1/02				
Amount Issued: $15,345,000				
City Project # 911-139				
Matures:	2007	3.00%	3,300,000	
	2008	3.30%	3,200,000	
	2009	3.50%	2,645,000	
				$9,145,000
Type: Corporate Purpose				
Issued: 12/1/02				
Amount Issued: $4,325,000				
City Project # 911-141				
Matures:	2007	3.00%	360,000	
	2008	3.25%	360,000	
	2009	3.25%	360,000	
	2010	3.40%	360,000	
	2011	3.50%	360,000	
	2012	3.60%	360,000	
	2013	3.75%	360,000	
	2014	4.00%	360,000	
	2015	4.10%	360,000	
				$3,240,000

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2006

		Interest Rate	Amount	Total
GENERAL OBLIGATION BONDS				
Type: Corporate Purpose				
Issued: 12/1/03				
Amount Issued: $6,315,000				
City Project # 911-142				
Matures:	2007	2.50%	635,000	
	2008	2.75%	630,000	
	2009	3.00%	630,000	
	2010	3.25%	630,000	
	2011	3.50%	630,000	
	2012	3.50%	630,000	
	2013	3.50%	630,000	
	2014	3.62%	630,000	
				$5,045,000
Type: Corporate Purpose				
Issued: 12/1/03				
Amount Issued: $6,085,000				
City Project # 911-143				
Matures:	2007	2.00%	600,000	
	2008	2.50%	600,000	
	2009	3.00%	600,000	
	2010	3.00%	600,000	
	2011	3.00%	600,000	
	2012	3.25%	600,000	
	2013	3.40%	600,000	
	2014	3.50%	600,000	
				$4,800,000
Type: Corporate Purpose				
Issued: 12/1/04				
Amount Issued: $5,140,000				
City Project # 911-144				
Matures:	2007	3.00%	515,000	
	2008	3.00%	515,000	
	2009	3.25%	515,000	
	2010	3.38%	515,000	
	2011	3.50%	515,000	
	2012	3.75%	515,000	
	2013	4.00%	515,000	
	2014	4.00%	510,000	
	2015	4.00%	510,000	
				$4,625,000

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2006

		Interest Rate	Amount	Total
GENERAL OBLIGATION BONDS				
Type: Corporate Purpose				
Issued: 3/1/04				
Amount Issued: $3,220,000				
City Project # 911-145				
Matures:	2007	2.00%	800,000	
	2008	2.00%	780,000	
				$1,580,000
Type: Corporate Purpose				
Issued: 12/1/04				
Amount Issued: $14,755,000				
City Project # 911-146				
Matures:	2007	3.00%	1,475,000	
	2008	3.00%	1,475,000	
	2009	3.00%	1,475,000	
	2010	3.13%	1,475,000	
	2011	3.13%	1,475,000	
	2012	3.25%	1,475,000	
	2013	3.38%	1,475,000	
	2014	3.55%	1,475,000	
	2015	3.63%	1,475,000	
				$13,275,000
Type: Corporate Purpose				
Issued: 4/1/05				
Amount Issued: $4,020,000				
City Project # 911-148				
Matures:	2007	3.00%	1,015,000	
	2008	3.25%	1,000,000	
	2009	3.50%	980,000	
				$2,995,000

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2006

		Interest Rate	Amount	Total
GENERAL OBLIGATION BONDS				
Type: Corporate Purpose				
Issued: 12/1/05				
Amount Issued: $4,330,000				
City Project #911-147				
Matures:	2007	4.00%	435,000	
	2008	4.00%	435,000	
	2009	4.00%	435,000	
	2010	4.00%	435,000	
	2011	4.00%	435,000	
	2012	4.00%	435,000	
	2013	4.00%	430,000	
	2014	4.125%	430,000	
	2015	4.125%	430,000	
	2016	4.125%	430,000	
				$4,330,000
Type: Corporate Purpose				
Issued: 12/1/05				
Amount Issued: $12,990,000				
City Project # 911-149				
Matures:	2007	3.50%	1,300,000	
	2008	3.50%	1,300,000	
	2009	3.50%	1,300,000	
	2010	3.50%	1,300,000	
	2011	3.50%	1,300,000	
	2012	4.00%	1,300,000	
	2013	4.00%	1,300,000	
	2014	4.00%	1,300,000	
	2015	4.00%	1,295,000	
	2016	4.00%	1,295,000	
				$12,990,000

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2006

		Interest Rate	Amount	Total
GENERAL OBLIGATION BONDS				
Type: Corporate Purpose				
Issued: 12/1/05				
Amount Issued: $1,830,000				
City Project # 911-150				
Matures:	2007	4.00%	185,000	
	2008	4.00%	185,000	
	2009	4.00%	185,000	
	2010	4.00%	185,000	
	2011	4.00%	185,000	
	2012	4.00%	185,000	
	2013	4.00%	180,000	
	2014	4.125%	180,000	
	2015	4.125%	180,000	
	2016	4.125%	180,000	
				$1,830,000
Total General Obligation Bonds				$103,890,000
REVENUE BONDS				
Type: Water				
Issued: 9/1/92				
Amount Issued: $8,200,000				
City Project # 921-001				
Matures:	2007	4.50%	720,000	
	2008	4.50%	730,000	
	2009	4.55%	465,000	
				$1,915,000
Total Revenue Bonds				$1,915,000
Total				$105,805,000

CITY OF SIOUX CITY, IOWA
SINGLE AUDIT SECTION

CITY OF SIOUX CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2006

Grantor Agency Program Name	Federal Domestic Assistance Catalog#	Grant #	Award	Grant Revenues	Grant Expenditures
FEDERAL AWARDS					
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT					
Section 8 Certificate New Construction Program	*14.182*	*IA018NC0009*	$ 70,115	$ 22,491	$ -
	14.182	*IA018NC0009*	219,549	190,239	191,800
Community Development Block Grant Entitlement	*14.218*	*B-03-MC-19-0006*	2,283,000	608,723	115,739
	14.218	*B-04-MC-19-0006*	2,276,000	2,249,679	2,276,000
	14.218	*B-05-MC-19-0006*	2,155,749	---	393,181
Emergency Shelter Grant	*14.231*	*S-01-MC-19-0002*	83,749	378	---
	14.231	*S-02-MC-19-0002*	82,679	3,600	3,600
	14.231	*S-03-MC-19-0002*	83,000	2,475	550
	14.231	*S-04-MC-19-0002*	83,510	16,377	11,013
	14.231	*S-05-MC-19-0002*	83,241	17,552	39,203
Supportive Housing Program/Continuum of Care	*14.235*	*IA 26B100001*	397,549	29,238	---
	14.235	*IA 26B400003*	113,452	113,452	108,924
	14.235	*IA 26B500006*	113,452	---	35,156
Home Investment Partnerships Program	*14.239*	*M-03-DC-19-0207*	583,623	---	51,748
	14.239	*M-04-DC-19-0207*	579,608	489,332	435,151
	14.239	*M-05-DC-19-0207*	550,653	35,815	---
EDI Special Projects Program	*14.246*	*B-99-SP-IA-0086*	1,000,000	---	1,576
Special Purpose Grant Comm Devel Block Grant	*14.246*	*B-00-SP-IA-0112*	925,000	688,421	688,071
Fair Housing Assistance Program	*14.401*	*FF207K027018*	345,000	115,000	69,538
Section 8 Voucher Program	*14.871*	*IA018VO0099*	4,448,913	4,594,724	4,441,330
Section 8 Voucher Program-FSS	*14.871*	*IA018FSS001*	63,000	63,000	86,147
Section 8 Voucher Program-Affordable Home Own	*14.871*	*IA018FSH001*	31,500	20,999	14,063
Passed through Ia. Dept. of Economic Development					
Emergency Shelter Program	*14.231*	*04ES009*	70,000	19,164	17,415
	14.231	*05ES009*	97,600	58,156	61,227
U.S. DEPARTMENT OF JUSTICE					
Passed through Governor's Office of Drug Control Policy					
Byrne-Justice Assistance Grant (JAG) Program	*16.579*	*05JAG-A13*	139,385	139,385	139,385
Passed through Woodbury County					
Byrne-Justice Assistance Grant (JAG) Program	*16.579*	*05JAG-A13*	62,955	62,955	17,607
U.S. DEPARTMENT OF JUSTICE					
Bulletproof Vest Partnership Program	*16.607*	*1999BUBX99002497*	50,000	1,075	7,541
Office of Community Oriented Policing	*16.710*	*98CKWX0054*	134,588	125,588	56,713
	16.710	*04CKWX0381*	2,100,000	551,299	434,406
	16.710	*05CKWX0420*	246,661	224,200	226,744
	16.710	*06DDBX0010*	987,227	36,104	122,437
U.S. DEPARTMENT OF TRANSPORTATION **Federal Aviation Administration**					
Airport Improvement Project	*20.106*	*AIP319008527*	1,302,628	---	1,710
	20.106	*AIP319008529*	1,746,360	---	24,720
	20.106	*AIP319008532*	4,363,510	926,610	1,748,499
Passed through Iowa Department of Transportation					
Highway Planning and Construction	*20.205*	*BRM7057(19)8N97*	680,000	538,311	566,643
	20.205	*HDP7057(628)7I97*	3,422,025	797,906	765,041
	20.205	*HDP7057(638)7I97*	1,431,938	1,253,842	1,077,410
	20.205	*HDP7057(642)7I97*	1,502,500	1,496,916	1,752,014
	20.205	*STPU7057(629)7097*	2,344,780	73,989	96,837
	20.205	*STPU7057(644)7097*	1,357,000	148,590	109,526
	20.205	*UST201(98)4A97*	$ 89,861.00	$ 7,044.00	$ -

CITY OF SIOUX CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2006

Grantor Agency Program Name	Federal Domestic Assistance Catalog#	Grant #	Award	Grant Revenues	Grant Expenditures
Surface Transportation Program	*20.205*	*STPU7057(630)7097*	$2,097,600.00	$ 762,766.00	$ 80,007.00
Transportation Enhancement Program	*20.205*	*STPESE7057(631)8T97*	308,009	308,009	4,372
Transit JPA Capital Investment Assistance Prog	*20.500*	*IA-03-0103-705-04*	151,900	19,977	151,879
FEDERAL TRANSIT ADMINISTRATION					
Transit Capital Improvement Grants	*20.500*	*IA90X187*	527,705	103,765	---
	20.507	*IA90X254*	178,909	29,690	783
	20.507	*IA90X267*	174,000	43,761	64,875
	20.507	*IA90X298*	193,244	92,146	93,763
	20.507	*IA90X281*	278,977	92,831	65,646
Transit Operating Assistance	*20.507*	*IA90X298*	1,000,852	199,244	---
	20.507	*IA90X307*	1,030,920	1,030,920	1,030,920
DEPARTMENT OF PUBLIC SAFETY					
Passed through Governor's Traffic Safety Bureau					
Section 402 Highway Safety Grant	*20.605*	*PAP 05-163, Task 60*	32,000	31,990	9,697
	20.605	*PAP 06-163, Task 59*	13,150	1,582	6,686
Alcohol Incentive Grant	*20.601*	*PAP 05-410, Task 32*	20,000	6,057	---
	20.601	*PAP 06-410, Task 29*	21,300	12,462	13,765
DEPARTMENT OF NATURAL RESOURCES					
Clean Water State Revolving Fund Program	*66.458*	*CS192197 01*	8,000,000	210,492	212,158
	66.458	*CS192047 01*	31,000,000	258,333	1,942,744
Drinking Water State Revolving Fund Program	*66.468*	*FS-97-01-DWSRF-016*	11,264,000	---	---
ENVIRONMENTAL PROTECTION AGENCY					
Brownfield Pilots Cooperative Agreement	*66.811*	*BL987064-01-0*	500,000	3,809	3,203
Brownfield Pilots Cooperative Agreement-Loan	*66.811*	*BL987064-01-0*	500,000	15,771	15,771
Brownfield Hazardous Substance Assessment	*66.818*	*BF98763301-0*	200,000	---	10,430
Brownfield Petroleum Assessment	*66.818*	*BF98763201-0*	200,000	---	10,110
U.S. DEPARTMENT OR HOMELAND SECURITY					
Urban Search & Rescue Task Force	*97.004*	*Sioux City SHSGP I*	662,894	236,818	138,666
	97.004	*Sioux City SHSGPII*	500,000	471,219	400,946
	97.067	*2005-GE-T5-56*	500,000	2,466	149,287
OFFICE OF NATIONAL DRUG CONTROL POLICY					
High Intensity Drug Trafficking Area/HIDTA	*N/A*	*I5PMWP556*	143,000	106,343	62,137
	N/A	*I6PMWP556Z*	$ 143,000	36,284	112,876
TOTAL FEDERAL FINANCIAL ASSISTANCE				$ 19,799,364	$ 20,769,386

CITY OF SIOUX CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2006

Grantor Agency Program Name	Federal Domestic Assistance Catalog#	Grant #	Award	Grant Revenues	Grant Expenditures
STATE AWARDS					
IOWA DEPARTMENT OF CULTURAL AFFAIRS					
Cultural Enrichment		*05-014*	$ 4,703	$ -	$ 1,357
		06-4148	4,544	4,544	247
IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT					
Business Development Cluster Analysis		*04-F320-001*	17,230	4,308	5,013
IOWA DEPARTMENT OF PUBLIC SAFETY					
Regional Fire Service		*51905MGD01*	6,250	---	6,050
IOWA DEPARTMENT OF TRANSPORTATION					
STA Joint Participation Agreement		*STA-FORM-705-FY06*	285,407	280,604	280,604
Capital Improvements on Commercial Airports		*CSVISUX(15)9I97*	92,853	2,328	---
		9I040SUX200	95,927	95,927	---
		9I050SUX200	85,600	26,895	---
		9I050SUX130	17,000	16,896	11,512
RISE Grant		*RM7057(633)9D97*	700,000	292,337	315,578
I-29/Hamilton Blvd Interchange		*IMN0297(27)1491397*	31,952	31,952	31,952
		IMN297(28)149OE97(ROW)	153,428	---	81,669
Small Community Air Service Development		*OST-2004-17343-105*	609,800	64,514	33,193
Law Enforcement Personnel Agreement		*DTSA20-03-P-01616-05*	102,461	97,463	83,461
STATE HISTORICAL SOCIETY					
REAP/HRDP		*05-904*	2,595	---	32
STATE LIBRARY OF IOWA					
Enrich Iowa		*Enrich Iowa FY05 09/04*	20,698	---	316
Enrich Iowa		*Enrich Iowa FY06 10/05*	20,630	20,630	21,462
Enrich Iowa		*Enrich Iowa FY06 08/05*	15,019	15,019	15,019
Library Infrastructure Program/Rebuild Iowa		*Enrich Iowa FY05 12/04*	12,007	---	3,067
IOWA DEPARTMENT OF NATURAL RESOURCES					
Regional Collection Center Grant		*04-G592-02*	$ 100,000	66,787	16,779
TOTAL STATE FINANCIAL ASSISTANCE				1,020,204	907,311
TOTAL FEDERAL & STATE FINANCIAL ASSISTANCE				$ 20,819,568	$ 21,676,697

CITY OF SIOUX CITY, IOWA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

(1) The reporting entity for purposes of the Schedule of Expenditures of Federal Awards is the same as used for reporting on the comprehensive annual financial report.

(2) The Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

(3) The City administers various loan programs, including the collection of principal and interest, for the Federal government. The City is also in the process of selling its public housing units. The amount of the silent second mortgages is the difference between the appraised value and the selling price. The mortgage is forgiven after the buyer has owned the home for seven years. The outstanding balances of these programs at June 30, 2006 are:

	Balance
CDBG loans	$609,225
CDBG deferred loans	631,544
Public Hsg Silent 2nd Mortgages	55,800

(4) The City accepts and approves loan applications under the Section 312 loan program. However, the proceeds of loans from the Federal government and repayment to the Federal government are not administered by the City and are not included in the current year activity for purposes of the Schedule of Expenditures of Federal Awards.

CITY OF SIOUX CITY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

1. Summary of Auditor's Results

   a. An unqualified opinion was issued on the financial statements.

   b. No reportable conditions in internal control were disclosed by the audit of the financial statements.

   c. No noncompliance which is material to the financial statements was disclosed.

   d. No reportable conditions in internal control over major programs were disclosed.

   e. An unqualified opinion was issued on compliance with requirements applicable to each major program.

   f. The Audit disclosed no audit findings which were required to be reported in accordance with OMB Circular A-133 section .510(a)

   g. Major programs:

Community Development Block Grant –	
Brownfields Economic Development Initiative	CFDA #14.246
Federal Aviation Administration –	
Airport Improvement Program	CFDA #20.106
Highway Planning and Construction	CFDA #20.205
Capitalization Grants for Cleanwater State Revolving Funds	CFDA #66.458

   h. Dollar threshold used to distinguish between Type A and Type B programs $558,434.

   i. The Auditee did qualify as a low-risk auditee under Section .530 of OMB Circular A-133.

2. Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards* – None.

3. Findings and Questioned Costs Relating to Federal Awards – None.

4. Summary Schedule of Prior Audit Findings – There were no prior year audit findings.

5. Other Findings Related to Required Statutory Reporting

   06-5-A – Certified Budget – City expenditures during the year ended June 30, 2006 did not exceed the amounts budgeted.

   06-5-B – Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

5. Other Findings Related to Required Statutory Reporting (Continued)

06-5-C – Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

06-5-D – Council Minutes – We noted no transactions requiring approval, which had not been approved by the City Council.

06-5-E – Questionable Expenditures – We noted no questionable expenditures during our audit.

06-5-F – Revenue Bonds – No violations of revenue bond resolutions were noted.

06-5-G – Business Transactions – No business transactions between the City and City officials or employees were noted.

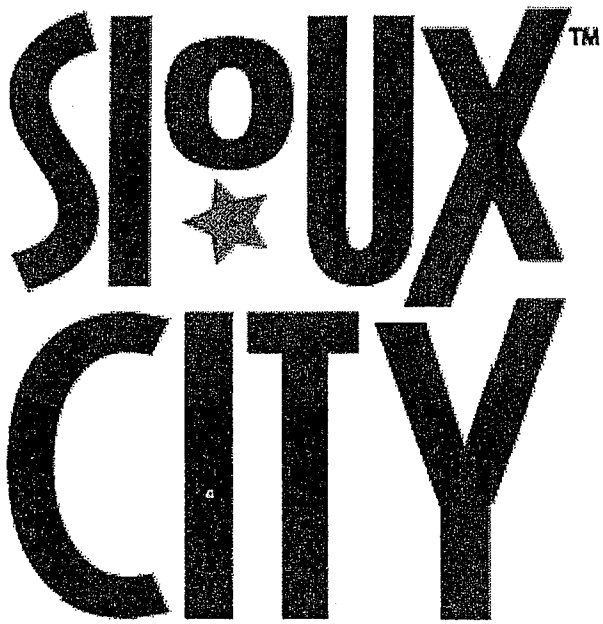
06-5-H – Cash and Investments – We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

CITY OF SIOUX CITY, IOWA
PASSENGER FACILITY CHARGES

PFC Revenue and Disbursement Schedule
Sioux Gateway Airport/Col. Bud Day Field Airport Authority
7/1/05 - 6/30/06

	FY-05 Program Total	Quarter 1 July - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - March	Quarter 4 April - June	FY-06 Total	FY-06 Program Total
Revenue:							
Collections	2,523,643	31,474	41,159	30,071	44,201	146,905	2,670,548
Interest	1,676	-	-	-	-	-	1,676
Total Revenue	2,525,319	31,474	41,159	30,071	44,201	146,905	2,672,224
Disbursements:							
Application #1							
Taxiway C Extension	71,875					-	71,875
Snow Equip. & Fencing	38,347					-	38,347
Security Access	144,215					-	144,215
Snow Sweeper	21,000					-	21,000
Taxiway A & E	10,440					-	10,440
Total Application #1	285,877	-	-	-	-	-	285,877
Application #2							
Term. Access Road	493,138					-	493,138
Financing & Interest	243,428					-	243,428
Airfield Signage/Marking	61,160					-	61,160
Financing & Interest	30,316					-	30,316
Snow Removal Equip.	6,240					-	6,240
Runway 13/31 Rehab.	528,087					-	528,087
Financing & Interest	260,690					-	260,690
Total Application #2	1,623,059	-	-	-	-	-	1,623,059
Application #3							
Taxiway Alpha	134,515					-	134,515
Financing & Interest	53,363					-	53,363
Taxiway Echo	60,200					-	60,200
Financing & Interest	23,887					-	23,887
AirCarrier (SIDA) Ramp	146,108			100,492		100,492	246,600
Financing & Interest	53,432			33,890		33,890	87,322
Taxiway Bravo	15,400					-	15,400
Financing & Interest	6,058					-	6,058
Taxiway Charlie	8,218					-	8,218
Financing & Interest	6,168					-	6,168
Snow Plow (#29) Replace	20,990					-	20,990
Financing & Interest	8,327					-	8,327
Airport Master Plan	15,000					-	15,000
Financing & Interest	5,951					-	5,951
Taxiway A & E Constr. (impose)	25,899						25,899
Financing & Interest (impose)	14,348					-	14,348
Total Application #3	597,864	-	-	134,382	-	134,382	732,246
Application #4							
Taxiway Bravo						-	-
Financing & Interest						-	-
Taxiway Charlie & Air Carrier Ramp						-	-
Financing & Interest						-	-
Airport Master Plan						-	-
Financing & Interest						-	-
Snow Plow (#29) Replacement						-	-
Financing & Interest						-	-
Reconstruct Alpha South & Echo						-	-
Financing & Interest						-	-
Total Application #4	-	-	-	-	-	-	-
Total Disbursements	2,506,800	-	-	134,382	-	134,382	2,641,182
Net PFC Revenue (rev. - disb.)		31,474	41,159	(104,311)	44,201	12,523	
PFC Account Balance	18,519	31,474	41,159	(104,311)	44,201	12,523	31,042

Notes:
1. Schedule is presented on the cash basis of accounting.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CITY

CITY OF SIOUX CITY, IOWA
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A133

WILLIAMS & COMPANY P.C.
Certified Public Accountants

Suite 700 Terra Centre
600 Fourth Street
P.O. Box 298
Sioux City, IA 51102-0298
Phone (712) 252-5337

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

The Honorable City Council
of the City of Sioux City, Iowa:

Compliance

We have audited the compliance of the City of Sioux City, Iowa (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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 States: and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the members of the City Council, management and others within the City of Sioux City, Iowa, and 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.

Williams & Company, P.C.
Certified Public Accountants

October 13, 2006
Sioux City, Iowa

CITY OF SIOUX CITY, IOWA
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable City Council
of the City of Sioux City, Iowa:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sioux City, Iowa (the City) as of and for the year ended June 30, 2006 which collectively comprise the City's basic financial statements and have issued our report thereon dated October 13, 2006. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the members of the City Council, management and others within the City of Sioux City, Iowa, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Williams & Company P.C.
Certified Public Accountants

October 13, 2006
Sioux City, Iowa

WILLIAMS & COMPANY P.C.
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October 31, 2006

Mr. Paul Eckert
City Manager
City of Sioux City, IA

In planning and performing our audit of the financial statements of the City of Sioux City, Iowa as of and for the year ended June 30, 2006, we have developed the following recommendations concerning matters relating to the internal controls over financial reporting, compliance and other accounting, administrative and operating matters. Our consideration of internal controls and compliance would not necessarily disclose all matters that might be significant deficiencies. None of the matters discussed below are considered to be material weaknesses in internal control or material compliance violations.

Travel Expense/Reimbursements

Finding: It was found during the normal course of our audit procedures and the testing of travel and reimbursement expenditures that reimbursement requests were being submitted in a very delinquent manner, with some expenditures being as much as ten months old at the time of the request.

Recommendation: We feel that it would be appropriate for the City to establish and enforce a policy requiring all reimbursement requests be submitted within thirty days of the expenditure. This will allow the Finance and Administrative Services department the ability to more accurately monitor budget and financial data in a timely manner.

Sioux City Explorers Lease Agreement

Finding: From our examination of the agreements between the Sioux City Explorers Baseball Club and the City of Sioux City for the use of the Lewis and Clark Stadium we found that per the terms of the agreement the City is not collecting the proper revenues.

Response: This matter was discussed with City management who agreed that per the current lease terms the City was not receiving the proper lease revenues. Also discussed however, was the fact that the current lease does not accurately reflect the intended terms of Explorer's ownership or the City. Other items noted were the economic and recreational benefits to the City's citizens and businesses as well as the financial benefits to the City of having the stadium occupied. Per review of unaudited financial statements for calendar year 2005 and for calendar year 2006 through September 27, the maximum amounts due to the City each year were immaterial amounts. Management did state that they would take steps to collect and/or resolve this issue.

Non-Centralized Accounting Functions

Finding: During the course of our audit as well as our independent reviews of the internal controls and operations of the Airport and CCAT Departments several items were noted that we felt were possible inefficiencies as well as operations which increased the potential for reporting and classification errors.

Recommendation: While we recognize the need for some elements, more specialized in nature to continue to be carried out in their respective locations, we feel the need for tighter internal controls should

out weigh the department's needs. Non-centralized areas of accounting and reporting inherently cause greater risk due to the fact these locations are not designed with the proper checks and balances in place to ensure sound internal controls. It is our recommendation that all cash handling procedures at the Airport be placed under the direct control of the City Treasurer. We also recommend the placement of the accounting functions for the CCAT department be within the Finance and Administrative Services department. It is our final recommendation that steps be taken to enforce both CCAT and the Airport departments to follow the City's purchasing and bidding procedures for all expenditures. This will allow individuals who specialize in these functions to handle these duties and increase efficiency as well as internal controls.

We would like to express our sincere appreciation for the hard work and dedication of the staff of the finance department. A special thanks to Donna Forker, Amy Walker, Carmie Hotchkiss, Patti Treptow and Shari Smith for their extra effort. Each year the organization continues to improve their financial reporting abilities and the accuracy of internally generated financial statements and reports.

We will be pleased to discuss these comments with you and, if desired, to assist you in implementing any of the suggestions.

Sincerely,

Certified Public Accountants