

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF ORANGE CITY, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

Prepared by the  
Office of the City Administrator  
Duane Feekes, City Administrator

**CITY OF ORANGE CITY, IOWA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2018  
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December 6, 2018

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Orange City:

State law requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2018.

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

Williams & Company, Certified Public Accountants, have issued an unmodified opinion on the City of Orange City's financial statements for the year ended June 30, 2018. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Orange City incorporated in 1884, is located in the Northwest corner of the State of Iowa, and is the county seat of Sioux County. The City of Orange City is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Orange City operates under the council-administrator form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and five Council members. The Council appoints the government's administrator, who in turn appoints the heads of the various departments with council approval. Council members serve four-year terms. The mayor is elected for a two-year term. The council members are elected on a staggered basis.

The City Administrator has operating responsibilities for all City functions excluding the Hospital.

The City of Orange City provides a full range of Municipal services which includes police and fire protection; the construction and maintenance of streets, and other infrastructure; recreational and cultural activities; general administration and medical care facilities. The City of Orange City also owns and operates the electric, water, sewer, and natural gas utilities. The City of Orange City also is financially accountable for a legally separate hospital board, and golf course board of which is reported separately within the City of Orange City's financial statements. Additional information on the municipal hospital and golf course can be found in the notes to the financial statements.

The Council is required to adopt a final budget by no later than March 15<sup>th</sup>. This annual budget serves as the foundation for the City of Orange City's financial planning and control. Iowa budget law requires the adoption of legal budgets for expenditures on a program basis. Although the budget document presents program expenditures by fund, the legal level of control is at the aggregated program level not at the fund level.

### **Local Economy**

Orange City is located in Sioux County in the northwest portion of Iowa, which is noted for its excellent cropland and livestock production numbers. Industry plays a big part in Orange City's economic condition with the biggest three employers being Staples, Inc., an advertising and promotional products manufacturer, Smithfield, Inc., a pet food producer, and Diamond Vogel Paint and Wax, a full line paint manufacturer.

Fiscal year 2017-2018 was another great year for the community of Orange City. Many exciting trends and projects are taking place that continue to improve the quality of life for its citizens.

The city started construction on a new housing development called Puddlejumper 9<sup>th</sup> Addition. The development will have water, sewer, storm sewer, and paving improvements. The development will have approximately fifty lots available for sale.

The City of Orange City plays an important part in the community growth, which will continue with active participation in the planning process of our community.

### **Long-Term financial planning**

Management of the City of Orange City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles.

The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The general fund falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., between 44 and 50 percent of total general fund revenues). Following its recent review of the City of Orange City's strategic plan, the Council plans on keeping the percentage the same for the following year, this will reduce the amount that will be needed to borrow to finance future construction.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City for its comprehensive annual financial report (CAFR) for the year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire office staff. We wish to express our appreciation also to all our City employees for their dedication to making city services the best. Credit also must be given to the Honorable Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Orange City's finances.

Respectfully submitted,



Duane Feekes  
City Administrator



Kent Anderson  
Finance Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Orange City  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

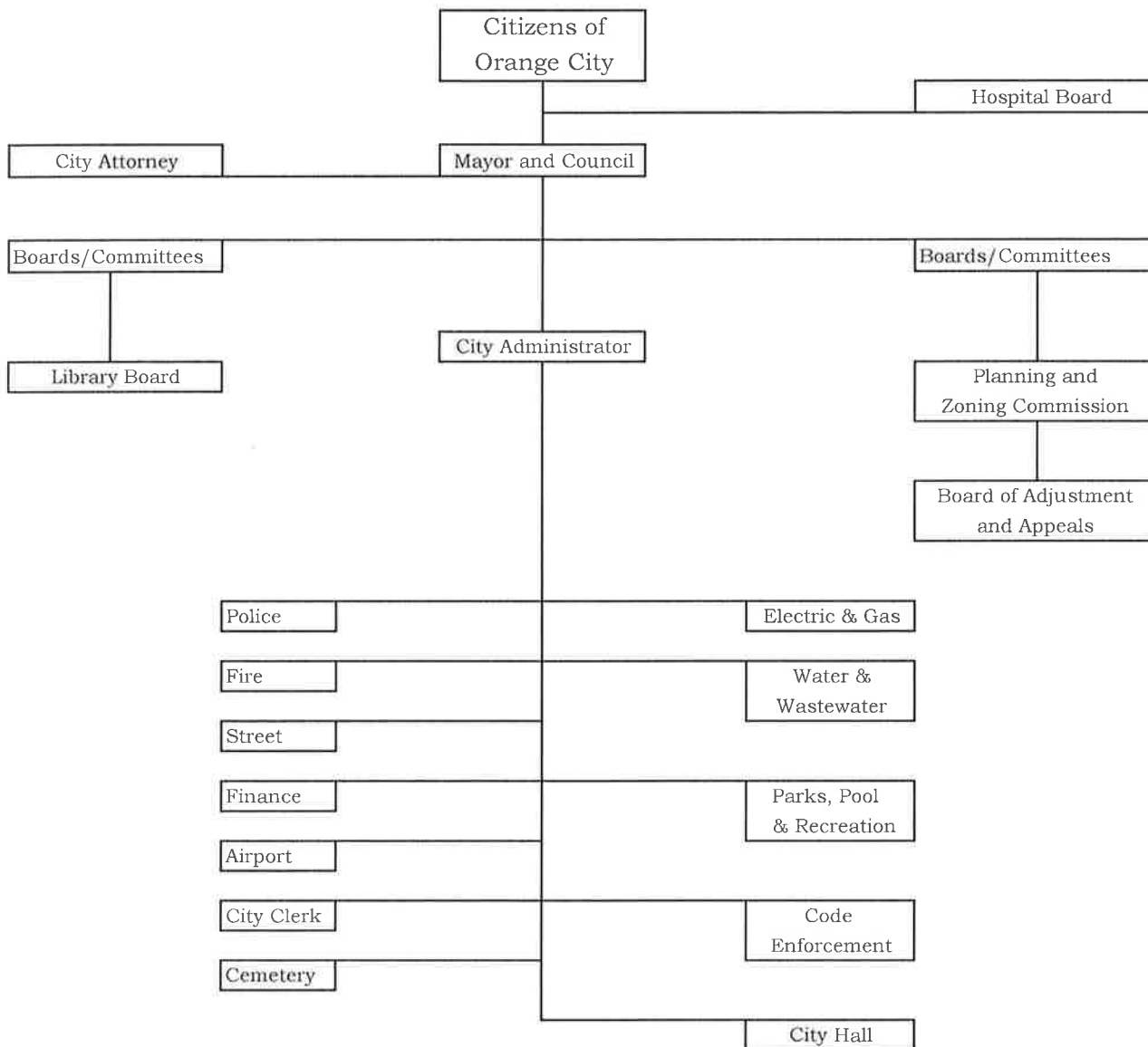
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



# CITY OF ORANGE CITY, IOWA

## ORGANIZATIONAL CHART



## DIRECTORY OF CITY OFFICIALS

### ELECTED CITY OFFICERS

#### MAYOR

Deb DeHaan

#### COUNCIL MEMBERS

Rod DeBoer  
Chad Oolman  
Steve Roesner  
Tony Vande Brake  
Earl Woudstra

#### HOSPITAL TRUSTEES

Tim Zeutenhorst, Chairman  
Randy Jacobsma, Vice Chairman  
Brenda Richardson, Secretary  
Russ Adams  
Jerry Henrich  
Chris Immecker  
Shirley Van Wechel

### APPOINTED CITY OFFICERS

Duane Feekes  
City Administrator

Brad DeJong  
City Attorney

## APPOINTED BOARDS AND COMMISSIONS

### ZONING BOARD OF APPEALS

Gary Cleveringa, Chairman  
John Kooiman , Vice-Chairman  
Jamie Valentine  
Arlin Smit  
Ben Van Engelenhoven

### PLANNING AND ZONING COMMISSION

Mark Lundberg, Chairman  
Dale Pluim, Vice-Chairman  
Joe Poppema  
Scott Heemstra  
Amy Schutt  
Harold Hoftyzer  
Joe Ivy

### LIBRARY BOARD OF DIRECTORS

Jared Weber, President  
Elizabeth Kensak, Vice-President  
Gail Marincovich  
Brent Phillipsen  
Mabel Mantel  
Aaron Haverdink  
Sheryl Slegers

### FIRE DEPARTMENT

Paul Brentlinger  
Rob Bruxvoort  
Ryan Cougill  
Kevin Dekker  
Michael Dekker  
Brandon DeKock  
Brian De Kock  
Mike Dorr  
Aaron Dykstra  
David Dykstra  
Josh Dykstra  
Michael Dykstra  
Chad Hase  
Kyle Heemstra  
John Heller  
Ryan Hoekstra  
Al Jeltema  
Rily Jeltema  
Ann Lundberg  
Josh Meis  
Nate Mosterd  
Mitchell Phomphakdy  
Mike Ritz  
Andrew Roghair  
Dan Roghair  
Lee Roghair  
Matt Saltgiver  
Dan Schram  
Dennis Vander Wel, Chief  
Brent Van Leeuwen  
Daniel Zeleny

## CITY PERSONNEL

### ADMINISTRATION

Kent Anderson  
Janet Brown  
Duane Feekes  
Mark Gaul  
Bryan Gerritson  
Kurt Frederes  
Barb Ramsey  
Wes Ruden  
Mary Wichers

Finance Officer  
City Clerk  
City Administrator  
Community Development Director  
Public Works Director  
Code Officer  
Billing Clerk  
Event Center Manager  
Receptionist/Secretary

### POLICE DEPARTMENT

Jim Pottebaum  
Duane Hulstein  
Bruce Jacobsma  
Chad Van Ravensway  
Audley DeJong  
Wesley Van Voorst  
Robert Van Zee

Chief of Police  
Police Officer  
Police Officer  
Police Officer  
Police Officer  
Police Officer  
Police Officer

### STREET DEPARTMENT

Luke Horkey  
Don Snieder  
Randy Van De Griend

Street Crewman  
Street Crewman/Mechanic  
Street Foreman

### PARKS AND RECREATION

Mitch Aalbers  
Brian Goslinga  
Nathan DeHoyos

Director  
Park Maintenance  
Assistant Park/Rec Director

### MUNICIPAL BUILDINGS

Bill Van Marel Jr.

Custodian

### UTILITIES

Ed DeJong  
Alan DeJong  
Shane Swartz  
Michael Klootwyk  
Kirk Maasdam  
Jerry Reuvers  
David Sassman  
Arlan Scholten  
Mike Anema  
Michael Verdoorn

Gas Utility Foreman  
Electric Journeyman Lineman  
Gas Utility Crewman  
Electric Journeyman Lineman  
Water & Wastewater Operator  
Water & Wastewater Operator  
Water & Wastewater Foreman  
Electric Department Foreman  
Electric Line Maintenance Worker II  
Electric Journeyman Lineman

### AIRPORT

Dan Vander Weide

Base Operator

### HOSPITAL

Martin W. Guthmiller  
Dina Baas

Administrator  
Director of Financial Services

### LIBRARY

Amanda Vazquez

Administrator

## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council  
City of Orange City, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF ORANGE CITY, IOWA (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Orange City Area Health System, (a discretely presented component unit), which statements reflect total assets of \$68,844,349 and total program revenues of \$51,062,099 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Orange City Area Health System, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange City, Iowa, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

As discussed in Note 17 to the financial statements, the City adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of City's Contributions to Iowa Public Employees' Retirement System and the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes on pages -- through -- and -- through -- be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018 on our consideration of the City of Orange City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Orange City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Orange City's internal control over financial reporting and compliance.

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

Le Mars, Iowa  
December 6, 2018

## **Management's Discussion and Analysis**

**June 30, 2018**

This discussion and analysis of the City of Orange City financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2018. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report, as well as the separately issued financial statements of Orange City Area Health System and Orange City's Municipal Golf Association, discretely presented component units of the City.

### **Financial Highlights**

- The assets of the City of Orange City exceeded liabilities at June 30, 2018 by \$43,813,857. Of this amount, \$6,647,650 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$ 2,884,578 during the year. Of this amount, the governmental activities increased by \$1,220,901 and the net position of our business activities increased by \$ 1,663,677.
- The City's governmental activities long-term debt increased \$1,075,000 during the current fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## REPORTING THE CITY AS A WHOLE

### The Statement of Net Position and the Statement of Activities

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

These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by the private-sector companies. These two statements report the City's net position, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and condition of the City's infrastructure, are also important in making this determination.

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

- **Governmental Activities** – Most of the City's basic services are reported here, such as Police, Fire, Public Works, and Parks departments, and general administration. Property Taxes finances most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Electric, Water, Sewer, and Natural Gas funds.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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



- **Governmental Funds** – Most of the City's basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end are available for spending. These funds are reported using the “modified accrual basis” of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the Proprietary Funds report and the Business Type Activities we report in the government- wide statements is the detail and additional information, such as cash flows, provided in the Proprietary Funds report.

## **THE CITY AS TRUSTEE**

### **Reporting the City's Fiduciary Responsibilities**

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City government. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

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

## **THE CITY AS A WHOLE**

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The largest part of the City's net position reflects its investment in capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net position for the years ended June 30, 2018 and 2017.

	General Governmental Activities		Business-Type Activities	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)
Current and Other Assets	\$ 7,766,166	\$ 5,839,652	\$12,658,829	\$10,971,218
Capital Assets	24,173,466	23,910,666	33,134,976	24,122,290
Total Assets	31,939,632	29,750,318	45,793,805	35,093,508
Deferred Outflows	438,745	486,435	182,117	118,372
Long-Term Liabilities Outstanding	13,943,505	12,743,284	13,469,238	5,444,970
Other Liabilities	326,261	726,309	2,719,406	1,646,522
Total Liabilities	14,269,766	13,469,593	16,188,644	7,091,492
Deferred Inflows	4,058,666	3,912,986	23,366	10,511
Net Position:				
Net Investment in Capital Assets	14,234,324	15,365,666	18,836,233	18,557,290
Restricted	2,117,016	2,682,327	1,978,634	1,064,092
Unrestricted	(2,301,395)	(5,193,819)	8,949,045	8,488,495
Total Net Position	\$14,049,945	\$12,854,174	\$29,763,912	\$28,109,877

	Totals	
	2018	2017 (Not Restated)
Current and Other Assets	\$20,424,995	\$16,810,870
Capital Assets	57,308,442	48,032,956
Total Assets	77,733,437	64,843,826
Deferred Outflows	620,862	604,807
Long-Term Liabilities Outstanding	27,412,743	18,188,254
Other Liabilities	3,045,667	2,372,831
Total Liabilities	30,458,410	20,561,085
Deferred Inflows	4,082,032	3,923,497
Net Position:		
Net Investment in Capital Assets	33,070,557	33,922,956
Restricted	4,095,650	3,746,419
Unrestricted	6,647,650	3,294,676
Total Net Position	\$40,813,857	\$40,964,051

This summary reflects an increase of 9.30% for the governmental net position and an increase of 5.88% in the business-type net position.

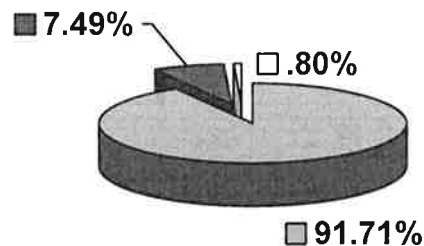
Total revenue reported in Fiscal 2018 was \$20,666,134. The following table breaks down revenues collected for Governmental Activities and Business-Type Activities for Fiscal Year 2018 and 2017:

Revenue Source	General Governmental Activities		Business-Type Activities	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)
<b>Program Revenues:</b>				
Charges for Services	\$ 768,443	\$ 865,551	\$ 13,125,366	\$ 12,075,503
Operating Grants and Contributions	1,135,321	1,105,119	-	-
Capital Grants and Contributions	110,463	272,133	10,183	-
<b>Total Program Revenues</b>	<b>2,014,227</b>	<b>2,242,803</b>	<b>13,135,549</b>	<b>12,075,503</b>
<b>General Revenues &amp; Interfund Transfers:</b>				
Property Taxes	4,204,400	4,144,235	-	-
Local Option Sales Tax	851,052	950,305	-	-
Interest	11,555	13,109	43,469	41,730
Gain on Sales of Assets	55,000	267,743	-	-
Miscellaneous	176,451	-	174,431	157,376
<b>Total General Revenues</b>	<b>5,298,458</b>	<b>5,375,392</b>	<b>217,900</b>	<b>199,106</b>
Interfund Transfers	272,189	318,303	(272,189)	(318,303)
<b>Total General Revenues &amp; Interfund Transfers:</b>	<b>5,570,647</b>	<b>5,693,695</b>	<b>(54,289)</b>	<b>(119,197)</b>
<b>Total Revenues &amp; Interfund Transfers:</b>	<b>\$ 7,584,874</b>	<b>\$ 7,936,498</b>	<b>\$ 13,081,260</b>	<b>\$ 11,956,306</b>

Revenue Source	Totals	
	2018	2017 (Not Restated)
<b>Program Revenues:</b>		
Charges for Services	\$ 13,893,809	\$ 12,941,054
Operating Grants and Contributions	1,135,321	1,105,119
Capital Grants and Contributions	120,646	272,133
<b>Total Program Revenues</b>	<b>15,149,776</b>	<b>14,318,306</b>
<b>General Revenues &amp; Interfund Transfers:</b>		
Property Taxes	4,204,400	4,144,235
Local Option Sales Tax	851,052	950,305
Interest	55,024	54,839
Gain on Sales of Assets	55,000	267,743
Miscellaneous	350,882	157,376
<b>Total General Revenues &amp; Interfund Transfers</b>	<b>5,516,358</b>	<b>5,574,498</b>
<b>Total General Revenues &amp; Interfund Transfers:</b>	<b>5,516,358</b>	<b>5,574,498</b>
<b>Total Revenues &amp; Interfund Transfers:</b>	<b>\$ 20,666,134</b>	<b>\$ 19,892,804</b>

Program revenues totaled \$15,149,776 for fiscal year 2018. Governmental Activities provided \$2,014,227 and Business-Type Activities provided \$13,135,549. Revenue collected for Charges for Services during fiscal year 2018 was \$13,893,809, accounting for 91.71% of the total program revenues. The following chart breaks down program revenues by source:

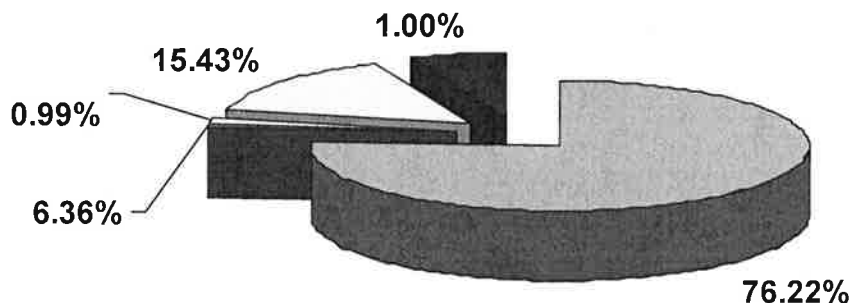
## Program Revenues



- Charges for Services 91.71%
- Operating Grants and Contributions 7.49%
- Capital Grants & Contributions 0.80%

General Revenues and Interfund Transfers for fiscal year 2018 totaled \$ 5,516,358. Governmental Activities provided \$5,570,647 and Business-Type Activities used \$(54,289). Property Tax Revenues for fiscal year 2018 totaled \$4,204,400, accounting for 76.22% of General Revenues. The following chart breaks down General Revenues by source:

## General Revenues



- Property Taxes 76.22%
- Gain on Sale of Assets 1.00%
- Interest .99%
- Local Option Sales Tax 15.43%
- Miscellaneous 6.36%

Expenses for Fiscal 2018 totaled \$17,781,556. Expenses for Governmental Activities totaled \$6,363,973, accounting for 35.79% of total expenses. Business-Type Activity expenses totaled \$ 11,417,583, for 64.21% of the total.

The following table shows total expenses by Function/Program for FY 2018 and FY 2017:

	General Governmental Activities		Business-Type Activities	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)
Public Safety	\$ 1,088,040	\$ 972,996	\$ -	\$ -
Public Works	1,907,228	1,571,805	-	-
Culture and Recreation	1,658,414	1,805,929	-	-
Community & Economic Development	558,788	697,831	-	-
General Government	820,252	712,651	-	-
Debt Service	331,151	319,025	-	-
Sewer System	-	-	856,862	572,314
Water System	-	-	937,061	964,647
Electric System	-	-	7,425,922	7,498,724
Natural Gas System	-	-	2,197,738	1,768,495
Total Expenses	\$ 6,363,973	\$ 6,080,237	\$ 11,417,583	\$ 10,804,180

	Totals	
	2018	2017 (Not Restated)
Public Safety	\$ 1,088,040	\$ 972,996
Public Works	1,907,228	1,571,805
Culture and Recreation	1,658,414	1,805,929
Community & Economic Development	558,788	697,831
General Government	820,252	712,651
Debt Service	331,151	319,025
Sewer System	856,862	572,314
Water System	937,061	964,647
Electric System	7,425,922	7,498,724
Natural Gas System	2,197,738	1,768,495
Total Expenses	\$ 17,781,556	\$ 16,884,417

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

<u>Program Level</u>	<u>Activity</u>
Public Safety	Individual & Community Protection, Physical Health
Public Works	Roadway Construction, Airport Operations, Street Lighting, Transportation Services
Culture and Recreation	Education & Culture, Leisure Time Opportunities
Community and Economic Development	Economic Development, Community Beautification, Planning and Zoning
General Government	Administration, Support Services
Debt Service	Payment of Interest
Capital Projects	Construction of Capital Facilities
Sewer System	Operation of the Waste Water Treatment Plant/Supply Distribution System
Water System	Operation of Water Treatment Plant/Supply Distribution System
Electric System	Operation of Electric Plant/Supply Distribution System
Natural Gas System	Operation of Natural Gas Plant/Supply Distribution System

### **Governmental of Activities**

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$ 1,088,140 and received \$ 292,062 in revenue, thus leaving a cost to the taxpayer of \$ 796,078 to be funded by various methods. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, Fees
Public Works	Road Use Tax, Rent, Special Assessments
Culture and Recreation	Fees, State Aid
General Government	Licenses, Permits
Capital Projects	Donations, State Grants, Federal Grants

The total cost of governmental activities this year was \$6,363,973. Of these costs, \$768,443 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions was \$ 1,245,784, leaving a Net Expense of \$4,349,746 for Governmental Activities. These expenses of were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2018	2017
<b>Governmental Activities:</b>		
Public Safety	\$ (796,078)	\$ (574,498)
Public Works	(835,305)	(490,205)
Culture and Recreation	(1,250,324)	(1,383,140)
Community and Economic Development	(470,891)	(585,879)
General Government	(715,925)	(539,794)
Debt Service	(281,223)	(263,918)
Total Net (Expense) Revenue Governmental Activities	(4,349,746)	(3,837,434)
General Revenues & Interfund Transfers	5,298,458	5,375,392
Excess of Revenues over Expenses before transfers	948,712	1,537,958
Interfund Transfers	272,189	318,303
<b>Change in Net Position</b>	<b>\$ 1,220,901</b>	<b>\$ 1,856,261</b>

Total resources available during the year to finance governmental operations were \$20,413,918 consisting of Net Position at July 1, 2017 of \$12,829,044 as restated, Program Revenues of \$2,014,227 and General Revenues and Transfers of \$5,570,647. Total Governmental Activities during the year expended \$6,363,973; thus, Net Position increased by \$1,220,901 to \$ 14,049,945.

### Business Type Activities

Business Type Activities increased the City's net position by \$ 1,663,677.

The cost of all Proprietary Activities this year was \$11,417,583. As shown in the Statement of Activities, program revenues totaled \$13,135,549 resulting in total Net Revenue for Business Type Activities of \$1,717,966. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2018	2017
Electric System	\$ 1,047,399	\$ 863,442
Water System	79,233	68,965
Sewer System	376,688	322,412
Natural Gas System	214,646	16,504
Total Net (Expense) Revenue Business-Type Activities	1,717,966	1,271,323
General Revenues & Interfund Transfers	217,900	199,106
Excess of Revenues over Expenses before transfers	1,935,866	1,470,429
Interfund Transfers	(272,189)	(318,303)
<b>Change in Net Position</b>	<b>\$ 1,663,677</b>	<b>\$ 1,152,126</b>

Total resources available during the year to finance Proprietary Fund activities were \$41,171,312 consisting of Net Position at July 1, 2017 of \$28,100,235, Program Revenues of \$13,135,549 and General Revenues and Transfers of \$ (54,289). Total Proprietary Fund Activities during the year expended \$11,417,583; thus Net Position was increased by \$1,663,677 to \$ 29,763,912.

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

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$3,304,310. The combined Governmental Funds balance increased \$ 2,240,029 from the prior year.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenues in the General fund by \$ 22,087. The major reason for the decrease in fund balance is due to some expenditures that were budgeted in fiscal year 2017, but were expended during this fiscal year.

The Road Use Tax Fund is used to account for the collection and disbursement of state fuel tax dollars. During the year, revenues exceeded expenditures by \$ 77,669. This was a budgeted decision to help increase reserves for a future street project. The fund transferred \$ 667,855 to the general fund to help with street operations as well as a purchase of a snowplow truck.

The Debt Service Fund is used to account for collection of general property taxes for the repayment of general obligation debt. During the year, revenues exceeded expenditures by \$52,157. This was a planned event during the fiscal year 2018 budget session.

The TIF Fund (Tax Incremental Financing) is used to account for property taxes received to be expended for various public improvement projects. The TIF Fund balance decreased by \$699,032. This was due to construction of a new housing subdivision, which includes street, water and sewer.

### **General Fund Budgetary Highlights**

Comparing the fiscal year 2018 original (adopted) city wide amount of \$ 68,855,272 to the final budget amount of \$ 73,332,272 shows a net increase of \$ 4,477,000.



The following table shows the government wide budget variances by program structure:

Expenses	Amended Budget	Actual	Variance
Public Safety	\$ 1,017,674	\$ 985,180	\$ 32,494
Public Works	1,140,583	1,204,569	(63,986)
Culture and Recreation	1,649,959	1,775,252	(125,293)
Community and Economic Development	426,305	449,681	(23,376)
General Government	994,221	710,129	284,092
Capital Projects	4,700,000	1,188,431	3,511,569
Debt Service	1,915,826	1,960,362	(44,536)
Business-Type Activities	61,487,704	60,123,625	1,364,079
<b>Total Expenses</b>	<b>\$ 73,332,272</b>	<b>\$ 68,397,229</b>	<b>\$ 4,935,043</b>

During the year there was a \$ 4,477,000 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$ 35,000 supplemental appropriation to the police and fire department for such costs as for part time help, and lifesaving equipment.
- \$ 150,000 supplemental appropriation to our park and recreation departments as well as our fitness center and swimming pool for such costs as for part time help, group insurance, and other supplies and equipment for our pool and fitness center.
- \$ 340,000 supplemental appropriation to our economic development department for such costs related to tax increment financing.
- \$ 52,000 supplemental appropriation to our chamber office remodel project.
- \$ 3,400,000 supplemental appropriation to capital projects. Those projects included 2018 street, and Dunlop Park Improvements.
- \$ 500,000 supplemental appropriation to our municipal gas utility for under budgeting their operations for the year.

A part of the increase was possible because of additional revenues. Those revenues included additional Natural Gas revenues, Tax Increment Financing revenues, sale of fire equipment. The rest of the appropriations were paid with the fund balance from the general fund.

## Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2018, was \$33,070,557 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2018 and 2017 are as follows:

	General Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Land	\$ -	\$ -	\$ 2,136,879	\$1,558,295
Infrastructure	999,364	-	-	-
Buildings	3,206,060	-	-	-
Improvements-Other than Buildings	48,786	-	-	-
Equipment	277,878	132,982	162,449	187,249
Utility Plant	-	-	494,079	568,671
Construction in Progress	883,802	2,846,081	7,556,782	841,937
<b>Total Gross Additions</b>	<b>\$ 5,415,890</b>	<b>\$ 2,979,063</b>	<b>\$10,350,189</b>	<b>\$ 3,156,152</b>

	Totals	
	2018	2017
Land	\$ 2,136,879	\$ -
Infrastructure	999,364	1,558,295
Buildings	3,206,060	-
Improvements-Other Buildings	48,786	-
Equipment	440,327	320,231
Utility Plant	494,079	568,671
Construction in Progress	8,440,584	3,688,018
<b>Total Expenditures</b>	<b>\$ 15,766,079</b>	<b>6,135,215</b>

Construction In Progress at June 30, 2018 for governmental activities consisted of costs associated with the Dunlop Park Improvements, and the 2018 street project.

For Business-Type Activities, the Utility Plant addition consisted of costs associated with the sewer distribution system and our renovations to the sewer plant system.

See Note 6 to the financial statements for more information on the City's capital assets.

## **DEBT ADMINISTRATION**

At year-end the City had \$25,995,000 of debt outstanding. Of this amount, \$ 12,415,000 comprises debt backed by the full faith and credit of the government. The remainder of \$ 13,580,000 is debt represented by bonds secured solely by the specified revenue sources (i.e., revenue bonds).

Debt administration is on track, with over 54% of all City debt repaid within the next 10 years. This rapid repayment, when combined with the use of TIF has allowed the City to maintain our good rating. This reflects well on our community.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt Outstanding to 5% of the assessed value of all taxable property in the community. Thus, our debt capacity is \$ 18,451,869. With outstanding General Obligation Debt applicable to this limit of \$2,090,876, we are utilizing 70.20% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

## **ECONOMIC FACTORS**

The City of Orange City worked hard in FY 2018 to maintain a positive approach to growth and development. Continued progressive growth in the Orange City community had a positive effect on the City's unemployment and tax base. The growth in Local Option Sales Tax demonstrates that the Orange City's economy continues to grow

The City still has street improvements high on their priority list. We did have another street project (2018 Street) for this fiscal year. It is made up of approximately five blocks of new street. The new street is located on Delaware Avenue SW. The total cost of the project which includes street, water, sewer and storm sewer is around 1.5M

The city also continued with their construction on new housing development called Puddlejumper 9<sup>th</sup> Addition. The development will have water, sewer, storm sewer and paving improvements. The development will have around fifty lots available for sale by spring of 2019.

## **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 any questions about the report or need additional financial information, please contact the finance department at the City of Orange City, 125 Central Avenue SE, Orange City, IA 51041.

**CITY OF ORANGE CITY, IOWA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Primary Government			Component Unit	
	Governmental	Business-Type	Total	Orange City	Orange City Muni.
	Activities	Activities		Area Health System	Golf Association
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,335,810	\$ 5,735,052	\$ 9,070,862	\$ 16,734,235	\$ 13,817
Investments	82,296	1,475,000	1,557,296	8,631,645	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	59,277	1,129,473	1,188,750	5,351,131	-
Taxes	31,151	-	31,151	-	-
Subsequent Year Taxes	4,002,364	-	4,002,364	-	-
Accrued Interest	-	40,109	40,109	30,272	-
Estimated Unbilled Usage	-	412,228	412,228	-	-
Special Assessments	39,376	-	39,376	-	-
Pledges Receivable	-	-	-	-	107,750
Notes Receivable	397,517	-	397,517	-	-
Interfund Balances	(444,845)	444,845	-	-	-
Due from Other Governmental Agencies	119,729	220,573	340,302	-	-
Inventories	16,751	1,114,710	1,131,461	476,687	20,226
Prepaid Assets	126,740	61,450	188,190	107,916	-
Other	-	-	-	2,548,480	-
Restricted Assets, Cash and Investments:					
Cash and Cash Equivalents	-	389	389	2,020	78,481
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents	-	80,000	80,000	-	-
Revenue Bond Current Debt Service Account - Investments	-	495,000	495,000	-	-
Revenue Bond Future Debt Service Account - Cash & Cash Equivalents	-	900,000	900,000	-	-
Revenue Bond Future Debt Service Account - Investments	-	550,000	550,000	-	-
Land	1,063,946	4,201,666	5,265,612	1,918,079	-
Construction in Progress	540,529	8,219,252	8,759,781	153,638	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	22,568,991	20,714,058	43,283,049	32,890,246	1,775,518
<b>Total Assets</b>	<b>31,939,632</b>	<b>45,793,805</b>	<b>77,733,437</b>	<b>68,844,349</b>	<b>1,995,792</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB Related Deferred Outflows	5,775	2,396	8,171	-	-
Pension Related Deferred Outflows	432,970	179,721	612,691	5,436,585	-
<b>Total Deferred Outflows of Resources</b>	<b>438,745</b>	<b>182,117</b>	<b>620,862</b>	<b>5,436,585</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts Payable	217,932	1,491,079	1,709,011	2,759,486	2,550
Accrued Wages	78,855	39,446	118,301	3,731,198	-
Accrued Expenses	-	33,342	33,342	483,713	-
Customer Deposits	-	33,784	33,784	-	-
Lease Deposit	-	-	-	272,491	-
Accrued Interest	29,474	-	29,474	192,551	-
Payables from Restricted Assets:					
Accrued Interest	-	46,755	46,755	-	-
Revenue Bonds - Current	-	1,075,000	1,075,000	-	-
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	-	-	1,676,784	-
General Obligation Bonds	1,590,000	-	1,590,000	-	-
Notes Payable	-	-	-	-	75,474
Compensated Absences and Benefits	25,414	34,346	59,760	-	-
Due in more than one year:					
Revenue Bonds Payable	-	12,863,422	12,863,422	19,559,404	-
General Obligation Bonds	10,999,024	-	10,999,024	-	-
Notes Payable	-	-	-	-	79,320
Net Pension Liability	1,181,147	490,203	1,671,350	17,062,616	-
Other Post Employment Benefits	71,677	29,748	101,425	328,855	-
Physical Therapy Asset Acquisition	-	-	-	375,000	-
Compensated Absences and Benefits, Long-Term	76,243	51,519	127,762	-	-
<b>Total Liabilities</b>	<b>14,269,766</b>	<b>16,188,644</b>	<b>30,458,410</b>	<b>46,442,098</b>	<b>157,344</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred Revenue - Subsequent Year Taxes	4,002,364	-	4,002,364	-	-
Other Post Employment Benefits Related Deferred Inflows	-	-	-	6,134	-
Pension Related Deferred Inflows	56,302	23,366	79,668	336,138	-
<b>Total Deferred Inflow of Resources</b>	<b>4,058,666</b>	<b>23,366</b>	<b>4,082,032</b>	<b>342,272</b>	<b>-</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	14,234,324	18,475,912	32,710,236	13,350,775	1,620,724
Restricted for:					
Debt Service	294,650	1,978,634	2,273,284	-	-
Permanent Funds - nonexpendable	106,425	-	106,425	-	-
Specific Revenues	1,715,941	-	1,715,941	-	-
Donor Restrictions	-	-	-	27,773	186,231
Unrestricted	(2,301,395)	9,309,366	7,007,971	14,118,016	31,493
<b>Total Net Position</b>	<b>\$ 14,049,945</b>	<b>\$ 29,763,912</b>	<b>\$ 43,813,857</b>	<b>\$ 27,496,564</b>	<b>\$ 1,838,448</b>

**CITY OF ORANGE CITY, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,088,140	\$ 17,396	\$ 164,203	\$ 110,463
Public Works	1,907,228	326,399	745,524	-
Culture and Recreation	1,658,414	323,621	84,469	-
Community and Economic Development	558,788	40,867	47,030	-
General Government	820,252	60,160	44,167	-
Debt Service	331,151	-	49,928	-
Total governmental activities	<u>6,363,973</u>	<u>768,443</u>	<u>1,135,321</u>	<u>110,463</u>
Business-Type Activities:				
Electric Utility	7,425,922	8,473,321	-	-
Water Utility	937,061	1,006,111	-	10,183
Sewer Utility	856,862	1,233,550	-	-
Gas Utility	2,197,738	2,412,384	-	-
Total Business-Type Activities:	<u>11,417,583</u>	<u>13,125,366</u>	<u>-</u>	<u>10,183</u>
Total Primary Government	<u>\$ 17,781,556</u>	<u>\$ 13,893,809</u>	<u>\$ 1,135,321</u>	<u>\$ 120,646</u>
Component Unit:				
Orange City Area Health System	<u>\$ 48,706,042</u>	<u>\$ 50,966,210</u>	<u>\$ 55,137</u>	<u>\$ 40,752</u>
Orange City Municipal Golf Association	<u>\$ 704,681</u>	<u>\$ 477,496</u>	<u>\$ 202,620</u>	<u>\$ 118,578</u>

General Revenues:  
Property taxes  
Local Option Sales Tax  
Interest  
Gain on Sale of Assets  
Miscellaneous  
Interfund Transfers  
Total general revenues and transfers  
Change in net position  
Net Position - beginning  
Prior Period Adjustment  
Net Position - beginning as restated  
Net Position - ending

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Orange City Area Health System	Orange City Municipal Golf Ass'n.
\$ (796,078)		\$ (796,078)		
(835,305)		(835,305)		
(1,250,324)		(1,250,324)		
(470,891)		(470,891)		
(715,925)		(715,925)		
(281,223)		(281,223)		
<u>(4,349,746)</u>		<u>(4,349,746)</u>		
	\$ 1,047,399	1,047,399		
	79,233	79,233		
	376,688	376,688		
	214,646	214,646		
	<u>1,717,966</u>	<u>1,717,966</u>		
<u>(4,349,746)</u>	<u>1,717,966</u>	<u>(2,631,780)</u>		
			\$ 2,356,057	\$ 94,013
4,204,400	-	4,204,400	-	-
851,052	-	851,052	-	-
11,555	43,469	55,024	267,674	-
55,000	-	55,000	-	-
176,451	174,431	350,882	-	-
272,189	(272,189)	-	-	-
<u>5,570,647</u>	<u>(54,289)</u>	<u>5,516,358</u>	<u>267,674</u>	<u>-</u>
<u>1,220,901</u>	<u>1,663,677</u>	<u>2,884,578</u>	<u>2,623,731</u>	<u>94,013</u>
<u>12,854,174</u>	<u>28,109,877</u>	<u>40,964,051</u>	<u>25,086,973</u>	<u>1,744,435</u>
<u>(25,130)</u>	<u>(9,642)</u>	<u>(34,772)</u>	<u>(214,140)</u>	<u>-</u>
<u>12,829,044</u>	<u>28,100,235</u>	<u>40,929,279</u>	<u>24,872,833</u>	<u>1,744,435</u>
<u>\$ 14,049,945</u>	<u>\$ 29,763,912</u>	<u>\$ 43,813,857</u>	<u>\$ 27,496,564</u>	<u>\$ 1,838,448</u>

**CITY OF ORANGE CITY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2018**

	General	Road Use Tax	TIF	Debt Service
<b>Assets</b>				
Cash and Pooled Investments	\$ 1,500,178	\$ 687,699	\$ 404,594	\$ 315,566
Investments	82,296	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	59,277	-	-	-
Taxes	6,776	-	15,817	8,558
Subsequent Year Taxes	1,678,397	-	845,000	1,478,967
Special Assessments	39,376	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	62,470	57,259	-	-
Inventories	-	16,751	-	-
<b>Total Assets</b>	<b>3,428,770</b>	<b>761,709</b>	<b>1,265,411</b>	<b>1,803,091</b>
<b>Liabilities</b>				
Accounts Payable	196,942	-	-	-
Accrued Wages	78,855	-	-	-
Due to Other Funds	-	-	72,382	-
<b>Total Liabilities</b>	<b>275,797</b>	<b>-</b>	<b>72,382</b>	<b>-</b>
<b>Deferred Inflow of Resources</b>				
Unavailable Revenue - Special Assessments	35,965	-	-	-
Unavailable Revenue - Subsequent Year Taxes	1,678,397	-	845,000	1,478,967
<b>Total Deferred Inflow of Resources</b>	<b>1,714,362</b>	<b>-</b>	<b>845,000</b>	<b>1,478,967</b>
<b>Fund Balances (Deficits)</b>				
Nonspendable:				
Inventories	-	16,751	-	-
Permanent Fund Principal	-	-	-	-
Restricted for:				
Debt Service	-	-	-	324,124
TIF	-	-	348,029	-
Economic Development	-	-	-	-
Road Use Tax	-	744,958	-	-
Assigned for:				
Capital Project	-	-	-	-
Unassigned	1,438,611	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>1,438,611</b>	<b>761,709</b>	<b>348,029</b>	<b>324,124</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,428,770</b>	<b>\$ 761,709</b>	<b>\$ 1,265,411</b>	<b>\$ 1,803,091</b>

Other Governmental Funds		Total Governmental Funds	
\$	427,773	\$	3,335,810
	-		82,296
	-		59,277
	-		31,151
	-		4,002,364
	-		39,376
	397,517		397,517
	-		119,729
	-		16,751
	825,290		8,084,271

	20,990		217,932
	-		78,855
	372,463		444,845
	393,453		741,632

	-		35,965
	-		4,002,364
	-		4,038,329

	-		16,751
	106,425		106,425
	-		324,124
	-		348,029
	606,203		606,203
	-		744,958
	112,662		112,662
	(393,453)		1,045,158
	431,837		3,304,310

\$	825,290	\$	8,084,271
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**CITY OF ORANGE CITY, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

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

Total Fund Balance - Governmental Funds (page 29)			\$ 3,304,310
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds			24,173,466
Deferred revenues that provide current financial resources for governmental activities			35,965
Accrued expenses from the balance sheet that require current financial resources for governmental activities			(29,474)
Accrued compensated absences, net pension liability, and other post employment benefits not reported on the modified accrual basis			(1,354,481)
OPEB related deferred outflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds			5,775
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
	Deferred Outflows of Resources	\$ 432,970	
	Deferred Inflows of Resources	(56,302)	376,668
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources			126,740
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds			(12,589,024)
Total Net Position - Governmental Activities (page 25)			<u>\$ 14,049,945</u>

**CITY OF ORANGE CITY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General	Road Use Tax	TIF
Revenue:			
Taxes	\$ 1,610,964	\$ -	\$ -
Special Assessments	26,049	-	-
Licenses and Permits	6,691	-	-
Intergovernmental	270,089	745,524	47,029
Charges for Services	699,514	-	-
Fines and Forfeits	24,095	-	-
TIF Revenue	201,870	-	884,089
Local Option Sales Tax	851,052	-	-
Proceeds from Sale of Real Estate	-	-	55,000
Interest on Investments	3,198	-	-
Miscellaneous	337,023	-	-
Total Revenue	4,030,545	745,524	986,118
Expenditures:			
Public Safety	985,180	-	-
Public Works	1,204,569	-	-
Culture and Recreation	1,775,252	-	-
Community and Economic Development	395,619	-	54,062
General Government	710,129	-	-
Capital Projects	-	-	99,789
Debt Service:			
Principal Retirement	-	-	375,000
Interest/Bond Costs	-	-	35,575
Total Expenditures	5,070,749	-	564,426
Excess (deficiency) of revenues over expenditures	(1,040,204)	745,524	421,692
Other financing sources (uses):			
Issuance of Debt	-	-	-
Bond Issue Costs	-	-	-
Transfers In	1,068,117	-	-
Transfers Out	(50,000)	(667,855)	(1,120,724)
Total other financing sources (uses)	1,018,117	(667,855)	(1,120,724)
Net Change in Fund Balance	(22,087)	77,669	(699,032)
Fund balances (Deficits)-beginning of year	1,460,698	679,562	1,047,061
Increase in Reserve for Inventory	-	4,478	-
Fund balances (Deficits)- end of year	\$ 1,438,611	\$ 761,709	\$ 348,029

See Accompanying Notes to Financial Statements

Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 1,507,477	\$ -	\$ 3,118,441
-	1,000	27,049
-	-	6,691
49,928	-	1,112,570
-	-	699,514
-	-	24,095
-	-	1,085,959
-	-	851,052
-	-	55,000
3	8,354	11,555
-	8,790	345,813
1,557,408	18,144	7,337,739
-	-	985,180
-	-	1,204,569
-	-	1,775,252
-	-	449,681
-	-	710,129
-	1,088,642	1,188,431
1,250,000	-	1,625,000
255,251	8,311	299,137
1,505,251	1,096,953	8,237,379
52,157	(1,078,809)	(899,640)
-	2,755,177	2,755,177
-	(36,225)	(36,225)
-	1,186,701	2,254,818
-	-	(1,838,579)
-	3,905,653	3,135,191
52,157	2,826,844	2,235,551
271,967	(2,395,007)	1,064,281
-	-	4,478
\$ 324,124	\$ 431,837	\$ 3,304,310

See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds (page 32)	\$ 2,240,029
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlay exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 1,480,254	
Depreciation expense	<u>(1,073,404)</u>	406,850

Revenues reported in the funds that are not available to provide current financial resources	(25,054)
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Capital contributions reported in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.	(144,050)
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Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources	2,921
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Accrued interest expense that does not require current financial resources	(5,238)
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Amortization of premium on long term debt	9,449
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(6,892)	
Other post employment benefits	(3,089)	
Pension expense	<u>(123,848)</u>	(133,829)

The issuance of indebtedness provides current financial resources to the governmental funds without affecting net position. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was:	(2,755,177)
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The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:

<u>1,625,000</u>
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Change in net position of governmental activities (page 27)	<u><u>\$ 1,220,901</u></u>
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**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF NET POSITION**  
**Proprietary Funds**  
**JUNE 30, 2018**

	<b>Business Type Activities</b>		
	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 1,486,087	\$ 736,809	\$ 2,901,990
Investments	1,390,000	65,000	20,000
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	817,393	113,337	126,543
Accrued Interest	31,718	8,195	196
Estimated Unbilled Usage	310,968	34,317	44,702
Due from Other Funds	444,845	-	-
Due from Other Governmental Agencies	220,573	-	-
Inventories	942,728	95,119	-
Prepaid Assets	28,418	19,528	7,463
<b>Total Current Assets</b>	<b>5,672,730</b>	<b>1,072,305</b>	<b>3,100,894</b>
<b>Non Current Assets</b>			
<b>Restricted Assets:</b>			
Revenue Bond Current Debt Service - Cash	389	-	-
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents	-	-	55,000
Revenue Bond Current Debt Service Account - Investments	270,000	225,000	-
Revenue Bond Future Debt Service Account - Cash & Cash Equivalents	-	-	875,000
Revenue Bond Future Debt Service Account - Investments	340,000	210,000	-
Land	1,928,466	1,778,353	469,847
Construction in Progress	-	143,057	8,076,195
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	10,380,672	5,194,406	4,006,443
<b>Total Noncurrent Assets</b>	<b>12,919,527</b>	<b>7,550,816</b>	<b>13,482,485</b>
<b>Total Assets</b>	<b>18,592,257</b>	<b>8,623,121</b>	<b>16,583,379</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB Related Deferred Outflows	1,105	647	-
Pension Related Deferred Outflows	82,880	48,518	-
<b>Total Deferred Outflows of Resources</b>	<b>83,985</b>	<b>49,165</b>	<b>-</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	604,680	12,657	804,594
Accrued Wages	17,448	9,506	6,389
Accrued Expenses	23,787	5,583	2,131
Customer Deposits	21,034	-	-
Payables from Restricted Assets:			
Accrued Revenue Bond Interest	10,256	21,327	14,127
Revenue Bonds - Current	385,000	220,000	355,000
<b>Total Current Liabilities</b>	<b>1,062,205</b>	<b>269,073</b>	<b>1,182,241</b>
<b>Noncurrent Liabilities:</b>			
Due within one year:			
Compensated Absences	18,198	7,196	4,681
Due in more than one year:			
Revenue Bonds Payable	2,340,000	1,690,000	8,718,422
Net Pension Liability	226,065	132,342	-
Other Post Employment Benefits	13,719	8,031	-
Compensated Absences and Benefits, Long-Term	27,298	10,793	7,020
<b>Total Liabilities</b>	<b>3,687,485</b>	<b>2,117,435</b>	<b>9,912,364</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related Deferred Inflows	10,776	6,308	-
<b>NET POSITION</b>			
Net Investment in Capital Assets	9,584,138	5,205,816	3,118,742
Restricted for:			
Debt Service	600,133	413,673	915,873
Unrestricted	4,793,710	929,054	2,636,400
<b>Total Net Position</b>	<b>\$ 14,977,981</b>	<b>\$ 6,548,543</b>	<b>\$ 6,671,015</b>

**Business Type Activities**

<b>Gas Utility</b>	<b>Total</b>
\$ 610,166	\$ 5,735,052
-	1,475,000
72,200	1,129,473
-	40,109
22,241	412,228
-	444,845
-	220,573
76,863	1,114,710
6,041	61,450
<u>787,511</u>	<u>10,633,440</u>
-	389
25,000	80,000
-	495,000
25,000	900,000
-	550,000
25,000	4,201,666
-	8,219,252
<u>1,132,537</u>	<u>20,714,058</u>
<u>1,207,537</u>	<u>35,160,365</u>
<u>1,995,048</u>	<u>45,793,805</u>
644	2,396
<u>48,323</u>	<u>179,721</u>
<u>48,967</u>	<u>182,117</u>
69,148	1,491,079
6,103	39,446
1,841	33,342
12,750	33,784
1,045	46,755
<u>115,000</u>	<u>1,075,000</u>
<u>205,887</u>	<u>2,719,406</u>
4,271	34,346
115,000	12,863,422
131,796	490,203
7,998	29,748
6,408	51,519
<u>471,360</u>	<u>16,188,644</u>
6,282	23,366
927,537	18,836,233
48,955	1,978,634
<u>589,881</u>	<u>8,949,045</u>
<u>\$ 1,566,373</u>	<u>\$ 29,763,912</u>

**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<b>Business Type Activities</b>		
	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
<b>Operating Revenues:</b>			
Charges for Services	\$ 8,473,321	\$ 1,006,111	\$ 1,233,550
<b>Total Operating Revenue</b>	<u>8,473,321</u>	<u>1,006,111</u>	<u>1,233,550</u>
<b>Operating Expenses:</b>			
Production	4,615,276	203,102	128,532
Transmission	767,085	6,245	-
Distribution / Collection	527,368	196,924	98,662
Administrative and General	464,289	158,746	181,471
Depreciation	609,531	307,569	175,650
<b>Total Operating Expenses</b>	<u>6,983,549</u>	<u>872,586</u>	<u>584,315</u>
<b>Operating Income</b>	1,489,772	133,525	649,235
<b>Non-Operating Income (Expense):</b>			
Interest Income	36,815	6,510	144
Other Non-operating Revenues	82,766	67,550	23,282
Interest Expense	(63,145)	(51,475)	(263,547)
Other Non-operating Expenses	(379,228)	(13,000)	(9,000)
<b>Total Non-Operating Income (Expenses)</b>	<u>(322,792)</u>	<u>9,585</u>	<u>(249,121)</u>
<b>Income before Transfers</b>	1,166,980	143,110	400,114
<b>Capital Contribution</b>	-	129,192	25,041
<b>Transfers Out</b>	<u>(320,239)</u>	<u>(23,000)</u>	<u>(23,000)</u>
<b>Change in Net Position</b>	846,741	249,302	402,155
<b>Net Position - Beginning</b>	14,135,012	6,301,428	6,268,860
<b>Prior Period Adjustment</b>	<u>(3,772)</u>	<u>(2,187)</u>	<u>-</u>
<b>Net Position - Beginning (Restated)</b>	<u>14,131,240</u>	<u>6,299,241</u>	<u>6,268,860</u>
<b>Net Position - Ending</b>	<u>\$ 14,977,981</u>	<u>\$ 6,548,543</u>	<u>\$ 6,671,015</u>

See Accompanying Notes to Financial Statements

<b>Business Type Activities</b>	
<b>Gas Utility</b>	<b>Total</b>
<u>\$ 2,412,384</u>	<u>\$ 13,125,366</u>
<u>2,412,384</u>	<u>13,125,366</u>
-	4,946,910
1,802,956	2,576,286
179,918	1,002,872
145,857	950,363
60,677	1,153,427
<u>2,189,408</u>	<u>10,629,858</u>
222,976	2,495,508
-	43,469
833	174,431
(8,330)	(386,497)
-	(401,228)
<u>(7,497)</u>	<u>(569,825)</u>
215,479	1,925,683
-	154,233
<u>(50,000)</u>	<u>(416,239)</u>
165,479	1,663,677
1,404,577	28,109,877
(3,683)	(9,642)
<u>1,400,894</u>	<u>28,100,235</u>
<u>\$ 1,566,373</u>	<u>\$ 29,763,912</u>

See Accompanying Notes to Financial Statements



**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<b>Business Type Activities</b>		
	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 8,376,705	\$ 1,024,173	\$ 1,165,627
Cash Paid to Suppliers for Goods and Services	(5,822,643)	(287,383)	(256,731)
Cash Paid to Employees for Services	(647,611)	(343,997)	(212,536)
Other Nonoperating Income	82,766	67,550	23,282
Other Nonoperating Expenses	(379,228)	(13,000)	(9,000)
Net Cash Provided by Operating Activities	<u>1,609,989</u>	<u>447,343</u>	<u>710,642</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets	(1,981,331)	(602,997)	(6,659,873)
Proceeds from Issuance of Debt			9,179,922
Principal Paid on Notes and Bonds	(380,000)	(210,000)	(100,000)
Interest Paid on Notes and Bonds	(63,950)	(52,927)	(255,920)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(2,425,281)</u>	<u>(865,924)</u>	<u>2,164,129</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers From (To) Other Funds	(320,239)	(23,000)	(23,000)
Due From (To) Other Funds	1,360,655	550,000	534,023
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>1,040,416</u>	<u>527,000</u>	<u>511,023</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from Sale of Investment Securities	1,200,000	500,000	-
Due from Other Governments	7,657	-	-
Interest and Dividends on Investments	16,893	1,628	-
Net Cash Provided by Investing Activities	<u>1,224,550</u>	<u>501,628</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	1,449,674	610,047	3,385,794
Cash and Cash Equivalents at Beginning of Year	<u>36,802</u>	<u>126,762</u>	<u>446,196</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,486,476</u>	<u>\$ 736,809</u>	<u>\$ 3,831,990</u>
<b>Schedule of Non-Cash Investing and Financing Activities:</b>			
Contributed Capital	<u>\$ -</u>	<u>\$ 129,192</u>	<u>\$ 25,041</u>

<b>Business Type Activities</b>	
<b>Gas Utility</b>	<b>Total</b>
\$ 2,408,762	\$ 12,975,267
(1,951,899)	(8,318,656)
(192,889)	(1,397,033)
833	174,431
-	(401,228)
<u>264,807</u>	<u>3,032,781</u>
-	(9,244,201)
-	9,179,922
(110,000)	(800,000)
(8,743)	(381,540)
<u>(118,743)</u>	<u>(1,245,819)</u>
(50,000)	(416,239)
-	2,444,678
<u>(50,000)</u>	<u>2,028,439</u>
-	1,700,000
-	7,657
-	<u>18,521</u>
-	<u>1,726,178</u>
96,064	5,541,579
<u>564,102</u>	<u>1,173,862</u>
<u>\$ 660,166</u>	<u>\$ 6,715,441</u>
<u>\$ -</u>	<u>\$ 154,233</u>

continued

**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 1,489,772	\$ 133,525	\$ 649,235
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	609,531	307,569	175,650
Other Non-Operating Income	82,766	67,550	23,282
Other Non-Operating Expenses	(379,228)	(13,000)	(9,000)
(Increase) Decrease in Assets:			
Accounts Receivable	(75,110)	4,632	(51,804)
Estimated Unbilled Usage	(21,917)	13,430	(16,119)
Inventories	(64,523)	(44,358)	-
Prepaid Expenses	2,265	1,019	(243)
Increase (Decrease) in Liabilities			
Accounts Payable	(2,287)	(1,453)	(62,827)
Accrued Wages and Compensated Absences	7,090	2,902	1,730
Accrued Expenses	(2,434)	(411)	738
Customer Deposits	411	-	-
Net Pension Liability	(18,765)	(14,556)	-
Deferred Outflows of Resources	(24,799)	(13,006)	-
Deferred Inflows of Resources	5,520	3,154	-
OPEB Liability	1,697	346	-
Total Adjustments	120,217	313,818	61,407
Net Cash Provided by Operating Activities	1,609,989	447,343	710,642
Cash and Cash Equivalents	1,486,087	736,809	2,901,990
Revenue Bond Current Debt Service	389	-	-
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents	-	-	55,000
Revenue Bond Future Debt Service Account - Cash & Cash Equivalents	-	-	875,000
Total Cash and Cash Equivalents	\$ 1,486,476	\$ 736,809	\$ 3,831,990

Business Type Activities	
Gas Utility	Total
\$ 222,976	\$ 2,495,508
60,677	1,153,427
833	174,431
-	(401,228)
(3,225)	(125,507)
(397)	(25,003)
(18,782)	(127,663)
1,713	4,754
(16,414)	(82,981)
4,159	15,881
(223)	(2,330)
(250)	161
33,863	542
(24,649)	(62,454)
4,181	12,855
345	2,388
41,831	537,273
264,807	3,032,781
610,166	5,735,052
-	389
25,000	80,000
25,000	900,000
\$ 660,166	\$ 6,715,441

**CITY OF ORANGE CITY, IOWA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**Agency Fund**  
**JUNE 30, 2018**

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**ASSETS**

Cash and Cash Equivalents	\$ 37,151
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<b>Total Assets</b>	<b>37,151</b>
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**LIABILITIES**

Accounts Payable	37,151
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<b>Total Liabilities</b>	<b>\$ 37,151</b>
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**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Orange City, Iowa is a political subdivision of the State of Iowa located in Sioux County, and was incorporated in 1884, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Council-Manager form of government and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides electric, water, sewer and gas utilities.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**A. Reporting Entity**

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

These financial statements present the City of Orange City, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Complete financial statements of the individual component units, which issued separate financial statements as noted below, can be obtained from their respective administrative office.

Discretely Presented Component Unit – The government-wide financial statements include The Orange City Area Health System (Hospital) as a component unit. The Hospital is a legally separate entity. Iowa statute provides situations where the City can impose their will on the Hospital and / or the hospital can create a potential financial benefit or burden on the City. The Hospital budget is approved by the City and the Hospital cannot issue its own debt. Complete financials are on file at the Hospital.

Discretely Presented Component Unit – The government-wide financial statements include The Orange City Municipal Golf Association (Association) as a component unit. The Association is a legally separate entity with a December 31 year end. The Association is fiscally dependent upon the City to provide financing for capital purchases and for operations and could present a financial burden to the City. The Association operations are financed through its operation with the City committed to funding all deficits. The City approves all debt of the Association. Complete financials are available at the Association.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Sioux County Conference Board, Sioux County Emergency Management Commission, Sioux County Joint E911 Service Board, and Early Childhood Development.

**B. Basic Financial Statements-Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, capital project and permanent funds are classified as governmental activities.

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

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, culture and recreation, community and economic development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

As a general rule, the effect of interfund activity has not been eliminated from the government-wide financial statements. The City does not allocate indirect costs.

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

**C. Fund Accounting**

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

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

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

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.
- 2) Special Revenue Fund - The Road Use Tax Fund is used to account for the operation of street maintenance and construction financed by allocations of state fuel taxes.
- 3) Special Revenue Fund – The TIF Fund (Tax Incremental Financing) is used to account for property taxes received to be expended for public improvements, construction of public infrastructure as well as economic development opportunities, incentives, sites, land, rebates, and grant agreements.
- 4) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Proprietary Fund Types** – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.



**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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

The Electric Fund is used to account for the operation and maintenance of the City's electric systems.

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Gas Fund is used to account for the operation and maintenance of the City's gas system.

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

**D. Basis of Accounting**

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

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

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A 90 - day availability period is used for revenue recognition for all other governmental fund revenues.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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

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

**E. Budgets**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2018, expenditures exceeded the amount budgeted in the Culture and Recreation, Public Works, Community and Economic Development, and Debt Service functions.

**F. Cash And Cash Equivalents And Investments**

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

**1) Cash and Cash Equivalents**

Includes demand deposits, cash on hand and cash investments with original maturities of three months or less.

**2) Investments**

The City and its component unit use the following methods in determining the reported amounts.

<u>Type</u>	<u>Method</u>
<u>City</u>	
Nonnegotiable Certificates of Deposit	Cost
Iowa Public Agency Investment Trust	Amortized Cost
<u>Component Unit</u>	
Interest-earning investment contracts	
Nonnegotiable certificates of deposit	Cost
<u>Open-end mutual funds</u>	
(governmental external investment pool registered As an investment company)	Fair Value determined by current share price
<u>Publicly traded mutual funds</u>	Fair Value based on quoted market prices
<u>Debt Securities</u>	
Negotiable certificates of deposit and U.S. Government Agency Securities	
Maturity of one year or less when purchased	Amortized cost
Maturity to more than one year when purchased	Fair Value based on quoted Market prices

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**G. Property Tax Receivable**

Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2017. Any county collections on the 2017-2018 tax levy remitted to the City within 60 days subsequent to June 30, 2018, are recorded as property tax revenue.

**H. Short-Term Interfund Receivables/Payables**

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2018, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

**I. Inventories**

Inventories of governmental funds are valued at cost using FIFO while those of enterprise funds are valued using the average cost method. For fund level reporting, the cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental funds are equally offset by a fund balance reserve which indicates they do not constitute available spendable resources even though they are a component of net current assets. Inventory of the discretely presented component units is valued at cost using FIFO.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid items.

CITY OF ORANGE CITY, IOWA  
Notes to Financial Statements  
June 30, 2018

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

**K. Restricted Assets**

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

**L. Property and Equipment**

Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost of \$25,000 or more beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings & Improvements	25 – 50 Years
Land Improvements	20 – 50 Years
Utility Plant	20 – 33 Years
Machinery & Equipment	3 – 20 Years
Vehicles	5 – 20 Years
Infrastructure	10 – 65 Years

**M. Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability for this and any related benefits is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts and related benefits is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

**N. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

CITY OF ORANGE CITY, IOWA  
Notes to Financial Statements  
June 30, 2018

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

**O. Interfund Transactions**

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

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

**P. Landfill Closure Costs**

The City does not operate a sanitary landfill; therefore, no closure/post closure costs are included in these statements.

**Q. Classifying Fund Balance Amounts**

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the City incurs an expenditure and both restricted and unrestricted amounts are available, the City considers restricted amounts to have been spent. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

**R. Deferred Outflow/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and OPEB expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and OPEB expenses.

**S. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employers' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The City's deposits at June 30, 2018, were entirely covered by Federal Depository Insurance collateralized or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30 the primary government's investments were reported at cost as follows:

	<b>Credit Risk</b>	<b>Maturities</b>	<b>Cost/ Amortized Cost</b>	<b>Interest Rates</b>
Certificates of Deposit	N/A	01/31/19-4/25/19	\$ 2,540,234	1.75%-2.10%
Iowa Public Agency Investment Trust	Not Rated	Daily	62,062	1.595%
Totals			<u>\$ 2,602,296</u>	

As of June 30, 2018, the City's investments consist of Certificates of Deposit of \$2,540,234 and IPAIT which is valued at an amortized cost of \$62,062 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The fair value of the City position is the same as the value of the pool shares. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in IPAIT is unrated. The State of Iowa provides regulatory oversight.

**Interest Rate Risk:** The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the City.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS – (Continued)**

Credit Risk: The City's investment policy addresses the issue of credit risk. Investments are limited to certain types of investments and by diversifying the investment portfolio.

Component Unit: The Hospital's investments, except the mutual funds, are insured or registered or for which the securities are held by the Hospital or its agent in the Hospital's name. The mutual fund investments are uninsured and unregistered, with securities held by the counter party or by its trust department or agent, but not in the Hospital's name. All investments listed below, except the U.S. Government agency securities, are subject to custodial credit risk. The Hospital does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates (interest rate risk).

As of June 30, 2018, the Hospital's investments are reported at a fair value based upon quoted market prices except for the Iowa Public Agency Investment Trust which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940 as follows:

	<b><u>Maturities</u></b>	
Negotiable certificates of deposit	09/12/17-01/11/19	\$ 7,851,414
U.S. Government agency securities	11/15/28-11/01/31	4,751
Mutual Funds	Daily	775,480
Totals		<u>\$ 8,631,645</u>

The primary objectives of the Hospital's investment policy include the safety and preservation of principal in the overall investment portfolio, the maintenance of necessary liquidity to match expected liabilities, and obtaining a reasonable return. The investment policy limits the investing of operating funds to instruments that mature within three hundred ninety-seven days. Funds not identified as operating funds may be invested in investments with maturities longer than three hundred ninety-seven days, provided that the maturities shall be consistent with the needs and use of the Hospital. All investments were valued at level one inputs using quoted prices in active markets.

There were no significant changes in investments held during the fiscal year ended June 30, 2018.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 3 - PLEDGES RECEIVABLE**

At December 31, 2017 the Golf Association component unit had pledges receivable restricted for club house renovation.

A summary of the activity in pledges receivable for the year ended December 31, 2017 is as follows:

Beginning Pledges Receivable	\$ 57,835
Pledges Made During Year	118,578
Pledge Payments Received	<u>(68,663)</u>
Total	<u>\$ 107,750</u>

Pledges receivable are expected to be collected during the fiscal year ending December 31, 2018.

**Note 4 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2018, amounts due from other governments were as follows:

Due from Orange City Municipal Golf Association	\$ 220,573
Due from the Iowa Department of Transportation for road use tax allocations	57,259
Due from the State of Iowa for local option sales taxes	<u>62,470</u>
Total Due from Other Governments	<u>\$ 340,302</u>

**Note 5 - INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2018, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Electric Fund	TIF	\$ 72,382
Electric Fund	Non-major – 2018 Street Project	<u>372,463</u>
		<u>\$ 444,845</u>

Interfund receivables and payables are used to record negative pooled cash and to record money advanced to internally finance various projects.



**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

**Primary Government**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,063,946	\$ -	\$ -	\$ 1,063,946
Construction in Progress	3,736,413	883,802	4,079,686	540,529
Total capital assets not being depreciated	4,800,359	883,802	4,079,686	1,604,475
Capital assets being depreciated:				
Buildings	9,664,766	3,206,060	-	12,870,826
Improvements	5,928,511	48,786	-	5,977,297
Equipment	3,596,398	277,878	103,207	3,771,069
Infrastructure	36,232,425	999,364	-	37,231,789
Total capital assets being depreciated	55,422,100	4,532,088	103,207	59,850,981
Less: Accumulated Depreciation for:				
Buildings	4,116,304	257,581	-	4,373,885
Improvements	3,126,541	202,818	-	3,329,359
Equipment	2,602,858	199,915	103,207	2,699,566
Infrastructure	26,466,090	413,090	-	26,879,180
Total Accumulated Depreciation	36,311,793	1,073,404	103,207	37,281,990
Total capital assets being depreciated, net	19,110,307	3,458,684	-	22,568,991
Governmental activities capital assets, net	\$ 23,910,666	\$ 4,342,486	\$ 4,079,686	\$ 24,173,466

Construction in progress at June 30, 2018, for the governmental activities consisted of the Dunlop Park improvements, and the 2018 Street project.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 6 - CAPITAL ASSETS – (Continued)**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,064,787	\$ 2,136,879	\$ -	\$ 4,201,666
Construction in Progress	846,546	7,556,782	184,076	8,219,252
Total capital assets not being depreciated	2,911,333	9,693,661	184,076	12,420,918
Capital assets being depreciated:				
Buildings	3,425,701	-	-	3,425,701
Improvements	30,243	-	-	30,243
Equipment	4,143,836	162,449	-	4,306,285
Utility Plant	32,178,093	494,079	-	32,672,172
Total capital assets being depreciated	39,777,873	656,528	-	40,434,401
Less: Accumulated Depreciation for:				
Buildings	1,773,192	81,856	-	1,855,048
Improvements	25,937	3,024	-	28,961
Equipment	2,814,884	139,081	-	2,953,965
Utility Plant	13,952,903	929,466	-	14,882,369
Total Accumulated Depreciation	18,566,916	1,153,427	-	19,720,343
Total capital assets being depreciated, net	21,210,957	(496,899)	-	20,714,058
Business-type activities capital assets, net	\$ 24,122,290	\$ 9,196,762	\$ 184,076	\$ 33,134,976

Construction in progress is related to the water and sewer system expansion.

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

<b>Governmental Activities:</b>	
Public Safety	\$ 161,722
Public Works	638,618
Culture and Recreation	132,555
General Government	140,509
Total depreciation expense – governmental activities	<u>\$ 1,073,404</u>
<b>Business-Type Activities:</b>	
Electric	\$ 609,531
Water	307,569
Sewer	175,650
Gas	60,677
Total depreciation expense – business-type activities	<u>\$ 1,153,427</u>

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 6 - CAPITAL ASSETS – (Continued)**

A summary of changes in capital assets for the discretely presented component units are as follows:

**Orange City Area Health System**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 1,094,427	\$ 823,652	\$ -	\$ 1,918,079
Construction in progress	-	153,638	-	153,638
Total capital assets not being depreciated	1,094,427	977,290	-	2,071,717
Capital assets being depreciated:				
Land Improvements	3,683,038	25,283	-	3,708,321
Buildings	21,929,760	-	-	21,929,760
Fixed Equipment	37,455,128	82,237	-	37,537,365
Major Movable Equipment	12,742,197	1,059,975	-	13,802,172
Total capital assets being depreciated	75,810,123	1,167,495	-	76,977,618
Less: Accumulated Depreciation	40,272,018	3,815,354	-	44,087,372
Total capital assets being depreciated, net	35,538,105	(2,647,859)	-	32,890,246
Governmental Activities Capital Assets-net	\$ 36,632,532	\$ (1,670,569)	\$ -	\$ 34,961,963

**Orange City Municipal Golf Association**

	Balance January 1, 2017	Additions	Disposals	Balance December 31, 2017
Golf Course and Trail	\$ 1,528,447	\$ 32,345	\$ -	\$ 1,560,792
Buildings	987,042	-	-	987,042
Equipment	566,662	39,535	-	606,197
Total	3,082,151	71,880	-	3,154,031
Less Accumulated Depreciation	1,260,991	117,522	-	1,378,513
Property and Equipment - Net	\$ 1,821,160	\$ (45,642)	\$ -	\$ 1,775,518

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 6 - CAPITAL ASSETS – (Continued)**

**Reconciliation of Net Investment in Capital Assets:**

	Governmental Activities	Business-Type Activities	Component Unit	
			Health System	Golf Course
Land	\$ 1,063,946	\$ 4,201,666	\$ 1,918,079	\$ -
Construction in Progress	540,529	8,219,252	153,638	-
Capital Assets (net of accumulated depreciation)	22,568,991	20,714,058	32,890,246	1,775,518
Less: General Obligation Bonds Payable	9,920,000	-	-	-
Retainage Payable	19,142	360,321	-	-
Revenue Bonds	-	13,938,422	21,236,188	-
Physical Therapy Asset Acquisition	-	-	375,000	-
Note Payable	-	-	-	154,794
Net Investment in Capital Assets	\$ 14,234,324	\$ 18,836,233	\$ 13,350,775	\$ 1,620,724

**Note 7 - LONG-TERM DEBT**

**General Obligation Bonds**

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

General obligation bonds outstanding as of June 30, 2018 are as follows:

<b><u>Purpose</u></b>	<b><u>Interest Rates</u></b>	<b><u>Amounts</u></b>
Governmental Activities	.45 – 4.95%	\$ 12,415,000

The General Obligation bonds are presented on the Statement of Net Position net of unamortized bond premium of \$174,024.

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

<b><u>Year Ending June 30,</u></b>	<b><u>Governmental Activities</u></b>		<b><u>Total</u></b>
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	
2019	\$ 1,590,000	\$ 353,682	\$ 1,943,682
2020	1,245,000	318,142	1,563,142
2021	1,120,000	289,374	1,409,374
2022	1,065,000	260,483	1,325,483
2023	1,100,000	230,970	1,330,970
2024-2028	3,780,000	729,052	4,509,052
2029-2033	1,735,000	270,649	2,005,649
2034-2038	780,000	82,306	862,306
Total	\$ 12,415,000	\$ 2,534,658	\$ 14,949,658

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 7 - LONG-TERM DEBT – (Continued)**

**Revenue Bonds**

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service.

Revenue bonds outstanding at June 30, 2018 are as follows:

**Primary Government**

<b>Purpose</b>	<b>Interest Rates</b>	<b>Amounts</b>
Electric Revenue Bonds	.35 – 4.78%	\$ 2,725,000
Water Revenue Bonds	.90 – 5.10%	1,910,000
Sewer Revenue Bonds	2.85 – 4.00%	8,715,000
Gas Revenue Bonds	3.8 – 4.80%	230,000
		<u>\$ 13,580,000</u>

Revenue bond debt service requirements to maturity are as follows:

**Primary Government**

<b>Year Ending June 30,</b>	<b>Electric Principal</b>	<b>Sewer Principal</b>	<b>Water Principal</b>	<b>Business-Type Activities Gas Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 385,000	\$ 355,000	\$ 220,000	\$ 115,000	\$ 414,091	\$ 1,489,091
2020	235,000	355,000	220,000	115,000	400,854	1,325,854
2021	235,000	360,000	225,000	-	377,775	1,197,775
2022	240,000	370,000	230,000	-	354,631	1,194,631
2023	145,000	380,000	240,000	-	332,405	1,097,405
2024-2028	780,000	2,100,000	475,000	-	1,366,119	4,721,119
2029-2033	705,000	2,460,000	300,000	-	817,348	4,282,348
2034-2038	-	2,335,000	-	-	238,200	2,573,200
<b>Total</b>	<b>\$ 2,725,000</b>	<b>\$ 8,715,000</b>	<b>\$ 1,910,000</b>	<b>\$ 230,000</b>	<b>\$ 4,301,423</b>	<b>\$ 17,881,423</b>

The revenue bonds are presented on the statement of Net Position and the Balance Sheet net of unamortized bond premium of \$358,422.

**New Debt Issue:**

On June 1, 2018 the City issued \$2,700,000 of General Obligation Bonds Series 2018 for the purpose of financing the new fire station. The bonds carry an interest rate of 3.00% to 3.50% with maturities from June 1, 2019 to June 1, 2036.

On December 5, 2017 the City issued \$5,295,000 of Sewer Revenue Bonds for the purpose of financing a new sewer treatment plant. The bonds carry an interest rate of 2.85% to 4.00% with maturities from June 1, 2018 to June 1, 2037.

On June 28, 2018 the City issued \$3,520,000 of Sewer Revenue bonds for the purpose of financing a new sewer treatment plant. The bonds carry an interest rate 3.70% to 4.00% with maturities from June 1, 2019 to June 1, 2037.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 7 - LONG-TERM DEBT – (Continued)**

**Component Unit**

Purpose	Interest Rates	Amounts
Hospital/Component Unit	3.50 – 5.60%	\$ 21,236,188
Golf Association/Component Unit	3%	\$ 154,794

Year Ending June 30,	Health System			Golf Association		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,676,784	\$ 563,454	\$ 2,240,238	\$ 75,474	\$ 4,665	\$ 80,139
2020	1,721,964	519,597	2,241,561	66,614	3,101	69,715
2021	1,767,506	473,828	2,241,334	8,901	381	9,282
2022	1,838,423	426,400	2,264,823	3,805	114	3,919
2023	1,894,728	376,944	2,271,672	-	-	-
2024-2028	8,166,783	1,199,523	9,366,306	-	-	-
2029-2034	4,170,000	180,272	4,350,272	-	-	-
2035	-	-	-	-	-	-
Total	\$ 21,236,188	\$ 3,740,018	\$ 24,976,206	\$ 154,794	\$ 8,261	\$ 163,055

**Changes in Long-Term Liabilities**

Long-Term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$11,340,000	\$ 2,700,000	\$ 1,625,000	\$ 12,415,000	\$ 1,590,000
Compensated Absences	94,765	101,657	94,765	101,657	25,414
Net Pension Liability	1,142,540	38,607	-	1,181,147	-
Other Post Employment Benefits	62,813	8,864	-	71,677	-
Governmental Activity Long-Term Liabilities	\$12,640,118	\$ 2,849,128	\$ 1,719,765	\$ 13,769,481	\$ 1,615,414
<b>Business-Type Activities:</b>					
Bonds Payable:					
Revenue Bonds	\$ 5,565,000	\$ 8,815,000	\$ 800,000	\$ 13,580,000	\$ 1,075,000
Compensated Absences	73,882	85,865	73,882	85,865	34,346
Net Pension Liability	489,661	542	-	490,203	-
Other Post Employment Benefits	26,069	3,679	-	29,748	-
Business-Type Activity Long-Term Liabilities	\$ 6,154,612	\$ 8,905,086	\$ 873,882	\$ 14,185,816	\$ 1,109,346
<b>Component Unit:</b>					
Area Health System					
Bonds Payable:					
Revenue Bonds	\$22,874,698	\$ -	\$ 1,611,510	\$ 21,236,188	\$ 1,676,784
Physical Therapy Acquisition	1,125,000	-	750,000	375,000	-
Net Pension Liability	15,708,000	1,354,616	-	17,062,616	-
Other Post Employment Benefits	100,000	228,855	-	328,855	-
	\$39,807,698	\$ 1,583,471	\$ 2,361,510	\$ 39,002,659	\$ 676,784
Golf Course					
Notes Payable	\$ 189,084	\$ -	\$ 34,290	\$ 154,794	\$ 75,474
	\$ 189,084	\$ -	\$ 34,290	\$ 154,794	\$ 75,474

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 7 - LONG-TERM DEBT – (Continued)**

The City maintains a policy prohibiting the accumulation of compensated absences thus the total ending balance represents the amount expected to be paid within one year. The General Fund has been used to liquidate the governmental other postemployment benefit obligation and net pension obligation.

**Note 8 - TRANSFERS**

The following is a summary of transfers between funds:

	<b>General</b>	<b>2016 Street Project</b>	<b>Fire Station Improvement</b>	<b>Total Transfers Out</b>
Road Use Tax	\$ 667,855	\$ -	\$ -	\$ 667,855
Water	23,000	-	-	23,000
Sewer	23,000	-	-	23,000
Electric	304,262	-	15,977	320,239
Gas	50,000	-	-	50,000
TIF	-	1,120,724	-	1,120,724
General	-	-	50,000	50,000
Total Transfers In	<u>\$ 1,068,117</u>	<u>\$ 1,120,724</u>	<u>\$ 65,977</u>	<u>\$ 2,254,818</u>

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. Use unrestricted revenues collected in proprietary funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 9 - PENSION PLAN**

*Plan description* – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Pension Benefits**

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 9 - PENSION PLAN – (Continued)**

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary).

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits**

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions**

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30 year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.



**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 9 - PENSION PLAN – (Continued)**

In fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.56 percent of pay and the City contributed 9.84 percent for a total rate of 16.40 percent.

The City's total contributions to IPERS for the year ended June 30, 2018 were \$212,884, and for the component unit total contributions were \$1,794,279.

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

At June 30, 2018, the City reported a liability of \$1,671,350 and the component unit reported \$17,062,616 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2017, the City's collective proportion was 0.0250906 percent and 0.258316 percent for the component unit, which was a decrease of 0.000845 percent from its proportion measured as of June 30, 2016. The component unit showed an increase of 0.008709 percent from 2016.

For the year ended June 30, 2018, the City and component unit recognized pension expense of \$288,785 and \$2,497,157, respectively. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>City's Share</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 16,417	\$ 19,371
Changes of assumptions	341,504	59
Net difference between projected and actual earnings on pension plan investments	-	21,782
Changes in proportion and differences between City contributions and proportionate share of contributions	41,886	38,456
City's contributions subsequent to the measurement date	212,884	-
Total	<u>\$ 612,691</u>	<u>\$ 79,668</u>

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 9 - PENSION PLAN – (Continued)**

	<b>Component Unit</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 157,126	\$ 149,998
Changes of assumptions	2,987,294	26
Net difference between projected and actual earnings on pension plan investments	-	180,847
Changes in proportion and differences between Hospital contributions and proportionate share of contributions	497,886	5,267
Area Health System's contributions subsequent to the measurement date	1,794,279	-
<b>Total</b>	<b>\$ 5,436,585</b>	<b>\$ 336,138</b>

\$212,884 and \$1,794,279 reported as deferred outflows of resources related to pensions resulting from the City and component unit contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>City</b>	<b>Component Unit</b>
2019	\$ 64,026	\$ 603,612
2020	153,090	1,442,502
2021	82,041	875,321
2022	(221)	162,352
2023	21,203	222,377
	<b>\$ 320,139</b>	<b>\$ 3,306,164</b>

There were no non-employer contributing entities of IPERS.

*Actuarial assumptions* – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 – 16.25 percent average, including inflation. Rates vary by membership group.
Investment Rate of Return (effective June 30, 2017)	7.00 percent per annum, compounded annually, net of pension plan investment expense, and including inflation
Wage Growth (effective June 30, 2017)	3.25 percent per annum based on 2.60 percent inflation and 0.65 percent real wage inflation

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 9 - PENSION PLAN – (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

Mortality rates were based on the RP-2000 Generational Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	100%	

*Discount rate* – The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.0 percent) than the current rate.

	<b>1% Decrease 6.0%</b>	<b>Discount Rate 7.0%</b>	<b>1% Increase 8.0%</b>
Proportionate Share of the Net Pension Liability			
City	\$ 2,978,549	\$ 1,671,350	\$ 573,294
Component Unit	28,211,794	17,062,616	7,695,272

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 9 - PENSION PLAN – (Continued)**

*Pension plan fiduciary net position* – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Payables to the pension plan**

At June 30, 2018, the City and component unit reported no payables to the defined benefit pension plan.

**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description – The City and The Health System administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and OPEB liability.

Retired participants must be age 55 or older at retirement. At January 1, 2018, plan membership consisted of the following:

	City	Component Unit
Inactive members entitled to but not yet receiving benefits	0	0
Inactive members currently receiving benefit	0	3
Active employees	35	386
Total	35	389

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Total OPEB Liability – The total OPEB liability of the City was \$101,425 and the component unit was \$328,855 measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The Total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	
(effective June 30, 2018)	3.00% per annum.
Rates of salary increase	2.00% per annum, including
(effective June 30, 2018)	Inflation.
Discount rate	3.44% compounded annually,
(effective June 30, 2018)	Including inflation.
Healthcare cost trend rate	5.00% all years.
(effective June 30, 2018)	

Discount Rate The discount rate used to measure the total OPEB liability was 3.44% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB Continued)**

Mortality rates are from SOA RP-2014 total annuitant distinct mortality table adjusted to 2006 MP-2017 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	City	Component Unit
Total OPEB liability beginning of year, as restated	\$ 88,882	\$ 314,140
Changes for the year:		
Service cost	4,457	19,853
Interest	3,445	11,782
Differences between expected and actual experiences	356	-
Changes in assumptions	8,601	(7,076)
Benefit payments	(4,316)	(9,844)
Net changes	12,543	14,715
Total OPEB liability end of year	\$ 101,425	\$ 328,855

Changes of assumptions reflect a change in the discount rate from 4.50% in fiscal year 2017 to 3.44% and 3.87% for the City and Component Unit respectively in fiscal year 2018.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
City Discount Rates	(2.44%)	(3.44%)	(4.44%)
Total City OPEB Liability	\$ 108,023	\$ 101,425	\$ 95,005
Component Unit Discount Rates	(2.87%)	(3.87%)	(4.87%)
Total Component Unit OPEB Liability	\$ 354,020	\$ 328,855	\$ 305,472

Sensitivity of City's Total OPEB liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
City's Healthcare Cost Trend Rates	(4.00%)	(5.00%)	(6.00%)
Total City OPEB Liability	\$ 91,387	\$ 101,425	\$ 113,051
Component Unit Healthcare Cost Trend Rates	(5.75%)	(6.75%)	(7.75%)
Total Component Unit OPEB Liability	\$ 292,227	\$ 328,855	\$ 372,549

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB Continued)**

OPEB Expense and Deferred Outflows/Inflows of resources Related to OPEB – For the year ended June 30, 2018, the City and component unit recognized OPEB expense of \$8,687 and \$20,849 respectively. At June 30, 2018, the City and component unit reported deferred Outflows/Inflows of resources related to OPEB from the following resources:

	Deferred Outflows/(Inflows) of Resources	
	City	Component Unit
Differences between expected and actual experience	\$ 324	\$ -
Changes in assumptions	7,847	(6,134)
Total	\$ 8,171	\$ (6,134)

The amount reported as deferred Outflows/(Inflows) of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	City	Component Unit
2019	\$ 785	\$ (942)
2020	785	(942)
2021	785	(942)
2022	785	(942)
2023	785	(942)
Thereafter	4,246	(1,424)
	\$ 8,171	\$ (6,134)

**Note 11 - FUND BALANCE**

The details of the fund balances are included in the Governmental Funds Balance Sheet (pages 28-29). As discussed in Note 1, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by the City Administrator. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 11 - FUND BALANCE (Continued)**

**General Fund**

The General Fund has Unassigned Fund Balance of \$1,438,611 at June 30, 2018.

**Other Major Funds**

The Road Use Tax Fund has a Restricted Fund Balance of \$744,958 consisting of primarily unspent funds used for street construction and maintenance. Inventory balances at June 30, 2018 of \$16,751 are considered Nonspendable Fund Balance.

The Debt Service Fund has a Restricted Fund Balance of \$324,124 consisting of primarily unspent funds used to pay general obligation bond principal and interest.

The TIF Fund has a Restricted Fund balance of \$348,029, consisting of primarily unspent funds used for housing projects and economic development.

**Other Funds**

The following non-major fund has Restricted Fund Balances for specific purposes:

USDA IRP-Loan –		
Special Revenue Fund:	For economic development	\$ 245,783
USDA Revolving Loan		
Special Revenue Fund:	For economic development	\$ 360,420

The following non-major fund has an assigned Fund Balance:

Dunlop Park Improvement – Capital Project	\$ 112,662
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The following non-major fund has a Nonspendable Fund Balance:

Cemetery Perpetual Care:	For cemetery maintenance	\$ 106,425
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**Note 12 - DEFICIT FUND EQUITY**

The City had one fund with a deficit equity balance at June 30, 2018. The City intends to finance these deficits from various resources including; road use tax funds, general funds, and capital project debt financing.

The individual fund deficits were as follows:

Capital Project – 2018 Streets Project.....	393,453
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**Note 13 - RISK FINANCING**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the 2017-2018 fiscal year the City has elected to purchase commercial insurance to cover against the risk of loss. There have been no reductions in insurance coverage from prior years, nor were there settlements in excess of insurance coverage the last three years.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 14 - COMMITMENTS**

At June 30, 2018 the City had one construction contract in process with the following approximate contracts remaining:

2018 Street Improvements	\$ 976,020
Wastewater Treatment Plant	1,096,470

**Note 15 - URBAN RENEWAL DEVELOPMENT AGREEMENTS**

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$2,375,062.

During the year ended June 30, 2018, the City rebated \$201,870 of incremental property tax to developers. The total cumulative principal amount rebated on the agreements is \$1,512,838. The outstanding balance on the agreements at June 30, 2018 was \$862,224.

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

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

**Note 16 - TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

**City Tax Abatements**

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2018, the City abated \$201,870 of property tax under the urban renewal and economic development projects.



**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 17 - PRIOR PERIOD ADJUSTMENT**

In 2018 The City and component unit implemented Government Accounting Standard Board Statement No. 75 Accounting and financial reporting for Postemployment Benefits other than Pensions. The requirements of this standard were implemented retroactively resulting in adjustments to beginning retained earnings and net position as follows:

	Governmental Activities	Electric Fund	Water Fund	Gas Fund	Total Business Type Activities	Component Unit
Net Position, June 30, 2017 as previously reported	\$12,854,174	\$14,135,012	\$6,301,428	\$1,404,577	\$28,109,877	\$25,086,973
Net OPEB obligation measured under previous standards	46,547	9,947	5,844	4,315	20,106	114,715
Total OPEB Liability at June 30, 2017	(71,677)	(13,719)	(8,031)	(7,998)	(29,748)	(328,855)
Net Position, June 30, 2017, as restated	\$12,829,044	\$14,131,240	\$6,299,241	\$1,400,894	\$28,100,235	\$24,872,833

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ORANGE CITY, IOWA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL, ALL GOVERNMENTAL AND PROPRIETARY FUNDS - GAAP BASIS**  
**For the Year Ended June 30, 2018**

	Governmental Fund Type Actual	Proprietary Funds Actual	Orange City Area Health System
Revenue:			
Taxes	\$ 3,118,441	\$ -	\$ -
Special Assessments	27,049	-	-
Licenses and Permits	6,691	-	-
Intergovernmental	1,112,570	-	40,752
Charges for Services	699,514	13,125,366	50,966,210
Fines and Forfeits	24,095	-	-
TIF Revenue	1,085,959	-	-
Local Option Sales Tax	851,052	-	-
Proceeds from Sale of Real Estate and Fixed Assets	55,000	-	-
Interest	11,555	43,469	267,674
Miscellaneous	345,813	174,431	55,137
Total Revenue	<u>7,337,739</u>	<u>13,343,266</u>	<u>51,329,773</u>
Expenditures:			
Public Safety	985,180	-	-
Public Works	1,204,569	-	-
Culture and Recreation	1,775,252	-	-
Community and Economic Development	449,681	-	-
General Government	710,129	-	-
Capital Projects	1,188,431	-	-
Debt Service	1,960,362	-	-
Business Type Activities	-	11,417,583	48,706,042
Total Expenditures	<u>8,273,604</u>	<u>11,417,583</u>	<u>48,706,042</u>
Excess (deficiency) of revenues over expenditures	(935,865)	1,925,683	2,623,731
Other financing sources (uses):			
Proceeds from Debt Financing	2,755,177	-	-
Capital Contribution	-	154,233	-
Interfund Transfers In	2,254,818	-	-
Interfund Transfers Out	(1,838,579)	(416,239)	-
Total other financing sources (uses)	<u>3,171,416</u>	<u>(262,006)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	2,235,551	1,663,677	2,623,731
Fund balances/Net position-beginning of year	1,064,281	28,109,877	25,086,973
(Decrease) in Reserve for Inventory	4,478	-	-
Prior Period Adjustment	-	(9,642)	(214,140)
Fund balances/Net position- end of year	<u>\$ 3,304,310</u>	<u>\$ 29,763,912</u>	<u>\$ 27,496,564</u>

Total Actual	Budgeted Amounts		Final Budget Favorable (Unfavorable)
	Original	Final	
\$ 3,118,441	\$ 3,100,682	\$ 3,100,682	\$ 17,759
27,049	500	23,500	3,549
6,691	7,135	7,135	(444)
1,153,322	1,004,396	1,004,396	148,926
64,791,090	64,853,750	65,353,750	(562,660)
24,095	-	-	24,095
1,085,959		765,000	320,959
851,052	876,375	876,375	(25,323)
55,000	-	-	55,000
322,698	884,650	884,650	(561,952)
575,381	685,695	779,695	(204,314)
<u>72,010,778</u>	<u>71,413,183</u>	<u>72,795,183</u>	<u>(784,405)</u>
985,180	982,674	1,017,674	32,494
1,204,569	1,140,583	1,140,583	(63,986)
1,775,252	1,499,959	1,649,959	(125,293)
449,681	86,305	426,305	(23,376)
710,129	942,221	994,221	284,092
1,188,431	1,300,000	4,700,000	3,511,569
1,960,362	1,915,826	1,915,826	(44,536)
60,123,625	60,987,704	61,487,704	1,364,079
<u>68,397,229</u>	<u>68,855,272</u>	<u>73,332,272</u>	<u>4,935,043</u>
3,613,549	2,557,911	(537,089)	4,150,638
2,755,177	3,450,000	3,450,000	(694,823)
154,233			154,233
2,254,818	1,493,000	1,493,000	761,818
(2,254,818)	(1,493,000)	(1,493,000)	(761,818)
<u>2,909,410</u>	<u>3,450,000</u>	<u>3,450,000</u>	<u>(540,590)</u>
6,522,959	6,007,911	2,912,911	3,610,048
54,261,131	54,261,131	54,261,131	-
4,478	-	-	4,478
(223,782)	-	-	(223,782)
<u>\$ 60,564,786</u>	<u>\$ 60,269,042</u>	<u>\$ 57,174,042</u>	<u>\$ 3,390,744</u>

**CITY OF ORANGE CITY, IOWA**  
**Notes to Required Supplementary Information**  
**June 30, 2018**

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The City's legal compliance for budget to actual comparison is specified in Chapter 384.16 of the Code of Iowa and is for expenditures by program/function. The City budgets on a modified accrual basis. The legal level of control is at the aggregated function level, not at the fund or fund type level. Budgets are prepared on a program basis for all funds except the agency funds.

During the fiscal year 2018, the City held public hearings and amended the operating budget once. The amendment is as follows:

<u>Program</u>	<u>Original Budget</u>	<u>5/10/18 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$ 982,674	\$ 35,000	\$ 1,017,674
Public Works	1,140,583	-	1,140,583
Culture & Recreation	1,499,959	150,000	1,649,959
Community and Economic Development	86,305	340,000	426,305
General Government	842,221	52,000	994,221
Capital Projects	1,300,000	3,400,000	4,700,000
Debt Service	1,915,826	-	1,915,826
Business Type/Enterprise	60,987,704	500,000	61,487,704

**CITY OF ORANGE CITY, IOWA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR\***  
**(IN THOUSANDS)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>2018</b>		<b>2017</b>	
	<b>City</b>	<b>Component Unit</b>	<b>City</b>	<b>Component Unit</b>
Entity's proportion of the net pension liability	0.0250906%	0.258316%	0.0259355%	0.249607%
Entity's proportionate share of the net pension liability	\$ 1,671	\$ 17,063	\$ 1,632	\$ 15,708
Entity's covered payroll	\$ 2,268	\$ 19,108	\$ 2,254	\$ 18,605
Entity's proportionate share of the net pension liability as a percentage of its covered payroll	71%	85%	72%	83%
Plan fiduciary net pension as a percentage of the total pension liability	82%	82%	82%	82%
	<b>2016</b>		<b>2015</b>	
	<b>City</b>	<b>Component Unit</b>	<b>City</b>	<b>Component Unit</b>
Entity's proportion of the net pension liability	0.0249929%	0.250019%	0.0240195%	0.253294%
Entity's proportionate share of the net pension liability	\$ 1,235	\$ 12,352	\$ 953	\$ 10,045
Entity's covered payroll	\$ 2,187	\$ 17,815	\$ 2,102	\$ 17,561
Entity's proportionate share of the net pension liability as a percentage of its covered payroll	64%	66%	44%	56%
Plan fiduciary net pension as a percentage of the total pension liability	85%	85%	88%	88%

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Entity will present information for those years for which information is available.

**CITY OF ORANGE CITY, IOWA  
SCHEDULE OF THE CITY'S CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN YEARS (IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>City</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Statutorily required contribution	\$ 213	\$ 206	\$ 202	\$ 199	\$ 193
Contributions in relation to the statutorily required contribution	(213)	(206)	(202)	(199)	(193)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered payroll	\$ 2,338	\$ 2,268	\$ 2,254	\$ 2,187	\$ 2,102
Contributions as a percentage of covered payroll	9.11%	9.07%	8.96%	9.10%	9.18%
<b>City</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Statutorily required contribution	\$ 169	\$ 154	\$ 134	\$ 130	\$ 112
Contributions in relation to the statutorily required contribution	(169)	(154)	(134)	(130)	(112)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered payroll	\$ 1,875	\$ 1,833	\$ 1,786	\$ 1,816	\$ 1,659
Contributions as a percentage of covered payroll	9.01%	8.40%	7.50%	7.16%	6.75%
<b>Component Unit</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Statutorily required contribution	\$ 1,794	\$ 1,672	\$ 1,616	\$ 1,559	\$ 1,505
Contributions in relation to the statutorily required contribution	(1,794)	(1,672)	(1,616)	(1,559)	(1,505)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Hospital's covered payroll	\$ 20,070	\$ 19,108	\$ 18,605	\$ 17,815	\$ 17,561
Contributions as a percentage of covered payroll	8.9%	8.75%	8.68%	8.75%	8.57%
<b>Component Unit</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Statutorily required contribution	\$ 1,416	\$ 1,064	\$ 1,064	\$ 985	\$ 941
Contributions in relation to the statutorily required contribution	(1,416)	(1,064)	(1,064)	(985)	(941)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Hospital's covered payroll	\$ 16,778	\$ 15,383	\$ 15,383	\$ 14,843	\$ 15,080
Contributions as a percentage of covered payroll	8.43%	6.92%	6.92%	6.64%	6.24%

**CITY OF ORANGE CITY, IOWA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Changes of Benefit Terms:**

Legislation enacted in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

**Changes of Assumptions**

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.



**City of Orange City, Iowa**  
**Schedule of Changes in the City's**  
**Total OPEB Liability, Related Ratios and Notes**  
**For the Year Ended June 30, 2018**

**Required Supplementary Information**

	2018	
	City	Component Unit
Service Cost	\$ 4,457	\$ 19,853
Interest Cost	3,445	11,782
Difference between expected and Actual experiences	356	-
Changes in assumptions	8,601	(7,076)
Benefit assumptions	(4,316)	(9,844)
Net change in total OPEB liability	12,543	14,715
Total OPEB liability beginning of year, as restated	88,882	314,140
Total OPEB liability end of year	\$ 101,425	\$ 328,855
Covered – employee payroll (in thousands)	\$ 2,053	\$ 16,132
Total OPEB liability as a percentage Of covered – employee payroll	4.94%	2.04%

**Notes to Schedule of Changes in the GAAP City's Total OPEB Liability and Related Ratios**

*Changes in benefit terms:*

There were no significant changes in benefit terms

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

	City	Component Unit
Year ended June 30, 2018	3.44%	3.87%
Year ended June 30, 2017	4.50%	3.58%

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the entity will present information for those years for which information is available.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF ORANGE CITY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2018**

	Special Revenue		Capital Projects
	USDA Revolving Loan	USDA IRP-Loan	Dunlop Park Improvements
<b>Assets</b>			
Cash and Pooled Investments	\$ 108,420	\$ 100,266	\$ 112,662
Notes Receivable	252,000	145,517	-
<b>Total Assets</b>	<u>360,420</u>	<u>245,783</u>	<u>112,662</u>
<b>Liabilities</b>			
Accounts Payable	-	-	-
Due to Other Funds	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>			
Nonspendable:			
Permanent Fund Principal	-	-	-
Restricted for:			
Economic Development	360,420	245,783	-
Assigned for:			
Capital Projects	-	-	112,662
Unassigned	-	-	-
<b>Total Fund Balances (Deficits)</b>	<u>360,420</u>	<u>245,783</u>	<u>112,662</u>
<b>Total Liabilities, and Fund Balances</b>	<u>\$ 360,420</u>	<u>\$ 245,783</u>	<u>\$ 112,662</u>

2018 Street Project	Capital Projects		2016 Street Project	Permanent		Total Governmental Nonmajor Funds
	Fire Station Improvements			Cemetery Perpetual Care Fund		
\$ -	\$ -		\$ -	\$ 106,425		\$ 427,773
-	-		-	-		397,517
-	-		-	106,425		825,290
20,990	-		-	-		20,990
372,463	-		-	-		372,463
393,453	-		-	-		393,453
-	-		-	106,425		106,425
-	-		-	-		606,203
-	-		-	-		112,662
(393,453)	-		-	-		(393,453)
(393,453)	-		-	106,425		431,837
\$ -	\$ -		\$ -	\$ 106,425		\$ 825,290

**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue		Capital Projects
	USDA Revolving Loan	USDA IRP-Loan	Dunlop Park Improvements
Revenue:			
Special Assessments	\$ -	\$ -	\$ -
Interest on Investments	268	8,086	-
Miscellaneous	-	-	-
Total Revenue	268	8,086	-
Expenditures:			
Capital Projects	-	-	54,824
Debt Service:			
Interest/Bond Costs	-	8,311	-
Total Expenditures	-	8,311	54,824
Excess (deficiency) of revenues over expenditures	268	(225)	(54,824)
Other financing sources (uses):			
Issuance of Debt	-	-	-
Bond Issue Costs	-	-	-
Transfers In	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balance	268	(225)	(54,824)
Fund balances (Deficits)-beginning of year	360,152	246,008	167,486
Fund balances (Deficits)- end of year	\$ 360,420	\$ 245,783	\$ 112,662

	Capital Projects			Permanent	
2018 Street Project	Fire Station Improvements	2016 Street Project	Cemetery Perpetual Care Fund	Total Governmental Nonmajor Funds	
\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000	
-	-	-	-	8,354	
-	4,178	-	4,612	8,790	
1,000	4,178	-	4,612	18,144	
394,453	570,892	68,473	-	1,088,642	
-	-	-	-	8,311	
394,453	570,892	68,473	-	1,096,953	
(393,453)	(566,714)	(68,473)	4,612	(1,078,809)	
-	2,755,177	-	-	2,755,177	
-	(36,225)	-	-	(36,225)	
-	65,977	1,120,724	-	1,186,701	
-	2,784,929	1,120,724	-	3,905,653	
(393,453)	2,218,215	1,052,251	4,612	2,826,844	
-	(2,218,215)	(1,052,251)	101,813	(2,395,007)	
\$ (393,453)	\$ -	\$ -	\$ 106,425	\$ 431,837	

**CITY OF ORANGE CITY, IOWA**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b><u>PAYROLL CLEARING</u></b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 37,115	\$ 1,201,127	\$ 1,201,091	\$ 37,151
Total Assets	37,115	1,201,127	1,201,091	37,151
<u>Liabilities</u>				
Accounts Payable	37,115	1,201,127	1,201,091	37,151
Total Liabilities	\$ 37,115	\$ 1,201,127	\$ 1,201,091	\$ 37,151

## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	83
These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.	
Revenue Capacity	86
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	90
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Operating Information	100
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
Demographic and Economic Information	104
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



City of Orange City  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets										
Restricted	\$ 10,910,100	\$ 10,393,481	\$ 9,120,514	\$ 10,326,246	\$ 10,930,092	\$ 10,998,957	\$ 12,957,403	\$ 13,760,478	\$ 15,365,666	\$ 14,234,324
Unrestricted	93,701	1,469,772	1,183,616	1,011,688	1,799,523	1,194,599	1,790,488	2,288,094	2,882,327	2,117,016
	(1,186,561)	(2,184,050)	(1,755,888)	(1,009,192)	(2,897,122)	(2,337,049)	(4,044,115)	(3,176,284)	(5,193,819)	(2,301,395)
Total governmental activities net position	\$ 9,817,240	\$ 9,679,203	\$ 8,548,242	\$ 10,328,742	\$ 9,832,493	\$ 9,856,507	\$ 10,693,776	\$ 12,872,288	\$ 12,854,174	\$ 14,049,945
Business-type activities										
Net Investment in Capital Assets										
Restricted	\$ 10,959,620	\$ 11,196,648	\$ 12,126,884	\$ 12,336,353	\$ 13,537,488	\$ 14,068,240	\$ 15,609,054	\$ 15,858,940	\$ 18,557,290	\$ 18,836,233
Unrestricted	1,103,948	1,106,148	990,235	1,234,478	1,183,889	1,285,989	1,228,080	1,100,341	1,064,092	1,978,634
	6,903,632	7,833,765	8,292,614	8,740,929	8,214,047	10,048,505	9,959,744	9,998,470	8,488,495	8,949,045
Total business-type activities net position	\$ 18,967,200	\$ 20,136,561	\$ 21,409,733	\$ 22,311,760	\$ 22,935,424	\$ 25,402,734	\$ 26,796,878	\$ 26,957,751	\$ 28,109,877	\$ 29,763,912
Primary government										
Net Investment in Capital Assets										
Restricted	\$ 21,869,720	\$ 21,590,129	\$ 21,247,398	\$ 22,662,599	\$ 24,467,580	\$ 25,067,197	\$ 28,566,457	\$ 29,619,418	\$ 33,922,956	\$ 33,070,557
Unrestricted	1,197,649	2,575,920	2,173,851	2,246,166	2,983,412	2,480,588	3,008,568	3,388,435	3,746,419	4,095,650
	5,717,071	5,649,715	6,536,726	7,731,737	5,316,925	7,771,456	5,915,629	6,822,186	3,294,676	6,647,650
Total primary government net position	\$ 28,784,440	\$ 29,815,764	\$ 29,957,975	\$ 32,640,502	\$ 32,767,917	\$ 35,259,241	\$ 37,490,654	\$ 39,830,039	\$ 40,964,051	\$ 43,813,857

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
Public Safety	\$ 767,486	\$ 795,713	\$ 830,457	\$ 828,199	\$ 833,780	\$ 872,249	\$ 872,626	\$ 925,097	\$ 972,996	\$ 1,088,140
Public Works	1,842,509	1,121,275	1,975,401	1,778,275	1,619,083	1,613,585	1,557,306	1,663,733	1,571,805	1,907,228
Culture and Recreation	1,702,991	2,149,142	1,311,021	1,454,835	1,434,484	1,291,006	1,499,304	1,781,317	1,805,929	1,658,414
Community and Economic Development	418,230	475,593	1,572,043	317,481	325,702	325,474	258,417	371,010	697,831	558,788
General Government	451,379	543,010	714,572	1,144,619	2,345,344	992,494	731,785	742,301	712,651	820,252
Debt Service	404,733	338,853	347,165	542,187	431,845	355,325	338,539	357,017	319,025	331,151
Total governmental activities expenses	5,587,328	5,423,586	6,750,659	6,065,596	6,990,238	5,450,133	5,257,977	5,840,475	6,080,237	6,363,973
Business-Type Activities:										
Electric	6,170,727	6,582,661	6,891,993	6,941,319	6,327,351	6,684,885	7,074,776	7,206,806	7,498,724	7,425,922
Water	762,179	845,775	873,848	899,721	943,567	917,303	899,459	1,461,287	964,647	937,061
Sewer	477,046	533,308	601,445	596,619	523,094	540,096	571,113	657,992	572,314	856,862
Gas	3,754,752	2,995,251	2,858,896	2,069,753	2,013,797	2,675,250	2,134,813	1,528,581	1,768,495	2,197,738
Total business-type activities expenses	11,164,704	10,956,995	11,226,182	10,517,412	9,807,809	10,817,534	10,680,161	10,854,666	10,804,180	11,417,583
Total primary government expenses	16,752,032	16,380,581	17,976,841	16,583,008	16,798,047	16,267,667	15,938,138	16,695,141	16,884,417	17,781,556
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public Safety	10,934	22,835	18,328	43,050	22,593	19,309	15,943	39,164	19,299	17,396
Public Works	224,791	226,434	246,619	241,952	257,210	312,823	310,203	479,624	314,332	326,399
Culture and Recreation	202,769	198,059	237,037	232,520	275,661	343,273	306,300	309,631	317,778	323,621
Community & Economic Development	19,751	58,036	22,883	81,442	31,480	32,099	46,335	55,683	82,191	40,867
General Government	30,341	12,809	11,805	46,580	48,534	41,174	35,662	96,387	131,951	60,160
Operating grants and contributions	1,129,518	711,108	748,271	893,471	970,358	916,877	1,242,721	1,134,628	1,105,119	1,135,321
Capital grants and contributions	361,549	115,830	-	1,236,083	399,850	-	217,763	764,281	272,133	110,463
Total governmental activities program revenues	1,979,653	1,345,111	1,284,943	2,775,098	2,005,686	1,665,555	2,174,927	2,879,398	2,242,803	2,014,227
Business-type activities:										
Charges for services:										
Electric	6,642,889	7,076,337	7,427,476	7,640,948	7,011,542	7,522,021	7,805,183	7,776,001	8,362,166	8,473,321
Water	818,193	785,796	831,730	977,427	882,207	886,144	900,765	934,342	1,033,612	1,016,294
Sewer	629,144	546,929	566,441	609,951	606,825	592,445	715,410	842,497	894,726	1,233,550
Gas	3,985,313	3,286,965	3,027,700	2,129,278	2,156,043	2,809,763	2,114,065	1,595,054	1,784,999	2,412,384
Total business-type activities program revenues	12,075,539	11,696,027	11,853,347	11,357,604	10,656,617	11,810,373	11,535,423	11,147,894	12,075,503	13,135,549
Total primary government program revenues	14,055,192	13,041,138	13,138,290	14,132,702	12,662,303	13,475,928	13,710,350	14,027,292	14,318,306	15,149,776
Net (expense)/revenue	(3,607,675)	(4,078,475)	(5,465,716)	(3,290,498)	(4,984,552)	(3,784,578)	(3,083,050)	(2,961,077)	(3,837,434)	(4,349,746)
Governmental activities	910,835	739,032	627,165	840,192	848,808	992,839	855,262	293,228	1,271,323	1,717,966
Business-type activities	\$ (2,696,840)	\$ (3,339,443)	\$ (4,838,551)	\$ (2,450,306)	\$ (4,135,744)	\$ (2,791,739)	\$ (2,227,788)	\$ (2,667,849)	\$ (2,566,111)	\$ (2,631,780)
Total primary government net expense										

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 2,671,193	\$ 2,715,434	\$ 2,819,037	\$ 3,265,842	\$ 3,298,474	\$ 3,478,291	\$ 3,515,407	\$ 3,573,908	\$ 4,144,235	\$ 4,204,400
Local option sales tax	642,603	596,463	646,042	669,520	736,474	710,785	792,255	846,836	950,305	851,052
Investment Earnings	28,217	7,586	3,963	11,297	9,621	2,328	8,935	8,864	13,109	11,555
Gain on Sale of Assets	3,000	189,700	100,120	94,548	145,696	52,023	55,600	168,810	267,743	55,000
Miscellaneous	189,587	149,288	196,505	117,618	117,465	45,850	97,363	-	-	176,451
Transfers	319,120	281,967	569,088	912,173	442,342	(480,685)	451,895	389,219	318,303	272,189
Total governmental activities	3,853,720	3,940,438	4,334,755	5,070,998	4,750,072	3,808,592	4,921,455	4,987,637	5,693,695	5,570,647
Business-type activities										
Investment Earnings	63,023	15,464	18,935	18,772	18,988	16,015	32,655	15,219	41,730	43,469
Gain on Sale of Joint Venture	-	-	-	-	-	-	926,349	-	-	-
Miscellaneous	49,080	105,173	313,364	955,236	382,211	977,771	364,780	241,645	157,376	174,431
Transfers	(319,120)	(281,967)	(569,088)	(912,173)	(442,342)	480,685	(451,895)	(389,219)	(318,303)	(272,189)
Total business-type activities	(207,017)	(161,330)	(236,789)	61,835	(41,143)	1,474,471	871,889	(132,355)	(119,197)	(54,289)
Total primary government	3,646,703	3,779,108	4,097,966	5,132,833	4,708,929	5,283,063	5,793,344	4,855,282	5,574,498	5,516,358
<b>Change in Net Position</b>										
Governmental activities	246,045	(138,037)	(1,130,961)	1,780,500	(234,480)	24,014	1,838,405	2,026,560	1,856,261	1,220,901
Business-type activities	703,818	577,702	390,376	902,027	807,665	2,467,310	1,727,151	160,873	1,152,126	1,663,677
Total primary government	\$ 949,863	\$ 439,665	\$ (740,585)	\$ 2,682,527	\$ 573,185	\$ 2,491,324	\$ 3,565,556	\$ 2,187,433	\$ 3,008,387	\$ 2,884,578

**City of Orange City**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<u>Fiscal</u> <u>Year</u>		<u>Property</u> <u>Tax</u>		<u>Sales</u> <u>Tax</u>		<u>Hotel/Motel</u> <u>Tax</u>		<u>Total</u>
2009	\$	2,681,252	\$	610,329	\$	32,274	\$	3,323,855
2010		2,714,146		567,477		28,986		3,310,609
2011		2,819,037		612,552		33,490		3,465,079
2012		3,265,842		636,004		33,516		3,935,362
2013		3,298,474		697,311		39,163		4,034,948
2014		3,478,291		665,445		45,340		4,189,076
2015		3,516,500		729,579		62,676		4,308,755
2016		3,573,908		732,685		114,151		4,420,744
2017		4,144,235		817,220		133,085		5,094,540
2018	\$	4,204,400	\$	710,777	\$	140,275	\$	5,055,452

**City of Orange City**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund										
Unreserved/ Unassigned	\$ 1,018,865	\$ 726,767	\$ 1,611,731	\$ 1,685,923	\$ 1,662,462	\$ 1,485,642	\$ 1,455,766	\$ 1,237,614	\$ 1,460,698	\$ 1,438,611
Total General Fund	<u>\$ 1,018,865</u>	<u>\$ 726,767</u>	<u>\$ 1,611,731</u>	<u>\$ 1,685,923</u>	<u>\$ 1,662,462</u>	<u>\$ 1,485,642</u>	<u>\$ 1,455,766</u>	<u>\$ 1,237,614</u>	<u>\$ 1,460,698</u>	<u>\$ 1,438,611</u>
All other governmental funds										
Reserved	\$ 142,036	\$ 139,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable			108,324	113,584	99,475	102,475	105,923	115,943	114,087	123,176
Spendable - Restricted	-	-	1,075,292	3,388,875	1,729,040	1,118,673	1,703,352	2,172,151	2,592,476	2,023,314
Spendable - Assigned	-	-	52,504	6,000	9,683	-	-	162,486	167,486	112,662
Spendable - Unassigned	-	-	(852,789)	(240,584)	(656,870)	(193,747)	(1,252,696)	(681,288)	(3,270,466)	(393,453)
Unreserved, reported in:										
Special revenue funds	993,887	1,355,796	-	-	-	-	-	-	-	-
Capital project funds	(381,481)	(233,248)	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 754,442</u>	<u>\$ 1,262,215</u>	<u>\$ 383,331</u>	<u>\$ 3,267,875</u>	<u>\$ 1,181,328</u>	<u>\$ 1,027,401</u>	<u>\$ 556,579</u>	<u>\$ 1,769,292</u>	<u>\$ (396,417)</u>	<u>\$ 1,865,699</u>

Note: The City implemented GASB 54 in fiscal 2011, which changed fund balance classifications for periods beginning after June 15, 2010.

**City of Orange City**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues</b>				
Taxes	\$ 2,114,229	\$ 2,150,832	\$ 2,357,270	\$ 2,579,057
Special Assessments	-	32,393	-	-
Licenses and permits	3,859	3,927	4,541	5,288
Intergovernmental	1,491,067	826,938	748,271	1,969,554
Charges for services	434,216	432,831	440,500	535,950
Fines and Forfeits	25,239	28,798	28,640	44,919
Contributions from Property Owners	6,788	5,005	8,109	2,029
TIF Revenue	567,023	563,314	468,922	688,900
Local Options Sales Tax	642,603	596,463	646,042	669,520
Investment Earnings	29,767	7,586	3,963	11,297
Miscellaneous	209,521	326,357	342,347	429,524
Total revenues	<u>5,524,312</u>	<u>4,974,444</u>	<u>5,048,605</u>	<u>6,936,038</u>
<b>Expenditures</b>				
Public safety	882,662	1,074,560	757,212	790,598
Public works	1,055,055	1,128,842	810,124	1,018,539
Culture and recreation	1,492,116	1,107,667	1,102,791	1,265,084
Community and economic development	418,465	345,945	221,428	317,787
General government	428,584	601,476	695,362	1,150,288
Capital projects	718,347	1,414,710	2,336,490	5,601,071
Debt service				
Principal	825,000	1,450,000	850,000	2,770,000
Interest	384,001	371,011	347,366	663,442
Total expenditures	<u>6,204,230</u>	<u>7,494,211</u>	<u>7,120,773</u>	<u>13,576,809</u>
Excess of revenues over (under) expenditures	(679,918)	(2,519,767)	(2,072,168)	(6,640,771)
<b>Other financing sources (uses)</b>				
Issuance of Debt	-	2,425,000	1,500,000	8,685,000
Proceeds From Sale of Equipment	-	27,850	-	-
Transfers In	2,085,762	1,273,474	1,135,326	1,718,587
Transfers Out	<u>(1,766,642)</u>	<u>(991,507)</u>	<u>(566,238)</u>	<u>(806,414)</u>
Total other financing sources (uses)	<u>319,120</u>	<u>2,734,817</u>	<u>2,069,088</u>	<u>9,597,173</u>
Net change in fund balances	<u>\$ (360,798)</u>	<u>\$ 215,050</u>	<u>\$ (3,080)</u>	<u>\$ 2,956,402</u>
Debt Service as a percentage of noncapital expenditures	22.0%	30.0%	25.0%	43.0%

**City of Orange City**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 2,551,158	\$ 2,663,304	\$ 2,663,371	\$ 2,678,042	\$ 3,022,560	\$ 3,118,441
-	611	2,989	136,656	25,890	27,049
5,600	6,348	6,326	6,125	6,779	6,691
1,242,033	860,790	1,418,642	1,402,468	1,105,119	1,112,570
588,213	710,928	679,390	702,580	717,798	699,514
40,664	29,896	25,142	28,891	24,501	24,095
1,001	53,087	58,130	-	-	-
748,320	815,553	853,129	895,866	1,121,675	1,085,959
736,474	710,785	792,255	846,836	950,305	851,052
9,621	2,328	8,935	8,864	13,109	11,555
391,336	106,335	137,271	727,463	652,369	400,813
<u>6,314,420</u>	<u>5,959,965</u>	<u>6,645,580</u>	<u>7,433,791</u>	<u>7,640,105</u>	<u>7,337,739</u>
749,557	811,614	864,188	978,225	946,213	985,180
1,027,380	1,098,769	990,558	1,324,398	1,011,665	1,204,569
1,215,909	1,231,065	1,578,372	1,648,339	1,660,106	1,775,252
325,237	325,398	257,568	347,749	418,778	449,681
2,215,628	866,915	613,733	614,203	586,020	710,129
856,115	1,541,643	2,302,188	2,654,972	3,300,232	1,188,431
3,475,000	1,330,000	1,490,000	3,065,000	1,820,000	1,625,000
435,210	357,768	336,301	348,172	338,213	299,137
<u>10,300,036</u>	<u>7,563,172</u>	<u>8,432,908</u>	<u>10,981,058</u>	<u>10,081,227</u>	<u>8,237,379</u>
(3,985,616)	(1,603,207)	(1,787,328)	(3,547,267)	(2,441,122)	(899,640)
1,450,000	905,000	835,000	4,145,588	-	2,718,952
-	-	-	-	-	-
1,227,493	1,933,500	1,211,895	1,658,616	1,411,831	2,254,818
<u>(785,151)</u>	<u>(1,566,040)</u>	<u>(760,000)</u>	<u>(1,269,397)</u>	<u>(909,453)</u>	<u>(1,838,579)</u>
<u>1,892,342</u>	<u>1,272,460</u>	<u>1,286,895</u>	<u>4,534,807</u>	<u>502,378</u>	<u>3,135,191</u>
<u>\$ (2,093,274)</u>	<u>\$ (330,747)</u>	<u>\$ (500,433)</u>	<u>\$ 987,540</u>	<u>\$ (1,938,744)</u>	<u>\$ 2,235,551</u>
41.4%	28.0%	29.8%	41.0%	31.8%	27.3%

**City of Orange City**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Real Property		Utilities		Total		Weighted Average Direct Property Tax Rate	Assessed Value as a Percentage of Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2009	\$ 160,105,919	\$ 277,172,987	\$ 1,576,622	\$ 1,576,622	\$ 161,682,541	\$ 278,749,609	\$ 14.3607	58.00%
2010	170,291,914	285,044,596	1,622,383	1,622,383	171,914,297	286,666,979	13.7134	59.97%
2011	179,718,563	298,824,053	1,530,692	1,530,692	181,249,255	300,354,745	13.9632	60.35%
2012	186,572,943	307,648,687	1,504,207	1,504,207	188,077,150	309,152,894	15.1299	60.84%
2013	193,695,499	312,339,104	1,439,678	1,439,678	195,135,177	313,778,782	14.4604	62.19%
2014	203,344,454	319,146,298	1,397,513	1,397,513	204,741,967	320,543,811	14.4413	63.87%
2015	212,032,667	332,787,311	1,344,293	1,344,293	213,376,960	334,131,604	13.9507	63.86%
2016	214,892,352	337,075,899	1,386,135	1,386,135	216,278,487	338,462,034	13.9852	63.90%
2017	232,506,882	363,623,547	1,352,493	1,352,493	233,859,375	364,976,040	14.5616	64.08%
2018	\$ 231,935,310	\$ 369,037,370	\$ 1,317,393	\$ 1,317,393	\$ 233,252,703	\$ 370,354,763	\$ 14.7916	62.98%

Source: Assessed Values are obtained from the Sioux County Courthouse - Assessor's Office.



**City of Orange City  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

Fiscal Year	City of Orange City				Overlapping Rates						Total Direct & Overlapping Rates	
	Debt			Total City Millage	Sioux County			MOC-FV School District				Area Vocational School
	Operating Millage	Service Millage	Total		Operating Millage	Debt Service Millage	Total School Millage					
2009	\$ 7.8009	\$ 6.5598	\$ 14.3607		\$ 5.1980	\$ 0.4084	\$ 5.6064	\$ 11.9937	\$ -	\$ 11.9937	\$ 0.6875	\$ 32.6483
2010	7.8840	5.8294	13.7134		5.07305	0.44328	5.51633	11.99250	-	11.99250	0.65473	31.8770
2011	7.8530	6.1102	13.9632		4.98456	0.39015	5.37471	12.77383	-	12.77383	0.67631	32.7881
2012	7.8767	7.2532	15.1299		4.98854	0.37498	5.36352	11.69433	-	11.69433	0.65058	32.8383
2013	7.8835	6.5769	14.4604		4.99109	0.34907	5.34016	11.72321	-	11.72321	0.64379	32.1675
2014	7.9024	6.5389	14.4413		4.96936	0.36585	5.33521	10.91617	-	10.91617	0.69069	31.3834
2015	7.9280	6.0227	13.9507		5.09107	0.34004	5.43111	10.43910	-	10.43910	0.69099	30.5119
2016	7.9356	6.0496	13.9852		5.04875	0.33349	5.38224	10.21986	-	10.21986	0.73347	30.3208
2017	7.7209	6.8406	14.5616		4.87690	0.30282	5.17972	10.23161	-	10.23161	0.78118	30.7541
2018	\$ 8.4969	\$ 6.2947	\$ 14.7916		\$ 4.47319	\$ 0.28428	\$ 4.75747	\$ 10.2388	\$ -	\$ 10.2388	\$ 0.79048	\$ 30.5784

Taxes due July 1

Taxes delinquent first half - October 1; second half - April 1.

Penalties for delinquency: 1.5 percent per month.

Discount allowed: none

Uncollected taxes handled as follows: delinquent real estate tax list published in newspaper prior to May 16.

Taxes collected by Sioux County and distributed to the City of Orange City in proportion of its levy to all levies.

Tax sale date: first Monday in June.

Source: The tax rates are obtained from the Sioux County Courthouse - Auditor's Office.

**City of Orange City**  
**Principal Property Taxpayers**  
**June 30, 2018**

	2018				2009			
	Assessed		Percentage of		Assessed		Percentage of	
<u>Taxpayer</u>	<u>Value</u>	<u>Rank</u>	<u>Value</u>	<u>Total Assessed</u>	<u>Value</u>	<u>Rank</u>	<u>Value</u>	<u>Total Assessed</u>
Vogel Enterprises Inc.	\$ 9,589,060	1	4.1%		\$ 7,833,396	2	2.8%	
SCC10 Orange City	8,947,110	2	3.8%		11,425,720	1	4.1%	
Premium Pet Health LLC	4,733,080	3	2.0%					
Prairie Winds Hotel Holdings	4,204,220	4	1.8%					
Aerospace Holdings LLC	3,589,300	5	1.5%		1,318,510	10	0.5%	
OCDC, Inc.	2,937,050	6	1.3%		1,435,750	8	0.5%	
Groeneweg, Ardie Rev Trust	2,404,640	7	1.0%		2,348,640	4	0.8%	
Krull Ltd.	1,965,610	8	0.8%		1,664,870	5	0.6%	
Iowa State Bank Orange City	1,770,590	9	0.8%		1,508,290	7	0.5%	
Revival Animal Health Inc.	1,592,410	10	0.7%					
Advanced Brands LLC					5,337,920	3	1.9%	
Midwest Farmers Coop					1,531,940	6	0.5%	
Northwest Rural Electric Coop					1,330,860	9	0.5%	
Totals	\$ 41,733,070		17.8%		\$ 35,735,896		12.7%	

Source: Assessed Values are obtained from the Sioux County Courthouse - Assessor's Office.

**City of Orange City**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended 6/30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Delinquent Tax Collections</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>% of Levy</b>		<b>Amount</b>	<b>% of Levy</b>
2009	\$ 2,120,301	\$ 2,099,098	99.00%	\$ 15,131	\$ 2,114,229	99.71%
2010	2,239,272	2,127,308	95.00%	23,524	2,150,832	96.05%
2011	2,375,426	2,351,672	99.00%	5,598	2,357,270	99.24%
2012	2,632,123	2,526,838	96.00%	52,219	2,579,057	97.98%
2013	2,571,446	2,545,732	99.00%	5,426	2,551,158	99.21%
2014	2,663,471	2,660,808	99.90%	2,496	2,663,304	99.99%
2015	2,660,942	2,658,993	99.93%	4,378	2,663,371	100.09%
2016	2,676,223	2,674,162	99.92%	3,880	2,678,042	100.07%
2017	3,020,665	3,018,665	99.93%	3,895	3,022,560	100.06%
2018	\$ 3,113,207	\$ 3,110,985	99.93%	7,456	\$ 3,118,441	100.17%

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

Fiscal Year	Governmental Activities	Business-Type Activities					Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Electric Bonds	Water Bonds	Sewer Bonds	Gas Bonds				
2009	\$ 7,785,000	\$ 2,560,000	\$ 2,060,000	\$ 715,000	\$ 1,240,000	\$ 14,360,000	476.40%	\$ 2,446	
2010	8,760,000	2,365,000	1,955,000	610,000	1,150,000	14,840,000	492.32%	2,527	
2011	9,410,000	2,165,000	1,850,000	500,000	1,055,000	14,980,000	496.96%	2,495	
2012	15,325,000	4,845,000	4,535,000	390,000	865,000	25,960,000	861.23%	4,324	
2013	13,300,000	4,525,000	4,420,000	260,000	765,000	23,270,000	764.68%	3,876	
2014	12,875,000	4,180,000	2,745,000	130,000	660,000	20,590,000	676.61%	3,429	
2015	12,220,000	3,830,000	2,540,000	-	555,000	19,145,000	629.13%	3,189	
2016	13,160,000	3,470,000	2,330,000	-	450,000	19,410,000	637.84%	3,233	
2017	11,340,000	3,105,000	2,120,000	-	340,000	16,905,000	555.52%	2,816	
2018	\$ 12,415,000	\$ 2,725,000	\$ 1,910,000	\$ 8,715,000	\$ 230,000	\$ 25,995,000	862.39%	\$ 4,330	

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

See the Schedule of Demographic and Economic Statistics on page 95 for personal income and population data.

**City of Orange City**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b><u>Fiscal Year</u></b>	<b><u>General Obligation Bonds</u></b>	<b><u>Less: Amounts Available in Debt Service Fund</u></b>	<b><u>Total</u></b>	<b><u>Percentage of Estimated Actual Taxable Value of Property</u></b>	<b><u>Per Capita</u></b>
2009	\$ 7,785,000	\$ 49,021	\$ 7,735,979	2.80	\$ 1,384.14
2010	8,760,000	42,202	8,717,798	3.07	1,559.81
2011	9,410,000	64,480	9,345,520	3.11	1,672.13
2012	15,325,000	2,496,771	12,828,229	4.17	2,295.26
2013	13,300,000	76,972	13,223,028	4.24	2,202.37
2014	12,875,000	66,652	12,808,348	4.03	2,133.30
2015	12,220,000	94,881	12,125,119	3.63	2,019.51
2016	13,160,000	241,411	12,918,589	3.82	2,151.66
2017	11,340,000	271,967	11,068,033	3.03	1,843.44
2018	\$ 12,415,000	\$ 324,124	\$ 12,090,876	3.28	\$ 2,013.80

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

Population data can be found in the Schedule of Demographic and Economic Statistics.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

**City of Orange City**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2018**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: School District	\$ 6,856,827	45.89%	\$ 3,146,598
Debt repaid with property taxes; Sioux County	8,915,000	14.63%	1,304,265
Subtotal, overlapping debt			<u>\$ 4,450,863</u>
City of Orange City direct debt			<u>12,415,000</u>
Total direct and overlapping debt			<u><u>\$ 16,865,863</u></u>

Sources: Debt outstanding data provided by the school and Sioux County Auditor Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Orange City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

1 The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

**City of Orange City**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 13,817,547	\$ 14,333,349	\$ 15,017,737	\$ 15,381,996	\$ 15,615,047	\$ 15,957,315	\$ 16,639,365	\$ 16,853,795	\$ 18,181,177	\$ 18,451,869
Total net debt applicable to limit	7,735,979	8,717,798	9,410,000	12,828,229	13,226,028	12,808,348	12,125,119	12,918,589	12,132,128	12,953,100
Legal debt margin	\$ 6,081,568	\$ 5,615,551	\$ 5,607,737	\$ 2,553,767	\$ 2,389,019	\$ 3,148,967	\$ 4,514,246	\$ 3,935,206	\$ 6,049,049	\$ 5,498,769
Total net debt applicable to the limit as a percentage of debt limit	55.99%	60.82%	62.66%	83.40%	84.70%	80.27%	72.87%	76.65%	66.73%	70.20%
<b>Legal Debt Margin Calculation for Fiscal Year 2017</b>										
Assessed value										\$ 369,037,370
Total assessed value										\$ 369,037,370
Debt limit (5% of total assessed value)										18,451,869
Debt applicable to limit:										12,415,000
General obligation bonds										862,224
Urban Renewal Development Agreements										(324,124)
Less Amount in Debt Service Fund										12,953,100
Total net debt applicable to limit										\$ 5,498,769
Legal debt margin										

Note: Under state finance law, the City of Orange City's outstanding general obligation debt should not exceed 5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Orange City**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Electric Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2009	\$ 6,694,451	\$ 5,431,989	\$ 1,262,462	\$ 185,000	\$ 109,828	4.28
2010	7,109,106	5,855,120	1,253,986	195,000	103,259	4.20
2011	7,478,164	6,123,211	1,354,953	200,000	96,163	4.58
2012	8,310,961	6,194,388	2,116,573	1,320,000	95,348	1.50
2013	7,057,722	5,374,681	1,683,041	320,000	102,769	3.98
2014	7,999,338	5,559,030	2,440,308	345,000	99,014	5.50
2015	7,889,276	5,756,923	2,132,353	350,000	94,185	4.80
2016	7,759,613	5,905,746	1,853,867	360,000	88,766	4.13
2017	8,406,522	6,355,393	2,051,129	365,000	72,455	4.69
2018	8,592,902	6,400,163	2,192,739	380,000	63,950	4.94

<u>Fiscal Year</u>	<u>Water Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2009	849,428	434,916	414,512	160,000	93,700	1.63
2010	848,050	472,818	375,232	105,000	90,147	1.92
2011	1,103,182	541,275	561,907	105,000	86,531	2.93
2012	1,270,145	539,261	730,884	110,000	117,801	3.21
2013	1,218,594	519,783	698,811	115,000	137,969	2.76
2014	1,252,319	545,862	706,457	1,675,000	99,558	0.40
2015	1,008,205	559,105	449,100	205,000	60,863	1.69
2016	1,141,088	921,581	219,507	210,000	58,723	0.82
2017	1,082,756	615,446	467,310	210,000	56,087	1.76
2018	\$ 1,080,171	\$ 632,146	\$ 448,025	\$ 210,000	\$ 52,927	1.70

Note: Operating Expenses do not include depreciation expense

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**City of Orange City**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Sewer Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2009	\$ 653,684	\$ 272,149	\$ 381,535	\$ 100,000	\$ 41,567	2.70
2010	570,344	307,400	262,944	105,000	36,646	1.86
2011	574,887	385,032	189,855	95,000	31,369	1.50
2012	619,534	396,497	223,037	630,000	10,731	0.35
2013	625,457	364,652	260,805	130,000	3,737	1.95
2014	742,217	357,322	384,895	130,000	2,925	2.90
2015	914,621	399,720	514,901	130,000	1,625	3.91
2016	908,510	485,953	422,557	-	-	-
2017	1,000,275	387,940	612,335	-	-	-
2018	1,256,976	408,665	848,311	100,000	255,920	2.38

<u>Fiscal Year</u>	<u>Gas Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2009	3,990,079	3,628,756	361,323	90,000	57,548	2.45
2010	3,289,164	2,869,709	419,455	90,000	54,598	2.90
2011	3,029,413	2,714,939	314,474	95,000	51,344	2.15
2012	2,130,972	1,973,501	157,471	1,125,000	23,494	0.14
2013	2,156,043	1,920,062	235,981	100,000	15,448	2.04
2014	2,810,285	2,580,109	230,176	105,000	14,823	1.92
2015	2,120,756	1,957,138	163,618	105,000	13,772	1.38
2016	1,595,549	1,442,028	153,521	105,000	12,461	1.31
2017	1,785,056	1,672,856	112,200	110,000	10,832	0.93
2018	\$ 2,413,217	\$ 2,092,061	\$ 321,156	\$ 110,000	\$ 8,743	2.70

Note: Operating Expenses do not include depreciation expense

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

City of Orange City  
Principal Employers  
June 30, 2018

	2018			2009		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Population</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Population</u>
Staples Inc.	515	1	8.58%	400	3	6.81%
Orange City Health System	495	2	8.24%	500	1	8.51%
Diamond Vogel Paints	350	3	5.83%	350	4	5.96%
Premium Pet Health	245	4	4.08%			0.00%
Quatro Composites Inc.	230	5	3.83%	60	8	1.02%
Northwestern College	180	6	3.00%	187	5	3.18%
MOC-FV School District	180	7	3.00%			0.00%
Sioux County Courthouse	75	8	1.25%	75	6	0.00%
Civco Medical Solutions	70	9	1.17%	60	7	1.28%
Revival Animal Health	65	10	1.08%	40	9	1.02%
ES Liner Industrial				35	10	0.68%
Silent Drive Inc.						0.60%
Advance Brands				475	2	8.09%
Total	2,405		40.06%	2,182		37.16%

Note: Source for this data was obtained from Iowa Workforce Development

**City of Orange City**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
General Government	9	9	10	10	10	10	10	10	10	10
Public Safety										
Police Officers	7	7	7	7	7	7	7	7	7	7
Highways and streets	3	3	3	3	3	3	3	3	3	3
Culture and recreation	3	3	3	3	3	3	3	3	3	3
Library	1	1	1	1	1	2	2	2	2	2
Electric	5	5	5	5	5	5	5	5	5	5
Water	2	2	2	2	2	2	2	2	2	2
Sewer	1	1	1	1	1	1	1	1	1	1
Gas	2	2	2	2	2	2	2	2	2	2
Total	33	33	34	34	34	35	35	35	35	35

**Sources:** Various city departments.

**City of Orange City**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General Government</b>										
Zoning Permits Issued	79	86	56	78	62	68	89	65	95	81
<b>Police</b>										
Physical Arrests	93	102	99	112	83	92	76	69	88	91
Parking Violations	240	252	231	247	281	274	224	258	237	210
Traffic Violations	284	291	460	442	430	439	368	403	353	510
<b>Fire</b>										
Emergency Responses	49	61	61	52	72	98	112	107	104	92
Fires Extinguished	6	4	5	7	11	13	7	6	4	5
<b>Refuse Collection</b>										
Refuse collected (tons per day)	9	10	9	9	9	9	9	9	9	9
Recyclables collected (tons per day)	1	1	1	1	1	1	1	1	1	1
<b>Parks &amp; Recreation</b>										
Pool Passes Issued ( Budget Pass)	113	122	93	86	79	71	63	54	48	35
Pool Passes Issued ( Individual Pass)	53	78	60	52	47	42	80	74	63	56
Pool Passes Issued ( Family Pass)	74	224	229	243	256	237	202	217	205	220
Pool Passes Issued ( Senior Pass)	4	76	24	18	16	14	17	13	9	6
<b>Library</b>										
Volumes in collection	63,905	63,905	63,905	63,905	63,905	63,905	63,905	63,905	63,905	63,905
Total volumes borrowed	226,250	226,250	226,250	226,250	226,250	226,250	226,250	226,250	226,250	226,250
<b>Water</b>										
New connections	5	9	7	3	10	6	8	21	-	14
Water main breaks	1	3	4	5	10	7	6	3	2	8
Average daily consumption (thousands of gallons)	887	983	821	920	819	821	815	823	825	863
Peak daily consumption (thousands of gallons)	1,700	1,500	1,900	2,100	2,120	2,115	1,900	1,950	1,940	1,448
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	884	1,149	1,456	1,473	753	748	748	761	748	801

**Sources: Various city departments.**

**City of Orange City**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	4	4	4	4	4	4	4	4	4	4
<b>Fire Station</b>	1	1	1	1	1	1	1	1	1	1
<b>Other Public Works</b>										
Streets (miles)	47	47	47	49	49	50	51	52	52	53
Streetlights	889	927	927	928	933	938	942	961	961	985
Traffic Signals	2	2	2	2	2	2	2	2	2	2
<b>Parks and recreation</b>										
Aceage	230	230	230	230	230	230	230	230	230	230
Playgrounds	5	5	5	5	5	5	5	5	5	5
Baseball/softball diamonds	2	2	2	2	2	2	2	2	2	3
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
Community Center	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Water Mains (miles)	47	47	47	49	49	49	49	50	50	50
Fire Hydrants	282	282	282	285	285	285	285	288	288	291
Storage capacity (thousands of gallons)	950	950	950	950	1,120	1,120	1,120	1,120	1,120	1,120
<b>Wastewater</b>										
Sanitary Sewers (miles)	41	41	41	43	43	43	43	44	44	47
Storm Sewer (miles)	19	19	19	21	21	21	21	23	23	28
Treatment capacity (thousands of gallons)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

**Sources: Various city departments**

**City of Orange City  
Demographic and Economic Statistics**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Education Level in Years of Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2009	5,872	\$ 30,143	\$ 22,142	28.5	16	1940	3.9%
2010	5,872	30,143	22,142	28.5	16	1940	3.9%
2011	6,004	30,143	22,142	28.5	16	1940	4.1%
2012	6,004	30,143	22,142	28.5	16	1940	4.1%
2013	6,004	30,143	20,768	29.0	16	1940	3.4%
2014	6,004	30,143	20,768	29.0	16	1940	2.9%
2015	6,004	30,143	20,768	29.0	16	1940	2.9%
2016	6,004	30,143	20,768	29.0	16	1940	2.1%
2017	6,004	30,143	20,768	29.0	16	1940	1.7%
2018	6,004	\$ 30,143	\$ 20,768	29.0	16	1940	2.3%

Sources: Population, median age, and educational level information provided by the United States Census Bureau. School enrollment data provided by the Orange City school districts.

Note: Personal Income is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

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

Honorable Members of the City Council  
City of Orange City, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange City, Iowa, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Orange City, Iowa's basic financial statements and have issued our report thereon dated December 6, 2018. Our report includes a reference to other auditors who audited the financial statements of the Orange City Area Health System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting:***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detects and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *Significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as 2018-001 that we consider to be a material weakness.

***Compliance and Other Matters:***

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

***City of Orange City, Iowa's Response to Findings***

City of Orange City, Iowa's response to the findings identified in our audit is described in the accompanying schedule of findings. The City of Orange City, Iowa's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

  
Certified Public Accountants

Le Mars, Iowa  
December 6, 2018



**CITY OF ORANGE CITY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2018**

**Part I: Summary of the Independent Auditors' Results**

- (a) An unmodified opinion was issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements**

**INSTANCES OF NON-COMPLIANCE:**

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

**Material Weakness:**

2018-001 **Financial Reporting – Material Adjusting Journal Entries**

Condition and Criteria – The auditors were required to propose and have management post adjusting entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles..

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation – We recommend that the City train additional staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials – City management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost effective. However, management has and will continue to monitor this process on a regular basis.

**Part III: Other Findings Related to Required Statutory Reporting**

III-A-18 **Certified Budget**

Condition and Criteria – City expenditures during the year ended June 30, 2018, exceeded amounts budgeted in the Public Works, Culture and Recreation, Community and Economic Development and Debt Service functions.

Effect – The City is not in compliance with Chapter 384.18 of the Code of Iowa.

**CITY OF ORANGE CITY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2018**

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

Cause – The City approved a budget amendment on May 10, 2018. With limited personnel and time constraints, the City inadvertently omitted some items from the preparation of their budget amendment.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Views of Responsible Officials – The budget will be amended in the future, if applicable.

- III-B-18 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- III-C-18 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure the coverage is adequate for current operations.
- III-D-18 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- III-E-18 - Questionable Expenditures - We noted no questionable expenditures during our audit.
- III-F-18 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- III-G-18 - Business Transactions – No business transactions between the City and city officials were noted during the course of the audit.
- III-H-18 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- III-I-18 - Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.