

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE  
CITY OF SIOUX CITY, IOWA**

**FOR THE YEAR ENDED JUNE 30, 2007**

**PREPARED BY**

**FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT**



**CITY OF SIOUX CITY, IOWA  
INTRODUCTORY SECTION**



**CITY OF SIOUX CITY, IOWA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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## THE COVER

This year's cover is a collection of photos of the Sioux City area highlighting exceptional features that makes Sioux City unique.

The New Lakeport Commons shopping area is located just east of the Southern Hills Mall in the Morningside area. The new strip mall features many retail businesses and restaurants that are new to Sioux City, such as Kohl's, Linens N Things, Old Navy, Coldwater Creek, Olive Garden, Starbucks Coffee, and Buffalo Wild Wings.

The Northside of Sioux City also boasts a strip mall known as The Market Place. The newly renovated area showcases a variety of retail shops and restaurants like Hy-Vee, Shopko, Book People, Coney Island, Caribou Coffee, and Minerva's.

Historic 4<sup>th</sup> Street is a three-block stretch extending from Virginia Street east to Floyd Boulevard on 4<sup>th</sup> Street. The area is home to several bar and grill eateries, a 14 theatre cinema complex, antique, floral, other specialty shops and professional offices. Several annual events are held on Historic 4<sup>th</sup> Street. These events include Awesome Biker Nights, the Lewis and Clark Marathon, and Fridays on the Promenade.

Sioux City is home to many prosperous businesses. These include Mercy Medical Center, St. Luke's Medical Center, John Morrell, MidAmerican Energy Company, American Popcorn, Curly's Foods (featured on the cover), Gelita, L.G. Everist, Palmer Candy, Soo Tractor (featured on the cover), Sioux Bee Honey, Terra Industries and Wilson Trailer.

Sioux City enjoys many cultural and recreational amenities: the Riverfront Trail System, the newly completed Perry Creek Trail System, the Orpheum Theater, the IBP Ice Center, Tyson Events Center, the Art Center, the Museum, three libraries and the Long Lines Family Recreation Center.

Sioux City is truly "A Great Place to Call Home".

## **ABOUT SIOUX CITY, IA**

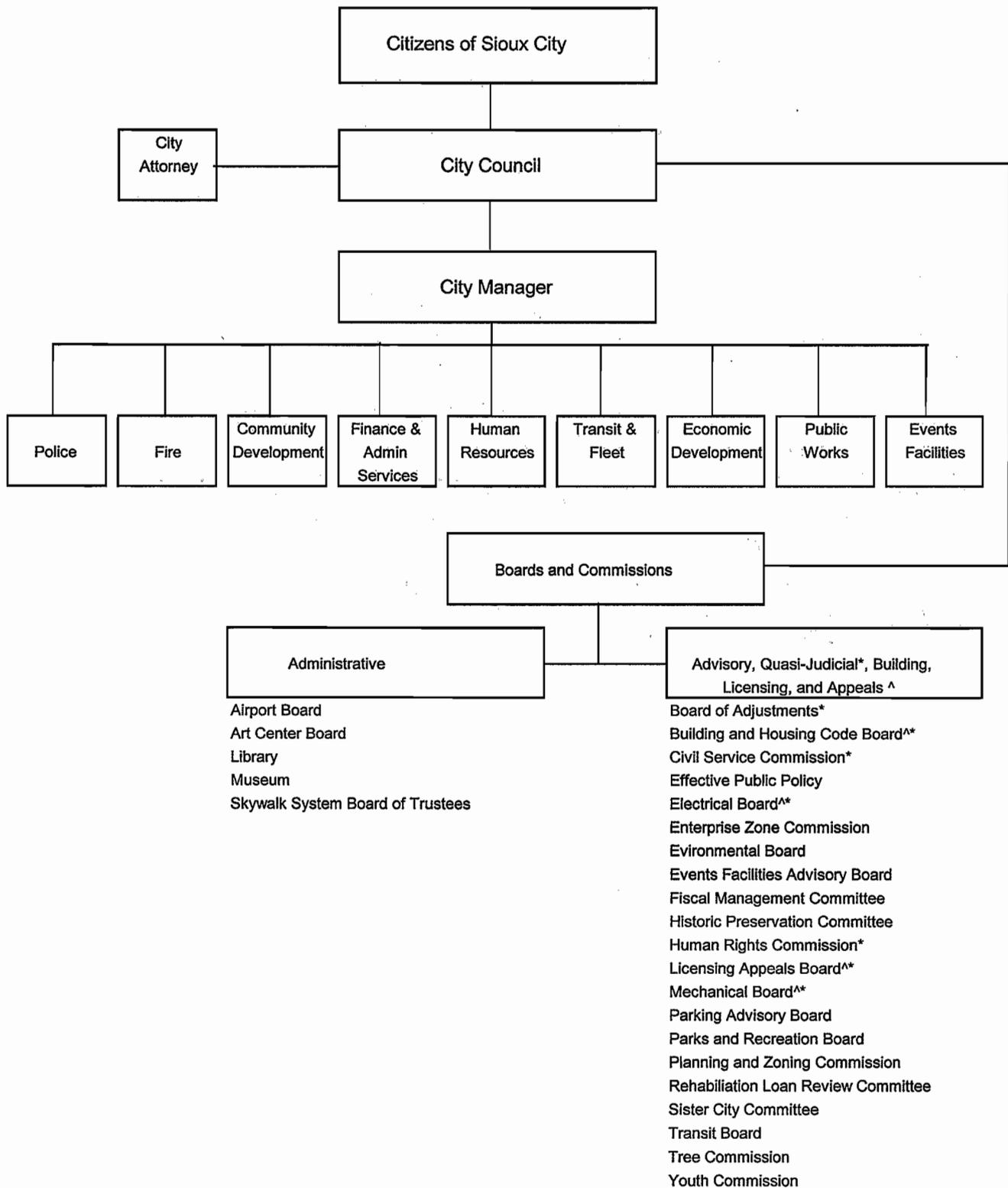
The City of Sioux City, Iowa has had a long and colorful past. Founded in 1854 its roots go back to the days of the early fur traders. Located in the center of America's heartland, Sioux City is located at the confluence of the Missouri and Big Sioux Rivers at the junction of the States of Iowa, Nebraska,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



# SCHEDULE OF CITY OFFICIALS

June 30, 2007

## Elected Officials

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

## Term Expires

## Council Appointed Officials

City Manager	Paul Eckert	March 22, 2002
City Attorney	James Abshier	October 17, 1983
City Clerk	Lisa McCardle	June 24, 2006

## Date of Appointment

## City Manager and Board Appointed Officials

Airport Director	Rick McElroy	May 21, 2007
Art Center Director	Albert Harris	March 25, 2002
Director of Community Development/Planning	Patricia Heagel	July 10, 2006
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	Martin Dougherty	September 13, 2006
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

## Date of Appointment

**SI<sup>o</sup>UX<sup>TM</sup>**  
**CITY**



Offices of the City Manager & Finance Director  
*City of Sioux City, Iowa*  
P O Box 447  
Sioux City, IA 51102-0447  
October 22, 2007

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, 2007 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 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 2007 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, 2007, 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 Iowa. 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. Sioux City was named one of Iowa's Great Places in 2005. 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 and riverfront areas. Sioux City has portrayed itself as a great City and has recently changed its City logo to juxtapose such a mindset. 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 and the mayor is separately elected. The City provides a full range of services.

The following schedule details the available services:

<b><u>Cultural</u></b>	<b><u>Fire Services</u></b>	<b><u>Police Services</u></b>	<b><u>Utilities</u></b>
Art Center	Suppression	Patrol	Water
Museum	Prevention	Investigation	Sewer
Library	Training	Safety	Solid Waste
Convention Center & Auditorium/Tourism	Hazardous Materials		Storm Sewer
<b><u>Public Works</u></b>	<b><u>Community Development</u></b>	<b><u>Transportation</u></b>	
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. The legal level of 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 lies along the Missouri River on the Iowa side opposite South Dakota and Nebraska. The Sioux City metro area, or "Siouxland", (which includes Sioux City, Iowa, North Sioux City, South Dakota and South Sioux City, Nebraska), recently tied for third in the nation in regards to economic development for communities below 200,000 as ranked by Site Selection magazine's March 2007 issue. Siouxland is home to several well-known and prosperous industries that support employment opportunities and help the City maintain a low 3.7% unemployment rate. These businesses include John Morrell, Sue Bee Honey, and Curly's Foods in Iowa, Tyson Foods, Beef Products Incorporated, and Great West Casualty Company in Nebraska, and 1<sup>st</sup> Financial and Premiere Bankcard in South Dakota.

Several businesses have recently established new locations in or near Sioux City adding a substantial number of employment opportunities. Qwest Communications occupied the 50,000 square-foot former SOSINC Communications building near the Sioux Gateway Airport approximately 2 years ago. The new sales and service call center employs about 350 people that handle incoming Qwest customer calls from a 14-state region. Stream, a Richardson, Texas based technical support and customer service provider, created 400 new jobs in Sergeant Bluff, Iowa located about 7 miles south of Sioux City in the former Verizon location. Stream currently handles support calls for Sirius Satellite Radio and anticipates adding another 600 jobs in the near future when it adds an additional client. Northwest Airlines has most recently opened a 32,000 square-foot reservations call center on the second floor of the former JC Penny Building in downtown Sioux City. The airline intends to create 330 new jobs in Sioux City as a part of this \$10 million project.

In 2006, the Iowa Legislature created a five-year pilot project known as the Targeted Jobs Withholding Credit Program. Sioux City was one of four cities selected for the program that offers a versatile tool to create and retain jobs in Iowa. The program provides a withholding tax credit of up to 3% of the wages of qualifying employees for up to ten years. These funds can be used for infrastructure improvements, employee training costs, or as a financial award to the business. Businesses that have recently benefited from this program are:

Staber Meats, Inc.	11 jobs created
Prairie Pediatrics and Adolescent Clinic, P.C.	41 jobs retained
Cannon, Moss, Brygger & Associates (CMBA)	22 jobs retained
Custom Woodworks, LTD	16 jobs created
CW Suter & Son, Inc.	10 jobs created
Siouxland Rubber & Urethane	14 jobs created
Norwest Airlines, Inc.	330 jobs created
Fed-Ex Ground Package System, Inc.	25 jobs created
Dakwa, dba Johnstone Supply	10 jobs created
Mercy Medical Services	2 jobs created, 20 retained
Mercy Medical Center (Outpatient Therapies)	2 jobs created, 15 retained

Sioux City has experienced substantial growth both commercially and residentially in the past few years stemming from record low interest rates. In fiscal year 2007, 3,115 building permits were issued with a value of \$153,433,929. These factors rank second in terms of number of permits and first in terms of value in the last 10 years, indicating continued growth. Most recently, the Lakeport Commons shopping area was added just east of the Southern Hills Mall across Lakeport Road in Morningside on the east-side of Sioux City. Growth has also occurred in the Singing Hills area just south of the Southern Hills Mall with new business arrivals, while other tenants have simply relocated to a new setting. New homes continue to spring up in the Singing Hills development and in the Woodbury Heights development on the west side of Sioux City. On the

north-side along Hamilton Boulevard, and in the Leeds area along Floyd Boulevard, both enjoy a more modern flare with recent renovations or additions of several strip malls.

With the addition of many new retail businesses across Sioux City, citizens are shopping locally, shifting revenues from near-by metropolitan areas such as Omaha, Nebraska and Sioux Falls, South Dakota to Sioux City. In addition to experiencing an increase in the property tax base, the City has also seen an increase in local option sales tax revenue. In fiscal year 2007, local option sales tax revenue was \$10,876,276. This is an increase of over \$2,000,000 since fiscal year 2003. On an average, 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. The City's regional market is also enhanced by about \$2 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 are applied to the Event Center debt service and other Capital Improvement Projects (CIP).

In addition to low interest rates, long-term financial growth of the City also stems from the use of Tax Increment Financing (TIF). The use of TIF money allows the City to 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 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.

### **LONG-TERM FINANCIAL PLANNING**

The Public Works Department is faced with several large projects in the next five years. Since almost 50% (146 miles) of Sioux City's streets are over 65 years old, \$141 million has been budgeted for streets in the capital improvement budget between fiscal years 2008-2012. The City has also planned for a \$60 million rehabilitation of its waste water treatment plant. The plant is 45 years old and is in desperate need of improvements. This will result in an increase in operating costs of approximately \$1.4 million per year.

The storm water fund is currently a special revenue fund. The City is striving to make the fund self-supporting, thus an enterprise fund, for which a fee is charged based on 100% of the costs for the goods and services provided. The monies from fees charged cover costs associated with the operation, maintenance, capital costs and debt service costs of the storm water drainage system.

Sioux City is anticipating a city-wide revitalization project in 2008 which would allow property owners within the Sioux City limits to abate taxes for up to ten years on any new single family dwelling or on any additions to an existing single family dwelling. The abatement would be only on the assessed value of the new portion of housing. Initiating such a program would delay the collection of these additional property tax dollars; however the City would be able to eliminate any blighted residential areas at the same time.

## RELEVANT FINANCIAL POLICIES

The City of Sioux City recently adopted an enterprise fund balance policy. The policy states:

It shall be the policy of the City of Sioux City, Iowa to maintain appropriate and fiscally sound fund balances in the enterprise funds. The policy shall be based on five year projections which will lead to stabilization of rate increases and provide appropriate funding to buy-down the cost of long-term capital needs.

All enterprise funds were recently evaluated based on the enterprise fund balance policy in order to ensure these funds were recouping all costs associated with such services provided to citizens. In recent years, it became apparent that current rates were not even substantial enough to bring in enough revenue to cover costs. Because of this, the City set into place water rate increases of 8% for both July 2006 and 2007, and most recently approved were increases for the sewer and parking funds effective July 2007. The storm water fund (currently a special revenue fund) is still being considered for a rate increase and a possible change in status to an enterprise fund.

## MAJOR INITIATIVES

Sioux City continues to invest heavily in capital improvements and infrastructure rehabilitation. With average capital spending programmed at \$25 million, the City expects to make considerable progress in meeting its infrastructure needs.

In fiscal year 2007 the City spent \$37 million on capital improvement projects. The three largest projects were: Outer Belt Floyd to Lewis, \$16.77 million, Perry Creek Flood Control \$6.4 million, and Ball Field Relocation \$2.76 million.

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

\*Downtown West End Cultural & Entertainment District - Sioux City intends to revitalize the western end of downtown similar to Historic 4<sup>th</sup> Street located in the eastern portion of downtown. This project will create a cultural and entertainment hub anchored by the Tyson Events Center and the Battery Building. At the far west end of the District, plans are underway for the restoration of the Battery Building. The upper three floors of the vacant warehouse will be converted into 54 loft-style condominiums, the first floor will become office space and a one-story annex on the north side will house a 6,000 square-foot restaurant.

\*Stoney Creek Inn – A Des Moines, Iowa-based hotel chain will construct a \$13 million, 160-room hotel and conference center on a two-block area near the Tyson Events Center, providing an additional building block for the downtown west end cultural and entertainment district. The U-shaped hotel would employ 50 people and features a 15-foot waterfall, a ballroom, and a heated indoor-outdoor pool. Additionally, a pedestrian walk-way would provide easy access to downtown and the Perry Creek Trail System. The hotel plans to open late summer or early fall of 2008.

\*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 Olive Garden, Buffalo Wild Wings, Village Inn Restaurant, Maurices, and Motherhood Maternity.

\*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.

\*Unity Elementary School – The City will provide infrastructure improvements on the east side of Sioux City near Logan and Cecelia Streets between 18<sup>th</sup> and 21<sup>st</sup> Streets, near Bacon Creek Park and the proposed Unity Elementary School.

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 has provided over \$90 million in ten years for replacement of schools. The August 2, 2005 election on whether or not to continue the one percent local option sales tax for school construction passed. 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, 2006. 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.

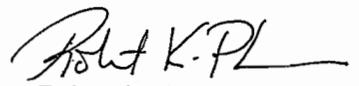
A Certificate of Achievement is valid for a period of one year only. The City of Sioux City, Iowa has received a Certificate of Achievement every year since fiscal year 1984 except for fiscal year 1996 and 1998. We believe that our current report continues to conform to the Certificate of Achievement 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 2007 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

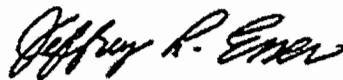
City of Sioux City  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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.

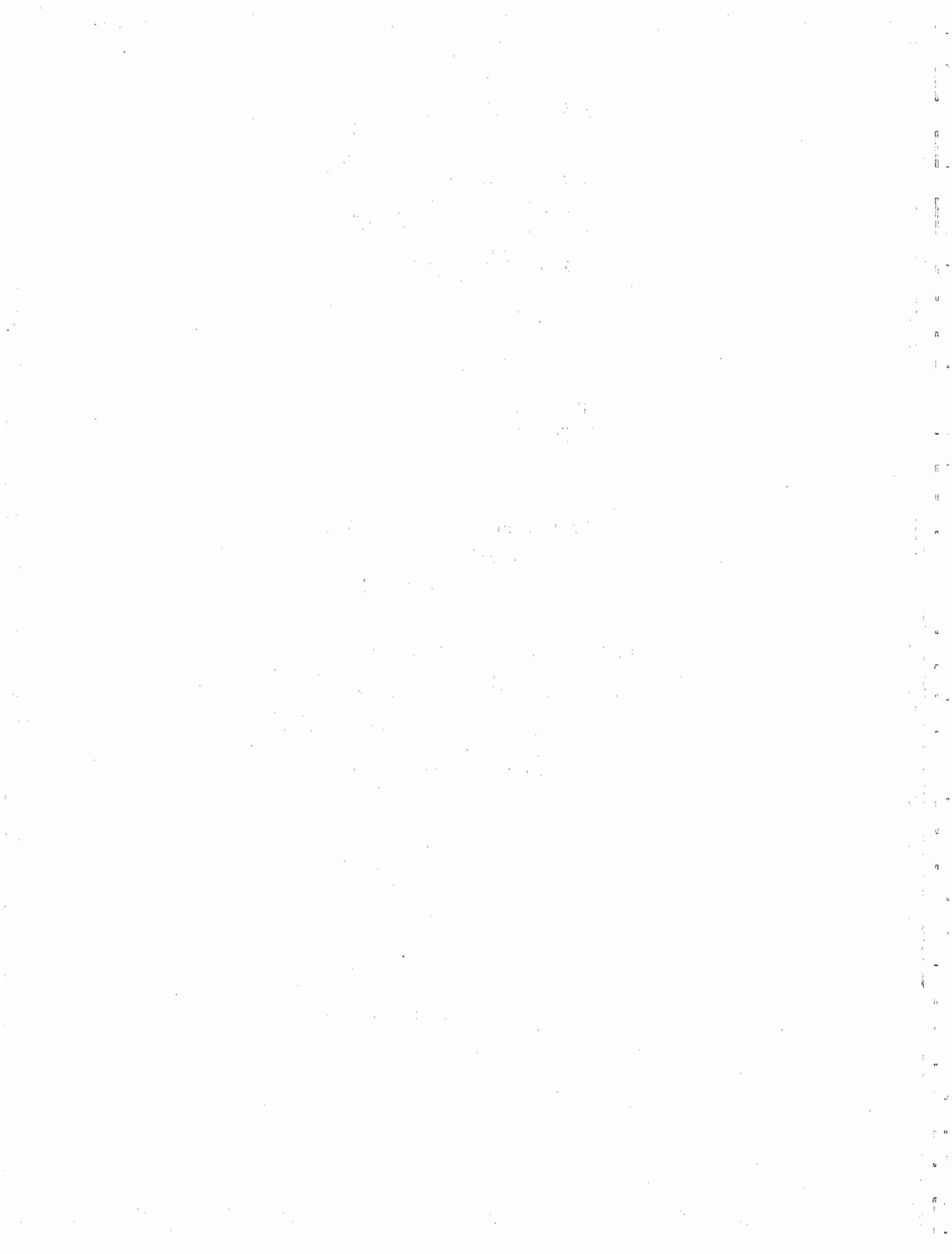


President



Executive Director





CITY OF SIOUX CITY, IOWA  
FINANCIAL SECTION





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## 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, 2007, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above 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, 2007, 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 22, 2007 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 scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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, are 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 22, 2007



## Management Discussion and Analysis

June 30, 2007

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, 2007. 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, 2007 by \$360,893,657. Of this amount \$69,917,661 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The city's net assets increased by \$24,466,678 during the year. Of this amount the net assets of our Governmental Activities increased \$16,619,287 and the net assets of our Business-Type Activities increased \$7,847,391.
- 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 2007 that amount was \$15,251,289.
- The City's long term debt decreased \$1,427,638 (1.03%) primarily due to paying down the debt and issuing only one series of general obligation bonds for \$8,755,000. The bond proceeds were used to fund the fiscal year 2007 Capital Improvement Program. Outstanding General Obligation debt totals \$94,100,000. Outstanding revenue debt and notes payable total \$42,569,668.

### 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 reported 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 its 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, 2007 and 2006:

	<b>General Governmental Activities</b>	
	<u>2007</u>	<u>2006</u>
Current and Other Assets	\$131,156,952	\$136,061,458
Capital Assets	<u>289,529,914</u>	<u>274,651,449</u>
Total Assets	420,686,866	410,712,907
Long-Term Liabilities Outstanding	93,666,699	98,959,488
Other Liabilities	<u>57,686,037</u>	<u>59,038,577</u>
Total Liabilities	151,352,736	157,998,065
Net Assets:		
Invested in Capital Assets, Net of Related Debt	202,244,071	178,531,068
Restricted	18,194,013	18,048,802
Unrestricted	<u>48,896,046</u>	<u>56,134,972</u>
Total Net Assets	<u>\$269,334,130</u>	<u>\$252,714,842</u>

This summary reflects an increase in total net assets of 6.6% for the governmental activities and an increase of 13.3% in the business-type activities.

The restricted portion of net assets (5%) is subject to external restrictions on how these resources may be used. The remaining balance of unrestricted net assets (\$69,917,661) may be used to meet any ongoing obligations to citizens and creditors.

After applicable prior period adjustments, the government's net assets increased \$24 million during the current fiscal year. This change in net assets can be attributed to increases in local option sales tax revenue, interest income, capital grants, and an increase in usage in several business-type activities.

Business-Type Activities		Totals	
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
\$29,153,163	\$28,141,796	\$160,310,115	\$164,203,254
<u>119,425,737</u>	<u>101,734,307</u>	<u>408,955,651</u>	<u>376,385,756</u>
148,578,900	129,876,103	569,265,766	540,589,010
51,334,835	44,644,470	145,001,534	143,603,958
<u>5,684,538</u>	<u>4,392,769</u>	<u>63,370,575</u>	<u>63,431,346</u>
57,019,373	49,037,239	208,372,109	207,035,304
70,041,912	59,757,382	272,285,983	238,288,450
496,000	---	18,690,013	18,048,802
<u>21,021,615</u>	<u>21,081,482</u>	<u>69,917,661</u>	<u>77,216,454</u>
<u>\$91,559,527</u>	<u>\$80,838,864</u>	<u>\$360,893,657</u>	<u>\$333,553,706</u>

Total revenue reported in fiscal year 2007 was \$141,772,933. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for fiscal years 2007 and 2006:

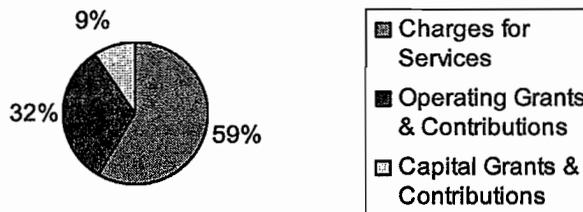
<u>Revenue Source</u>	<b>General Governmental Activities</b>	
	<u>2007</u>	<u>2006</u>
<b>Program Revenues:</b>		
Charges for Services	\$12,396,348	\$12,552,718
Operating Grants and Contributions	19,595,863	20,355,850
Capital Grants and Contributions	<u>6,656,241</u>	<u>9,081,256</u>
<b>Total Program Revenues</b>	<b>38,648,752</b>	<b>41,989,824</b>
<b>General Revenues :</b>		
Property Taxes	45,743,901	44,670,160
Franchise Taxes	2,810,233	2,609,122
Hotel-Motel Taxes	873,749	890,533
Local Option Sales Taxes	10,876,276	9,116,344
Interest	3,959,731	3,691,733
Revenue from the Sale of Uncapitalized Property	859,249	715,093
Miscellaneous	2,110,285	2,503,184
Net Gain on Sale of Capital Assets	<u>180,088</u>	<u>44,155</u>
<b>Total General Revenues</b>	<b><u>67,413,512</u></b>	<b><u>64,240,324</u></b>
<b>Total Revenues</b>	<b>106,062,264</b>	<b>106,230,148</b>
<b>Transfers</b>	<b><u>(558,814)</u></b>	<b><u>(3,269,450)</u></b>
<b>Total Revenues &amp; Transfers</b>	<b><u>\$105,503,450</u></b>	<b><u>\$102,960,698</u></b>

Business-Type Activities		Totals	
2007	2006	2007	2006
\$30,084,909	\$27,890,071	\$42,481,557	\$40,442,789
3,940,017	2,813,675	23,535,880	23,169,525
---	---	6,656,241	9,081,256
34,024,926	30,703,746	72,673,678	72,693,570
---	---	45,743,901	44,670,160
---	---	2,810,233	2,609,122
---	---	873,749	890,533
---	---	10,876,276	9,116,344
1,198,245	825,506	5,157,976	4,517,239
---	433,482	859,249	1,148,575
484,370	2,126,499	2,594,655	4,629,683
3,128	7,403	183,216	51,558
1,685,743	3,392,890	69,099,255	67,633,214
35,710,669	34,096,636	141,772,933	140,326,784
558,814	3,269,450	---	---
<u>\$36,269,483</u>	<u>\$37,366,086</u>	<u>\$141,772,933</u>	<u>\$140,326,784</u>

Program revenues totaled \$72,673,678 for fiscal year 2007. Governmental Activities provided \$38,648,752 and Business-Type Activities provided \$34,024,926. Revenue collected for Charges for Services during fiscal year 2007 was \$42,481,557, accounting for approximately 59% of the total program revenues. The governmental funds experienced a \$2.4 million decrease in capital grants relating to street projects in the Public Works Department. In the business-type funds, the Sewer System had an increase in revenue due to a \$381,000 receivable from American Water Company for odor control at the Waste Water Treatment Plant and due to \$1.16 million grant from the Environmental Protection Agency. In addition, revenues increased as a result of a rate increase and an increase in usage by Sioux City residents and by area towns that rely on Sioux City's sewer system. The Solid Waste System experienced an increase in revenues due to additional fees charged to the contractor for Solid Waste operations. Revenues increased in the Water System due to an 8% rate increase for all customers.

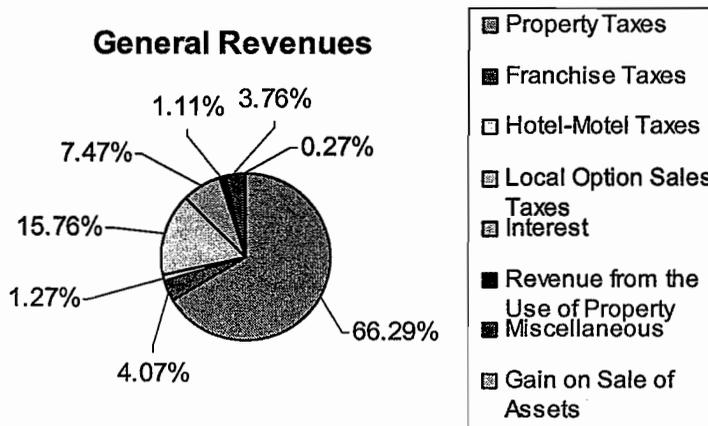
The following chart breaks down program revenues by source:

### Program Revenues



General Revenues for fiscal year 2007 totaled \$69,099,255. Governmental Activities provided \$67,413,512 and Business-Type Activities provided \$1,685,743. Property tax revenues for fiscal year 2007 totaled \$45,743,901, accounting for 66.2% of General Revenues. General revenue increases in both interest income and local option sales tax revenue of \$640,000 and \$1.76 million respectively, can be attributed to better economic conditions. The following chart breaks down General Revenues by source:

### General Revenues



Expenses for fiscal year 2007 totaled \$117,306,255. Expenses for General Governmental Activities totaled \$88,884,163 accounting for 76% of total expenses. Business-Type Activity expenses totaled \$28,422,092 for 24% of the total. In fiscal year 2007, the City implemented GASB 45 which in turn caused an increase in governmental expenditures of \$3,379,801. The capital projects expenditures decreased due to receiving fewer capital grants related to street projects, as previously discussed in the revenue section, and due to work in progress that was capitalized in 2007. The following table shows total expenses by Function/Program for fiscal years 2007 and 2006:

Expenses	General Governmental		Business-Type	
	2007	2006	2007	2006
Public Safety	\$28,854,253	\$27,117,017	\$ ---	\$ ---
Public Works	15,506,549	13,640,878	---	---
Culture and Recreation	16,080,955	14,727,651	---	---
Comm and Economic Devel	10,787,387	10,965,458	---	---
General Government	10,471,162	5,791,061	---	---
Debt Service	5,980,529	5,992,311	---	---
Capital Projects	1,203,328	8,948,563	---	---
Business-Type Activities	---	---	28,422,092	29,161,014
Total Expenses	<u>\$88,884,163</u>	<u>\$87,182,939</u>	<u>\$28,422,092</u>	<u>\$29,161,014</u>

Expenses	Totals	
	2007	2006
Public Safety	\$28,854,253	\$27,117,017
Public Works	15,506,549	13,640,878
Culture and Recreation	16,080,955	14,727,651
Comm and Economic Devel	10,787,387	10,965,458
General Government	10,471,162	5,791,061
Debt Service	5,980,529	5,992,311
Capital Projects	1,203,328	8,948,563
Business-Type Activities	28,422,092	29,161,014
Total Expenses	<u>\$117,306,255</u>	<u>\$116,343,953</u>

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 \$28,854,253 and received \$2,456,498 in revenue thus leaving a cost to the taxpayer of \$26,397,755 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 \$88,884,163. Of these costs, \$12,396,648 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 \$26,252,104, leaving a Net Expense of \$50,235,411 for governmental activities. These expenses 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:

<u>Functions/Programs</u>	<u>Net (Expense) Revenue</u>	
	<u>FY07</u>	<u>FY06</u>
<b><u>Governmental Activities</u></b>		
Public Safety	\$(26,397,755)	\$(24,506,599)
Public Works	(2,897,303)	(1,564,910)
Culture & Recreation	(11,018,933)	(9,914,795)
Community & Economic Development	(1,534,195)	(1,089,398)
General Government	(7,685,077)	(2,280,392)
Debt Service	(5,880,503)	(5,955,935)
Capital Projects	5,178,355	118,914
<b>Total Net (Expense) Revenue</b>		
<b>Government Activities</b>	<b>(50,235,411)</b>	<b>(45,193,115)</b>
<b>General Revenues &amp; Transfers</b>	<b>66,854,698</b>	<b>60,970,874</b>
<b>Change in Net Assets</b>	<b>\$16,619,287</b>	<b>\$15,777,759</b>

Total resources available during the year to finance governmental operations were \$358,218,293, consisting of Net Assets at July 1, 2006 of \$252,714,843, program revenues of \$38,648,752, General Revenues of \$67,413,512 and transfers of \$(558,814). Total Governmental Activities during the year expended \$88,884,163; thus, Net Assets were increased by \$16,619,287 to \$269,334,130.

**Business-Type Activities**

Business-type activities increased the City's net assets by \$7,847,391.

The cost of all Proprietary activities this year was \$28,422,092. As shown in the Statement of Activities, the amounts paid by users of the systems was \$30,084,909, and \$3,940,017 was funded from grants and contributions, resulting in total Net Revenue for business-type activities of \$5,602,834. As discussed in the revenue section, the Sewer System had increases due to a large receivable, a \$1.16 million EPA grant, and increase in usage and rates. The Water System also had an increase in revenues due to an 8% rate increase. Transfers decreased in the current year since in fiscal year 2006, the Parking System (part of the Non-Major Enterprise Funds) received a transfer of \$3.5 million for a new parking garage. The Net (Expense) Revenue by Business-Type Activity is shown in the following table:

<b>Business-Type Activities</b>	<b>Net (Expense) Revenue</b>	
	<b>FY07</b>	<b>FY06</b>
Airport System	\$(337,673)	\$(502,489)
Water System	2,995,696	2,377,521
Sewer System	2,597,074	(617,434)
Solid Waste System	818,537	436,290
Non-Major Enterprise Funds	(470,800)	(151,156)
<b>Total Net (Expense) Revenue Business-Type Activities</b>	<b>5,602,834</b>	<b>1,542,732</b>
<b>General Revenues &amp; Transfers</b>	<b>2,244,557</b>	<b>6,662,340</b>
<b>Change in Net Assets</b>	<b>\$7,847,391</b>	<b>\$8,205,072</b>

Total resources available during the year to finance Proprietary Fund activities were \$119,981,619 consisting of Restated Net Assets at July 1, 2006 of \$83,712,136, program revenues of \$34,024,926, General Revenues of \$1,685,743, and transfers of \$558,814. Total Proprietary Fund Activities during the year expended \$28,422,092, thus Net Assets were increased by \$7,847,391 to \$91,559,527.

## **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 \$68,204,218 (25% unreserved), a decrease of \$1,412,187 in comparison with the prior year.

The General Fund is the primary operating fund of the City. The fund balance of \$7,557,103 is 18.8% of expenditures which is at the upper end of our goal of a fund balance between 12% and 20% of expenditures. During the year, revenues exceeded expenditures in the general fund by \$797,782. The key factor of this growth is the increase in interest income earned of \$716,850.

The Debt Service Fund is used to account for general long-term debt principal, interest and related costs. The fiscal year 2007 fund balance of \$1,755,398 decreased \$29,206 (1.6%) from the fiscal year 2006 fund balance. The majority (82%) 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 \$4,783,104 from fiscal year 2006 mainly due to a decrease in contributions. In fiscal year 2006, a \$2.17 million contribution was made to the City from the Ruth Cone Trust.

The Enterprise Funds, which account for operations that are similar to a private business, had total net assets increase by \$7,847,391 in fiscal year 2007. The Water System had an increase in net assets of \$3,387,518 due to implementation of a rate increase and a delay in construction of major waterworks improvements. Additional factors concerning the finances of these funds have already been addressed in the discussion of the City as a Whole.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Comparing the fiscal year 2007 original (adopted) General Fund amount of \$49,428,345 to the final budget amount of \$57,158,294 shows a net increase of \$7,729,949.

Original Budget	Encumbrances	Beginning Balance	Supplemental Changes	Final Budget
\$49,428,345	\$333,970	\$49,762,315	\$7,395,979	\$57,158,294

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 Over (Under) Amended Budget
<b>EXPENDITURES</b>			
Public Safety	\$29,330,502	\$26,980,937	\$(2,349,565)
Public Works	2,177,792	1,977,030	(200,762)
Culture & Recreation	9,204,401	6,433,028	(2,771,373)
Community & Economic Development	2,199,455	1,939,127	(260,328)
General Government	7,850,590	2,774,974	(5,075,616)
	50,762,740	40,105,096	(10,657,644)
Transfers Out	6,395,554	6,876,496	480,942
Total Expenditures	\$57,158,294	\$46,981,592	\$(10,176,702)

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

In Fiscal 2007, appropriations increased \$7,729,949 between the original budget and the final amended budget. Public Safety had a \$2.8 million increase due to grant receipts not previously budgeted. Culture and Recreation had an increase of \$2.6 million because of an expected contribution that was not originally budgeted. The General Government budget increased \$2.1 million because of the anticipated GASB 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* adjustment.

## 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, 2007 was \$272,285,983 (net of accumulated depreciation and outstanding financings). This is an increase of \$33,997,533 from fiscal year 2006. The gross additions to capital assets for fiscal year 2007 are as follows:

	General Governmental Activities		Business-Type Activities	
	2007	2006	2007	2006
Land	\$1,567,638	\$467,339	\$29,023	\$ ---
Infrastructure	8,606,689	3,758,555	---	---
Buildings	313,230	51,045,631	---	9,992,835
Improvements-Other than Buildings	3,166,339	29,449,070	12,516,465	9,370,769
Equipment	2,662,735	3,124,486	383,649	---
Construction in Progress	12,879,467	15,614,322	20,041,224	5,945,993
<b>Total Gross Additions</b>	<b>\$29,196,098</b>	<b>\$103,459,403</b>	<b>\$32,970,361</b>	<b>\$25,309,597</b>

	Totals	
	2007	2006
Land	\$1,596,661	\$467,339
Infrastructure	8,606,689	3,758,555
Buildings	313,230	61,038,466
Improvements-Other than Buildings	15,682,804	38,819,839
Equipment	3,046,384	3,124,486
Construction in Progress	32,920,691	21,560,315
<b>Total Gross Additions</b>	<b>\$62,166,459</b>	<b>\$128,769,000</b>

Construction in Progress was the major capital outlay for Governmental Activities in fiscal year 2007. These outlays included: The Outer Belt Drive Reconstruction, Perry Creek Flood Control and Military Road Phase IV. The majority of expenditures in improvements included: South Lewis Blvd. Reconstruction, Wesley Parkway and the new Museum facility. The majority of expenditures for construction in progress were incurred by the Capital Improvement Fund. Land was acquired for the

Wesley Parkway, Infrastructure Projects, Staber Meats Relocation, Perry Creek Flood Control, and Outer Belt Drive Reconstruction. 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 addition to Construction in Progress of \$20,041,224 includes the Waste Water Treatment Plant rehabilitation, the Well Replacement program, Airport Taxiway "C" and Parking Ramp "A" replacement. Other improvements resulted mainly from construction projects completed during the year and capitalized as a completed asset. Some of these completed projects included: Modifications at the Water Treatment Plant, Water Main work on the 41<sup>st</sup> to 46<sup>th</sup> Street Extension and the Terminal Drive Connection along with the Landfill Closure process.

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

## **DEBT ADMINISTRATION**

At year end, the City had \$136,669,668 of debt outstanding. This is a decrease of \$1,427,638 (1.03%) from the prior year. Of this amount \$87,285,843 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 \$170,183,839. With outstanding General Obligation Debt applicable to this limit of \$92,686,169, we are utilizing 54.5% 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 2007 totaled \$153,433,929. This is the highest dollar amount in residential and commercial building permits since 2005 by \$10,209,331. 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 an historic high with construction underway or announced of over \$130 million. The waste water treatment plant will continue to be a large part of the capital budget in order to make necessary improvements at the facility. The new infrastructure replacement project will add \$7 million in construction annually. The State of Iowa will conduct road work on Interstate 29 which will cost the City millions of dollars in utility relocations.

Interest rates continue to remain at low levels. Construction of Water and Sewer Improvements will continue to be financed through the State Revolving Loan Program to minimize interest costs. The State Revolving Loan Program provides 3% loans over 30 years to finance the City's Water and Sewer improvements. While the investments should be prudent and the debt still needs to be repaid, this opportunity to do necessary 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 the 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**



**CITY OF SIOUX CITY, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 56,109,856	\$ 20,486,522	\$ 76,596,378
Accounts Receivable	1,143,889	5,649,751	6,793,640
Accrued Interest Receivable	635,912	145,384	781,296
Notes Receivable	16,553,608	1,166,267	17,719,875
Special Assessments	961,485	---	961,485
Due from Other Governments	54,942,703	1,311,709	56,254,412
Internal Balances	71,382	(71,382)	---
Inventories, at Cost	362,526	---	362,526
Prepaid Items	344,503	---	344,503
Internal Balances - Note Receivable	31,088	(31,088)	---
Restricted Assets:			
Cash and Cash Equivalents	---	496,000	496,000
Capital Assets not being depreciated:			
Land	39,199,179	2,667,307	41,866,486
Construction in Progress	38,686,686	33,581,843	72,268,529
Capital Assets net of accumulated depreciation:			
Infrastructure	87,192,211	---	87,192,211
Buildings	70,700,336	10,642,081	81,342,417
Buildings under Capital Lease	3,837,500	---	3,837,500
Improvements other than buildings	39,132,047	70,755,777	109,887,824
Equipment	10,781,955	1,778,729	12,560,684
<b>Total Assets</b>	<b>420,686,866</b>	<b>148,578,900</b>	<b>569,265,766</b>
<b>LIABILITIES</b>			
Accounts Payable	2,539,495	879,554	3,419,049
Accrued Wages	1,105,088	96,343	1,201,431
Accrued Interest Payable	278,979	163,802	442,781
Contracts and Retainers Payable	2,532,688	3,130,467	5,663,155
Due to Other Governments	20,719	220,714	241,433
Estimated Liability for Damage Claims	3,611,732	---	3,611,732
Matured Bonds and Coupons Payable	1,740	13,719	15,459
Deferred Revenue	47,595,596	1,179,939	48,775,535
Noncurrent Liabilities:			
Due within one year			
General Obligation Bonds Payable	15,875,701	1,209,299	17,085,000
Unamortized Bond Charges	(62,840)	(34,215)	(97,055)
Revenue Bonds Payable	---	730,000	730,000
Notes Payable	3,750	2,724,000	2,727,750
Compensated Absences	2,344,751	199,919	2,544,670
Estimated Liability for Landfill Closure	---	71,877	71,877
Due in more than one year			
General Obligation Bonds Payable	71,385,142	5,629,858	77,015,000
Unamortized Bond Charges	(231,786)	(558,577)	(790,363)
Revenue Bonds Payable	---	465,000	465,000
Notes Payable	21,250	38,625,668	38,646,918
Estimated Post Retirement Benefit Obligation	3,379,801	---	3,379,801
Compensated Absences	950,930	278,808	1,229,738
Estimated Liability for Landfill Closure	---	1,993,198	1,993,198
<b>Total Liabilities</b>	<b>151,352,736</b>	<b>57,019,373</b>	<b>208,372,109</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	202,244,071	70,041,912	272,285,983
Restricted for:			
Capital Improvements	15,827,272	---	15,827,272
Debt Service	1,438,831	496,000	1,934,831
Perpetual Care, non-expendable	927,910	---	927,910
Total Restricted	18,194,013	496,000	18,690,013
Unrestricted	48,896,046	21,021,615	69,917,661
<b>Total Net Assets</b>	<b>\$ 269,334,130</b>	<b>\$ 91,559,527</b>	<b>\$ 360,893,657</b>

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, 2007**

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental Activities:</b>				
Public Safety	\$ 28,854,253	\$ 283,845	\$ 2,154,264	\$ 18,389
Public Works	15,506,549	3,670,886	8,938,360	---
Culture and Recreation	16,080,955	4,855,063	51,383	155,576
Community and Economic Development	10,787,387	891,801	8,360,824	567
General Government	10,471,162	2,695,053	91,032	---
Debt Service	5,980,529	---	---	100,026
Capital Projects	1,203,328	---	---	6,381,683
<b>Total Governmental Activities</b>	<b>88,884,163</b>	<b>12,396,648</b>	<b>19,595,863</b>	<b>6,656,241</b>
<b>Business-Type Activities:</b>				
Airport	3,614,198	1,407,558	1,868,967	---
Water	7,594,727	10,590,423	---	---
Sewer	11,306,475	11,848,359	2,055,190	---
Solid Waste	4,108,577	4,911,254	15,860	---
Non-Major Enterprise Funds	1,798,115	1,327,315	---	---
<b>Total Business-Type Activities</b>	<b>28,422,092</b>	<b>30,084,909</b>	<b>3,940,017</b>	<b>---</b>
<b>Total Functions/Programs</b>	<b>\$ 117,306,255</b>	<b>\$ 42,481,557</b>	<b>\$ 23,535,880</b>	<b>\$ 6,656,241</b>

**General Revenues:**  
Property Taxes  
Franchise Taxes  
Hotel-Motel Taxes  
Local Option Sales 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 Before Prior Period Adjustments  
Prior Period Adjustment  
Net Assets - Beginning of Year After Prior Period Adjustments

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**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (26,397,755)	\$ ---	\$ (26,397,755)
(2,897,303)	---	(2,897,303)
(11,018,933)	---	(11,018,933)
(1,534,195)	---	(1,534,195)
(7,685,077)	---	(7,685,077)
(5,880,503)	---	(5,880,503)
5,178,355	---	5,178,355
(50,235,411)	---	(50,235,411)
---	(337,673)	(337,673)
---	2,995,696	2,995,696
---	2,597,074	2,597,074
---	818,537	818,537
---	(470,800)	(470,800)
---	5,602,834	5,602,834
<u>\$ (50,235,411)</u>	<u>\$ 5,602,834</u>	<u>\$ (44,632,577)</u>
45,743,901	---	45,743,901
2,810,233	---	2,810,233
873,749	---	873,749
10,876,276	---	10,876,276
3,959,731	1,198,245	5,157,976
859,249	---	859,249
2,110,285	484,370	2,594,655
180,088	3,128	183,216
(558,814)	558,814	---
66,854,698	2,244,557	69,099,255
16,619,287	7,847,391	24,466,678
252,714,843	80,838,864	333,553,707
---	2,873,272	2,873,272
<u>252,714,843</u>	<u>83,712,136</u>	<u>336,426,979</u>
<u>\$ 269,334,130</u>	<u>\$ 91,559,527</u>	<u>\$ 360,893,657</u>

**CITY OF SIOUX CITY, IOWA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

<b>ASSETS</b>	<b>General</b>	<b>Other Employee Benefits</b>	<b>Local Option Sales Tax</b>
Cash and Cash Equivalents	\$ 4,615,451	\$ 213,156	\$ 1,504,547
Accounts Receivable	667,904	---	---
Accrued Interest Receivable	466,608	---	1,798
Notes Receivable	35,200	---	68,875
Special Assessments	---	---	---
Due from Other Governments	20,550,722	14,034,611	1,598,143
Due from Other Funds	2,079,716	---	---
Inventories	---	---	---
Prepaid Items	935	---	---
Notes Receivable from Other Funds	---	---	---
<b>Total Assets</b>	<b>28,416,536</b>	<b>14,247,767</b>	<b>3,173,363</b>
<b>LIABILITIES</b>			
Accounts Payable	289,336	3,840	---
Accrued Wages	820,192	---	---
Contracts and Retainers Payable	14,900	---	---
Due to Other Governments	3,450	---	---
Due to Other Funds	13,471	---	---
Matured Bonds and Coupons Payable	---	---	---
Deferred Revenue	19,718,084	13,795,649	---
Notes Payable to Other Funds	---	---	---
<b>Total Liabilities</b>	<b>20,859,433</b>	<b>13,799,489</b>	<b>---</b>
<b>FUND BALANCES</b>			
Reserved for:			
Capital Improvements	---	---	---
Debt Service	---	---	---
Encumbrances	294,630	---	---
Perpetual Care, non-expendable	---	---	---
Inventories	---	---	---
Long-Term Notes Receivable	35,200	---	68,875
Prepaid Items	935	---	---
Unreserved, undesignated reported in:			
General Fund	7,226,338	---	---
Special Revenue Funds	---	448,278	3,104,488
<b>Total Fund Balances</b>	<b>7,557,103</b>	<b>448,278</b>	<b>3,173,363</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 28,416,536</b>	<b>\$ 14,247,767</b>	<b>\$ 3,173,363</b>

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

**EXHIBIT 3**

<b>Debt Service</b>	<b>Capital Improvements</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,092,005	\$ 32,664,528	\$ 8,034,344	\$ 48,124,031
20,326	80,646	296,256	1,065,132
333	6,445	141,836	617,020
284,504	9,251,926	6,742,384	16,382,889
961,485	---	---	961,485
13,785,093	1,760,336	3,183,920	54,912,825
30,813	---	6,046	2,116,575
---	---	105,754	105,754
---	---	343,568	344,503
31,088	---	11,264	42,352
<u>16,205,647</u>	<u>43,763,881</u>	<u>18,865,372</u>	<u>124,672,566</u>
12,428	878,842	1,001,211	2,185,657
---	9,438	237,416	1,067,046
---	2,444,986	62,079	2,521,965
---	---	17,269	20,719
---	44,779	1,986,840	2,045,090
1,740	---	---	1,740
14,436,081	---	665,053	48,614,867
---	11,264	---	11,264
<u>14,450,249</u>	<u>3,389,309</u>	<u>3,969,868</u>	<u>56,468,348</u>
---	15,827,272	---	15,827,272
1,438,831	---	---	1,438,831
975	15,295,374	782,804	16,373,783
---	---	927,910	927,910
---	---	105,754	105,754
315,592	9,251,926	6,753,648	16,425,241
---	---	343,568	344,503
---	---	---	7,226,338
---	---	5,981,820	9,534,586
<u>1,755,398</u>	<u>40,374,572</u>	<u>14,895,504</u>	<u>68,204,218</u>
<u>\$ 16,205,647</u>	<u>\$ 43,763,881</u>	<u>\$ 18,865,372</u>	<u>\$ 124,672,566</u>

**CITY OF SIOUX CITY, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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

Total Fund Balances - Governmental Funds (Exhibit 3)	\$	68,204,218
Infrastructure, property and equipment used in governmental activities are not financial resources and therefore, are not reported in the funds. Those assets consist of:		
Land	39,199,179	
Construction in Progress	38,686,686	
Infrastructure, net of \$33,283,111 accumulated depreciation	87,192,211	
Buildings, net of \$15,279,503 accumulated depreciation	70,692,596	
Buildings under Capital Lease, net of \$3,837,500 accumulated depreciation	3,837,500	
Improvements other than Buildings, net of \$8,188,292 accumulated depreciation	38,874,299	
Equipment, net of \$12,265,967 accumulated depreciation	<u>1,949,838</u>	
Total Capital Assets		280,432,309
Internal Service funds (See Exhibit 5) 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.		
		10,071,558
Deferred Revenues that provide current financial resources for governmental activities.		
		1,019,271
Accrued interest expense from the balance sheet that requires current financial resources for governmental activities.		
		(278,979)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		
Bond Issue Costs	300,827	
Bond Discount	163,373	
Bond Premium	<u>(169,574)</u>	
Total Bond Issue Costs (See Note 7)		294,626
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(87,260,843)	
Notes Payable	(25,000)	
Compensated Absences	<u>(3,123,030)</u>	
Total Long-term Liabilities (See Note 7)		<u>(90,408,873)</u>
Total Net Assets - Governmental Activities (Exhibit 1)	<u>\$</u>	<u>269,334,130</u>

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

**SIOUX<sup>TM</sup>**  
**CITY**

**CITY OF SIOUX CITY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<b>REVENUES</b>	<b>General</b>	<b>Other Employee Benefits</b>	<b>Local Option Sales Tax</b>
Taxes	\$ 23,188,469	\$ 12,560,167	\$ 10,876,276
Special Assessments	137,583	---	---
Regulatory Fees	1,253,658	---	---
Intergovernmental Revenue	2,355,245	---	---
Revenue from Use of Property	353,573	---	---
Charges for Services	4,587,337	---	---
Interest	3,189,671	---	2,263
Contributions	234,074	---	---
Miscellaneous	153,039	---	---
<b>Total Revenue</b>	<b>35,452,649</b>	<b>12,560,167</b>	<b>10,878,539</b>
<b>EXPENDITURES</b>			
Current:			
Public Safety	26,980,937	947,008	---
Public Works	1,977,030	---	---
Culture and Recreation	6,433,028	140,307	---
Community and Economic Development	1,939,127	64,452	76,870
General Government	2,774,974	45,653	---
Debt Service	---	---	---
Capital Projects	---	---	---
<b>Total Expenditures</b>	<b>40,105,096</b>	<b>1,197,420</b>	<b>76,870</b>
Excess (Deficiency) of Revenues Over Expenditures	(4,652,447)	11,362,747	10,801,669
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Issuance of Bonds and Notes	---	---	---
Premiums on Bonds Issued	---	---	---
Transfers In	12,326,725	300,000	---
Transfers Out	(6,876,496)	(11,691,121)	(9,765,040)
<b>Total Other Financing Sources (Uses)</b>	<b>5,450,229</b>	<b>(11,391,121)</b>	<b>(9,765,040)</b>
<b>Net Change in Fund Balance</b>	<b>797,782</b>	<b>(28,374)</b>	<b>1,036,629</b>
Fund Balance - Beginning of Year	6,759,321	476,652	2,136,734
Fund Balance - End of Year	<b>\$ 7,557,103</b>	<b>\$ 448,278</b>	<b>\$ 3,173,363</b>

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

EXHIBIT 4

Debt Service	Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ 13,160,380	\$ ---	\$ 715,758	\$ 60,501,050
100,026	---	14,203	251,812
---	---	---	1,253,658
---	6,551,263	17,249,847	26,156,355
29,800	736,813	3,134,467	4,254,653
---	---	3,230,396	7,817,733
45,502	313,681	246,074	3,797,191
---	13,460	---	247,534
1,153,024	77,561	594,722	1,978,346
<hr/>	<hr/>	<hr/>	<hr/>
14,488,732	7,692,778	25,185,467	106,258,332
---	---	---	27,927,945
---	---	11,222,332	13,199,362
---	---	7,039,061	13,612,396
---	---	8,639,115	10,719,564
---	---	1,163	2,821,790
23,536,582	---	---	23,536,582
---	23,638,330	---	23,638,330
<hr/>	<hr/>	<hr/>	<hr/>
23,536,582	23,638,330	26,901,671	115,455,969
(9,047,850)	(15,945,552)	(1,716,204)	(9,197,637)
96,431	8,591,569	---	8,688,000
94,586	---	---	94,586
14,448,792	6,648,034	5,279,909	39,003,460
(5,621,165)	(4,077,155)	(1,969,619)	(40,000,596)
<hr/>	<hr/>	<hr/>	<hr/>
9,018,644	11,162,448	3,310,290	7,785,450
(29,206)	(4,783,104)	1,594,086	(1,412,187)
1,784,604	45,157,676	13,301,418	69,616,405
<hr/>	<hr/>	<hr/>	<hr/>
\$ 1,755,398	\$ 40,374,572	\$ 14,895,504	\$ 68,204,218

**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, 2007**

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

Net Change in Fund Balances - Governmental Funds (Exhibit 4) \$ (1,412,187)

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 (\$22,935,245) exceeded depreciation (\$7,683,956) in the current period. 15,251,289

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (379,931)

Accrued interest expense that does not require current financial resources. 22,392

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: (427,211)

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, governmental funds report 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.

**Debt Issued:**

General Obligation Bonds	(8,688,000)	
Bond Discount	42,514	
Bond Premium	(94,586)	
Notes Payable	(25,000)	

**Repayments:**

General Obligation Bonds	16,786,767	
Bond Charges	(40,620)	
Capital Lease Payments	670,000	
Notes Payable	90,771	
	8,741,846	

Net Adjustment (See Note 7) 8,741,846

Internal Service funds (See Exhibit 6) 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. (5,176,911)

Changes in Net Assets - Governmental Activities (Exhibit 2) \$ 16,619,287

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

**SI<sup>o</sup>UX<sup>TM</sup>**  
**CITY**

**CITY OF SIOUX CITY, IOWA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2007**

	<b>Business-Type Activities</b>	
	<b>Airport</b>	<b>Water System</b>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 554,194	\$ 3,109,282
Accounts Receivable	130,294	2,325,748
Accrued Interest Receivable	4,233	32,034
Notes Receivable - Current	---	---
Due from Other Governments	625,941	578,770
Due from Other Funds	---	11,730
Inventories, at Cost	---	---
Restricted Assets:		
Cash and Cash Equivalents	---	496,000
Total Current Assets	1,314,662	6,553,564
<b><u>Non-Current Assets</u></b>		
Notes Receivable - Long-term	1,000	---
Capital Assets, Net of Accumulated Depreciation	25,576,958	42,728,049
Total Assets	26,892,620	49,281,613
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	53,225	585,932
Accrued Wages and Compensated Absences	120,483	302,935
Accrued Interest Payable	4,678	104,038
Contracts and Retainers Payable	314,450	570,635
Due to Other Governments	---	123,989
Due to Other Funds	30,862	129
Estimated Liability for Damage Claims	---	---
Current Portion of G.O. Bonds	276,318	211,921
Current Portion of Revenue Bonds	---	730,000
Current Portion of Notes Payable	---	1,256,000
Matured Bonds and Coupons Payable	---	6,050
Deferred Revenues	---	---
Total Current Liabilities	800,016	3,891,629
<b><u>Non-Current Liabilities</u></b>		
Post Employment Benefit Obligation	---	---
Estimated Liability for Landfill Closure	---	---
Notes Payable to Other Funds	31,088	---
General Obligation Bonds, Net of Current Portion	1,092,587	405,815
Unamortized Charges	---	(252,840)
Revenue Bonds, Net of Current Portion	---	465,000
Notes Payable, Net of Current Portion	---	24,650,145
Total Liabilities	1,923,691	29,159,749
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	24,208,053	15,009,168
Restricted for Debt Service	---	496,000
Unrestricted	760,876	4,616,696
Total Net Assets	\$ 24,968,929	\$ 20,121,864

*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
\$ 8,892,346	\$ 2,576,484	\$ 5,354,216	\$ 20,486,522	\$ 7,985,825
2,218,945	666,106	308,658	5,649,751	78,757
55,411	16,428	37,278	145,384	18,892
---	374,912	---	374,912	170,719
105,860	1,138	---	1,311,709	29,878
33,037	---	8,639	53,406	---
---	---	---	---	256,772
---	---	---	496,000	---
11,305,599	3,635,068	5,708,791	28,517,684	8,540,843
---	790,355	---	791,355	---
44,091,041	2,287,516	4,742,173	119,425,737	9,097,605
55,396,640	6,712,939	10,450,964	148,734,776	17,638,448
111,461	84,142	44,794	879,554	353,838
94,877	---	56,775	575,070	210,693
45,871	305	8,910	163,802	---
1,331,019	429,001	485,362	3,130,467	10,723
72,201	24,524	---	220,714	---
---	---	93,797	124,788	103
---	---	---	---	3,611,732
379,856	12,659	328,545	1,209,299	---
---	---	---	730,000	---
1,468,000	---	---	2,724,000	---
56	---	7,613	13,719	---
---	1,179,939	---	1,179,939	---
3,503,341	1,730,570	1,025,796	10,951,352	4,187,089
---	---	---	---	3,379,801
---	2,065,075	---	2,065,075	---
---	---	---	31,088	---
1,715,616	75,864	2,339,976	5,629,858	---
(339,952)	---	---	(592,792)	---
---	---	---	465,000	---
13,975,523	---	---	38,625,668	---
18,854,528	3,871,509	3,365,772	57,175,249	7,566,890
26,552,046	2,198,993	2,073,652	70,041,912	9,097,605
---	---	---	496,000	---
9,990,066	642,437	5,011,540	21,021,615	973,953
\$ 36,542,112	\$ 2,841,430	\$ 7,085,192	\$ 91,559,527	\$ 10,071,558

**CITY OF SIOUX CITY, IOWA  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Business-Type Activities</u>	
	<u>Airport</u>	<u>Water System</u>
<b><u>OPERATING REVENUES</u></b>		
Revenue from Use of Property	\$ 1,104,142	\$ 68,843
Charges for Service	303,416	10,521,580
Total Operating Revenues	<u>1,407,558</u>	<u>10,590,423</u>
<b><u>OPERATING EXPENSES</u></b>		
Employee Services	1,005,958	3,486,624
Supplies and Services	378,531	697,992
Repairs and Improvements	292,999	372,458
Utilities	134,662	406,076
Depreciation	1,727,494	1,716,745
Damage Settlement	---	---
Total Operating Expenses	<u>3,539,644</u>	<u>6,679,895</u>
Operating Income (Loss)	(2,132,086)	3,910,528
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Intergovernmental Revenue	1,868,967	---
Interest Income	47,586	290,356
Gain on Sale of Capital Assets	---	---
Other Non-Operating Revenues	124,451	---
Interest Expense	(74,020)	(835,850)
Other Non-Operating Expenses	(534)	(78,982)
Total Non-Operating Revenues (Expenses)	<u>1,966,450</u>	<u>(624,476)</u>
Income (Loss) before Transfers	(165,636)	3,286,052
Transfers In	380,000	109,074
Transfers Out	---	(7,608)
Changes in Net Assets	214,364	3,387,518
Net Assets - Beginning of the Year before Prior Period Adjustments	23,779,668	15,905,951
Prior Period Adjustments	974,897	828,395
Net Assets - Beginning of the Year after Prior Period Adjustments	<u>24,754,565</u>	<u>16,734,346</u>
Net Assets - End of Year	<u>\$ 24,968,929</u>	<u>\$ 20,121,864</u>

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
\$ 6,942	\$ 255,580	\$ 101	\$ 1,435,608	\$ 92,445
11,841,417	4,655,674	1,327,214	28,649,301	18,217,857
11,848,359	4,911,254	1,327,315	30,084,909	18,310,302
2,075,289	306,178	489,617	7,363,666	16,498,316
5,473,121	3,577,546	519,669	10,646,859	1,388,008
464,271	35,327	260,995	1,426,050	3,568,668
99,849	21,804	57,131	719,522	32,465
2,600,070	150,653	352,261	6,547,223	2,428,524
---	---	---	---	352,182
10,712,600	4,091,508	1,679,673	26,703,320	24,268,163
1,135,759	819,746	(352,358)	3,381,589	(5,957,861)
2,055,190	15,860	---	3,940,017	---
411,450	154,109	294,744	1,198,245	162,540
3,128	---	---	3,128	180,088
---	359,919	---	484,370	---
(468,449)	(15,895)	(118,442)	(1,512,656)	---
(125,426)	(1,174)	---	(206,116)	---
1,875,893	512,819	176,302	3,906,988	342,628
3,011,652	1,332,565	(176,056)	7,288,577	(5,615,233)
80,212	---	---	569,286	451,747
(2,864)	---	---	(10,472)	(13,425)
3,089,000	1,332,565	(176,056)	7,847,391	(5,176,911)
32,416,607	1,475,390	7,261,248	80,838,864	15,248,469
1,036,505	33,475	---	2,873,272	---
33,453,112	1,508,865	7,261,248	83,712,136	15,248,469
\$ 36,542,112	\$ 2,841,430	\$ 7,085,192	\$ 91,559,527	\$ 10,071,558

CITY OF SIOUX CITY, IOWA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities	
	Airport	Water System
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash Received from Customers	\$ 1,416,348	\$ 10,291,394
Cash Paid for Personal Services	(997,068)	(3,435,699)
Cash Paid to Suppliers	(1,655,607)	(1,851,840)
Net Cash Provided (Used) by Operating Activities	(1,236,327)	5,003,855
<b><u>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Acquisition and Construction of Capital Assets	(2,343,186)	(8,303,106)
Proceeds from Sale of Assets	---	---
Proceeds from Bond Sales	67,000	---
Proceeds from Notes Payable	---	6,019,662
Principal Paid on Notes and Bonds	(434,134)	(2,047,893)
Interest Paid on Notes and Bonds	(75,142)	(798,489)
Servicing Fees Paid on Notes Payable	---	(63,971)
Net Cash (Used) by Capital and Related Financing Activities	(2,785,462)	(5,193,797)
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>		
Intergovernmental Revenue	3,296,159	---
Other Non-Operating Revenues	124,451	---
Transfers In	380,000	109,074
Transfers Out	---	(7,608)
Net Cash Provided by Non-Capital Financing Activities	3,800,610	101,466
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest and Dividends on Investments	50,608	280,854
Advances Made on Notes Receivable	---	---
Payments Received on Notes Receivable	---	---
Net Cash Provided By Investing Activities	50,608	280,854
Net Increase (Decrease) in Cash and Cash Equivalents	(170,571)	192,378
Cash and Cash Equivalents at Beginning of Year	724,765	3,412,904
Cash and Cash Equivalents at End of Year	\$ 554,194	\$ 3,605,282
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u></b>		
<b><u>PROVIDED BY OPERATING ACTIVITIES</u></b>		
Operating Income (Loss)	\$ (2,132,086)	\$ 3,910,528
<i>Adjustments to Reconcile Net Operating Income(Loss)</i>		
<i>to Net Cash Provided by Operating Activities:</i>		
Depreciation	1,727,494	1,716,745
<i>(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:</i>		
Accounts Receivable	8,790	(299,029)
Due from Other Governments	---	---
Due from Other Funds	---	---
Inventories	---	---
Accounts Payable	(11,563)	7,060
Accrued Wages and Compensated Absences	8,890	50,925
Contracts and Retainers Payable	(809,596)	(387,349)
Due to Other Governments	---	4,846
Due to Other Funds	1,043	129
Deferred Revenue	---	---
Post Retirement Benefit Obligation	---	---
Estimated Liability for Landfill Closure	---	---
Estimated Liability for Damage Claims	---	---
Notes Payable to Other Funds	(29,299)	---
Total Adjustments	895,759	1,093,327
Net Cash Provided (Used) by Operating Activities	\$ (1,236,327)	\$ 5,003,855
<b><u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF</u></b>		
<b><u>NET ASSETS:</u></b>		
Cash and Cash Equivalents - Current Assets	\$ 554,194	\$ 3,109,282
Cash and Cash Equivalents - Restricted Assets	---	496,000
Cash and Cash Equivalents at End of Year	\$ 554,194	\$ 3,605,282

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
\$ 11,236,025	\$ 4,774,549	\$ 1,270,359	\$ 28,988,675	\$ 18,232,913
(2,063,640)	(339,460)	(483,554)	(7,319,421)	(13,082,966)
(5,901,180)	(3,685,839)	(370,459)	(13,464,925)	(5,337,788)
<u>3,271,205</u>	<u>749,250</u>	<u>416,346</u>	<u>8,204,329</u>	<u>(187,841)</u>
(8,303,781)	(705,070)	(1,710,239)	(21,365,382)	(2,375,363)
3,128	---	---	3,128	336,293
---	---	---	67,000	---
4,898,230	---	---	10,917,892	---
(846,048)	(289,613)	(328,545)	(3,946,233)	---
(464,384)	(17,007)	(119,489)	(1,474,511)	---
(106,115)	---	---	(170,086)	---
<u>(4,818,970)</u>	<u>(1,011,690)</u>	<u>(2,158,273)</u>	<u>(15,968,192)</u>	<u>(2,039,070)</u>
4,034,633	20,354	---	7,351,146	---
---	359,919	---	484,370	---
80,212	---	---	569,286	451,747
(2,864)	---	---	(10,472)	(13,425)
<u>4,111,981</u>	<u>380,273</u>	<u>---</u>	<u>8,394,330</u>	<u>438,322</u>
387,309	147,082	292,670	1,158,523	162,042
---	---	---	---	(37,347)
---	102,727	---	102,727	30,087
<u>387,309</u>	<u>249,809</u>	<u>292,670</u>	<u>1,261,250</u>	<u>154,782</u>
2,951,525	367,642	(1,449,257)	1,891,717	(1,633,807)
5,940,821	2,208,842	6,803,473	19,090,805	9,619,632
<u>\$ 8,892,346</u>	<u>\$ 2,576,484</u>	<u>\$ 5,354,216</u>	<u>\$ 20,982,522</u>	<u>\$ 7,985,825</u>
\$ 1,135,759	\$ 819,746	\$ (352,358)	\$ 3,381,589	\$ (5,957,861)
2,600,070	150,653	352,261	6,547,223	2,428,524
(613,634)	(48,650)	(52,584)	(1,005,107)	(47,511)
---	---	---	---	(29,878)
---	---	(4,372)	(4,372)	---
---	---	---	---	(3,269)
90,164	50,850	963	137,474	(163,643)
11,649	(33,282)	6,063	44,245	35,549
47,547	57,787	446,316	(645,295)	7,761
(350)	3,001	---	7,497	---
---	---	20,057	21,229	103
---	(88,055)	---	(88,055)	---
---	---	---	---	3,379,801
---	(162,800)	---	(162,800)	---
---	---	---	---	162,583
---	---	---	(29,299)	---
<u>2,135,446</u>	<u>(70,496)</u>	<u>768,704</u>	<u>4,822,740</u>	<u>5,770,020</u>
<u>\$ 3,271,205</u>	<u>\$ 749,250</u>	<u>\$ 416,346</u>	<u>\$ 8,204,329</u>	<u>\$ (187,841)</u>
\$ 8,892,346	\$ 2,576,484	\$ 5,354,216	\$ 20,486,522	\$ 7,985,825
---	---	---	496,000	---
<u>\$ 8,892,346</u>	<u>\$ 2,576,484</u>	<u>\$ 5,354,216</u>	<u>\$ 20,982,522</u>	<u>\$ 7,985,825</u>

**CITY OF SIOUX CITY, IOWA  
STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2007**

**ASSETS**

Cash and Cash Equivalents	\$ 187,612
Accounts Receivable	<u>44,357</u>
Total Assets	<u>231,969</u>

**LIABILITIES**

Accounts Payable	26,520
Due to Other Governments	<u>205,449</u>
Total Liabilities	<u>231,969</u>
Total Net Assets	<u>\$ ---</u>

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

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**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.

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**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), 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.

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**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. Two of the Special Revenue Funds are considered major funds: the Other Employee Benefits Fund is used to account for the City's employee benefits tax levy and the Local Option Sales Tax Fund is used to account for the City's 1% local option sales tax.

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.

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**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.

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.

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**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 60-day 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.

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**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, 2007, 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, 2007 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 \$10,000 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

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**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.

CITY OF SIOUX CITY, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

**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, 2007 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, 2007 were \$54,960,422. These deposits have a book balance of \$49,620,498.

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, 2007.

Investments	Carrying Amount	S&P Rating 6/30/07
Commercial Paper	\$ 2,937,661	A-1 and A-2
U.S. Treasury Strips	416,643	N/A
U.S. Agencies	<u>24,277,406</u>	N/A
	<u>\$27,631,710</u>	

CITY OF SIOUX CITY, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

**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, 2007, 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, 2007 consisted of the following:

Reconciliation to Exhibit 1:	<u>Carrying Amount</u>
Investments	\$27,631,710
Bank Deposits	49,620,498
Cash on hand, petty cash and other cash items	<u>27,782</u>
Total Cash and Cash Equivalents	<u>\$77,279,990</u>
Cash and Cash Equivalents – Exhibit 1	\$76,596,378
Cash and Cash Equivalents Restricted – Exhibit 1	496,000
Cash and Cash Equivalents – Exhibit 8	<u>187,612</u>
Total Cash and Cash Equivalents	<u>\$77,279,990</u>

CITY OF SIOUX CITY, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

**Note 3 - Revenue Bond Compliance**

The following schedule shows the Revenue bond ordinance covenant ratios:

	WATER SYSTEM
OPERATING REVENUE (CASH BASIS)	
Charges for Service	\$ 10,519,600
OPERATING EXPENSES (CASH BASIS)	
Transmission and Distribution	1,936,222
Pumping and Purification	1,825,760
Administration	1,574,417
Meter Shop and Repair	223,899
Utility Billing	240,632
TOTAL OPERATING EXPENSES	5,800,930
AMOUNT AVAILABLE FOR DEBT SERVICE	\$ 4,718,670
REVENUE BOND PRINCIPAL AND INTEREST	\$ 784,008
REVENUE BOND COVENANT RATIO	6.02

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 2007, which resulted in no over or under funding of the required bond funds as of June 30, 2007.

**CITY OF SIOUX CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 4 - Receivables**

The following schedule details receivables:

Fund Type	Property Taxes	Grants/			Accounts Receivable	Notes Receivable	Special Assessments	Total
		Revenue from Other Governments	Revenue from	Revenue from				
<b>GENERAL</b>	\$ 20,091,657	\$ 459,065	\$ 667,904	\$ 35,200	\$ ---	\$ 21,253,826		
Special Revenues								
Emergency Fund	545,038	---	---	---	---	545,038		
Storm Water Drainage	---	---	70,884	---	---	70,884		
Road Use	---	690,666	---	---	---	690,666		
Community Development	---	587,838	---	6,742,384	---	7,330,222		
Housing	---	---	48,337	---	---	48,337		
Main Street	133,804	---	---	---	---	133,804		
Local Option Sales Tax	---	1,598,143	---	68,875	---	1,667,018		
Convention Ctr/Auditorium	---	---	141,342	---	---	141,342		
Transit System	---	1,226,574	35,693	---	---	1,262,267		
Employee Benefits	14,034,611	---	---	---	---	14,034,611		
<b>TOTAL SPECIAL REVENUES</b>	<b>14,713,453</b>	<b>4,103,221</b>	<b>296,256</b>	<b>6,811,259</b>	<b>---</b>	<b>25,924,189</b>		
<b>DEBT SERVICE</b>	<b>13,785,093</b>	<b>---</b>	<b>20,326</b>	<b>284,504</b>	<b>961,485</b>	<b>15,051,408</b>		
<b>CAPITAL PROJECTS</b>	<b>---</b>	<b>1,760,336</b>	<b>80,646</b>	<b>9,251,926</b>	<b>---</b>	<b>11,092,908</b>		
Enterprises								
Airport System	---	625,941	130,294	1,000	---	757,235		
Water System	---	578,770	2,325,748	---	---	2,904,518		
Sewer System	---	105,860	2,218,945	---	---	2,324,805		
Solid Waste System	---	1,138	666,106	1,165,267	---	1,832,511		
Parking Facility	---	---	209,441	---	---	209,441		
Skyway System	---	---	99,217	---	---	99,217		
<b>TOTAL ENTERPRISE</b>	<b>---</b>	<b>1,311,709</b>	<b>5,649,751</b>	<b>1,166,267</b>	<b>---</b>	<b>8,127,727</b>		
Internal Service Funds								
Central Maintenance Garage	---	29,878	75,036	170,719	---	275,633		
Comprehensive Insurance	---	---	3,721	---	---	3,721		
<b>TOTAL INTERNAL SERVICE</b>	<b>---</b>	<b>29,878</b>	<b>78,757</b>	<b>170,719</b>	<b>---</b>	<b>279,354</b>		
<b>TOTAL RECEIVABLES</b>	<b>\$ 48,590,203</b>	<b>\$ 7,664,209</b>	<b>\$ 6,793,640</b>	<b>\$ 17,719,875</b>	<b>\$ 961,485</b>	<b>\$ 81,729,412</b>		

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**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-seven years.

In fiscal 2006, the City made an agreement with the Sioux City Explorers Baseball Club to set up previous unpaid account balances as a note receivable to be repaid over 10 years. The original amount was \$44,000 with an outstanding balance of \$35,200 as of June 30, 2007.

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, 2007 of \$351,228. 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. A third note was given during fiscal 2007 in the amount of \$25,000. These loans carry an interest rate of 6.33% and require total monthly payments of \$14,643 through February 2013 with balloon payments due at maturity. The combined outstanding balance of these notes at June 30, 2007 was \$2,057,290.

The City also has other notes receivable totaling \$562,312 at June 30, 2007, 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 \$3,771,554 from nineteen local businesses.

The Debt Service Fund has a note receivable from the Sioux City Explorers Baseball Club with a balance of \$33,282 at June 30, 2007. 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, 2007 was \$226,222. The note carries an interest rate of 4.45% and calls for monthly payments of \$2,585 through April 2016. During fiscal 2007, the City also loaned \$25,000 to Staber Meats with money from the state of Iowa under the CEBA loan program. This loan is at 0% and will be repaid over five years.

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, 2007 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, 2007 was \$3,670,233.

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 4 – (Continued)**

The City has a number of notes receivable from economic development incentive packages with local businesses totaling \$68,875. 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.

The Solid Waste Fund has a note receivable from Gill Hauling with a balance of \$1,165,267 at June 30, 2007. The note has an interest rate of 3.5% and calls for principal and interest payments of \$102,727 due quarterly with a final maturity date of April 15, 2010.

During fiscal 2007, the Central Maintenance Garage Fund loaned \$200,807 to Green Valley Floyd Golf Corporation for the purchase of new equipment. The note calls for interest at 5% and monthly payments of \$3,789 for 60 months. The balance at June 30, 2007 was \$170,719.

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, 2007, unbilled utility revenues included in the accounts receivable of the Water, Sewer and Solid Waste System funds were \$1,404,942, \$952,361 and \$340,098, respectively.

**Note 5 - Capital Assets**

A summary of the changes in capital assets for the year ended June 30, 2007, is as follows:

**Governmental Activities (including Internal Service Funds):**

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	\$37,631,541	\$1,567,638	\$ —	\$39,199,179
Construction in Progress	29,643,295	12,879,468	(3,836,077)	38,686,686
Total capital assets, not being depreciated	<u>67,274,836</u>	<u>14,447,106</u>	<u>(3,836,077)</u>	<u>77,885,865</u>
Capital assets, being depreciated:				
Buildings	86,343,051	313,230	—	86,656,281
Buildings under capital lease	7,675,000	—	—	7,675,000
Improvements other than buildings	44,451,093	3,166,339	—	47,617,432
Equipment	38,498,989	2,662,734	(1,881,059)	39,280,664
Infrastructure	111,868,633	8,606,689	—	120,475,322
Total capital assets, being depreciated	<u>288,836,766</u>	<u>14,748,992</u>	<u>(1,881,059)</u>	<u>301,704,699</u>
Less accumulated depreciation for:				
Buildings	(13,772,693)	(2,183,252)	—	(15,955,945)
Buildings under capital lease	(3,645,625)	(191,875)	—	(3,837,500)
Improvements other than buildings	(6,262,429)	(2,222,956)	—	(8,485,385)
Equipment	(27,111,965)	(2,898,727)	1,511,983	(28,498,709)
Infrastructure	(30,667,441)	(2,615,670)	—	(33,283,111)
Total accumulated depreciation	<u>(81,460,153)</u>	<u>(10,112,480)</u>	<u>1,511,983</u>	<u>(90,060,650)</u>
Total capital assets, being depreciated, net	<u>207,376,613</u>	<u>4,636,512</u>	<u>(369,076)</u>	<u>211,644,049</u>
Governmental Activities capital assets, net	<u>\$274,651,449</u>	<u>\$19,083,618</u>	<u>\$(4,205,153)</u>	<u>\$289,529,914</u>

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

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 5 - (Continued)**

**Business-Type Activities:**

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 2,638,284	\$ 29,023	\$ —	\$ 2,667,307
Construction in progress	22,272,329	20,041,224	(8,731,710)	33,581,843
Total capital assets, not being depreciated	<b>24,910,613</b>	<b>20,070,247</b>	<b>(8,731,710)</b>	<b>36,249,150</b>
Capital assets, being depreciated:				
Buildings	63,267,318	—	(1,838,686)	61,428,632
Improvements other than buildings	91,910,915	12,516,465	—	104,427,380
Equipment	5,224,317	383,649	(31,610)	5,576,356
Total capital assets, being depreciated	160,402,550	12,900,114	(1,870,296)	171,432,368
Less accumulated depreciation for:				
Buildings	(50,932,133)	(1,693,104)	1,838,686	(50,786,551)
Improvements other than buildings	(29,059,734)	(4,584,286)	(27,583)	(33,671,603)
Equipment	(3,586,989)	(269,833)	59,195	(3,797,627)
Total accumulated depreciation	(83,578,856)	(6,547,223)	1,870,298	(88,255,781)
Total capital assets, being depreciated, net	<b>76,823,694</b>	<b>6,352,891</b>	<b>2</b>	<b>83,176,587</b>
Business-Type Activities capital assets, net	<b>\$101,734,307</b>	<b>\$26,423,138</b>	<b>\$ (8,731,708)</b>	<b>\$119,425,737</b>

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

**Governmental Activities**

Public Safety	\$651,147
Public Works	2,350,257
Culture and Recreation	2,447,038
Community and Economic Development	281,473
General Government	1,954,041
Internal Service	2,428,524
Total	<u>\$10,112,480</u>

**Business-Type Activities**

Airport	\$1,727,494
Water	1,716,745
Sewer	2,600,070
Solid Waste	150,653
Parking	352,261
Total	<u>\$6,547,223</u>

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 5 – (Continued)**

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

	Governmental Activities	Business-type Activities
Capital Assets (net of accumulated depreciation)	\$289,529,914	\$119,425,737
Less: G.O. Bonds Payable	87,260,843	6,839,157
Notes Payable	25,000	41,349,668
Revenue Bonds	—	1,195,000
	\$202,244,071	\$70,041,912
Invested in Capital Assets, Net of Related Debt		

**Note 6 – Capital Leases**

In 1986, the City entered into an agreement with the Siouxland Chamber Foundation to construct the Sioux City Convention Center and lease it back to the City. This original lease expired June 1, 2007 and the title to the facility passed back to the City according to the terms of the lease. On June 1, 2007, another agreement was formed which sold the facility back to the Siouxland Chamber Foundation for \$1 and subsequently leased the facility back to the City again. The new lease terms call for a rental payment of \$1 per year for a term of 5 years. The lease also provides for two 5 year renewal options. Per the agreement, title to the facility will transfer back to the City for no consideration at the termination of the lease. Accordingly, the lease is treated as a capital lease and the leased assets 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 \$3,837,500 for a net book value at June 30, 2007 of \$3,837,500.

**CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 7 – Long-Term Debt**

**NOTES PAYABLE**

During fiscal 2007, the City borrowed \$25,000 under the CEBA loan program from the Iowa Department of Economic Development to loan to Staber Meats. The interest rate is 0% and the loan is scheduled to be repaid over five years. The balance at June 30, 2007 was \$25,000.

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 was paid off during fiscal year 2007.

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 3.0% and had a balance outstanding at June 30, 2007 of \$696,000. The second loan with an original amount of \$1,363,000 has an interest rate of 3.0% and had a balance outstanding at June 30, 2007 of \$764,000.

During fiscal years 2003 and 2004, the City borrowed funds from the State of Iowa Clean and Drinking Water State Revolving Fund. The City received four notes at 3% interest to make certain improvements to the wastewater treatment and water systems. All four notes are unsecured. The notes were drawn upon as improvements were made. The final draws on the fourth note were made during fiscal 2007 bringing the total amount borrowed under these notes to \$25,000,000 in the Water fund and \$8,000,000 in the Sewer fund. The outstanding balances as of June 30, 2007 were \$21,566,000 in the Water fund and \$6,754,000 in the Sewer fund.

During fiscal 2006, the City obtained a \$31,000,000 note from the State of Iowa Clean and Drinking Water State Revolving Fund. The loan is at 3% and is 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, 2007 and has a remaining balance available to draw of \$23,770,477. The outstanding balance on the note as of June 30, 2007 was \$7,229,523 in the Sewer fund.

During fiscal 2007, the City obtained another note with the State of Iowa Clean and Drinking Water State Revolving Fund in the amount of \$6,000,000 with a 3% interest rate. The loan is to be drawn upon as improvements are made. Only \$4,340,145 was drawn during fiscal 2007 leaving a remaining balance to be drawn of \$1,659,855. The outstanding balance of the note as of June 30, 2007 was \$4,340,145 in the Water fund.

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

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$3,750	\$ ---	\$ 2,724,000	\$1,952,465
2009	5,000	---	3,074,000	1,920,840
2010	5,000	---	3,167,000	1,828,620
2011	5,000	---	3,264,000	1,733,610
2012	5,000	---	3,362,000	1,635,690
2013-2017	1,250	---	11,346,523	4,095,150
2018-2022	---	---	11,357,000	1,749,570
2023-2024	---	---	3,055,145	163,500
<b>Total</b>	<b>\$25,000</b>	<b>\$ ---</b>	<b>\$41,349,668</b>	<b>\$15,079,445</b>

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**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 2007 as follows:

On November 20, 2006, the City sold general obligation bonds totaling \$8,755,000. The bonds were sold to William Blair & Company for \$8,849,586. The bonds have a true interest rate of 3.7909% with principal payments due June 1 of the years 2008 through 2017.

General obligation bonds outstanding as of June 30, 2007 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities	3.00 – 5.25%	\$84,856,188
Governmental Activities – Refunding	2.00 – 3.22%	2,404,655
Business-type Activities	3.00 – 5.25%	6,483,812
Business-type Activities – Refunding	2.00 – 3.22%	\$ 355,345

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

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$15,875,701	\$ 3,347,749	\$1,209,299	\$ 280,507
2009	14,597,402	2,787,602	1,122,598	233,252
2010	11,107,010	2,242,574	987,990	188,595
2011	10,425,010	1,812,807	869,990	148,239
2012	9,687,729	1,409,036	807,271	112,807
2013-2017	<u>25,567,991</u>	<u>2,205,584</u>	<u>1,842,009</u>	<u>161,843</u>
<b>Total</b>	<u><u>\$87,260,843</u></u>	<u><u>\$13,805,352</u></u>	<u><u>\$6,839,157</u></u>	<u><u>\$1,125,243</u></u>

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**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, 2007 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Water System	4.46%	\$1,195,000

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$730,000	\$54,008
2009	465,000	21,157
Total	<u>\$1,195,000</u>	<u>\$ 75,165</u>

**Note 7 - (Continued)**

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$95,359,610	\$8,688,000	\$16,786,767	\$87,260,843	\$15,875,701
Less: Unamortized Bond Charges	(387,318)	52,072	(40,620)	(294,626)	(62,840)
Notes Payable	90,771	25,000	90,771	25,000	3,750
Capital Lease Obligations	670,000	—	670,000	—	—
Compensated Absences	2,839,107	2,672,043	2,215,469	3,295,681	2,344,751
Governmental Activities Long-term Liabilities	<u>\$98,572,170</u>	<u>\$11,437,115</u>	<u>\$19,722,387</u>	<u>\$90,286,898</u>	<u>\$18,161,362</u>
<b>Business-type Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 8,530,390	\$67,000	\$1,758,233	\$ 6,839,157	\$1,209,299
Less: Unamortized Bond Charges	(568,821)	(60,000)	(36,029)	(592,792)	(34,215)
Revenue Bonds	1,915,000	—	720,000	1,195,000	730,000
Notes Payable	31,531,535	11,286,133	1,468,000	41,349,668	2,724,000
Compensated Absences	439,670	242,757	203,700	478,727	199,919
Est. Liability for Landfill Closure	2,227,875	—	162,800	2,065,075	71,877
Business-type Activities Long-term Liabilities	<u>\$44,075,649</u>	<u>\$11,535,890</u>	<u>\$4,276,704</u>	<u>\$51,334,835</u>	<u>\$4,900,880</u>

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, 2007, \$172,651 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, 2007, approximately 67% will be liquidated by the general fund, 27% by the special revenue funds, 1% by the capital projects fund and 5% by the internal service funds.

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 7 - (Continued)**

**UNAMORTIZED BOND CHARGES**

Unamortized bond charges related to bond activities consisted of the following items at June 30, 2007:

Fund or Activity Type	Bond Issue Date	Original Amount	Balance at 6/30/06 with Current Year Additions	2007 Amortization	Balance at 6/30/07
<b>Governmental Activities:</b>					
Bond Issue Costs:					
General Fund	12/1/2000	\$ 54,808	\$ 27,404	\$ 4,567	\$ 22,837
General Fund	11/1/2001	74,050	36,088	7,592	28,496
General Fund	7/1/2002	77,771	33,331	11,110	22,221
General Fund	12/1/2002	50,085	34,674	3,853	30,821
General Fund	11/1/2003	56,208	40,880	5,111	35,769
General Fund	2/9/2004	23,815	5,953	5,953	—
General Fund	12/1/2004	67,620	55,326	6,147	49,179
General Fund	4/1/2005	26,904	16,142	5,381	10,761
General Fund	12/1/2005	75,892	68,993	6,899	62,094
General Fund	12/1/2006	42,514	42,514	3,865	38,649
Bond Discount:					
General Fund	12/1/2000	101,616	50,808	8,468	42,340
General Fund	7/1/2002	77,088	33,038	11,013	22,025
General Fund	12/1/2002	28,007	19,389	2,154	17,235
General Fund	11/1/2003	10,763	7,827	978	6,849
General Fund	12/1/2004	69,280	56,684	6,299	50,385
General Fund	12/1/2005	29,993	27,266	2,727	24,539
Bond Premium:					
General Fund	11/1/2001	(172,081)	(28,681)	(28,681)	—
General Fund	11/1/2003	(42,356)	(25,051)	(5,768)	(19,283)
General Fund	12/1/2004	(57,585)	(47,115)	(5,235)	(41,880)
General Fund	4/1/2005	(4,644)	(2,786)	(929)	(1,857)
General Fund	12/1/2005	(25,137)	(22,852)	(2,285)	(20,567)
General Fund	12/1/2006	(94,586)	(94,586)	(8,599)	(85,987)
Subtotal Governmental			335,246	40,620	294,626
<b>Business-type Activities:</b>					
Bond Issue Costs:					
Airport System	11/1/2001	3,202	534	534	—
Water System	11/1/2001	640	106	106	—
Solid Waste	11/1/2001	7,043	1,174	1,174	—
Loan Origination Fees:					
Water System	6/25/2002	137,360	111,196	6,541	104,655
Water System	1/2/2004	112,640	96,548	5,363	91,185
Water System	9/01/2006	60,000	60,000	3,000	57,000
Sewer System	6/25/2002	80,000	64,763	3,811	60,952
Sewer System	7/01/2005	310,000	294,500	15,500	279,000
Subtotal Business-type			628,821	36,029	592,792
Total Governmental and Business-type Activities			<u>\$964,067</u>	<u>\$ 76,649</u>	<u>\$ 887,418</u>

CITY OF SIOUX CITY, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

**Note 8 - Deficit Equity Balances**

The Younkers Self-Improvement District reported a negative fund balance at June 30, 2007 of \$1,587. The deficit will be corrected during Fiscal Year 2008 with an increase in taxes.

The Convention Center/Auditorium had a deficit fund balance at June 30, 2007 of \$1,425,831, up from \$1,132,753 at June 30, 2006. 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. It is anticipated that the FY08 budget should correct this with a combination of revenue increases, taxes and control over expenditures.

The Comprehensive Insurance Fund showed a deficit balance at June 30, 2007 of \$2,320,296. The reason for the deficit is the adoption of GASB 45 which requires that the estimated amount of the post retirement benefit obligation be recorded. This liability was estimated and recorded at \$3,379,801 as of June 30, 2007. If this liability was not recorded, the fund would not have a deficit equity balance. City management will be analyzing this situation to determine future action, if any, that will be taken to fund the deficit balance.

**Note 9 – Internal Balances**

The following is a summary of Interfund Receivables/Payables and Notes Receivables/Payables as of June 30, 2007:

Fund	Interfund Receivable	Interfund Payable	Notes Receivable	Notes Payable
General	\$ 2,079,716	\$ 13,471	\$ ---	\$ ---
Capital Improvements	---	44,779	---	11,264
Debt Service	30,813	---	31,088	---
Nonmajor Governmental	6,046	1,986,840	11,264	---
Airport	---	30,862	---	31,088
Water System	11,730	129	---	---
Sewer	33,037	---	---	---
Nonmajor Enterprise	8,639	93,797	---	---
Internal Service	---	103	---	---
Totals	<u>\$2,169,981</u>	<u>\$2,169,981</u>	<u>\$ 42,352</u>	<u>\$ 42,352</u>

Interfund Balances represent amounts due to/from other funds including amounts to cover deficit cash balances at June 30, 2007. The Note 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 \$29,299 is reported as an Interfund Receivable/Payable. The Note Receivable in the Nonmajor Governmental Funds is an advance from a Community Development Fund to the Capital Improvements Fund for a loan under the Brownsfield Cleanup Revolving Loan Fund program. This loan was approved for \$400,000 with only \$11,264 being advanced to date. Repayment is scheduled to begin in fiscal year 2010 and is to be repaid at 0% interest.

**CITY OF SIOUX CITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 9 - Internal Balances (Continued)**

The following is a summary of Transfers between Fund Types:

	Governmental Fund Types						Proprietary Fund Types			Total Transfers Out
	General	Empl Benefits	Debt Service	Capital Improv.	Nonmajor Govt	Airport	Water	Sewer	Internal Service	
General	\$ ---	\$ 300,000	\$ 2,303,500	\$ 335,691	\$ 3,926,440	\$ ---	\$ ---	\$ ---	\$ 10,866	\$ 6,876,496
Employee Benefits	11,632,222	---	---	---	158,899	---	---	---	---	11,691,121
Local Opt Sales Tax	237,417	---	7,427,856	1,398,115	701,652	---	---	---	---	9,765,040
Debt Service	---	---	744,327	4,302,526	96,633	380,000	17,467	80,212	---	5,621,165
Capital Improvements	1,543	---	3,157,310	---	396,285	---	91,607	---	430,410	4,077,155
Nonmajor Govt	555,543	---	815,799	598,277	---	---	---	---	---	1,969,619
Water	---	---	---	---	---	---	---	---	7,608	7,608
Sewer	---	---	---	---	---	---	---	---	2,864	2,864
Internal Service	---	---	---	13,425	---	---	---	---	---	13,425
<b>TOTAL TRANSFERS-IN</b>	<b>\$ 12,326,725</b>	<b>\$ 300,000</b>	<b>\$ 14,448,792</b>	<b>\$ 6,648,034</b>	<b>\$ 5,279,909</b>	<b>\$ 380,000</b>	<b>\$ 109,074</b>	<b>\$ 80,212</b>	<b>\$ 451,747</b>	<b>\$ 40,024,493</b>

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.

**CITY OF SIOUX CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 10 - RESERVES**

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

	Fund Balances Reserves							Total
	Encumbrances	Long Term Notes/Adv. Receivable	Inventory/ Debt Service	Perpetual Care/ Capital Improv.	Joint Venture/ Prepays			
<b>General</b>	\$ 294,630	\$ 35,200	\$ ---	\$ ---	\$ 935			\$ 330,765
<b>Special Revenue</b>								
Road Use	261,052	---	---	---	---			261,052
Community Development	458,038	6,753,648	---	---	12,755			7,224,441
Housing	---	---	---	---	315,708			315,708
Local Option Sales Tax	---	68,875	---	---	---			68,875
Convention Center/Auditorium	---	---	105,754	---	15,105			120,859
Transit Operations	63,714	---	---	---	---			63,714
<b>Total Special Revenue</b>	<b>782,804</b>	<b>6,822,523</b>	<b>105,754</b>	<b>---</b>	<b>343,568</b>			<b>8,054,649</b>
<b>Debt Service</b>	<b>975</b>	<b>315,592</b>	<b>1,438,831</b>	<b>---</b>	<b>---</b>			<b>1,755,398</b>
<b>Capital Improvements</b>	<b>15,295,374</b>	<b>9,251,926</b>	<b>---</b>	<b>15,827,272</b>	<b>---</b>			<b>40,374,572</b>
Permanent Fund Cemetery Trust	\$ ---	\$ ---	\$ ---	\$ 927,910	\$ ---			\$ 927,910
<b>TOTAL RESERVES OF FUND BALANCES</b>								<b>\$ 51,443,294</b>

CITY OF SIOUX CITY, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

**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 \$811,002 has been established in the accompanying financial statements as of June 30, 2007. A provision for health claims incurred but unpaid as of June 30, 2007 of \$2,800,730 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 2007. 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
2007	\$3,449,149	\$11,229,811	\$11,067,228	\$3,611,732

CITY OF SIOUX CITY, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

**Note 12 - Commitments**

The City has recognized as a liability only that portion of construction contracts completed through June 30, 2007. The following summary presents the amount of contracts outstanding at June 30, 2007:

Construction	\$44,109,347
Design & Engineering Services	5,478,044
Other	2,089,014
Less: Due, but unpaid at June 30, 2007	<u>(4,218,465)</u>
Construction Contract Commitments	<u>\$47,457,940</u>

In addition to the above construction contract commitments outstanding at June 30, 2007, the City had \$1,506,124 of purchase orders outstanding.

**Note 13 - Deferred Revenues**

Deferred Revenues, which are measurable but not yet available at June 30, 2007 are as follows:

	<u>EXHIBIT 1</u>	<u>EXHIBIT 3</u>	<u>EXHIBIT 5</u>
Property Taxes	\$47,595,596	\$47,749,531	\$ ---
Special Assessments	---	865,336	---
Unearned Revenue	<u>1,179,939</u>	<u>---</u>	<u>1,179,939</u>
Total Deferred Revenues	<u>\$48,775,535</u>	<u>\$48,614,867</u>	<u>\$1,179,939</u>

**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, 2007 is presented as follows:

Fixed Assets	\$ 1,165,863
Other Assets	<u>205,449</u>
Total Assets	<u>1,371,312</u>
Total Liabilities	213,056
Fund Equity	<u>1,158,256</u>
Total Liabilities and Fund Equity	<u>1,371,312</u>
Total Revenue	2,224,296
Total Expenditures	<u>(2,015,779)</u>
Net Increase in Fund Balance	<u>\$208,517</u>

CITY OF SIOUX CITY, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

**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**

During fiscal 2007, the City adopted the provisions of GASB 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions". The major change under GASB 45 is to attribute the cost of post-employment benefits to the time during which the employee is working for the employer. Accordingly, a prospective liability is recorded at June 30, 2007 for a Post-Employment Benefit Obligation as determined by an actuarial calculation.

*Plan Description.* The City offers medical insurance benefits to eligible retirees and their spouses. The benefits are covered under the City's health care plan with the premium cost to be paid by the retiree. The City is self-insured for medical benefits. Premiums are calculated based on prior year claim experiences and amounts needed to fund the plan operations. No stand alone financial report is issued, the plan is self-funded and included in the City's financial statements.

*Funding Policy.* The City is currently reviewing its options on funding the plan.

*Annual OPEB Cost and NET OPEB Obligation.* The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

Annual required contribution	\$4,032,002
Interest on net OPEB obligation	---
Adjustment to annual required contribution	---
Annual OPEB cost (expense)	<u>4,032,002</u>
Contributions made	<u>(652,201)</u>
Increase in net OPEB obligation	3,379,801
Net OPEB obligation – beginning of year	---
Net OPEB obligation – end of year	<u>\$3,379,801</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2007	\$4,032,002	16.2%	\$3,379,801

CITY OF SIOUX CITY, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

**Note 15 - (Continued)**

*Funded Status and Funding Progress.* The funded status of the plan as of June 30, 2007 was as follows:

Actuarial accrued liability (AAL)	\$47,002,628
Actuarial value of plan assets	---
Unfunded actuarial accrued liability (UAAL)	<u>\$47,002,628</u>
Funded ratio (actuarial value of plan assets/ AAL)	0%
Covered payroll (active plan members)	\$39,151,301
UAAL as a percentage of covered payroll	120.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point and do not explicitly reflect the potential effects of legal or contractual funding limitations. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2007 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 5% interest discount rate and an annual medical healthcare cost trend rate of 11% initially, reduced by decrements to an ultimate rate of 5% after 10 years. Assumptions also include an annual prescription drug cost trend rate of 14% initially, reduced by decrements to an ultimate rate of 6% after 10 years. Assumptions include a 3.25% rate of inflation and a 4.0% growth in payroll per annum. The unfunded actuarial accrued liability (UAAL) is being amortized over 30 years from establishment. Differences between the expected and actual UAAL in future years will be amortized over 30 years.

**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, 2007, there was no liability recorded in the governmental funds for accrued vacation or severance pay.

CITY OF SIOUX CITY, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

**Note 16 - (Continued)**

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, 2007.

Compensated absences consist of the following amounts as of June 30, 2007:

Accrued Vacation	\$ 2,484,876
Accrued Severance Pay	1,142,540
Accrued Transit Sick Leave	146,992
Total	<u>\$ 3,774,408</u>

Compensated absences have been recorded as follows:

	<u>CURRENT</u>	<u>LONG-TERM</u>	<u>TOTAL</u>
Enterprise Funds	\$ 199,919	\$ 278,808	\$ 478,727
Internal Service Funds	90,569	82,082	172,651
Government-Wide Statement	<u>2,254,182</u>	<u>868,848</u>	<u>3,123,030</u>
	<u>\$ 2,544,670</u>	<u>\$ 1,229,738</u>	<u>\$ 3,774,408</u>

**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, 2007, 2006 and 2005 were \$1,359,664, \$1,401,433, and \$1,316,812, respectively, equal to the required contributions for each year.

CITY OF SIOUX CITY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 17 - (Continued)**

**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, 2007, 2006 and 2005 were \$3,743,761 (27.75%), \$3,752,271 (28.21%), and \$3,175,088 (24.92%), 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. The landfill will be closed as of October 1, 2007. A consulting engineer's estimate for total costs prepared as of February 1, 2007 was \$2,065,075. This full amount has been accrued by the City as of June 30, 2007. Of this amount, it was estimated that \$71,877 would be incurred within the next fiscal year. Actual costs 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 Restatements**

At June 30, 2006, there were costs capitalized into Construction in Progress that should have been expensed, as they were costs of studies and there were no projects completed. This amount consisted of \$61,762 in the Airport Fund.

Additionally, there were project costs expensed in fiscal 2006 that should have been capitalized into Construction in Progress. These amounts consisted of \$1,036,659 in the Airport Fund, \$828,395 in the Water Fund, \$1,036,505 in the Sewer Fund and \$33,475 in the Solid Waste Fund.

**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.



**SIOUX<sup>TM</sup>**  
**CITY**

**CITY OF SIOUX CITY, IOWA**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET AND ACTUAL - ALL GOVERNMENTAL AND PROPRIETARY FUNDS<sup>1</sup>**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Governmental Fund Types Actual	Internal Service Funds Actual	Proprietary Funds Actual	Total Actual
<b>REVENUES</b>				
Taxes	\$ 60,501,050	\$ ---	\$ ---	\$ 60,501,050
Special Assessments	251,812	---	---	251,812
Regulatory Fees	1,253,658	---	---	1,253,658
Intergovernmental Revenue <sup>2</sup>	26,156,355	---	3,940,017	30,096,372
Revenue from Use of Property <sup>3</sup>	8,051,844	254,985	2,636,981	10,943,810
Charges for Service	7,817,733	18,217,857	28,649,301	54,684,891
Miscellaneous	2,225,880	180,088	484,370	2,890,338
<b>Total Revenues</b>	<b>106,258,332</b>	<b>18,652,930</b>	<b>35,710,669</b>	<b>160,621,931</b>
<b>EXPENDITURES</b>				
Public Safety	27,927,945	---	---	27,927,945
Public Works	13,199,362	---	---	13,199,362
Culture and Recreation	13,612,396	---	---	13,612,396
Community and Economic Development	10,719,564	---	---	10,719,564
General Government	2,821,790	---	---	2,821,790
Debt Service	23,536,582	---	1,512,656	25,049,238
Capital Projects <sup>2</sup>	23,638,330	---	---	23,638,330
Business-Type/ Enterprises <sup>2</sup>	---	24,268,163	26,909,436	51,177,599
<b>Total Expenditures</b>	<b>115,455,969</b>	<b>24,268,163</b>	<b>28,422,092</b>	<b>168,146,224</b>
Excess (Deficiency) of Revenues Over Expenditures	(9,197,637)	(5,615,233)	7,288,577	(7,524,293)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Financing Sources	47,786,046	451,747	569,286	48,807,079
Other Financing Uses	(40,000,596)	(13,425)	(10,472)	(40,024,493)
<b>Total Other Financing Sources (Uses)</b>	<b>7,785,450</b>	<b>438,322</b>	<b>558,814</b>	<b>8,782,566</b>
<b>Net Change in Fund Balance</b>	<b>(1,412,187)</b>	<b>(5,176,911)</b>	<b>7,847,391</b>	<b>\$ 1,258,293</b>
Fund Balance - Beg. of Year before Prior Period Adjustments	69,616,405	15,248,469	80,838,864	
Prior Period Adjustments	---	---	2,873,272	
Fund Balance - Beg. of Year after Prior Period Adjustments	69,616,405	15,248,469	83,712,136	
Fund Balance - End of Year	<b>\$ 68,204,218</b>	<b>\$ 10,071,558</b>	<b>\$ 91,559,527</b>	

Notes:

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Revenue from the use of property is over budget mainly due to a larger amount of interest received on deposits than was budgeted.

EXHIBIT 9

Budgeted Amounts		Final Budget
Original	Final	Over (Under)
\$ 58,982,827	\$ 58,982,827	\$ 1,518,223
323,750	323,750	(71,938)
1,621,677	1,621,677	(368,019)
36,471,264	39,670,849	(9,574,477)
6,016,069	6,097,247	4,846,563
52,514,973	54,416,164	268,727
5,946,573	6,394,505	(3,504,167)
161,877,133	167,507,019	(6,885,088)
26,765,119	29,414,560	(1,486,615)
12,331,857	15,554,886	(2,355,524)
13,387,969	16,751,752	(3,139,356)
12,161,383	15,139,285	(4,419,721)
4,012,092	6,140,265	(3,318,475)
25,373,195	27,376,145	(2,326,907)
85,411,165	99,735,806	(76,097,476)
109,724,515	129,266,714	(78,089,115)
289,167,295	339,379,413	(171,233,189)
(127,290,162)	(171,872,394)	164,348,101
77,713,248	86,908,287	(38,101,208)
(53,250,670)	(53,444,777)	(13,420,284)
24,462,578	33,463,510	(24,680,924)
(102,827,584)	(138,408,884)	\$ 139,667,177
156,019,827	156,019,827	
---	---	
156,019,827	156,019,827	
\$ 53,192,243	\$ 17,610,943	

**CITY OF SIOUX CITY, IOWA  
POST EMPLOYMENT HEALTHCARE BENEFITS  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2007**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2005 *	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2006 *	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2007	\$ ---	\$47,002,628	\$47,002,628	0.00%	\$39,151,301	120.1%

\* Fiscal 2007 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

**CITY OF SIOUX CITY, IOWA  
OTHER SUPPLEMENTARY INFORMATION**



**CITY OF SIOUX CITY, IOWA  
COMBINING FINANCIAL STATEMENTS  
GOVERNMENTAL FUNDS**

**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.

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

**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.

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

**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, 2007**

**Special Revenue Funds**

<b>ASSETS</b>	<b>Emergency Fund</b>	<b>Storm Water Drainage</b>	<b>Road Use</b>	<b>Community Development</b>
Cash and Cash Equivalents	\$ 4,194,297	\$ 1,280,838	\$ 615,458	\$ ---
Accounts Receivable	---	70,884	---	---
Accrued Interest Receivable	---	---	---	141,836
Notes Receivable	---	---	---	6,742,384
Due from Other Governments	545,038	---	690,666	587,838
Due from Other Funds	---	---	797	---
Inventories	---	---	---	---
Prepaid Items	---	---	---	12,755
Notes Receivable from Other Funds	---	---	---	11,264
Total Assets	<u>4,739,335</u>	<u>1,351,722</u>	<u>1,306,921</u>	<u>7,496,077</u>
<b>LIABILITIES</b>				
Accounts Payable	---	---	219,052	57,887
Accrued Wages	---	---	93,814	15,612
Contracts & Retainers Payable	---	---	---	34,220
Due to Other Governments	---	10,243	---	---
Due to Other Funds	---	---	2	117,134
Deferred Revenue	534,992	---	---	---
Total Liabilities	534,992	10,243	312,868	224,853
<b>FUND BALANCES</b>				
Reserved for Encumbrances	---	---	261,052	458,038
Reserved for Perpetual Care, non-expendable	---	---	---	---
Reserved for Inventories	---	---	---	---
Reserved for Long-Term Notes	---	---	---	6,753,648
Reserved for Prepaid Items	---	---	---	12,755
Unreserved, undesignated	4,204,343	1,341,479	733,001	46,783
Total Fund Balances (Deficit)	<u>4,204,343</u>	<u>1,341,479</u>	<u>994,053</u>	<u>7,271,224</u>
Total Liabilities and Fund Balances	<u>\$ 4,739,335</u>	<u>\$ 1,351,722</u>	<u>\$ 1,306,921</u>	<u>\$ 7,496,077</u>

Special Revenue Funds					Permanent Fund	Total Governmental Nonmajor Funds
Housing	Main Street	Youngers Self-Impr. District	Convention Center/ Auditorium	Transit Operations	Cemetery Trust	
\$ 920,906	\$ 94,935	\$ ---	\$ ---	\$ ---	\$ 927,910	\$ 8,034,344
48,337	---	---	141,342	35,693	---	296,256
---	---	---	---	---	---	141,836
---	---	---	---	---	---	6,742,384
---	133,804	---	---	1,226,574	---	3,183,920
---	---	---	5,249	---	---	6,046
---	---	---	105,754	---	---	105,754
315,708	---	---	15,105	---	---	343,568
---	---	---	---	---	---	11,264
<u>1,284,951</u>	<u>228,739</u>	<u>---</u>	<u>267,450</u>	<u>1,262,267</u>	<u>927,910</u>	<u>18,865,372</u>
45,807	---	---	665,568	12,897	---	1,001,211
13,015	---	---	48,888	66,087	---	237,416
---	---	---	---	27,859	---	62,079
4,998	---	---	2,028	---	---	17,269
705	---	1,587	976,797	890,615	---	1,986,840
---	130,061	---	---	---	---	665,053
64,525	130,061	1,587	1,693,281	997,458	---	3,969,868
---	---	---	---	63,714	---	782,804
---	---	---	---	---	927,910	927,910
---	---	---	105,754	---	---	105,754
---	---	---	---	---	---	6,753,648
315,708	---	---	15,105	---	---	343,568
904,718	98,678	(1,587)	(1,546,690)	201,095	---	5,981,820
<u>1,220,426</u>	<u>98,678</u>	<u>(1,587)</u>	<u>(1,425,831)</u>	<u>264,809</u>	<u>927,910</u>	<u>14,895,504</u>
<u>\$ 1,284,951</u>	<u>\$ 228,739</u>	<u>\$ ---</u>	<u>\$ 267,450</u>	<u>\$ 1,262,267</u>	<u>\$ 927,910</u>	<u>\$ 18,865,372</u>

**CITY OF SIOUX CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**GOVERNMENTAL NONMAJOR FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**Special Revenue Funds**

<u>REVENUES</u>	Emergency Fund	Storm Water Drainage	Road Use	Community Development	Housing
Taxes	\$ 528,056	\$ ---	\$ ---	\$ ---	\$ ---
Special Assessments	---	14,203	---	---	---
Intergovernmental Revenue	---	---	7,222,597	3,574,335	4,757,152
Revenue from Use of Property	---	---	---	---	---
Charges for Services	---	1,270,128	4,884	---	---
Interest	---	9,326	---	212,376	---
Miscellaneous	---	---	48,480	61,757	64,993
<b>Total Revenue</b>	<b>528,056</b>	<b>1,293,657</b>	<b>7,275,961</b>	<b>3,848,468</b>	<b>4,822,145</b>
 <u>EXPENDITURES</u>					
Current:					
Public Works	---	91,890	7,741,877	---	---
Culture and Recreation	---	---	---	---	---
Community and Economic Development	---	---	---	3,325,241	5,028,874
General Government	---	1,163	---	---	---
<b>Total Expenditures</b>	<b>---</b>	<b>93,053</b>	<b>7,741,877</b>	<b>3,325,241</b>	<b>5,028,874</b>
 Excess (Deficiency) of Revenues Over Expenditures	 528,056	 1,200,604	 (465,916)	 523,227	 (206,729)
 <u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	1,500,000	---	158,899	---	---
Transfers Out	(527,691)	(926,571)	(27,852)	(36,960)	---
<b>Total Other Financing Sources (Uses)</b>	<b>972,309</b>	<b>(926,571)</b>	<b>131,047</b>	<b>(36,960)</b>	<b>---</b>
 Net Change in Fund Balance	 1,500,365	 274,033	 (334,869)	 486,267	 (206,729)
 Fund Balance (Deficit) - Beginning of Year	 2,703,978	 1,067,446	 1,328,922	 6,784,957	 1,427,155
 Fund Balance (Deficit) - End of Year	 <u>\$ 4,204,343</u>	 <u>\$ 1,341,479</u>	 <u>\$ 994,053</u>	 <u>\$ 7,271,224</u>	 <u>\$ 1,220,426</u>

Special Revenue Funds				Permanent Fund	Total Governmental Nonmajor Funds
Main Street	Youngers Self-Impr. District	Convention Center/ Auditorium	Transit Operations	Cemetery Trust	
\$ 187,702	\$ ---	\$ ---	\$ ---	\$ ---	\$ 715,758
---	---	---	---	---	14,203
---	---	---	1,695,763	---	17,249,847
---	---	3,011,096	50,974	72,397	3,134,467
---	---	1,115,766	839,618	---	3,230,396
---	---	24,372	---	---	246,074
---	---	372,657	29,427	17,408	594,722
187,702	---	4,523,891	2,615,782	89,805	25,185,467
---	---	---	3,388,565	---	11,222,332
---	---	7,039,061	---	---	7,039,061
285,000	---	---	---	---	8,639,115
---	---	---	---	---	1,163
285,000	---	7,039,061	3,388,565	---	26,901,671
(97,298)	---	(2,515,170)	(772,783)	89,805	(1,716,204)
96,633	---	2,222,092	1,302,285	---	5,279,909
---	---	---	(450,545)	---	(1,969,619)
96,633	---	2,222,092	851,740	---	3,310,290
(665)	---	(293,078)	78,957	89,805	1,594,086
99,343	(1,587)	(1,132,753)	185,852	838,105	13,301,418
\$ 98,678	\$ (1,587)	\$ (1,425,831)	\$ 264,809	\$ 927,910	\$ 14,895,504

**SI<sup>o</sup>UX<sup>TM</sup>**  
**CITY**

**CITY OF SIOUX CITY, IOWA  
COMBINING FINANCIAL STATEMENTS  
ENTERPRISE FUNDS**

**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, 2007**

**EXHIBIT B-1**

<b>ASSETS</b>	<b>Parking Facilities</b>	<b>Skyway System</b>	<b>Totals</b>
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents	\$ 5,354,216	\$ ---	\$ 5,354,216
Accounts Receivable	209,441	99,217	308,658
Accrued Interest Receivable	37,278	---	37,278
Due from Other Funds	---	8,639	8,639
Total Current Assets	<u>5,600,935</u>	<u>107,856</u>	<u>5,708,791</u>
<b><u>Non-Current Assets</u></b>			
Fixed Assets, Net of Accumulated Depreciation	<u>4,742,173</u>	---	<u>4,742,173</u>
Total Assets	<u>10,343,108</u>	<u>107,856</u>	<u>10,450,964</u>
<b><u>LIABILITIES</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts Payable	33,386	11,408	44,794
Accrued Wages and Compensated Absences	53,479	3,296	56,775
Accrued Interest Payable	8,910	---	8,910
Contracts and Retainers Payable	485,362	---	485,362
Due to Other Funds	645	93,152	93,797
Current Portion of G.O. Bonds	328,545	---	328,545
Matured Bonds and Coupons Payable	<u>7,613</u>	---	<u>7,613</u>
Total Current Liabilities	917,940	107,856	1,025,796
<b><u>Non-Current Liabilities</u></b>			
General Obligation Bonds, Net of Current Portion	<u>2,339,976</u>	---	<u>2,339,976</u>
Total Non-current Liabilities	<u>2,339,976</u>	---	<u>2,339,976</u>
Total Liabilities	<u>3,257,916</u>	<u>107,856</u>	<u>3,365,772</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	2,073,652	---	2,073,652
Unrestricted	<u>5,011,540</u>	---	<u>5,011,540</u>
Total Net Assets	<u>\$ 7,085,192</u>	<u>\$ ---</u>	<u>\$ 7,085,192</u>

**CITY OF SIOUX CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<b><u>OPERATING REVENUES</u></b>	<b><u>Parking Facilities</u></b>	<b><u>Skyway System</u></b>	<b><u>Totals</u></b>
Revenue from Use of Property	\$ 101	\$ ---	\$ 101
Charges for Services	1,004,637	322,577	1,327,214
Total Operating Revenues	1,004,738	322,577	1,327,315
<b><u>OPERATING EXPENSES</u></b>			
Employee Services	454,214	35,403	489,617
Supplies and Services	373,218	146,451	519,669
Repairs and Improvements	170,783	90,212	260,995
Utilities	6,620	50,511	57,131
Depreciation	352,261	---	352,261
Total Operating Expenses	1,357,096	322,577	1,679,673
Operating (Loss)	(352,358)	---	(352,358)
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Interest Income	294,744	---	294,744
Interest Expense	(118,442)	---	(118,442)
Total Non-Operating Revenues	176,302	---	176,302
Changes in Net Assets	(176,056)	---	(176,056)
Net Assets - Beginning of Year	7,261,248	---	7,261,248
Net Assets - End of Year	\$ 7,085,192	\$ ---	\$ 7,085,192

**CITY OF SIOUX CITY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**EXHIBIT B-3**

	<b>Parking Facilities</b>	<b>Skyway System</b>	<b>Totals</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Cash Received from Customers	\$ 967,309	\$ 303,050	\$ 1,270,359
Cash Paid for Personal Services	(448,934)	(34,620)	(483,554)
Cash Paid to Suppliers	(102,029)	(268,430)	(370,459)
Net Cash (Used) by Operating Activities	416,346	---	416,346
<b><u>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Proceeds from Bond Sales	---	---	---
Acquisition and Construction of Capital Assets	(1,710,239)	---	(1,710,239)
Principal Paid on Notes and Bonds	(328,545)	---	(328,545)
Interest Paid on Notes and Bonds	(119,489)	---	(119,489)
Net Cash (Used) by Capital and Related Financing Activities	(2,158,273)	---	(2,158,273)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest and Dividends on Investments	292,670	---	292,670
Net Cash Provided by Investing Activities	292,670	---	292,670
Net (Decrease) in Cash and Cash Equivalents	(1,449,257)	---	(1,449,257)
Cash and Cash Equivalents at Beginning of Year	6,803,473	---	6,803,473
Cash and Cash Equivalents at End of Year	\$ 5,354,216	\$ ---	\$ 5,354,216
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u></b>			
<b><u>PROVIDED BY OPERATING ACTIVITIES</u></b>			
Operating (Loss)	\$ (352,358)	\$ ---	\$ (352,358)
<i>Adjustments to Reconcile Operating (Loss)</i>			
<i>to Net Cash Provided by Operating Activities:</i>			
Depreciation	352,261	---	352,261
<i>(Increase) Decrease in Assets and</i>			
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Receivable	(37,429)	(15,155)	(52,584)
Due from Other Funds	---	(4,372)	(4,372)
Accounts Payable	2,120	(1,157)	963
Accrued Wages and Compensated Absences	5,280	783	6,063
Contracts and Retainers Payable	446,316	---	446,316
Due to Other Funds	156	19,901	20,057
Total Adjustments	768,704	---	768,704
Net Cash (Used) by Operating Activities	\$ 416,346	\$ ---	\$ 416,346

**CITY OF SIOUX CITY, IOWA  
COMBINING FINANCIAL STATEMENTS  
INTERNAL SERVICE FUNDS**

**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, 2007**

	<u>Central Maintenance Garage</u>	<u>Comprehensive Insurance</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents	\$ 3,197,773	\$ 4,788,052	\$ 7,985,825
Accounts Receivable	75,036	3,721	78,757
Accrued Interest Receivable	---	18,892	18,892
Notes Receivable	170,719	---	170,719
Due from Other Governments	29,878	---	29,878
Inventories, at Cost	<u>256,772</u>	<u>---</u>	<u>256,772</u>
Total Current Assets	3,730,178	4,810,665	8,540,843
<b><u>Non-Current Assets</u></b>			
Fixed Assets, Net of Accumulated Depreciation	<u>9,097,605</u>	<u>---</u>	<u>9,097,605</u>
Total Assets	<u>12,827,783</u>	<u>4,810,665</u>	<u>17,638,448</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	318,623	35,215	353,838
Accrued Wages and Compensated Absences	117,306	93,387	210,693
Contracts and Retainers Payable	---	10,723	10,723
Due to Other Funds	---	103	103
Post Employment Benefit Obligation	---	3,379,801	3,379,801
Estimated Liability for Damage Claims	<u>---</u>	<u>3,611,732</u>	<u>3,611,732</u>
Total Liabilities	<u>435,929</u>	<u>7,130,961</u>	<u>7,566,890</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets	9,097,605	---	9,097,605
Unrestricted	<u>3,294,249</u>	<u>(2,320,296)</u>	<u>973,953</u>
Total Net Assets	<u>\$ 12,391,854</u>	<u>\$ (2,320,296)</u>	<u>\$ 10,071,558</u>

**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, 2007**

	<u>Central Maintenance Garage</u>	<u>Comprehensive Insurance</u>	<u>Totals</u>
<b><u>OPERATING REVENUE</u></b>			
Revenue from Use of Property	\$ 92,445	\$ ---	\$ 92,445
Charges for Services	7,003,049	11,214,808	18,217,857
Total Operating Revenues	<u>7,095,494</u>	<u>11,214,808</u>	<u>18,310,302</u>
<b><u>OPERATING EXPENSES</u></b>			
Employee Services	1,641,603	14,856,713	16,498,316
Supplies and Services	182,743	1,205,265	1,388,008
Repairs and Improvements	3,563,444	5,224	3,568,668
Utilities	30,100	2,365	32,465
Depreciation	2,428,524	---	2,428,524
Damage Settlement	---	352,182	352,182
Total Operating Expenses	<u>7,846,414</u>	<u>16,421,749</u>	<u>24,268,163</u>
Net Operating (Loss)	(750,920)	(5,206,941)	(5,957,861)
<b><u>NON-OPERATING REVENUES</u></b>			
Interest Income	7,807	154,733	162,540
Gain on Sale of Capital Assets	180,088	---	180,088
Total Non-Operating Revenues	<u>187,895</u>	<u>154,733</u>	<u>342,628</u>
(Loss) before Transfers	(563,025)	(5,052,208)	(5,615,233)
Transfers In	451,747	---	451,747
Transfers Out	<u>(13,425)</u>	<u>---</u>	<u>(13,425)</u>
Changes in Net Assets	(124,703)	(5,052,208)	(5,176,911)
Net Assets - Beginning of Year	<u>12,516,557</u>	<u>2,731,912</u>	<u>15,248,469</u>
Net Assets - End of Year	<u>\$ 12,391,854</u>	<u>\$ (2,320,296)</u>	<u>\$ 10,071,558</u>

**CITY OF SIOUX CITY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Central Maintenance Garage</u>	<u>Comprehensive Insurance</u>	<u>Totals</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Cash Received from Customers	\$ 7,018,455	\$ 11,214,458	\$ 18,232,913
Cash Paid for Personal Services	(1,613,876)	(11,469,090)	(13,082,966)
Cash Paid to Suppliers	(3,875,814)	(1,461,974)	(5,337,788)
Net Cash Provided (Used) by Operating Activities	1,528,765	(1,716,606)	(187,841)
<b><u>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Acquisition and Construction of Capital Assets	(2,375,363)	---	(2,375,363)
Proceeds from Sale of Assets	336,293	---	336,293
Net Cash (Used) by Capital and Related Financing Activities	(2,039,070)	---	(2,039,070)
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>			
Transfers In	451,747	---	451,747
Transfers Out	(13,425)	---	(13,425)
Net Cash Provided by Non-Capital Financing Activities	438,322	---	438,322
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest and Dividends on Investments	7,807	154,235	162,042
Advances made on Notes Receivable	(37,347)	---	(37,347)
Payments received on Notes Receivable	30,087	---	30,087
Net Cash Provided by Investing Activities	547	154,235	154,782
Net (Decrease) in Cash and Cash Equivalents	(71,436)	(1,562,371)	(1,633,807)
Cash and Cash Equivalents at Beginning of Year	3,269,209	6,350,423	9,619,632
Cash and Cash Equivalents at End of Year	<u>\$ 3,197,773</u>	<u>\$ 4,788,052</u>	<u>\$ 7,985,825</u>
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u></b>			
<b><u>PROVIDED BY OPERATING ACTIVITIES</u></b>			
Operating (Loss)	\$ (750,920)	\$ (5,206,941)	\$ (5,957,861)
<i>Adjustments to Reconcile Operating Income (Loss)</i>			
<i>to Net Cash Provided by (Used for) Operating Activities:</i>			
Depreciation	2,428,524	---	2,428,524
(Increase) Decrease in Assets and			
Increase (Decrease) in Liabilities:			
Accounts Receivable	(47,161)	(350)	(47,511)
Due from Other Governments	(29,878)	---	(29,878)
Inventories	(3,269)	---	(3,269)
Accounts Payable	(96,258)	(67,385)	(163,643)
Accrued Wages and Compensated Absences	27,727	7,822	35,549
Contracts and Retainers Payable	---	7,761	7,761
Due to Other Funds	---	103	103
Post Employment Benefit Obligation	---	3,379,801	3,379,801
Estimated Liability for Damage Claims	---	162,583	162,583
Total Adjustments	2,279,685	3,490,335	5,770,020
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,528,765</u>	<u>\$ (1,716,606)</u>	<u>\$ (187,841)</u>

**SIOUX<sup>TM</sup>**  
**CITY**

**CITY OF SIOUX CITY, IOWA  
COMBINING AND INDIVIDUAL FUND STATEMENTS  
FIDUCIARY FUNDS**

**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.

**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, 2007

	<u>Revolving</u>	<u>Woodbury County Information Communication Commission</u>	<u>Siouxland Historic Auditorium Restoration Project (SHARP)</u>	<u>Totals</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ ---	\$ 187,612	\$ ---	\$ 187,612
Accounts Receivable	<u>26,520</u>	<u>17,837</u>	<u>---</u>	<u>44,357</u>
Total Assets	<u><u>26,520</u></u>	<u><u>205,449</u></u>	<u><u>---</u></u>	<u><u>231,969</u></u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	26,520	---	---	26,520
Due to Other Governments	<u>---</u>	<u>205,449</u>	<u>---</u>	<u>205,449</u>
Total Liabilities	<u>26,520</u>	<u>205,449</u>	<u>---</u>	<u>231,969</u>
Total Net Assets	<u><u>\$ ---</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ ---</u></u>

**CITY OF SIOUX CITY, IOWA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<b>REVOLVING</b>	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 1,971	\$ 1,253,489	\$ 1,255,460	\$ ---
Accounts Receivable	18,077	675,890	667,447	26,520
Total Assets	<u>20,048</u>	<u>1,929,379</u>	<u>1,922,907</u>	<u>26,520</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	20,048	1,929,379	1,922,907	26,520
Total Liabilities	<u>\$ 20,048</u>	<u>\$ 1,929,379</u>	<u>\$ 1,922,907</u>	<u>\$ 26,520</u>

**WOODBURY COUNTY INFORMATION**  
**COMMUNICATION COMMISSION (WCICC)**

<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 199,568	\$ 3,458,297	\$ 3,470,253	\$ 187,612
Accounts Receivable	28,163	550,030	560,356	17,837
Total Assets	<u>227,731</u>	<u>4,008,327</u>	<u>4,030,609</u>	<u>205,449</u>
<b><u>LIABILITIES</u></b>				
Due to Other Governments	227,731	4,008,327	4,030,609	205,449
Total Liabilities	<u>\$ 227,731</u>	<u>\$ 4,008,327</u>	<u>\$ 4,030,609</u>	<u>\$ 205,449</u>

**CITY OF SIOUX CITY, IOWA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<b>SIOUXLAND HISTORIC AUDITORIUM RESTORATION PROJECT (SHARP)</b>	<b>Balance July 1, 2006</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2007</b>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ ---	\$ 491,345	\$ 491,345	\$ ---
Total Assets	<u>---</u>	<u>491,345</u>	<u>491,345</u>	<u>---</u>
<b><u>LIABILITIES</u></b>				
Due to Other Governments	---	491,345	491,345	---
Total Liabilities	<u>\$ ---</u>	<u>\$ 491,345</u>	<u>\$ 491,345</u>	<u>\$ ---</u>
 <b>TOTAL - ALL AGENCY FUNDS</b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 201,539	\$ 5,203,131	\$ 5,217,058	\$ 187,612
Accounts Receivable	46,240	1,225,920	1,227,803	44,357
Total Assets	<u>247,779</u>	<u>6,429,051</u>	<u>6,444,861</u>	<u>231,969</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	20,048	1,929,379	1,922,907	26,520
Due to Other Governments	227,731	4,499,672	4,521,954	205,449
Total Liabilities	<u>\$ 247,779</u>	<u>\$ 6,429,051</u>	<u>\$ 6,444,861</u>	<u>\$ 231,969</u>

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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 six years.

**SIOUX<sup>TM</sup>**  
**CITY**

TABLE I

CITY OF SIOUX CITY, IOWA  
 GOVERNMENT-WIDE NET ASSETS BY COMPONENT<sup>2</sup>  
 LAST SIX FISCAL YEARS<sup>1</sup>  
 (ACCURAL BASIS OF ACCOUNTING)

	FISCAL YEAR					
	2002	2003	2004	2005	2006	2007
<b>Governmental Activities</b>						
Invested in Capital Assets, Net of Related Debt	\$ 101,371,194	\$ 132,205,841	\$ 165,606,928	\$ 163,066,644	\$ 178,531,068	\$ 202,244,071
Restricted for:						
Capital Improvements	5,074,878	---	10,666,980	18,095,819	15,772,571	15,827,272
Debt Service	4,061,206	3,802,491	4,924,215	2,411,720	1,438,126	1,438,831
Perpetual Care, non-expendable	621,662	660,395	724,772	782,515	838,105	927,910
Unrestricted	44,457,987	47,747,865	29,559,632	52,580,385	56,134,972	48,896,046
Total Governmental Activities Net Assets	<u>155,566,927</u>	<u>184,416,592</u>	<u>211,482,527</u>	<u>236,937,083</u>	<u>252,714,842</u>	<u>269,334,130</u>
<b>Business-Type Activities</b>						
Invested in Capital Assets, Net of Related Debt	55,758,246	60,353,358	56,065,900	57,908,190	59,757,362	70,041,912
Unrestricted	14,079,033	9,184,436	14,102,161	14,725,602	21,081,482	21,517,615
Total Business-Type Activities Net Assets	<u>69,837,279</u>	<u>69,537,794</u>	<u>70,168,061</u>	<u>72,633,792</u>	<u>80,838,864</u>	<u>91,559,527</u>
<b>Primary Government</b>						
Invested in Capital Assets, Net of Related Debt	157,129,440	192,559,199	221,672,828	220,974,834	238,288,450	272,285,983
Restricted for:						
Capital Improvements <sup>3</sup>	5,074,878	---	10,666,980	18,095,819	15,772,571	15,827,272
Debt Service	4,061,206	3,802,491	4,924,215	2,411,720	1,438,126	1,438,831
Perpetual Care, non-expendable	621,662	660,395	724,772	782,515	838,105	927,910
Unrestricted	58,537,020	56,932,301	43,661,793	67,305,987	77,216,454	70,413,661
Total Primary Government Net Assets	<u>\$ 225,424,206</u>	<u>\$ 253,954,386</u>	<u>\$ 281,650,588</u>	<u>\$ 309,570,875</u>	<u>\$ 333,553,706</u>	<u>\$ 360,893,657</u>

Notes:

<sup>1</sup> The City implemented GASB Statement No. 34 in fiscal year 2002, therefore, six years of government-wide financial data is presented.

<sup>2</sup> 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.

<sup>3</sup> 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 SIX FISCAL YEARS<sup>2</sup>  
 (ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR					
	2002	2003	2004	2005	2006	2007
<b>Expenses<sup>1</sup></b>						
Governmental Activities:						
Public Safety	\$ 21,048,856	\$ 24,129,343	\$ 24,901,874	\$ 27,628,436	\$ 27,117,017	\$ 28,854,253
Community Protection	---	---	---	---	---	---
Public Works	---	10,960,350	11,000,039	11,028,031	13,640,878	15,506,549
Culture and Recreation	---	11,183,008	12,183,759	13,550,054	14,727,851	16,080,955
Human Development	6,186,316	---	---	---	---	---
Community and Economic Development	---	11,017,771	10,680,718	8,402,228	10,965,458	10,787,387
Home and Community Development	39,315,091	---	---	---	---	---
General Government	25,273,412	15,803,180	650,274	5,257,329	5,791,061	10,471,162
Policy and Administration	---	---	---	---	---	---
Debt Service	---	---	---	---	---	---
Capital Projects	---	4,216,065	8,668,744	5,678,533	5,992,311	5,980,529
Interest Expense	---	5,523,373	5,334,401	2,874,889	8,948,563	1,203,328
Unallocated Depreciation Expense	6,382,983	6,305,405	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	88,884,163
Business-Type Activities:						
Airport	---	3,783,809	3,547,215	3,541,192	4,825,894	3,614,198
Water	---	10,446,242	11,693,816	9,451,225	7,465,007	7,594,727
Sewer	---	8,987,353	10,229,066	10,105,125	11,414,489	11,306,475
Solid Waste	---	3,158,508	3,642,375	4,876,127	3,980,655	4,108,577
Home and Community Development	22,167,410	---	---	---	---	---
Nonmajor Enterprise Funds	---	1,550,468	1,615,818	1,453,268	1,474,959	1,798,115
Total Business-Type Activities Expenses	22,167,410	27,936,380	30,728,290	29,426,937	28,161,014	28,422,092
Total Primary Government Expenses	120,374,068	117,074,876	110,866,748	108,135,913	116,343,953	117,306,255
<b>Program Revenues<sup>1</sup></b>						
Governmental Activities:						
Charges for Services:						
Public Safety	---	1,797,850	306,263	288,873	280,292	283,845
Community Protection	1,606,056	---	---	---	---	---
Public Works	---	1,832,618	3,006,966	3,153,921	3,384,769	3,670,886
Culture and Recreation	---	898,765	1,123,362	4,502,333	4,547,840	4,855,063
Human Development	932,104	---	---	---	---	---
Community and Economic Development	---	1,968,650	738,406	856,813	871,956	891,801
Home and Community Development	7,896,550	---	---	---	---	---
General Government	---	16,484,226	4,578,523	6,606,159	3,445,465	2,695,053
Policy and Administration	18,779,982	---	---	---	---	---
Capital Projects	---	---	---	---	---	---
Operating Grants and Contributions	12,835,750	21,167,457	20,833,159	24,493	22,597	---
Capital Grants and Contributions	12,762,481	15,670,270	15,985,106	5,545,934	9,061,256	19,595,863
Special Assessments	731,180	338,882	---	---	---	6,656,241
Total Governmental Activities Program Revenues	55,544,103	60,198,718	46,521,785	41,593,536	41,989,825	38,648,752

**FISCAL YEAR**

	2002	2003	2004	2005	2006	2007
<b>Business-Type Activities:</b>						
Charges for Services:						
Airport	---	2,350,085	1,546,766	1,566,390	1,591,498	1,407,558
Water	---	7,360,118	7,742,305	8,459,775	8,452,528	10,690,423
Sewer	---	10,776,672	10,807,909	10,881,489	10,735,055	11,848,359
Solid Waste	---	3,638,028	4,262,988	4,357,118	4,397,189	4,911,254
Home and Community Development	23,664,198	---	---	---	---	---
Nonmajor Enterprise Funds	---	1,516,720	1,519,706	1,388,342	1,323,803	1,327,315
Operating Grants and Contributions	891,046	1,490,965	593,502	3,725,102	2,813,675	3,940,017
<b>Total Business-Type Activities Program Revenues</b>	<b>24,495,244</b>	<b>27,052,688</b>	<b>26,385,176</b>	<b>30,347,216</b>	<b>30,703,746</b>	<b>34,024,926</b>
<b>Total Primary Government Program Revenues</b>	<b>60,039,347</b>	<b>87,251,306</b>	<b>72,906,961</b>	<b>71,940,752</b>	<b>72,693,571</b>	<b>72,873,676</b>
<b>Net (Expense)/Revenue<sup>3</sup></b>	<b>(42,662,555)</b>	<b>(28,939,776)</b>	<b>(33,616,673)</b>	<b>(37,115,440)</b>	<b>(45,193,114)</b>	<b>(50,235,411)</b>
<b>Governmental Activities</b>	<b>2,327,834</b>	<b>(863,792)</b>	<b>(4,343,114)</b>	<b>920,279</b>	<b>1,542,732</b>	<b>5,802,834</b>
<b>Total Primary Government Net Expense</b>	<b>(40,334,721)</b>	<b>(29,823,570)</b>	<b>(37,959,787)</b>	<b>(36,195,161)</b>	<b>(43,650,382)</b>	<b>(44,632,577)</b>
<b>General Revenues</b>						
Governmental Activities:						
Property Taxes	35,778,991	39,851,751	41,059,605	44,032,023	44,670,160	45,743,601
Franchise Taxes	2,062,865	2,553,597	2,220,948	2,819,425	2,609,122	2,810,233
Hotel-Motel Taxes	815,659	693,391	781,039	819,901	890,533	873,749
Local Option Sales Taxes	7,941,416	8,707,139	8,854,807	9,039,490	9,116,344	10,876,276
Interest	1,385,238	1,093,276	768,608	1,631,250	3,691,733	3,959,731
Revenue from the Use of Property	3,448,175	2,964,164	3,564,982	---	---	---
Revenue from Sale of Uncapitalized Property	---	---	---	185,424	715,093	859,249
Miscellaneous	2,769,278	2,107,173	2,895,044	2,720,836	2,503,184	2,110,285
Net Gain on Sale of Capital Assets	139,869	---	---	460,091	44,155	180,088
Transfers	(320,648)	(201,048)	157,595	383,333	(3,269,450)	(558,614)
<b>Total Governmental Activities</b>	<b>54,041,863</b>	<b>57,769,443</b>	<b>60,302,608</b>	<b>62,091,773</b>	<b>60,970,874</b>	<b>66,854,698</b>
<b>Business-Type Activities:</b>						
Interest	417,422	264,882	295,742	438,562	825,506	1,198,245
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	484,370
Net Gain on Sale of Capital Assets	---	---	---	1,265,105	7,403	3,128
Transfers	320,648	201,048	(157,595)	(383,333)	3,269,450	558,614
<b>Total Business-Type Activities</b>	<b>813,424</b>	<b>584,307</b>	<b>4,259,925</b>	<b>1,545,462</b>	<b>6,662,340</b>	<b>2,244,557</b>
<b>Total Primary Government</b>	<b>54,855,287</b>	<b>58,353,750</b>	<b>64,562,533</b>	<b>63,637,235</b>	<b>67,633,214</b>	<b>69,099,255</b>
<b>Change in Net Assets</b>						
Governmental Activities	11,379,308	28,829,665	26,685,935	24,976,333	15,777,760	16,619,287
Business-Type Activities	3,141,258	(299,485)	(83,189)	2,465,731	8,205,072	7,847,391
<b>Total Primary Government</b>	<b>\$ 14,520,566</b>	<b>\$ 28,530,180</b>	<b>\$ 26,602,746</b>	<b>\$ 27,442,064</b>	<b>\$ 23,982,832</b>	<b>\$ 24,466,678</b>

Notes:

<sup>1</sup> The State of Iowa program levels changed in Fiscal Year 2003.

<sup>2</sup> The City implemented GASB Statement No. 34 in fiscal year 2002, therefore, six years of government-wide financial data is presented.

<sup>3</sup> 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  
(ACCRUAL BASIS OF ACCOUNTING)**

<b>FISCAL YEAR</b>	<b>GENERAL PROPERTY TAXES<sup>1</sup></b>	<b>LOCAL OPTION SALES TAXES</b>	<b>BANK FRANCHISE TAXES<sup>3</sup></b>	<b>UTILITY FRANCHISE TAXES<sup>2</sup></b>	<b>CABLE TV FRANCHISE TAX</b>	<b>HOTEL-MOTEL TAXES</b>	<b>TOTAL TAXES</b>
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	35,778,991	7,941,416	117,997	1,609,195	355,693	815,659	46,618,951
2003	39,851,751	8,707,139	109,028	2,101,499	343,070	693,391	51,805,878
2004	41,059,605	8,854,807	118,143	1,751,308	351,497	781,039	52,916,399
2005	44,032,023	9,039,490	83,659	2,390,728	345,038	819,901	56,710,839
2006	44,670,160	9,116,344	---	2,259,183	349,939	890,533	57,286,159
2007	\$ 45,743,901	\$ 10,876,276	\$ ---	\$ 2,432,504	\$ 377,729	\$ 873,749	\$ 60,304,159
Percentage Change							
In Dollars Over							
10 Years	59.41%	15.02%	-100.00%	54.59%	24.31%	7.77%	47.16%

## Notes:

<sup>1</sup> In fiscal year 2003, the City property tax levy increased from 14.40683 to 16.00121.

<sup>2</sup> 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.

<sup>3</sup> Bank franchise taxes were implemented for ten years and were completed during fiscal year 2005.

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

	FISCAL YEAR									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Fund</b>										
Reserved <sup>1</sup>	\$ 404,280	\$ 247,529	\$ 492,694	\$ 298,477	\$ 475,175	\$ 235,828	\$ 330,372	\$ 465,774	\$ 333,970	\$ 330,765
Unreserved	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	7,226,338
<b>Total General Fund</b>	<b>4,676,320</b>	<b>4,805,335</b>	<b>4,805,425</b>	<b>4,819,892</b>	<b>4,960,683</b>	<b>4,970,578</b>	<b>5,017,641</b>	<b>6,182,303</b>	<b>6,759,321</b>	<b>7,557,103</b>
<b>All Other Governmental Funds</b>										
Reserved	10,671,681	17,145,698	24,131,849	30,369,443	35,949,563	44,168,957	35,699,820	57,733,852	55,314,255	51,112,529
Unreserved, reported in:										
Special Revenue Funds	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	9,534,586
Total All Other Governmental Funds <sup>2</sup>	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	60,647,115
<b>Total Governmental Funds</b>										
Reserved	11,075,961	17,393,227	24,624,543	30,667,920	36,424,738	44,404,785	36,029,192	58,199,826	55,848,225	51,443,294
Unreserved	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	16,760,924
<b>Total Governmental Funds</b>	<b>\$ 19,580,952</b>	<b>\$ 24,831,880</b>	<b>\$ 34,879,128</b>	<b>\$ 41,886,289</b>	<b>\$ 47,917,772</b>	<b>\$ 53,820,728</b>	<b>\$ 45,438,005</b>	<b>\$ 69,284,339</b>	<b>\$ 69,816,405</b>	<b>\$ 68,204,218</b>

Notes:

<sup>1</sup> The fluctuations in the General Fund reserved fund balance are due to the encumbrances at year end.

<sup>2</sup> The fluctuations in the fund balance result from construction projects in which funds are borrowed in one year and spent in another fiscal year.

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

	FISCAL YEAR									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 40,116,010	\$ 43,083,065	\$ 44,448,618	\$ 46,257,444	\$ 46,560,104	\$ 51,706,623	\$ 52,988,921	\$ 56,614,493	\$ 57,223,300	\$ 60,501,050
Special Assessments	680,824	789,387	683,722	486,685	502,280	440,633	226,404	301,359	297,536	251,812
Regulatory Fees	911,767	982,100	999,535	1,082,075	1,061,288	1,250,875	1,237,582	1,328,107	1,174,657	1,253,668
Intergovernmental Revenue	18,268,786	18,493,448	22,386,325	21,152,816	32,475,237	36,642,152	36,389,020	28,599,234	26,989,896	26,156,355
Revenue from the Use of Property	3,637,438	3,521,039	3,494,669	3,536,082	3,629,669	3,041,082	3,482,104	4,482,980	4,431,425	4,254,653
Charges for Services	5,566,633	5,631,761	6,318,779	6,206,583	6,453,870	6,276,171	6,511,977	7,079,903	7,087,902	7,817,733
Interest	1,350,905	1,516,287	2,082,505	2,690,589	1,385,238	1,093,276	783,379	1,589,427	3,580,311	3,787,191
Contributions	259,120	286,415	357,171	211,687	503,475	195,575	267,001	280,806	2,410,834	247,534
Miscellaneous	1,044,389	784,770	1,987,970	1,535,484	573,765	1,991,930	2,601,648	2,366,864	2,178,484	1,978,346
Total Revenues	71,865,872	74,988,322	82,759,294	83,049,445	95,144,926	102,841,317	104,448,236	99,583,173	105,334,345	106,288,332
<b>Expenditures<sup>1</sup></b>										
Public Safety	---	---	---	---	---	24,262,437	24,921,335	27,162,912	27,135,419	27,927,945
Community Protection	18,859,312	18,894,778	20,824,905	21,293,946	23,629,295	---	---	---	---	---
Public Works	---	---	---	---	---	11,004,008	10,918,789	10,932,711	11,985,865	13,199,362
Culture and Recreation	---	---	---	---	---	11,132,682	12,210,191	13,153,004	13,233,666	13,612,386
Human Development	9,777,976	9,509,737	10,174,183	10,159,682	10,589,896	---	---	---	---	---
Community and Economic Development	---	---	---	---	---	11,011,474	10,654,583	9,142,019	11,279,598	10,719,564
Home and Community Development	14,521,052	14,682,265	15,598,842	17,087,358	18,148,505	---	---	---	---	---
General Government	---	---	---	---	---	---	---	---	---	---
Policy and Administration	6,879,478	5,641,957	5,789,528	5,649,458	6,503,907	3,073,574	3,071,353	3,395,787	2,891,580	2,821,790
Debt Service	---	---	---	---	---	---	---	---	---	---
Principal	13,230,006	9,260,796	10,880,625	10,634,588	6,239,281	10,882,841	11,538,556	13,783,047	16,829,547	17,531,767
Interest and Fiscal Charges	5,048,026	4,789,984	2,912,087	4,891,608	9,570,196	5,884,742	5,479,580	5,787,508	6,009,331	6,004,815
Capital Projects	16,303,803	14,957,113	15,140,517	17,417,408	31,375,569	48,244,027	45,529,590	9,193,970	28,442,887	23,638,330
Total Expenditures	84,819,653	77,726,630	81,298,695	87,144,058	106,056,739	123,095,795	124,321,987	92,550,968	117,807,903	115,455,969
Excess of Revenues over (under) Expenditures	(12,753,781)	(2,738,308)	1,460,599	(4,094,613)	(10,911,813)	(20,464,478)	(19,873,731)	7,032,205	(12,473,558)	(9,197,637)
<b>Other Financing Sources (Uses)</b>										
Proceeds from Issuance of Bonds and Notes	8,458,006	9,121,760	8,885,281	12,582,441	16,114,822	26,889,906	11,887,975	18,945,000	16,582,021	8,688,000
Proceeds from Refunding Bonds Issued	3,574,072	---	---	5,370,000	4,052,300	4,455,075	2,548,000	3,488,000	---	---
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	94,586
Discounts on Bonds Issued	---	---	---	(135,175)	---	(105,094)	(10,763)	(69,280)	(29,983)	---
Transfers In	20,328,938	30,479,873	22,681,397	25,137,360	30,969,460	31,433,852	27,915,915	35,383,804	37,227,859	39,003,460
Transfers Out	(20,328,938)	(30,479,873)	(22,681,397)	(25,137,360)	(31,003,332)	(31,813,662)	(28,724,475)	(37,672,513)	(40,979,400)	(40,000,588)
Total Other Financing Sources (Uses)	12,032,078	9,121,760	8,885,281	12,497,266	16,355,131	26,957,434	11,111,008	16,689,240	12,805,624	7,785,460
Net Change in Fund Balances	\$ (721,703)	\$ 6,383,452	\$ 10,345,880	\$ 8,402,653	\$ 5,443,318	\$ 5,902,566	\$ (6,762,723)	\$ 23,701,445	\$ 332,056	\$ (1,412,187)
Debt Service as a percentage of non-capital expenditures <sup>2</sup>	n/a	n/a	n/a	n/a	16.99%	18.23%	18.55%	21.74%	22.31%	23.49%

Note:  
<sup>1</sup> The State of Iowa program levels changed in 2003.  
<sup>2</sup> The non-capital expenditures for years 1998-2001 is not readily available.

TABLE VI

**CITY OF SIOUX CITY, IOWA**  
**ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY<sup>1</sup>**  
**LAST TEN FISCAL YEARS**

FISCAL YEAR	REAL PROPERTY		UTILITIES		TOTAL		TOTAL TAXABLE VALUE TO ASSESSED VALUE
	ASSESSED VALUE	TAXABLE VALUE <sup>2</sup>	ASSESSED VALUE	TAXABLE VALUE	ASSESSED VALUE	TAXABLE VALUE	
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	1,498,666,502	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	128,163,982	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	1,766,220,561	124,848,499	124,848,499	3,224,114,339	1,911,069,060	59%
2007	\$ 3,280,496,069	\$ 1,831,228,796	\$ 123,180,706	\$ 123,180,706	\$ 3,403,676,775	\$ 1,954,409,502	57%

Source: Woodbury County, Iowa; County Auditor

## Notes:

<sup>1</sup> Taxable Value does not include the Tax Increment Levy.

<sup>2</sup> Taxable value = (percent rollback \* assessed value) - exemptions (military, homestead, elderly, etc.)

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

FISCAL YEAR	CITY OF SIOUX CITY										OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	TOTAL DIRECT	SCHOOL DISTRICT	COUNTY	WESTERN IOWA			CITY ASSESSOR	AG EXTENSION	SPECIAL STATE	TOTAL OVERLAPPING			
							TECH	TECH	TECH							
1998	\$ 8.260	\$ 6.190	\$ 0.830	\$ 15.280	\$ 15.215	\$ 6.643	\$ 0.608	\$ 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	26.374	44.345				
2007	\$ 8.430	\$ 8.295	\$ 1.530	\$ 18.255	\$ 16.768	\$ 7.778	\$ 0.703	\$ 0.487	\$ 0.051	\$ 0.004	\$ 25.791	\$ 44.046				

Source: Woodbury County, Iowa; County Auditor

**CITY OF SIOUX CITY, IOWA**  
**PRINCIPAL TAXPAYERS AND THEIR ASSESSED VALUATIONS**  
**JUNE 30, 2007**

TAXPAYER	2007			1998		
	ASSESSED VALUE	RANK	% OF TOTAL ASSESSED VALUE	ASSESSED VALUE	RANK	% OF TOTAL ASSESSED VALUE
SOUTHERN HILLS MALL	\$ 73,093,200	1	2.15%	\$ 39,233,800	2	1.74%
WAL-MART	38,685,600	2	1.14%	9,206,400	9	0.41%
LAKEPORT COMMONS	37,077,100	3	1.09%	---	0	0.00%
LARRY BOOK ET AL	28,382,500	4	0.83%	---	0	0.00%
DAVENPORT ET AL	24,138,500	5	0.71%	13,189,800	7	0.59%
CLOVERLEAF COLD STORAGE	23,455,300	6	0.69%	---	0	0.00%
WA KLINGER	22,140,900	7	0.65%	21,754,200	3	0.97%
DAVIES IOWA LOGISTICS PORTFOLIO I LLC	18,119,300	8	0.53%	---	0	0.00%
ST. LUKE'S MEDICAL	17,122,400	9	0.50%	14,142,400	5	0.63%
HANDY LC	15,568,300	10	0.46%	---	0	0.00%
HOLTZ CONSTRUCTION	---	0	0.00%	13,835,600	6	0.61%
MIDAMERICAN ENERGY <sup>1</sup>	---	0	0.00%	130,130,648	1	5.78%
CARGILL INC.	---	0	0.00%	15,498,900	4	0.69%
QWEST	---	0	0.00%	12,928,306	8	0.57%
TERRA REAL ESTATE	---	0	0.00%	8,550,900	10	0.38%
TOTAL PRINCIPAL TAXPAYERS	297,783,100		8.75%	278,470,954		12.37%
ALL OTHER TAXPAYERS	3,105,893,675		91.25%	1,972,611,266		87.63%
TOTAL ASSESSED VALUATION	<u>\$ 3,403,676,775</u>		<u>100.00%</u>	<u>\$ 2,251,082,220</u>		<u>100.00%</u>

Source: City Assessor, Sioux City, Iowa

Note:

<sup>1</sup> The change in rank of MidAmerican Energy over ten years reflects the change in valuation of utilities.

**CITY OF SIOUX CITY, IOWA  
PROPERTY TAX LEVIES AND COLLECTIONS<sup>1</sup>  
LAST TEN FISCAL YEARS**

<b>FISCAL YEAR</b>	<b>TOTAL<sup>2</sup> TAX LEVY</b>	<b>CURRENT TAX COLLECTIONS</b>	<b>PERCENT OF LEVY COLLECTED</b>	<b>COLLECTIONS<sup>3</sup> IN SUBSEQUENT YEARS</b>	<b>TOTAL TAX COLLECT-IONS</b>	<b>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</b>	<b>OUT-STANDING DELINQUENT TAXES</b>	<b>PERCENT OF DELINQUENT TAXES TO TAX LEVY</b>
1998	\$ 22,337,926	\$ 22,046,716	98.70%	N/A	\$ 22,046,716	98.70%	\$ 291,210	1.30%
1999	22,740,220	22,603,463	99.40%	N/A	22,603,463	99.40%	136,757	0.60%
2000	23,375,102	22,732,052	97.25%	N/A	22,732,052	97.25%	643,050	2.75%
2001	24,695,282	24,574,878	99.51%	N/A	24,574,878	99.51%	120,404	0.49%
2002	26,152,122	25,610,836	97.93%	N/A	25,610,836	97.93%	541,286	2.07%
2003	29,270,945	28,709,279	98.08%	N/A	28,709,279	98.08%	561,666	1.92%
2004	31,031,623	30,344,967	97.79%	N/A	30,344,967	97.79%	686,656	2.21%
2005	33,456,833	32,553,542	97.30%	N/A	32,553,542	97.30%	903,291	2.70%
2006	34,507,900	33,669,147	97.57%	N/A	33,669,147	97.57%	838,753	2.43%
2007	\$ 36,050,819	\$ 35,160,981	97.53%	N/A	\$ 35,160,981	97.53%	\$ 889,838	2.47%

Source: Woodbury County Treasurer, Woodbury County, Iowa

Notes:

<sup>1</sup> GAAP Basis.

<sup>2</sup> Tax Increment Levy and SID tax Levy not included.

<sup>3</sup> The Woodbury County Treasurer's Office does not record for which year delinquent payments are made.

TABLE X

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

<b>FISCAL YEAR</b>	<b>CURRENT ASSESSMENTS DUE</b>	<b>CURRENT ASSESSMENTS COLLECTED</b>	<b>PERCENT OF COLLECTIONS TO AMOUNT DUE</b>	<b>TOTAL OUTSTANDING CURRENT &amp; DELINQUENT ASSESSMENTS<sup>1</sup></b>
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
2007	\$ 116,486	\$ 252,541	217%	\$ 961,485

Source: Woodbury County Treasurer, Woodbury County, Iowa

Note:

<sup>1</sup>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 <sup>1</sup>	PER CAPITA <sup>1</sup>
	NOTES PAYABLE	GENERAL OBLIGATION BONDS	CAPITAL LEASES	NOTES PAYABLE	GENERAL OBLIGATION BONDS	REVENUE BONDS			
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	86,316,636	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
2007	\$ 25,000	\$ 87,260,843	\$ ---	\$ 41,349,668	\$ 6,939,157	\$ 1,195,000	\$ 136,669,668	7.70%	1,608

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

<sup>1</sup> See the Schedule of Demographic and Economic Statistics, Table XVI for personal income and population data.

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

<b>FISCAL YEAR</b>	<b>GENERAL OBLIGATION BONDS</b>	<b>LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND</b>	<b>TOTAL</b>	<b>PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE<sup>1</sup> OF PROPERTY</b>	<b>PER CAPITA<sup>2</sup></b>
1998	\$ 72,790,000	\$ 1,958,171	\$ 70,831,829	4.89%	\$ 880
1999	72,695,000	437,474	72,257,526	4.52%	898
2000	72,360,000	3,081,924	69,278,076	4.16%	815
2001	75,765,000	2,454,780	73,310,220	4.31%	862
2002	81,965,000	4,061,206	77,903,794	4.35%	916
2003	97,085,000	3,802,491	93,282,509	5.20%	1,097
2004	97,135,000	4,924,215	92,210,785	4.93%	1,085
2005	102,435,000	2,411,720	100,023,280	5.36%	1,177
2006	103,890,000	1,438,126	102,451,874	5.36%	1,205
2007	\$ 94,100,000	\$ 1,438,831	\$ 92,661,169	4.74%	\$ 1,090

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

<sup>1</sup> See the Table of Assessed Values and Taxable Value of Taxable Property, Table VI for property value data.

<sup>2</sup> Population data can be found in the Table of Demographic and Economic Statistics, Table XVI.

**CITY OF SIOUX CITY, IOWA  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT<sup>6</sup>  
JUNE 30, 2007**

NAME OF GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE <sup>7</sup> TO THIS GOVERNMENTAL UNIT	AMOUNT APPLICABLE TO CITY OF SIOUX CITY
Direct:			
City of Sioux City	\$ 87,285,843	100.00%	\$ 87,285,843
Overlapping:			
Woodbury County <sup>1</sup>	1,680,000	69.28%	1,163,904
Sioux City Community School District <sup>2</sup>	6,365,010	100.00%	6,365,010
Western Iowa Technical College <sup>3</sup>	12,000,000	37.70%	4,524,000
Lawton-Bronson School District <sup>4</sup>	2,900,000	4.52%	131,080
Sergeant Bluff Comm School District <sup>5</sup>	<u>6,905,000</u>	24.81%	<u>1,713,131</u>
Total Overlapping	29,850,010		13,897,125
 TOTAL	 <u>\$ 117,135,853</u>		 <u>\$ 101,182,968</u>

## Sources:

<sup>1</sup> County Auditor and Recorder, Woodbury County, Iowa<sup>2</sup> Sioux City Community School District<sup>3</sup> Western Iowa Technical College<sup>4</sup> Lawton-Bronson School District<sup>5</sup> Sergeant Bluff Community School District

## Notes:

<sup>6</sup> Excluding General Obligation bonds reported in the Enterprise Funds.<sup>7</sup> 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.

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

	FISCAL YEAR									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 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	\$ 170,183,839
Total net debt applicable to limit	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	92,686,169
Legal Debt Margin	\$ 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	\$ 77,497,670
Total net debt applicable to limit as a percentage of debt limit	65.83%	55.82%	53.29%	54.55%	56.02%	61.25%	59.71%	63.34%	63.61%	54.46%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2007

<b>ASSESSED VALUE</b>	
Real and Personal Property Within the City	\$ 3,403,676,775
TOTAL ESTIMATED VALUATION	<u>3,403,676,775</u>
DEBT LIMIT - 5% OF ESTIMATED VALUATION	170,183,839
<b>AMOUNT OF DEBT APPLICABLE TO LIMIT</b>	
Total Bonded Debt and Long-Term Notes Payable	136,669,668
Less:	
Revenue Bonds and Notes Payable	
Sewer Revolving Notes Payable	15,443,523
Water Revolving Notes Payable	25,906,145
Water Revenue Bonds	<u>1,195,000</u>
Amount Available for Repayment of General Obligation Debt	<u>42,544,668</u>
DEBT APPLICABLE TO DEBT LIMIT	1,438,831
LEGAL DEBT MARGIN	<u>\$ 92,686,169</u>
	<u>\$ 77,497,670</u>

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<sup>1</sup>**

<b>FISCAL YEAR</b>	<b>NET REVENUE</b>	<b>DIRECT OPERATING EXPENSES<sup>2</sup></b>	<b>DEPRECIATION INCLUDED IN EXPENSES</b>	<b>NET REVENUE AVAILABLE FOR DEBT SERVICE</b>	<b>PAYMENTS ON PRINCIPAL</b>
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
2007	\$ 10,590,423	\$ 6,679,895	\$ 1,716,745	\$ 3,910,528	\$ 720,000

Notes:

<sup>1</sup> GAAP Basis.

<sup>2</sup> In Fiscal 1999 the Parking Revenue Bonds were retired. In Fiscal 2003 the automatic meter reading system was implemented causing an increase in water system's net expenses.

TABLE XV

<u>PAYMENTS FOR INTEREST</u>	<u>TOTAL DEBT SERVICE PAYMENTS</u>	<u>COVERAGE</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE PLUS DEPRECIATION</u>	<u>COVERAGE WITHOUT DEPRECIATION</u>
\$ 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
\$ 86,407	\$ 806,407	4.85	\$ 5,627,273	6.98

**TABLE XVI**

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

CALENDAR YEAR	POPULATION <sup>1</sup>	TOTAL PERSONAL INCOME <sup>3</sup>	PER CAPITA PERSONAL INCOME <sup>2</sup>	EDUCATIONAL ATTAINMENT		MEDIAN AGE <sup>1</sup>	SCHOOL ENROLLMENT <sup>4</sup>	UNEMPLOYMENT RATE <sup>5</sup>
				BACHELOR'S DEGREE OR HIGHER <sup>1</sup>	BACHELOR'S DEGREE OR HIGHER <sup>1</sup>			
1998	80,505	\$ 993,351,195	\$ 12,339	18%	18%	32.1	17,332	3.20%
1999	80,505	993,351,195	12,339	18%	18%	32.1	17,222	2.70%
2000	85,013	1,586,852,658	18,666	19%	19%	33.4	17,044	2.70%
2001	85,013	1,586,852,658	18,666	19%	19%	33.4	16,984	3.20%
2002	85,013	1,586,852,658	18,666	19%	19%	33.4	16,721	3.90%
2003	85,013	1,586,852,658	18,666	19%	19%	33.4	16,505	5.00%
2004	85,013	1,586,852,658	18,666	19%	19%	33.4	16,465	5.40%
2005	85,013	1,610,486,272	18,944	19%	19%	33.4	16,227	4.50%
2006	85,013	1,610,486,272	18,944	20%	20%	37.5	16,024	3.80%
2007	85,013	\$ 1,774,136,297	\$ 20,869	23%	23%	36.2	15,736	3.70%

**Sources:**

- <sup>1</sup> U.S. Census Bureau
- <sup>2</sup> City of Sioux City Comprehensive Plan Publication "My Home, Our Neighborhood, Everybody's Hometown" for years 1998-2004; Iowa Workforce Development Website years 2005-2006; US Census Bureau American Community Survey for 2007
- <sup>3</sup> Computation of per capita personal income multiplied by population
- <sup>4</sup> Sioux City Community School District, Bishop Heelan Catholic Schools and Slouland Community Christian School
- <sup>5</sup> Iowa Workforce Development Website

**CITY OF SIOUX CITY  
PRINCIPAL EMPLOYERS  
CURRENT YEAR<sup>1</sup>**

EMPLOYER	2007		
	# OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Tyson Fresh Meats	3,850	1	9.14%
Mercy Medical Center	2,000	2	4.75%
Gateway	1,645	3	3.91%
Sioux City Schools	1,500	4	3.56%
St. Luke's Medical Center	1,300	5	3.09%
John Morrell	1,300	6	3.09%
City of Sioux City	1,085	7	2.58%
Western Iowa Tech Community College	706	8	1.68%
185th Iowa Air National Guard	690	9	1.64%
MidAmerican Energy Company	659	10	1.57%
<b>Total Principal Employers</b>	<b>14,735</b>		<b>35.00%</b>
<b>Other Employers</b>	<b>27,365</b>		<b>65.00%</b>
<b>Total Employers</b>	<b>42,100</b>		<b>100.00%</b>

Source: Sioux City Economic Development Department

Notes:

<sup>1</sup> Comparative data for nine years ago not currently available.

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

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Fire	119.00	119.00	119.00	119.00	118.63	118.63	115.63	115.63	117.00	117.00
Police	155.30	153.15	157.65	157.65	159.65	160.65	158.65	159.65	153.65	152.65
Public Works										
Engineering	28.14	28.14	28.14	28.14	25.00	23.40	24.40	24.40	20.00	20.00
Field Services <sup>1</sup>	145.83	150.50	148.56	151.02	131.59	128.49	128.49	126.91	137.81	139.81
Transit <sup>3</sup>	36.25	36.25	36.25	36.25	36.25	36.25	30.52	53.02	52.02	51.02
Culture and Recreation										
Art Center	10.14	10.14	10.14	9.99	9.99	9.99	9.99	9.99	9.99	9.99
Convention Center/Auditorium/Tourism	57.55	55.26	52.26	52.26	60.46	60.46	60.46	58.71	58.71	58.59
Library	39.72	38.72	39.27	39.27	38.15	38.02	36.27	36.27	36.27	36.27
Museum	7.05	9.64	9.94	9.81	9.66	9.66	9.28	9.61	9.61	9.52
Community and Economic Development										
Community Development	51.38	51.38	49.86	49.86	43.51	42.51	43.02	42.52	42.38	41.38
Economic Development	-	-	-	-	-	5.00	8.00	8.00	8.00	8.00
General Government										
Administrative Services <sup>1</sup>	42.98	42.98	41.15	39.40	45.75	42.55	41.05	40.05	39.55	49.00
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager <sup>2</sup>	12.30	12.30	12.30	12.80	19.30	10.30	8.18	7.88	3.88	3.75
Finance <sup>3</sup>	35.50	37.00	38.00	37.63	37.63	36.13	36.08	11.58	11.58	-
Human Resources <sup>5</sup>	-	-	-	-	-	-	-	-	4.00	4.63
Human Rights	3.00	3.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00	2.60
Legal	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	7.00	7.00
Employees under 28E Agreement										
Communications Center	23.40	26.40	26.40	26.40	25.40	25.40	24.40	24.40	24.40	24.40
Information Center	10.00	11.00	12.00	13.00	13.00	15.00	15.00	14.00	14.00	14.00
Airport	21.00	21.00	20.00	20.00	20.00	20.00	20.00	18.33	17.83	16.95
Water <sup>1</sup>	37.88	37.88	37.38	37.38	36.00	36.75	36.00	36.00	34.00	30.80
Sewer	17.50	17.50	17.00	17.00	16.00	15.00	15.00	15.00	15.00	13.00
Solid Waste <sup>4</sup>	37.00	31.00	30.75	30.75	30.75	29.75	29.75	29.75	2.00	1.50
	<u>902.92</u>	<u>905.24</u>	<u>900.05</u>	<u>901.61</u>	<u>890.72</u>	<u>878.94</u>	<u>864.17</u>	<u>854.70</u>	<u>825.68</u>	<u>816.86</u>

Source: City of Sioux City Finance Department

Notes:

- <sup>1</sup> The Parking Department was transferred from the 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. The Finance Department and Administrative Services Departments were combined in 2007.
- <sup>2</sup> 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 Manager) function. In 2003, the Economic Development Department moved out of the General Government (City Manager) function and into the Community and Economic Development function as its own department. The Marketing Department in the General Government (City Manager) function was eliminated in 2004.
- <sup>3</sup> The Central Maintenance Garage was moved from the General Government (Finance) function to the Public Works (Transit) function in 2005. The Finance Department was combined with the Administrative Services Department in 2007.
- <sup>4</sup> 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.
- <sup>5</sup> The Human Resources Department was moved out of the City Manager Department into its own department within the General Government function in 2006.

CITY OF SIOUX CITY, IOWA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS<sup>1</sup>

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Police</b>										
Average physical arrests per day - adult	n/a	n/a	n/a	n/a	14.0	16.4	17.8	16.5	14.9	15.7
Average physical arrests per day - juvenile	n/a	n/a	n/a	n/a	4.8	4.2	4.8	4.4	4.5	5.0
Traffic citations issued	n/a	n/a	n/a	n/a	9,719	13,258	16,110	17,634	13,117	13,190
<b>Fire</b>										
Number of suppression calls	n/a	n/a	1,456	1,557	1,697	1,512	1,487	1,427	1,704	1,550
Number of emergency medical calls	n/a	n/a	3,733	3,859	4,228	4,234	4,206	4,168	3,931	4,399
% of responses where EMS on scene in 4 min	n/a	n/a	87%	67%	61%	59%	61%	61%	62%	62%
Number of hazardous materials incidents in city	n/a	n/a	5	4	2	5	1	11	6	3
<b>Public Works</b>										
Streets cleaned per year (miles)	n/a	15,467	20,425	14,944	15,650	17,762	20,015	21,505	19,620	15,281
Asphalt placed (tons)	n/a	1,005	841	1,295	1,086	1,384	1,137	1,167	889	991
Potholes repaired	n/a	n/a	n/a	21,604	17,231	17,742	19,932	24,537	19,833	22,447
Dirt miles bladed and shaped	n/a	7,365	6,233	5,870	7,308	6,464	5,824	5,209	5,807	4,837
Total Transit System miles	n/a	n/a	n/a	900,417	1,135,532	821,037	688,761	674,405	681,902	665,706
Total Transit System passengers <sup>4</sup>	n/a	n/a	n/a	n/a	1,220,945	1,191,507	1,007,149	1,042,757	880,519	971,263
Total Transit System passengers per mile	n/a	n/a	n/a	n/a	1.07	1.45	1.46	1.55	1.26	1.46
<b>Culture and Recreation</b>										
Swimming pool attendance <sup>2</sup>	102,398	100,301	105,000	103,000	95,000	90,000	60,000	84,324	85,396	77,884
Museum visitation <sup>3</sup>	26,556	45,729	48,102	44,177	48,515	59,550	63,625	64,674	50,893	50,741
<b>Community and Economic Development</b>										
Total residential/commercial permits issued	856	1,295	1,048	1,241	1,366	1,303	1,319	2,794	3,201	3,115
Property value for commercial permits issued	\$33,744,164	\$51,346,948	\$50,850,319	\$65,425,264	\$93,098,281	\$127,515,208	\$92,254,675	\$122,652,084	\$109,305,627	\$126,792,188
Property value for residential permits issued	\$9,718,472	\$14,006,949	\$6,773,144	\$6,553,949	\$14,093,553	\$11,076,078	\$19,917,765	\$20,572,504	\$24,491,184	\$26,641,760
Number of inspections made	n/a	n/a	n/a	n/a	16,144	23,424	19,364	22,594	25,026	23,324
<b>Water</b>										
Water production (millions of gallons)	4,673	4,606	4,898	4,839	4,821	4,858	4,784	5,457	5,081	4,844
Water main breaks per miles of pipe	0.18	0.17	0.20	0.24	0.20	0.26	0.25	0.31	0.21	0.29
Total main breaks	75	69	82	99	81	105	103	124	86	122
Length of service disruption per break (hours)	n/a	n/a	7.46	8.9	6.19	6.00	5.96	10.18	6.13	9.53
<b>Sewer</b>										
Sewer backups	34	28	56	54	51	51	57	97	93	95
Total hours per sewer backup	n/a	4.78	5.78	4.35	5.10	2.96	6.45	6.69	5.27	6.13
<b>Solid Waste</b>										
Refuse collected (tons/day) <sup>5</sup>	n/a	116.31	119.37	118.61	128.66	128.00	129.24	127.08	121.85	n/a
Recyclables collected (tons/day) <sup>6</sup>	n/a	7.98	8.10	7.30	6.91	6.85	6.53	8.42	8.78	n/a

Source: Various City of Sioux City departments.

Notes:

- <sup>1</sup> Indicators are not available in all areas for all ten years.
- <sup>2</sup> Swimming pool attendance was low in fiscal year 2004 due to unseasonably cool weather.
- <sup>3</sup> Museum attendance increased in fiscal year 2003 due to the Lewis and Clark Expedition Visitors.
- <sup>4</sup> Total Transit passengers decreased in 2006 since the number is the actual number of passengers and no longer based on a formula.
- <sup>5</sup> Solid Waste refuse and recyclables collected is no longer available as the work is contracted out to a third party.

CITY OF SIOUX CITY, IOWA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS<sup>1</sup>

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	n/a	49	52	46						
Training Centers	1	1	1	1	1	1	1	1	1	1
<b>Fire</b>										
Stations	7	7	7	7	7	7	7	7	7	7
Engines	n/a	15	14	14						
<b>Public Works</b>										
Transit buses	n/a	44	42	38						
Streets (miles)	431	439	569	510	510	510	510	510	510	510
Streetlights (City Owned)	641	641	1,164	1,170	1,283	1,283	1,339	1,384	1,379	1,457
Sidewalks (miles)	463	464	466	469	470	496	497	497	497	497
<b>Culture and Recreation</b>										
Parks acres	1,585	1,400	1,425	1,425	1,425	1,425	1,425	1,425	1,403	1,600
Parks	54	53	57	57	57	57	57	57	57	57
Swimming Pools	4	4	5	5	5	5	5	5	5	5
Tennis Courts	21	24	24	24	24	22	22	22	22	22
Softball Diamonds	23	23	23	23	23	18	13	13	13	13
Baseball Diamonds	26	26	35	35	35	40	34	34	34	34
Soccer Fields	12	10	14	14	9	9	10	10	10	10
Golf Courses (18 hole)	3	3	2	2	2	2	2	2	2	2
Play Fields	28	29	29	29	29	29	29	29	29	29
<b>Cemetery</b>										
Cemeteries (acres)	210	226	226	226	226	225	225	225	225	225
Cemeteries Maintained (acres)	186	226	226	226	226	180	180	180	185	185
<b>Water</b>										
Fire hydrants (City maintained)	n/a	3,476	3,543	3,535						
Water mains (miles)	n/a	405	415	450						
<b>Sewer</b>										
Sanitary Sewer (miles)	347	330	320	320	320	320	320	320	320	360
Storm Sewer (miles)	190	200	200	200	200	200	200	200	200	200
<b>Solid Waste</b>										
Solid Waste Collection Trucks	10	10	11	11	11	11	11	11	11	14
Recycling Trucks	5	5	5	5	5	5	5	5	5	5

Notes:  
<sup>1</sup> Indicators are not available in all areas for all ten years.

**CITY OF SIOUX CITY, IOWA**  
**ADDITIONAL INFORMATION**



**CITY OF SIOUX CITY HOUSING AUTHORITY  
BALANCE SHEET  
JUNE 30, 2007**

Performance Center Project Project No.	625-007 IA018V0	625-040 IA018NC009	GRAND TOTAL (MEMORANDUM ONLY)
Contract No.	<u>KC9030V</u>	<u>KC9030</u>	<u>ONLY</u>
 <b><u>ASSETS</u></b>			
Cash	\$ 166,167	\$ 48,574	\$ 214,741
Accounts Receivable	19,500	13,636	33,136
Interprogram Receivable	---	---	---
Hud Receivable	---	---	---
Prepaid Housing Assistance	316,231	---	316,231
Total Assets	<u>501,898</u>	<u>62,210</u>	<u>564,108</u>
 <b><u>LIABILITIES &amp; DEFERRED CREDITS</u></b>			
Accounts Payable	728	---	728
Interprogram Payable	---	---	---
Security Deposits	45,068	---	45,068
HUD Payable	---	4,998	4,998
Accrued Liabilities	125,133	242	125,375
Total Liabilities	<u>170,929</u>	<u>5,240</u>	<u>176,169</u>
 <b><u>EQUITY:</u></b>			
Unrestricted Net Assets	<u>330,969</u>	<u>56,970</u>	<u>387,939</u>
Total Liabilities & Equity/Net Assets	<u>\$ 501,898</u>	<u>\$ 62,210</u>	<u>\$ 564,108</u>

**CITY OF SIOUX CITY, IOWA**  
**SCHEDULE OF SIOUX CITY FEDERAL HOUSING AUTHORITY**  
**ANALYSIS OF GENERAL FUND CASH**  
**JUNE 30, 2007**

Performance Center Project	625-007	625-040	GRAND
Project No.	IA018V0	IA018NC0009	TOTALS
			(MEMORANDUM
Contract No.	<u>KC9030V</u>	<u>KC9030</u>	<u>ONLY</u> )

## COMPOSITION BEFORE ADJUSTMENTS

Net Operating Receipts Retained:

Total Net Assets	\$ 330,969	\$ 56,970	\$ 387,939
Total	<u>330,969</u>	<u>56,970</u>	<u>387,939</u>

## ADJUSTMENTS

Expenses Not Paid/(Prepaid):

Accounts Payable	728	---	728
Interprogram Payable	---	---	---
Accrued Wages	125,133	242	125,375
HUD Payable	---	4,998	4,998
Security Deposits	45,068	---	45,068
Prepaid Rent	(316,231)	---	(316,231)

Income Not Received:

HUD Receivable	---	---	---
Accounts Receivable	(19,500)	(13,636)	(33,136)
Interprogram Receivable	---	---	---

General Fund Cash Available	<u>\$ 166,167</u>	<u>\$ 48,574</u>	<u>\$ 214,741</u>
-----------------------------	-------------------	------------------	-------------------

**CITY OF SIOUX CITY, IOWA  
 SCHEDULE OF SALARY AND TRAVEL EXPENSES  
 FOR TEN HIGHEST PAID EMPLOYEES  
 FOR THE YEAR ENDED JUNE 30, 2007**

**EXHIBIT E-3**

NAME	SALARY	ALLOWANCES/ REIMBURSED EXPENSES	DESCRIPTION
Paul A. Eckert, City Manager	\$122,244	\$5,731	Travel/ auto allowance
Joseph C. Frisbie, Police Chief	\$111,866	\$1,110	Travel reimbursement
Robert K. Padmore, Finance and Administrative Services Director	\$109,599	\$ 185	Travel reimbursement
David J. Dorsett, Public Works Director	\$109,080	\$1,838	Travel reimbursement
Dennis J. Gann, Executive Director CCAT	\$106,119	\$1,088	Travel reimbursement
Judith A. Nicolls, Field Services Director	\$103,119	\$ --	
Greg K. Martin, Fire Chief	\$102,094	\$ 455	Travel reimbursement
John J. Malloy, Information Services Director	\$97,739	\$ 25	Travel reimbursement
Patricia L. Heagel, Community Development Director	\$97,320	\$1,206	Travel reimbursement
Christopher R. Payer, City Engineer	\$95,825	\$ 47	Travel reimbursement

**CITY OF SIOUX CITY, IOWA  
SCHEDULE OF INDIVIDUAL BOND MATURITIES  
JUNE 30, 2007**

	<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<b><u>GENERAL OBLIGATION BONDS</u></b>			
Type: Corporate Purpose			
Issued: 12/1/97			
Amount Issued: \$10,000,000			
City Project # 911-129			
Matures:	2008	4.50%      800,000	
	2009	4.50%      800,000	
	2010	4.50%      800,000	
		800,000	\$2,400,000
Type: Corporate Purpose			
Issued: 12/1/98			
Amount Issued: \$9,975,000			
City Project # 911-131			
Matures:	2008	4.00%      800,000	
	2009	4.00%      800,000	
	2010	4.00%      800,000	
	2011	4.00%      800,000	
		800,000	\$3,200,000
Type: Corporate Purpose			
Issued: 12/1/99			
Amount Issued: \$10,000,000			
City Project # 911-133			
Matures:	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	
		830,000	\$4,155,000
Type: Corporate Purpose			
Issued: 12/1/01			
Amount Issued: \$15,000,000			
City Project # 911-134			
Matures:	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	
		1,250,000	\$7,500,000

**CITY OF SIOUX CITY, IOWA  
SCHEDULE OF INDIVIDUAL BOND MATURITIES  
JUNE 30, 2007**

	<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<b><u>GENERAL OBLIGATION BONDS</u></b>			
Type: Corporate Purpose			
Issued: 11/1/01			
Amount Issued: \$17,450,000			
City Project # 911-135			
Matures:	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	
			<b>\$10,175,000</b>
Type: Corporate Purpose			
Issued: 12/1/02			
Amount Issued: \$7,025,000			
City Project # 911-138			
Matures:	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	
			<b>\$4,680,000</b>
Type: Corporate Purpose			
Issued: 7/1/02			
Amount Issued: \$15,345,000			
City Project # 911-139			
Matures:	2008	3.30%      3,200,000	
	2009	3.50%      2,645,000	
			<b>\$5,845,000</b>

**CITY OF SIOUX CITY, IOWA  
SCHEDULE OF INDIVIDUAL BOND MATURITIES  
JUNE 30, 2007**

	<u>Interest</u>	<u>Rate</u>	<u>Amount</u>	<u>Total</u>
<b><u>GENERAL OBLIGATION BONDS</u></b>				
Type: Corporate Purpose				
Issued: 12/1/02				
Amount Issued: \$4,325,000				
City Project # 911-141				
Matures:	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	
			<hr/>	\$2,880,000
Type: Corporate Purpose				
Issued: 12/1/03				
Amount Issued: \$6,315,000				
City Project # 911-142				
Matures:	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	
			<hr/>	\$4,410,000
Type: Corporate Purpose				
Issued: 12/1/03				
Amount Issued: \$6,085,000				
City Project # 911-143				
Matures:	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	
			<hr/>	\$4,200,000

**CITY OF SIOUX CITY, IOWA  
SCHEDULE OF INDIVIDUAL BOND MATURITIES  
JUNE 30, 2007**

	<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<b><u>GENERAL OBLIGATION BONDS</u></b>			
Type: Corporate Purpose			
Issued: 12/1/04			
Amount Issued: \$5,140,000			
City Project # 911-144			
Matures:	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	
		<hr/>	
			\$4,110,000
Type: Corporate Purpose			
Issued: 3/1/04			
Amount Issued: \$3,220,000			
City Project # 911-145			
Matures:	2008	2.00% 780,000	
		<hr/>	
			\$780,000
Type: Corporate Purpose			
Issued: 12/1/04			
Amount Issued: \$14,755,000			
City Project # 911-146			
Matures:	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	
		<hr/>	
			\$11,800,000
Type: Corporate Purpose			
Issued: 4/1/05			
Amount Issued: \$4,020,000			
City Project # 911-148			
Matures:	2008	3.25% 1,000,000	
	2009	3.50% 980,000	
		<hr/>	
			\$1,980,000

**CITY OF SIOUX CITY, IOWA  
SCHEDULE OF INDIVIDUAL BOND MATURITIES  
JUNE 30, 2007**

	<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<b><u>GENERAL OBLIGATION BONDS</u></b>			
Type: Corporate Purpose			
Issued: 12/1/05			
Amount Issued: \$4,330,000			
City Project #911-147			
Matures:	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
			\$3,895,000
Type: Corporate Purpose			
Issued: 12/1/05			
Amount Issued: \$12,990,000			
City Project # 911-149			
Matures:	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
			\$11,690,000
Type: Corporate Purpose			
Issued: 12/1/05			
Amount Issued: \$1,830,000			
City Project # 911-150			
Matures:	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
			\$1,645,000

**CITY OF SIOUX CITY, IOWA  
SCHEDULE OF INDIVIDUAL BOND MATURITIES  
JUNE 30, 2007**

	<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<u>GENERAL OBLIGATION BONDS</u>			
Type: Corporate Purpose			
Issued: 12/1/06			
Amount Issued \$8,755,000			
City Project # 911-151			
Matures:	2008	4.00% 880,000	
	2009	4.00% 875,000	
	2010	4.00% 875,000	
	2011	4.00% 875,000	
	2012	4.00% 875,000	
	2013	4.00% 875,000	
	2014	4.00% 875,000	
	2015	4.00% 875,000	
	2016	4.00% 875,000	
	2017	4.00% 875,000	
		<hr/>	\$8,755,000
Total General Obligation Bonds			<hr/> <hr/> \$94,100,000
 <u>REVENUE BONDS</u>			
Type: Water			
Issued: 9/1/92			
Amount Issued: \$8,200,000			
City Project # 921-001			
Matures:	2008	4.50% 730,000	
	2009	4.55% 465,000	
		<hr/>	\$1,195,000
Total Revenue Bonds			<hr/> <hr/> \$1,195,000
 Total			 <hr/> <hr/> \$95,295,000

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**CITY**

**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, 2007**

Grantor Agency Program Name	Federal Domestic Assistance Catalog#	Grant #	Award	Grant Revenues	Grant Expenditures
<b>FEDERAL AWARDS</b>					
<b>DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>					
Section 8 Certificate New Construction Program	14.182	IA018NC0009	\$ 190,239	\$ 4,580	\$ -
	14.182	IA018NC0009	219,549	219,549	195,275
Community Development Block Grant Entitlement	14.218	B-04-MC-19-0006	2,276,000	26,321	-
	14.218	B-05-MC-19-0006	2,155,749	1,576,612	1,748,693
Emergency Shelter Grant	14.231	S-05-MC-19-0002	83,241	47,932	44,038
	14.231	S-06-MC-19-0002	82,915	31,528	62,260
Supportive Housing Program/Continuum of Care	14.235	IA 26B500006	113,452	113,452	76,054
	14.235	IA 26B600005	113,452	-	25,747
Home Investment Partnerships Program	14.239	M-04-DC-19-0207	579,608	-	144,457
	14.239	M-05-DC-19-0207	550,653	514,838	528,801
	14.239	M-06-DC-19-0207	517,973	2,664	-
EDI Special Projects Program	14.246	B-99-SP-IA-0086	1,000,000	1,000,000	998,424
Special Purpose Grant Comm Devel Block Grant	14.246	B-00-SP-IA-0112	925,000	-	2,235
Fair Housing Assistance Program	14.401	FF207K027018	345,000	-	53,116
	14.401	FF207K057018	32,031	32,031	22,513
	14.401	FF207K067018	57,900	57,900	-
Section 8 Voucher Program	14.871	IA018VO0099	4,448,913	16,415	-
	14.871	IA018VO0106	4,393,557	4,393,557	4,694,664
Section 8 Voucher Program-FSS	14.871	IA018FSF002	94,815	94,815	76,241
Section 8 Voucher Program-Affordable Home Own	14.871	IA018FSH002	32,815	32,815	46,001
<b>Passed through Ia. Dept. of Economic Development</b>					
Emergency Shelter Program	14.231	05ES009	97,600	38,566	35,496
<b>U.S. DEPARTMENT OF JUSTICE</b>					
<b>Passed through Governor's Office of Drug Control Policy</b>					
COPS Methamphetamine Hot Spots	16.710	HS-A14	95,650	95,650	95,650
Byrne-Justice Assistance Grant (JAG) Program	16.738	06JAG	111,500	98,167	102,774
<b>Passed through Woodbury County</b>					
Byrne-Justice Assistance Grant (JAG) Program	16.738	06JAG	32,344	32,344	32,344
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Edward Byrne Memorial State & Local Law	16.580	2006DDBX0010	987,227	841,263	826,760
Bulletproof Vest Partnership Program	16.607	2006BUBX06133806	5,834	5,834	3,294
Project Safe Neighborhoods	16.609	06-ND05	1,500	-	1,500
	16.609	06PSMAG-ND05	17,491	-	8,124
Office of Community Oriented Policing	16.710	05CKWX0420	246,661	22,441	19,917
	16.710	06CKWX0383	74,042	26,111	69,150
Meth Hotspots Licit Drug Diversion & Abuse	16.710	06LDDAP-03	5,000	3,461	4,712
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
<b>Federal Aviation Administration</b>					
Airport Improvement Project	20.106	AIP319008527	1,302,628	903	-
	20.106	AIP319008529	1,746,360	70,397	9,498
	20.106	AIP319008532	4,363,510	2,883,493	2,499,404
	20.106	AIP319008533	576,925	-	85,738
	20.106	AIP319008534	\$ 1,009,498	\$ -	\$ 99,428

**CITY OF SIOUX CITY, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CASH BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Grantor Agency Program Name	Federal Domestic Assistance Catalog#	Grant #	Award	Grant Revenues	Grant Expenditures	
<b>Passed through Iowa Department of Transportation</b>						
Highway Planning and Construction	20.205	BRM7057(19)8N97	\$ 870,012	\$ 288,200	\$ 303,369	
	20.205	BRM7057(626)8N97	1,000,000	85,210	250,481	
	20.205	HDP7057(628)7I97	4,732,334	826,950	590,863	
	20.205	HDP7057(638)7I97	1,431,938	59,256	62,375	
	20.205	HDP7057(642)7I97	1,502,500	-	14,001	
	20.205	HDP7057(640)7I97	1,931,904	1,477,628	1,140,367	
	20.205	HDP7057(641)7I97	1,378,842	51,867	172,783	
	20.205	HDP7057(652)7I97	544,896	416,256	438,165	
	20.205	HDP7057(643)7I97	3,011,788	1,942,134	2,066,032	
	20.205	STPA7057(647)8697	772,400	114,387	121,516	
	20.205	STPES7057(627)8I97	299,800	27,150	-	
	20.205	STPU7057(644)7097	1,357,000	123,537	121,205	
	Surface Transportation Program	20.205	STPES7057(15)8I97	378,878	41,352	-
		20.205	STPU7057(630)7097	2,097,600	57,584	60,615
		20.205	STPU7057(634)7097	1,000,000	806,962	867,186
	Transportation Enhancement Program	20.205	STPU7057(648)7097	880,000	29,426	29,426
		20.205	STPE7057(622)8V97	240,784	18,902	-
20.205		STPE7057(623)8V97	206,700	10,335	-	
Transit JPA Capital Investment Assistance Prog	20.205	STPES7057(637)8I97	263,782	-	32,452	
	20.500	IA-03-0103-705-04	151,877	131,900	-	
	20.500	IA-03-0104-705-05	127,900	20,000	20,000	
20.500	IA-04-0105-705-06	205,840	188,873	188,281		
<b>FEDERAL TRANSIT ADMINISTRATION</b>						
Transit Capital Improvement Grants	20.507	IA90X244	138,860	82,698	82,753	
	20.507	IA90X254	178,909	47,482	38,421	
	20.507	IA90X267	174,000	53,764	23,938	
	20.507	IA90X281	278,977	183,587	183,587	
	20.507	IA90X298	193,244	26,218	24,601	
	20.507	IA90X307	153,294	15,139	15,139	
	Transit Operating Assistance	20.507	IA90X298	1,075,732	74,860	-
20.507		IA90X307	1,030,920	45,909	-	
20.507		IA90X327	1,226,574	-	1,226,574	
<b>DEPARTMENT OF PUBLIC SAFETY</b>						
<b>Passed through Governor's Traffic Safety Bureau</b>						
Section 402 Highway Safety Grant	20.605	PAP 06-163, Task 59	13,150	11,563	2,542	
	20.605	PAP 07-163, Task 75	24,500	-	5,402	
Alcohol Incentive Grant	20.601	PAP 06-410, Task 29	13,700	1,238	-	
	20.601	PAP 07-410, Task 33	21,900	15,437	20,288	
<b>DEPARTMENT OF EDUCATION</b>						
<b>Passed through State Library</b>						
Family Literacy for New Iowans	45.312	73107	1,000	254	291	
<b>DEPARTMENT OF NATURAL RESOURCES</b>						
Clean Water State Revolving Fund Program	66.458	CS192197 01	8,000,000	-	-	
	66.458	CS192247 01	31,000,000	1,259,781	1,259,781	
Drinking Water State Revolving Fund Program	66.468	FS-97-06-DWSRF-007	\$ 6,000,000	\$ 47,395	\$ 47,395	

**CITY OF SIOUX CITY, IOWA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CASH BASIS)  
FOR THE YEAR ENDED JUNE 30, 2007**

Grantor Agency Program Name	Federal Domestic Assistance Catalog#	Grant #	Award	Grant Revenues	Grant Expenditures
<b>ENVIRONMENTAL PROTECTION AGENCY</b>					
Congressionally Mandated Projects	66.202	XP98756501-0	\$ 2,117,200	\$ 2,117,200	\$ 2,117,200
Brownfield Pilots Cooperative Agreement	66.811	BL987064-01-0	500,000	5,000	6,045
Brownfield Pilots Cooperative Agreement-Loan	66.811	BL987064-01-0	500,000	900	1,340
Brownfield Hazardous Substance Assessment	66.818	BF98763301-0	200,000	41,100	33,876
Brownfield Petroleum Assessment	66.818	BF98763201-0	200,000	31,500	24,530
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
Urban Search & Rescue Task Force	97.004	Sioux City SHSGPII	500,000	1,156	2,100
	97.067	2005-GE-T5-56	500,000	338,328	204,799
	97.004	2006-GE-T6-0065-010	325,000	1,249	85,119
Public Assistance Grant Program	97.036	193-73335-00	119,980	-	119,980
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>					
High Intensity Drug Trafficking Area/HIDTA	N/A	I5PMWP556Z	143,000	4,100	2,300
	N/A	I6PMWP556Z	223,000	128,573	65,269
	N/A	I7PMWP556Z	\$ 159,000	36,047	36,047
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<b>\$ 23,572,046</b>	<b>\$ 24,720,742</b>

**CITY OF SIOUX CITY, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CASH BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Grantor Agency Program Name	Federal Domestic Assistance Catalog#	Grant #	Award	Grant Revenues	Grant Expenditures
<b>STATE AWARDS</b>					
<b>IOWA DEPARTMENT OF CULTURAL AFFAIRS</b>					
Cultural Enrichment		06-4148	\$ 4,544	\$ -	\$ 4,297
		07-4795	4,544	4,544	4,544
Iowa Great Places Grant Agreement		GP3-01	60,000	725	725
<b>IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT</b>					
Financial Assistance Program		07-CEBAIVFGF-025	50,000	50,000	50,000
Targeted Jobs Withholding Tax Credit Program			274,700	5,196	5,196
<b>IOWA DEPARTMENT OF PUBLIC SAFETY</b>					
Regional Fire Service		100406MGD01	400,000	400,000	10,125
<b>IOWA FINANCE AUTHORITY</b>					
Local Housing Trust Fund		07-10	132,044	30,168	33,823
<b>IOWA DEPARTMENT OF TRANSPORTATION</b>					
STA Joint Participation Agreement		STA-FORM-705-FY06	285,407	10,709	-
		STA-FORM-705-FY07	275,040	275,040	275,040
Commercial Air Service Vertical Infrastructure		91050SUX200	85,600	31,969	31,969
		91060SUX200	110,677	110,677	110,677
RISE Grant		RM7057(633)9D97	700,000	39,229	150
I-29/Hamilton Blvd Interchange		IMN0297(27,29,30)1491397	15,600	15,600	-
		IMN297(28)149OE97(ROW)	153,428	79,219	-
Small Community Air Service Development		OST-2004-17343-105	206,748	89,881	1,091
Law Enforcement Personnel Agreement		DTSA20-03-P-01616-05	102,461	85,109	19,000
<b>STATE HISTORICAL SOCIETY</b>					
REAP/HRDP		05-904	2,695	-	280
<b>STATE LIBRARY OF IOWA</b>					
Enrich Iowa		Enrich Iowa FY06 10/05	20,064	20,064	20,064
Enrich Iowa		Enrich Iowa FY06 08/05	15,968	15,968	2,744
<b>IOWA DEPARTMENT OF NATURAL RESOURCES</b>					
Regional Collection Center Grant		04-G592-02	77,121	2,569	792
		G340	\$ 17,785	17,785	1,779
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<u>1,284,452</u>	<u>572,296</u>
<b>TOTAL FEDERAL &amp; STATE FINANCIAL ASSISTANCE</b>				<u>\$ 24,856,498</u>	<u>\$ 25,293,038</u>

**CITY OF SIOUX CITY, IOWA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2007**

- (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, 2007 are:

	<u>Balance</u>
CDBG loans	\$562,312
CDBG deferred loans	798,361
Public Housing Silent 2nd Mortgages	45,200

- (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, 2007**

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I. Summary of Auditor's Results

- a. Unqualified opinions were issued on the financial statements.
- b. A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- c. No noncompliance which is material to the financial statements was disclosed.
- d. No material weaknesses 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:
  - Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program      CFDA #16.580
  - Section 8 Housing Choice Vouchers      CFDA #14.871
  - Congressionally Mandated Projects      CFDA #66.202
- h. Dollar threshold used to distinguish between Type A and Type B programs \$702,407.
- i. The Auditee did qualify as a low-risk auditee under Section .530 of OMB Circular A-133.

II. Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*

Instances of Non-Compliance:

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

Significant Deficiency:

- II-A-07 Financial Reporting – During the audit, we identified that an accrual journal entry recording accounts receivable at year end was overstated due to a calculation error during the report preparation process. It was also found that during the process of recording accounts payable accrual entries that the City did not properly capitalize as fixed assets, amounts of the expenses which were accrued as accounts payable at year end. Adjustments were subsequently made by the City to properly include these corrections in the financial statements.

**CITY OF SIOUX CITY, IOWA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2007**

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III. Findings Related to the Financial Statements Reported in Accordance with Government Auditing Standards – (Continued)

Recommendation – While we recognize that the benefits of internal controls must outweigh their cost and that no matter the complexity of controls that may be in place, the opportunity for calculation errors still exist. We recommend that the City implement additional reviews over accrual entries to ensure proper internal controls are present in all aspects of the financial reporting process.

Response – We will review our current procedures to identify where weaknesses are occurring and will take the necessary action to ensure proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

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

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

VI. Other Findings Related to Required Statutory Reporting

07-V-A – Certified Budget – City expenditures during the year ended June 30, 2007 did not exceed the amounts budgeted.

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

07-V-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.

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

07-V-E – Questionable Expenditures – We noted no questionable expenditures during our audit.

07-V-F – Revenue Bonds – No violations of revenue bond resolutions were noted.

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

07-V-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.

**SI<sup>o</sup>UX<sup>TM</sup>**  
**CITY**

**CITY OF SIOUX CITY, IOWA  
PASSENGER FACILITY CHARGES**



**PFC Revenue and Disbursement Schedule**  
**Sioux Gateway Airport/Col. Bud Day Field Airport Authority**  
**7/1/06 - 6/30/07**

	FY-06 Program Total	Quarter 1 July - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - March	Quarter 4 April - June	FY-07 Total	FY-07 Program Total
<b>Revenue:</b>							
Collections	2,670,548	19,411	28,404	25,954	34,551	108,320	2,778,868
Interest	1,676	-	-	-	-	-	1,676
Total Revenue	2,672,224	19,411	28,404	25,954	34,551	108,320	2,780,544
<b>Disbursements:</b>							
<b>Application #1</b>							
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
<b>Application #2</b>							
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
<b>Application #3</b>							
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	246,600	-	-	-	-	-	246,600
Financing & Interest	87,322	-	-	-	-	-	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	732,246	-	-	-	-	-	732,246
<b>Application #4</b>							
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	-	-	-	-	-	-	-
<b>Application #5</b>							
Terminal Concept Plan	-	8,149	-	-	-	8,149	8,149
Financing & Interest	-	2,119	-	-	-	2,119	2,119
Acquire and Modify Loading Bridge	-	40,185	9,045	-	-	49,230	49,230
Financing & Interest	-	-	12,800	-	-	12,800	12,800
Construct Terminal Entrance Road	-	-	-	-	-	-	-
Financing & Interest	-	-	6,559	13,334	-	19,893	19,893
Acquire Snow Removal Equipment	-	-	-	11,659	21,391	33,050	33,050
Financing & Interest	-	-	-	961	13,160	14,121	14,121
Rehabilitate Aircraft Parking Apron	-	-	-	-	-	-	-
Financing & Interest	-	-	-	-	-	-	-
Acquire Land for Runway 13 RPZ	-	-	-	-	-	-	-
Financing & Interest	-	-	-	-	-	-	-

**PFC Revenue and Disbursement Schedule**  
**Sioux Gateway Airport/Col. Bud Day Field Airport Authority**  
**7/1/06 - 6/30/07**

	FY-06 Program Total	Quarter 1 July - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - March	Quarter 4 April - June	FY-07 Total	FY-07 Program Total
Acquire Replace Snow Plow Truck						-	-
Financing & Interest						-	-
Extend Taxiway C (include perimeter road)						-	-
Financing & Interest						-	-
Acquire Replacement Snow Blower						-	-
Financing & Interest						-	-
Total Application #5	-	50,453	28,404	25,954	34,551	139,362	139,362
<b>Total Disbursements</b>	<b>2,641,182</b>	<b>50,453</b>	<b>28,404</b>	<b>25,954</b>	<b>34,551</b>	<b>139,362</b>	<b>2,780,544</b>
Net PFC Revenue (rev. - disb.)		(31,042)	-	-	-	(31,042)	
PFC Account Balance	<u>31,042</u>	<u>(31,042)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,042)</u>	<u>-</u>

Notes:

1. Schedule is presented on the cash basis of accounting.

**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**





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, 2007. 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Sioux City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned

functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 22, 2007  
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**



**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, 2007 which collectively comprise the City's basic financial statements and have issued our report thereon dated October 22, 2007. 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 of Sioux City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sioux City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Sioux City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Sioux City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the City of Sioux City's financial statements that is more than inconsequential will not be prevented or detected by the City of Sioux City's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item II-A-07 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Sioux City's internal control.

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

The City of Sioux City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's response, we did not audit the City of Sioux City's response and, accordingly, we express no opinion on it.

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 22, 2007  
Sioux City, Iowa

November 15, 2007

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, 2007, we have developed the following recommendations concerning matters relating to the internal control 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.

**Unauthorized Issuance of Debt**

Finding: It was noted during the course of our audit procedures that the City's CCAT Department entered into an agreement in which it acquired equipment in exchange for guaranteed future payments. This transaction was in effect binding the City to a debt contract that was not approved by City Council or reported to the City Finance Department.

Recommendation: The City should establish policy which clearly states that all debt related transactions require council approval prior to occurrence and that all department heads are made aware of these requirements. It is also a violation of state code to issue debt without council and sometimes voter approval.

**Perpetual Care Cemetery Annual Report**

Finding: It was noted that the City is not filing the required annual report for a perpetual care cemetery with the State Insurance Commissioner as required by Chapter 523I.813 of the Code of Iowa.

Response: This matter was discussed with City management who took steps to ensure the annual report for the current fiscal year was filed as well as ensure this would be completed in future years.

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,

*Williams & Company, P.C.*  
Certified Public Accountants