

CITY OF NORTH SIOUX CITY
RESOLUTION NO. #2015-5

A Resolution to Accept Certain
Street and Right of Way for Public Use

WHEREAS, the City of North Sioux City has determined that it would be in the public interest for the City to accept the street and right of way identified below for public use; and

WHEREAS, River Valley, L.L.P. have agreed to deed to the City of North Sioux City for the following described real estate for public use and maintenance:

All that part of Tract A, River Valley Addition in the North $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of Section 15, Township 89 North, Range 48 West of the Fifth Principal Meridian, North Sioux City, Union County, South Dakota as shown on Exhibit "A" attached hereto and incorporated herein by this reference.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of North Sioux City:

1. The City Council of North Sioux City hereby agrees to accept a Warranty Deed from River Valley, L.L.P. for the real estate legally described as:

All that part of Tract A, River Valley Addition in the North $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of Section 15, Township 89 North, Range 48 West of the Fifth Principal Meridian, North Sioux City, Union County, South Dakota as shown on Exhibit "A" attached hereto and incorporated herein by this reference.

and to maintain said street and right of way for public purposes.

2. That the Warranty Deed attached hereto as Exhibit A from River Valley, L.L.P. to the City of North Sioux City is hereby approved.

DATE ADOPTED: December 21, 2015

CITY OF NORTH SIOUX CITY

By: Randy Fredericksen
Its: Mayor

ATTEST:

Susan Kloostra, Finance Officer

Prepared by:

Cody M. McCullough
Attorney at Law
614 Pierce Street, P.O. Box 27
Sioux City, Iowa 51102-0027
Phone: (712) 277-4561

WARRANTY DEED

River Valley, L.L.P., a South Dakota limited liability partnership, Grantor, of 125 Gateway Drive, North Sioux City, Union County, South Dakota 57049, for and in consideration of One Dollar and other valuable consideration, GRANTS, CONVEYS AND WARRANTS to the ***City of North Sioux City***, a South Dakota Municipal corporation, Grantee, of 504 River Drive, North Sioux City, Union County, South Dakota 57049, the following described real property in the County of Union, in the State of South Dakota:

All that part of Tract A, River Valley Addition in the North ½ of the Southwest ¼ of Section 15, Township 89 North, Range 48 West of the Fifth Principal Meridian, North Sioux City, Union County, South Dakota as shown on Exhibit "A" attached hereto and incorporated herein by this reference.

The above described property is being dedicated to the City of North Sioux City for the intended purpose of a public street.

Subject to any easements, covenants, conditions, reservations and restrictions of record, if any.

This transfer is exempt from transfer fee pursuant to 43-4-22(2).

[SIGNATURE PAGE FOLLOWS]

Dated this _____ day of _____, 2015.

River Valley, L.L.P.

By: _____
Rick Wegher, Managing Partner

STATE OF _____)
) ss
COUNTY OF _____)

On this _____ day of _____, 2015, before me, a Notary Public in and for said State, personally appeared Rick Wegher, who acknowledged himself to be the Managing Partner of River Valley, L.L.P., a South Dakota limited liability partnership, and that he as such Managing Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability partnership by himself as Managing Partner.

In witness whereof, I hereunto set my hand and official seal.

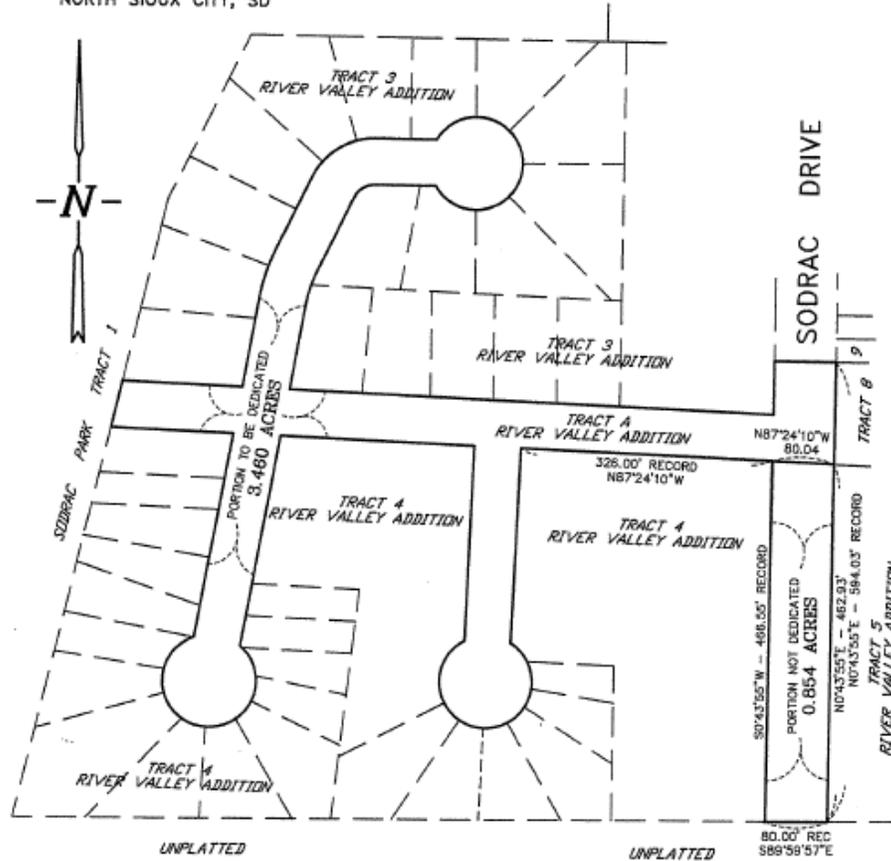
Notary Public
My commission expires: _____

Exhibit "A"

MLS & ASSOCIATES P.L.C. 201 BENSON BLDG SIOUX CITY, IA (712)258-6844
 SHEET 1 OF 1 EXHIBIT "A"

DRAWING OF TRACT A. RIVER VALLEY ADDITION IN THE NORTH 1/2 OF THE SW1/4 OF SECTION 15, T89N, R48W, 5th P.M., NORTH SIOUX CITY, UNION COUNTY, SOUTH DAKOTA

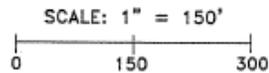
RIVER VALLEY, LLP
 NORTH SIOUX CITY, SD



CERTIFICATION BLOCK

I HEREBY CERTIFY THAT THIS LAND SURVEYING DOCUMENT WAS PREPARED AND THE RELATED SURVEY WORK WAS PERFORMED BY ME OR UNDER MY DIRECT PERSONAL SUPERVISION AND THAT I AM A DULY LICENSED LAND SURVEYOR UNDER THE LAWS OF THE STATE OF SOUTH DAKOTA.

Douglas J. Wordhorst
 DOUGLAS J. WORDHORST DATE
 LICENSE NUMBER 4544
 MY LICENSE RENEWAL DATE IS DECEMBER 31, 2016
 THIS SHEET COVERED BY THIS SEAL
 PLOT DATE: DECEMBER 17, 2015



CERTIFICATE OF REAL ESTATE VALUE [SDCL 7-9-7(4)]

COURTHOUSE USE ONLY

Book _____ Page _____

Ratio Card No. _____

State of South Dakota, County of Union

Seller(s): River Valley, L.L.P.
Name

605-232-4000
Phone Number

Mailing Address: 125 Gateway Drive
Street/Box Number

North Sioux City
City

SD 57049
State/Zip Code

Buyer(s): City of North Sioux City
Name

605-232-4276
Phone Number

Current Mailing Address: 504 River Drive
Street/Box Number

North Sioux City
City

SD 57049
State/Zip Code

NEW Mailing Address: _____
Street/Box Number

City

State/Zip Code

OWNER OCCUPIED – THIS BOX TO BE COMPLETED BY BUYER ONLY

These items are important to complete for property to continue to be classified as owner occupied for a lower property tax rate.

Property is currently classified as owner-occupied YES NO
Property will be occupied by buyer on (date) YES NO
Property will be principal residence of buyer on the above stated date YES NO
Do you own any other residential property in the United States? YES NO If yes, state location

Signature (BUYER ONLY) _____

Legal Description (Please include the number of acres for unplatted properties)

All that part of Tract A, River Valley Addition in the North 1/2 of the Southwest 1/4 of Section 15, Township 89 North, Range 48 West of the Fifth Principal Meridian, North Sioux City, Union County, South Dakota as shown on Exhibit "A" attached hereto and incorporated herein by this reference.

(1) Date of Instrument December, 2015

(2) Type of Instrument:

Contract for Deed Warranty Deed Executor's Deed Mineral Deed
Quit Claim Deed Trustee's Deed Administrator's Deed Gift Other (specify) _____

(3) Items Involved in Transaction

(a) Was this property offered for sale to the general public YES NO
(b) Relationship between buyer and seller? YES NO
(c) Was this property sold by owner agent
(d) Actual Consideration Exchanged: \$0.00
(e) Adjusted price paid for real estate: \$0.00
(actual consideration less amount paid for major items of personal property which are listed below)

In the blanks below, list any major items of personal property and their value which were included in the total purchase price (i.e. furniture, inventory, crops, leases, franchises): _____

(4) Was there Buyer Financing YES NO If yes, items (a) and (b) below MUST be completed

(a) Type of Buyer Financing – check where applicable

Conventional Bank Loan Like Kind Exchange
Cash Sale Assumed Mortgage
FHA, FmHA, SDHA Loan Farm Credit Service
Contract for Deed _____ [must complete part (b)]

(b) Contract for Deed YES NO

(If yes, MUST complete items below)
Down Payment _____
Monthly/Yearly Payment _____ Interest Rate _____
No. of Payments _____ Balloon Payment _____

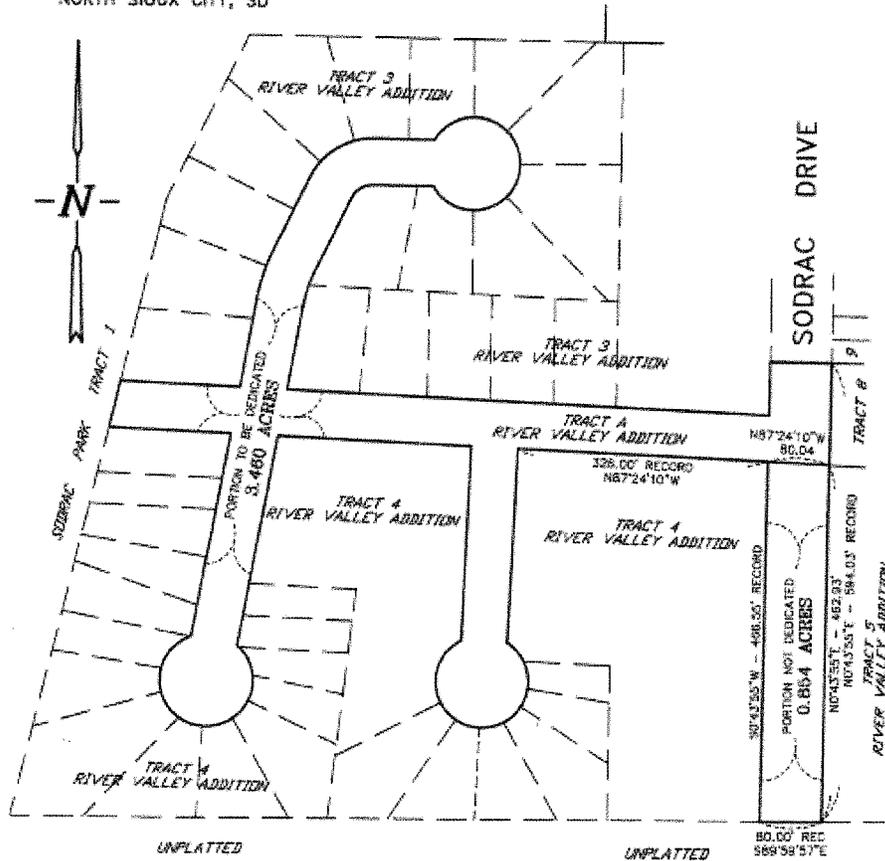
Signature of seller, Buyer, or agent of _____ Date December, 2015

Exhibit "A"

MLS & ASSOCIATES P.L.C. 201 BENSON BLDG SIOUX CITY, IA (712)258-6844
 SHEET 1 OF 1 EXHIBIT "A"

DRAWING OF TRACT A, RIVER VALLEY ADDITION IN THE NORTH 1/2 OF THE SW1/4 OF SECTION 15, T89N, R48W, 5th P.M., NORTH SIOUX CITY, UNION COUNTY, SOUTH DAKOTA

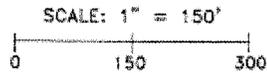
RIVER VALLEY, LLP
 NORTH SIOUX CITY, SD



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I HEREBY CERTIFY THAT THIS LAND SURVEYING DOCUMENT WAS PREPARED AND THE RELATED SURVEY WORK WAS PERFORMED BY ME OR UNDER MY DIRECT PERSONAL SUPERVISION AND THAT I AM A LICENSED LAND SURVEYOR UNDER THE LAWS OF THE STATE OF SOUTH DAKOTA.

Douglas J. Mordhorst
 DOUGLAS J. MORDHORST DATE
 LICENSE NUMBER 4544
 MY LICENSE RENEWAL DATE IS DECEMBER 31, 2016
 THIS SHEET COVERED BY THIS SEAL
 PLOT DATE: DECEMBER 17, 2015



**PLANNING COMMISSION SUBMISSION: FOR COUNCIL'S APPROVAL
PLAT / RE-PLAT / VARIANCE / REZONE**

PRE-APPROVAL ACQUIRED

- Bldg Inspector Roan Superintendent Hogan Engineer Meyer Mayor Fredericksen

PROCESS

- 1.) Approved Planning Commission, November 9, 2015
- 2.) Tabled, December 7, 2015
- 3.) Represented to Council, December 21, 2015

NOTES

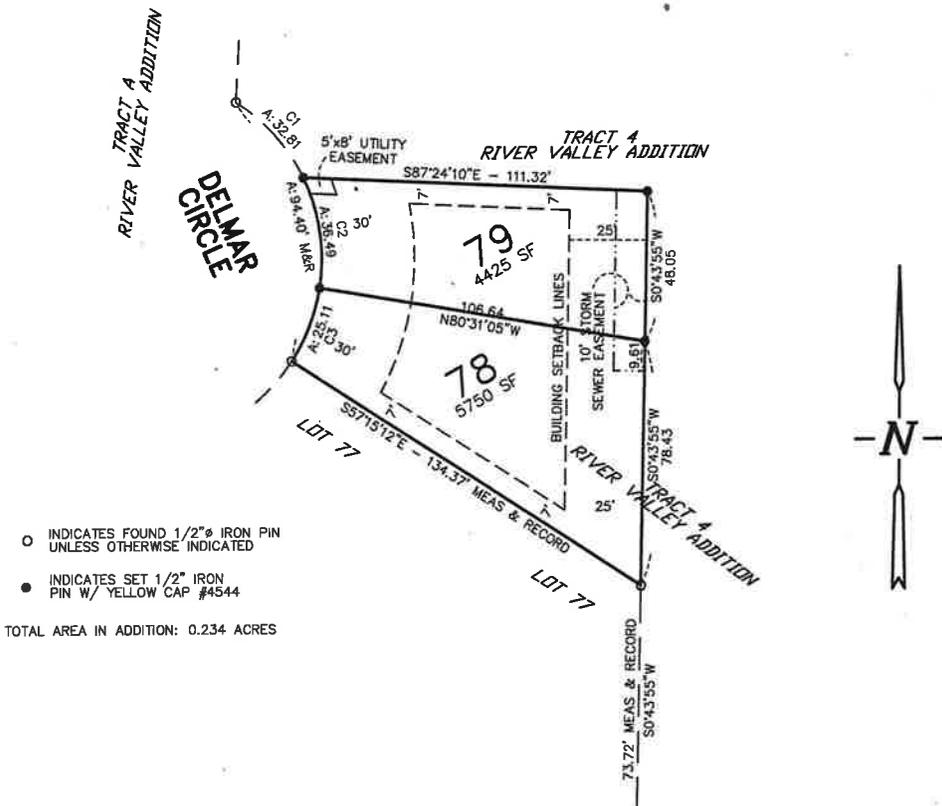
Plat for part of Delmar Street

- 1.) The street right of way dedicated in the plat, to be presented tonight.
- 2.) On existing plat, the storm sewer easement doesn't have the restrictions normally contained in the City easements. A separate easement has been prepared and to be signed to accompany this plat.

**PLAT OF
LOTS 78 & 79 OF TRACT 4 OF
RIVER VALLEY ADDITION
NORTH SIOUX CITY, UNION COUNTY, SOUTH DAKOTA**

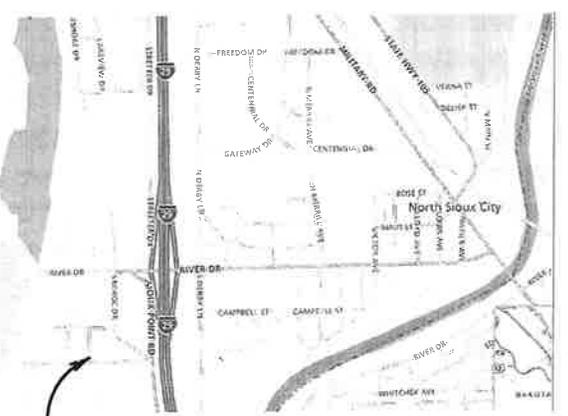
CURVE TABLE

No.	Delta	Radius	Arc Length	Tangent	Chord
1	31°19'39"	60.00	32.81	16.82	32.40 S41°44'21"E
2	34°50'36"	60.00	36.49	18.63	35.93 S8°39'13"E
3	23°58'43"	60.00	25.11	12.74	24.93 S20°45'26"W

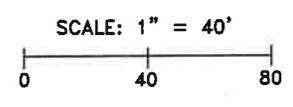


○ INDICATES FOUND 1/2" Ø IRON PIN UNLESS OTHERWISE INDICATED
● INDICATES SET 1/2" IRON PIN W/ YELLOW CAP #4544
TOTAL AREA IN ADDITION: 0.234 ACRES

VICINITY MAP



SUBJECT PARCELS



PLOT DATE: NOVEMBER 18, 2015
SHEET 1 OF 2

PREPARED BY
MLS & ASSOCIATES, PLC
201 BENSON BUILDING
SIOUX CITY, IOWA
(712) 258-6844

ORDINANCE # 2015-____

TITLE 5. AN ORDINANCE AMENDING THE ALCOHOLIC BEVERAGES ORDINANCE SECTION 5.08.030.

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF NORTH SIOUX CITY, SOUTH DAKOTA:

§ 5.08.030 of the North Sioux City Municipal Code is amended to read as follows:

5.08.030 Sunday sales permitted by certain on-sale dealers and off sale package dealers. Memorial Day sales permitted.

Notwithstanding any of the other provisions of this chapter, any on-sale liquor dealer that applies, qualifies and receives a Sunday retail dealer classification and pays an annual fee of \$200.00 to the City, may sell, serve, and allow to be consumed on the premises covered by their license, alcoholic beverages between the hours of seven a.m. on Sunday with the serving of food through two a.m. the following Monday.

Any licensed off-sale package dealer may sell alcoholic beverages between the hours of seven a.m. and two a.m. on the following Monday.

Any on-sale liquor dealer or off-sale package dealer may sell, serve and allow to be served (as applicable) on Memorial Day from seven a.m. through two a.m. on the following day. (Ord. 383 § 4, 2002; Ord. 362 § 4, 2002) Amended July, 2010. Effective _____, 2016.

EFFECTIVE DATE. The above Ordinance shall be in full force and effect on _____, 2016.

Dated this ____ day of December, 2015.

Randy Frederickson, Mayor

ATTEST:

Susan Kloostra, Finance Officer

First Reading:

Second Reading:

Published: _____, 2015

Effective Date: _____, 2016

ORDINANCE # 2015-____

TITLE 5. AN ORDINANCE AMENDING THE GAMBLING ORDINANCE SECTION 5.20.020.

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF NORTH SIOUX CITY, SOUTH DAKOTA:

§ 5.20.020 of the North Sioux City Municipal Code is amended to read as follows:

5.20.020 License fee.

A. The annual additional license fee imposed by Section 5.20.010 shall be fifty dollars (\$50.00) for each video lottery machine to which the privilege of locating a lottery machine on the premises has been granted and shall be paid at the same time and in the same manner as the fees paid pursuant to SDCL 35-4-2. This annual additional license fee shall be imposed in such a manner that each video lottery machine to which the privilege of locating a lottery machine on the premises has been granted within the corporate limits of the city, shall pay the sum of fifty dollars (\$50.00) per machine authorized at the licensed premises whether or not a machine is actually on the premises.

B. This annual additional license fee imposed by this chapter shall be paid into the general fund of the city. (Ord. 331 §§ 2, 3, 1998)

C. The total number of video lottery machines authorized in the corporate limits of the City by the Council is 568, but may be amended by further action of the Council. Effective _____, 2016.

EFFECTIVE DATE. The above Ordinance shall be in full force and effect on _____, 2016.

Dated this _____ day of December, 2015.

Randy Frederickson, Mayor

ATTEST:

Susan Kloostra, Finance Officer

First Reading:

Second Reading:

Published: _____, 2015

Effective Date: _____, 2016

8.04.050 **Collection and disposition of garbage, rubbish, waste materials, yard waste of commercial establishments and educational facilities.**

Commercial establishments and educational facilities or institutions within the city shall be responsible, at their own cost and expense, to store, collect, transport and dump all garbage, rubbish, waste material, and yard waste as defined in this chapter in the manner described, and as designated by the mayor, with the approval of the common council, commercial and business establishments and educational facilities or institutions, shall provide for the removal of and the transportation of all garbage, rubbish, waste materials, and yard waste from their premises not less than once a week. (Prior code § 3.0205)

8.04.060 **Cost--How collected.**

A. The cost of collection and disposal of garbage, rubbish, and waste materials from family domestic units as defined in this chapter, shall become a charge against each family domestic unit of each dwelling and shall be payable monthly, together with charges made by the city for water services furnished by the city to each such family domestic unit. A fair and reasonable charge for the collection of the contents from each family domestic unit shall be set by the common council.

B. In the event that the commercial and business establishment and educational facility or institution fails to provide for the collection and disposition of garbage, rubbish, waste materials, or yard waste as provided in Section 8.04.050, the mayor, with the approval of the common council shall provide for the collection and disposition thereof at a cost of the collection to be assessed against and collected from such commercial and business estab-

lishments and educational facility or institution for each time such collection and disposition is made.

C. A late payment penalty of five dollars (\$5.00) for each garbage collection bill for family domestic units will be added to each delinquent bill for each month of delinquency. (Prior code § 3.0206)(Amended December 2003) (Amended 2008)

8.04.070 **Conditions under which customers may haul.**

Any family domestic unit, commercial and business establishment, educational facility or institution may haul garbage, rubbish, waste material and yard waste originating on the premises of such family domestic unit, commercial and business establishment or educational facility or institution to a legal landfill, but each family domestic unit shall be required to pay the monthly charges hereinbefore provided in Section 8.04.060(A). (Prior code § 3.0207)

8.04.080 **Water-tight receptacle required.**

It is unlawful for any person to haul through the streets or alleys of this city any garbage, rubbish, waste materials, or yard waste, unless contained in a water-tight tank or receptacle. (Prior code § 3.0208)

8.04.090 **Violations--Penalties.**

Any person or persons, firm or firms, corporation or corporations violating any of the provisions of this chapter, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined in a sum not exceeding Five Hundred Dollars (\$500.00). (Prior code § 3.0209) (Amended 2007)

Gallons Per Month 2015	Charge Per Month
Over 3000	Minimum plus \$4.25 per thousand gallons in excess of 3000 gallons

Gallons Per Month 2016	Meter Size	Charge Per Month
0-3000	1 1/2"	31.50
0-3000	2"	44.25
0-3000	3"	64.50
0-3000	4"	107.25
0-3000	6"	219.75
0-3000	8"	279.75
0-3000	10"	317.25

Gallons Per Month 2016	Charge Per Month
0-3000	Minimum according to meter size
Over 3000	Minimum plus \$4.35 per thousand gallons in excess of 3000 gallons

B. The above rate schedule shall be charged to and paid by all users, however, upon completing an application at City Hall, residents who are age sixty-five (65) or older shall receive a ten percent (10%) discount from the above rates. The City shall not pay for water. Further, the City will provide water to the following entities at no cost: Community Center, Senior Citizens Center, Dakota Valley School Practice Field, Dakota Valley School Sports Complex, NSC/DV Sports Complex and North Merrill Boulevard. (Ord. 393 § 1 (part), Rule 21, 2002) (Amended November 2013)

13.04.220 Water for building purposes.

Contractors, builders or others desiring water for building purposes, must make application to the utility superintendent therefore, who will

make special arrangements for such supply as is required. (Ord. 393 § 1 (part), Rule 22, 2002)

13.04.230 Disconnection of water fee.

A. All commercial and residential water bills are due when the invoice is issued by the City. If the bills are not paid within thirty (30) days after the invoice date the bill is delinquent. The City then reserves the right to discontinue water service to the delinquent customer by shutting off the water at the curb cock, after forwarding the customer a written notice of termination 10 days prior to shutting off the customer's water. A late payment fee of \$5.00 per month shall be assessed on any unpaid balance more than 30 days delinquent.

B. If a commercial or residential water service is discontinued for non-payment of the utility bill the water service will be reconnected only after the following conditions have been met:

1. The account has been paid in full and there remains no balance due.
2. A One Hundred Dollar (\$100.00) water deposit has been paid the city. The deposit will be waived if the city already has a deposit on file.
3. A Twenty Dollar (\$20.00) reconnect fee has been paid to the city.
4. Water service will be restored only during the normal business hours. For services to be reconnected after 3:30 p.m., or not during normal business hours or days, the customer will be charged an additional fee of Seventy-five Dollars (\$75.00) for reestablishing service. This Seventy-five Dollar (\$75.00) fee will be assessed to the next month's utility bill.
5. No person shall turn on water service to any premises from which water has been turned off as provided for in this section, without written authority from the City water and sewer department. If it is necessary to dig up the curb stop or shut off water for non-payment of the water bill, the cost of such work may be added to the water bill in addition to all other charges set forth in this ordinance.

Chapter 13.12

WASTEWATER TREATMENT USER CHARGES

Sections:

- 13.12.010 Declaration.**
- 13.12.020 Definitions.**
(Amended July, 2013)
- 13.12.030 User charge provisions.**
(Amended 2007)
- 13.12.040 Class of user charges.** (Amended
January, 2010)
(Amended April, 2010)
(Amended July, 2013)
(Amended November, 2013)
- 13.12.050 Billing.**
- 13.12.060 Other provisions.**
- 13.12.070 Annual review.**

13.12.010 Declaration.

It is determined and declared to be necessary and conducive to the protection of the public health, safety, welfare and convenience of the city to collect charges from all users who contribute wastewater to the city's wastewater collection system. The proceeds of such charges so derived will be used for such public wastewater collection system and for payment of wastewater treatment charges by the city. (Ord. 388 Art. 1, 2002: prior code § 8.0501)

13.12.020 Definitions.

Unless the context specifically indicates otherwise, the meaning of terms used in this chapter shall be as follows:

"BOD" (denoting biochemical oxygen demand) means the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five days at twenty (20) degrees Celsius.

"Commercial/industrial user" means any contributor to the city's wastewater collection works whose lot, parcel or real estate, or building is used for purposes other than a single-

family dwelling. For purposes of the Chapter 13.12, this definition and classification shall include multi-family dwellings.

"Flow unit" shall mean a volume of liquid equal in quantity to one thousand (1,000) gallons.

"Industrial user's" is a commercial user with a waste discharge as defined for a Class IV user.

"Normal domestic wastewater" shall mean wastewater that has a SOD concentration of not more than two hundred fifty (250) parts per million and a suspended solids concentration of not more than three hundred (300) parts per million and a oil and grease content of not more than one hundred (100) parts per million.

"Oil and grease" means oil and grease as determined by the standard laboratory procedures for the Soxhlet Extraction method as defined in the current addition of Standard Methods.

"Operation and maintenance" means all expenditures during the useful life of the wastewater collection works for materials, labor, utilities, and other items which are necessary for managing and maintaining the sewage collection works to achieve the capacity and performance for which such works were designed and constructed.

Operation and maintenance charges shall be included in the sewer user charge and shall be levied in a proportional and adequate manner.

"Replacement charges" means expenditures for the obtaining and installing of equipment, accessories, or appurtenances that are necessary during the useful life of the wastewater collection works to maintain the capacity and performance for which such works were designed and constructed. Replacement charges shall be included in the sewer user charge and shall be levied in a proportional and adequate manner.

"Residential user" means any contributor to the city's wastewater collection works whose lot, parcel of real estate, or building is used for single-family dwelling purposes only.

who are age sixty-five (65) or older shall receive a ten percent (10%) discount from the above Base Rates.

2. Class II: Light Commercial/Industrial Users: Nonresidential users which contribute between zero (0) gpd and four hundred (400) gpd of less than or equal to normal domestic strength wastewater. For clarification, Class II shall include all multi-family dwelling units.

Twenty-nine Dollars (\$29.00) per month plus Three Dollars and Forty-five Cents (\$3.45) per thousand (1,000) gallons of metered waste in excess of three thousand (3,000) gallons per month for operation and maintenance, including replacement of debt service effective for calendar year 2014.

Thirty Dollars (\$30.00) per month plus Three Dollars and Fifty-five Cents (\$3.55) per thousand (1,000) gallons of metered waste in excess of three thousand (3,000) gallons per month for operation and maintenance, including replacement of debt service effective for calendar year 2015.

Thirty-one Dollars (\$31.00) per month plus Three Dollars and Sixty-five Cents (\$3.65) per thousand (1,000) gallons of metered waste in excess of three thousand (3,000) gallons per month for operation and maintenance, including replacement of debt service effective for calendar year 2016.

3. Class III: Industrial Users: Nonresidential users which contribute more than four hundred (400) gpd of less than or equal to normal domestic strength wastewater, except for multi-family dwellings, which will be classified as Class II: Light Commercial/Industrial Users.

Forty-three Dollars (\$43.00) per month plus Five Dollars and Thirteen Cents (\$5.13) per thousand (1,000) gallons based on actual

metered sales or estimated flows in accordance with availability for calendar year 2014.

Forty-four Dollars (\$44.00) per month plus Five Dollars and Twenty-three Cents (\$5.23) per thousand (1,000) gallons based on actual metered sales or estimated flows in accordance with availability for calendar year 2015.

Forty-five Dollars (\$45.00) per month plus Five Dollars and Thirty-three Cents (\$5.33) per thousand (1,000) gallons based on actual metered sales or estimated flows in accordance with availability for calendar year 2016.

(Ord. 388 Art. 4, 2002: prior code § 8.0504) (Amended January, 2010) (Amended April, 2010) (Amended July, 2013) (Amended November 2013)

13.12.050 Billing.

A. All users shall be billed monthly. Billings for any particular monthly period shall be made within thirty (30) days after the end of that billing period. Payments are due when the billings are made. Any payment not received within thirty (30) days after the billing is made shall be delinquent.

B. A late payment penalty of ten (10) percent of the user charge bill will be added to each delinquent bill for each thirty (30) days of delinquency. When any bill is thirty (30) days in default, rendition of water and/or sewer service to such premises shall be discontinued until such bill is paid following due notice of an opportunity or hearing.

C. The sewer use charge for residential users billed quarterly shall be the same for each of the four quarters of the calendar year, and shall be determined by quarterly water usage as shown by water meter readings taken in January, February or March of each calendar year, and shall be determined by the average monthly water usage as shown by water meter readings taken in January, February and March of each calendar year. The city will review water usage

CITY OF NORTH SIOUX CITY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2014

**CITY OF NORTH SIOUX CITY
MUNICIPAL OFFICIALS
DECEMBER 31, 2014**

Mayor:

Don Fuxa

Governing Board:

Sheri Leitru

Charles Meyer

Joan Christiansen

Bobby Rogers

Dan Parks

Harold Beavers

Clarence Verdoorn

Tammy Reiff

Finance Officer:

Donna Houck

Municipal Attorney:

Darrell Jesse

**CITY OF NORTH SIOUX CITY
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QUAM & BERGLIN, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
110 WEST MAIN – P.O. BOX 426
ELK POINT, SOUTH DAKOTA 57025

(605) 356-3374

INDEPENDENT AUDITOR'S REPORT

City Council
City of North Sioux City
Union County, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Sioux City, South Dakota, as of December 31, 2014 and for the year then ended, and the related notes to the financial statements. We were not engaged to audit the financial statements of the discretely presented component unit. These financial statements collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, however we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the discretely presented component unit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Disclaimer of Opinion on the Discretely Presented Component Unit

The financial statements of the Housing and Redevelopment Commission (HRC) have not been audited, and we were not engaged to audit the HRC financial statements as part of the City's basic financial statements. HRC's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent the assets, net position, and revenues of the City's discretely presented component unit.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit of the City of North Sioux City. Accordingly, we do not express an opinion on those financial statements.

Unmodified 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 North Sioux City, South Dakota as of December 31, 2014 and the respective changes in financial position, and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedules as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Nonmajor Fund Financial Statements as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Nonmajor Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Nonmajor Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

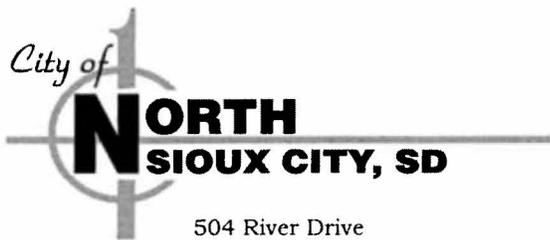
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, on our consideration of the City of North Sioux City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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* in considering the City of North Sioux City's internal control over financial reporting and compliance.

Quam and Berglin, P.C.

Quam and Berglin, P.C.
Certified Public Accountants
Elk Point, SD

December 3, 2015



504 River Drive
North Sioux City, SD 57049
Phone (605) 232-4276
Fax (605) 232-0506

CITY OF NORTH SIOUX CITY Management's Discussion and Analysis

This discussion and analysis presents an overview of the financial activities and financial position for the City of North Sioux City (the "City") for the year ended December 31, 2014. The information presented in this section should be considered in conjunction with the additional information furnished in the basic financial statements as well as notes to the financial statements.

FINANCIAL HIGHLIGHTS

- North Sioux City had a total increase in net position of \$768,700 for the year. This resulted in a total ending net position of \$39,392,080.
- In 2014, several projects to upgrade and enhance the City's infrastructure were started.
 - Streeter Drive Well improvement project
 - New pumping equipment in the Lakeshore Lift Station
 - Martha Street Paving project
 - Storm Sewer Outlet
- Construction was started on the City's new Ground Water Storage Tank and Pump Station. The project is scheduled to be completed in 2015. The budget for this project was set at \$1,893,000.
- The City is working with the SD Department of Transportation to resurface Highway 105. Project was awarded in 2014, but the project start was postponed until spring of 2015.
- During 2014, construction was completed for the North Sioux City Community Library. The budget for this building was set at \$1.3 million. The total project at completion was \$1.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements including related notes, and required supplementary information. The basic financial statements include two types of statements that present different views of the City:

- The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities that the City operates like businesses. The City has three proprietary funds – the Water Fund, Sewer Fund and Garbage Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to the required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and presented in a single column in the basic financial statements.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major features of North Sioux City's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except component units)	The activities of the City that are not proprietary or fiduciary, such as finance office, police, fire and parks.	Activities the City operates similar to private businesses, the water, sewer and garbage systems.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balance Sheet *Statement of Revenues, Expenses and Changes in Fund Net Position *Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Fund Statements

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 Position 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.

The two government-wide statements report the City's net position and how they have changed. Net position, the difference between the City's assets and liabilities, are one way to measure the City's financial health or position.

- Increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating respectively.
- To assess the overall health of the City, you need to consider additional non-financial factors such as changes in the City's property tax base and changes in the sales tax revenue base.

The government-wide financial statements of the City are reported in two categories:

- Governmental Activities - This category includes most of the City's basic services, such as police, cemetery, library, public works, parks department and general administration. Property taxes, sales taxes, charges for services, state and federal grants, and interest earnings finance most of these activities.
- Business-type Activities - The City charges a fee to customers to help cover the costs of certain services it provides. The City's water, sewer and garbage systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- State Law requires some of the funds.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has two kinds of funds:

- Governmental Funds – Most of the City's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary Funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS – CITY AS A WHOLE

Net Position

The City's combined net position increased by 1.99% between fiscal year 2013 and 2014, increasing by \$768,700 (See Table A-1).

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the City, consisting of compensated absences payable, notes payable, sales tax revenue bonds payable, and water revenue bonds payable, have been reported in this manner on the Statement of Net Position. The difference between the City's assets and liabilities is its net position.

	Primary Government					
	Governmental		Business-Type		Total	
	Activities		Activities		Activities	
	December 31,		December 31,		December 31,	
	2013	2014	2013	2014	2013	2014
Current and Other Assets	\$ 6,897,733	\$ 6,614,982	\$ 5,119,974	\$ 4,709,533	\$12,017,707	\$11,324,515
Capital Assets	16,608,981	17,273,723	11,124,220	12,191,438	27,733,201	29,465,161
Total Assets	23,506,714	23,888,705	16,244,194	16,900,971	39,750,908	40,789,676
Long-Term Debt Outstanding	741,631	737,215	35,155	25,180	776,786	762,395
Other Liabilities	262,964	243,801	87,778	391,400	350,742	635,201
Total Liabilities	1,004,595	981,016	122,933	416,580	1,127,528	1,397,596
Net Position:						
Net Investment in Capital Assets	15,910,156	16,582,612	11,097,444	12,173,130	27,007,600	28,755,742
Restricted	531,065	358,935			531,065	358,935
Unrestricted	6,060,898	5,966,142	5,023,817	4,311,261	11,084,715	10,277,403
Total Net Position	\$22,502,119	\$ 22,907,689	\$16,121,261	\$ 16,484,391	\$38,623,380	\$39,392,080
Increase (Decrease) in Net Position	863,392	405,570	541,268	363,130	1,404,660	768,700
Beginning Net Position	21,638,727	22,502,119	15,579,993	16,121,261	37,218,720	38,623,380
Ending Net Position	\$22,502,119	\$ 22,907,689	\$16,121,261	\$ 16,484,391	\$38,623,380	\$39,392,080
Percentage of Increase (Decrease) in Net Position	3.99%	1.80%	3.47%	2.25%	3.77%	1.99%

Changes in Net Position

The City's revenues totaled \$4,954,719 (see Table A-2). Approximately 36% of the City's revenue comes from charges for services and 51% comes from some type of tax (see Figure A-2). Another 4% comes from intergovernmental revenues and 1% from interest earnings. The City's expenses (see Figure A-3) cover a range of services, with over half related to public works services (street maintenance, water, sewer and garbage services).

	Governmental Activities December 31		Business-Type Activities December 31		Total Change December 31	
	2013	2014	2013	2014	2013	2014
Revenues						
Program Revenues						
Charges for Services	\$ 205,137	\$ 212,578	\$ 1,813,944	\$ 1,761,668	\$ 2,019,081	\$ 1,974,246
Operating Grants and Contributions	1,481	49,495			1,481	49,495
Capital Grants and Contributions	588,360	73,075			588,360	
General Revenues						
Taxes	2,377,369	2,544,810			2,377,369	2,544,810
Revenue State Sources	114,412	128,816			114,412	128,816
Unrestricted Investment Earnings	21,132	27,332	17,271	25,986	38,403	53,318
Other General Revenue	86,275	206,327			86,275	206,327
Loss on Disposal of Capital Assets	(63,026)	(2,293)			(63,026)	(2,293)
Total Revenues and Transfers	3,331,140	3,240,140	1,831,215	1,787,654	5,162,355	4,954,719
Expenses						
General Government	461,534	531,033			461,534	531,033
Public Safety	878,525	934,309			878,525	934,309
Public Works	687,522	742,113			687,522	742,113
Health & Welfare	13,615	31,040			13,615	31,040
Culture & Recreation	211,101	251,779			211,101	251,779
Conservation & Development	215,451	344,296			215,451	344,296
Water			517,372	679,243	517,372	679,243
Sewer			670,895	637,320	670,895	637,320
Solid Waste			101,680	107,961	101,680	107,961
Total Expenses	2,467,748	2,834,570	1,289,947	1,424,524	3,757,695	4,259,094
Increase (Decrease) in Net Position	863,392	405,570	541,268	363,130	1,404,660	768,700
NET POSITION - BEGINNING	21,638,727	22,502,119	15,579,993	16,121,261	37,218,720	38,623,380
NET POSITION - ENDING	<u>\$ 22,502,119</u>	<u>\$ 22,907,689</u>	<u>\$ 16,121,261</u>	<u>\$ 16,484,391</u>	<u>\$ 38,623,380</u>	<u>\$ 39,392,080</u>

Figure A-2

City of North Sioux City Sources of Revenues for Year 2014

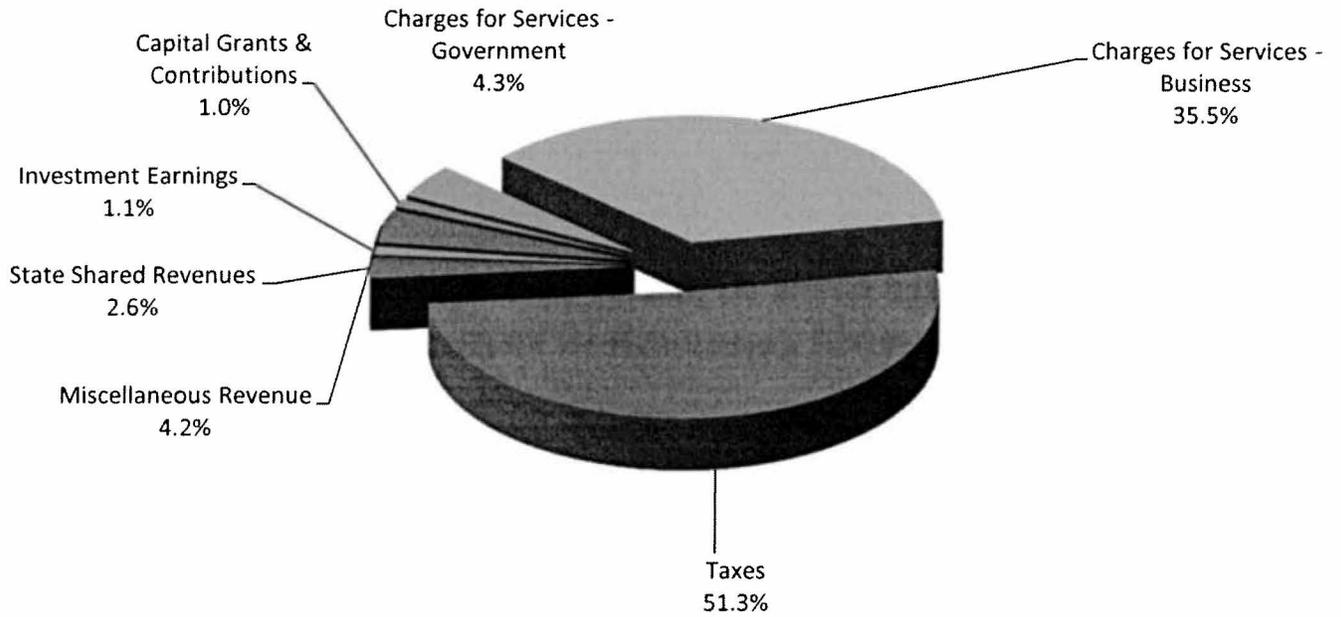
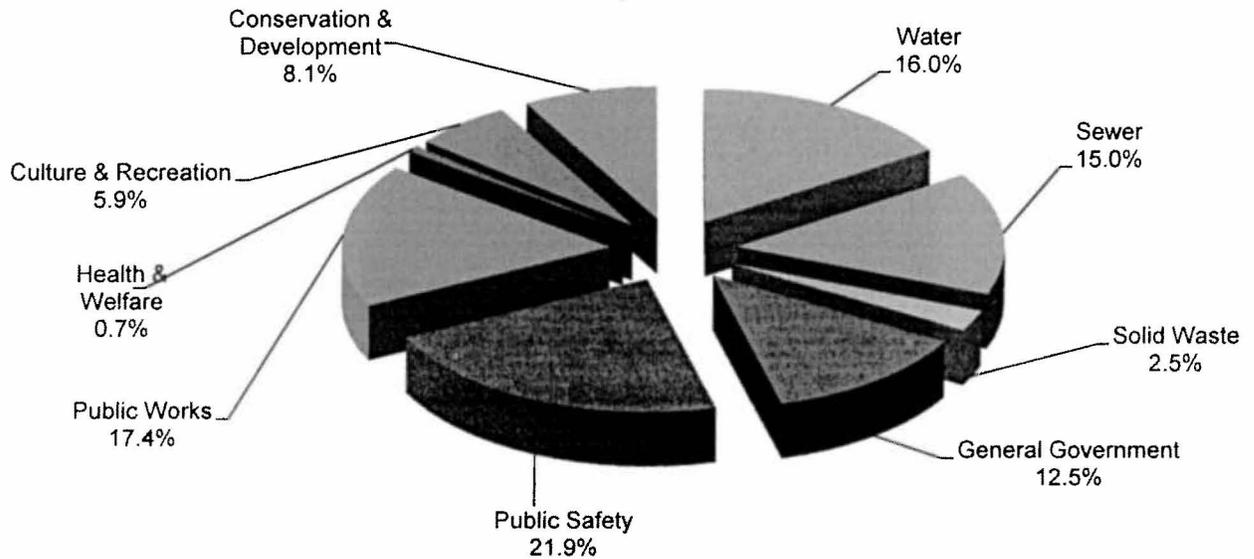


Figure A-3

City of North Sioux City Functional Expenses for Year 2014



Governmental Activities

Total governmental activities revenues for the City decreased approximately 3%. Total governmental activities expenses increased 15% because of increases in the cost of services and expenses related to the Public Works. (See previous Table A-2.)

Business-Type Activities

Revenues of the City's business-type activities decreased slightly, by 2%, to \$1,787,654 and expenses increased 10% to \$1,424,524. (As shown in previous Table A-2.)

FINANCIAL ANALYSIS - CITY'S FUNDS

The financial analysis of the City's funds mirror those highlighted in the analysis of governmental and business-type activities presented above. The City's four governmental fund types are General Fund, Special Revenue Fund, Debt Service Fund and Capital Project Fund, and only three business-type funds are Water, Sewer and Garbage Funds.

General Budgetary Highlights

Budgets are monitored and amended to ensure budgetary compliance.

CAPITAL ASSET ADMINISTRATION

The City made a concerted effort to establish and maintain the fixed assets and accumulated depreciation records for the general and proprietary funds during the year 2014. By the end of 2014, the City had invested \$29,465,161 in a broad range of capital assets, including construction in progress, buildings, various machinery and equipment, net of depreciation. (See Table A-3.) This amount represents a net decrease (including additions and deductions) of \$1,731,959, or 6.25% over the prior year.

	Governmental Activities			Business-Type Activities		
	FY2013	FY2014	Increase/ (Decrease)	FY2013	FY2014	Increase/ (Decrease)
Land	\$ 823,927	\$ 823,927	\$	\$ 98,284	\$ 98,284	\$
Land Held for Sale	818,127	818,127				
Construction Work in Progress	880,313		(880,313)		1,203,724	1,203,724
Buildings	4,448,448	6,180,379	1,731,931	1,820,857	1,790,081	(30,776)
Improvements other than Building	9,187,227	8,979,892	(207,335)	8,274,224	7,981,321	(292,903)
Machinery and Equipment	450,940	471,398	20,458	930,855	1,118,028	187,173
Total Capital Assets	\$ 16,608,982	\$ 17,273,723	\$ 664,741	\$ 11,124,220	\$ 12,191,438	\$ 1,067,218

LONG-TERM DEBT

At year-end, the City had borrowings on a TIF Loan, Sewer Revenue Bonds and other long-term obligations. This is a decrease of 1.85% as shown on Table A-4 below. The City does not expect to increase its debt obligation.

The City is liable for the accrued vacation leave payable to all full-time employees who have been employed for more than one year. Labor contracts also allow for a percentage of sick leave to be paid out upon termination, therefore, this percentage is also included in Accrued Leave Payable.

The TIF loan is secured by increased property taxes to be collected (100% of the increase to the City of North Sioux City) on the parcels found within the TIF district until paid in full.

	Governmental Activities		Business-type Activities		Dollar Change	Total % Change
	2013	2014	2013	2014		
Compensated Absences	\$ 42,805	\$ 46,104	\$ 8,379	\$ 6,872	\$ 1,792	3.50%
TIF Loan - River Valley	698,825	691,111			(7,714)	-1.10%
DENR Loan			26,776	18,309	(8,467)	-31.62%
Total Outstanding Debt and Obligations	\$ 741,630	\$ 737,215	\$ 35,155	\$ 25,181	\$ (14,389)	-1.85%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Under the state mandated property tax freeze, property taxes one year to the next may increase 3% or an amount based on the Consumer Price Index (CPI), whichever is lower. This year property tax levy requests increased 3%.

One of the primary sources of revenue to the City is based on taxable retail sales in the community (sales tax). The City has experienced a slight decrease in General Sales and Use Taxes of approximately 2% over the prior year.

The City's business-type activities (water, sewer and garbage operations) expect to see an increase in revenues due to growth. Expenses will increase slightly due to the economy.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of North Sioux City's Finance Office, 504 River Drive, North Sioux City, SD 57049.

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**CITY OF NORTH SIOUX CITY
STATEMENT OF NET POSITION
DECEMBER 31, 2014**

	<u>Primary Government</u>			<u>Unaudited Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 3,203,462.15	\$ 1,445,623.27	\$ 4,649,085.42	\$ 33,870.01
Investments	3,096,637.14	3,008,968.17	6,105,605.31	
Taxes Receivable	15,993.91		15,993.91	
Accounts Receivable, Net	32,071.14	135,290.58	167,361.72	
Notes Receivable	56,076.72		56,076.72	
Due From Government	58,735.94		58,735.94	
Due From Component Unit	66,000.00		66,000.00	
Interest Receivable	3,311.13	2,848.50	6,159.63	
Inventory	23,794.73	109,152.46	132,947.19	
Restricted Deposits	26,627.71		26,627.71	
Prepaid Expenses	32,271.17	7,649.79	39,920.96	
Capital Assets:				
Land and Construction Work in Progress	1,642,054.55	1,302,007.97	2,944,062.52	70,000.00
Other Capital Assets, Net of Depreciation	<u>15,631,668.57</u>	<u>10,889,430.52</u>	<u>26,521,099.09</u>	<u>521,275.20</u>
TOTAL ASSETS	<u>23,888,704.86</u>	<u>16,900,971.26</u>	<u>40,789,676.12</u>	<u>625,145.21</u>
<u>LIABILITIES:</u>				
Accounts Payable	80,531.79	213,632.25	294,164.04	
Contracts Payable - Retainage	67,724.42	128,613.74	196,338.16	
Accrued Wages Payable	15,724.16	3,781.25	19,505.41	
Accrued Other Payables		1,297.15	1,297.15	
Accrued Taxes Payable	1,385.09		1,385.09	
Customer Deposits Payable		40,278.87	40,278.87	
Unearned Revenue	78,435.82	3,796.50	82,232.32	11,415.00
Noncurrent Liabilities:				
Due Within One Year	737,214.69	15,788.99	753,003.68	41,489.58
Due in More than One Year		<u>9,391.21</u>	<u>9,391.21</u>	<u>530,015.00</u>
TOTAL LIABILITIES	<u>981,015.97</u>	<u>416,579.96</u>	<u>1,397,595.93</u>	<u>582,919.58</u>
<u>NET POSITION:</u>				
Net Investment in Capital Assets	16,582,612.11	12,173,129.96	28,755,742.07	
Restricted for:				
Cumulative Reserve - SDPAA	26,627.71		26,627.71	
Economic Development and Promotion	328,357.24		328,357.24	
Debt Services	3,949.50		3,949.50	
Unrestricted	<u>5,966,142.33</u>	<u>4,311,261.34</u>	<u>10,277,403.67</u>	<u>42,225.63</u>
TOTAL NET POSITION	<u>\$ 22,907,688.89</u>	<u>\$ 16,484,391.30</u>	<u>\$ 39,392,080.19</u>	<u>\$ 42,225.63</u>

The attached notes are an integral part of these financial statements.

**CITY OF NORTH SIOUX CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Unaudited Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 531,032.54	\$ 1,497.54	\$	\$	\$ (529,535.00)	\$	\$ (529,535.00)	\$
Public Safety	934,309.18	3,566.61	49,494.64		(881,247.93)		(881,247.93)	
Public Works	742,113.13	98,392.35			(643,720.78)		(643,720.78)	
Health and Welfare	31,039.87				(31,039.87)		(31,039.87)	
Culture and Recreation	251,778.81	1,014.00			(250,764.81)		(250,764.81)	
Conservation & Development	344,295.55				(344,295.55)		(344,295.55)	
Miscellaneous		108,107.03		73,075.00	181,182.03		181,182.03	
Total Governmental Activities	2,834,569.08	212,577.53	49,494.64	73,075.00	(2,499,421.91)		(2,499,421.91)	
Business-Type Activities:								
Water	679,243.52	727,468.84				48,225.32	48,225.32	
Sewer	637,319.88	930,255.50				292,935.62	292,935.62	
Garbage	107,961.45	103,944.13				(4,017.32)	(4,017.32)	
Total Business-Type Activities	1,424,524.85	1,761,668.47				337,143.62	337,143.62	
Total Primary Government	\$ 4,259,093.93	\$ 1,974,246.00	\$ 49,494.64	\$ 73,075.00	(2,499,421.91)	337,143.62	(2,162,278.29)	
Component Unit:								
Housing and Redevelopment	\$ 149,908.06	\$ 128,989.76						(20,918.30)
General Revenues:								
Taxes:								
Property Taxes					437,309.30		437,309.30	
Sales and Use Taxes					2,107,501.30		2,107,501.30	
State Shared Revenues					128,815.66		128,815.66	
Unrestricted Investment Earnings					27,332.13	25,986.44	53,318.57	33.54
Miscellaneous Revenue					206,326.75		206,326.75	650.30
Gain/(Loss) on Disposal of Capital Assets					(2,293.33)		(2,293.33)	47,000.00
Total General Revenues					2,904,991.81	25,986.44	2,930,978.25	47,683.84
Change in Net Position					405,569.90	363,130.06	768,699.96	26,765.54
Net Position - Beginning					22,502,118.99	16,121,261.24	38,623,380.23	15,460.09
Net Position - Ending					\$ 22,907,688.89	\$ 16,484,391.30	\$ 39,392,080.19	\$ 42,225.63

The attached notes are an integral part of these financial statements.

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**CITY OF NORTH SIOUX CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	Major Funds			Nonmajor		Total Governmental Funds
	General Fund	Additional Sales Tax Fund	Liquor/Lodging Dining Sales Tax Fund	911 Emergency Fund	Other Governmental Fund	
ASSETS:						
Cash and Cash Equivalents	\$ 2,685,212.99	\$ 451,339.38	\$ 1,000.00	\$ 6,145.74	\$ 59,764.04	\$ 3,203,462.15
Investments	1,938,303.63	690,664.78	467,668.73			3,096,637.14
Taxes Receivable - Delinquent	15,993.91					15,993.91
Accounts Receivable, Net	30,236.23			1,834.91		32,071.14
Notes Receivable					56,076.72	56,076.72
Due from Other Funds	283,159.17					283,159.17
Due From Government	46,893.38	7,312.33	4,530.23			58,735.94
Due From Component Unit	66,000.00					66,000.00
Interest Receivable	1,706.57	765.76	838.80			3,311.13
Inventory	23,794.73					23,794.73
Restricted Deposits	26,627.71					26,627.71
Prepaid Expenses	32,271.17					32,271.17
TOTAL ASSETS	<u>\$ 5,150,199.49</u>	<u>\$ 1,150,082.25</u>	<u>\$ 474,037.76</u>	<u>\$ 7,980.65</u>	<u>\$ 115,840.76</u>	<u>\$ 6,898,140.91</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 30,628.97		\$ 48,182.32	\$ 1,720.50		\$ 80,531.79
Contracts Payable - Retained Percentage		67,724.42				67,724.42
Accrued Wages Payable	15,724.16					15,724.16
Payroll Deductions and Withholdings and Employer Matching Payable	1,385.09					1,385.09
Due to Other Funds			209,389.46	73,769.71		283,159.17
Unearned Revenue	78,435.82					78,435.82
Total Liabilities	<u>126,174.04</u>	<u>67,724.42</u>	<u>257,571.78</u>	<u>75,490.21</u>		<u>526,960.45</u>

Deferred Inflows of Resources:

Unavailable Revenue - Property Taxes	<u>15,993.91</u>					<u>15,993.91</u>
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Fund Balances:

NonSpendable:

Inventory	23,794.73					23,794.73
Prepays	32,271.17					32,271.17
Notes Receivable	66,000.00					66,000.00
Cumulative Reserve - SDPAA	26,627.71					26,627.71

Restricted:

Economic Development and Promotion			216,465.98		56,076.72	272,542.70
Grant Revolving Loan					55,814.54	55,814.54
Debt Service					3,949.50	3,949.50

Committed:

Capital Improvement Additions		1,082,357.83				1,082,357.83
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Assigned:

Unassigned	<u>4,859,337.93</u>			<u>(67,509.56)</u>		<u>4,791,828.37</u>
Total Fund Balances	<u>5,008,031.54</u>	<u>1,082,357.83</u>	<u>216,465.98</u>	<u>(67,509.56)</u>	<u>115,840.76</u>	<u>6,355,186.55</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

	<u>\$ 5,150,199.49</u>	<u>\$ 1,150,082.25</u>	<u>\$ 474,037.76</u>	<u>\$ 7,980.65</u>	<u>\$ 115,840.76</u>	<u>\$ 6,898,140.91</u>
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The attached notes are an integral part of these financial statements.

**CITY OF NORTH SIOUX CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014**

Total Fund Balances - Governmental Funds \$ 6,355,186.55

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of Assets:	\$ 23,471,213.56	
(Less) Accumulated Depreciation	<u>(6,197,490.44)</u>	17,273,723.12

Long-term liabilities, including loans payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.

Loans Payable	\$ 691,111.01	
Accrued Leave Payable	<u>46,103.68</u>	(737,214.69)

Assets such as taxes receivable (delinquent), special assessments receivable (current, delinquent and deferred) and certain notes receivables are not available to pay for current period expenditures and therefore are deferred in the funds but are revenue in the government-wide financial statements.

15,993.91

Net Position - Governmental Funds \$ 22,907,688.89

The attached notes are an integral part of these financial statements.

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CITY OF NORTH SIOUX CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Major Funds			Nonmajor		Total Governmental Funds
	General Fund	Additional Sales Tax Fund	Liquor/ Lodging Dining Sales Tax Fund	911 Emergency Fund	Other Governmental Funds	
Revenues:						
Taxes:						
General Property Taxes	\$ 421,831.70				\$ 11,642.79	\$ 433,474.49
General Sales and Use Taxes	1,588,519.91	397,129.98	121,851.41			2,107,501.30
911 Telephone Surcharge				84,555.17		84,555.17
Penalties and Interest on Delinquent Taxes						
Licenses and Permits	97,094.35					97,094.35
Intergovernmental Revenue:						
Federal Grants						
State Grants	49,494.64					49,494.64
State Shared Revenue:						
Bank Franchise Tax	2,983.94					2,983.94
Liquor Tax Reversion	16,614.85					16,614.85
Motor Vehicle Licenses (5%)	32,711.43					32,711.43
Local Government Highway and Bridge Fund	76,505.44					76,505.44
County Shared Revenue:						
County Highway and Bridge Tax	797.31					797.31
County Wheel Tax	9,324.46					9,324.46
Charge for Services:						
General Government	1,497.54					1,497.54
Sanitation	1,298.00					1,298.00
Fines and Forfeits:						
Court Fines and Costs	3,566.61					3,566.61
Library	1,014.00					1,014.00
Other						
Miscellaneous Revenue:						
Investment Earnings	13,889.20	7,267.72	4,247.36		1,927.85	27,332.13
Rentals	108,107.03					108,107.03
Special Assessments	2,387.12					2,387.12
Contributions and Donations	1,250.00	71,825.00				73,075.00
Other	64,649.81					64,649.81
Total Revenue	<u>2,493,537.34</u>	<u>476,222.70</u>	<u>126,098.77</u>	<u>84,555.17</u>	<u>13,570.64</u>	<u>3,193,984.62</u>

Expenditures:

General Government:					
Legislative	71,403.94				71,403.94
Elections	3,375.43				3,375.43
Financial Administration	246,407.16				246,407.16
Other	<u>95,320.51</u>				<u>95,320.51</u>
Total General Government	<u>416,507.04</u>				<u>416,507.04</u>
Public Safety:					
Police	726,197.66		79,106.61		805,304.27
Community Center	25,250.35				25,250.35
Civil Defense	<u>751.32</u>				<u>751.32</u>
Total Public Safety	<u>752,199.33</u>		<u>79,106.61</u>		<u>831,305.94</u>
Public Works:					
Highways, Streets and Dike	452,014.36				452,014.36
Cemeteries	<u>5,070.23</u>				<u>5,070.23</u>
Total Public Works	<u>457,084.59</u>				<u>457,084.59</u>
Health and Welfare:					
Health	7,366.93				7,366.93
Senior Center	<u>23,285.61</u>				<u>23,285.61</u>
Total Health and Welfare	<u>30,652.54</u>				<u>30,652.54</u>
Culture and Recreation:					
Recreation	6,005.23				6,005.23
Parks	45,560.69				45,560.69
Libraries	<u>102,053.13</u>	<u>45,756.13</u>			<u>147,809.26</u>
Total Culture and Recreation	<u>153,619.05</u>	<u>45,756.13</u>			<u>199,375.18</u>
Conservation and Development:					
Economic Development and Assistance	7,510.50		153,475.87		160,986.37
Economic Opportunity	<u>32,699.00</u>		<u>150,610.18</u>		<u>183,309.18</u>
Total Conservation and Development	<u>40,209.50</u>		<u>304,086.05</u>		<u>344,295.55</u>

CITY OF NORTH SIOUX CITY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Major Funds			Nonmajor		Total Governmental Funds
	General Fund	Additional Sales Tax Fund	Liquor/ Lodging Dining Sales Tax Fund	911 Emergency Fund	Other Governmental Funds	
Debt Service					7,714.03	7,714.03
Capital Outlay	189,995.33	1,029,089.79				1,219,085.12
Total Expenditures	<u>2,040,267.38</u>	<u>1,074,845.92</u>	<u>304,086.05</u>	<u>79,106.61</u>	<u>7,714.03</u>	<u>3,506,019.99</u>
Excess of Revenue Over (Under) Expenditures	<u>453,269.96</u>	<u>(598,623.22)</u>	<u>(177,987.28)</u>	<u>5,448.56</u>	<u>5,856.61</u>	<u>(312,035.37)</u>
Other Financing Sources (Uses):						
Sale of Municipal Property	47,000.00					47,000.00
Total Other Financing Sources (Uses)	<u>47,000.00</u>					<u>47,000.00</u>
Net Change in Fund Balances	500,269.96	(598,623.22)	(177,987.28)	5,448.56	5,856.61	(265,035.37)
Fund Balance - Beginning	<u>4,507,761.58</u>	<u>1,680,981.05</u>	<u>394,453.26</u>	<u>(72,958.12)</u>	<u>109,984.15</u>	<u>6,620,221.92</u>
FUND BALANCE - ENDING	<u>\$ 5,008,031.54</u>	<u>\$ 1,082,357.83</u>	<u>\$ 216,465.98</u>	<u>\$ (67,509.56)</u>	<u>\$ 115,840.76</u>	<u>\$ 6,355,186.55</u>

The attached notes are an integral part of these financial statements.

**CITY OF NORTH SIOUX CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Net Change in Fund Balances - Total Governmental Funds \$(265,035.37)

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

Governmental funds report capital outlays as expenditures, however, in
the Statement of Activities the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense. This
is the amount by which capital outlays exceeded depreciation expense
in the current period. 667,035.04

In the Statement of Activities, the loss on disposal of assets is reported,
whereas in the governmental funds, the disposal of capital assets is not
reflected. (2,293.33)

Some expenses reported in the Statement of Activities do not require
the use of current financial resources and therefore are not reported as
expenditures in governmental funds. (e.g., accrued interest and leave
expenses) (3,298.16)

Repayment of debt is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the Statement of Net Position.
7,714.03

Governmental funds report property taxes, special assessments, and
certain receivables as revenue when cash is received, but the
Statement of Activities includes these items as revenues when earned.
1,447.69

Change in Net Position of Governmental Activities \$ 405,569.90

The attached notes are an integral part of these financial statements.

**CITY OF NORTH SIOUX CITY
BALANCE SHEET
PROPRIETARY FUNDS
DECEMBER 31, 2014**

	Enterprise Funds			Totals
	Major Funds		Nonmajor Fund	
	Water Fund	Sewer Fund	Garbage Fund	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 399,646.83	\$ 1,025,247.28	\$ 20,729.16	\$ 1,445,623.27
Investments	1,461,005.54	1,529,539.87	18,422.76	3,008,968.17
Accounts Receivable, Net	53,866.46	72,901.45	8,522.67	135,290.58
Due from Other Funds				
Interest Receivable	1,496.01	1,331.78	20.71	2,848.50
Inventory of Supplies	13,270.96	95,881.50		109,152.46
Prepaid Expenses	4,296.04	3,353.75		7,649.79
Total Current Assets	<u>1,933,581.84</u>	<u>2,728,255.63</u>	<u>47,695.30</u>	<u>4,709,532.77</u>
Noncurrent Assets:				
Capital Assets:				
Land	60,780.56	37,503.28		98,283.84
Buildings	2,216,651.22			2,216,651.22
Improvement other than Buildings	7,166,610.56	6,253,499.04		13,420,109.60
Machinery and Equipment	1,522,285.29	622,571.37		2,144,856.66
Less: Accumulated Depreciation	(3,924,204.70)	(2,967,982.26)		(6,892,186.96)
Construction Work in Process	1,203,724.13			1,203,724.13
Total Noncurrent Assets	<u>8,245,847.06</u>	<u>3,945,591.43</u>		<u>12,191,438.49</u>
TOTAL ASSETS	<u>\$ 10,179,428.90</u>	<u>\$ 6,673,847.06</u>	<u>\$ 47,695.30</u>	<u>\$ 16,900,971.26</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	\$ 179,406.79	\$ 25,913.97	\$ 8,311.49	\$ 213,632.25
Retainage Payable	128,613.74			128,613.74
Accrued Wages Payable	1,768.92	2,012.33		3,781.25
Accrued Other Payables			1,297.15	1,297.15
Customer Deposits	40,278.87			40,278.87
Accrued Leave Payable - Current	3,435.84	3,435.83		6,871.67
Unearned Revenue	3,796.50			3,796.50
Other Long-Term Debt - Current	7,445.98	1,471.34		8,917.32
Total Current Liabilities	<u>364,746.64</u>	<u>32,833.47</u>	<u>9,608.64</u>	<u>407,188.75</u>
Noncurrent Liabilities:				
Other Long-Term Debt	7,841.65	1,549.56		9,391.21
Total Noncurrent Liabilities	<u>7,841.65</u>	<u>1,549.56</u>		<u>9,391.21</u>
NET POSITION:				
Net Investment in Capital Assets	8,230,559.43	3,942,570.53		12,173,129.96
Unrestricted Net Position	1,576,281.18	2,696,893.50	38,086.66	4,311,261.34
Total Net Position	<u>9,806,840.61</u>	<u>6,639,464.03</u>	<u>38,086.66</u>	<u>16,484,391.30</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,179,428.90</u>	<u>\$ 6,673,847.06</u>	<u>\$ 47,695.30</u>	<u>\$ 16,900,971.26</u>

The attached notes are an integral part of these financial statements.

CITY OF NORTH SIOUX CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Enterprise Funds</u>			<u>Totals</u>
	<u>Major Funds</u>		<u>Nonmajor Fund</u>	
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage Fund</u>	
<u>Operating Revenue:</u>				
Charges for Goods and Services (Revenues Securing Debt Issues)	\$ 723,289.89	\$ 924,445.98	\$	\$ 1,647,735.87
Charges for Goods and Services			103,944.13	103,944.13
Miscellaneous	4,178.95	5,809.52		9,988.47
Total Operating Revenue	<u>727,468.84</u>	<u>930,255.50</u>	<u>103,944.13</u>	<u>1,761,668.47</u>
<u>Operating Expenses:</u>				
Personal Services	92,560.77	87,383.23		179,944.00
Other Current Expense	327,241.95	324,114.42	107,961.45	759,317.82
Depreciation	258,358.59	225,724.36		484,082.95
Total Operating Expenses	<u>678,161.31</u>	<u>637,222.01</u>	<u>107,961.45</u>	<u>1,423,344.77</u>
Operating Income (Loss)	49,307.53	293,033.49	(4,017.32)	338,323.70
<u>Nonoperating Revenue (Expense):</u>				
Interest Income	12,576.58	11,092.31	2,317.55	25,986.44
Interest Expense and Fiscal Charges	(1,082.21)	(97.87)		(1,180.08)
Total Nonoperating Revenue (Expense)	<u>11,494.37</u>	<u>10,994.44</u>	<u>2,317.55</u>	<u>24,806.36</u>
Change in Net Position	60,801.90	304,027.93	(1,699.77)	363,130.06
Net Position - Beginning	<u>9,746,038.71</u>	<u>6,335,436.10</u>	<u>39,786.43</u>	<u>16,121,261.24</u>
NET POSITION - ENDING	<u>\$ 9,806,840.61</u>	<u>\$ 6,639,464.03</u>	<u>\$ 38,086.66</u>	<u>\$ 16,484,391.30</u>

The attached notes are an integral part of these financial statements.

**CITY OF NORTH SIOUX CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Enterprise Funds			Totals
	Major Funds		Nonmajor Fund	
	Water Fund	Sewer Fund	Garbage Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash Receipts from Customers	\$ 713,333.03	\$ 919,813.89	\$ 104,979.60	\$ 1,738,126.52
Cash Receipts from Interfund Services Provided	12,199.80	7,047.49		19,247.29
Cash Payments to Employees for Services	(92,849.71)	(87,218.29)		(180,068.00)
Cash Payments to Suppliers for Goods and Services	<u>(31,224.57)</u>	<u>(321,170.73)</u>	<u>(107,638.45)</u>	<u>(460,033.75)</u>
Net Cash Provided (Used) by Operating Activities	<u>601,458.55</u>	<u>518,472.36</u>	<u>(2,658.85)</u>	<u>1,117,272.06</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Cash Loaned to Other Funds	4.00			4.00
Net Cash Provided (Used) By Noncapital Financing Activities	<u>4.00</u>			<u>4.00</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Purchase of Capital Assets	(1,280,483.33)	(270,818.04)		(1,551,301.37)
Principal Paid on Capital Debt	(7,069.93)	(1,397.06)		(8,466.99)
Interest Paid on Capital Debt	<u>(1,082.21)</u>	<u>(97.87)</u>		<u>(1,180.08)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,288,635.47)</u>	<u>(272,312.97)</u>		<u>(1,560,948.44)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Purchase of Investment Securities	(10,761.56)	(11,280.36)	(119.13)	(22,161.05)
Interest Earnings	<u>12,927.79</u>	<u>11,314.03</u>	<u>2,325.26</u>	<u>26,567.08</u>
Net Cash Provided (Used) by Investing Activities	<u>2,166.23</u>	<u>33.67</u>	<u>2,206.13</u>	<u>4,406.03</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (685,006.69)</u>	<u>\$ 246,193.06</u>	<u>\$ (452.72)</u>	<u>\$ (439,266.35)</u>
Cash and Cash Equivalents at Beginning of Year	\$ 1,084,653.52	\$ 779,054.22	\$ 21,181.88	\$ 1,884,889.62
Cash and Cash Equivalents at End of Year	<u>399,646.83</u>	<u>1,025,247.28</u>	<u>20,729.16</u>	<u>1,445,623.27</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (685,006.69)</u>	<u>\$ 246,193.06</u>	<u>\$ (452.72)</u>	<u>\$ (439,266.35)</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	\$ 49,307.53	\$ 293,033.49	\$ (4,017.32)	\$ 338,323.70
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	258,358.59	225,724.36		484,082.95
Change in Assets and Liabilities:				
Receivables	(2,062.85)	(3,394.12)	1,035.47	(4,421.50)
Inventories	(2,565.74)	54.50		(2,511.24)
Prepaid Expenses	(536.64)	220.49		(316.15)
Accounts and Other Payables	299,119.76	2,668.70	323.00	302,111.46
Accrued Wages Payable	464.85	918.74		1,383.59
Accrued Leave Payable	(753.79)	(753.80)		(1,507.59)
Unearned Revenue	(501.36)			(501.36)
Customer Deposits	<u>628.20</u>			<u>628.20</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 601,458.55</u>	<u>\$ 518,472.36</u>	<u>\$ (2,658.85)</u>	<u>\$ 1,117,272.06</u>

The attached notes are an integral part of these financial statements.

CITY OF NORTH SIOUX CITY
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. Financial Reporting Entity:

The reporting entity of the City of North Sioux City consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

The Housing and Redevelopment Commission of North Sioux City, South Dakota (Commission) is a proprietary fund-type, discretely presented component unit. The five members of the Commission are appointed by the Mayor, with the approval of the Governing Board, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The Governing Board, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the Governing Board the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from the North Sioux City Housing and Redevelopment Commission, P.O. Box 338, North Sioux City, SD 57049.

The City is a member of the South Dakota Municipal League, the Siouxland Initiative, and the Siouxland Interstate Metropolitan Planning Council.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or it meets the following criteria:

1. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the City financial reporting entity are described below:

Governmental Funds:

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 General Fund is always considered to be a major fund.

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Additional Sales Tax Fund – To account for the additional two percent sales tax, the proceeds of which are allocated eighty percent to the General Fund and twenty percent to be used only for capital improvements, land acquisition, and debt retirement. Only the designated twenty percent is accounted for in the Additional Sales Tax Fund. (City Ordinance 3.12.050) This is a major fund.

Liquor, Lodging and Dining Fund – To account for the collection of a one percent tax on the gross receipts of lodgings, alcoholic beverages, prepared food and admissions which tax shall be used for the purpose of land acquisition; architectural fees; construction costs; payments for civic center, auditorium or athletic facility building, including the maintenance, staffing and operations of such facilities; and the promotion and advertising for the city (SDCL 10-52A-2). This fund may be established at the direction of the governing body through local ordinance. This is a major fund.

911 Emergency Fund – A special revenue fund established from the collection of a telephone surcharge to be used by the Police Department for providing emergency services.

The remaining Special Revenue Fund, namely the Grant Revolving Loan Fund is not considered a major fund.

Debt Service Funds – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

River Valley Tax Increment Financing District Fund – A debt service fund to be used to account for the accumulation of resources for and the payment of, general long-term debt principal financed by and payable to the contractor of the River Valley TIF project. This is not a major fund.

Proprietary Funds:

Enterprise Funds – enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principle revenue sources.

- a. *The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)*
- b. *Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.*
- c. *The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).*

Water Fund – Financed primarily by user charges, this fund accounts for the construction and operation of the municipal waterworks system and related facilities. (SDCL 9-47-1) This is a major fund.

Sewer Fund – Financed primarily by user charges, this fund accounts for the construction and operation of the municipal sanitary sewer system and related facilities. (SDCL 9-48-2) This is a major fund.

Garbage Fund – Financed primarily by user charges, this fund accounts for the operation of the garbage collection service. This is not a major fund.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary funds.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type, and component unit activities are presented using the accrual basis of accounting. Under the

accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the City of North Sioux City, the length of that cycle is 45 days. The revenues which were accrued at December 31, 2014, are taxes receivable, amounts due from other governments for grants, and other receivables due within 45 days.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred inflows of resources are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

Fund Financial Statements:

Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a nonspendable fund balance classification account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources."

e. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6.

f. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements:

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2014 balance of governmental activities capital assets includes approximately 1.02% for which the costs were determined by estimates of the original costs. The total December 31, 2014 balance of capital assets for business-type activities are valued at original costs. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 2004 are recorded at cost, and classified as "Improvements Other than Buildings."

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net investment in capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land and Land Rights	All	NA	NA
Improvements other than Buildings	\$ 50,000	Straight Line	8-30 years
Buildings	50,000	Straight Line	8-75 years
Machinery and Equipment	5,000	Straight Line	5-40 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as Capital Outlay expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

g. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of state revolving loans, notes payable, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as in the government-wide statements.

h. Program Revenues:

Program revenues derive directly from the program itself or from parties other than the City's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred inflows and deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

j. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses, and Changes in Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing

activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

k. Cash and Cash Equivalents:

The City pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

l. Equity Classifications:

Government-wide Statements:

Equity is classified as net position and is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints places on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between “Nonspendable”, “Restricted”, “Committed”, “Assigned” and “Unassigned” components. Proprietary fund equity is classified the same as in the government-wide financial statements.

m. Application of Net Position:

It is the City's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

n. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Municipality classifies governmental fund balances as follows:

- Nonspendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered, restricted, or committed. Fund Balance may be assigned by the Municipal Council.
- Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other

governmental funds.

The City uses *restricted/committed* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use *committed, then assigned, and lastly, unassigned amounts* of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy.

2. Violations of Finance Related Legal and Contractual Provisions

The City is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents the significant overdrafts of the expenditures compared to appropriations:

	<u>Activity</u>	<u>December 31, 2014</u>
<u>Liquor, Lodging, and Dining Sales Tax Fund</u>		
Conservation and Development	Economic Development and Assistance	\$ 37,475.87
	Economic Opportunity	17,933.18

The Governing Board plans to monitor and amend future budgets to ensure that legally appropriated expenditures are not exceeded.

3. Deposits and Investments Credit Risk, Concentrations of Credit Risk and Interest Rate Risk

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits – The City's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1, and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments – In general, SDCL 4-5-6 permits City funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also SDCL § 4-5-9, requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Credit Risk – State Laws limits eligible investments for the City, as discussed above. The City has no investment policy that would further limit its investment choices.

As of December 31, 2014, the City had the following investments:

External Investment Pools:

	<u>Credit Rating</u>	<u>Value</u>
SDFIT - GCR	Unrated	\$800,088.19

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine member board with representation from municipalities, school districts, and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The City's policy is to credit all income from investments to the fund making the investment.

4. Receivables and Payables

Receivables and payables are not aggregated in the financial statements. The City expects all receivables to be collected within one year, except for \$122,076.72 of receivables related to economic development loans and note receivable described in Note 11.

5. Inventory

Inventory in the General Fund consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

Inventory acquired for resale in the proprietary funds is recorded as an asset when acquired. The consumption of inventories held for resale is charged to expense as it is consumed. Inventories held for resale are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption.

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed.

Fund Financial Statements:

In the governmental fund financial statements, supplies are recorded as an expenditure at the time of purchase. Reported inventories are equally offset by a nonspendable fund balance classification which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

6. Property Taxes

Property taxes are levied on or before October 1, of the year preceding the start of the fiscal year. They attach an enforceable lien on property, and become due and payable as of the following January, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

The City is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable real property in the City.

7. Changes In General Capital Assets

A summary of changes in capital assets for the year ended December 31, 2014 is as follows:

	Balance <u>1/1/2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2014</u>
Governmental Activities:				
Land	\$ 823,927.55	\$	\$	\$ 823,927.55
Land Held for Sale	818,127.00			818,127.00
Construction in Progress	<u>880,312.60</u>	<u>973,426.07</u>	<u>(1,853,738.67)</u>	<u></u>
Total Capital Assets, not being Depreciated	<u>2,522,367.15</u>	<u>973,426.07</u>	<u>(1,853,738.67)</u>	<u>1,642,054.55</u>
Capital Assets, being Depreciated:				
Buildings	5,182,030.14	1,853,738.67		7,035,768.81
Improvements, other than Buildings	12,619,754.04	123,326.47		12,743,080.51
Machinery and Equipment	<u>1,966,577.11</u>	<u>122,332.58</u>	<u>(38,600.00)</u>	<u>2,050,309.69</u>
Total Capital Assets, being Depreciated	<u>19,768,361.29</u>	<u>2,099,397.72</u>	<u>(38,600.00)</u>	<u>21,829,159.01</u>
Less Accumulated Depreciation for:				
Buildings	733,582.39	121,807.94		855,390.33
Improvements, other than Buildings	3,432,527.44	330,660.44		3,763,187.88
Machinery and Equipment	<u>1,515,637.20</u>	<u>99,581.70</u>	<u>(36,306.67)</u>	<u>1,578,912.23</u>
Total Accumulated Depreciation	<u>5,681,747.03</u>	<u>552,050.08</u>	<u>(36,306.67)</u>	<u>6,197,490.44</u>
Total Governmental Activities Capital Assets, being Depreciated, Net	<u>14,086,614.26</u>	<u>1,547,347.64</u>	<u>(2,293.33)</u>	<u>15,631,668.57</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 16,608,981.41</u>	<u>\$ 2,520,773.71</u>	<u>\$ (1,856,032.00)</u>	<u>\$ 17,273,723.12</u>

Depreciation expenses were charged to functions as follows:

General Government	\$ 114,525.50
Public Safety	103,003.24
Public Works	281,730.38
Health and Welfare	387.33
Culture and Recreation	<u>52,403.63</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 552,050.08</u>

8. Long-Term Liabilities

A summary of changes in long-term liabilities follows:

	Balance 1/1/2014	Additions	Retired	Balance 12/31/2014	Due within One Year
Primary Government:					
Governmental Activities:					
TIF Loan - River Valley	\$ 698,825.04	\$	\$ (7,714.03)	\$ 691,111.01	\$ 691,111.01
Total Debt	<u>698,825.04</u>		<u>(7,714.03)</u>	<u>691,111.01</u>	<u>691,111.01</u>
Accrued Compensated Absences -					
Governmental Funds	<u>42,805.52</u>	<u>46,103.68</u>	<u>(42,805.52)</u>	<u>46,103.68</u>	<u>46,103.68</u>
Total Governmental Activities	<u>741,630.56</u>	<u>46,103.68</u>	<u>(50,519.55)</u>	<u>737,214.69</u>	<u>737,214.69</u>
Business-Type Activities:					
DENR Loan	<u>26,775.52</u>		<u>(8,466.99)</u>	<u>18,308.53</u>	<u>8,917.32</u>
Total Debt	<u>26,775.52</u>		<u>(8,466.99)</u>	<u>18,308.53</u>	<u>8,917.32</u>
Accrued Compensated Absences -					
Business-Type Funds	<u>8,379.26</u>	<u>\$ 6,871.67</u>	<u>(8,379.26)</u>	<u>6,871.67</u>	<u>6,871.67</u>
Total Business - Type Activities	<u>35,154.78</u>	<u>6,871.67</u>	<u>(16,846.25)</u>	<u>25,180.20</u>	<u>15,788.99</u>
Total Primary Government	<u>\$ 776,785.34</u>	<u>\$ 52,975.35</u>	<u>\$ (67,365.80)</u>	<u>\$ 762,394.89</u>	<u>\$ 753,003.68</u>

Debt payable at December 31, 2014 is comprised of the following:

Governmental Activities:

TIF Loan - River Valley Project:

Pay-as-you-go financing due Developer for costs incurred for the TIF Development District Number 2. Repayment of the PAYG Note will be over the life of the TIF District, not to exceed 20 years, at a rate not to exceed 8.00%. Payments from the River Valley Tax Increment Financing District Debt Service Fund.

\$ 691,111.01

Compensated Absences:

Compensated absences of General Government Employees.

46,103.68

Business-Type Activities:

Consolidated Water Facilities Construction Program Loan:

This loan was obtained for the consolidated water facilities construction of the water and sewer lines to the Northshore Estates. The loan was funded with appropriations from the State of South Dakota - Department of Environment and Natural Resources (SD DENR loan). The loan is to be repaid over 20 years in biannual installments of \$4,881.52 with the final payment due in November 2016. Interest at 5.25% and payments from the Water and Sewer Funds.

18,308.53

Compensated Absences:

Water Fund

3,435.84

Sewer Fund

3,435.83

Municipal employees accumulate a limited amount of earned but unused vacation time and sick leave for subsequent use or for payment upon termination, death, or retirement. A liability for the time and related benefits is recorded when incurred in the government-wide and proprietary fund financial statements. The compensated absence liability attributed to the governmental activities will be paid by the General Fund.

Annual requirement to amortize long-term debt, excluding compensated absences, at December 31, 2014 were:

Business-Type Activities:		
Year	Consolidated Water Facilities	
Ending	Construction Program Loan	
December 31,	Principal	Interest
2015	\$ 8,927.49	\$ 845.17
2016	9,381.04	370.83
TOTAL	\$ 18,308.53	\$ 1,216.00

9. Operating Leases

The City is obligated under a lease accounted for as an operating lease. The lease is for a copy machine. Operating leases do not give rise to property rights or lease obligation. Payments of \$569.89 are made monthly from the General Fund.

The following are the minimum payments on the existing operating leases:

Year	Amount
2015	\$ 6,838.68
2016	3,974.58
2017	2,768.33

10. Individual Fund Interfund Receivable and Payable Balances

Interfund receivable and payable balances at December 31, 2014 were:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 283,159.17	\$
Liquor, Lodging, and Dining Sales Tax Fund		209,389.46
911 Emergency Fund		73,769.71
Total	\$ 283,159.17	\$ 283,159.17

The General Fund loaned money to the Liquor, Lodging, and Dining Sales Tax Fund and 911 Emergency Fund for funding temporary cash shortages. The City expects all interfund receivables to be repaid within one year.

11. Restricted Net Position

Restricted net position for the year ended December 31, 2014 was as follows:

Cumulative Reserve - SDPAA	\$ 26,627.71
Economic Development and Promotion	328,357.24
Debt Services	3,949.50
Total Restricted Net Position	\$ 358,934.45

These balances are restricted due to statutory requirements.

12. Notes Receivable

The City participates in the Economic Development Program whereby the city received a community development grant, which was loaned to new enterprises located within the city. Amounts received from repayment of debts are set-aside in a special revenue fund and are reserved for future loans.

Receivables related to the Economic Development Program at December 31, 2014 were as follows:

On March 1, 2000 the municipality loaned \$150,000 to the North Sioux City Housing and Redevelopment Commission (NSCHRC) at 0% interest per annum. The loan was made from the General Fund and is to be repaid over twenty-five years with annual payments of \$6,000 beginning March 2001. The amount receivable at December 31, 2014 was \$66,000. The Commission is a component unit of the City and this note receivable qualifies as a related party transaction.

Aegis Food Testing/Vanguard Sciences borrowed a sum of \$75,000 from the City on September 4, 2012 at an annual interest rate of 3%. Monthly payments of \$1,347.65 will be made for five years starting in August of 2013 until fully paid off in August 2018. Balance of note receivable at December 31, 2014 was \$56,076.72.

The annual amounts to be received on the notes receivable are as follows:

<u>Year</u>	<u>NSC HRC</u>	<u>Vanguard Sciences</u>	<u>Total</u>
2015	\$ 6,000.00	\$ 14,690.13	\$ 20,690.13
2016	6,000.00	15,136.95	21,136.95
2017	6,000.00	15,597.34	21,597.34
2018	6,000.00	10,646.30	16,646.30
2019-2023	30,000.00		30,000.00
2024-2028	12,000.00		12,000.00
Total	<u>\$66,000.00</u>	<u>\$ 56,070.72</u>	<u>\$ 122,070.72</u>

13. Retirement Plan

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2014, 2013, and 2012 were \$52,542, \$50,641, and \$50,582, respectively, equal to the required contributions each year.

14. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2014, the City managed its risks as follows:

Liability Insurance:

The City joined the South Dakota Public Assurance Alliance, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The Municipality's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the City. The City pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The City pays an annual premium to the pool to provide coverage for torts, thefts, errors and omissions, automobile and general liability.

The agreement with the South Dakota Public Assurance Alliance provides that the above coverage will be provided up to a \$2,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The City would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

End of City's First Full Year	50%
End of City's Second Full Year	60%
End of City's Third Full Year	70%
End of City's Fourth Full Year	80%
End of City's Fifth Full Year	90%
End of City's Sixth Full Year and Thereafter	100%

As of December 31, 2014, the City has a vested balance in the cumulative reserve fund of \$26,627.71.

The City carries a \$100 deductible for the automobile comprehensive coverage and \$250 deductible for the automobile collision coverage, \$500 deductible for official's liability and \$2,000 for Law Enforcement liabilities.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Worker's Compensation:

The City joined the South Dakota Municipal League Worker's Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any

claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Unemployment Benefits:

The City has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year ended December 31, 2014 no claims were filed for unemployment benefits. At December 31, 2014, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF NORTH SIOUX CITY
BUDGETARY BASIS COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes	\$ 417,867.00	\$ 417,867.00	\$ 421,831.70	\$ 3,964.70
General Sales and Use Taxes	1,587,745.00	1,587,745.00	1,588,519.91	774.91
Gross Receipts Business Taxes				
Licenses and Permits	80,700.00	80,700.00	97,094.35	16,394.35
Intergovernmental Revenue:				
State Grants			49,494.64	49,494.64
State Shared Revenue:				
Bank Franchise Tax	1,800.00	1,800.00	2,983.94	1,183.94
Liquor Tax Reversion	8,500.00	8,500.00	16,614.85	8,114.85
Motor Vehicle Licenses (5%)	20,000.00	20,000.00	32,711.43	12,711.43
Local Government Highway and Bridge Fund	35,000.00	35,000.00	76,505.44	41,505.44
County Shared Revenue:				
County Highway and Bridge Tax	1,000.00	1,000.00	797.31	(202.69)
County Wheel Tax	8,000.00	8,000.00	9,324.46	1,324.46
Charge for Services:				
General Government	8,100.00	8,100.00	1,497.54	(6,602.46)
Sanitation	3,000.00	3,000.00	1,298.00	(1,702.00)
Fines and Forfeits:				
Court Fines and Costs	3,000.00	3,000.00	3,566.61	566.61
Library	400.00	400.00	1,014.00	614.00
Other				
Miscellaneous Revenue:				
Investment Earnings	15,000.00	15,000.00	13,889.20	(1,110.80)
Rentals	102,660.00	102,660.00	108,107.03	5,447.03
Special Assessments			2,387.12	2,387.12
Contribution and Donations			1,250.00	1,250.00
Other	46,000.00	46,000.00	64,649.81	18,649.81
Total Revenue	<u>2,338,772.00</u>	<u>2,338,772.00</u>	<u>2,493,537.34</u>	<u>154,765.34</u>
Expenditures:				
General Government:				
Legislative	72,328.25	73,649.98	71,403.94	2,246.04
Elections	2,700.00	3,900.00	3,375.43	524.57
Financial Administration	237,053.35	258,213.97	246,407.16	11,806.81
Other	69,404.75	117,418.40	95,320.51	22,097.89
Total General Government	<u>381,486.35</u>	<u>453,182.35</u>	<u>416,507.04</u>	<u>36,675.31</u>
Public Safety:				
Police	720,597.67	759,522.67	726,197.66	33,325.01
Community Center	16,900.00	25,100.00	25,250.35	(150.35)
Civil Defense	3,155.00	3,205.00	751.32	2,453.68
Total Public Safety	<u>740,652.67</u>	<u>787,827.67</u>	<u>752,199.33</u>	<u>35,628.34</u>

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF NORTH SIOUX CITY
BUDGETARY BASIS COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts (Budgetary Basis)</u>	<u>Positive (Negative)</u>
Public Works:				
Highways, Streets and Dikes	652,371.46	771,699.81	581,281.46	190,418.35
Cemeteries	<u>5,550.00</u>	<u>7,050.00</u>	<u>5,070.23</u>	<u>1,979.77</u>
Total Public Works	<u>657,921.46</u>	<u>778,749.81</u>	<u>586,351.69</u>	<u>192,398.12</u>
Health and Welfare:				
Health	5,151.00	5,566.00	7,366.93	(1,800.93)
Senior Center	<u>30,100.00</u>	<u>35,500.00</u>	<u>23,285.61</u>	<u>12,214.39</u>
Total Health and Welfare	<u>35,251.00</u>	<u>41,066.00</u>	<u>30,652.54</u>	<u>10,413.46</u>
Culture and Recreation:				
Recreation	11,400.00	11,400.00	6,005.23	5,394.77
Parks	156,450.00	181,450.00	86,250.71	95,199.29
Libraries	<u>112,238.02</u>	<u>130,008.02</u>	<u>122,091.34</u>	<u>7,916.68</u>
Total Culture and Recreation	<u>280,088.02</u>	<u>322,858.02</u>	<u>214,347.28</u>	<u>108,510.74</u>
Conservation and Development:				
Economic Development and Assistance	5,000.00	6,600.00	7,510.50	
Economic Opportunity	<u>37,699.00</u>	<u>37,699.00</u>	<u>32,699.00</u>	<u>5,000.00</u>
Total Conservation and Development	<u>42,699.00</u>	<u>44,299.00</u>	<u>40,209.50</u>	<u>4,089.50</u>
Contingency	<u>106,000.00</u>	<u>921.73</u>		<u>921.73</u>
Total Expenditures	<u>2,244,098.50</u>	<u>2,428,904.58</u>	<u>2,040,267.38</u>	<u>388,637.20</u>
Excess of Revenue Over (Under)				
Expenditures	94,673.50	(90,132.58)	453,269.96	543,402.54
Other Financing Sources (Uses):				
Sale of Municipal Property			47,000.00	47,000.00
Transfers Out	<u>(31,000.00)</u>	<u>(31,000.00)</u>		<u>31,000.00</u>
Total Other Financing Sources (Uses)	<u>(31,000.00)</u>	<u>(31,000.00)</u>	<u>47,000.00</u>	<u>78,000.00</u>
Net Change in Fund Balances	63,673.50	(121,132.58)	500,269.96	621,402.54
Fund Balance - Beginning	<u>4,507,761.58</u>	<u>4,507,761.58</u>	<u>4,507,761.58</u>	
FUND BALANCE - ENDING	<u>\$ 4,571,435.08</u>	<u>\$ 4,386,629.00</u>	<u>\$ 5,008,031.54</u>	<u>\$ 621,402.54</u>

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF NORTH SIOUX CITY
BUDGETARY BASIS COMPARISON SCHEDULE
SPECIAL REVENUE FUND - ADDITIONAL SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Taxes:				
General Sales and Use Taxes	\$ 349,141.16	\$ 349,141.16	\$ 397,129.98	\$ 47,988.82
Miscellaneous Revenue:				
Investment Earnings	7,000.00	7,000.00	7,267.72	267.72
Contributions and Donations	250,000.00	250,000.00	71,825.00	(178,175.00)
Total Revenue	<u>606,141.16</u>	<u>606,141.16</u>	<u>476,222.70</u>	<u>(129,918.46)</u>
<u>Expenditures:</u>				
Culture and Recreation:				
Library Project	430,000.00	1,148,000.00	1,074,845.92	73,154.08
Total Expenditures	<u>430,000.00</u>	<u>1,148,000.00</u>	<u>1,074,845.92</u>	<u>73,154.08</u>
Excess of Revenue Over (Under)				
Expenditures	176,141.16	(541,858.84)	(598,623.22)	(56,764.38)
Net Change in Fund Balances	176,141.16	(541,858.84)	(598,623.22)	(56,764.38)
Fund Balance - Beginning	<u>1,680,981.05</u>	<u>1,680,981.05</u>	<u>1,680,981.05</u>	<u> </u>
FUND BALANCE - ENDING	<u>\$ 1,857,122.21</u>	<u>\$ 1,139,122.21</u>	<u>\$ 1,082,357.83</u>	<u>\$ (56,764.38)</u>

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF NORTH SIOUX CITY
BUDGETARY BASIS COMPARISON SCHEDULE
SPECIAL REVENUE FUND - LIQUOR, LODGING, AND DINING SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Taxes:				
General Sales and Use Taxes	\$ 92,700.00	\$ 92,700.00	\$ 121,851.41	\$ 29,151.41
Miscellaneous Revenue:				
Investment Earnings	<u>2,000.00</u>	<u>2,000.00</u>	4,247.36	<u>2,247.36</u>
Total Revenue	<u>94,700.00</u>	<u>94,700.00</u>	<u>126,098.77</u>	<u>31,398.77</u>
<u>Expenditures:</u>				
Conservation and Development:				
Economic Development and Assistance	50,000.00	116,000.00	153,475.87	(37,475.87)
Economic Opportunity	<u>127,677.00</u>	<u>132,677.00</u>	<u>150,610.18</u>	<u>(17,933.18)</u>
Total Expenditures	<u>177,677.00</u>	<u>248,677.00</u>	<u>304,086.05</u>	<u>(55,409.05)</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(82,977.00)</u>	<u>(153,977.00)</u>	<u>(177,987.28)</u>	<u>(24,010.28)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	<u> </u>	<u>51,000.00</u>	<u> </u>	<u>(51,000.00)</u>
Total Other Financing Sources (Uses)	<u> </u>	<u>51,000.00</u>	<u> </u>	<u>(51,000.00)</u>
Net Change in Fund Balances	(82,977.00)	(102,977.00)	(177,987.28)	(75,010.28)
Fund Balance - Beginning	<u>394,453.26</u>	<u>394,453.26</u>	<u>394,453.26</u>	<u> </u>
FUND BALANCE - ENDING	<u>\$ 311,476.26</u>	<u>\$ 291,476.26</u>	<u>\$ 216,465.98</u>	<u>\$ (75,010.28)</u>

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF NORTH SIOUX CITY
BUDGETARY BASIS COMPARISON SCHEDULE
SPECIAL REVENUE FUND - 911 EMERGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes:				
911 Telephone Surcharge	\$ 35,000.00	\$ 35,000.00	\$ 84,555.17	\$ 49,555.17
Total Revenue	<u>35,000.00</u>	<u>35,000.00</u>	<u>84,555.17</u>	<u>49,555.17</u>
Expenditures:				
Public Safety:				
Police	50,000.00	78,500.00	79,106.61	(606.61)
Total Expenditures	<u>50,000.00</u>	<u>78,500.00</u>	<u>79,106.61</u>	<u>(606.61)</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(15,000.00)</u>	<u>(43,500.00)</u>	<u>5,448.56</u>	<u>48,948.56</u>
Other Financing Sources (Uses):				
Transfer In	<u>15,000.00</u>	<u>19,000.00</u>	<u> </u>	<u>(19,000.00)</u>
Total Other Financing Sources (Uses)	<u>15,000.00</u>	<u>19,000.00</u>	<u> </u>	<u>(19,000.00)</u>
Net Change in Fund Balances		(24,500.00)	5,448.56	29,948.56
Fund Balance - Beginning	<u>(72,958.12)</u>	<u>(72,958.12)</u>	<u>(72,958.12)</u>	<u> </u>
FUND BALANCE - ENDING	<u>\$ (72,958.12)</u>	<u>\$ (97,458.12)</u>	<u>\$ (67,509.56)</u>	<u>\$ 29,948.56</u>

MUNICIPALITY OF NORTH SIOUX CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget

Note 1 - Budgets and Budgetary Accounting:

The Municipality follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board/Municipality Commission introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board/Municipality Commission, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by the resolution of the Governing Board/Municipality Commission to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpected appropriations lapse at year end unless encumbered by the resolution of the Governing Board/Municipality Commission.

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and each major special revenue fund.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and each major special revenue fund.
7. Budgets for the General Fund and each major special revenue fund are adapted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

Note 2 - GAAP/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

**CITY OF NORTH SIOUX CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	<u>Special Revenue</u>	<u>Debt Service</u>		<u>Total</u>
	<u>Grant Revolving Fund</u>	<u>River Valley Tax Increment Financing District</u>		<u>Nonmajor Governmental Funds</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 55,814.54	\$ 3,949.50	\$	59,764.04
Notes Receivable	56,076.72			56,076.72
TOTAL ASSETS	\$ 111,891.26	\$ 3,949.50	\$	115,840.76
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Due to Other Funds	\$ _____	\$ _____	\$	_____
Total Liabilities	_____	_____		_____
Fund Balances:				
Restricted:				
Economic Development and Promotion	56,076.72			56,076.72
Grant Revolving Loan	55,814.54			55,814.54
Debt Service		3,949.50		3,949.50
Total Fund Balances	111,891.26	3,949.50		115,840.76
TOTAL LIABILITIES AND FUND BALANCES	\$ 111,891.26	\$ 3,949.50	\$	115,840.76

**CITY OF NORTH SIOUX CITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Special Revenue</u>	<u>Debt Service</u>	
	Grant Revolving Fund	River Valley Tax Increment Financing District	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Taxes:			
General Property Taxes	\$	\$ 11,642.79	\$ 11,642.79
Miscellaneous Revenue:			
Investment Earnings	1,927.85		1,927.85
Contributions and Donations			-
Total Revenue	1,927.85	11,642.79	13,570.64
<u>Expenditures:</u>			
Debt Service		7,714.03	7,714.03
Total Expenditures		7,714.03	7,714.03
Excess of Revenue Over (Under)			
Expenditures	1,927.85	3,928.76	5,856.61
<u>Other Financing Sources (Uses):</u>			
Transfer Out			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	1,927.85	3,928.76	5,856.61
Fund Balance - Beginning	109,963.41	20.74	109,984.15
Fund Balance - Ending	\$ 111,891.26	\$ 3,949.50	\$ 115,840.76

QUAM & BERGLIN, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City Council
City of North Sioux City
Union County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Sioux City, South Dakota, as of December 31, 2014 and for the year then ended, and the related notes to the financial statements, which collectively comprise the City of North Sioux City's basic financial statements and have issued our report thereon dated December 3, 2015. A disclaimer of opinion was issued on the aggregate discretely presented component units because the financial data of these components units was not audited.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of North Sioux City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of North Sioux City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of North Sioux City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Prior and Current Audit Findings, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Prior and Current Audit Findings as item 2014-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of North Sioux City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contract 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Prior and Current Audit Findings as items 2014-002 and 2014-003.

North Sioux City's Response to Findings

The City of North Sioux City's responses to the findings identified in our audit are described in the accompanying Schedule of Prior and Current Audit Findings. The City of North Sioux City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Quam & Berglin, P.C.

Quam and Berglin, P.C.
Certified Public Accountants
Elk Point, SD

December 3, 2015

**CITY OF NORTH SIOUX CITY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
DECEMBER 31, 2014**

STATUS OF PRIOR AUDIT RECOMMENDATIONS:

The prior audit recommendation 2013-01 has not been corrected and is restated as Current Audit Finding Number 2014-001.

CURRENT AUDIT FINDING:

Internal Control Related Finding – Material Weakness:

Audit Finding Number 2014-001:

The City of North Sioux City does not have an adequate segregation of duties for revenues, resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Criteria:

In order to achieve proper internal control, it is necessary to have segregation of duties provided between performance, review and record keeping of the tasks related to revenues. Lack of this segregation of duties could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with management assertions.

Condition Found:

A material weakness in internal controls was reported due to a lack of adequate segregation of duties for revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Recommendation:

We recommend that the City officials be cognizant of this lack of segregation of duties and attempt to provide compensating controls whenever and wherever possible and practical.

Compliance Related Findings:

Audit Finding Number 2014-002:

Expenditures were paid in excess of appropriations for various departments.

Criteria:

SDCL 9-21-9 requires that the governing body shall not add to the expenditures any sum in excess of the amount provided for in the annual appropriation ordinance except as otherwise specially provided.

Condition Found:

The expenditures paid for Economic Development and Assistance and for Economic Opportunity in the Liquor, Lodging, and Dining Special Revenue Fund exceeded the amounts budgeted in that department by \$37,475.87 and \$17,933.18, respectively.

Recommendation:

We recommend that when such a situation occurs in the future, a supplemental budget be adopted to utilize unobligated fund balances.

Audit Finding Number 2014-003:

The 2015 Annual Appropriation Ordinance was not published after its adoption in September of 2014.

Criteria:

SDCL 9-19-7 requires that the budget be published after adoption by the governing Board.

Condition Found:

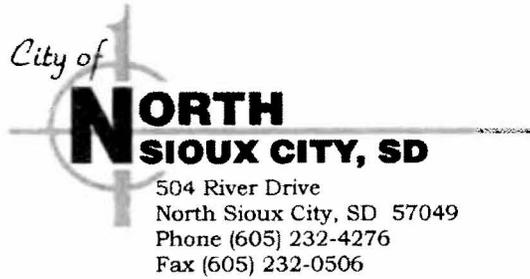
The 2015 Annual Appropriation Ordinance was adopted in September 2014, but was not published at any time after its adoption..

Recommendation:

We recommend that in the future, the Annual Appropriations Ordinance be published following adoption by the Governing Board.

Corrective Action Plan:

Susan Kloostra, Finance Officer for the City of North Sioux City, is the contact person responsible for the corrective action plan for these comments. The City Council has prepared responses to the findings, which are on page 53.



CORRECTIVE PLAN OF ACTION
December 31, 2014

The City of North Sioux City has considered the lack of segregation of duties for revenues. At this time it is not cost efficient for the City of North Sioux City to hire the additional staff needed to achieve segregation of duties. Alternate procedures have been implemented by the City of North Sioux City to decrease the likelihood that financial data is adversely affected. The City will continue to monitor the necessity to have segregation of duties for revenues and implement such segregation as budget dollars and board authority allows.

Also, per SDCL 9-21-9, expenditures in one department exceeded the appropriations budgeted. The City will monitor the expenditures and when a situation occurs in the future, a supplemental budget will be adopted to utilize unobligated fund balances.

Publication of the 2015 adopted appropriation ordinance was inadvertently omitted. The City will monitor publications in the future to make sure that all required publications are done.



Mayor



Finance Officer