

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
CITY OF ORANGE CITY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

Prepared by the
Office of the City Administrator
Earl Woudstra, City Administrator

**CITY OF ORANGE CITY, IOWA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021
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* * * *

January 26, 2022

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, 2021.

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, 2021. 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 31st. 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 2020-2021 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 entered into an agreement with our local school district. The school started construction on a new elementary school building at approximate cost of \$32 million. The City is currently developing the infrastructure around the school site which will be consisting of streets, water, sanitary and storm sewer. The city will have twenty-five housing lots available for sale in the spring of 2022.

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 45 and 53 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 annual comprehensive financial report (ACFR) for the year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive 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,



Earl Woudstra
City Administrator



Kent Anderson
Finance Officer



Government Finance Officers Association

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

Presented to

**City of Orange City
Iowa**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

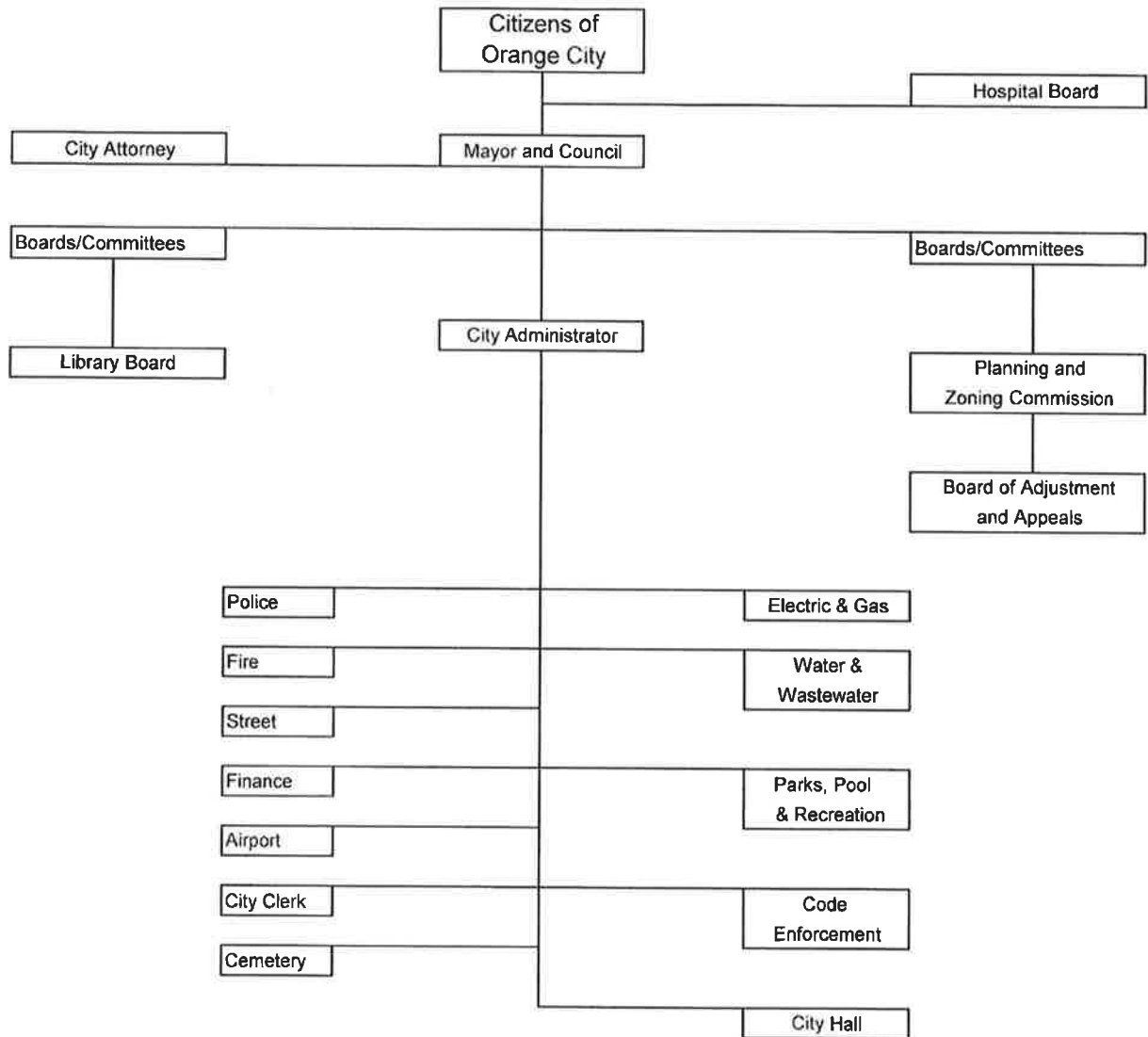
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In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report whose contents conform to program standards. Such annual comprehensive financial 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

Aaron Beadner
Rod DeBoer
Daron DeJong
Steve Roesner
Tony Vande Brake

HOSPITAL TRUSTEES

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

APPOINTED CITY OFFICERS

Earl Woudstra
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
Scott Heemstra
Terry Hofmeyer
Ashley Saras
Rhonda Moret
Joe Poppema

ARTS COUNCIL

Aaron Beadner
Sharon Vermeer, President
Lisa Johnson, Vice-President
Mary Fernow, Secretary
Joanne Gamble, Treasurer
Dr. Juyeon Kang
Brian Keepers
Duha Lee
Char Ten Clay
Dennis Rockhill, Co-Director
Ernie Andrulewich, Co-Director

LIBRARY BOARD OF DIRECTORS

Kay Joiner, President
Anne Mead, Vice-President
John Buntsma, Secretary/Treasurer
Micah Bilby
Ryan Doughan
Sue Kroesche
Cary Valdes

FIRE DEPARTMENT

Seth Bents
Breckin Bomgaars
Paul Brentlinger
Austin DeKock
Brandon DeKock
Brian De Kock
Michael Dekker
Kevin Dekker
Mike Dorr
Aaron Dykstra
David Dykstra
Josh Dykstra
Michael Dykstra
Ashton Harding
Chad Hase
Jayden Hiemstra
John Heller
Al Jeltema
Riley Jeltema
Ben Kingery
Kevin Lopez
Ann Lundberg
Noah Minnick
Mitchell Phomphakdy
Andrew Roghair
Dan Roghair
Lee Roghair
Dan Schram
Dennis VanderWel, Chief
Brent Van Leeuwen

CITY PERSONNEL

ADMINISTRATION

Kent Anderson

Janet Brown

Kurt Frederes

Mark Gaul

Barb Ramsey

Wes Ruden

Matt Van Schouwen

Mary Wichers

Earl Woudstra

Finance Officer

City Clerk

Code Officer

Community Development Director

Billing Clerk

Event Center Manager

Public Works Director

Receptionist/Secretary

City Administrator

POLICE DEPARTMENT

Jim Pottebaum

Duane Hulstein

Audley DeJong

Bruce Jacobsma

Trey Niemyer

Chad Van Ravenswaay

Darren Wielenga

Chief of Police

Investigator

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

Noah Minnick

Director

Park Maintenance

Assistant Director

UTILITIES

Mike Anema

Ed DeJong

Alan DeJong

Ben Junkers

Todd Klein

Michael Klootwyk

Josh Krammer

Kirk Maasdam

Dave Sassman

Shane Schwarz

Blake Sneider

Electric Line Maintenance Worker I

Gas Utility Foreman

Electric Department Foreman

Electric Line Maintenance Worker II

Water & Wastewater Operator

Electric Journeyman Lineman

Water & Wastewater Operator

Water & Wastewater Foreman

Water & Wastewater Operator

Gas Utility Crewman

Electric Line Maintenance Worker II

HOSPITAL

Marty W. Guthmiller

Dina Baas

Administrator

Chief Financial Officer

LIBRARY

Lisa Johnson

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, 2021, 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 and deferred outflows of \$79,125,526 and total program revenues of \$66,177,688 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, 2021, 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.

Correction of Error

As described in Note 17 to the financial statements, internal financing relating to TIF capital projects had not been previously recorded. It was also determined that land held for sale and a note receivable had not been recorded in the prior year. These amounts have been corrected on the accompanying financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of City's Contributions to Iowa Public Employees' Retirement System and the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes on pages 12 through 24 and 70 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 January 26, 2022 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.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
January 26, 2022

Management's Discussion and Analysis

June 30, 2021

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, 2021. 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, 2021 by \$55,114,374. Of this amount, \$11,235,547 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$ 4,532,259 during the year. Of this amount, the governmental activities increased by \$2,214,801 and the net position of our business activities increased by \$ 2,317,458.
- The City's governmental activities long-term debt decreased \$ 420,000 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 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, 2021 and 2020.

	General Governmental Activities		Business-Type Activities	
	2021	2020 (Not Restated)	2021	2020 (Not Restated)
Current and Other Assets	\$ 11,392,190	\$ 9,426,165	\$ 11,965,650	\$ 11,444,671
Capital Assets	26,609,475	26,693,988	36,166,355	35,172,940
Total Assets	38,001,665	36,120,153	48,132,005	46,617,611
Deferred Outflows	380,110	341,242	162,601	145,590
Long-Term Liabilities Outstanding	13,242,415	13,340,822	11,737,232	11,642,441
Other Liabilities	815,987	1,107,836	966,076	1,776,805
Total Liabilities	14,058,402	14,448,658	12,703,308	13,419,246
Deferred Inflows	4,780,454	4,726,946	19,843	89,958
Net Position:				
Net Investment in Capital Assets	14,702,790	16,241,529	25,117,685	23,275,413
Restricted	2,365,267	2,534,566	1,693,085	1,809,786
Unrestricted	2,474,862	(1,490,304)	8,760,685	8,168,798
Total Net Position	\$ 19,542,919	\$ 17,285,791	\$ 35,571,455	\$ 33,253,997

	Totals	
	2021	2020 (Not Restated)
Current and Other Assets	\$ 23,357,840	\$ 20,870,836
Capital Assets	62,775,830	61,866,928
Total Assets	86,133,670	82,737,764
Deferred Outflows	542,711	486,832
Long-Term Liabilities Outstanding	24,979,647	24,983,263
Other Liabilities	1,782,063	2,884,641
Total Liabilities	26,761,710	27,867,904
Deferred Inflows	4,800,297	4,816,904
Net Position:		
Net Investment in Capital Assets	39,820,475	39,516,942
Restricted	4,058,352	4,344,352
Unrestricted	11,235,547	6,678,494
Total Net Position	\$ 55,114,374	\$ 50,539,788

This summary reflects an increase of 13.06% for the governmental net position and an increase of 6.97% in the business-type net position.

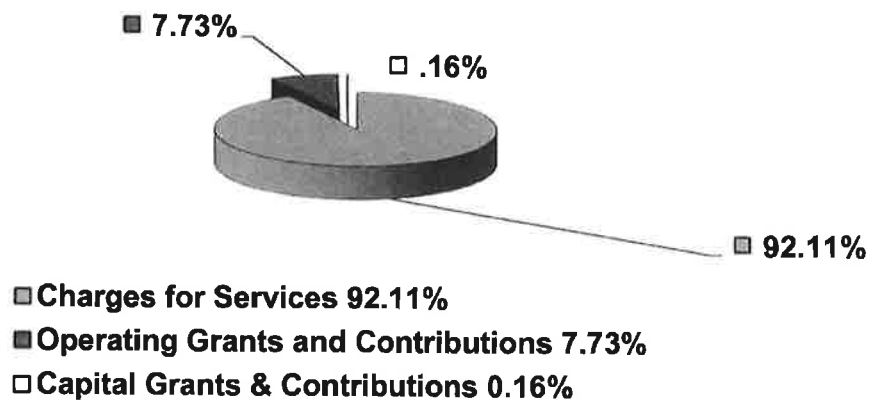
Total revenue reported in Fiscal 2021 was \$24,822,811. The following table breaks down revenues collected for Governmental Activities and Business-Type Activities for Fiscal Year 2021 and 2020:

Revenue Source	General Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Program Revenues:				
Charges for Services	\$ 1,131,768	\$ 694,846	\$ 14,313,665	\$ 12,515,608
Operating Grants and Contributions	1,296,493	1,634,276	-	-
Capital Grants and Contributions	25,728	25,498	-	-
Total Program Revenues	2,453,989	2,354,620	14,313,665	12,515,608
General Revenues & Interfund Transfers:				
Property Taxes	4,742,603	4,637,798	-	-
Local Option Sales Tax	1,115,682	1,051,882	-	-
Interest	26,238	37,687	53,072	136,330
Gain on Sales of Assets	70,419	208,491	-	-
Miscellaneous	879,872	151,488	1,167,271	260,223
Total General Revenues	6,834,814	6,087,346	1,220,343	396,553
Interfund Transfers	(214,388)	(25,494)	214,388	25,494
Total General Revenues & Interfund Transfers:	6,620,426	6,061,852	1,434,731	422,047
Total Revenues & Interfund Transfers:	\$ 9,074,415	\$ 8,416,472	\$ 15,748,396	\$ 12,937,655

Revenue Source	Totals	
	2021	2020
Program Revenues:		
Charges for Services	\$ 15,445,433	\$ 13,210,454
Operating Grants and Contributions	1,296,493	1,634,276
Capital Grants and Contributions	25,728	25,498
Total Program Revenues	16,767,654	14,870,228
General Revenues & Interfund Transfers:		
Property Taxes	4,742,603	4,637,798
Local Option Sales Tax	1,115,682	1,051,882
Interest	79,310	174,017
Gain on Sales of Assets	70,419	208,491
Miscellaneous	2,047,143	411,711
Total General Revenues & Interfund Transfers:	8,055,157	6,483,899
Total Revenues & Interfund Transfers:	\$ 24,822,811	\$ 21,354,127

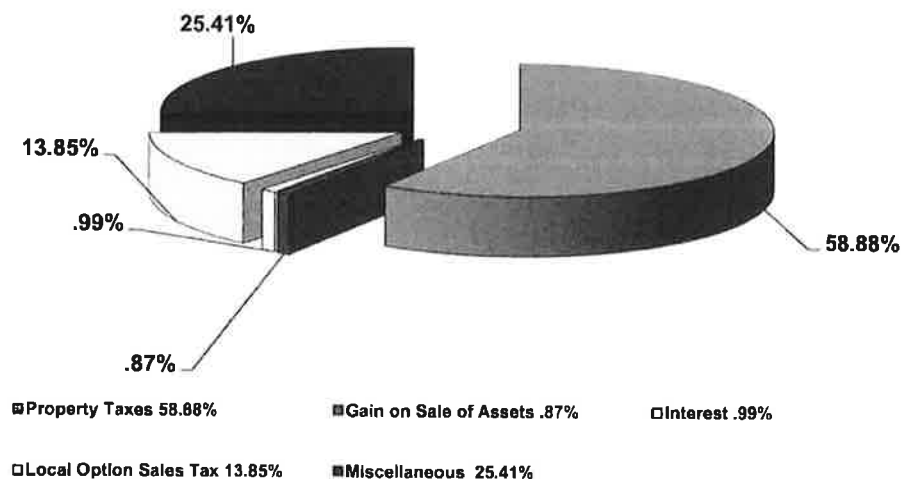
Program revenues totaled \$16,767,654 for fiscal year 2021. Governmental Activities provided \$2,453,989 and Business-Type Activities provided \$14,313,665. Revenue collected for Charges for Services during fiscal year 2021 was \$15,445,433, accounting for 92.11% of the total program revenues. The following chart breaks down program revenues by source:

Program Revenues



General Revenues and Interfund Transfers for fiscal year 2021 totaled \$ 8,055,157. Governmental Activities provided \$6,620,426 and Business-Type Activities provided \$1,434,731. Property Tax Revenues for fiscal year 2021 totaled \$4,742,603, accounting for 58.88% of General Revenues. The following chart breaks down General Revenues by source:

General Revenues



Expenses for Fiscal 2021 totaled \$20,290,552. Expenses for Governmental Activities totaled \$6,859,614, accounting for 33.81% of total expenses. Business-Type Activity expenses totaled \$ 13,430,938, for 66.19% of the total.

The following table shows total expenses by Function/Program for FY 2021 and FY 2020:

	General Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Public Safety	\$ 1,186,527	\$ 1,158,235	\$ -	\$ -
Public Works	1,781,024	1,736,174	-	-
Culture and Recreation	2,134,424	1,885,121	-	-
Community & Economic Development	471,166	447,647	-	-
General Government	1,026,101	902,555	-	-
Debt Service	260,372	447,191	-	-
Sewer System	-	-	1,339,534	1,290,271
Water System	-	-	1,273,778	1,123,054
Electric System	-	-	7,759,588	7,529,566
Natural Gas System	-	-	3,058,038	1,623,746
Total Expenses	\$ 6,859,614	\$ 6,576,923	\$ 13,430,938	\$ 11,566,637

	Totals	
	2021	2020
Public Safety	\$ 1,186,527	\$ 1,158,235
Public Works	1,781,024	1,736,174
Culture and Recreation	2,134,424	1,885,121
Community & Economic Development	471,166	447,647
General Government	1,026,101	902,555
Debt Service	260,372	447,191
Sewer System	1,339,534	1,290,271
Water System	1,273,778	1,123,054
Electric System	7,759,588	7,529,566
Natural Gas System	3,058,038	1,623,746
Total Expenses	\$ 20,290,552	\$ 18,143,560

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 \$ 1,186,527 and received \$ 249,098 in revenue, thus leaving a cost to the taxpayer of \$ 937,429 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 \$6,859,614. Of these costs, \$1,131,768 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 \$ 1,322,221, leaving a Net Expense of \$4,405,625 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	
	2021	2020
Governmental Activities:		
Public Safety	\$ (937,429)	\$ (814,537)
Public Works	(329,454)	(593,413)
Culture and Recreation	(1,708,284)	(1,490,013)
Community and Economic Development	(306,631)	(131,943)
General Government	(904,001)	(791,569)
Debt Service	(219,826)	(400,828)
Total Net (Expense) Revenue Governmental Activities	(4,405,625)	(4,222,303)
General Revenues	6,834,814	6,087,346
Excess (Deficiency) of revenues over expenditures	2,429,189	1,865,043
Interfund Transfers	(214,388)	(25,494)
Change in Net Position	\$ 2,214,801	\$ 1,839,549

Total resources available during the year to finance governmental operations were \$26,402,533 consisting of Net Position at July 1, 2020 of \$17,328,118, Program Revenues of \$2,453,989 and General Revenues and Transfers of \$6,620,426. Total Governmental Activities during the year expended \$6,859,614; thus, Net Position increased by \$2,214,801 to \$ 19,542,919.

Business Type Activities

Business Type Activities increased the City's net position by \$2,317,458.

The cost of all Proprietary Activities this year was \$13,430,938. As shown in the Statement of Activities, the amount paid by users of the systems was \$14,313,665 resulting in total Net Revenue for Business Type Activities of \$882,727. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2021	2020
Electric System	\$ 568,117	\$ 847,175
Water System	(46,302)	(132,622)
Sewer System	127,900	56,844
Natural Gas System	233,012	177,574
Total Net (Expense) Revenue Business-Type Activities	882,727	948,971
General Revenues	1,220,343	396,553
Excess (Deficiency) of revenues over expenditures	2,103,070	1,345,524
Interfund Transfers	214,388	25,494
Change in Net Position	\$ 2,317,458	\$ 1,371,018

Total resources available during the year to finance Proprietary Fund activities were \$49,002,393 consisting of Net Position at July 1, 2020 of \$33,253,997, Program Revenues of \$14,313,665 and General Revenues and Transfers of \$ 1,434,731. Total Proprietary Fund Activities during the year expended \$13,430,938; thus Net Position was increased by \$2,317,458 to \$ 35,571,455.

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 \$5,643,638. The combined Governmental Funds balance increased \$1,182,181 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 \$542,557. The major reason for the increase in fund balance is due to some fixed assets being sold that were not budgeted in fiscal year 2021.

The Debt Service Fund is used to account for collection of general property taxes for the repayment of general obligation debt. During the year, revenues exceeded expenditures by \$144,903. This was a planned event during the fiscal year 2021 budget session.

The TIF Special Revenue 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 \$1,058,182.

The TIF Capital Projects Fund is used to expend for improvement projects. The Fund balance decreased by \$645,925. This was due to construction of a new housing subdivision, which includes street, water and sewer.

General Fund Budgetary Highlights

Comparing the fiscal year 2021 original (adopted) city wide amount of \$77,942,651 to the final budget amount of \$93,940,651 shows a net increase of \$15,998,000.

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

Expenses	Amended Budget	Actual	Variance
Public Safety	\$ 1,078,786	\$ 1,032,741	\$ 46,045
Public Works	1,201,395	1,205,617	(4,222)
Culture and Recreation	1,945,789	1,993,409	(47,620)
Community and Economic Development	105,922	468,030	(362,108)
General Government	1,312,947	872,983	439,964
Capital Projects	3,875,000	2,470,529	1,404,471
Debt Service	6,178,556	5,416,623	761,933
Business-Type Activities	78,242,256	73,598,375	4,643,881
Total Expenses	\$ 93,940,651	\$ 87,058,307	\$ 6,882,344

During the year there was a \$15,998,000 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$40,000 supplemental appropriation to the police and fire department for such costs as unexpected vehicle and aerial ladder repairs.
- \$35,000 supplemental appropriation to roadway maintenance, for such costs as alley improvements and storm sewer improvements.
- \$231,000 supplemental appropriation to our parks department for such costs as improvements to the trail around the golf course and equipment cost for a new toolcat.
- \$267,000 supplemental appropriation to our general government for such costs as for purchase of land for future development, improvements to city hall, and additional supplies for our event center.
- \$15,425,000 supplemental appropriation to our municipal hospital for under budgeting their operations for the year as well as refinancing revenue bonds in our Electric and Gas Utility.

A part of the increase was possible because of additional revenues. Those revenues included additional hospital revenues such as the CARES monies, and sale of the fitness center, some monies from an estate. 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, 2021, was \$39,820,475 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2021 and 2020 are as follows:

	General Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Land	\$ -	\$ 107,500	\$ 1,138,217	\$ 338,849
Infrastructure	745,276	1,101,430	-	-
Buildings	-	-	-	25,948
Improvements-Other than Buildings	1,045,753	1,086,095	-	-
Equipment	228,508	550,875	309,761	304,654
Utility Plant	-	-	2,134,849	1,093,227
Construction in Progress	1,104,061	2,006,303	609,066	430,086
Total Gross Additions	\$ 3,123,598	\$ 4,852,203	\$ 4,191,893	\$ 2,192,764

	Totals	
	2021	2020
Land	\$ 1,138,217	\$ 446,349
Infrastructure	745,276	1,101,430
Buildings	-	25,948
Improvements-Other Buildings	1,045,753	1,086,095
Equipment	538,269	855,529
Utility Plant	2,134,849	1,093,227
Construction in Progress	1,713,127	2,436,389
Total Expenditures	\$ 7,315,491	\$ 7,044,967

Construction In Progress at June 30, 2021 for governmental activities consisted of costs associated with the MOC-FV school project and streetlight project at Lincoln & Hwy 10.

For Business-Type Activities, the Utility Plant addition consisted of costs associated with the water & sewer distribution system improvements.

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

Debt Administration

At year-end the City had \$21,825,000 of debt outstanding. Of this amount, \$11,145,000 comprises debt backed by the full faith and credit of the government. The remainder of \$10,680,000 is debt represented by bonds secured solely by the specified revenue sources (i.e., revenue bonds).

Debt administration is on track, with over 78% 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 \$21,790,474. With outstanding General Obligation Debt applicable to this limit of \$11,145,000, we are utilizing 51.15% 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 2021 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 half mile of new street. The new street is located on Jay Avenue SE. This street leads to a new elementary school building located on the east of town. The total cost of the project which includes street, water, sewer and storm sewer is around \$3,200,000. This project will have around twenty-five lots available for sale of spring of 2022.

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, 2021

	Primary Government			Component Unit	
	Governmental	Business-Type		Orange City	Orange City Muni.
	Activities	Activities	Total	Area Health System	Golf Association
ASSETS					
Cash and Cash Equivalents	\$ 4,713,199	\$ 5,248,753	\$ 9,961,952	\$ 25,509,896	\$ 14,979
Investments	46,919	455,000	501,919	6,408,884	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	50,109	1,122,190	1,172,299	5,244,295	-
Taxes	10,862	-	10,862	-	-
Subsequent Year Taxes	4,736,380	-	4,736,380	-	-
Accrued Interest	-	22,330	22,330	23,130	-
Estimated Unbilled Usage	-	447,544	447,544	-	-
Special Assessments	73,940	-	73,940	-	-
Notes Receivable	1,267,708	180,000	1,447,708	-	-
Notes Receivable - Component Unit	-	214,370	214,370	-	-
Interfund Balances	(979,264)	979,264	-	-	-
Due from Other Governmental Agencies	215,205	-	215,205	-	-
Inventories	10,588	1,177,752	1,188,340	616,361	21,679
Land Held for Resale	1,084,808	281,222	1,366,030	-	-
Prepaid Assets	161,738	99,836	261,574	129,196	-
Other	-	-	-	2,249,753	-
Restricted Assets, Cash and Investments					
Cash and Cash Equivalents	-	389	389	3,233	-
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents	-	302,000	302,000	-	-
Revenue Bond Current Debt Service Account - Investments	-	270,000	270,000	-	-
Revenue Bond Future Debt Service Account - Cash & Cash Equivalents	-	870,000	870,000	-	-
Revenue Bond Future Debt Service Account - Investments	-	295,000	295,000	-	-
Land	1,223,958	5,758,079	6,982,035	1,897,439	-
Construction in Progress	1,412,996	-	1,412,996	2,591,897	-
Infrastructure Property and Equipment, Net of Accumulated Depreciation					
Total Assets	23,972,523	30,408,276	54,380,799	28,785,761	1,707,474
	38,001,865	48,132,005	86,133,870	73,459,845	1,744,132
DEFERRED OUTFLOWS OF RESOURCES					
OPEB Related Deferred Outflows	8,133	3,618	9,751	94,807	-
Pension Related Deferred Outflows	373,977	158,883	532,860	5,570,874	-
Total Deferred Outflows of Resources	380,110	162,601	542,711	5,665,681	-
LIABILITIES					
Accounts Payable	727,422	834,738	1,562,160	1,586,147	-
Accrued Wages	33,833	13,985	47,818	3,773,124	-
Accrued Expenses	-	30,646	30,646	450,563	4,994
Customer Deposits	-	42,403	42,403	-	-
Lease Deposit	-	-	-	142,297	-
Unearned Revenue	24,000	-	24,000	266,358	4,303
Accrued Interest	30,732	-	30,732	146,691	-
Payables from Restricted Assets					
Accrued Interest	-	44,304	44,304	755,000	-
Noncurrent Liabilities					
Due within one year					
Revenue Bonds	-	830,000	830,000	1,642,869	-
General Obligation Bonds	1,340,000	-	1,340,000	-	-
Notes Payable	-	-	-	195,564	-
Notes Payable - Primary Government	-	-	-	-	35,042
Compensated Absences and Benefits	45,415	34,037	79,452	-	-
Due in more than one year					
Revenue Bonds Payable	-	10,218,670	10,218,670	13,529,758	-
General Obligation Bonds	10,417,503	-	10,417,503	-	-
Notes Payable	-	-	-	700,732	-
Notes Payable - Primary Government	-	-	-	-	147,281
Net Pension Liability	1,300,648	561,742	1,862,390	20,055,057	-
Other Post Employment Benefits	70,726	41,727	112,453	370,921	-
Compensated Absences and Benefits	88,123	51,058	139,181	-	-
Total Liabilities	14,058,402	12,703,308	26,761,710	43,595,071	191,620
DEFERRED INFLOW OF RESOURCES					
Deferred Revenue - Subsequent Year Taxes	4,736,380	-	4,736,380	-	-
Home Health Deferred Inflows	-	-	-	24,635	-
Other Post Employment Benefits Related Deferred Inflows	5,115	3,017	8,132	86,085	-
Pension Related Deferred Inflows	38,959	10,826	49,785	478,471	-
Total Deferred Inflow of Resources	4,780,454	13,843	4,794,297	589,191	-
NET POSITION					
Net Investment in Capital Assets	14,702,790	25,117,885	39,820,675	18,102,480	1,707,474
Restricted for					
Debt Service	293,791	1,693,085	1,986,876	-	-
Permanent Funds - nonexpendable	118,363	-	118,363	-	-
Specific Revenues	1,953,113	-	1,953,113	-	-
Donor Restrictions	-	-	-	86,826	-
Unrestricted	2,474,862	8,760,685	11,235,547	16,751,958	(154,062)
Total Net Position	\$ 19,542,919	\$ 35,571,455	\$ 55,114,374	\$ 34,941,264	\$ 1,552,512

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,186,527	\$ 18,148	\$ 206,222	\$ 24,728
Public Works	1,781,024	560,023	891,547	-
Culture and Recreation	2,134,424	370,354	54,786	1,000
Community and Economic Development	471,166	122,056	42,479	-
General Government	1,026,101	61,187	60,913	-
Debt Service	260,372	-	40,546	-
Total governmental activities	6,859,614	1,131,768	1,296,493	25,728
Business-Type Activities:				
Electric Utility	7,759,588	8,327,705	-	-
Water Utility	1,273,778	1,227,476	-	-
Sewer Utility	1,339,534	1,467,434	-	-
Gas Utility	3,058,038	3,291,050	-	-
Total Business-Type Activities:	13,430,938	14,313,665	-	-
Total Primary Government	\$ 20,290,552	\$ 15,445,433	\$ 1,296,493	\$ 25,728
Component Unit:				
Orange City Area Health System	\$ 60,167,437	\$ 60,162,190	\$ 5,782,930	\$ 232,568
Orange City Municipal Golf Association	\$ 713,137	\$ 412,799	\$ 173,726	\$ 10,214

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

See Accompanying Notes to Financial Statements

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.
\$ (937,429)		\$ (937,429)		
(329,454)		(329,454)		
(1,708,284)		(1,708,284)		
(306,631)		(306,631)		
(904,001)		(904,001)		
(219,826)		(219,826)		
<u>(4,405,625)</u>		<u>(4,405,625)</u>		
	\$ 568,117	568,117		
	(46,302)	(46,302)		
	127,900	127,900		
	<u>233,012</u>	<u>233,012</u>		
	<u>882,727</u>	<u>882,727</u>		
<u>(4,405,625)</u>	<u>882,727</u>	<u>(3,522,898)</u>		
			\$ 6,010,251	\$ (116,398)
4,742,603	-	4,742,603	-	-
1,115,682	-	1,115,682	-	-
26,238	53,072	79,310	420,841	-
70,419	-	70,419	9,800	-
879,872	1,167,271	2,047,143	-	-
(214,388)	<u>214,388</u>	-	-	-
<u>6,620,426</u>	<u>1,434,731</u>	<u>8,055,157</u>	<u>430,641</u>	-
<u>2,214,801</u>	<u>2,317,458</u>	<u>4,532,259</u>	<u>6,440,892</u>	<u>(116,398)</u>
17,285,791	33,253,997	50,539,788	28,500,372	1,668,910
42,327	-	42,327	-	-
<u>17,328,118</u>	<u>33,253,997</u>	<u>50,582,115</u>	<u>28,500,372</u>	<u>1,668,910</u>
<u>\$ 19,542,919</u>	<u>\$ 35,571,455</u>	<u>\$ 55,114,374</u>	<u>\$ 34,941,264</u>	<u>\$ 1,552,512</u>

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2021

	General	TIF Special Revenue
Assets		
Cash and Pooled Investments	\$ 2,339,172	\$ -
Investments	46,919	-
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	50,109	-
Taxes	6,937	-
Subsequent Year Taxes	1,941,492	1,220,000
Special Assessments	73,940	-
Notes Receivable	67,000	-
Due from Other Funds	-	-
Due from Other Governmental Agencies	121,286	-
Inventories	-	-
Land Held for Resale	-	-
Total Assets	<u>4,646,855</u>	<u>1,220,000</u>
Liabilities		
Accounts Payable	235,718	-
Accrued Wages	33,833	-
Due to Other Funds	-	4,758,268
Land Deposits	-	-
Total Liabilities	<u>269,551</u>	<u>4,758,268</u>
Deferred Inflow of Resources		
Unavailable Revenue - Special Assessments	65,179	-
Unavailable Revenue - Subsequent Year Taxes	1,941,492	1,220,000
Total Deferred Inflow of Resources	<u>2,006,671</u>	<u>1,220,000</u>
Fund Balances		
Nonspendable:		
Inventories	-	-
Permanent Fund Principal	-	-
Restricted for:		
Debt Service	-	-
Economic Development	-	-
Road Use Tax	-	-
Assigned for:		
Capital Project	-	-
Unassigned	2,370,633	(4,758,268)
Total Fund Balances	<u>2,370,633</u>	<u>(4,758,268)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,646,855</u>	<u>\$ 1,220,000</u>

See Accompanying Notes to Financial Statements

TIF Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 538,591	\$ 320,598	\$ 1,514,838	\$ 4,713,199
-	-	-	46,919
-	-	-	50,109
-	3,925	-	10,862
-	1,574,888	-	4,736,380
-	-	-	73,940
748,575	-	452,131	1,267,706
4,758,268	-	-	4,758,268
-	-	93,919	215,205
-	-	10,588	10,588
1,084,808	-	-	1,084,808
<u>7,130,242</u>	<u>1,899,411</u>	<u>2,071,476</u>	<u>16,967,984</u>
116,578	-	375,126	727,422
-	-	-	33,833
542,796	-	436,468	5,737,532
24,000	-	-	24,000
<u>683,374</u>	<u>-</u>	<u>811,594</u>	<u>6,522,787</u>
-	-	-	65,179
-	1,574,888	-	4,736,380
-	1,574,888	-	4,801,559
-	-	-	-
-	-	10,588	10,588
-	-	118,363	118,363
-	324,523	-	324,523
-	-	829,627	829,627
-	-	1,112,898	1,112,898
6,446,868	-	-	6,446,868
-	-	(811,594)	(3,199,229)
<u>6,446,868</u>	<u>324,523</u>	<u>1,259,882</u>	<u>5,643,638</u>
<u>\$ 7,130,242</u>	<u>\$ 1,899,411</u>	<u>\$ 2,071,476</u>	<u>\$ 16,967,984</u>

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, 2021

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

Total Fund Balance - Governmental Funds (page 29)		\$ 5,643,638
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds		26,609,475
Deferred revenues that provide current financial resources for governmental activities		65,179
Accrued expenses from the balance sheet that require current financial resources for governmental activities		(30,732)
Accrued compensated absences, net pension liability, and other post employment benefits not reported on the modified accrual basis		(1,484,912)
OPEB 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	\$ 6,133	
Deferred Inflows of Resources	(5,115)	1,018
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	373,977	
Deferred Inflows of Resources	(38,959)	335,018
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources		161,738
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(11,757,503)
Total Net Position - Governmental Activities (page 25)		<u>\$ 19,542,919</u>

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2021

	General	TIF Special Revenue	TIF Capital Projects
Revenue:			
Taxes	\$ 1,934,910	\$ -	\$ -
Special Assessments	11,039	-	-
Licenses and Permits	2,799	-	-
Intergovernmental	300,705	60,913	-
Charges for Services	876,256	-	-
Fines and Forfeits	19,409	-	-
TIF Revenue	138,085	1,201,003	-
Local Option Sales Tax	1,115,682	-	-
Interest on Investments	16,882	1,532	-
Miscellaneous	310,509	-	33,657
Total Revenue	<u>4,726,276</u>	<u>1,263,448</u>	<u>33,657</u>
Expenditures:			
Public Safety	1,032,741	-	-
Public Works	1,205,617	-	-
Culture and Recreation	1,993,409	-	-
Community and Economic Development	452,430	-	-
General Government	872,983	-	-
Capital Projects	-	-	652,060
Debt Service:			
Principal Retirement	-	-	-
Interest/Bond Costs	-	-	-
Total Expenditures	<u>5,557,180</u>	<u>-</u>	<u>652,060</u>
Excess (deficiency) of revenues over expenditures	<u>(830,904)</u>	<u>1,263,448</u>	<u>(618,403)</u>
Other financing sources (uses):			
Refunding Bonds Issued	-	-	-
Bond Premium	-	-	-
Issuance of Debt	-	-	-
Proceeds from Sale of Fixed Assets	278,783	-	-
Transfers In	1,094,678	-	-
Transfers Out	-	(205,266)	(27,522)
Total other financing sources (uses)	<u>1,373,461</u>	<u>(205,266)</u>	<u>(27,522)</u>
Net Change in Fund Balance	542,557	1,058,182	(645,925)
Fund balances - beginning of year	1,828,076	476,614	-
Prior Period Adjustment	-	(6,293,064)	7,092,793
Fund balances - beginning of year, as restated	<u>1,828,076</u>	<u>(5,816,450)</u>	<u>7,092,793</u>
Decrease in Reserve for Inventory	-	-	-
Fund balances - end of year	<u>\$ 2,370,633</u>	<u>\$ (4,758,268)</u>	<u>\$ 6,446,868</u>

See Accompanying Notes to Financial Statements

<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,468,605	\$ -	\$ 3,403,515
-	155,865	166,904
-	-	2,799
40,546	891,547	1,293,711
-	-	876,256
-	-	19,409
-	-	1,339,088
-	-	1,115,682
220	7,604	26,238
-	593,043	937,209
<u>1,509,371</u>	<u>1,648,059</u>	<u>9,180,811</u>
-	-	1,032,741
-	-	1,205,617
-	-	1,993,409
-	15,600	468,030
-	-	872,983
-	1,818,469	2,470,529
4,965,000	-	4,965,000
428,824	22,799	451,623
<u>5,393,824</u>	<u>1,856,868</u>	<u>13,459,932</u>
<u>(3,884,453)</u>	<u>(208,809)</u>	<u>(4,279,121)</u>
3,560,000	-	3,560,000
184,104	58,737	242,841
-	985,000	985,000
-	-	278,783
285,252	50,955	1,430,885
-	(803,419)	(1,036,207)
<u>4,029,356</u>	<u>291,273</u>	<u>5,461,302</u>
144,903	82,464	1,182,181
179,620	1,181,470	3,665,780
-	-	799,729
<u>179,620</u>	<u>1,181,470</u>	<u>4,465,509</u>
-	(4,052)	(4,052)
<u>\$ 324,523</u>	<u>\$ 1,259,882</u>	<u>\$ 5,643,638</u>

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, 2021

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	1,182,181	
Increase in Reserve for Inventory	<u>(4,052)</u>	\$ 1,178,129

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	\$ 2,089,971	
Depreciation expense	<u>(1,208,718)</u>	881,253

Governmental funds do not report the loss on the disposal of assets with remaining book values whereas the statement of activities reports the loss on the disposal. This is the effect on the change in net position on the statement of activities.

(208,364)

Revenues reported in the funds that are not available to provide current financial resources

37,573

Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources

23,822

Accrued interest expense that does not require current financial resources

(123)

Amortization of premium on long term debt

191,374

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	(1,135)	
Other post employment benefits	(3,193)	
Pension expense	<u>(61,694)</u>	(66,022)

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:

(4,787,841)

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:

4,965,000

Change in net position of governmental activities (page 27)

\$ 2,214,801

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF NET POSITION
Proprietary Funds
JUNE 30, 2021

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,809,833	\$ 318,325	\$ 1,153,031
Investments	455,000	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	761,743	147,056	137,718
Accrued Interest	22,330	-	-
Estimated Unbilled Usage	322,534	53,145	47,384
Notes Receivable	-	-	180,000
Due from Other Funds	979,264	-	-
Due from Other Governmental Agencies	214,370	-	-
Inventories	1,001,510	104,649	-
Land Held for Resale	281,222	-	-
Prepaid Assets	39,884	27,471	23,752
Total Current Assets	<u>6,887,690</u>	<u>650,646</u>	<u>1,541,885</u>
Non Current Assets			
Restricted Assets:			
Revenue Bond Current Debt Service - Cash	389	-	-
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents	-	227,000	75,000
Revenue Bond Current Debt Service Account - Investments	270,000	-	-
Revenue Bond Future Debt Service Account - Cash & Cash Equivalents	-	125,000	745,000
Revenue Bond Future Debt Service Account - Investments	275,000	-	20,000
Land	3,484,880	1,778,352	469,847
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>10,052,560</u>	<u>5,971,712</u>	<u>13,269,850</u>
Total Noncurrent Assets	<u>14,082,829</u>	<u>8,102,064</u>	<u>14,579,897</u>
Total Assets	<u>20,970,519</u>	<u>8,752,710</u>	<u>16,121,582</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Related Deferred Outflows	1,946	1,114	-
Pension Related Deferred Outflows	74,211	55,778	-
Total Deferred Outflows of Resources	<u>76,157</u>	<u>56,892</u>	<u>-</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	712,224	31,247	15,767
Accrued Wages	5,990	3,075	2,867
Accrued Expenses	19,342	6,108	2,662
Customer Deposits	28,983	-	-
Accrued Revenue Bond Interest	5,942	15,690	22,672
Revenue Bonds	230,000	230,000	370,000
Compensated Absences	14,147	9,452	5,247
Total Current Liabilities	<u>1,016,628</u>	<u>295,572</u>	<u>419,215</u>
Noncurrent Liabilities:			
Due in more than one year:			
Revenue Bonds Payable	1,627,090	1,015,000	7,576,580
Net Pension Liability	280,377	183,339	-
Other Post Employment Benefits	22,445	12,851	-
Compensated Absences and Benefits, Long-Term	21,221	14,179	7,870
Total Noncurrent Liabilities	<u>1,951,133</u>	<u>1,225,369</u>	<u>7,584,450</u>
Total Liabilities	<u>2,967,761</u>	<u>1,520,941</u>	<u>8,003,665</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB Related Deferred Inflows	1,623	929	-
Pension Related Deferred Inflows	8,398	5,492	-
Total Deferred Inflows of Resources	<u>10,021</u>	<u>6,421</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	11,680,350	6,505,064	5,793,117
Restricted for:			
Debt Service	539,447	336,310	817,328
Unrestricted	<u>5,849,097</u>	<u>440,866</u>	<u>1,507,472</u>
Total Net Position	<u>\$ 18,068,894</u>	<u>\$ 7,282,240</u>	<u>\$ 8,117,917</u>

See Accompanying Notes to Financial Statements

Business Type Activities			
Gas			
Utility		Total	
\$ 967,564		\$ 5,248,753	
-		455,000	
75,673		1,122,190	
-		22,330	
24,481		447,544	
-		180,000	
-		979,264	
-		214,370	
71,593		1,177,752	
-		281,222	
8,729		99,836	
<u>1,148,040</u>		<u>10,228,261</u>	
-		389	
-		302,000	
-		270,000	
-		870,000	
-		295,000	
25,000		5,758,079	
<u>1,114,154</u>		<u>30,408,276</u>	
<u>1,139,154</u>		<u>37,903,744</u>	
<u>2,287,194</u>		<u>48,132,005</u>	
558		3,618	
<u>28,994</u>		<u>158,983</u>	
<u>29,552</u>		<u>162,601</u>	
75,500		834,738	
2,053		13,985	
2,534		30,646	
13,420		42,403	
-		44,304	
-		830,000	
5,191		34,037	
<u>98,698</u>		<u>1,830,113</u>	
-		10,218,670	
98,028		561,742	
6,431		41,727	
7,786		51,056	
<u>112,243</u>		<u>10,873,195</u>	
<u>210,941</u>		<u>12,703,308</u>	
465		3,017	
<u>2,936</u>		<u>16,826</u>	
3,401		19,843	
1,139,154		25,117,685	
-		1,693,085	
963,250		8,760,685	
<u>\$ 2,102,404</u>		<u>\$ 35,571,455</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, 2021

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Operating Revenues:			
Charges for Services	\$ 8,327,705	\$ 1,227,476	\$ 1,467,434
Total Operating Revenue	<u>8,327,705</u>	<u>1,227,476</u>	<u>1,467,434</u>
Operating Expenses:			
Production	4,501,231	246,516	253,543
Transmission	826,709	7,795	-
Distribution / Collection	558,172	261,507	267,826
Administrative and General	517,466	314,580	178,668
Depreciation	708,421	392,313	366,484
Total Operating Expenses	<u>7,111,999</u>	<u>1,222,711</u>	<u>1,066,521</u>
Operating Income (Loss)	1,215,706	4,765	400,913
Non-Operating Income (Expense):			
Interest Income	38,346	2,199	12,527
Other Non-operating Revenues	889,758	48,428	225,612
Interest Expense	(126,357)	(38,067)	(263,013)
Other Non-operating Expenses	(521,232)	(13,000)	(10,000)
Total Non-Operating Income (Expenses)	<u>280,515</u>	<u>(440)</u>	<u>(34,874)</u>
Income before Transfers	1,496,221	4,325	366,039
Capital Contribution	-	279,586	329,480
Transfers Out	<u>(298,678)</u>	<u>(23,000)</u>	<u>(23,000)</u>
Change in Net Position	1,197,543	260,911	672,519
Net Position - beginning	<u>16,871,351</u>	<u>7,021,329</u>	<u>7,445,398</u>
Net Position - ending	<u>\$ 18,068,894</u>	<u>\$ 7,282,240</u>	<u>\$ 8,117,917</u>

See Accompanying Notes to Financial Statements

Business Type Activities		
	Gas	
	Utility	Total
\$	3,291,050	\$ 14,313,665
	<u>3,291,050</u>	<u>14,313,665</u>
	-	5,001,290
	2,663,463	3,497,967
	203,278	1,290,783
	127,779	1,138,493
	63,518	1,530,736
	<u>3,058,038</u>	<u>12,459,269</u>
	233,012	1,854,396
	-	53,072
	3,473	1,167,271
	-	(427,437)
	-	(544,232)
	<u>3,473</u>	<u>248,674</u>
	236,485	2,103,070
	-	609,066
	<u>(50,000)</u>	<u>(394,678)</u>
	186,485	2,317,458
	<u>1,915,919</u>	<u>33,253,997</u>
\$	<u>2,102,404</u>	\$ <u>35,571,455</u>

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2021

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 8,242,108	\$ 1,178,269	\$ 1,453,866
Cash Paid to Suppliers for Goods and Services	(5,730,704)	(395,891)	(459,538)
Cash Paid to Employees for Services	(599,853)	(389,425)	(310,756)
Other Nonoperating Income	889,758	48,429	225,613
Other Nonoperating Expenses	(521,232)	(13,000)	(10,000)
Net Cash Provided by Operating Activities	<u>2,280,077</u>	<u>428,382</u>	<u>899,185</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(1,650,303)	(483,524)	(63,496)
Proceeds from Issuance of Debt	1,763,713	-	-
Principal Paid on Notes and Bonds	(2,007,000)	(225,000)	(360,000)
Interest Paid on Notes and Bonds	(130,762)	(40,129)	(282,860)
Net Cash (Used) for Capital and Related Financing Activities	<u>(2,024,352)</u>	<u>(748,653)</u>	<u>(706,356)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers To Other Funds	(298,678)	(23,000)	(23,000)
Due From (To) Other Funds	(902,620)	-	-
Net Cash (Used) for Non-Capital Financing Activities	<u>(1,201,298)</u>	<u>(23,000)</u>	<u>(23,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Sale of Investment Securities	3,550,000	375,000	1,395,000
Purchase of Investment Securities	(1,000,000)	-	(200,000)
Due from Other Governments	2,224	-	-
Interest and Dividends on Investments	72,649	5,077	30,459
Net Cash Provided by Investing Activities	<u>2,624,873</u>	<u>380,077</u>	<u>1,225,459</u>
Net Increase in Cash and Cash Equivalents	1,679,300	36,806	1,395,288
Cash and Cash Equivalents at Beginning of Year	<u>1,130,922</u>	<u>633,519</u>	<u>577,743</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,810,222</u>	<u>\$ 670,325</u>	<u>\$ 1,973,031</u>
Schedule of Non-Cash Investing and Financing Activities:			
Contributed Capital	<u>\$ -</u>	<u>\$ 279,586</u>	<u>\$ 329,480</u>

See Accompanying Notes to Financial Statements

Business Type Activities	
Gas Utility	Total
\$ 3,263,225	\$ 14,137,468
(2,744,672)	(9,330,805)
(239,929)	(1,539,963)
3,473	1,167,273
-	(544,232)
<u>282,097</u>	<u>3,869,741</u>
(75,629)	(2,272,952)
-	1,763,713
-	(2,592,000)
-	(453,751)
<u>(75,629)</u>	<u>(3,554,990)</u>
(50,000)	(394,678)
-	(902,620)
<u>(50,000)</u>	<u>(1,297,298)</u>
500,000	5,820,000
-	(1,200,000)
-	2,224
14,221	122,406
<u>514,221</u>	<u>4,744,630</u>
670,689	3,782,083
<u>296,875</u>	<u>2,639,059</u>
<u>\$ 967,564</u>	<u>\$ 6,421,142</u>
<u>\$ -</u>	<u>\$ 609,066</u>

continued

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 1,215,706	\$ 4,765	\$ 400,913
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	708,421	392,313	366,484
Other Non-Operating Income	889,758	48,429	225,613
Other Non-Operating Expenses	(521,232)	(13,000)	(10,000)
(Increase) Decrease in Assets and Deferred Outflows			
Accounts Receivable	(78,436)	(40,568)	(11,775)
Estimated Unbilled Usage	(15,596)	(8,639)	(1,793)
Inventories	(8,586)	41,925	-
Prepaid Expenses	(7,061)	(4,607)	(4,115)
Deferred Outflows of Resources	(4,330)	(9,114)	-
Increase (Decrease) in Liabilities and Deferred Inflows			
Accounts Payable	83,913	5,456	(62,102)
Accrued Wages and Compensated Absences	(9,332)	(9,973)	(4,774)
Accrued Expenses	(9,545)	1,348	734
Customer Deposits	8,435	-	-
Net Pension Liability	59,168	41,845	-
Deferred Inflows of Resources	(35,078)	(22,453)	-
OPEB Liability	3,872	655	-
Total Adjustments	1,064,371	423,617	498,272
Net Cash Provided by Operating Activities	\$ 2,280,077	\$ 428,382	\$ 899,185
Cash and Cash Equivalents	2,809,833	318,325	1,153,031
Revenue Bond Current Debt Service	389	-	-
Revenue Bond Current Debt Service Account - Cash & Cash Equivalents	-	227,000	75,000
Revenue Bond Future Debt Service Account - Cash & Cash Equivalents	-	125,000	745,000
Total Cash and Cash Equivalents	\$ 2,810,222	\$ 670,325	\$ 1,973,031

See Accompanying Notes to Financial Statements

Business Type Activities	
Gas Utility	Total
\$ 233,012	\$ 1,854,396
63,518	1,530,736
3,473	1,167,273
-	(544,232)
(22,617)	(153,396)
(6,428)	(32,456)
(466)	32,873
(1,206)	(16,989)
(3,567)	(17,011)
11,469	38,736
(3,790)	(27,869)
482	(6,981)
1,220	9,655
19,529	120,542
(12,584)	(70,115)
52	4,579
49,085	2,035,345
\$ 282,097	\$ 3,889,741
967,564	5,248,753
-	389
-	302,000
-	870,000
\$ 967,564	\$ 6,421,142

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

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, 2021

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

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

B. Basic Financial Statements-Government-Wide Statements

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

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

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

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

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

C. Fund Accounting

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

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 TIF Special Revenue Fund (Tax Incremental Financing) is used to account for property taxes received to pay for outstanding TIF related debt.
- 3) Capital Project Fund - The TIF Capital Project Fund is used to account for expenditures relating to public improvements, construction of public infrastructure as well as economic development opportunities, incentives, sites, land, rebates, and grant agreements.
- 4) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

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.

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.

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.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

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

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, 2021, expenditures exceeded the amount budgeted in the Public Works, Culture and Recreation, and Community and Economic Development 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		Amortized Cost
Iowa Public Agency Investment Trust		Amortized Cost
<u>Component Unit</u>		
Interest-earning investment contracts		
Nonnegotiable certificates of deposit		Amortized 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, 2021

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, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2020. Any county collections on the 2020-2021 tax levy remitted to the City within 60 days subsequent to June 30, 2021, 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, 2021, 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, 2021 are recorded as prepaid items.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

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, 2021. 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, 2021

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, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, 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, 2021

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, unrecognized items not yet charged to pension expense, 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, 2021, 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:

	Credit Risk	Maturities	Cost/ Amortized Cost	Interest Rates
Certificates of Deposit	N/A	1/14/20-1/14/22	\$ 1,000,000	0.45%
Iowa Public Agency Investment Trust	Not Rated	Daily	66,919	0.01%
Totals			<u>\$ 1,066,919</u>	

As of June 30, 2021, the City's investments consist of Certificates of Deposit of \$1,000,000 and IPAIT which is valued at an amortized cost of \$66,919. 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, 2021

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, 2021, 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 as follows:

	<u>Maturities</u>	
Negotiable certificates of deposit	11/24/20-10/03/31	\$ 6,408,138
Iowa Public Agency Investment Trust	Daily	101
Northwestern Bank Money Market Funds	Daily	645
Totals		<u>\$ 6,408,884</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, 2021.

Note 3 - DUE FROM OTHER GOVERNMENTS

At June 30, 2021, amounts due from other governments were as follows:

Due from the Iowa Department of Transportation for road use tax allocations	\$ 93,919
Due from the State of Iowa for local option sales taxes	76,472
Due from the State of Iowa for hotel/motel taxes	44,814
Total Due from Other Governments	<u>\$ 215,205</u>

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 4 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2021, short-term interfund payables and receivables were as follows:

Fund Due To	Fund Due From	Amount
TIF Capital Projects	TIF Special Revenue	\$ 4,758,268
Electric	TIF Capital Projects	542,796
Electric	Nonmajor Governmental	436,468
		<u>\$ 5,737,532</u>

Note 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,223,956	\$ -	\$ -	\$ 1,223,956
Construction in Progress	2,099,964	1,104,061	1,791,029	1,412,996
Total Capital Assets Not Being Depreciated	<u>3,323,920</u>	<u>1,104,061</u>	<u>1,791,029</u>	<u>2,636,952</u>
Capital Assets Being Depreciated:				
Buildings	12,870,826	-	326,366	12,544,460
Improvements	7,119,467	1,045,753	53,852	8,111,368
Equipment	4,060,943	228,508	361,899	3,927,552
Infrastructure	38,333,219	745,276	-	39,078,495
Total Capital Assets Being Depreciated	<u>62,384,455</u>	<u>2,019,537</u>	<u>742,117</u>	<u>63,661,875</u>
Less Accumulated Depreciation For:				
Buildings	4,889,055	251,085	157,626	4,982,514
Improvements	2,689,635	300,682	21,570	2,968,747
Equipment	3,738,387	220,350	354,557	3,604,180
Infrastructure	27,697,310	436,601	-	28,133,911
Total Accumulated Depreciation	<u>39,014,387</u>	<u>1,208,718</u>	<u>533,753</u>	<u>39,689,352</u>
Total Capital Assets Being Depreciated, Net	<u>23,370,068</u>	<u>810,819</u>	<u>208,364</u>	<u>23,972,523</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,693,988</u>	<u>\$ 1,914,880</u>	<u>\$ 1,999,393</u>	<u>\$ 26,609,475</u>

Construction in progress at June 30, 2021, for the governmental activities consisted of the MOC FV School project and the Spotlight project.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 5 - CAPITAL ASSETS – (Continued)

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,905,216	\$ 1,138,217	\$ 285,354	\$ 5,758,079
Construction in Progress	773,322	609,066	1,382,388	-
Total Capital Assets Not Being Depreciated	5,678,538	1,747,283	1,667,742	5,758,079
Capital Assets Being Depreciated:				
Buildings	3,474,846	-	-	3,474,846
Improvements	30,243	-	-	30,243
Equipment	4,980,883	309,761	-	5,290,644
Utility Plant	43,582,019	2,134,849	-	45,716,868
Total Capital Assets Being Depreciated	52,067,991	2,444,610	-	54,512,601
Less Accumulated Depreciation For:				
Buildings	2,026,429	88,751	-	2,115,180
Improvements	30,242	-	-	30,242
Equipment	3,324,138	225,777	-	3,549,915
Utility Plant	17,192,780	1,216,208	-	18,408,988
Total Accumulated Depreciation	22,573,589	1,530,736	-	24,104,325
Total Capital Assets Being Depreciated, Net	29,494,402	913,874	-	30,408,276
Business Type Activities Capital Assets, Net	\$ 35,172,940	\$ 2,661,157	\$ 1,667,742	\$ 36,166,355

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:

Governmental Activities:	
Public Safety	\$ 204,212
Public Works	657,703
Culture and Recreation	206,294
General Government	140,509
Total depreciation expense – governmental activities	\$ 1,208,718
Business-Type Activities:	
Electric	\$ 708,421
Water	392,313
Sewer	366,484
Gas	63,518
Total depreciation expense – business-type activities	\$ 1,530,736

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 5 - 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, 2020	Additions	Disposals	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 1,897,439	\$ -	\$ -	\$ 1,897,439
Construction in Progress	37,588	2,623,908	69,599	2,591,897
Total Capital Assets Not Being Depreciated	1,935,027	2,623,908	69,599	4,489,336
Capital Assets Being Depreciated:				
Land Improvements	3,883,457	-	-	3,883,457
Buildings	22,533,459	-	-	22,533,459
Fixed Equipment	40,079,519	446,309	-	40,525,828
Major Movable Equipment	15,384,070	4,072,061	2,590,305	16,865,826
Total Capital Assets Being Depreciated	81,880,505	4,518,370	2,590,305	83,808,570
Less: Accumulated Depreciation	51,169,581	3,853,228	-	55,022,809
Total Capital Assets Being Depreciated, Net	30,710,924	665,142	2,590,305	28,785,761
Capital Assets, Net	\$ 32,645,951	\$ 3,289,050	\$ 2,659,904	\$ 33,275,097

Orange City Municipal Golf Association

	Balance January 1, 2020	Additions	Disposals	Balance December 31, 2020
Golf Course and Trail	\$ 1,647,251	\$ -	\$ -	\$ 1,647,251
Buildings	991,224	-	-	991,224
Equipment	665,681	41,181	-	706,862
Total	3,304,156	41,181	-	3,345,337
Less Accumulated Depreciation	1,516,781	121,082	-	1,637,863
Capital Assets, Net	\$ 1,787,375	\$ (79,901)	\$ -	\$ 1,707,474

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities	Health System	Golf Course Unit
Land	\$ 1,223,956	\$ 5,758,079	\$ 1,897,439	\$ -
Construction in Progress	1,412,996	-	2,591,897	-
Capital Assets (net of accumulated depreciation)	23,972,523	30,408,276	28,785,761	1,707,474
Less: General Obligation Bonds Payable	11,757,503	-	-	-
Retainage Payable	149,182	-	-	-
Revenue Bonds	-	11,048,670	15,172,617	-
Note Payable	-	-	-	182,323
Net Investment in Capital Assets	\$ 14,702,790	\$ 25,117,685	\$ 18,102,480	\$ 1,525,151

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 6 - 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, 2021 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities	1.15 – 5.00%	\$ 11,145,000

The General Obligation bonds are presented on the Statement of Net Position net of unamortized bond premium of \$612,503.

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 1,340,000	\$ 347,333	\$ 1,687,333
2023	1,405,000	288,229	1,693,229
2024	1,405,000	249,029	1,654,029
2025	1,130,000	209,179	1,339,179
2026	1,070,000	175,029	1,245,029
2027-2031	3,690,000	453,144	4,143,144
2032-2036	775,000	131,404	906,404
2037-2041	330,000	17,500	347,500
	<u>\$ 11,145,000</u>	<u>\$ 1,870,847</u>	<u>\$ 13,015,847</u>

New Debt Issue:

On March 4, 2021, the City issued \$4,545,000 of General Obligation Refunding Capital Loan Notes, Series 2021A, for the purpose of refunding the Series 2011B, Series 2013A, Series 2015A, and Series 2016 bonds, and to fund the street improvement project. The bonds carry an interest rate of 1.15-2.00% with maturities from June 1, 2022 to June 1, 2032. The savings generated from the refunding totaled a net present value of \$187,833 and a cash flow savings of \$194,166.

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, 2021 are as follows:

Primary Government

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Electric Revenue Bonds	.35 – 3.15%	\$ 1,790,000
Water Revenue Bonds	.90 – 3.75%	1,245,000
Sewer Revenue Bonds	2.00 – 4.00%	7,645,000
		<u>\$ 10,680,000</u>

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 7 - LONG-TERM DEBT – (Continued)

The revenue bonds are presented on the statement of Net Position and the Balance Sheet net of unamortized bond premium of \$368,670.

Revenue bond debt service requirements to maturity are as follows:

Primary Government

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>				<u>Total</u>
	<u>Electric Principal</u>	<u>Sewer Principal</u>	<u>Water Principal</u>	<u>Interest</u>	
2022	\$ 230,000	\$ 370,000	\$ 230,000	\$ 339,812	\$ 1,169,812
2023	145,000	380,000	240,000	318,346	1,083,346
2024	145,000	395,000	175,000	299,649	1,014,649
2025	145,000	405,000	70,000	281,425	901,425
2026	150,000	420,000	75,000	262,491	907,491
2027-2031	805,000	2,305,000	375,000	1,015,799	4,500,799
2032-2036	170,000	2,750,000	80,000	465,800	3,465,800
2037-2041	-	620,000	-	24,800	644,800
	<u>\$ 1,790,000</u>	<u>\$ 7,645,000</u>	<u>\$ 1,245,000</u>	<u>\$ 3,008,122</u>	<u>\$ 13,688,122</u>

New Debt Issue:

On March 29, 2021, the City issued \$1,695,000 of Electric Revenue Refunding Capital Loan Notes, Series 2021B, for the purpose of refunding the Series 2012A Electric Revenue Capital Loan Notes. The bonds carry an interest rate of 1.37-2.00% with maturities from November 1, 2022 to November 1, 2031. The savings generated from the refunding totaled a net present value of \$75,288 and a cash flow savings of \$72,975.

Component Unit

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Hospital/Component Unit	2.85 – 3.5%	<u>\$ 15,172,617</u>

<u>Year Ending June 30,</u>	<u>Health System</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 1,642,859	\$ 426,400	\$ 2,069,259
2023	1,698,116	376,944	2,075,060
2024	1,591,642	327,188	1,918,830
2025	1,450,000	281,888	1,731,888
2026	1,495,000	240,172	1,735,172
2027-2031	7,295,000	530,546	7,825,546
	<u>\$ 15,172,617</u>	<u>\$ 2,183,138</u>	<u>\$ 17,355,755</u>

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 7 - LONG-TERM DEBT – (Continued)

Notes Payable – Direct Borrowing

Orange City Area Health System

During 2016, the Hospital entered into a noninterest term loan agreement with the City Municipal Electric Utility through the United States Rural Economic Development Loan and Grant Program. The purpose of the loan was to finance the construction of a twelve-unit independent living addition at Landsmeer Ridge Retirement Community. The \$1,760,000 unsecured loan, dated February 26, 2016, calls for monthly payments of \$16,297 beginning March 1, 2017 and continuing until February of 2026. Remaining principal balance related to the Rural Economic Development Loan and Grant Program as of June 30, 2021 was \$896,296.

Orange City Municipal Golf Association

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 2019 were \$34,132 and \$3,113, respectively. The ending balance of the equipment replacement loan from the City for the Association's year ended December 31, 2020 was \$182,323.

Annual notes payable – direct borrowing service requirement to maturity are as follows:

Year Ending June 30,	<u>Health System</u>			<u>Golf Association</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 195,564	\$ -	\$ 195,564	\$ 35,042	\$ 5,470	\$ 40,512
2023	195,564	-	195,564	31,252	4,442	35,694
2024	195,564	-	195,564	31,252	3,527	34,779
2025	195,564	-	195,564	31,252	2,613	33,865
2026	114,040	-	114,040	31,253	1,698	32,951
2027-2031	-	-	-	22,272	960	23,232
	\$ 896,296	\$ -	\$ 896,296	\$ 182,323	\$ 18,710	\$ 201,033

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 7 - LONG-TERM DEBT – (Continued)

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 11,565,000	\$ 4,545,000	\$ 4,965,000	\$ 11,145,000	\$ 1,340,000
Compensated Absences	112,403	113,538	112,403	113,538	45,415
Net Pension Liability	1,034,561	266,087	-	1,300,648	-
Other Post Employment Benefits	67,822	2,904	-	70,726	-
Governmental Activity Long-Term Liabilities	<u>\$ 12,779,786</u>	<u>\$ 4,927,529</u>	<u>\$ 5,077,403</u>	<u>\$ 12,629,912</u>	<u>\$ 1,385,415</u>
Business Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 11,577,000	\$ 1,695,000	\$ 2,592,000	\$ 10,680,000	\$ 830,000
Compensated Absences	83,566	85,093	83,566	85,093	34,037
Net Pension Liability	441,200	120,542	-	561,742	-
Other Post Employment Benefits	37,148	4,579	-	41,727	-
Business-Type Activity Long-Term Liabilities	<u>\$ 12,138,914</u>	<u>\$ 1,905,214</u>	<u>\$ 2,675,566</u>	<u>\$ 11,368,562</u>	<u>\$ 864,037</u>
Component Unit:					
Area Health System					
Bonds Payable:					
Revenue Bonds	\$ 16,744,615	\$ -	\$ 1,571,998	\$ 15,172,617	\$ 1,642,859
Notes Payable - Direct Borrowing	1,091,852	-	195,556	896,296	195,564
Net Pension Liability	16,596,826	3,458,231	-	20,055,057	-
Other Post Employment Benefits	386,160	-	15,239	370,921	-
	<u>\$ 34,819,453</u>	<u>\$ 3,458,231</u>	<u>\$ 1,782,793</u>	<u>\$ 36,494,891</u>	<u>\$ 1,838,423</u>
Golf Course					
Notes Payable - Direct Borrowing	\$ 175,412	\$ 41,181	\$ 34,270	\$ 182,323	\$ 35,042

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.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	General	Debt Service	Nonmajor Governmental	Total Transfers Out
TIF Special Revenue	\$ -	\$ 205,266	\$ -	\$ 205,266
TIF Capital Projects	-	-	27,522	27,522
Electric	298,678	-	-	298,678
Water	23,000	-	-	23,000
Sewer	23,000	-	-	23,000
Gas	50,000	-	-	50,000
Nonmajor Governmental	700,000	79,986	23,433	803,419
Total Transfer In	\$ 1,094,678	\$ 285,252	\$ 50,955	\$ 1,430,885

Transfers are used to:

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

Note 9 - PENSION PLAN

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

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).

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 9 - PENSION PLAN – (Continued)

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.

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 2021, 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 6.41 percent of covered payroll and the City contributed 9.61 percent of covered payroll for a total rate of 16.02 percent.

The City's total contributions to IPERS for the year ended June 30, 2021 were \$246,778 and for the component unit total contributions were \$2,259,584.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 9 - PENSION PLAN – (Continued)

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

At June 30, 2021, the City reported a liability of \$1,862,390 and the component unit reported \$20,055,057 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the City's collective proportion was 0.0265119 percent, which was an increase of 0.001027 percent from its proportion measured as of June 30, 2019. The component unit's collective portion was 0.28715 percent, which was an increase of 0.02116 percent from 2019.

For the year ended June 30, 2021, the City and component unit recognized pension expense of \$340,978 and \$3,501,871, respectively. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City's Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,554	\$ 43,875
Changes of assumptions	110,605	828
Net difference between projected and actual earnings on pension plan investments	131,047	-
Changes in proportion and differences between City contributions and proportionate share of contributions	36,976	11,082
City's contributions subsequent to the measurement date	246,778	-
Total	\$ 532,960	\$ 55,785

	Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,519	\$ 475,192
Changes of assumptions	1,038,605	506
Net difference between projected and actual earnings on pension plan investments	1,143,536	-
Changes in proportion and differences between Hospital contributions and proportionate share of contributions	1,103,630	2,773
Area Health System's contributions subsequent to the measurement date	2,259,584	-
Total	\$ 5,570,874	\$ 478,471

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 9 - PENSION PLAN – (Continued)

\$246,778 and \$2,259,584 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	City	Component Unit
2022	\$ 36,208	\$ 655,717
2023	58,268	729,975
2024	54,820	651,590
2025	80,266	790,642
2026	835	4,895
	<u>\$ 230,397</u>	<u>\$ 2,832,819</u>

There were no non-employer contributing entities of IPERS.

Actuarial assumptions – The total pension liability in the June 30, 2020 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, 2020 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 2020 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:

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 9 - PENSION PLAN – (Continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100%	

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

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

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
Proportionate Share of the Net Pension Liability			
City	\$ 3,362,353	\$ 1,862,390	\$ 605,027
Component Unit	33,597,376	20,055,057	8,700,242

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.

Payables to the pension plan

At June 30, 2021, the City and component unit reported payables to the defined benefit pension plan of \$46,799 and \$157,633, respectively.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

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, 2020 for the City and June 30, 2021 for the component unit, plan membership consisted of the following:

	City	Component Unit
Inactive members currently receiving benefit	0	4
Active members	34	434
Total	34	438

Total OPEB Liability – The total OPEB liability of the City was \$112,453 and the component unit was \$370,921 measured as of January 1, 2020 and June 30, 2021, 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, 2020 and June 30, 2021, 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.

	City (Effective January 1, 2020)	Component Unit (Effective June 30, 2021)
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	2.74% compounded annually, Including inflation.	2.16% compounded actually, Including inflation
Healthcare cost trend rate	5.00% all years.	7.00% Initial rate decreasing by .25% Annually to an ultimate rate of 4%

Discount Rate The discount rates used to measure the total OPEB liability for the City was 2.74% and for the component unit was 2.16%, 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 RP-2014 total annuitant distinct mortality table adjusted to 2006 MP-2019 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.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 10 - OTHER POSTEMPLOYMENT BENEFITS – (Continued)

The actuarial assumptions used for the City in the January 1, 2020 and for the component unit in the June 30, 2021 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	City	Component Unit
Total OPEB liability beginning of year	\$ 104,970	\$ 386,160
Changes for the year:		
Service cost	6,020	30,759
Interest	3,020	8,804
Differences between expected and actual experiences	-	(68,093)
Changes in assumptions	-	36,569
Benefit payments	(1,557)	(23,278)
Net changes	7,483	(15,239)
Total OPEB liability end of year	\$ 112,453	\$ 370,921

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 2.21% in fiscal year 2020 to 2.16% in fiscal year 2021 for the component unit.

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	(1.74%)	(2.74%)	(3.74%)
Total City OPEB Liability	\$120,216	\$112,453	\$104,773
Component Unit Discount Rates	(1.16%)	(2.16%)	(3.16%)
Total Component Unit OPEB Liability	\$401,352	\$370,921	\$342,275

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	\$ 99,803	\$112,453	\$127,033
Component Unit Healthcare Cost Trend Rates	(5.75%)	(6.75%)	(7.75%)
Total Component Unit OPEB Liability	\$326,362	\$370,921	\$425,355

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 10 - OTHER POSTEMPLOYMENT BENEFITS – (Continued)

OPEB Expense and Deferred Outflows/Inflows of resources Related to OPEB – For the year ended June 30, 2021, the City and component unit recognized OPEB expense of \$9,444 and \$41,451 respectively. At June 30, 2021, 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	City	Component Unit
Differences between expected and actual experience	\$ 231	\$ 36,238	\$ 8,132	\$ 59,936
Changes in assumptions	9,520	58,569	-	26,149
Total	\$ 9,751	\$ 94,807	\$ 8,132	\$ 86,085

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

Year ending June 30,	City	Component Unit
2022	\$ 404	\$ 1,888
2023	404	1,888
2024	404	1,888
2025	404	2,348
2026	404	2,830
Thereafter	(401)	(2,120)
	\$ 1,619	\$ 8,722

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 \$2,370,633 at June 30, 2021.

Other Major Funds

The TIF Special Revenue Fund has an Unassigned Fund Balance of (4,758,268) consisting of debt incurred for capital project expenditures.

The TIF Capital Projects Fund has an Assigned Fund Balance of \$6,446,868 consisting of primarily a receivable for reimbursement of capital project expenditures.

The Debt Service Fund has a Restricted Fund Balance of \$324,523 consisting of primarily unspent funds used to pay general obligation bond principal and interest.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

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	\$ 183,665
USDA Revolving Loan –		
Special Revenue Fund	For economic development	\$ 645,962
Road Use Tax –		
Special Revenue Fund	For road use tax	\$ 1,112,898

The following non-major fund has a Nonspendable Fund Balance:

Cemetery Perpetual Care:	For cemetery maintenance	\$ 118,363
Road Use Tax –		
Special Revenue Fund	For inventories	\$ 10,588

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

Capital Project – MOC FV School Project	\$ (668,451)
Capital Project – Streetlight Project	\$ (143,143)

Note 12 - DEFICIT FUND EQUITY

The City had three funds with deficit equity balances at June 30, 2021. 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 – MOC FV School Project	\$ 668,451
Capital Project – Streetlight Project	\$ 143,143
TIF Special Revenue	\$ 4,758,268

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 2020-2021 fiscal year the City has elected to purchase commercial insurance to cover against the risk of loss. There have been no reductions in insurance coverage from prior years, nor were there settlements in excess of insurance coverage the last three years.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 14 - COMMITMENTS

At June 30, 2021, the City had four construction contracts in process with the following approximate contracts remaining:

Streetlight Project	\$ 2,521,902
2020 Street Project	329,969
Total commitments, end of year	<u>\$ 2,851,871</u>

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 \$1,854,845.

During the year ended June 30, 2021, the City rebated \$150,957 of incremental property tax to developers. The total cumulative principal amount rebated on the agreements is \$1,082,499. The outstanding balance on the agreements at June 30, 2021 was \$772,346.

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, 2021, the City abated \$44,175 of property tax under the urban renewal and economic development projects.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2021

Note 17 - PRIOR PERIOD ADJUSTMENT

It was determined in the current year that the City had not recorded internal financing relating to TIF capital projects at the fund level. It was also noted that Land Held for Sale and a Note Receivable had not been recorded in the prior year at the fund level. The Land Held for Sale amount had been previously recorded as CIP at the government-wide level. The effects of fund balance/net position are as follows:

	TIF Special Revenue	TIF Capital Projects	Governmental Activities
Fund Balance/Net Position			
June 30, 2020, as previously reported	\$ 476,614	\$ -	\$ 17,285,791
Unrecorded Interfund Advances	(6,293,064)	6,293,064	-
Unrecorded Land Held for Sale			
(net of prior year lot sales)	-	562,872	562,872
Unrecorded Note Receivable	-	236,857	236,857
Overstated Prior Year CIP	-	-	(757,402)
Fund Balance/Net Position			
July 1, 2020, as restated	\$ (5,816,450)	\$ 7,092,793	\$ 17,328,118

Note 18 - PROSPECTIVE ACCOUNTING CHANGE

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

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, 2021

	Governmental Fund Type Actual	Proprietary Funds Actual	Orange City Area Health System
Revenue:			
Taxes	\$ 3,403,515	\$ -	\$ -
Special Assessments	166,904	-	-
Licenses and Permits	2,799	-	-
Intergovernmental	1,293,711	-	232,568
Charges for Services	876,256	14,313,665	60,162,190
Fines and Forfeits	19,409	-	-
TIF Revenue	1,339,088	-	-
Local Option Sales Tax	1,115,682	-	-
Interest	26,238	53,072	420,841
Miscellaneous	937,209	1,167,271	5,782,930
Total Revenue	<u>9,180,811</u>	<u>15,534,008</u>	<u>66,598,529</u>
Expenditures:			
Public Safety	1,032,741	-	-
Public Works	1,205,617	-	-
Culture and Recreation	1,993,409	-	-
Community and Economic Development	468,030	-	-
General Government	872,983	-	-
Capital Projects	2,470,529	-	-
Debt Service	5,416,623	-	-
Business Type Activities	-	13,430,938	60,167,437
Total Expenditures	<u>13,459,932</u>	<u>13,430,938</u>	<u>60,167,437</u>
Excess (deficiency) of revenues over expenditures	(4,279,121)	2,103,070	6,431,092
Other financing sources (uses):			
Proceeds from Debt Financing	4,787,841	-	-
Proceeds from Sale of Real Estate	-	-	-
Proceeds from Sale of Fixed Assets	278,783	-	9,800
Capital Contribution	-	609,066	-
Interfund Transfers In	1,430,885	-	-
Interfund Transfers Out	(1,036,207)	(394,678)	-
Total other financing sources (uses)	<u>5,461,302</u>	<u>214,388</u>	<u>9,800</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,182,181	2,317,458	6,440,892
Fund balances/Net position-beginning of year	3,665,780	33,253,997	28,500,372
(Decrease) in Reserve for Inventory	(4,052)	-	-
Prior Period Adjustment	799,729	-	-
Fund balances/Net position- end of year	<u>\$ 5,643,638</u>	<u>\$ 35,571,455</u>	<u>\$ 34,941,264</u>

Total Actual	Budgeted Amounts		Final Budget Favorable (Unfavorable)
	Original	Final	
\$ 3,403,515	\$ 3,378,544	\$ 3,378,544	\$ 24,971
166,904	50,500	50,500	116,404
2,799	6,650	6,650	(3,851)
1,526,279	1,200,126	1,273,126	253,153
75,352,111	69,998,600	85,478,600	(10,126,489)
19,409	-	-	19,409
1,339,088	900,000	900,000	439,088
1,115,682	930,543	930,543	185,139
500,151	410,050	410,050	90,101
7,887,410	183,000	624,000	7,263,410
91,313,348	77,058,013	93,052,013	(1,738,665)
1,032,741	1,038,786	1,078,786	46,045
1,205,617	1,166,395	1,201,395	(4,222)
1,993,409	1,714,789	1,945,789	(47,620)
468,030	105,922	105,922	(362,108)
872,983	1,045,947	1,312,947	439,964
2,470,529	3,875,000	3,875,000	1,404,471
5,416,623	1,678,556	6,178,556	761,933
73,598,375	67,317,256	78,242,256	4,643,881
87,058,307	77,942,651	93,940,651	6,882,344
4,255,041	(884,638)	(888,638)	5,143,679
4,787,841	1,750,000	1,750,000	3,037,841
288,583	-	-	288,583
609,066	-	-	609,066
1,430,885	1,914,850	1,914,850	(483,965)
(1,430,885)	(1,914,850)	(1,914,850)	483,965
5,685,490	1,750,000	1,750,000	3,935,490
9,940,531	865,362	861,362	9,079,169
65,420,149	65,420,149	65,420,149	-
(4,052)	-	-	(4,052)
799,729	-	-	799,729
\$ 76,156,357	\$ 66,285,511	\$ 66,281,511	\$ 9,874,846

CITY OF ORANGE CITY, IOWA
Notes to Required Supplementary Information
June 30, 2021

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 2021, the City held public hearings and amended the operating budget once. The amendment is as follows:

<u>Program</u>	<u>Original Budget</u>	<u>5/17/21 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$ 1,038,786	\$ 40,000	\$ 1,078,786
Public Works	1,166,395	35,000	1,201,395
Culture & Recreation	1,714,789	231,000	1,945,789
Community and Economic Development	105,922	-	105,922
General Government	1,045,947	267,000	1,312,947
Capital Projects	3,875,000	-	3,875,000
Debt Service	1,678,556	4,500,000	6,178,556
Business Type/Enterprise	67,317,256	10,925,000	78,242,256

CITY OF ORANGE CITY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST SEVEN FISCAL YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

	2021		2020	
	City	Component Unit	City	Component Unit
Entity's proportion of the net pension liability	0.0265119%	0.287150%	0.0254852%	0.285034%
Entity's proportionate share of the net pension liability	\$ 1,862	\$ 20,055	\$ 1,476	\$ 16,597
Entity's covered payroll	\$ 2,458	\$ 23,948	\$ 2,420	\$ 22,563
Entity's proportionate share of the net pension liability as a percentage of its covered payroll	72%	80%	61%	69%
Plan fiduciary net pension as a percentage of the total pension liability	83%	83%	85%	85%
	2019		2018	
	City	Component Unit	City	Component Unit
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%
	2017		2016	
	City	Component Unit	City	Component Unit
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%
	2015			
	City	Component Unit		
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, 2021**

City	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 246	\$ 240	\$ 232	\$ 213	\$ 206
Contributions in relation to the statutorily required contribution	(246)	(240)	(232)	(213)	(206)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered payroll	\$ 2,633	\$ 2,458	\$ 2,420	\$ 2,338	\$ 2,268
Contributions as a percentage of covered payroll	9.34%	9.76%	9.59%	9.11%	9.07%
City	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 202	\$ 199	\$ 193	\$ 169	\$ 154
Contributions in relation to the statutorily required contribution	(202)	(199)	(193)	(169)	(154)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered payroll	\$ 2,254	\$ 2,187	\$ 2,102	\$ 1,875	\$ 1,833
Contributions as a percentage of covered payroll	8.96%	9.10%	9.18%	9.01%	8.40%
Component Unit	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 2,260	\$ 2,161	\$ 2,085	\$ 1,794	\$ 1,672
Contributions in relation to the statutorily required contribution	(2,260)	(2,161)	(2,085)	(1,794)	(1,672)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Hospital's covered payroll	\$ 25,072	\$ 23,948	\$ 22,563	\$ 20,070	\$ 19,108
Contributions as a percentage of covered payroll	8.6%	9.0%	9.2%	8.9%	8.75%
Component Unit	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 1,616	\$ 1,559	\$ 1,505	\$ 1,416	\$ 1,064
Contributions in relation to the statutorily required contribution	(1,616)	(1,559)	(1,505)	(1,416)	(1,064)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Hospital's covered payroll	\$ 18,605	\$ 17,815	\$ 17,561	\$ 16,778	\$ 15,383
Contributions as a percentage of covered payroll	8.68%	8.75%	8.57%	8.43%	6.92%

**CITY OF ORANGE CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021**

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.

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, 2021

Required Supplementary Information

	2021		2020	
	City	Component Unit	City	Component Unit
Service Cost	\$ 6,020	\$ 30,759	\$ 5,902	\$ 22,991
Interest Cost	3,020	8,804	2,806	12,466
Difference between expected and Actual experiences	-	(68,093)	(9,611)	-
Changes in assumptions	-	36,569	4,651	34,553
Benefit assumptions	(1,557)	(23,278)	(468)	(33,771)
Net change in total OPEB liability	7,483	(15,239)	3,280	36,239
Total OPEB liability beginning of year	104,970	386,160	101,690	349,921
Total OPEB liability end of year	\$ 112,453	\$ 370,291	\$ 104,970	\$ 386,160
Covered – employee payroll (in thousands)	\$ 2,231	\$ 22,897	\$ 2,187	\$ 18,375
Total OPEB liability as a percentage Of covered – employee payroll	5.04%	1.62%	4.80%	2.10%

	2019		2018	
	City	Component Unit	City	Component Unit
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%	4.86%	1.84%

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

Changes in benefit terms:

There were no significant changes in benefit terms

Changes in assumptions:

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

	City	Component Unit
Year ended June 30, 2021	2.47%	2.16%
Year ended June 30, 2020	2.47%	2.21%
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, 2021

	Special Revenue			Capital Projects
	Road Use Tax	USDA Revolving Loan	USDA IRP-Loan	Dunlop Park Improvements
Assets				
Cash and Pooled Investments	\$ 1,018,979	\$ 322,544	\$ 54,952	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)				
Notes Receivable	-	323,418	128,713	-
Due from Other Governmental Agencies	93,919	-	-	-
Inventories	10,588	-	-	-
Total Assets	<u>1,123,486</u>	<u>645,962</u>	<u>183,665</u>	<u>-</u>
Liabilities				
Accounts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable:				
Inventories	10,588	-	-	-
Permanent Fund Principal	-	-	-	-
Restricted for:				
Road Use Tax	1,112,898	-	-	-
Economic Development	-	645,962	183,665	-
Unassigned	-	-	-	-
Total Fund Balances	<u>1,123,486</u>	<u>645,962</u>	<u>183,665</u>	<u>-</u>
Total Liabilities, and Fund Balances	<u>\$ 1,123,486</u>	<u>\$ 645,962</u>	<u>\$ 183,665</u>	<u>\$ -</u>

Capital Projects				Permanent	Total
2018 Street Project	2020 Street Project	MOC FV School Project	Streetlight Project	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 118,363	\$ 1,514,838
-	-	-	-	-	452,131
-	-	-	-	-	93,919
-	-	-	-	-	10,588
-	-	-	-	118,363	2,071,476
-	-	279,021	96,105	-	375,126
-	-	389,430	47,038	-	436,468
-	-	668,451	143,143	-	811,594
-	-	-	-	-	10,588
-	-	-	-	118,363	118,363
-	-	-	-	-	1,112,898
-	-	-	-	-	829,627
-	-	(668,451)	(143,143)	-	(811,594)
-	-	(668,451)	(143,143)	118,363	1,259,882
\$ -	\$ -	\$ -	\$ -	\$ 118,363	\$ 2,071,476

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Governmental Nonmajor Funds
For the Year Ended June 30, 2021

	Special Revenue			Capital Projects
	Road Use Tax	USDA Revolving Loan	USDA IRP-Loan	Dunlop Park Improvements
Revenue:				
Taxes				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	891,547	-	-	-
Interest on Investments	-	676	6,928	-
Miscellaneous	-	-	-	-
Total Revenue	<u>891,547</u>	<u>676</u>	<u>6,928</u>	<u>-</u>
Expenditures:				
Community and Economic Development	-	-	4,983	813
Capital Projects	-	-	-	-
Debt Service:				
Interest/Bond Costs	-	-	8,311	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>13,294</u>	<u>813</u>
Excess (deficiency) of revenues over expenditures	<u>891,547</u>	<u>676</u>	<u>(6,366)</u>	<u>(813)</u>
Other financing sources (uses):				
Issuance of Debt	-	-	-	-
Bond Premiums	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(723,433)	-	-	(12,291)
Total other financing sources (uses)	<u>(723,433)</u>	<u>-</u>	<u>-</u>	<u>(12,291)</u>
Net Change in Fund Balance	168,114	676	(6,366)	(13,104)
Fund balances - beginning of year	959,424	645,286	190,031	13,104
Decrease in Reserve for Inventory	(4,052)	-	-	-
Fund balances - end of year	<u>\$ 1,123,486</u>	<u>\$ 645,962</u>	<u>\$ 183,665</u>	<u>\$ -</u>

2018 Street Project	Capital Projects			Permanent Cemetery Perpetual Care Fund	Total Governmental Nonmajor Funds
	2020 Street Project	MOC FV School Project	Streetlight Project		
\$ 92,212	\$ 63,653	\$ -	\$ -	\$ -	\$ 155,865
-	-	-	-	-	891,547
-	-	-	-	-	7,604
15,000	-	573,880	-	4,163	593,043
107,212	63,653	573,880	-	4,163	1,648,059
9,804	-	-	-	-	15,600
-	535,621	1,148,262	134,586	-	1,818,469
-	14,488	-	-	-	22,799
9,804	550,109	1,148,262	134,586	-	1,856,868
97,408	(486,456)	(574,382)	(134,586)	4,163	(208,809)
-	985,000	-	-	-	985,000
-	58,737	-	-	-	58,737
23,433	-	27,522	-	-	50,955
-	(67,695)	-	-	-	(803,419)
23,433	976,042	27,522	-	-	291,273
120,841	489,586	(546,860)	(134,586)	4,163	82,464
(120,841)	(489,586)	(121,591)	(8,557)	114,200	1,181,470
-	-	-	-	-	(4,052)
\$ -	\$ -	\$ (668,451)	\$ (143,143)	\$ 118,363	\$ 1,259,882

STATISTICAL SECTION

This part of the City of Orange City's annual comprehensive 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.

Contents	Page
Financial Trends	82
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	85
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	89
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	99
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	103
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 annual comprehensive financial reports for the relevant year.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets										
Restricted	\$ 10,326,246	\$ 10,930,092	\$ 10,998,957	\$ 12,957,403	\$ 13,760,478	\$ 15,365,666	\$ 14,234,324	\$ 15,407,790	\$ 16,241,529	\$ 14,702,790
Unrestricted	1,011,688	1,799,523	1,194,599	1,760,488	2,288,094	2,682,327	2,117,016	2,326,682	2,534,566	2,365,267
	(1,009,192)	(2,897,122)	(2,337,049)	(4,044,115)	(3,176,284)	(5,193,819)	(2,301,395)	(2,203,975)	(1,490,304)	2,474,862
Total governmental activities net position	\$ 10,328,742	\$ 9,832,493	\$ 9,856,507	\$ 10,693,776	\$ 12,872,288	\$ 12,854,174	\$ 14,049,945	\$ 15,530,497	\$ 17,285,791	\$ 19,542,919
Business-type activities										
Net Investment in Capital Assets										
Restricted	\$ 12,336,353	\$ 13,537,488	\$ 14,068,240	\$ 15,609,054	\$ 15,858,940	\$ 18,557,290	\$ 18,475,912	\$ 22,168,051	\$ 23,275,413	\$ 25,117,885
Unrestricted	1,234,478	1,183,889	1,285,989	1,228,060	1,100,341	1,064,092	1,978,634	1,931,597	1,809,786	1,693,085
	8,740,929	8,214,047	10,048,505	9,959,744	9,998,470	8,488,495	9,309,366	7,776,179	8,168,798	8,760,685
Total business-type activities net position	\$ 22,311,760	\$ 22,935,424	\$ 25,402,734	\$ 26,796,878	\$ 26,957,751	\$ 28,109,877	\$ 29,763,912	\$ 31,875,827	\$ 33,253,997	\$ 35,571,455
Primary government										
Net Investment in Capital Assets										
Restricted	\$ 22,662,599	\$ 24,467,560	\$ 25,067,197	\$ 28,566,457	\$ 29,619,418	\$ 33,922,956	\$ 32,710,236	\$ 37,575,841	\$ 39,516,942	\$ 39,820,475
Unrestricted	2,246,166	2,983,412	2,480,588	3,008,588	3,388,435	3,746,419	4,095,650	4,258,279	4,344,352	4,058,352
	7,731,737	5,316,925	7,711,456	5,915,829	6,822,186	3,294,676	7,007,971	5,572,204	6,678,494	11,235,547
Total primary government net position	\$ 32,640,502	\$ 32,767,917	\$ 35,259,241	\$ 37,490,874	\$ 39,830,039	\$ 40,964,051	\$ 43,813,857	\$ 47,406,324	\$ 50,539,788	\$ 55,114,374

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
Public Safety	\$ 828,199	\$ 833,780	\$ 872,249	\$ 872,626	\$ 925,097	\$ 972,996	\$ 1,088,140	\$ 1,106,146	\$ 1,158,235	\$ 1,186,527
Public Works	1,778,275	1,619,083	1,613,585	1,557,306	1,663,733	1,571,805	1,907,228	1,605,411	1,736,174	1,781,024
Culture and Recreation	1,454,835	1,434,484	1,291,006	1,499,304	1,781,317	1,805,929	1,658,414	1,869,376	1,885,121	2,134,424
Community and Economic Development	317,481	325,702	325,474	258,417	371,010	697,831	558,768	302,629	447,647	471,166
General Government	1,144,619	2,345,344	992,494	731,785	742,301	712,651	820,252	962,503	902,555	1,026,101
Debt Service	542,187	431,845	355,325	338,539	357,017	319,025	331,151	404,484	447,191	260,372
Total governmental activities expenses	6,065,596	6,990,238	5,450,133	5,257,977	5,840,475	6,080,237	6,363,973	6,250,549	6,576,923	6,859,614
Business-Type Activities:										
Electric	6,941,319	6,327,351	6,684,885	7,074,776	7,206,806	7,498,724	7,425,922	7,488,064	7,529,566	7,759,588
Water	909,721	943,567	917,303	899,459	1,461,287	964,647	937,051	1,023,038	1,123,054	1,273,778
Sewer	596,619	523,094	540,096	571,113	657,992	572,314	856,862	1,159,532	1,290,271	1,339,534
Gas	2,069,753	2,013,797	2,675,250	2,134,813	1,528,581	1,768,495	2,197,738	2,019,069	1,623,746	3,058,038
Total business-type activities expenses	10,517,412	9,807,809	10,817,534	10,680,161	10,854,666	10,804,180	11,417,583	11,689,703	11,566,637	13,430,933
Total primary government expenses	16,583,008	16,798,047	16,267,667	15,938,138	16,695,141	16,884,417	17,781,556	17,940,252	18,143,560	20,290,552
Program Revenues										
Governmental activities:										
Charges for services:										
Public Safety	43,050	22,593	19,309	15,943	39,164	19,299	17,396	12,713	14,860	18,148
Public Works	241,952	257,210	312,823	310,203	479,624	314,332	326,399	338,514	332,050	560,023
Culture and Recreation	232,520	275,681	343,273	308,300	309,631	317,778	323,621	285,554	254,332	370,354
Community & Economic Development	81,442	31,480	32,099	46,335	55,683	82,191	40,867	59,802	36,764	122,056
General Government	46,580	48,534	41,174	35,662	96,387	131,951	60,160	62,682	56,840	61,187
Operating grants and contributions	893,471	970,358	916,877	1,242,721	1,134,628	1,105,119	1,135,321	1,252,432	1,634,276	1,296,493
Capital grants and contributions	1,236,083	399,850	*	217,763	764,281	272,133	110,463	26,110	25,488	25,728
Total governmental activities program revenues	2,775,098	2,005,686	1,665,555	2,174,927	2,879,398	2,242,803	2,014,227	2,037,807	2,354,620	2,453,989
Business-type activities:										
Charges for services:										
Electric	7,640,948	7,011,542	7,522,021	7,805,183	7,776,001	8,362,166	8,473,321	8,572,893	8,376,741	9,327,705
Water	977,427	832,207	886,144	900,765	934,342	1,033,612	1,016,294	949,619	990,432	1,227,476
Sewer	609,951	606,825	592,445	715,410	842,497	894,726	1,233,550	1,365,898	1,347,115	1,467,434
Gas	2,129,278	2,156,043	2,809,763	2,114,065	1,595,054	1,784,999	2,412,384	2,271,617	1,801,320	3,291,050
Total business-type activities program revenues	11,357,604	10,656,617	11,810,373	11,535,423	11,147,894	12,075,503	13,135,649	13,160,027	12,515,608	14,313,665
Total primary government program revenues	14,132,702	12,682,303	13,475,928	13,710,350	14,027,292	14,318,306	15,149,776	15,197,834	14,870,228	16,767,654
Net (expense)/revenue										
Governmental activities	(3,290,498)	(4,984,552)	(3,784,578)	(3,083,050)	(2,961,077)	(3,637,434)	(4,349,746)	(4,212,742)	(4,222,303)	(4,405,625)
Business-type activities	840,192	848,808	992,839	855,262	293,228	1,271,323	1,717,966	1,470,324	948,971	882,727
Total primary government net expense	\$ (2,450,306)	\$ (4,135,744)	\$ (2,791,739)	\$ (2,227,788)	\$ (2,667,849)	\$ (2,566,111)	\$ (2,631,780)	\$ (2,742,418)	\$ (3,273,332)	\$ (3,522,898)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 3,265,842	\$ 3,298,474	\$ 3,478,291	\$ 3,515,407	\$ 3,573,908	\$ 4,144,235	\$ 4,204,400	\$ 4,394,724	\$ 4,637,798	\$ 4,742,603
Local option sales tax	669,520	736,474	710,785	792,255	846,836	950,305	851,052	911,382	1,051,882	1,115,882
Investment Earnings	11,297	9,621	2,328	8,935	8,864	13,109	11,555	46,327	37,687	26,238
Gain on Sale of Assets	94,548	145,696	52,023	55,600	168,810	267,743	55,000	373,551	208,491	70,419
Miscellaneous	117,618	117,465	45,850	97,363	*	-	176,451	82,746	151,488	879,872
Transfers	912,173	442,342	(480,685)	451,895	389,219	318,303	272,189	(115,436)	(25,494)	(214,388)
Total governmental activities	5,070,998	4,750,072	3,808,592	4,921,455	4,987,637	5,693,695	5,570,647	5,693,294	6,061,852	6,620,426
Business-type activities										
Investment Earnings	18,772	18,988	16,015	32,655	15,219	41,730	43,469	136,084	136,330	53,072
Gain on Sale of Joint Venture	*	-	*	926,349	*	*	*	*	*	*
Miscellaneous	955,236	382,211	977,771	364,780	241,845	157,376	174,431	390,071	260,223	1,167,271
Transfers	(912,173)	(442,342)	480,685	(451,895)	(389,219)	(318,303)	(272,189)	115,436	25,494	214,388
Total business-type activities	61,835	(41,143)	1,474,471	871,889	(132,355)	(119,197)	(54,289)	641,591	422,047	1,434,731
Total primary government	5,132,833	4,708,929	5,283,063	5,793,344	4,855,282	5,574,498	5,516,358	6,334,885	6,483,899	8,055,157
Change in Net Position										
Governmental activities	1,780,500	(234,480)	24,014	1,838,405	2,026,560	1,856,261	1,220,901	1,480,552	1,839,549	2,214,801
Business-type activities	902,027	807,665	2,467,310	1,727,151	160,873	1,152,126	1,663,677	2,111,915	1,371,018	2,317,458
Total primary government	\$ 2,682,527	\$ 573,185	\$ 2,491,324	\$ 3,565,556	\$ 2,187,433	\$ 3,008,387	\$ 2,884,578	\$ 3,592,467	\$ 3,210,567	\$ 4,532,259

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

<u>Fiscal</u> <u>Year</u>		<u>Property</u> <u>Tax</u>		<u>Sales</u> <u>Tax</u>		<u>Hotel/Motel</u> <u>Tax</u>		<u>Total</u>
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
2020		4,637,798		927,238		124,644		5,689,680
2021	\$	4,742,603	\$	990,533	\$	125,149	\$	5,858,285

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Unreserved/ Unassigned	\$ 1,685,923	\$ 1,662,462	\$ 1,485,642	\$ 1,455,766	\$ 1,237,614	\$ 1,450,698	\$ 1,438,611	\$ 1,802,418	\$ 1,828,076	\$ 2,370,633
Total General Fund	<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>\$ 1,450,698</u>	<u>\$ 1,438,611</u>	<u>\$ 1,802,418</u>	<u>\$ 1,828,076</u>	<u>\$ 2,370,633</u>
All other governmental funds										
Nonspendable	\$ 113,584	\$ 99,475	\$ 102,475	\$ 105,923	\$ 115,943	\$ 114,087	\$ 123,176	\$ 129,674	\$ 128,840	\$ 128,951
Spendable - Restricted	3,368,875	1,729,040	1,118,673	1,703,352	2,172,151	2,592,476	2,023,314	2,249,897	2,436,335	2,267,048
Spendable - Assigned	6,000	9,683	-	-	162,486	167,486	112,662	476,301	13,104	6,446,868
Spendable - Unassigned	(240,584)	(656,870)	(193,747)	(1,252,696)	(681,288)	(3,270,466)	(393,453)	(6,179)	(740,575)	(3,199,229)
Total all other governmental funds	<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>	<u>\$ 1,837,704</u>	<u>\$ 5,643,636</u>

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

	Fiscal Year			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues				
Taxes	\$ 2,579,057	\$ 2,551,158	\$ 2,663,304	\$ 2,663,371
Special Assessments	-	-	611	2,989
Licenses and permits	5,288	5,600	6,348	6,326
Intergovernmental	1,969,554	1,242,033	860,790	1,418,642
Charges for services	535,950	588,213	710,928	679,390
Fines and Forfeits	44,919	40,664	29,896	25,142
Contributions from Property Owners	2,029	1,001	53,087	58,130
TIF Revenue	688,900	748,320	815,553	853,129
Local Options Sales Tax	669,520	736,474	710,785	792,255
Investment Earnings	11,297	9,621	2,328	8,935
Miscellaneous	429,524	391,336	106,335	137,271
Total revenues	<u>6,936,038</u>	<u>6,314,420</u>	<u>5,959,965</u>	<u>6,645,580</u>
Expenditures				
Public safety	790,598	749,557	811,614	864,188
Public works	1,018,539	1,027,380	1,098,769	990,558
Culture and recreation	1,265,084	1,215,909	1,231,065	1,578,372
Community and economic development	317,787	325,237	325,398	257,568
General government	1,150,288	2,215,628	866,915	613,733
Capital projects	5,601,071	856,115	1,541,643	2,302,188
Debt service				
Principal	2,770,000	3,475,000	1,330,000	1,490,000
Interest	663,442	435,210	357,768	336,301
Total expenditures	<u>13,576,809</u>	<u>10,300,036</u>	<u>7,563,172</u>	<u>8,432,908</u>
Excess of revenues over (under) expenditures	(6,640,771)	(3,985,616)	(1,603,207)	(1,787,328)
Other financing sources (uses)				
Issuance of Debt	8,685,000	1,450,000	905,000	835,000
Proceeds From Sale of Fixed Assets	-	-	-	-
Transfers In	1,718,587	1,227,493	1,933,500	1,211,895
Transfers Out	(806,414)	(785,151)	(1,566,040)	(760,000)
Total other financing sources (uses)	<u>9,597,173</u>	<u>1,892,342</u>	<u>1,272,460</u>	<u>1,286,895</u>
Net change in fund balances	<u>\$ 2,956,402</u>	<u>\$ (2,093,274)</u>	<u>\$ (330,747)</u>	<u>\$ (500,433)</u>
Debt Service as a percentage of noncapital expenditures	43.0%	41.4%	28.0%	29.8%

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

Fiscal Year					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 2,678,042	\$ 3,022,560	\$ 3,118,441	\$ 3,171,229	\$ 3,312,654	\$ 3,403,515
136,656	25,890	27,049	9,413	8,823	166,904
6,125	6,779	6,691	6,548	5,992	2,799
1,402,468	1,105,119	1,112,570	1,244,531	1,627,142	1,293,711
702,580	717,798	699,514	690,537	643,613	876,256
28,891	24,501	24,095	18,590	18,749	19,409
-	-	-	-	-	-
895,866	1,121,675	1,085,959	1,223,495	1,325,144	1,339,088
846,836	950,305	851,052	911,382	1,051,882	1,115,682
8,864	13,109	11,555	46,327	37,687	26,238
727,463	652,369	400,813	527,908	206,725	937,209
<u>7,433,791</u>	<u>7,640,105</u>	<u>7,337,739</u>	<u>7,849,960</u>	<u>8,238,411</u>	<u>9,180,811</u>
978,225	946,213	985,180	1,195,629	1,338,670	1,032,741
1,324,398	1,011,665	1,204,569	1,095,815	1,274,021	1,205,617
1,648,339	1,660,106	1,775,252	1,736,660	1,795,578	1,993,409
347,749	418,778	449,681	343,352	447,989	468,030
614,203	586,020	710,129	794,315	763,270	872,983
2,654,972	3,300,232	1,188,431	2,279,074	2,454,833	2,470,529
3,065,000	1,820,000	1,625,000	1,590,000	4,580,000	4,965,000
348,172	338,213	299,137	398,991	486,781	451,623
<u>10,981,058</u>	<u>10,081,227</u>	<u>8,237,379</u>	<u>9,433,836</u>	<u>13,141,142</u>	<u>13,459,932</u>
(3,547,267)	(2,441,122)	(899,640)	(1,583,876)	(4,902,731)	(4,279,121)
4,145,588	-	2,718,952	2,521,729	3,238,959	4,787,841
-	-	-	-	234,814	278,783
1,658,616	1,411,831	2,254,818	1,047,401	1,155,826	1,430,885
<u>(1,269,397)</u>	<u>(909,453)</u>	<u>(1,838,579)</u>	<u>(640,000)</u>	<u>(751,234)</u>	<u>(1,036,207)</u>
<u>4,534,807</u>	<u>502,378</u>	<u>3,135,191</u>	<u>2,929,130</u>	<u>3,878,365</u>	<u>5,461,302</u>
\$ <u>987,540</u>	\$ <u>(1,938,744)</u>	\$ <u>2,235,551</u>	\$ <u>1,345,254</u>	\$ <u>(1,024,366)</u>	\$ <u>1,182,181</u>
41.0%	31.8%	27.3%	25.0%	50.1%	47.6%

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

Fiscal Year Ended June 30	Real Property		Utilities		Total		Weighted Average Direct Property Tax Rate	Assessed Value as a Percentage of Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
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%
2020	266,403,717	412,624,407	1,201,233	1,201,233	267,604,950	413,825,640	14.4650	64.67%
2021	\$273,798,010	\$435,809,481	\$1,135,329	\$1,135,329	\$ 274,933,339	\$ 436,944,810	\$ 14.4600	62.92%

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

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

Fiscal Year	City of Orange City			Overlapping Rates							Total Direct & Overlapping Rates	
				Sioux County				MOC-FV School District				Area Vocational School
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage			
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	
2020	8.6300	5.8350	14.4650	4.5660	0.2521	4.8181	10.2260	-	10.2260	0.9938	30.5029	
2021	\$ 9.1157	\$ 5.3477	\$ 14.4634	\$ 4.2843	\$ 0.1948	\$ 4.4791	\$ 10.0052	\$ 2.7000	\$ 12.7052	\$ 1.0754	\$ 32.7231	

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, 2021

	2021			2012		
	<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>
<u>Taxpayer</u>						
Vogel Enterprises Inc.	\$ 15,539,160	1	5.8%	\$ 8,266,330	2	2.7%
SCC10 Orange City	9,184,440	2	3.4%	9,268,450	1	3.1%
Smithfield Premium Pet Health LLC	4,784,450	3	1.8%			
Prairie Winds Hotel Holdings	4,204,220	4	1.6%			
Sekisui Aerospace	3,422,690	5	1.3%			
Pizza Ranch Headquarters	2,404,640	6	0.9%	2,021,640	6	0.5%
Krull Ltd.	2,355,750	7	0.9%	1,635,140	7	0.9%
OCDC, Inc.	2,276,804	8	0.9%	4,188,750	4	
Iowa State Bank Orange City	1,770,590	9	0.7%	1,515,870	8	0.5%
Revival Animal Health Inc.	1,645,690	10	0.6%			
Advanced Brands LLC				5,319,160	3	0.5%
Northwest Rural Electric Coop				1,340,925	10	1.8%
Tech Industries LLC				1,404,530	9	0.7%
Orange City Communications				3,251,000	5	0.4%
Totals	\$ 47,588,434		17.8%	\$ 38,211,795		11.1%

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

Fiscal Year Ended 6/30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
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%
2020	3,313,269	3,279,734	98.99%	32,920	3,312,654	99.98%
2021	\$ 3,388,587	\$ 3,284,399	96.93%	\$ 10,011	\$ 3,294,410	97.22%

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

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

Fiscal Year	Governmental Activities	Business-Type Activities					Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Electric Bonds	Water Bonds	Sewer Bonds	Gas Bonds				
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	
2020	11,565,000	2,102,000	1,470,000	8,005,000	-	23,142,000	849.52%	3,854	
2021	\$ 11,145,000	\$ 1,790,000	\$ 1,245,000	\$ 7,645,000	\$ -	\$ 21,825,000	599.11%	\$ 3,483	

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
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	114,297	12,937,814	3.22	2,154.87
2020	11,145,000	149,011	10,995,989	2.75	1,831.44
2021	\$ 11,145,000	\$ 175,388	\$ 10,969,612	2.51	\$ 1,750.38

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, 2021**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> ¹	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: School District	\$ 23,423,603	38.73%	\$ 9,071,961
Debt repaid with property taxes; Sioux County	6,580,000	12.14%	798,812
Subtotal, overlapping debt			<u>\$ 9,870,773</u>
City of Orange City direct debt			<u>11,145,000</u>
Total direct and overlapping debt			<u><u>\$ 21,015,773</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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 15,381,996	\$ 15,615,047	\$ 15,957,315	\$ 16,639,365	\$ 16,853,795	\$ 18,181,177	\$ 18,451,869	\$ 20,014,252	\$ 20,631,220	\$ 21,790,474
Total net debt applicable to limit	12,828,229	13,228,028	12,808,348	12,125,119	12,918,589	12,132,128	12,953,100	13,598,167	11,871,033	11,592,823
Legal debt margin	\$ 5,607,737	\$ 2,553,767	\$ 2,389,019	\$ 3,148,967	\$ 4,514,246	\$ 3,935,206	\$ 6,049,049	\$ 5,498,769	\$ 8,760,187	\$ 10,197,651
Total net debt applicable to the limit as a percentage of debt limit	62.66%	83.40%	84.70%	80.27%	72.87%	76.65%	66.73%	70.20%	57.54%	53.20%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 435,809,481
Total assessed value	435,809,481
Debt limit (5% of total assessed value)	21,790,474
Debt applicable to limit:	
General obligation bonds	11,145,000
Urban Renewal Development Agreements	772,346
Less Amount in Debt Service Fund	(324,523)
Total net debt applicable to limit	11,592,823
Legal debt margin	\$ 10,197,651

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 annual comprehensive financial reports for the relevant year.

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

<u>Fiscal Year</u>	<u>Electric Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
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
2020	8,594,277	6,399,975	2,194,302	232,000	50,360	7.77
2021	9,255,809	6,403,578	2,852,231	230,000	32,956	10.85

<u>Fiscal Year</u>	<u>Water Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
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
2020	1,042,812	725,819	316,993	225,000	40,130	1.20
2020	\$ 1,277,103	\$ 830,398	\$ 446,705	\$ 230,000	\$ 34,796	1.69

Note: Operating Expenses do not include depreciation expense

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

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

<u>Fiscal Year</u>	<u>Sewer Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
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
2020	1,465,101	639,740	825,361	360,000	282,860	1.28
2021	1,705,573	700,037	1,005,536	370,000	272,060	1.57

<u>Fiscal Year</u>	<u>Gas Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
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
2020	1,809,971	1,549,279	260,692	-	-	-
2021	\$ 3,294,523	\$ 2,494,520	\$ 800,003	\$ -	\$ -	-

Note: Operating Expenses do not include depreciation expense

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

**City of Orange City
Principal Employers
June 30, 2021**

	2021			2012		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Population</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Population</u>
Orange City Health System	570	1	9.49%	500	2	8.33%
Staples Inc.	515	2	8.58%	575	1	9.58%
Diamond Vogel Paints	500	3	8.33%	350	3	5.83%
Sekisui Aerospace	260	4	4.33%	95	6	1.58%
Smithfield Fresh Meats LLC	230	5	3.83%	250	4	4.16%
MOC-FV School District	195	6	3.25%			
Northwestern College	180	7	3.00%	180	5	3.00%
Sioux County Courthouse	75	8	1.25%			
Civco Medical Solutions	70	9	1.17%	70	7	1.17%
Revival Animal Health	65	10	1.08%	60	8	1.00%
EZ Liner Industrial				40	9	0.67%
Silent Drive Inc.				30	10	0.50%
Total	2,660		44.30%	2,150		35.81%

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government	10	10	10	10	10	10	10	11	9	9
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	2	2	2	2	2	3	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	2	2	2
Gas	2	2	2	2	2	2	2	2	2	2
Total	34	34	35	35	35	35	35	38	35	36

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government										
Zoning Permits Issued	78	62	68	89	65	95	81	81	80	102
Police										
Physical Arrests	112	83	92	76	69	88	91	114	93	104
Parking Violations	247	281	274	224	258	237	210	202	216	227
Traffic Violations	442	430	439	368	403	353	510	336	228	439
Fire										
Emergency Responses	52	72	98	112	107	104	92	75	84	78
Fires Extinguished	7	11	13	7	6	4	5	3	6	7
Refuse Collection										
Refuse collected (tons per day)	9	9	9	9	9	9	9	9	9	9
Recyclables collected (tons per day)	1	1	1	1	1	1	1	1	1	1
Parks & Recreation										
Pool Passes Issued (Budget Pass)	86	79	71	63	54	48	35	57	46	57
Pool Passes Issued (Individual Pass)	52	47	42	80	74	63	56	71	88	51
Pool Passes Issued (Family Pass)	243	256	237	202	217	205	220	235	196	233
Pool Passes Issued (Senior Pass)	18	16	14	17	13	9	6	11	9	12
Library										
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
Water										
New connections	3	10	6	8	21	14	6	25	27	
Water main breaks	5	10	7	6	3	2	8	4	6	9
Average daily consumption (thousands of gallons)	920	819	821	815	823	825	863	856	853	856
Peak daily consumption (thousands of gallons)	2,100	2,120	2,115	1,900	1,950	1,940	1,448	1,380	1,910	1,920
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,473	753	748	748	761	748	801	809	843	846

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	4	4	4	4	4	4	4	4	4	4
Fire Station	1	1	1	1	1	1	1	1	1	1
Other Public Works										
Streets (miles)	49	49	50	51	52	52	53	55	57	58
Streetlights	928	933	938	942	961	961	985	985	993	993
Traffic Signals	2	2	2	2	2	2	2	2	2	2
Parks and recreation										
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	3	3	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
Water										
Water Mains (miles)	49	49	49	49	50	50	50	52	54	55
Fire Hydrants	285	285	285	285	288	288	291	295	298	298
Storage capacity (thousands of gallons)	950	1,120	1,120	1,120	1,120	1,120	1,120	1,200	1,200	1,200
Wastewater										
Sanitary Sewers (miles)	43	43	43	43	44	44	47	49	51	52
Storm Sewer (miles)	21	21	21	21	23	23	28	30	33	34
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**

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
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%
2020	6,004	30,143	20,768	29.0	16	1940	1.7%
2021	6,267	\$ 36,429	\$ 27,848	34.3	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.



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543
www.williamscpas.com

**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, 2021, 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 January 26, 2022. 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) as a basis for designing 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 detect 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 2021-001 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
January 26, 2022

CITY OF ORANGE CITY, IOWA
Schedule of Findings
For the Year Ended June 30, 2021

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:

2021-001 **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-21 **Certified Budget**

Condition and Criteria – City expenditures during the year ended June 30, 2020, exceeded amounts budgeted in the Public Works, Culture and Recreation, and Community and Economic Development 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, 2021

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

Cause – The City approved a budget amendment on May 17, 2021. 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-21 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- III-C-21 - 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 ensure the coverage is adequate for current operations.
- III-D-21 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- III-E-21 - Questionable Expenditures - We noted no questionable expenditures during our audit.
- III-F-21 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- III-G-21 - Business Transactions – No business transactions between the City and city officials were noted during the course of the audit.
- III-H-21 - 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-21 - 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.
- III-J-21 - Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

