

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF ORANGE CITY, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

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, 2019  
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\* \* \* \*

December 17, 2019

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, 2019.

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, 2019. 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 31<sup>st</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 2018-2019 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 North Weiland. The development will have water, sewer, storm sewer, and paving improvements. The development will have approximately ten one acre 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, 2018. 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,

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Duane Feekes  
City Administrator

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Kent Anderson  
Finance Officer

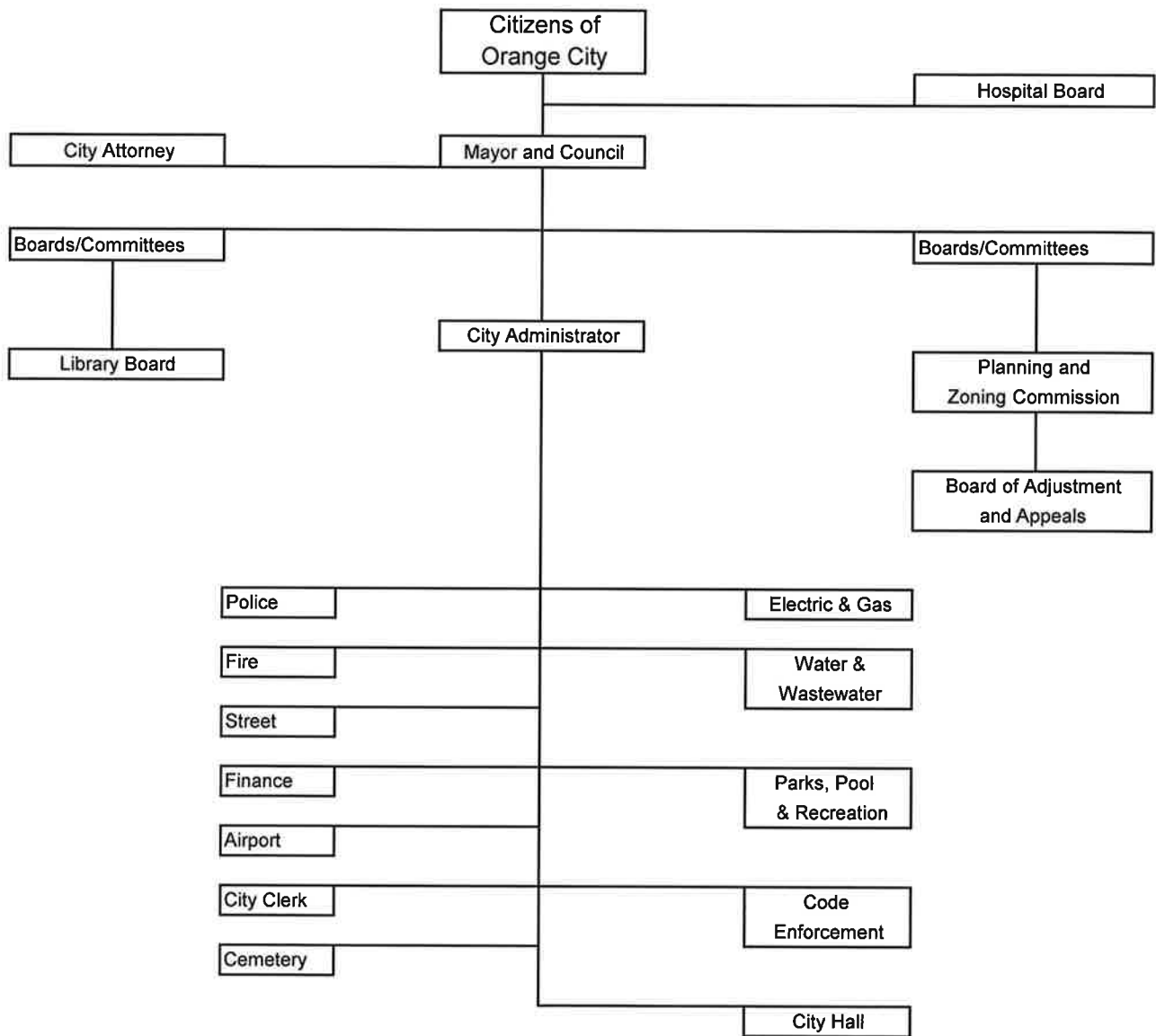
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2018. The Certificate of Achievement 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

Randy Jacobsma, Chairman  
Tim Zeutenhorst, Vice Chairman  
Brenda Richardson, Secretary  
Russ Adams  
Kathy Alons  
Jerry Henrich  
Chris Immeker

#### 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  
Rhonda Moret  
Harold Hoftyzer  
Joe Ivy

### ARTS COUNCIL

Aaron Beadner  
Char Ten-Clay  
Laura Malenke  
Terry J. Mouw  
Jim Schaap  
Emily Stokes  
Diana Gonzalez  
John Buntsma  
Lindsay Bauer, Executive Director

### LIBRARY BOARD OF DIRECTORS

Sue Kroesche, President  
Kay Joiner, Vice-President  
Micah Bilby, Secretary  
Elizabeth Kensak  
Brent Philipsen  
Cary Valdes  
Jared Weber

### FIRE DEPARTMENT

Seth Bents  
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  
John Heller  
Kyle Heemstra  
Ryan Hoekstra  
Al Jeltema  
Riley Jeltema  
Kevin Lopez  
Ann Lundberg  
Josh Meis  
Nate Mosterd  
Mitchell Phomphakdy  
Mike Ritz  
Andrew Roghair  
Dan Roghair  
Lee Roghair  
Matt Saltsgiver  
Dan Schram  
Dennis VanderWel, Chief  
Brent Van Leeuwen

## CITY PERSONNEL

### ADMINISTRATION

Kent Anderson  
Janet Brown  
Duane Feekes  
Mark Gaul

Finance Officer  
City Clerk  
City Administrator  
Community Development Director

Matt Van Schouwen  
Kurt Frederes  
Barb Ramsey  
We Ruden  
Mary Wichers

Public Works Director  
Code Officer  
Billing Clerk  
Event Center Manager  
Receptionist/Secretary

### POLICE DEPARTMENT

Jim Pottebaum  
Duane Hulstein  
Bruce Jacobsma  
Chad Van Ravenswaay  
Audley DeJong  
Trey Niemyer  
Darren Wielenga

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

Director  
Park Maintenance

### MUNICIPAL BUILDINGS

Bill Van Marel Jr.

Custodian

### UTILITIES

Ed DeJong  
Alan DeJong  
Shane Schwarz  
Michael Klootwyk  
Kirk Maasdam  
Todd Klein  
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

Marty W. Guthmiller  
Dina Baas

Administrator  
Chief Financial Officer

### LIBRARY

Lisa Johnson  
Parveen Karim

Administrator  
Assistant 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, 2019, 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 \$67,808,774 and total program revenues of \$52,616,472 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, 2019, 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.

## **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 12 through 24 and 71 through 77 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 17, 2019 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 solely 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.

  
Certified Public Accountants

Le Mars, Iowa  
December 17, 2019

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

**June 30, 2019**

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, 2019. 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 and deferred outflows of resources of the City of Orange City exceeded liabilities and deferred inflows of resources at June 30, 2019 by \$47,406,324. Of this amount, \$5,572,204 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$ 3,592,467 during the year. Of this amount, the governmental activities increased by \$1,480,552 and the net position of our business activities increased by \$ 2,111,915.
- The City's governmental activities long-term debt increased \$ 690,000 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 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, 2019 and 2018.

	General Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Current and Other Assets	\$ 10,068,429	\$ 7,766,166	\$11,371,990	\$12,658,829
Capital Assets	25,338,957	24,173,466	35,149,538	33,134,976
Total Assets	35,407,386	31,939,632	46,521,528	45,793,805
Deferred Outflows	405,166	438,745	154,525	182,117
Long-Term Liabilities Outstanding	14,870,746	13,943,505	12,452,666	13,469,238
Other Liabilities	936,349	326,261	2,314,066	2,719,406
Total Liabilities	15,807,095	14,269,766	14,766,732	16,188,644
Deferred Inflows	4,474,960	4,058,666	33,494	23,366
Net Position:				
Net Investment in Capital Assets	15,407,790	14,234,324	22,168,051	18,475,912
Restricted	2,326,682	2,117,016	1,931,597	1,978,634
Unrestricted	(2,203,975)	(2,301,395)	7,776,179	9,309,366
Total Net Position	\$15,530,497	\$14,049,945	\$31,875,827	\$29,763,912

	Totals	
	2019	2018
Current and Other Assets	\$21,440,419	\$20,424,995
Capital Assets	60,488,495	57,308,442
Total Assets	81,928,914	77,733,437
Deferred Outflows	559,691	620,862
Long-Term Liabilities Outstanding	27,323,412	27,412,743
Other Liabilities	3,250,415	3,045,667
Total Liabilities	30,573,827	30,458,410
Deferred Inflows	4,508,454	4,082,032
Net Position:		
Net Investment in Capital Assets	37,575,841	32,710,236
Restricted	4,258,279	4,095,650
Unrestricted	5,572,204	7,007,971
Total Net Position	\$47,406,324	\$43,813,857

This summary reflects an increase of 10.54% for the governmental net position and an increase of 7.10% in the business-type net position.

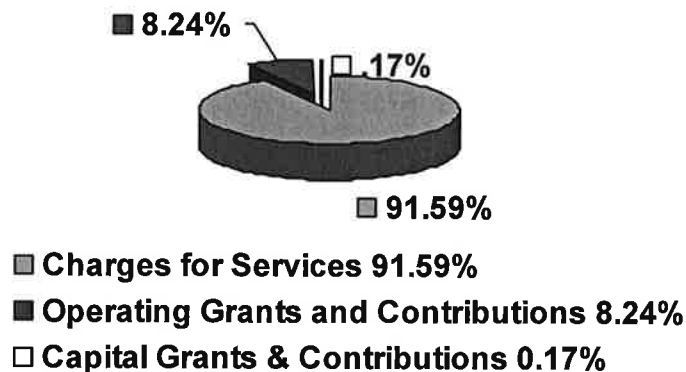
Total revenue reported in Fiscal 2019 was \$21,532,719. The following table breaks down revenues collected for Governmental Activities and Business-Type Activities for Fiscal Year 2019 and 2018:

Revenue Source	General Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
<b>Program Revenues:</b>				
Charges for Services	\$ 759,265	\$ 768,443	\$ 13,160,027	\$ 13,125,366
Operating Grants and Contributions	1,252,432	1,135,321	-	-
Capital Grants and Contributions	26,110	110,463	-	10,183
<b>Total Program Revenues</b>	<b>2,037,807</b>	<b>2,014,227</b>	<b>13,160,027</b>	<b>13,135,549</b>
<b>General Revenues &amp; Interfund Transfers:</b>				
Property Taxes	4,394,724	4,204,400	-	-
Local Option Sales Tax	911,382	851,052	-	-
Interest	46,327	11,555	136,084	43,469
Gain on Sales of Assets	373,551	55,000	-	-
Miscellaneous	82,746	176,451	390,071	174,431
<b>Total General Revenues</b>	<b>5,808,730</b>	<b>5,298,458</b>	<b>526,155</b>	<b>217,900</b>
Interfund Transfers	(115,436)	272,189	115,436	(272,189)
<b>Total General Revenues &amp; Interfund Transfers:</b>	<b>5,693,294</b>	<b>5,570,647</b>	<b>641,591</b>	<b>(54,289)</b>
<b>Total Revenues &amp; Interfund Transfers:</b>	<b>\$ 7,731,101</b>	<b>\$ 7,584,874</b>	<b>\$ 13,801,618</b>	<b>\$ 13,081,260</b>

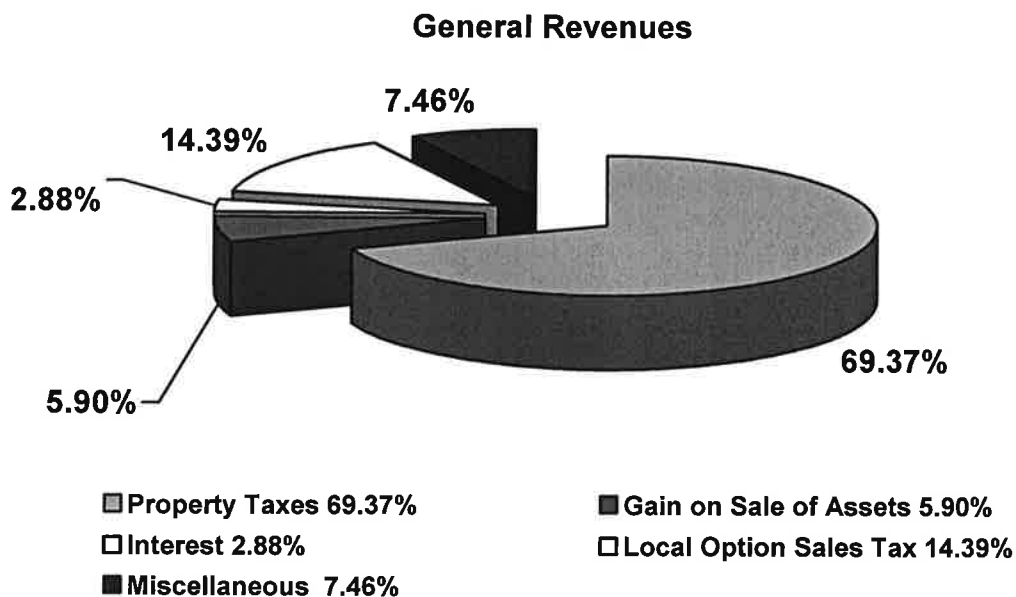
Revenue Source	Totals	
	2019	2018
<b>Program Revenues:</b>		
Charges for Services	\$ 13,919,292	\$ 13,893,809
Operating Grants and Contributions	1,252,432	1,135,321
Capital Grants and Contributions	26,110	120,646
<b>Total Program Revenues</b>	<b>15,197,834</b>	<b>15,149,776</b>
<b>General Revenues &amp; Interfund Transfers:</b>		
Property Taxes	4,394,724	4,204,400
Local Option Sales Tax	911,382	851,052
Interest	182,411	55,024
Gain on Sales of Assets	373,551	55,000
Miscellaneous	472,817	350,882
<b>Total General Revenues &amp; Interfund Transfers:</b>	<b>6,334,885</b>	<b>5,516,358</b>
<b>Total Revenues &amp; Interfund Transfers:</b>	<b>\$ 21,532,719</b>	<b>\$ 20,666,134</b>

Program revenues totaled \$15,197,834 for fiscal year 2019. Governmental Activities provided \$2,037,807 and Business-Type Activities provided \$13,160,027. Revenue collected for Charges for Services during fiscal year 2019 was \$13,919,292, accounting for 91.59% of the total program revenues. The following chart breaks down program revenues by source:

### Program Revenues



General Revenues and Interfund Transfers for fiscal year 2019 totaled \$ 6,334,885. Governmental Activities provided \$5,693,294 and Business-Type Activities provided \$641,591. Property Tax Revenues for fiscal year 2019 totaled \$4,394,724, accounting for 69.37% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for Fiscal 2019 totaled \$17,940,252. Expenses for Governmental Activities totaled \$6,250,549, accounting for 34.84% of total expenses. Business-Type Activity expenses totaled \$ 11,689,703, for 65.16% of the total.

The following table shows total expenses by Function/Program for FY 2019 and FY 2018:

	General Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Public Safety	\$ 1,106,146	\$ 1,088,040	\$ -	\$ -
Public Works	1,605,411	1,907,228	-	-
Culture and Recreation	1,869,376	1,658,414	-	-
Community & Economic Development	302,629	558,788	-	-
General Government	962,503	820,252	-	-
Debt Service	404,484	331,151	-	-
Sewer System	-	-	1,159,532	856,862
Water System	-	-	1,023,038	937,061
Electric System	-	-	7,488,064	7,425,922
Natural Gas System	-	-	2,019,069	2,197,738
Total Expenses	\$ 6,250,549	\$ 6,363,973	\$ 11,689,703	\$ 11,417,583

	Totals	
	2019	2018
Public Safety	\$ 1,106,146	\$ 1,088,040
Public Works	1,605,411	1,907,228
Culture and Recreation	1,869,376	1,658,414
Community & Economic Development	302,629	558,788
General Government	962,503	820,252
Debt Service	404,484	331,151
Sewer System	1,159,532	856,862
Water System	1,023,038	937,061
Electric System	7,488,064	7,425,922
Natural Gas System	2,019,069	2,197,738
Total Expenses	\$ 17,940,252	\$ 17,781,556

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 \$ 1,106,146 and received \$ 207,973 in revenue, thus leaving a cost to the taxpayer of \$ 898,173 to be funded by various methods. The 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 \$6,250,549. Of these costs, \$759,265 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 \$ 1,278,542, leaving a Net Expense of \$4,212,742 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	
	2019	2018
<b>Governmental Activities:</b>		
Public Safety	\$ (898,173)	\$ (796,078)
Public Works	(486,547)	(835,305)
Culture and Recreation	(1,457,718)	(1,250,324)
Community and Economic Development	(153,126)	(470,891)
General Government	(857,751)	(715,925)
Debt Service	(359,427)	(281,223)
Total Net (Expense) Revenue Governmental Activities	(4,212,742)	(4,349,746)
General Revenues & Interfund Transfers	5,693,294	5,570,647
<b>Change in Net Position</b>	<b>\$ 1,480,552</b>	<b>\$ 1,220,901</b>

Total resources available during the year to finance governmental operations were \$21,781,046 consisting of Net Position at July 1, 2018 of \$14,049,945, Program Revenues of \$2,037,807 and General Revenues and Transfers of \$5,693,294. Total Governmental Activities during the year expended \$6,250,549; thus, Net Position increased by \$1,480,552 to \$ 15,530,497.

### Business Type Activities

Business Type Activities increased the City's net position by \$ 2,111,915.

The cost of all Proprietary Activities this year was \$11,689,703. As shown in the Statement of Activities, the amount paid by users of the systems was \$13,160,027 resulting in total Net Revenue for Business Type Activities of \$1,470,324. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2019	2018
Electric System	\$ 1,084,829	\$ 1,047,399
Water System	(73,419)	79,233
Sewer System	206,366	372,688
Natural Gas System	252,548	214,646
Total Net (Expense) Revenue Business-Type Activities	1,470,324	1,717,966
General Revenues & Interfund Transfers	641,591	(54,646)
<b>Change in Net Position</b>	<b>\$ 2,111,915</b>	<b>\$ 1,663,677</b>

Total resources available during the year to finance Proprietary Fund activities were \$43,565,530 consisting of Net Position at July 1, 2018 of \$29,763,912, Program Revenues of \$13,160,027 and General Revenues and Transfers of \$ 641,591. Total Proprietary Fund Activities during the year expended \$11,689,703; thus Net Position was increased by \$2,111,915 to \$ 31,875,827.

### **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 \$4,652,111. The combined Governmental Funds balance increased \$ 1,347,801 from the prior year.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General fund by \$ 363,807. The major reason for the increase in fund balance is due to some expenditures that were budgeted in fiscal year 2018, 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 \$ 140,350. This was a budgeted decision to help increase reserves for a future street project. The fund transferred \$ 640,000 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, expenditures exceeded revenues by \$156,938. This was a planned event during the fiscal year 2019 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 increased by \$195,228. This was due to construction of a new housing subdivision, which includes street, water and sewer.

The 2018 Street Project Fund is used to account for debt issued and expenditures incurred relating to the 2018 Street Project. During the year, revenues exceeded expenditures by \$387,274. This was due to a debt issuance relating to the project that was not fully spent at the end of the fiscal year.

### **General Fund Budgetary Highlights**

Comparing the fiscal year 2019 original (adopted) city wide amount of \$ 71,241,844 to the final budget amount of \$ 72,963,844 shows a net increase of \$ 1,722,000.

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

Expenses	Amended Budget	Actual	Variance
Public Safety	\$ 1,263,963	\$ 1,195,629	\$ 68,334
Public Works	1,155,480	1,095,815	59,665
Culture and Recreation	1,620,941	1,736,660	(115,719)
Community and Economic Development	477,052	343,352	133,700
General Government	1,037,992	794,315	243,677
Capital Projects	3,410,000	2,279,074	1,130,926
Debt Service	1,947,754	1,747,262	200,492
Business-Type Activities	62,050,662	63,775,555	(1,724,893)
<b>Total Expenses</b>	<b>\$ 72,963,844</b>	<b>\$ 72,967,662</b>	<b>\$ (3,818)</b>

During the year there was a \$ 1,722,000 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$ 285,000 supplemental appropriation to the fire department for such costs as for the purchase of a new fire truck. The City pre-paid for the chassis, but not the pumper.
- \$ 87,000 supplemental appropriation to roadway maintenance, and airport, for such costs as equipment for a snowplow, and engineering costs for redevelopment of our airport, which is in the close out phase with the Federal Aviation Administration.
- \$ 40,000 supplemental appropriation to our park department for such costs as for supplies (tulips) and equipment repairs for our parks department.
- \$ 50,000 supplemental appropriation to our economic development department for such costs related to tax increment financing.
- \$ 100,000 supplemental appropriation to our general government for such costs as for equipment (new boiler) for city hall and alley right of way purchase.
- \$ 1,160,000 supplemental appropriation to capital projects. Those projects included 2018 street, and Dunlop Park Improvements.

A part of the increase was possible because of additional revenues. Those revenues included additional 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, 2019, was \$37,575,841 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2019 and 2018 are as follows:

	General Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Land	\$ 52,510	\$ -	\$ 364,701	\$ 2,136,879
Infrastructure	-	999,364	-	-
Buildings	-	3,206,060	23,197	-
Improvements-Other than Buildings	56,075	48,786	-	-
Equipment	340,019	277,878	369,944	162,449
Utility Plant	-	-	9,816,620	494,079
Construction in Progress	1,803,217	883,802	2,297,144	7,556,782
<b>Total Gross Additions</b>	<b>\$ 2,251,821</b>	<b>\$ 5,415,890</b>	<b>\$ 12,871,606</b>	<b>\$ 10,350,189</b>

	Totals	
	2019	2018
Land	\$ 417,211	\$ 2,136,879
Infrastructure	-	999,364
Buildings	23,197	3,206,060
Improvements-Other Buildings	56,075	48,786
Equipment	709,963	440,327
Utility Plant	9,816,620	494,079
Construction in Progress	4,100,361	8,440,584
<b>Total Expenditures</b>	<b>\$ 15,123,427</b>	<b>\$ 15,766,079</b>

Construction In Progress at June 30, 2019 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 \$25,607,000 of debt outstanding. Of this amount, \$ 13,105,000 comprises debt backed by the full faith and credit of the government. The remainder of \$ 12,502,000 is debt represented by bonds secured solely by the specified revenue sources (i.e., revenue bonds).

Debt administration is on track, with over 72% 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 \$ 20,014,252. With outstanding General Obligation Debt applicable to this limit of \$13,105,000, we are utilizing 67.94% 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 2019 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 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 \$1,500,000.

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 fall 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, 2019

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Orange City Area Health System	Orange City Muni. Golf Association
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,850,607	\$ 1,465,983	\$ 5,316,590	\$ 17,448,412	\$ 7,454
Investments	1,048,720	4,835,000	5,883,720	8,551,282	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	51,419	1,096,845	1,148,264	5,992,863	-
Taxes	14,523	-	14,523	-	-
Subsequent Year Taxes	4,380,416	-	4,380,416	-	-
Accrued Interest	19,489	90,199	109,688	59,162	-
Estimated Unbilled Usage	-	428,101	428,101	-	-
Special Assessments	35,745	-	35,745	-	-
Pledges Receivable	-	-	-	-	74,000
Notes Receivable	396,160	-	396,160	-	-
Due from Other Governmental Agencies	132,151	247,622	379,773	-	-
Inventories	19,299	1,151,721	1,171,020	553,622	22,685
Prepaid Assets	119,900	71,130	191,030	96,054	-
Other	-	-	-	2,472,554	-
Restricted Assets, Cash and Investments:					
Cash and Cash Equivalents	-	389	389	3,154	30,801
Revenue Bond Current Debt Service Account - Investments	-	600,000	600,000	-	-
Revenue Bond Future Debt Service Account - Investments	-	1,385,000	1,385,000	-	-
Land	1,116,456	4,568,366	5,684,822	1,897,439	-
Construction in Progress	2,343,746	1,057,369	3,401,115	489,549	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	21,878,755	29,525,803	51,404,558	30,244,683	1,799,602
<b>Total Assets</b>	<b>35,407,386</b>	<b>46,521,528</b>	<b>81,928,914</b>	<b>67,808,774</b>	<b>1,934,542</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB Related Deferred Outflows	5,220	2,167	7,387	49,876	-
Pension Related Deferred Outflows	399,946	152,358	552,304	5,117,244	-
<b>Total Deferred Outflows of Resources</b>	<b>405,166</b>	<b>154,525</b>	<b>559,691</b>	<b>5,167,120</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts Payable	752,650	1,228,368	1,981,018	1,735,994	7,694
Accrued Wages	74,747	40,883	115,630	3,841,343	-
Accrued Expenses	-	32,498	32,498	987,706	-
Customer Deposits	-	33,525	33,525	-	-
Lease Deposit	-	-	-	228,427	-
Unearned Revenue	56,063	-	56,063	-	-
Accrued Interest	52,889	-	52,889	178,070	-
Payables from Restricted Assets:					
Accrued Interest	-	53,792	53,792	-	-
Revenue Bonds - Current	-	925,000	925,000	-	-
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	-	-	1,721,964	-
General Obligation Bonds	1,410,000	-	1,410,000	-	-
Notes Payable	-	-	-	-	76,014
Compensated Absences and Benefits	40,812	34,346	75,158	-	-
Due in more than one year:					
Revenue Bonds Payable	-	11,916,474	11,916,474	17,837,060	-
General Obligation Bonds	12,092,831	-	12,092,831	-	-
Notes Payable	-	-	-	-	69,554
Net Pension Liability	1,194,021	423,000	1,617,021	16,670,713	-
Other Post Employment Benefits	71,864	29,826	101,690	349,921	-
Compensated Absences and Benefits, Long-Term	61,218	49,020	110,238	-	-
<b>Total Liabilities</b>	<b>15,807,095</b>	<b>14,766,732</b>	<b>30,573,827</b>	<b>43,551,188</b>	<b>153,262</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred Revenue - Subsequent Year Taxes	4,380,416	-	4,380,416	-	-
Home Health Deferred Inflows	-	-	-	42,405	-
Other Post Employment Benefits Related Deferred Inflows	-	-	-	36,631	-
Pension Related Deferred Inflows	94,544	33,494	128,038	848,990	-
<b>Total Deferred Inflow of Resources</b>	<b>4,474,960</b>	<b>33,494</b>	<b>4,508,454</b>	<b>928,026</b>	<b>-</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	15,407,790	22,168,051	37,575,841	13,072,647	1,654,034
Restricted for:					
Debt Service	114,297	1,931,597	2,045,894	-	-
Permanent Funds - nonexpendable	110,375	-	110,375	-	-
Specific Revenues	2,102,010	-	2,102,010	-	-
Donor Restrictions	-	-	-	45,392	104,801
Unrestricted	(2,203,975)	7,776,179	5,572,204	15,378,631	22,445
<b>Total Net Position</b>	<b>\$ 15,530,497</b>	<b>\$ 31,875,827</b>	<b>\$ 47,406,324</b>	<b>\$ 28,496,670</b>	<b>\$ 1,781,280</b>

See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,106,146	\$ 12,713	\$ 169,150	\$ 26,110
Public Works	1,605,411	338,514	780,350	-
Culture and Recreation	1,869,376	285,554	126,104	-
Community and Economic Development	302,629	59,802	89,701	-
General Government	962,503	62,682	42,070	-
Debt Service	404,484	-	45,057	-
Total governmental activities	6,250,549	759,265	1,252,432	26,110
Business-Type Activities:				
Electric Utility	7,488,064	8,572,893	-	-
Water Utility	1,023,038	949,619	-	-
Sewer Utility	1,159,532	1,365,898	-	-
Gas Utility	2,019,069	2,271,617	-	-
Total Business-Type Activities:	11,689,703	13,160,027	-	-
Total Primary Government	\$ 17,940,252	\$ 13,919,292	\$ 1,252,432	\$ 26,110
Component Unit:				
Orange City Area Health System	\$ 52,085,852	\$ 52,529,720	\$ 60,166	\$ 26,586
Orange City Municipal Golf Association	\$ 635,870	\$ 368,521	\$ 188,749	\$ 21,432

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  
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.
\$ (898,173)		\$ (898,173)		
(486,547)		(486,547)		
(1,457,718)		(1,457,718)		
(153,126)		(153,126)		
(857,751)		(857,751)		
(359,427)		(359,427)		
<u>(4,212,742)</u>		<u>(4,212,742)</u>		
	\$ 1,084,829	1,084,829		
	(73,419)	(73,419)		
	206,366	206,366		
	252,548	252,548		
	<u>1,470,324</u>	<u>1,470,324</u>		
<u>(4,212,742)</u>	<u>1,470,324</u>	<u>(2,742,418)</u>		
			\$ 530,620	\$ (57,168)
4,394,724	-	4,394,724	-	-
911,382	-	911,382	-	-
46,327	136,084	182,411	469,486	-
373,551	-	373,551	-	-
82,746	390,071	472,817	-	-
(115,436)	115,436	-	-	-
<u>5,693,294</u>	<u>641,591</u>	<u>6,334,885</u>	<u>469,486</u>	<u>-</u>
1,480,552	2,111,915	3,592,467	1,000,106	(57,168)
14,049,945	29,763,912	43,813,857	27,496,564	1,838,448
<u>\$ 15,530,497</u>	<u>\$ 31,875,827</u>	<u>\$ 47,406,324</u>	<u>\$ 28,496,670</u>	<u>\$ 1,781,280</u>

See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2019**

	General	Road Use Tax	TIF	Debt Service
<b>Assets</b>				
Cash and Pooled Investments	\$ 1,905,366	\$ 73,329	\$ 611,390	\$ 161,625
Investments	98,720	750,000	200,000	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	51,419	-	-	-
Taxes	7,578	-	1,384	5,561
Subsequent Year Taxes	1,755,745	-	1,075,000	1,549,671
Accrued Interest	15,386	-	4,103	-
Special Assessments	35,745	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	70,173	61,978	-	-
Inventories	-	19,299	-	-
<b>Total Assets</b>	<b>3,940,132</b>	<b>904,606</b>	<b>1,891,877</b>	<b>1,716,857</b>
<b>Liabilities</b>				
Accounts Payable	218,617	-	273,620	-
Accrued Wages	74,747	-	-	-
Unearned FEMA Revenue	56,063	-	-	-
<b>Total Liabilities</b>	<b>349,427</b>	<b>-</b>	<b>273,620</b>	<b>-</b>
<b>Deferred Inflow of Resources</b>				
Unavailable Revenue - Special Assessments	32,542	-	-	-
Unavailable Revenue - Subsequent Year Taxes	1,755,745	-	1,075,000	1,549,671
<b>Total Deferred Inflow of Resources</b>	<b>1,788,287</b>	<b>-</b>	<b>1,075,000</b>	<b>1,549,671</b>
<b>Fund Balances (Deficits)</b>				
Nonspendable:				
Inventories	-	19,299	-	-
Permanent Fund Principal	-	-	-	-
Restricted for:				
Debt Service	-	-	-	167,186
TIF	-	-	543,257	-
Economic Development	-	-	-	-
Road Use Tax	-	885,307	-	-
Assigned for:				
Capital Project	-	-	-	-
Unassigned	1,802,418	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>1,802,418</b>	<b>904,606</b>	<b>543,257</b>	<b>167,186</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,940,132</b>	<b>\$ 904,606</b>	<b>\$ 1,891,877</b>	<b>\$ 1,716,857</b>

See Accompanying Notes to Financial Statements

2018 Street Project	Other Governmental Funds	Total Governmental Funds
\$ 107,925	\$ 990,972	\$ 3,850,607
-	-	1,048,720
-	-	51,419
-	-	14,523
-	-	4,380,416
-	-	19,489
-	-	35,745
-	396,160	396,160
-	-	132,151
-	-	19,299
107,925	1,387,132	9,948,529
114,104	146,309	752,650
-	-	74,747
-	-	56,063
114,104	146,309	883,460
-	-	32,542
-	-	4,380,416
-	-	4,412,958
-	-	19,299
-	110,375	110,375
-	-	167,186
-	-	543,257
-	654,147	654,147
-	-	885,307
-	476,301	476,301
(6,179)	-	1,796,239
(6,179)	1,240,823	4,652,111
\$ 107,925	\$ 1,387,132	\$ 9,948,529

See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

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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)			\$ 4,652,111
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds			25,338,957
Deferred revenues that provide current financial resources for governmental activities			32,542
Accrued interest from the balance sheet that require current financial resources for governmental activities			(52,889)
Accrued compensated absences, net pension liability, and other post employment benefits not reported on the modified accrual basis			(1,367,915)
OPEB related deferred outflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds			5,220
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	\$ 399,946	
	Deferred Inflows of Resources	(94,544)	305,402
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources			119,900
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds			(13,502,831)
Total Net Position - Governmental Activities (page 25)			<u>\$ 15,530,497</u>



**CITY OF ORANGE CITY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	General	Road Use Tax	TIF
Revenue:			
Taxes	\$ 1,686,608	\$ -	\$ -
Special Assessments	4,254	-	-
Licenses and Permits	6,548	-	-
Intergovernmental	329,423	780,350	42,701
Charges for Services	690,537	-	-
Fines and Forfeits	18,590	-	-
TIF Revenue	174,231	-	1,049,264
Local Option Sales Tax	911,382	-	-
Proceeds from Sale of Real Estate	-	-	348,551
Proceeds from Sale of Fixed Assets	25,000	-	-
Interest on Investments	20,532	-	4,103
Miscellaneous	150,407	-	-
Total Revenue	4,017,512	780,350	1,444,619
Expenditures:			
Public Safety	1,195,629	-	-
Public Works	1,095,815	-	-
Culture and Recreation	1,736,660	-	-
Community and Economic Development	343,352	-	-
General Government	794,315	-	-
Capital Projects	-	-	1,004,761
Debt Service:			
Principal Retirement	-	-	215,000
Interest/Bond Costs	-	-	29,630
Total Expenditures	5,165,771	-	1,249,391
Excess (deficiency) of revenues over expenditures	(1,148,259)	780,350	195,228
Other financing sources (uses):			
Issuance of Debt	420,000	-	-
Premium on Debt Issued	44,665	-	-
Transfers In	1,047,401	-	-
Transfers Out	-	(640,000)	-
Total other financing sources (uses)	1,512,066	(640,000)	-
Net Change in Fund Balance	363,807	140,350	195,228
Fund balances (Deficits)-beginning of year	1,438,611	761,709	348,029
Increase in Reserve for Inventory	-	2,547	-
Fund balances (Deficits)- end of year	\$ 1,802,418	\$ 904,606	\$ 543,257

See Accompanying Notes to Financial Statements

Debt Service	2018 Street Project	Other Governmental Funds	Total Governmental Funds
\$ 1,484,621	\$ -	\$ -	\$ 3,171,229
-	5,159	-	9,413
-	-	-	6,548
45,057	-	47,000	1,244,531
-	-	-	690,537
-	-	-	18,590
-	-	-	1,223,495
-	-	-	911,382
-	-	-	348,551
-	-	-	25,000
12,437	-	9,255	46,327
-	-	3,950	154,357
1,542,115	5,159	60,205	7,849,960
-	-	-	1,195,629
-	-	-	1,095,815
-	-	-	1,736,660
-	-	-	343,352
-	-	-	794,315
-	877,987	396,326	2,279,074
1,375,000	-	-	1,590,000
324,053	22,826	22,482	398,991
1,699,053	900,813	418,808	9,433,836
(156,938)	(895,654)	(358,603)	(1,583,876)
-	1,160,000	700,000	2,280,000
-	122,928	74,136	241,729
-	-	-	1,047,401
-	-	-	(640,000)
-	1,282,928	774,136	2,929,130
(156,938)	387,274	415,533	1,345,254
324,124	(393,453)	825,290	3,304,310
-	-	-	2,547
\$ 167,186	\$ (6,179)	\$ 1,240,823	\$ 4,652,111

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, 2019**

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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)		
Net Change in Fund Balance	\$ 1,345,254	
Increase in Reserve for Inventory	<u>2,547</u>	\$ 1,347,801

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	2,774,658	
Transfer of capital assets to business-type activities	(522,837)	
Depreciation expense	<u>(1,086,330)</u>	1,165,491

Revenues reported in the funds that are not available to provide current financial resources	(3,423)
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Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources	(6,840)
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Accrued interest expense that does not require current financial resources	(23,415)
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Amortization of premium on long term debt	17,922
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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	(373)	
Other post employment benefits	(742)	
Pension expense	<u>(84,140)</u>	(85,255)

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:	(2,521,729)
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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>1,590,000</u>
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Change in net position of governmental activities (page 27)	<u>\$ 1,480,552</u>
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**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF NET POSITION**  
**Proprietary Funds**  
**JUNE 30, 2019**

	<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	\$ 508,900	\$ 421,494	\$ 277,687
Investments	3,005,000	325,000	1,055,000
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	780,488	104,905	131,884
Accrued Interest	37,649	9,308	32,984
Estimated Unbilled Usage	323,699	38,564	45,491
Due from Other Governmental Agencies	247,622	-	-
Inventories	941,609	128,182	-
Prepaid Assets	27,834	19,816	16,916
Total Current Assets	<u>5,872,801</u>	<u>1,047,269</u>	<u>1,559,962</u>
<b>Non Current Assets</b>			
Restricted Assets:			
Revenue Bond Current Debt Service - Cash	389	-	-
Revenue Bond Current Debt Service Account - Investments	270,000	225,000	80,000
Revenue Bond Future Debt Service Account - Investments	275,000	200,000	885,000
Land	2,293,167	1,778,352	469,847
Construction in Progress	391,475	513,441	152,453
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	10,274,288	4,967,715	13,209,770
Total Noncurrent Assets	<u>13,504,319</u>	<u>7,684,508</u>	<u>14,797,070</u>
<b>Total Assets</b>	<u><b>19,377,120</b></u>	<u><b>8,731,777</b></u>	<u><b>16,357,032</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB Related Deferred Outflows	999	585	-
Pension Related Deferred Outflows	78,086	46,417	-
<b>Total Deferred Outflows of Resources</b>	<u>79,085</u>	<u>47,002</u>	<u>-</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	634,108	19,445	510,274
Accrued Wages	18,333	9,994	6,264
Accrued Expenses	24,372	4,198	2,074
Customer Deposits	20,725	-	-
Accrued Revenue Bond Interest	9,335	19,631	24,280
Revenue Bonds - Current	235,000	220,000	355,000
Total Current Liabilities	<u>941,873</u>	<u>273,268</u>	<u>897,892</u>
Noncurrent Liabilities:			
Due within one year:			
Compensated Absences	18,198	7,196	4,681
Due in more than one year:			
Revenue Bonds Payable	2,102,000	1,470,000	8,344,474
Net Pension Liability	219,699	125,016	-
Other Post Employment Benefits	13,755	8,052	-
Compensated Absences and Benefits, Long-Term	28,052	9,456	4,976
<b>Total Liabilities</b>	<u>3,323,577</u>	<u>1,892,988</u>	<u>9,252,023</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related Deferred Inflows	17,396	9,899	-
<b>NET POSITION</b>			
Net Investment in Capital Assets	10,621,930	5,569,508	4,992,583
Restricted for:			
Debt Service	536,054	405,369	940,720
Unrestricted	4,957,248	901,015	1,171,706
<b>Total Net Position</b>	<u><b>\$ 16,115,232</b></u>	<u><b>\$ 6,875,892</b></u>	<u><b>\$ 7,105,009</b></u>

See Accompanying Notes to Financial Statements

<b>Business Type Activities</b>		
	<b>Gas Utility</b>	<b>Total</b>
\$	257,902	\$ 1,465,983
	450,000	4,835,000
	79,568	1,096,845
	10,258	90,199
	20,347	428,101
	-	247,622
	81,930	1,151,721
	6,564	71,130
	<u>906,569</u>	<u>9,386,601</u>
	-	389
	25,000	600,000
	25,000	1,385,000
	25,000	4,566,366
	-	1,057,369
	<u>1,074,030</u>	<u>29,525,803</u>
	<u>1,149,030</u>	<u>37,134,927</u>
	<u>2,055,599</u>	<u>46,521,528</u>
	583	2,167
	<u>27,855</u>	<u>152,358</u>
	<u>28,438</u>	<u>154,525</u>
	64,541	1,228,368
	6,292	40,883
	1,854	32,498
	12,800	33,525
	546	53,792
	<u>115,000</u>	<u>925,000</u>
	<u>201,033</u>	<u>2,314,066</u>
	4,271	34,346
	-	11,916,474
	78,285	423,000
	8,019	29,826
	6,536	49,020
	<u>298,144</u>	<u>14,766,732</u>
	<u>6,199</u>	<u>33,494</u>
	984,030	22,168,051
	49,454	1,931,597
	746,210	7,776,179
\$	<u>1,779,694</u>	<u>\$ 31,875,827</u>

See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business Type Activities</b>		
	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
<b>Operating Revenues:</b>			
Charges for Services	\$ 8,572,893	\$ 949,619	\$ 1,365,898
<b>Total Operating Revenue</b>	<u>8,572,893</u>	<u>949,619</u>	<u>1,365,898</u>
<b>Operating Expenses:</b>			
Production	4,612,543	209,435	159,404
Transmission	736,768	24,326	-
Distribution / Collection	570,570	213,111	150,713
Administrative and General	480,134	198,938	176,190
Depreciation	639,847	316,774	382,888
<b>Total Operating Expenses</b>	<u>7,039,862</u>	<u>962,584</u>	<u>869,195</u>
<b>Operating Income (Loss)</b>	1,533,031	(12,965)	496,703
<b>Non-Operating Income (Expense):</b>			
Interest Income	78,576	14,462	32,788
Other Non-operating Revenues	285,247	38,922	65,387
Interest Expense	(57,852)	(47,454)	(281,337)
Other Non-operating Expenses	(390,350)	(13,000)	(9,000)
<b>Total Non-Operating Income (Expenses)</b>	<u>(84,379)</u>	<u>(7,070)</u>	<u>(192,162)</u>
<b>Income (Loss) before Transfers</b>	1,448,652	(20,035)	304,541
<b>Capital Contribution</b>	-	370,384	152,453
<b>Transfers Out</b>	<u>(311,401)</u>	<u>(23,000)</u>	<u>(23,000)</u>
<b>Change in Net Position</b>	1,137,251	327,349	433,994
<b>Net Position - Beginning</b>	<u>14,977,981</u>	<u>6,548,543</u>	<u>6,671,015</u>
<b>Net Position - Ending</b>	<u>\$ 16,115,232</u>	<u>\$ 6,875,892</u>	<u>\$ 7,105,009</u>

See Accompanying Notes to Financial Statements

<b>Business Type Activities</b>	
<b>Gas Utility</b>	<b>Total</b>
\$ 2,271,617	\$ 13,160,027
2,271,617	13,160,027
-	4,981,382
1,645,455	2,406,549
185,010	1,119,404
124,328	979,590
58,507	1,398,016
2,013,300	10,884,941
258,317	2,275,086
10,258	136,084
515	390,071
(5,769)	(392,412)
-	(412,350)
5,004	(278,607)
263,321	1,996,479
-	522,837
(50,000)	(407,401)
213,321	2,111,915
1,566,373	29,763,912
\$ 1,779,694	\$ 31,875,827

See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<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	\$ 8,596,758	\$ 953,804	\$ 1,359,768
Cash Paid to Suppliers for Goods and Services	(5,733,848)	(331,417)	(529,476)
Cash Paid to Employees for Services	(627,622)	(348,939)	(262,830)
Other Nonoperating Income	285,247	43,119	65,387
Other Nonoperating Expenses	(390,350)	(13,000)	(9,000)
Net Cash Provided by Operating Activities	<u>2,130,185</u>	<u>303,567</u>	<u>623,849</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets	(1,289,639)	(90,081)	(1,510,021)
Principal Paid on Notes and Bonds	(388,000)	(220,000)	(355,000)
Interest Paid on Notes and Bonds	(58,773)	(49,150)	(290,131)
Net Cash (Used) for Capital and Related Financing Activities	<u>(1,736,412)</u>	<u>(359,231)</u>	<u>(2,155,152)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers (To) Other Funds	(311,401)	(23,000)	(23,000)
Due From Other Funds	444,845	-	-
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>133,444</u>	<u>(23,000)</u>	<u>(23,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from Sale of Investment Securities	2,000,000	500,000	20,000
Purchase of Investment Securities	(3,550,000)	(750,000)	(2,020,000)
Due from Other Governments	(27,049)	-	-
Interest and Dividends on Investments	72,645	13,349	-
Net Cash (Used) by Investing Activities	<u>(1,504,404)</u>	<u>(236,651)</u>	<u>(2,000,000)</u>
Net (Decrease) in Cash and Cash Equivalents	(977,187)	(315,315)	(3,554,303)
Cash and Cash Equivalents at Beginning of Year	1,486,476	736,809	3,831,990
Cash and Cash Equivalents at End of Year	<u>\$ 509,289</u>	<u>\$ 421,494</u>	<u>\$ 277,687</u>
Schedule of Non-Cash Investing and Financing Activities:			
Contributed Capital	<u>\$ -</u>	<u>\$ 370,384</u>	<u>\$ 152,453</u>

See Accompanying Notes to Financial Statements



Business Type Activities	
Gas Utility	Total
\$ 2,266,193	\$ 13,176,523
(1,748,814)	(8,343,555)
(248,890)	(1,488,281)
515	394,268
-	(412,350)
<u>269,004</u>	<u>3,326,605</u>
-	(2,889,741)
(115,000)	(1,078,000)
(6,268)	(404,322)
<u>(121,268)</u>	<u>(4,372,063)</u>
(50,000)	(407,401)
-	444,845
<u>(50,000)</u>	<u>37,444</u>
-	2,520,000
(500,000)	(6,820,000)
-	(27,049)
-	85,994
<u>(500,000)</u>	<u>(4,241,055)</u>
(402,264)	(5,249,069)
<u>660,166</u>	<u>6,715,441</u>
<u>\$ 257,902</u>	<u>\$ 1,466,372</u>
<u>\$ -</u>	<u>\$ 522,837</u>

continued

**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 1,533,031	\$ (12,965)	\$ 496,703
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	639,847	316,774	382,888
Other Non-Operating Income	285,247	43,119	65,387
Other Non-Operating Expenses	(390,350)	(13,000)	(9,000)
(Increase) Decrease in Assets:			
Accounts Receivable	36,905	8,432	(5,341)
Estimated Unbilled Usage	(12,731)	(4,247)	(789)
Inventories	1,119	(33,063)	-
Prepaid Expenses	584	(288)	(9,453)
Increase (Decrease) in Liabilities			
Accounts Payable	29,428	6,789	(294,320)
Accrued Wages and Compensated Absences	1,639	(849)	(2,169)
Accrued Expenses	585	(5,583)	(57)
Customer Deposits	(309)	-	-
Net Pension Liability	(6,366)	(7,327)	-
Deferred Outflows of Resources	4,794	2,101	-
Deferred Inflows of Resources	6,620	3,591	-
OPEB Liability	142	83	-
Total Adjustments	597,154	316,532	127,146
Net Cash Provided by Operating Activities	2,130,185	303,567	623,849
Cash and Cash Equivalents	508,900	421,494	277,687
Revenue Bond Current Debt Service	389	-	-
Total Cash and Cash Equivalents	\$ 509,289	\$ 421,494	\$ 277,687

See Accompanying Notes to Financial Statements

Business Type Activities	
Gas Utility	Total

\$ 258,317	\$ 2,275,086
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58,507	1,398,016
515	394,268
-	(412,350)
(7,368)	32,628
1,894	(15,873)
(5,067)	(37,011)
(523)	(9,680)
(4,607)	(262,710)
317	(1,062)
13	(5,042)
50	(259)
(53,511)	(67,204)
20,468	27,363
(83)	10,128
82	307
10,687	1,051,519
269,004	3,326,605

257,902	1,465,983
-	389
\$ 257,902	\$ 1,466,372

**CITY OF ORANGE CITY, IOWA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**Agency Fund**  
**JUNE 30, 2019**

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**ASSETS**

Cash and Cash Equivalents	\$	<u>41,245</u>
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<b>Total Assets</b>		<u><u>41,245</u></u>
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**LIABILITIES**

Accounts Payable		<u>41,245</u>
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<b>Total Liabilities</b>	\$	<u><u>41,245</u></u>
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**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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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, 2019**

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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 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, 2019**

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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.
- 5) Capital Projects Fund – The 2018 Street Project Capital Project Fund is used to account for all resources used in the acquisition and construction of the 2018 Street Project.

**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, 2019**

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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, 2019**

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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, 2019, expenditures exceeded the amount budgeted in the Culture and Recreation, and Business Type Activity 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>City</u>	<u>Type</u>	<u>Method</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, 2019**

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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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2018. Any county collections on the 2018-2019 tax levy remitted to the City within 60 days subsequent to June 30, 2019, 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, 2019, 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, 2019 are recorded as prepaid items.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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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, 2019. 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, 2019**

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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, 2019**

**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, 2019, 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	7/30/19-1/06/20	\$ 7,805,500	2.40%-2.75%
Iowa Public Agency Investment Trust	Not Rated	Daily	63,220	2.124%
Totals			<u>\$ 7,868,720</u>	

As of June 30, 2019, the City's investments consist of Certificates of Deposit of \$7,805,500 and IPAIT which is valued at an amortized cost of \$63,220 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, 2019**

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**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, 2019, 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	08/22/19-02/15/22	\$ 7,962,419
U.S. Government agency securities	11/15/28-10/01/31	4,438
Mutual Funds	Daily	<u>584,425</u>
Totals		<u>\$ 8,551,282</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, 2019.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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**Note 3 - PLEDGES RECEIVABLE**

At December 31, 2018 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, 2018 is as follows:

Beginning Pledges Receivable	\$ 107,750
Pledges Made During Year	21,432
Pledge Payments Received	<u>(55,182)</u>
Total	<u>\$ 74,000</u>

Pledges receivable are expected to be collected during the fiscal year ending December 31, 2019.

**Note 4 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2019, amounts due from other governments were as follows:

Due from Orange City Municipal Golf Association	\$ 247,622
Due from the Iowa Department of Transportation for road use tax allocations	61,978
Due from the State of Iowa for local option sales taxes	<u>70,173</u>
Total Due from Other Governments	<u>\$ 379,773</u>

**Note 5 - INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2019, there were no short-term interfund borrowings.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

**Note 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

**Primary Government**

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,063,946	\$ 52,510	\$ -	\$ 1,116,456
Construction in Progress	540,529	1,803,217	-	2,343,746
Total Capital Assets Not Being Depreciated	1,604,475	1,855,727	-	3,460,202
Capital Assets Being Depreciated:				
Buildings	12,870,826	-	-	12,870,826
Improvements	5,977,297	56,075	-	6,033,372
Equipment	3,771,069	340,019	158,442	3,952,646
Infrastructure	37,231,789	-	-	37,231,789
Total Capital Assets Being Depreciated	59,850,981	396,094	158,442	60,088,633
Less Accumulated Depreciation For:				
Buildings	4,373,885	257,585	-	4,631,470
Improvements	3,329,359	208,426	-	3,537,785
Equipment	2,699,566	211,254	158,442	2,752,378
Infrastructure	26,879,180	409,065	-	27,288,245
Total Accumulated Depreciation	37,281,990	1,086,330	158,442	38,209,878
Total Capital Assets Being Depreciated, Net	22,568,991	(690,236)	-	21,878,755
Governmental Activities Capital Assets, Net	\$ 24,173,466	\$ 1,165,491	\$ -	\$ 25,338,957

Construction in progress at June 30, 2019, for the governmental activities consisted of the Dunlop Park improvements, the 2018 Street project, and the Puddle Jumper 9<sup>th</sup> addition.



**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 4,201,666	\$ 364,701	\$ -	\$ 4,566,367
Construction in Progress	8,219,252	2,297,144	9,459,028	1,057,368
Total Capital Assets Not Being Depreciated	<u>12,420,918</u>	<u>2,661,845</u>	<u>9,459,028</u>	<u>5,623,735</u>
Capital Assets Being Depreciated:				
Buildings	3,425,701	23,197	-	3,448,898
Improvements	30,243	-	-	30,243
Equipment	4,306,285	369,944	-	4,676,229
Utility Plant	32,672,172	9,816,620	-	42,488,792
Total Capital Assets Being Depreciated	<u>40,434,401</u>	<u>10,209,761</u>	<u>-</u>	<u>50,644,162</u>
Less Accumulated Depreciation For:				
Buildings	1,855,048	82,630	-	1,937,678
Improvements	28,961	1,281	-	30,242
Equipment	2,953,965	171,402	-	3,125,367
Utility Plant	14,882,369	1,142,703	-	16,025,072
Total Accumulated Depreciation	<u>19,720,343</u>	<u>1,398,016</u>	<u>-</u>	<u>21,118,359</u>
Total Capital Assets Being Depreciated, Net	<u>20,714,058</u>	<u>8,811,745</u>	<u>-</u>	<u>29,525,803</u>
Business Type Activies Capital Assets, Net	<u>\$ 33,134,976</u>	<u>\$ 11,473,590</u>	<u>\$ 9,459,028</u>	<u>\$ 35,149,538</u>

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	\$ 179,640
Public Works	640,521
Culture and Recreation	125,660
General Government	<u>140,509</u>
Total depreciation expense – governmental activities	<u>\$ 1,086,330</u>
<b>Business-Type Activities:</b>	
Electric	\$ 639,847
Water	316,774
Sewer	382,888
Gas	<u>58,507</u>
Total depreciation expense – business-type activities	<u>\$ 1,398,016</u>

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

**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, 2018	Additions	Disposals	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 1,918,079	\$ -	\$ 20,640	\$ 1,897,439
Construction in Progress	153,638	489,549	153,638	489,549
Total Capital Assets Not Being Depreciated	<u>2,071,717</u>	<u>489,549</u>	<u>174,278</u>	<u>2,386,988</u>
Capital Assets Being Depreciated:				
Land Improvements	3,708,321	27,305	-	3,735,626
Buildings	21,929,760	159,468	173,967	21,915,261
Fixed Equipment	37,537,365	341,894	-	37,879,259
Major Movable Equipment	13,802,172	655,583	-	14,457,755
Total Capital Assets Being Depreciated	<u>76,977,618</u>	<u>1,184,250</u>	<u>173,967</u>	<u>77,987,901</u>
Less: Accumulated Depreciation	<u>44,087,372</u>	<u>3,670,343</u>	<u>14,497</u>	<u>47,743,218</u>
Total Capital Assets Being Depreciated, Net	<u>32,890,246</u>	<u>(2,486,093)</u>	<u>159,470</u>	<u>30,244,683</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,961,963</u>	<u>\$ (1,996,544)</u>	<u>\$ 333,748</u>	<u>\$ 32,631,671</u>

**Orange City Municipal Golf Association**

	Balance January 1, 2018	Additions	Disposals	Balance December 31, 2018
Golf Course and Trail	\$ 1,560,792	\$ 86,460	\$ -	\$ 1,647,252
Buildings	987,041	-	-	987,041
Equipment	606,197	66,340	-	672,537
Total	<u>3,154,030</u>	<u>152,800</u>	<u>-</u>	<u>3,306,830</u>
Less Accumulated Depreciation	<u>1,378,512</u>	<u>128,716</u>	<u>-</u>	<u>1,507,228</u>
Property and Equipment, Net	<u>\$ 1,775,518</u>	<u>\$ 24,084</u>	<u>\$ -</u>	<u>\$ 1,799,602</u>

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

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

	Governmental Activities	Business-Type Activities	Component Unit	
			Health System	Golf Course
Land	\$ 1,116,456	\$ 4,566,367	\$ 1,897,439	\$ -
Construction in Progress	2,343,746	1,057,368	489,549	-
Capital Assets (net of accumulated depreciation)	21,878,755	29,525,803	30,244,683	1,799,602
Unspent Bond Proceeds	1,210,419	-	-	-
Less: General Obligation Bonds Payable	11,030,880	-	-	-
Retainage Payable	110,706	140,013	-	-
Revenue Bonds	-	12,841,474	19,559,024	-
Physical Therapy Asset Acquisition	-	-	-	-
Note Payable	-	-	-	145,568
Net Investment in Capital Assets	<u>\$ 15,407,790</u>	<u>\$ 22,168,051</u>	<u>\$ 13,072,647</u>	<u>\$ 1,654,034</u>

**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, 2019 are as follows:

<b><u>Purpose</u></b>	<b><u>Interest Rates</u></b>	<b><u>Amounts</u></b>
Governmental Activities	.45 – 5.00%	\$ 13,105,000

The General Obligation bonds are presented on the Statement of Net Position net of unamortized bond premium of \$397,831.

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>	
2020	\$ 1,410,000	\$ 441,456	\$ 1,851,456
2021	1,315,000	387,074	1,702,074
2022	1,265,000	385,851	1,650,851
2023	1,310,000	343,995	1,653,995
2024	1,345,000	299,609	1,644,609
2025-2029	4,435,000	896,054	5,331,054
2030-2034	1,390,000	237,431	1,627,431
3035-3039	635,000	55,938	690,938
	<u>\$ 13,105,000</u>	<u>\$ 3,047,408</u>	<u>\$ 16,152,408</u>

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

**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, 2019 are as follows:

**Primary Government**

<b>Purpose</b>	<b>Interest Rates</b>	<b>Amounts</b>
Electric Revenue Bonds	.35 – 4.78%	\$ 2,337,000
Water Revenue Bonds	.90 – 5.10%	1,690,000
Sewer Revenue Bonds	2.85 – 4.00%	8,360,000
Gas Revenue Bonds	3.8 – 4.80%	115,000
		<u>\$ 12,502,000</u>

Revenue bond debt service requirements to maturity are as follows:

**Primary Government**

Year Ending June 30,	Business-Type Activities					Interest	Total
	Electric Principal	Sewer Principal	Water Principal	Gas Principal			
2020	\$ 235,000	\$ 355,000	\$ 220,000	\$ 115,000	\$ 393,675	\$ 1,318,675	
2021	232,000	360,000	225,000	-	373,350	1,190,350	
2022	235,000	370,000	230,000	-	353,119	1,188,119	
2023	145,000	380,000	240,000	-	332,405	1,097,405	
2024	150,000	395,000	175,000	-	312,216	1,032,216	
2025-2029	800,000	2,165,000	370,000	-	1,264,340	4,599,340	
2030-2034	540,000	2,550,000	230,000	-	700,310	4,020,310	
2035-2039	-	1,785,000	-	-	144,800	1,929,800	
	\$ 2,337,000	\$ 8,360,000	\$ 1,690,000	\$ 115,000	\$ 3,874,215	\$ 16,376,215	

The revenue bonds are presented on the statement of Net Position and the Balance Sheet net of unamortized bond premium of \$339,474.

**New Debt Issue:**

On April 2, 2019, the City issued \$2,280,000 of General Obligation Capital Loan Notes, Series 2019A, for the purpose of financing the 2018 Street Improvement Project, the Fire Truck Project Fund, and the Dunlop Trail Improvement Project. The bonds carry an interest rate of 4.00% to 5.00% with maturities from June 1, 2020 to June 1, 2029.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

**Component Unit**

Purpose	Interest Rates	Amounts
Hospital/Component Unit	2.77 – 5.60%	\$ 19,559,024
Golf Association/Component Unit	3%	\$ 145,568

Year Ending June 30,	Health System			Golf Association		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,721,964	\$ 519,597	\$ 2,241,561	\$ 76,014	\$ 4,467	\$ 80,481
2021	1,767,506	473,828	2,241,334	18,378	2,087	20,465
2022	1,838,423	426,400	2,264,823	13,267	1,535	14,802
2023	1,894,728	376,944	2,271,672	9,477	1,137	10,614
2024	1,786,816	327,188	2,114,004	9,477	853	10,330
2025-2029	8,009,587	979,799	8,989,386	9,477	569	10,046
2030-2031	2,540,000	72,808	2,612,808	9,478	284	9,762
	<u>\$ 19,559,024</u>	<u>\$ 3,176,564</u>	<u>\$ 22,735,588</u>	<u>\$ 145,568</u>	<u>\$ 10,932</u>	<u>\$ 156,500</u>

During 2009, the City advanced the Association funds to retire all bank debt. The Association is repaying the funds on a ten-year annual repayment schedule at 3.00% interest, with final payment due on December 22, 2019. Principal and interest payments to the City during 2018 were \$41,343 and \$2,518, respectively. The ending balance of the advance from the City for the Association's year ended December 31, 2018 was \$41,882.

During 2011, the City made an agreement with the Association to provide the funding for their capital purchases of course equipment. The purchases are to be made on a revolving schedule agreed upon by the City and the Association in order to best maximize the useful lives of the equipment, the needs of the Association, and the contributions of the City. The debt accrues interest at 3.00% and each equipment replacement is repaid over 7 years in annual installments. Principal and interest payments to the City during 2018 were \$34,133 and \$2,147, respectively. The ending balance of the equipment replacement loan from the City for the Association's year ended December 31, 2018 was \$103,686.

**Changes in Long-Term Liabilities**

Long-Term liability activity for the year ended June 30, 2019, 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	\$ 12,415,000	\$ 2,280,000	\$ 1,590,000	\$ 13,105,000	\$ 1,410,000
Compensated Absences	101,657	102,030	101,657	102,030	40,812
Net Pension Liability	1,180,847	13,174	-	1,194,021	-
Other Post Employment Benefits	71,677	187	-	71,864	-
Governmental Activity					
Long-Term Liabilities	<u>\$ 13,769,181</u>	<u>\$ 2,395,391</u>	<u>\$ 1,691,657</u>	<u>\$ 14,472,915</u>	<u>\$ 1,450,812</u>

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

**Changes in Long-Term Liabilities (Continued)**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business Type Activities:</b>					
Bonds Payable:					
Revenue Bonds	\$ 13,580,000	\$ -	\$ 1,078,000	\$ 12,502,000	\$ 925,000
Compensated Absences	85,865	83,366	85,865	83,366	34,346
Net Pension Liability	490,203	-	67,203	423,000	-
Other Post Employment Benefits	29,748	78	-	29,826	-
Business-Type Activity					
Long-Term Liabilities	<u>\$ 14,185,816</u>	<u>\$ 83,444</u>	<u>\$ 1,231,068</u>	<u>\$ 13,038,192</u>	<u>\$ 959,346</u>
<b>Component Unit:</b>					
Area Health System					
Bonds Payable:					
Revenue Bonds	\$ 21,236,188	\$ -	\$ 1,677,164	\$ 19,559,024	\$ 1,721,964
Physical Therapy Acquisition	375,000	-	375,000	-	-
Net Pension Liability	17,062,616	-	391,903	16,670,713	-
Other Post Employment Benefits	328,855	21,066	-	349,921	-
	<u>\$ 39,002,659</u>	<u>\$ 21,066</u>	<u>\$ 2,444,067</u>	<u>\$ 36,579,658</u>	<u>\$ 1,721,964</u>
Golf Course					
Notes Payable	<u>\$ 154,794</u>	<u>\$ 66,340</u>	<u>\$ 75,476</u>	<u>\$ 145,658</u>	<u>\$ 76,014</u>

The City maintains a policy limiting the accumulation of compensated absences thus the ending balance represents the amount expected to be paid within one year and the amount to be paid out over 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:

	General	Total Transfers Out
Road Use Tax	\$ 640,000	\$ 640,000
Water	23,000	23,000
Sewer	23,000	23,000
Electric	311,401	311,401
Gas	50,000	50,000
Total Transfer In	<u>\$ 1,047,401</u>	<u>\$ 1,047,401</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.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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**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.

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 and may retire any time after reaching age 50 with 22 or more years of covered employment. 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.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

**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.

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll and the City contributed 9.44 percent of covered payroll for a total rate of 15.73 percent. Protective occupation members contributed 6.81 percent of covered payroll and the City contributed 10.21 percent of covered payroll for a total rate of 17.02 percent.

The City's total contributions to IPERS for the year ended June 30, 2019 were \$231,835 and for the component unit total contributions were \$2,085,002.

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

At June 30, 2019, the City reported a liability of \$1,617,021 and the component unit reported \$16,670,713 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's collective proportion was 0.0255525 percent and 0.263534 percent for the component unit, which was an increase of 0.0004619 percent from its proportion measured as of June 30, 2017. The component unit showed an increase of 0.005218 percent from 2017.

For the year ended June 30, 2019, the City and component unit recognized pension expense of \$286,262 and \$2,595,371, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

	<b>City's Share</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 9,865	\$ 39,827
Changes of assumptions	273,651	1,546
Net difference between projected and actual earnings on pension plan investments	-	57,134
Changes in proportion and differences between City contributions and proportionate share of contributions	36,953	29,531
City's contributions subsequent to the measurement date	231,835	-
Total	<u>\$ 552,304</u>	<u>\$ 128,038</u>

	<b>Component Unit</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 91,931	\$ 378,522
Changes of assumptions	2,400,919	820
Net difference between projected and actual earnings on pension plan investments	-	464,778
Changes in proportion and differences between Hospital contributions and proportionate share of contributions	539,392	4,870
Area Health System's contributions subsequent to the measurement date	2,085,002	-
Total	<u>\$ 5,117,244</u>	<u>\$ 848,990</u>

\$231,835 and \$2,085,002 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, 2020. 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>
2020	\$ 138,880	\$ 1,326,728
2021	66,440	747,918
2022	(17,663)	19,473
2023	4,097	82,953
2024	677	6,180
	<u>\$ 192,431</u>	<u>\$ 2,183,252</u>

There were no non-employer contributing entities of IPERS.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

*Actuarial assumptions* – The total pension liability in the June 30, 2018 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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100%</u>	

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

*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	\$ 3,000,843	\$ 1,671,021	\$ 456,583
Component Unit	28,429,238	16,670,713	6,807,252

*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, 2019, the City and component unit reported payables to the defined benefit pension plan of \$30,355 and \$350,155, respectively.

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

Plan Description – The City and the component unit administer 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 the component unit 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, 2019 for the City and June 30, 2019 for the component unit, plan membership consisted of the following:

	<b>City</b>	<b>Component Unit</b>
Inactive members currently receiving benefit	0	7
Active employees	35	421
Total	35	428

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

**Total OPEB Liability** – The total OPEB liability of the City was \$101,690 and the component unit was \$349,921 measured as of January 1, 2018 and June 30, 2019, respectively, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** – The Total OPEB liability for the City and the component unit in the January 1, 2018 and June 30, 2019, respectively, 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.

	<b>City</b> (Effective January 1, 2019)	<b>Component Unit</b> (Effective June 30, 2019)
Rate of Inflation	3.00% per annum.	2.60% per annum.
Rates of salary increase	2.00% per annum, including Inflation.	Varying rates by years of service from 3.25% to 16.25%
Discount rate	3.44% compounded annually, Including inflation.	3.50% compounded actually, Including inflation
Healthcare cost trend rate	5.00% all years.	7.00% Initial rate decreasing by 1% Annually to an ultimate rate of 4%

**Discount Rate** The discount rates used to measure the total OPEB liability for the City was 3.44% and for the component unit was 3.87%, 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.

Mortality rates for the City are from SOA RP-2014 total annuitant distinct mortality table adjusted to 2006 MP-2017 generational projection of future mortality improvement. Mortality rates for the component unit were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used for the City in the January 1, 2019 and for the component unit in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

**Changes in the Total OPEB Liability**

	<b>City</b>	<b>Component Unit</b>
Total OPEB liability beginning of year	\$ 101,425	\$ 328,855
Changes for the year:		
Service cost	4,548	22,561
Interest	3,511	11,782
Differences between expected and actual experiences	-	56,695
Changes in assumptions	-	(35,738)
Benefit payments	(7,794)	(35,829)
Net changes	265	21,066
Total OPEB liability end of year	\$ 101,690	\$ 349,921

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

The change in the discount rate for the City's total OPEB liability was immaterial to the City's financial statements as a whole. Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.50% for the component unit in fiscal year 2019.

Sensitivity of the City's and its Component Unit's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City and its component unit, as well as what the City's and its component unit'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	\$108,304	\$101,690	\$95,253
Component Unit Discount Rates	(2.50%)	(3.50%)	(4.50%)
Total Component Unit OPEB Liability	\$375,314	\$349,921	\$326,041

Sensitivity of the City's and its Component Unit's Total OPEB liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City and its component unit, as well as what the City's and its component unit'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	\$ 91,624	\$101,690	\$ 113,345
Component Unit Healthcare Cost Trend Rates	(6.00%)	(7.00%)	(8.00%)
Total Component Unit OPEB Liability	\$309,978	\$349,921	\$ 398,147

OPEB Expense and Deferred Outflows/Inflows of resources Related to OPEB – For the year ended June 30, 2019, the City and component unit recognized OPEB expense of \$8,844 and \$37,516 respectively. At June 30, 2019, the City and component unit reported deferred Outflows/Inflows of resources related to OPEB from the following resources:

	Deferred Outflows		Deferred Inflows
	City	Component Unit	Component Unit
Differences between expected and actual experience	\$ 294	\$ 49,876	\$ -
Changes in assumptions	7,093	-	(36,631)
Total	\$ 7,387	\$ 49,876	\$ (36,631)

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

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

<b>Year ending June 30,</b>	<b>City</b>	<b>Component Unit</b>
2020	\$ 785	\$ (1,578)
2021	785	(1,578)
2022	785	(1,578)
2023	785	(1,578)
2024	785	(1,578)
Thereafter	3,462	(5,355)
	<u>\$ 7,387</u>	<u>\$ (13,245)</u>

**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.

**General Fund**

The General Fund has Unassigned Fund Balance of \$1,802,418 at June 30, 2019.

**Other Major Funds**

The Road Use Tax Fund has a Restricted Fund Balance of \$885,307 consisting of primarily unspent funds used for street construction and maintenance. Inventory balances at June 30, 2019 of \$19,299 are considered Nonspendable Fund Balance.

The Debt Service Fund has a Restricted Fund Balance of \$167,186 consisting of primarily unspent funds used to pay general obligation bond principal and interest.

The TIF Fund has a Restricted Fund balance of \$543,257, consisting of primarily unspent funds used for housing projects and economic development.

The 2018 Street Project Fund has a negative unassigned fund balance of \$6,179.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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

**Other Funds**

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

USDA IRP-Loan –		
Special Revenue Fund:	For economic development	\$ 245,999
USDA Revolving Loan		
Special Revenue Fund:	For economic development	\$ 408,148

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

Dunlop Park Improvement – Capital Project	\$ 476,301
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The following non-major fund has a Nonspendable Fund Balance:

Cemetery Perpetual Care:	For cemetery maintenance	\$ 110,375
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**Note 12 - DEFICIT FUND EQUITY**

The City had one fund with a deficit equity balance at June 30, 2019. 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.....	\$ 6,179
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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 2018-2019 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.

**Note 14 - COMMITMENTS**

At June 30, 2019 the City had four construction contracts in process with the following approximate contracts remaining:

2018 Street Improvements	\$ 293,843
Puddle Jumper 9 <sup>th</sup> Addition	399,979
Dunlop Trail Improvement	356,557
North Weiland First Addition Subdivision Improvements	69,703
Total commitments, end of year	<u>\$ 1,120,082</u>

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2019**

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**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, 2019, the City rebated \$170,825 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, 2019 was \$691,399.

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, 2019, the City abated \$170,825 of property tax under the urban renewal and economic development projects.

**Note 17 - Future Accounting Pronouncement**

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.



## **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, 2019**

	Governmental Fund Type Actual	Proprietary Funds Actual	Orange City Area Health System
Revenue:			
Taxes	\$ 3,171,229	\$ -	\$ -
Special Assessments	9,413	-	-
Licenses and Permits	6,548	-	-
Intergovernmental	1,244,531	-	26,586
Charges for Services	690,537	13,160,027	52,529,720
Fines and Forfeits	18,590	-	-
TIF Revenue	1,223,495	-	-
Local Option Sales Tax	911,382	-	-
Proceeds from Sale of Real Estate and Fixed Assets	373,551	-	-
Interest	46,327	136,084	469,486
Miscellaneous	154,357	390,071	60,166
Total Revenue	<u>7,849,960</u>	<u>13,686,182</u>	<u>53,085,958</u>
Expenditures:			
Public Safety	1,195,629	-	-
Public Works	1,095,815	-	-
Culture and Recreation	1,736,660	-	-
Community and Economic Development	343,352	-	-
General Government	794,315	-	-
Capital Projects	2,279,074	-	-
Debt Service	1,747,262	-	-
Business Type Activities	-	11,689,703	52,085,852
Total Expenditures	<u>9,192,107</u>	<u>11,689,703</u>	<u>52,085,852</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,342,147)	1,996,479	1,000,106
Other Financing Sources (Uses):			
Proceeds from Debt Financing	2,280,000	-	-
Capital Contribution	-	522,837	-
Interfund Transfers In	1,047,401	-	-
Interfund Transfers Out	(640,000)	(407,401)	-
Total Other Financing Sources (Uses)	<u>2,687,401</u>	<u>115,436</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,345,254	2,111,915	1,000,106
Fund Balances/Net Position- Beginning of Year	3,304,310	29,763,912	27,496,564
(Decrease) in Reserve for Inventory	2,547	-	-
Fund Balances/Net Position- End of Year	<u>\$ 4,652,111</u>	<u>\$ 31,875,827</u>	<u>\$ 28,496,670</u>

Total Actual	Budgeted Amounts		Final Budget Favorable (Unfavorable)
	Original	Final	
\$ 3,171,229	\$ 3,157,364	\$ 3,157,364	\$ 13,865
9,413	200,500	340,500	(331,087)
6,548	7,135	7,135	(587)
1,271,117	916,321	916,321	354,796
66,380,284	65,629,750	65,629,750	750,534
18,590	-	-	18,590
1,223,495	765,000	765,000	458,495
911,382	879,196	879,196	32,186
373,551	-	-	373,551
651,897	131,050	131,050	520,847
604,594	544,000	652,000	(47,406)
<u>74,622,100</u>	<u>72,230,316</u>	<u>72,478,316</u>	<u>2,143,784</u>
1,195,629	978,963	1,263,963	68,334
1,095,815	1,068,480	1,155,480	59,665
1,736,660	1,580,941	1,620,941	(115,719)
343,352	427,052	477,052	133,700
794,315	937,992	1,037,992	243,677
2,279,074	2,250,000	3,410,000	1,130,926
1,747,262	1,947,754	1,947,754	200,492
63,775,555	62,050,662	62,050,662	(1,724,893)
<u>72,967,662</u>	<u>71,241,844</u>	<u>72,963,844</u>	<u>(3,818)</u>
1,654,438	988,472	(485,528)	2,139,966
2,280,000	1,750,000	2,045,000	235,000
522,837	-	-	522,837
1,047,401	2,720,000	3,705,000	(2,657,599)
<u>(1,047,401)</u>	<u>(2,720,000)</u>	<u>(2,720,000)</u>	<u>1,672,599</u>
<u>2,802,837</u>	<u>1,750,000</u>	<u>3,030,000</u>	<u>(227,163)</u>
4,457,275	2,738,472	2,544,472	1,912,803
60,564,786	60,564,786	60,564,786	-
2,547	-	-	2,547
<u>\$ 65,024,608</u>	<u>\$ 63,303,258</u>	<u>\$ 63,109,258</u>	<u>\$ 1,915,350</u>

**CITY OF ORANGE CITY, IOWA**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

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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 2019, the City held public hearings and amended the operating budget once. The amendment is as follows:

<u>Program</u>	<u>Original Budget</u>	<u>5/20/19 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$ 978,963	\$ 285,000	\$ 1,263,963
Public Works	1,068,480	87,000	1,155,480
Culture & Recreation	1,580,941	40,000	1,620,941
Community and Economic Development	427,052	50,000	477,052
General Government	937,992	100,000	1,037,992
Capital Projects	2,250,000	1,160,000	3,410,000
Debt Service	1,947,754	-	1,947,754
Business Type/Enterprise	62,050,662	-	62,050,662

**CITY OF ORANGE CITY, IOWA  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FIVE FISCAL YEARS\*  
(IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2019</b>		<b>2018</b>	
	<b>City</b>	<b>Component Unit</b>	<b>City</b>	<b>Component Unit</b>
Entity's proportion of the net pension liability	0.0255525%	0.263534%	0.0250906%	0.258316%
Entity's proportionate share of the net pension liability	\$ 1,617	\$ 16,671	\$ 1,671	\$ 17,063
Entity's covered payroll	\$ 2,338	\$ 20,070	\$ 2,268	\$ 19,108
Entity's proportionate share of the net pension liability as a percentage of its covered payroll	69%	74%	71%	85%
Plan fiduciary net pension as a percentage of the total pension liability	84%	84%	82%	82%

	<b>2017</b>		<b>2016</b>	
	<b>City</b>	<b>Component Unit</b>	<b>City</b>	<b>Component Unit</b>
Entity's proportion of the net pension liability	0.0259355%	0.249607%	0.0249929%	0.250019%
Entity's proportionate share of the net pension liability	\$ 1,632	\$ 15,708	\$ 1,235	\$ 12,352
Entity's covered payroll	\$ 2,254	\$ 18,605	\$ 2,187	\$ 17,815
Entity's proportionate share of the net pension liability as a percentage of its covered payroll	72%	83%	64%	66%
Plan fiduciary net pension as a percentage of the total pension liability	82%	82%	85%	85%

	<b>2015</b>	
	<b>City</b>	<b>Component Unit</b>
Entity's proportion of the net pension liability	0.0240195%	0.253294%
Entity's proportionate share of the net pension liability	\$ 953	\$ 10,045
Entity's covered payroll	\$ 2,102	\$ 17,561
Entity's proportionate share of the net pension liability as a percentage of its covered payroll	44%	56%
Plan fiduciary net pension as a percentage of the total pension liability	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.

See accompanying independent auditors' report

**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, 2019**

<b>City</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutorily required contribution	\$ 232	\$ 213	\$ 206	\$ 202	\$ 199
Contributions in relation to the statutorily required contribution	(232)	(213)	(206)	(202)	(199)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered payroll	\$ 2,420	\$ 2,338	\$ 2,268	\$ 2,254	\$ 2,187
Contributions as a percentage of covered payroll	9.59%	9.11%	9.07%	8.96%	9.10%
<b>City</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Statutorily required contribution	\$ 193	\$ 169	\$ 154	\$ 134	\$ 130
Contributions in relation to the statutorily required contribution	(193)	(169)	(154)	(134)	(130)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered payroll	\$ 2,102	\$ 1,875	\$ 1,833	\$ 1,786	\$ 1,816
Contributions as a percentage of covered payroll	9.18%	9.01%	8.40%	7.50%	7.16%
<b>Component Unit</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutorily required contribution	\$ 2,085	\$ 1,794	\$ 1,672	\$ 1,616	\$ 1,559
Contributions in relation to the statutorily required contribution	(2,085)	(1,794)	(1,672)	(1,616)	(1,559)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Hospital's covered payroll	\$ 22,563	\$ 20,070	\$ 19,108	\$ 18,605	\$ 17,815
Contributions as a percentage of covered payroll	9.2%	8.9%	8.75%	8.68%	8.75%
<b>Component Unit</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Statutorily required contribution	\$ 1,505	\$ 1,416	\$ 1,064	\$ 1,064	\$ 985
Contributions in relation to the statutorily required contribution	(1,505)	(1,416)	(1,064)	(1,064)	(985)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Hospital's covered payroll	\$ 17,561	\$ 16,778	\$ 15,383	\$ 15,383	\$ 14,843
Contributions as a percentage of covered payroll	8.57%	8.43%	6.92%	6.92%	6.64%

**CITY OF ORANGE CITY, IOWA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2019**

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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 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017
- Adjusted retirement rates
- Lowered disability rates
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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 (Unfunded Actuarial Liability) 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, 2019**

**Required Supplementary Information**

	<b>2019</b>		<b>2018</b>	
	<b>City</b>	<b>Component Unit</b>	<b>City</b>	<b>Component Unit</b>
Service Cost	\$ 4,547	\$ 22,561	\$ 4,547	\$ 19,853
Interest Cost	3,511	13,377	3,445	11,782
Difference between expected and Actual experiences	-	56,695	356	-
Changes in assumptions	-	(35,738)	8,601	(7,076)
Benefit assumptions	(7,793)	(35,829)	(4,316)	(9,844)
Net change in total OPEB liability	265	21,066	12,543	14,715
Total OPEB liability beginning of year	101,425	328,855	88,882	314,140
Total OPEB liability end of year	\$ 101,690	\$ 349,921	\$ 101,425	\$ 328,855
Covered – employee payroll (in thousands)	\$ 2,094	\$ 19,051	\$ 2,053	\$ 16,132
Total OPEB liability as a percentage Of covered – employee payroll	4.86%	1.84%	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.

	<b>City</b>	<b>Component Unit</b>
Year ended June 30, 2019	3.44%	3.50%
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, 2019

	Special Revenue		Capital Projects	Permanent	Total
	USDA Revolving Loan	USDA IRP-Loan	Dunlop Park Improvements	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds
<b>Assets</b>					
Cash and Pooled Investments	\$ 192,148	\$ 65,839	\$ 622,610	\$ 110,375	\$ 990,972
Notes Receivable	216,000	180,160	-	-	396,160
<b>Total Assets</b>	<b>408,148</b>	<b>245,999</b>	<b>622,610</b>	<b>110,375</b>	<b>1,387,132</b>
<b>Liabilities</b>					
Accounts Payable	-	-	146,309	-	146,309
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>146,309</b>	<b>-</b>	<b>146,309</b>
<b>Fund Balances</b>					
Nonspendable:					
Permanent Fund Principal	-	-	-	110,375	110,375
Restricted for:					
Economic Development	408,148	245,999	-	-	654,147
Assigned for:					
Capital Projects	-	-	476,301	-	476,301
<b>Total Fund Balances (Deficits)</b>	<b>408,148</b>	<b>245,999</b>	<b>476,301</b>	<b>110,375</b>	<b>1,240,823</b>
<b>Total Liabilities, and Fund Balances</b>	<b>\$ 408,148</b>	<b>\$ 245,999</b>	<b>\$ 622,610</b>	<b>\$ 110,375</b>	<b>\$ 1,387,132</b>

**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue		Capital Projects	Permanent	Total
	USDA	USDA	Dunlop	Cemetery	Governmental
	Revolving Loan	IRP-Loan	Park	Perpetual Care	Nonmajor
			Improvements	Fund	Funds
Revenue:					
Intergovernmental	\$ 47,000	-	-	-	\$ 47,000
Interest on Investments	728	8,527	-	-	9,255
Miscellaneous	-	-	-	3,950	3,950
Total Revenue	47,728	8,527	-	3,950	60,205
Expenditures:					
Capital Projects	-	-	396,326	-	396,326
Debt Service:					
Interest/Bond Costs	-	8,311	14,171.00	-	22,482
Total Expenditures	-	8,311	410,497	-	418,808
Excess (deficiency) of revenues over expenditures	47,728	216	(410,497)	3,950	(358,603)
Other financing sources (uses):					
Issuance of Debt	-	-	700,000	-	700,000
Premium on Debt Issued	-	-	74,136	-	74,136
Bond Issue Costs	-	-	-	-	-
Total other financing sources (uses)	-	-	774,136	-	774,136
Net Change in Fund Balance	47,728	216	363,639	3,950	415,533
Fund balances - beginning of year	360,420	245,783	112,662	106,425	825,290
Fund balances - end of year	\$ 408,148	\$ 245,999	\$ 476,301	\$ 110,375	\$ 1,240,823

**CITY OF ORANGE CITY, IOWA**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b><u>PAYROLL CLEARING</u></b>				
Assets				
Cash and Cash Equivalents	\$ 37,151	\$ 1,182,930	\$ 1,178,836	\$ 41,245
Total Assets	37,151	1,182,930	1,178,836	41,245
Liabilities				
Accounts Payable	37,151	1,182,930	1,178,836	41,245
Total Liabilities	\$ 37,151	\$ 1,182,930	\$ 1,178,836	\$ 41,245

## 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	81
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	84
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	88
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	98
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	102
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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 15,407,790
Restricted	1,469,772	1,183,616	1,011,688	1,799,523	1,194,599	1,780,488	2,288,094	2,682,327	2,117,016	2,326,682
Unrestricted	(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)	(2,203,975)
<b>Total governmental activities net position</b>	<u>\$ 9,679,203</u>	<u>\$ 8,548,242</u>	<u>\$ 10,328,742</u>	<u>\$ 9,832,493</u>	<u>\$ 9,856,507</u>	<u>\$ 10,693,776</u>	<u>\$ 12,872,288</u>	<u>\$ 12,854,174</u>	<u>\$ 14,049,945</u>	<u>\$ 15,530,497</u>
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$ 11,196,648	\$ 12,126,884	\$ 12,336,353	\$ 13,537,488	\$ 14,068,240	\$ 15,609,054	\$ 15,858,940	\$ 18,557,290	\$ 18,475,912	\$ 22,168,051
Restricted	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	1,931,597
Unrestricted	7,833,765	8,292,614	8,740,929	8,214,047	10,048,505	9,959,744	9,998,470	8,488,495	9,309,366	7,776,179
<b>Total business-type activities net position</b>	<u>\$ 20,136,561</u>	<u>\$ 21,409,733</u>	<u>\$ 22,311,760</u>	<u>\$ 22,935,424</u>	<u>\$ 25,402,734</u>	<u>\$ 26,796,878</u>	<u>\$ 26,957,751</u>	<u>\$ 28,109,877</u>	<u>\$ 29,763,912</u>	<u>\$ 31,875,827</u>
<b>Primary government</b>										
Net Investment in Capital Assets	\$ 21,590,129	\$ 21,247,398	\$ 22,662,599	\$ 24,467,580	\$ 25,067,197	\$ 28,566,457	\$ 29,619,418	\$ 33,922,956	\$ 32,710,236	\$ 37,575,841
Restricted	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	4,258,279
Unrestricted	5,649,715	6,536,726	7,731,737	5,316,925	7,711,456	5,915,629	6,822,186	3,294,676	7,007,971	5,572,204
<b>Total primary government net position</b>	<u>\$ 29,815,764</u>	<u>\$ 29,957,975</u>	<u>\$ 32,640,502</u>	<u>\$ 32,767,917</u>	<u>\$ 35,259,241</u>	<u>\$ 37,490,654</u>	<u>\$ 39,830,039</u>	<u>\$ 40,964,051</u>	<u>\$ 43,813,857</u>	<u>\$ 47,406,324</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
Public Safety	\$ 795,713	\$ 830,457	\$ 828,199	\$ 833,780	\$ 872,249	\$ 872,626	\$ 925,097	\$ 972,996	\$ 1,088,140	\$ 1,106,146
Public Works	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	1,605,411
Culture and Recreation	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	1,869,376
Community and Economic Development	475,593	1,572,043	317,481	325,702	325,474	258,417	371,010	697,831	558,788	302,629
General Government	543,010	714,572	1,144,619	2,345,344	992,494	731,785	742,301	712,651	820,252	962,503
Debt Service	338,853	347,165	542,187	431,845	355,325	338,539	357,017	319,025	331,151	404,484
Total governmental activities expenses	<u>5,423,586</u>	<u>6,750,659</u>	<u>6,065,596</u>	<u>6,990,238</u>	<u>5,450,133</u>	<u>5,257,977</u>	<u>5,840,475</u>	<u>6,080,237</u>	<u>6,363,973</u>	<u>6,250,549</u>
Business-Type Activities:										
Electric	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	7,488,064
Water	845,775	873,848	909,721	943,567	917,303	899,459	1,461,287	964,647	937,061	1,023,038
Sewer	533,308	601,445	596,619	523,094	540,096	571,113	657,992	572,314	856,862	1,159,532
Gas	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	2,019,069
Total business-type activities expenses	<u>10,956,995</u>	<u>11,226,182</u>	<u>10,517,412</u>	<u>9,807,809</u>	<u>10,817,534</u>	<u>10,680,161</u>	<u>10,854,666</u>	<u>10,804,180</u>	<u>11,417,583</u>	<u>11,689,703</u>
Total primary government expenses	<u>16,380,581</u>	<u>17,976,841</u>	<u>16,583,008</u>	<u>16,798,047</u>	<u>16,267,667</u>	<u>15,938,138</u>	<u>16,695,141</u>	<u>16,884,417</u>	<u>17,781,556</u>	<u>17,940,252</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public Safety	22,835	18,328	43,050	22,593	19,309	15,943	39,164	19,299	17,396	12,713
Public Works	226,434	246,619	241,952	257,210	312,823	310,203	479,624	314,332	326,399	338,514
Culture and Recreation	198,059	237,037	232,520	275,661	343,273	306,300	309,631	317,778	323,621	285,554
Community & Economic Development	58,036	22,883	81,442	31,480	32,099	46,335	55,683	82,191	40,867	59,802
General Government	12,809	11,805	46,580	48,534	41,174	35,662	96,387	131,951	60,160	62,682
Operating grants and contributions	711,108	748,271	893,471	970,358	916,877	1,242,721	1,134,628	1,105,119	1,135,321	1,252,432
Capital grants and contributions	115,830	-	1,236,083	399,850	-	217,763	764,281	272,133	110,463	26,110
Total governmental activities program revenues	<u>1,345,111</u>	<u>1,284,943</u>	<u>2,775,098</u>	<u>2,005,686</u>	<u>1,665,555</u>	<u>2,174,927</u>	<u>2,879,398</u>	<u>2,242,803</u>	<u>2,014,227</u>	<u>2,037,807</u>
Business-type activities:										
Charges for services:										
Electric	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	8,572,893
Water	785,796	831,730	977,427	882,207	886,144	900,765	934,342	1,033,612	1,016,294	949,619
Sewer	546,929	566,441	609,951	606,825	592,445	715,410	842,497	894,726	1,233,550	1,365,898
Gas	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	2,271,617
Total business-type activities program revenues	<u>11,696,027</u>	<u>11,853,347</u>	<u>11,357,604</u>	<u>10,656,617</u>	<u>11,810,373</u>	<u>11,535,423</u>	<u>11,147,894</u>	<u>12,075,503</u>	<u>13,135,549</u>	<u>13,160,027</u>
Total primary government program revenues	<u>13,041,138</u>	<u>13,138,290</u>	<u>14,132,702</u>	<u>12,662,303</u>	<u>13,475,928</u>	<u>13,710,350</u>	<u>14,027,292</u>	<u>14,318,306</u>	<u>15,149,776</u>	<u>15,197,834</u>
<b>Net (expense)/revenue</b>										
Governmental activities	(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)	(4,212,742)
Business-type activities	739,032	627,165	840,192	848,808	992,839	855,262	293,228	1,271,323	1,717,966	1,470,324
Total primary government net expense	<u>\$ (3,339,443)</u>	<u>\$ (4,838,551)</u>	<u>\$ (2,450,306)</u>	<u>\$ (4,135,744)</u>	<u>\$ (2,791,739)</u>	<u>\$ (2,227,788)</u>	<u>\$ (2,667,849)</u>	<u>\$ (2,566,111)</u>	<u>\$ (2,631,780)</u>	<u>\$ (2,742,418)</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 4,394,724
Local option sales tax	596,463	646,042	669,520	736,474	710,785	792,255	846,836	950,305	851,052	911,382
Investment Earnings	7,586	3,963	11,297	9,621	2,328	8,935	8,864	13,109	11,555	46,327
Gain on Sale of Assets	189,700	100,120	94,548	145,696	52,023	55,600	168,810	267,743	55,000	373,551
Miscellaneous	149,288	196,505	117,618	117,465	45,850	97,363	-	-	176,451	82,746
Transfers	281,967	569,088	912,173	442,342	(480,685)	451,895	389,219	318,303	272,189	(115,436)
Total governmental activities	<u>3,940,438</u>	<u>4,334,755</u>	<u>5,070,998</u>	<u>4,750,072</u>	<u>3,808,592</u>	<u>4,921,455</u>	<u>4,987,637</u>	<u>5,693,695</u>	<u>5,570,647</u>	<u>5,693,294</u>
Business-type activities										
Investment Earnings	15,464	18,935	18,772	18,988	16,015	32,655	15,219	41,730	43,469	136,084
Gain on Sale of Joint Venture	-	-	-	-	-	926,349	-	-	-	-
Miscellaneous	105,173	313,364	955,236	382,211	977,771	364,780	241,645	157,376	174,431	390,071
Transfers	(281,967)	(569,088)	(912,173)	(442,342)	480,685	(451,895)	(389,219)	(318,303)	(272,189)	115,436
Total business-type activities	<u>(161,330)</u>	<u>(236,789)</u>	<u>61,835</u>	<u>(41,143)</u>	<u>1,474,471</u>	<u>871,889</u>	<u>(132,355)</u>	<u>(119,197)</u>	<u>(54,289)</u>	<u>641,591</u>
Total primary government	<u>3,779,108</u>	<u>4,097,966</u>	<u>5,132,833</u>	<u>4,708,929</u>	<u>5,283,063</u>	<u>5,793,344</u>	<u>4,855,282</u>	<u>5,574,498</u>	<u>5,516,358</u>	<u>6,334,885</u>
<b>Change in Net Position</b>										
Governmental activities	(138,037)	(1,130,961)	1,780,500	(234,480)	24,014	1,838,405	2,026,560	1,856,261	1,220,901	1,480,552
Business-type activities	577,702	390,376	902,027	807,665	2,467,310	1,727,151	160,873	1,152,126	1,663,677	2,111,915
Total primary government	<u>\$ 439,665</u>	<u>\$ (740,585)</u>	<u>\$ 2,682,527</u>	<u>\$ 573,185</u>	<u>\$ 2,491,324</u>	<u>\$ 3,565,556</u>	<u>\$ 2,187,433</u>	<u>\$ 3,008,387</u>	<u>\$ 2,884,578</u>	<u>\$ 3,592,467</u>



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

<b><u>Fiscal</u></b> <b><u>Year</u></b>		<b><u>Property</u></b> <b><u>Tax</u></b>		<b><u>Sales</u></b> <b><u>Tax</u></b>		<b><u>Hotel/Motel</u></b> <b><u>Tax</u></b>		<b><u>Total</u></b>
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
2019	\$	4,394,724	\$	750,206	\$	161,176	\$	5,306,106

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General fund</b>										
Unreserved/ Unassigned	\$ 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	\$ 1,802,418
<b>Total General Fund</b>	<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>	<u>\$ 1,802,418</u>
<b>All other governmental funds</b>										
Reserved	\$ 139,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	108,324	113,584	99,475	102,475	105,923	115,943	114,087	123,176	129,674
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	2,249,897
Spendable - Assigned	-	52,504	6,000	9,683	-	-	162,486	167,486	112,662	476,301
Spendable - Unassigned	-	(852,789)	(240,584)	(656,870)	(193,747)	(1,252,696)	(681,288)	(3,270,466)	(393,453)	(6,179)
Unreserved, reported in:										
Special revenue funds	1,355,796	-	-	-	-	-	-	-	-	-
Capital project funds	(233,248)	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<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>	<u>\$ 2,849,693</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)**

	<b>Fiscal Year</b>			
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b>Revenues</b>				
Taxes	\$ 2,150,832	\$ 2,357,270	\$ 2,579,057	\$ 2,551,158
Special Assessments	32,393	-	-	-
Licenses and permits	3,927	4,541	5,288	5,600
Intergovernmental	826,938	748,271	1,969,554	1,242,033
Charges for services	432,831	440,500	535,950	588,213
Fines and Forfeits	28,798	28,640	44,919	40,664
Contributions from Property Owners	5,005	8,109	2,029	1,001
TIF Revenue	563,314	468,922	688,900	748,320
Local Options Sales Tax	596,463	646,042	669,520	736,474
Investment Earnings	7,586	3,963	11,297	9,621
Miscellaneous	326,357	342,347	429,524	391,336
<b>Total revenues</b>	<b><u>4,974,444</u></b>	<b><u>5,048,605</u></b>	<b><u>6,936,038</u></b>	<b><u>6,314,420</u></b>
<b>Expenditures</b>				
Public safety	1,074,560	757,212	790,598	749,557
Public works	1,128,842	810,124	1,018,539	1,027,380
Culture and recreation	1,107,667	1,102,791	1,265,084	1,215,909
Community and economic development	345,945	221,428	317,787	325,237
General government	601,476	695,362	1,150,288	2,215,628
Capital projects	1,414,710	2,336,490	5,601,071	856,115
Debt service				
Principal	1,450,000	850,000	2,770,000	3,475,000
Interest	371,011	347,366	663,442	435,210
<b>Total expenditures</b>	<b><u>7,494,211</u></b>	<b><u>7,120,773</u></b>	<b><u>13,576,809</u></b>	<b><u>10,300,036</u></b>
Excess of revenues over (under) expenditures	(2,519,767)	(2,072,168)	(6,640,771)	(3,985,616)
<b>Other financing sources (uses)</b>				
Issuance of Debt	2,425,000	1,500,000	8,685,000	1,450,000
Proceeds From Sale of Equipment	27,850	-	-	-
Transfers In	1,273,474	1,135,326	1,718,587	1,227,493
Transfers Out	(991,507)	(566,238)	(806,414)	(785,151)
<b>Total other financing sources (uses)</b>	<b><u>2,734,817</u></b>	<b><u>2,069,088</u></b>	<b><u>9,597,173</u></b>	<b><u>1,892,342</u></b>
<b>Net change in fund balances</b>	<b><u>\$ 215,050</u></b>	<b><u>\$ (3,080)</u></b>	<b><u>\$ 2,956,402</u></b>	<b><u>\$ (2,093,274)</u></b>
<b>Debt Service as a percentage of noncapital expenditures</b>	30.0%	25.0%	43.0%	41.4%

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

<b>Fiscal Year</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>	<b><u>2019</u></b>
\$ 2,663,304	\$ 2,663,371	\$ 2,678,042	\$ 3,022,560	\$ 3,118,441	\$ 3,171,229
611	2,989	136,656	25,890	27,049	9,413
6,348	6,326	6,125	6,779	6,691	6,548
860,790	1,418,642	1,402,468	1,105,119	1,112,570	1,244,531
710,928	679,390	702,580	717,798	699,514	690,537
29,896	25,142	28,891	24,501	24,095	18,590
53,087	58,130	-	-	-	-
815,553	853,129	895,866	1,121,675	1,085,959	1,223,495
710,785	792,255	846,836	950,305	851,052	911,382
2,328	8,935	8,864	13,109	11,555	46,327
106,335	137,271	727,463	652,369	400,813	527,908
<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>	<u>7,849,960</u>
811,614	864,188	978,225	946,213	985,180	1,195,629
1,098,769	990,558	1,324,398	1,011,665	1,204,569	1,095,815
1,231,065	1,578,372	1,648,339	1,660,106	1,775,252	1,736,660
325,398	257,568	347,749	418,778	449,681	343,352
866,915	613,733	614,203	586,020	710,129	794,315
1,541,643	2,302,188	2,654,972	3,300,232	1,188,431	2,279,074
1,330,000	1,490,000	3,065,000	1,820,000	1,625,000	1,590,000
357,768	336,301	348,172	338,213	299,137	398,991
<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>	<u>9,433,836</u>
(1,603,207)	(1,787,328)	(3,547,267)	(2,441,122)	(899,640)	(1,583,876)
905,000	835,000	4,145,588	-	2,718,952	2,521,729
-	-	-	-	-	-
1,933,500	1,211,895	1,658,616	1,411,831	2,254,818	1,047,401
<u>(1,566,040)</u>	<u>(760,000)</u>	<u>(1,269,397)</u>	<u>(909,453)</u>	<u>(1,838,579)</u>	<u>(640,000)</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>2,929,130</u>
\$ <u>(330,747)</u>	\$ <u>(500,433)</u>	\$ <u>987,540</u>	\$ <u>(1,938,744)</u>	\$ <u>2,235,551</u>	\$ <u>1,345,254</u>
28.0%	29.8%	41.0%	31.8%	28.5%	29.9%

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

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>		<b>Utilities</b>		<b>Total</b>		<b>Weighted Average Direct Property Tax Rate</b>	<b>Assessed Value as a Percentage of Estimated Actual Value</b>
	<b><u>Assessed Value</u></b>	<b><u>Estimated Actual Value</u></b>	<b><u>Assessed Value</u></b>	<b><u>Estimated Actual Value</u></b>	<b><u>Assessed Value</u></b>	<b><u>Estimated Actual Value</u></b>		
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%
2019	\$253,335,501	\$400,285,037	\$1,259,770	\$1,259,770	\$ 254,595,271	\$ 401,544,807	\$ 14.3286	63.40%

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			Sioux County			Overlapping Rates MOC-FV School District			Area Vocational School	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2010	\$ 7.8840	\$ 5.8294	\$ 13.7134	\$ 5.0731	\$ 0.4433	\$ 5.5163	\$ 11.9925	\$ -	\$ 11.9925	\$ 0.6547	\$ 31.8770
2011	7.8530	6.1102	13.9632	4.9846	0.3902	5.3747	12.7738	-	12.7738	0.6763	32.7881
2012	7.8767	7.2532	15.1299	4.9885	0.3750	5.3635	11.6943	-	11.6943	0.6506	32.8383
2013	7.8835	6.5769	14.4604	4.9911	0.3491	5.3402	11.7232	-	11.7232	0.6438	32.1675
2014	7.9024	6.5389	14.4413	4.9694	0.3659	5.3352	10.9162	-	10.9162	0.6907	31.3834
2015	7.9280	6.0227	13.9507	5.0911	0.3400	5.4311	10.4391	-	10.4391	0.6910	30.5119
2016	7.9356	6.0496	13.9852	5.0488	0.3335	5.3822	10.2199	-	10.2199	0.7335	30.3208
2017	7.7209	6.8406	14.5616	4.8769	0.3028	5.1797	10.2316	-	10.2316	0.7812	30.7541
2018	8.4969	6.2947	14.7916	4.7626	0.2843	5.0469	10.2388	-	10.2388	0.7905	30.5784
2019	\$ 8.4859	\$ 5.8427	\$ 14.3286	\$ 4.8476	\$ 0.2720	\$ 5.1196	\$ 10.1855	\$ -	\$ 10.1855	\$ 0.7942	\$ 30.4279

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, 2019**

<u>Taxpayer</u>	<u>2019</u>			<u>2010</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>
Vogel Enterprises Inc.	\$ 15,470,600	1	6.6%	\$ 7,969,564	2	3.2%
SCC10 Orange City	9,484,440	2	4.1%	9,268,450	1	2.8%
Premium Pet Health LLC	4,784,450	3	2.1%			
Prairie Winds Hotel Holdings	4,204,220	4	1.8%			
Aerospace Holdings LLC	3,716,240	5	1.6%			
OCDL, Inc.	3,359,110	6	1.4%	1,465,800	8	0.6%
Groeneweg, Ardie Rev Trust	2,404,640	7	1.0%			
Krull Ltd.	2,355,750	8	1.0%	1,685,170	5	0.6%
Revival Animal Health Inc.	1,815,670	9	0.8%			
Iowa State Bank Orange City	1,770,590	10	0.8%	1,515,870	7	0.5%
Advanced Brands LLC				5,319,160	3	1.9%
Pizza Ranch Headquarters				2,258,110	4	0.8%
Northwest Rural Electric Coop				1,339,499	9	0.5%
Midwest Farmers Coop				1,635,140	6	0.5%
Dutch Colony Inn				1,335,350	10	0.5%
<b>Totals</b>	<b>\$ 49,365,710</b>		<b>21.2%</b>	<b>\$ 33,792,113</b>		<b>11.9%</b>

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><u>Amount</u></b>	<b><u>% of Levy</u></b>		<b><u>Amount</u></b>	<b><u>% of Levy</u></b>
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%
2019	\$ 3,167,560	\$ 3,154,067	99.57%	\$ 17,162	\$ 3,171,229	100.12%

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**

<b>Fiscal Year</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>				<b>Total Primary Government</b>	<b>% of Personal Income</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Electric Bonds</b>	<b>Water Bonds</b>	<b>Sewer Bonds</b>	<b>Gas Bonds</b>			
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
2019	\$ 13,105,000	\$ 2,337,000	\$ 1,690,000	\$ 8,360,000	\$ 115,000	\$ 25,607,000	849.52%	\$ 4,265

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 102 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>
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
2019	\$ 13,105,000	\$ 167,186	\$ 12,937,814	3.22	\$ 2,154.87

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, 2019**

<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	\$ 8,361,188	45.89%	\$ 3,836,949
Debt repaid with property taxes; Sioux County	7,835,000	14.63%	1,146,261
Subtotal, overlapping debt			<u>\$ 4,983,211</u>
City of Orange City direct debt			<u>13,105,000</u>
Total direct and overlapping debt			<u><u>\$ 18,088,211</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**

	<b>Fiscal Year</b>									
	<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>	<u>2019</u>
Debt Limit	\$ 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	\$ 20,014,252
Total net debt applicable to limit	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	13,598,167
Legal debt margin	<u>\$ 5,615,551</u>	<u>\$ 5,607,737</u>	<u>\$ 2,553,767</u>	<u>\$ 2,389,019</u>	<u>\$ 3,148,967</u>	<u>\$ 4,514,246</u>	<u>\$ 3,935,206</u>	<u>\$ 6,049,049</u>	<u>\$ 5,498,769</u>	<u>\$ 6,416,085</u>
Total net debt applicable to the limit as a percentage of debt limit	60.82%	62.66%	83.40%	84.70%	80.27%	72.87%	76.65%	66.73%	70.20%	67.94%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Assessed value	<u>\$ 400,285,037</u>
Total assessed value	400,285,037
Debt limit (5% of total assessed value)	20,014,252
Debt applicable to limit:	
General obligation bonds	13,105,000
Urban Renewal Development Agreements	660,354
Less Amount in Debt Service Fund	<u>(167,187)</u>
Total net debt applicable to limit	13,598,167
Legal debt margin	<u>\$ 6,416,085</u>

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**

<b>Fiscal Year</b>	<b>Electric Charges and Other</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b><u>Principal</u></b>	<b><u>Interest</u></b>	
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
2019	8,936,716	6,400,015	2,536,701	388,000	58,773	5.68

<b>Fiscal Year</b>	<b>Water Charges and Other</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b><u>Principal</u></b>	<b><u>Interest</u></b>	
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
2019	\$ 1,003,003	\$ 645,810	\$ 357,193	\$ 220,000	\$ 49,150	1.33

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**

<b>Fiscal Year</b>	<b>Sewer Charges and Other</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
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
2019	1,464,073	486,307	977,766	355,000	290,131	1.52

<b>Fiscal Year</b>	<b>Gas Charges and Other</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
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
2019	\$ 2,282,390	\$ 1,954,793	\$ 327,597	\$ 115,000	\$ 6,268	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, 2019**

<u>Employer</u>	2019			2010		
	<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%	450	3	7.50%
Orange City Health System	495	2	8.24%	500	1	8.33%
Diamond Vogel Paints	350	3	5.83%	350	4	5.83%
Premium Pet Health	245	4	4.08%			0.00%
Quatro Composites Inc.	230	5	3.83%	69	7	1.15%
Northwestern College	180	6	3.00%	180	5	3.00%
MOC-FV School District	180	7	3.00%			0.00%
Sioux County Courthouse	75	8	1.25%			0.00%
Civco Medical Solutions	70	9	1.17%	75	6	1.25%
Revival Animal Health	65	10	1.08%	60	8	1.00%
ES Liner Industrial				40	9	0.67%
Silent Drive Inc.				30	10	0.50%
Advance Brands				475	2	7.91%
Total	<u>2,405</u>		<u>40.06%</u>	<u>2,229</u>		<u>37.13%</u>

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**

Function	Fiscal Year									
	<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>	<u>2019</u>
General Government	9	10	10	10	10	10	10	10	10	11
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	2	2	2	2	2	3
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	2
Gas	2	2	2	2	2	2	2	2	2	2
Total	33	34	34	34	35	35	35	35	35	38

**Sources: Various city departments.**



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

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2019</u>
<b>General Government</b>										
Zoning Permits Issued	86	56	78	62	68	89	65	95	81	81
<b>Police</b>										
Physical Arrests	102	99	112	83	92	76	69	88	91	114
Parking Violations	252	231	247	281	274	224	258	237	210	202
Traffic Violations	291	460	442	430	439	368	403	353	510	336
<b>Fire</b>										
Emergency Responses	61	61	52	72	98	112	107	104	92	75
Fires Extinguished	4	5	7	11	13	7	6	4	5	3
<b>Refuse Collection</b>										
Refuse collected (tons per day)	10	9	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)	122	93	86	79	71	63	54	48	35	57
Pool Passes Issued ( Individual Pass)	78	60	52	47	42	80	74	63	56	71
Pool Passes Issued ( Family Pass)	224	229	243	256	237	202	217	205	220	235
Pool Passes Issued ( Senior Pass)	76	24	18	16	14	17	13	9	6	11
<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	9	7	3	10	6	8	21	-	14	6
Water main breaks	3	4	5	10	7	6	3	2	8	4
Average daily consumption (thousands of gallons)	983	821	920	819	821	815	823	825	863	856
Peak daily consumption (thousands of gallons)	1,500	1,900	2,100	2,120	2,115	1,900	1,950	1,940	1,448	1,380
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	1,149	1,456	1,473	753	748	748	761	748	801	809

**Sources: Various city departments.**

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

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2019</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	49	49	50	51	52	52	53	55
Streetlights	927	927	928	933	938	942	961	961	985	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	3	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	49	49	49	49	50	50	50	52
Fire Hydrants	282	282	285	285	285	285	288	288	291	295
Storage capacity (thousands of gallons)	950	950	950	1,120	1,120	1,120	1,120	1,120	1,120	1,200
<b>Wastewater</b>										
Sanitary Sewers (miles)	41	41	43	43	43	43	44	44	47	49
Storm Sewer (miles)	19	19	21	21	21	21	23	23	28	30
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  
Last Ten Fiscal Years**

<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>
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	1.7%
2019	6,004	\$ 30,143	\$ 20,768	29.0	16	1940	1.7%

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, 2019, 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 17, 2019. 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 2019-001 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*.

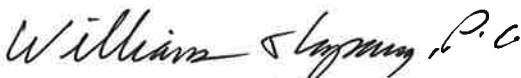
**City of Orange City, Iowa's Response to Findings**

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 17, 2019

**CITY OF ORANGE CITY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2019**

**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:**

**2019-001 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-19 Certified Budget**

Condition and Criteria – City expenditures during the year ended June 30, 2019, exceeded amounts budgeted in the Culture and Recreation and Business-Type Activity 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, 2019**

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

Cause – The City approved a budget amendment on May 20, 2019. 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-19 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- III-C-19 - 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-19 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- III-E-19 - Questionable Expenditures - We noted no questionable expenditures during our audit.
- III-F-19 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- III-G-19 - Business Transactions – No business transactions between the City and city officials were noted during the course of the audit.
- III-H-19 - 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-19 - 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.