

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF SOUTH SIOUX CITY, NEBRASKA
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Prepared by
Finance Department
Nanci Ann Walsh, City Treasurer/Finance Officer

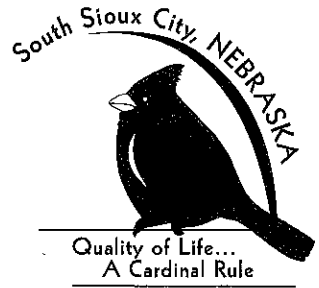
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CITY OF SOUTH SIOUX CITY, NEBRASKA

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March 23, 2017

Citizens of South Sioux City, Nebraska,

The Comprehensive Annual Financial Report of the City of South Sioux City, Nebraska for the fiscal year ended September 30, 2016 is hereby submitted. State law requires cities to issue within six months of fiscal year end a set of audited financial statements. This report fulfills this requirement for the fiscal year ended September 30, 2016. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control 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.

The City's financial statements have been audited by Williams & Company, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of South Sioux City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's Single Audit Section of the City's Comprehensive Annual Financial Report.



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GAAP requires management provide a narrative introduction, overview, and analysis to accompanying the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

CITY PROFILE

The City has applied criteria for its reporting entity in light of GASB Statement 14. Included in this report are all funds of the City. The report includes the operations administered by the City Council, Community Development Agency, the Library Foundation, and combined utilities. Dependence on the City was determined through evaluation of the areas of budget adoption, taxing authority, and outstanding debt secured by general obligations of the City. The City provides a full range of services. These services include police and fire protection; the construction and maintenance of streets and infrastructure; recreational activities; a public library; a system of parks; planning, zoning, health, and housing; water, sewer, electric, and sanitation utilities.

The City of South Sioux City has emerged as a progressive community from a rugged river front city of the 1800's. Originally this area was the site of several small towns: Covington, Harney, Stanton, Pacific City, platted primarily in the 1850's to the 1890's. Early history reminds readers of old west towns of lore with many stories emanating from this bustling river town. With the taming of the river and the evolution of law and order, South Sioux City transformed into a city of pride and prosperity.

<u>Year</u>	<u>Population</u>
1930	3,927
1940	4,556
1950	6,557
1960	7,200
1970	7,920
1980	9,339
1990	9,677
2000	11,925
2010.....	13,353
2014.....	13,360

The population growth from 1950 through 1980 presented some very difficult growth related challenges to the community. In the early 1960's, literally scores of paving, water and sewer improvement districts were formed by the City Council as it began moving forward with the transformation of the community and our evolving goals. The difficult decisions to implement the numerous public improvements back to back as was done in this time frame, was a statement and demonstration of the commitment the local government and citizens held for our community.

The 1970's again brought significant growth to our City. New residential subdivisions continued sprouting in the southwestern and southeastern portions of the community at a remarkable pace. The rapid growth during this era cemented many of the cooperative ventures we enjoy today. Growth patterns of this nature require positive, cooperative attitudes and commitments. Solid partnerships have been formed between our school district, our county government, and with adjoining communities both in Nebraska and Iowa.

South Sioux City has rightfully earned the reputation of a consensus builder in the region. We strongly believe that the continued efficient and economic delivery of services to our community will be enhanced by our Council's commitment to seek out partnerships and joint ventures with the private sector. These partnerships include:

- First recipient of the State of Nebraska Intergovernmental Award.
- One of the first two cities to aggregate gas in the United States for its entire community.
- The oldest joint solid waste planning agency in the state (1980).
- A charter member of one of the oldest joint planning agencies (Siouxland Interstate Metropolitan Planning Council) in the country (1965).
- First joint city economic development brochure with the Nebraska Public Power District.
- The largest, by land area, member of the Keep America Beautiful Program both in the state and in the country in 1995.
- One of a few joint City/County/Highway Patrol/Civil Defense law enforcement centers constructed in the State of Nebraska.
- Starting in 1979, the oldest joint City/County/School District meeting in the state.
- Charter member of the Nebraska Municipal Power Pool representing cities across the State of Nebraska for energy needs.
- Joint sewer system with Sioux City and Sergeant Bluff, Iowa, North Sioux City, South Dakota and South Sioux City, Nebraska.
- Joint transit system serving the Sioux City urbanized areas in three states.
- First interconnected water systems in the state providing back up water needs for the citizens both within and outside the City limits.
- Conducting the first joint comprehensive planning study with the Cities, School District and County.
- The only multi-state consortium in the United States was formed in 1994 to serve the housing needs of our areas using HOME funds.
- Other agreements include mutual aid for police and fire protection, joint planning and promotion of highway development, joint economic development committees, cooperative venture for an arboretum and tree board, and cooperative recreational programs.
- First City/School publicly owned fiber optics line.
- An agreement among the City Council, School District, and the YMCA has helped to build a \$10 million dollar recreation center.
- Joint agreement with Dakota city to share property taxes in a new industrial park.
- Joint agreement with Homer/Hubbard/Jackson/and Dakota County to expand industrial development in these locations.
- Joint agreement with Dakota County and South Sioux City Community Schools for a new arterial street, Veterans Drive.

ECONOMIC CONDITION

The South Sioux City economy continues to prosper. Retail sales are shown on the following chart.

1995.....	\$ 93,218,820
1996.....	95,829,912
1997.....	95,484,415
1998.....	97,406,773
1999.....	98,380,840
2000.....	96,678,530
2001.....	103,184,298
2002.....	104,927,568
2003.....	99,702,965
2004.....	95,687,792
2005.....	94,084,552
2006.....	105,310,134
2007.....	118,358,662
2008.....	123,946,457
2009.....	127,664,459
2010.....	127,730,758
2011.....	133,056,431
2012.....	133,407,710
2013.....	134,012,764
2014.....	137,828,190
2015.....	146,127,381

Housing and worker shortages continue to emerge as problems for our area. Housing starts are increasing both multi-family and single family units as shown on the table below.

Housing History

<u>Year</u>	<u># S.F. Homes</u>	<u>\$ In Mil</u>	<u>Ave Cost</u>	<u># M.F. Housing</u>	<u># of Units</u>	<u>Total # of Units</u>
1996	36	2.8	78,555	3	6	42
1997	23	1.7	73,670	13	202	225
1998	16	1.4	90,602	1	2	18
1999	25	2.1	84,000	4	25	50
2000	32	2.7	84,461	3	16	48
2001	22	1.9	87,224	1	2	2
2002	17	1.6	96,026	0	0	17
2003	17	2.0	118,251	16	32	49
2004	11	1.4	129,517	1	2	2
2005	15	1.8	121,501	1	2	17
2006	21	2.5	120,980	1	2	23
2007	13	1.4	104,312	3	6	19
2008	19	2.4	128,412	0	0	19
2009	12	1.7	137,667	1	4	16
2010	13	1.6	120,769	33	96	109
2011	12	1.6	135,958	0	0	12
2012	9	1.3	146,222	0	0	9
2013	27	3.9	164,932	0	0	27
2014	16	2.7	167,810	0	0	16
2015	15	2.9	193,948	0	0	15
2016	20	4.4	221,052	0	0	20

Employment levels were at 10,337 at the end of the year and the unemployment rate was 3.7%.

The City of South Sioux City has undertaken several initiatives for the benefit of the citizens;

- The City is continuing to cultivate the "All America" subdivision. The development will include a Northeast Community College and Wayne State Campus and several retail businesses.
- A cooperative venture with the private sector is leading the effort to increase the housing supply for our area.
- A joint arboretum with the school district is growing each year with new varieties of trees. This is part of our Tree City USA program.
- The City's trail system was expanded again this year, and now has approximately 18 miles of bicycle paths enabling the citizens of South Sioux City to enjoy them for work and pleasure. A joint trail with Dakota City and South Sioux City was completed in 2007.
- A 15 field soccer complex provides regional recreational opportunities. As of 2013 this complex also has a rugby field.
- Industrial development activities will be highlighted by expansions and spin off industries leading the way; BPI, Richardson, CHS, Lite-Form and Omega.
- Major work continues on protecting the public investment in infrastructure with new paving, overlays, storm sewer repair, and water extensions and replacement planned for the upcoming year.
- The community has a two-way interactive classroom for school use and community use as well as saving businesses and government time and money.
- A new neighborhood housing project with the State of Nebraska began implementation in 2012.
- A data center site was prepared for 2012.

LONG-TERM FINANCIAL PLANNING

Unreserved, undesignated fund balance in the general fund (40% of total general fund expenditures) is in excess of the policy guidelines set by the Council for budgetary and planning purposes. The Council's goal is to maintain at least a 120 day reserve in the general fund to cover any slow down or major funding shift. The City Council continues to work to get the reserve to a level of 180 days.

The City Council is working towards a goal to be general obligation debt free and has made progress on this goal.

In May, 2010 the voters, approved a ½ cent sales tax. This replaced the ½ cent for the Dakota County Jail and the Law Enforcement Center in August 2013. It is divided as follows: 50% to combined utility debt relief, 10% for the Local Option Municipal Economic Development Program, 15% to street repairs and/or park improvements, and 25% to public safety purposes.

FINANCIAL CONDITION

I believe that the financial condition of the City of South Sioux City at September 30, 2016 was good. Services were delivered at levels desired by citizens within the financial ability of the City. For the most part, revenue and expenditure levels were realized within the parameters established in the annual budget.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Sioux City, Nebraska for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both U.S. 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 Certificate of Achievement program requirements, and we are submitting to GFOA to determine its eligibility for another certificate.

AWARDS AND ACKNOWLEDGEMENTS

- The City has won the following National and State Awards:

1993-2015

Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association

1992-2016

Tree City USA

Year 2006

1. "Prospect Ready" Award from NPPD
2. Siouxland CARES System of the Year Governmental Agencies Award from Siouxland
3. "Expansion/Retention" Award from NPPD
4. PTI Technology Leadership Award to the Mayor from PTI
5. NE Environmental Trust Grant Award
6. Great American Clean Up Award (Keep Northeast Nebraska Beautiful)
7. Community Environmental Award (Keep Northeast Nebraska Beautiful)
8. Keep Northeast Nebraska Beautiful Gold Level Award
9. Bicycle Friendly Community Award
10. League of Cities Award – 25 years of membership
11. NCIP Award – (Class V) Special Award – "Leadership Development" Leadership Dakota County
12. NCIP Award – 1st Place – Community Notebook Advantage

Year 2007

1. "Prospect Ready" Award from NPPD
2. Expansion/Retention" Award from NPPD
3. NCIP Award – 1st Place – Community Notebook Advantage
4. Keep Nebraska Beautiful "Grow Big Red" Award – Campground – Second Place
5. Keep Nebraska Beautiful "Deanie Anderson" Award – Second Place Division I – Graffiti Abatement Program
6. Growth Award – Nebraska Statewide Arboretum

Year 2008

1. Community Enhancement Program Award
2. Nebraska Public Power District's Economic Development Awards
3. Prospect Ready Award
4. Successful Business Retention and Expansion Award.
5. Project of the Year from Nebraska Municipal Power Pool (Norm Waitt Sr. YMCA)
6. NCIP Awards : 2nd place in Class III Community Development Award for overall community projects, 1st place Class III Workforce Development 21st Century Learning Program, and 1st place Class III Arts and Humanities Award for "The Wall That Heals" patriotic display
7. National League of Cities Award for Municipal Excellence – YMCA
8. Nebraska Housing Hall of Fame
9. Northeast Community College Distinguished Service Award
10. Rural Enterprise Assistance Project Friend of the Year Award
11. League of American Bicyclists - Bicycle Friendly Community – Bronze Status
12. Concrete Pavement Construction – Dakota Avenue Bonded Overlay – Urban Streets
13. NLC Award for Municipal Excellence - Siouxland Y an Extraordinary Success of Cooperation

Year 2009

1. Nebraska Concrete Paving Association's 2008 Award of Excellence
2. Star of Siouxland Award from Siouxland Chamber Beautification Committee
3. Club Corazones Alegres of Siouxland Award 2008-09
4. 2nd Sewer Crossing from American Council of Engineering Companies – Nebraska Award (ACEC)

Year 2010

1. Websites for Growth Award for "Best Website"
2. State of Nebraska's Community of the Year Award
3. Nebraska State Rehabilitation Award

Year 2011

1. Center for Rural Affairs – Bob Steffen Pioneer Award
2. Bicycle Friendly Community
3. All-American City/County Finalist
4. Nebraska Economic Development Professional of the Year
5. Friend of Youth Honorary Optimist Award
6. Growth Award – Parks Department

Year 2012

1. Healthy Communities for a Healthy Future Awards:
 - Goal I – Bronze –Recognition of having an active interagency collaboration on early care and education programs.
 - Goal II – Bronze – Recognition of at least 60% of public schools participating in School Breakfast Program.
 - Goal V – Bronze- Recognition of mapping all play spaces.
 - Goal V –Silver – Recognition of mapping all play spaces, completing a needs assessment of play spaces, developing an action plan
 - Goal V – Gold - – Recognition of mapping all play spaces, completing a needs assessment of play spaces, developing an action plan, and launching at least three proven policies, programs, or initiatives from the action plan to continue to increase access to physical activity.
2. Award of the ChargePoint Station
3. SITE Selection Magazine Award to the Siouxland Area for the 2012 Top Metro

- Award for Economic Development for the 50,000 to 200,000 category
4. Center for Rural Affairs' Bob Steffen Pioneer Award
 5. Tree City USA 20 yrs.- Parks Dept.

Year 2013

1. SSC Firefighter's Auxiliary Won First Place Award for 2012 for Contributions to Fireman & Community
2. 2012 Mayor's Day of Recognition for National Service
3. Let's Move Cities, Towns and Counties Awards-
4. Bicycle Friendly Community
5. Recognized by Site Selection magazine. As part of The Siouxland Initiative with the #1 Ranking for Economic Development projects for communities with populations between 50,000 and 200,000 people.

Year 2014

1. The Tree City USA Growth Award
2. Bicycle Friendly Community Award 2014
3. Nebraska Economic Development Certified Community 2014
4. Site Selection ranked the Siouxland Area #2 for Economic Development

Year 2015

1. Tree City USA Growth Award
2. Bicycle Friendly Community Award
3. Nebraska Economic Development Certified Community
4. Nebraska Enterprise Zone Designation for Economic Development
5. Site Selection ranked the Siouxland Area #1 for Economic Development

Year 2016

1. Tree City USA Growth Award
2. Bicycle Friendly Community Award
3. Site Selection ranked the Siouxland Area #1 for Economic Development
4. Navigator Award Route Fifty

ACKNOWLEDGEMENTS

The successful completion of this report was made possible through the dedication of the City Council and CitTray staff. It is sincerely hoped that this report accomplishes its purpose of providing financial results of City operations to all with a need and desire to know.

Respectfully submitted.



Nanci Walsh, City Treasurer/Finance Officer

CITY OF SOUTH SIOUX CITY, NEBRASKA

INTRODUCTORY SECTION



Government Finance Officers Association

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

Presented to

**City of South Sioux City
Nebraska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

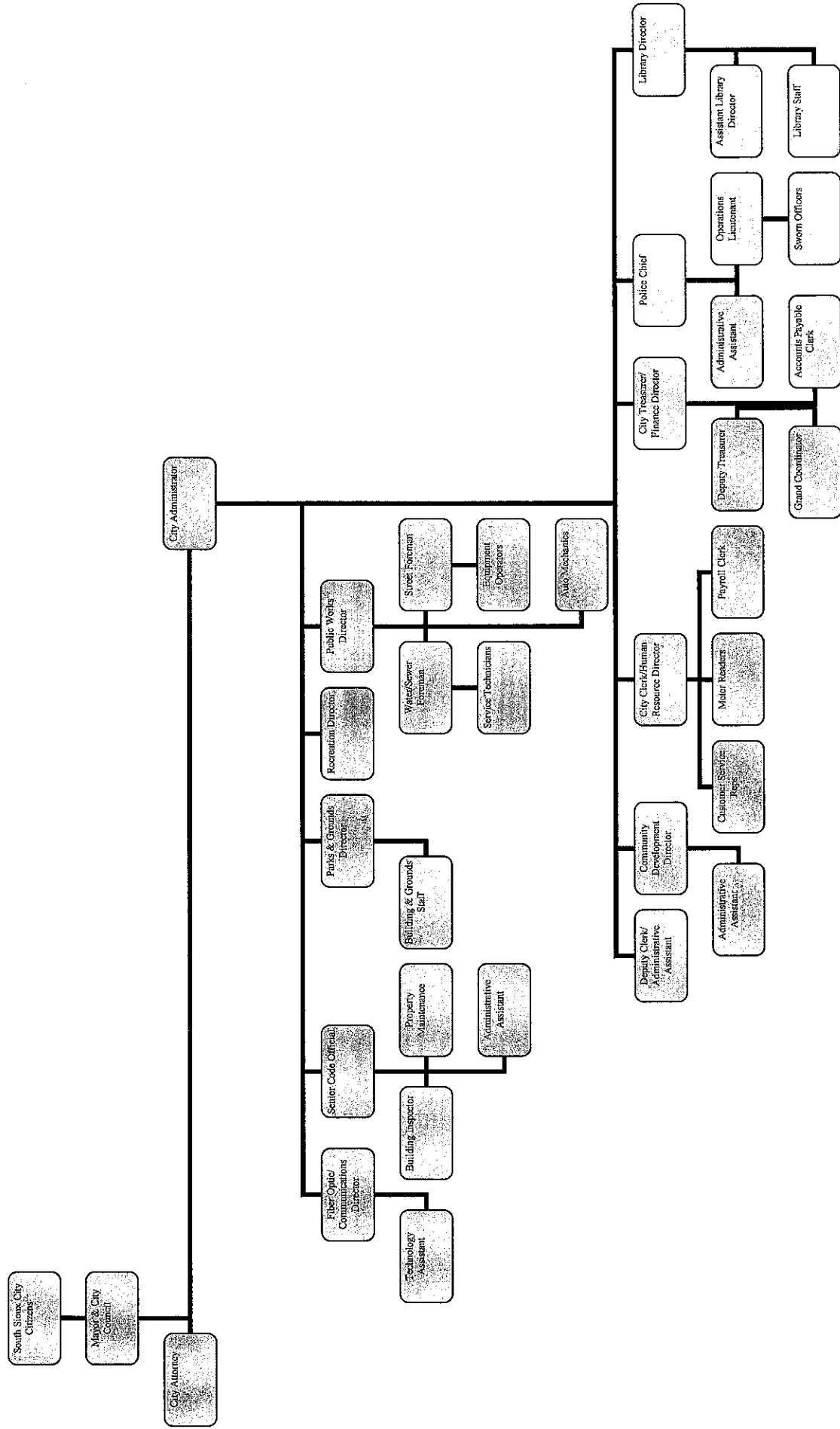
September 30, 2015

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Sioux City, Nebraska for its comprehensive annual financial report for the fiscal year ended September 30, 2015.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America 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 Certificate of Achievement requirements, and we are submitting to GFOA to determine its eligibility for another certificate.



CITY OF SOUTH SIOUX CITY, NEBRASKA

Listing of Officials

September 30, 2016

ELECTED OFFICIALS

Mayor	Rod Koch
Council President	Oscar Gomez
Council Member	Dennis Nelson
Council Member	Dan Bousquet
Council Member	William McLarty
Council Member	Carol A. Schuldt
Council Member	Jason Bowman
Council Member	Bruce Davis
Council Member	John Sanders

APPOINTED OFFICIALS

City Administrator	Lance A. Hedquist
City Attorney	Wayne E. Boyd
City Clerk/Human Resources	Sue Murray-Lee
City Treasurer/Finance Officer	Nanci Walsh
Police Chief	Ed Mahon
Fire Chief	Toby English
Public Works Director	Robert Livermore
Economic & Community Development	Kelly Flynn

DEPARTMENT DIRECTORS

Library Director	David Mixdorf
Park and Recreation Director	Eugene Maffit
Sr. Code Official	Kent Zimmerman



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INDEPENDENT AUDITORS' REPORT

The Mayor and Members of the
City Council
City of South Sioux City, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Sioux City, Nebraska, as of and for the year ended September 30, 2016, 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 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 includes 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, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Sioux City, Nebraska as of September 30, 2016, 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 16 to the financial statements, an amount was incorrectly recorded as accounts payable and capitalized as construction in progress in the prior year. Therefore, accounts payable, expense, and construction in progress were materially overstated in the prior year and corrected on the accompanying financial statements.

Additionally, as described in Note 16 to the financial statements, public works revenue was materially overstated in the prior year and corrected on the accompanying financial statements. Our opinion is not modified with respect to these matters.

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 on pages 16 through 27 and 60 through 62 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, statistical section, and other supplementary information included on pages 63 through 85, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the combining departmental schedule of revenues, expenses and changes in net position – combined utilities, financial statements of the discretely presented component unit, budgetary comparison schedules and the schedule of expenditures of federal awards 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, the combining departmental schedule of revenues, expenses and changes in net position – combined utilities financial statements of the discretely presented component unit, budgetary comparison schedules and the schedule of expenditures of federal awards 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 March 23, 2017, on our consideration of the City of South Sioux City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of South Sioux City's internal control over financial reporting and compliance.

Williams & Lanning, P.C.

Certified Public Accountants

Le Mars, Iowa
March 23, 2017

Management Discussion and Analysis

September 30, 2016

This discussion and analysis of the City of South Sioux City financial performance provides an overview of the City's financial activities for the fiscal year ending September 30, 2016. 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.

Financial Highlights:

- The assets of the City of South Sioux City exceeded liabilities at September 30, 2016, by \$90,577,514. Of this amount, \$10,996,473 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$5,919,594 during the year. Of this amount, the assets of our Governmental Activities increased by \$2,395,585 and the assets of our Business Activities increased \$3,524,009.
- The City's long-term debt decreased by \$2,156,286. The City issued \$4,565,000 of combined utility revenue bonds. Outstanding General Obligation bonded debt totals \$8,030,000, general obligation bond anticipation notes total \$985,000, revenue bonds total \$28,733,697.

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. 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 private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is *"Is the City of South Sioux City in a better financial position at the end of this fiscal year, compared to last year?"* The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private-sector companies. These two statements report the City's net 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 is one indicator of whether its financial health is improving or deteriorating.

Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure, are also important in making this determination.

In the Statement of Net 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 and state and federal grants finance most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Water, Sewer, Electric, and Solid Waste Systems.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

- **Governmental Funds** – Most of the City's basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net 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.
- **Fiduciary Funds** – The City is the trustee, or fiduciary, for the assets that belong to others. The City's only fiduciary fund is an agency fund for the City's flex cafeteria plan for employees. The City is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The City excludes this activity from the government-wide statements because it cannot use these to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF SOUTH SIOUX CITY NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 12,920,509	\$ 10,111,840	\$ 13,631,117	\$ 14,115,934	\$ 26,551,626	\$24,227,774
Capital Assets	55,427,295	55,178,189	54,751,482	51,102,815	110,178,777	106,281,004
Total Assets	68,347,804	65,290,029	68,382,599	65,218,749	136,730,403	130,508,778
Deferred Outflows	-	-	45,728	54,683	45,728	54,683
Long-Term Liabilities	7,732,635	10,107,132	26,627,841	25,015,665	34,360,476	35,122,797
Other Liabilities	6,940,885	2,340,026	4,897,256	6,878,546	11,838,141	9,218,572
Total Liabilities	14,673,520	12,447,158	31,525,097	31,894,211	46,198,617	44,341,369
Net Position:						
Net Investment in Capital Assets	45,731,034	44,120,192	26,452,083	22,167,832	72,183,117	66,288,024
Restricted	5,420,959	6,169,263	1,926,965	1,720,568	7,397,924	7,889,831
Unrestricted	2,472,291	2,553,416	8,524,182	9,490,821	10,996,473	12,044,237
Total Net Position	\$ 53,674,284	\$ 52,842,871	\$ 36,903,230	\$ 33,379,221	\$ 90,577,514	\$86,222,092

A portion of South Sioux City's net position (8.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$10,996,473 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the City has positive balances in all three categories of net position, both for the City as a whole as well as for the separate Business-Type Activities. The same situation held true for the prior fiscal year.

The following comparative chart shows the changes in net assets for the years ended September 30, 2015 and 2016:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Beginning Net Position	\$ 52,842,871	\$ 51,175,545	\$ 33,379,221	\$ 29,570,556	\$ 86,222,092	\$ 80,746,101
Prior Period Adjustments	(1,564,172)	-	-	-	(1,564,172)	-
Beginning Net Position, Restated	51,278,699	51,175,545	33,379,221	29,570,556	84,657,920	80,746,101
Increase in Net Position	2,395,585	1,667,326	3,524,009	3,808,665	5,919,594	5,475,991
Ending Net Position	\$ 53,674,284	\$ 52,842,871	\$ 36,903,230	\$ 33,379,221	\$ 90,577,514	\$ 86,222,092

This summary reflects an increase of 4.67% for the Governmental Activities and an increase of 10.56% in the Business-Type Activities. Total net position of the city increased by 6.99%. Part of the change in net position is due to the continued work of the city to reduce the debt of the city. In addition to working each year to reduce the long term debt, the city council is committed to increasing the cash reserves of the city in an effort to make the city as resilient to changes as possible.

Total revenue reported in Fiscal 2016 was \$43,589,217. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

Revenues:	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for Services	\$ 2,306,372	\$ 2,294,352	\$ 27,180,371	\$ 26,186,935	\$ 29,486,743	\$ 28,481,287
Operating Grants and Contributions	2,858,256	2,890,942	-	-	2,858,256	2,890,942
Capital Grants and Contributions	580,212	2,028,791	1,828,578	-	2,408,790	2,028,791
Total Program Revenues	5,744,840	7,214,085	29,008,949	26,186,935	34,753,789	33,401,020
General Revenues:						
Property Taxes	2,882,495	3,089,213	-	-	2,882,495	3,089,213
Franchise Taxes	1,337,332	1,398,201	-	-	1,337,332	1,398,201
Occupation Taxes	28,676	27,239	-	-	28,676	27,239
Local Option Sales Tax	2,582,106	2,701,550	447,382	570,370	3,029,488	3,271,920
Interest	38,277	23,546	6,909	-	45,186	23,546
Finance Charges	-	-	53,496	53,184	53,496	53,184
Unrestricted Intergovernmental Revenues	791,903	795,284	-	-	791,903	795,284
Unrestricted Lottery Revenue	96,682	78,260	-	-	96,682	78,260
Contributed Capital Revenue	-	-	-	69,840	-	69,840
Gain on Sale of Equipment	7,490	-	-	-	7,490	-
Miscellaneous	252,920	74,579	309,760	144,792	562,680	219,371
Total General Revenues	8,017,881	8,187,872	817,547	838,186	8,835,428	9,026,058
Total Revenues	\$13,762,721	\$15,401,957	\$ 29,826,496	\$ 27,025,121	\$ 43,589,217	\$ 42,427,078

Charges for services in governmental activities increased by \$12,020. Part of this is the result of changing from EMTs to paramedics for fire/rescue calls, allowing our department to handle more of the local calls versus the call going to a contract service. In addition, the campground revenues were up again this year with the year round sites used by area construction workers.

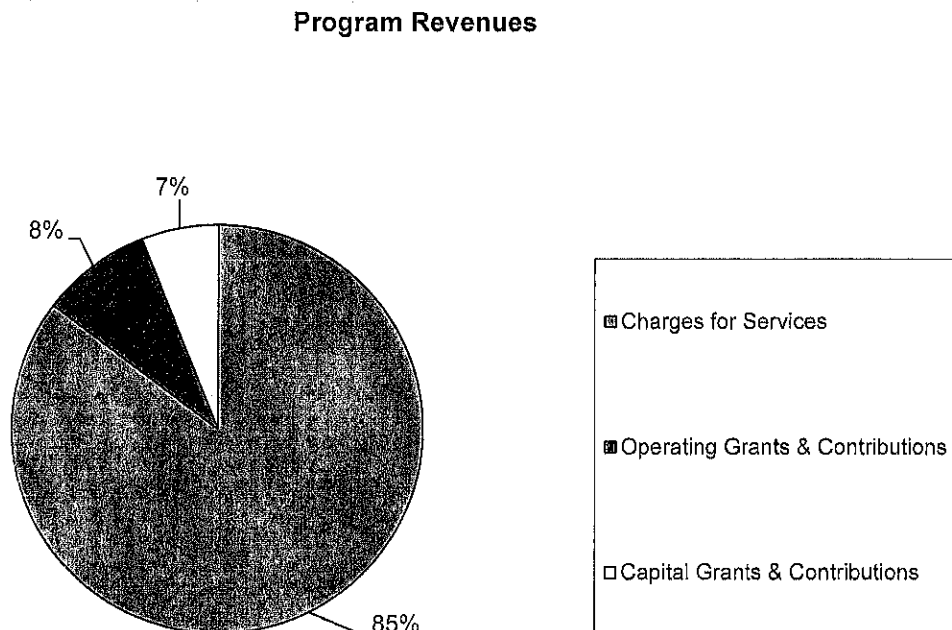
Capital grants and contributions in governmental activities decreased by \$1,448,579. This revenue is from the projects the Nebraska Department of Roads finances and turns over to the City. As noted in Note 16 of the financial statements, there was a prior period adjustment related to this revenue, therefore revenue actually increased by \$115,593.

Charges for services in the business-type activities increased by \$993,436. The biggest increase was in electric. The reason for this increase is two-fold. First, in January, 2016 the city passed on a raise in electric rates from our provider to our customers. Second, the early summer was hotter than average. The city also saw an increase in water sales, these rates remain unchanged. There was a slight increase in sanitation rates.

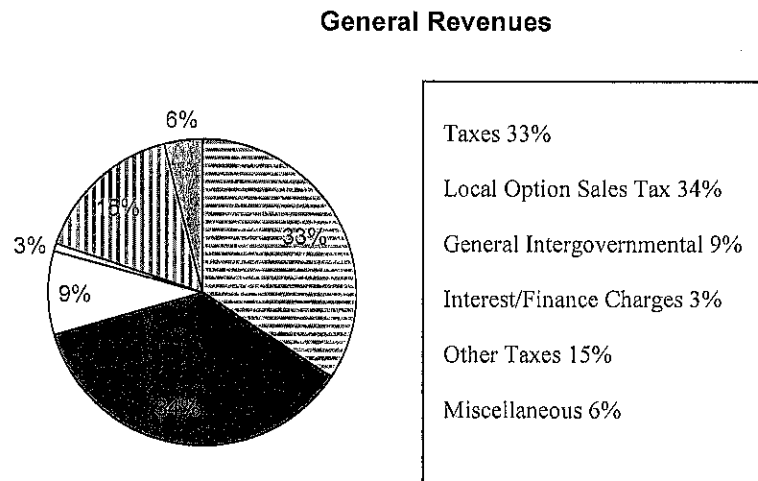
Capital grants and contributions in the business-type activities increased by \$1,828,578. This is related to a federal grant through the Economic Development Administration for the Roth Industrial Park Sewer Expansion Project.

Local option sales tax for governmental activities decreased by \$119,444 or 4.4%. This decrease is due to several refunds of taxes through the state economic development program called Nebraska Advantage.

Program revenues totaled \$34,753,789 for fiscal year 2016. Governmental Activities provided \$5,744,840 and Business-Type Activities provided \$29,008,949. Revenue collected for Charges for Services during fiscal year 2016 was \$29,486,743 accounting for 85% of the total program revenues. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2016 totaled \$8,835,428. Property Tax Revenues for fiscal year 2016 totaled \$2,882,495 accounting for 33% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for Fiscal 2016 totaled \$37,669,623. Expenses for General Governmental Activities totaled \$11,505,951 accounting for 31% of total expenses. Business-Type Activity expenses totaled \$26,163,672 for 69% of the total.

Program Level	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Public Safety	\$ 5,167,519	\$ 4,833,129	\$ -	-	\$ 5,167,519	\$4,833,129
Public Works	3,595,873	3,416,128	-	-	3,595,873	3,416,128
Culture and Recreation	1,258,206	1,011,111	-	-	1,258,206	1,011,111
Community Development	170,215	901,548	-	-	170,215	901,548
General Government	1,024,702	1,051,286	-	-	1,024,702	1,051,286
Debt Service	289,436	333,568	-	-	289,436	333,568
Utility Administration	-	-	3,330,943	3,183,195	3,330,943	3,183,195
Electric	-	-	17,493,457	17,120,714	17,493,457	17,120,714
Sewer	-	-	2,881,066	2,839,222	2,881,066	2,839,222
Water	-	-	1,662,904	1,556,701	1,662,904	1,556,701
Sanitation	-	-	795,302	704,485	795,302	704,485
Total Expenses	11,505,951	11,546,770	26,163,672	25,404,317	37,669,623	36,951,087
Increase in Net Position Before Transfers	2,256,770	3,855,187	3,662,824	1,620,804	5,919,594	5,475,991
Transfers	138,815	(2,187,861)	(138,815)	2,187,861	-	-
Increase in Net Position	2,395,585	1,667,326	3,524,009	3,808,665	5,919,594	5,475,991
Net Position-Beginning	52,842,871	51,175,545	33,379,221	29,570,556	86,222,092	80,746,101
Prior Period Adjustment	(1,564,172)	-	-	-	(1,564,172)	-
Net Position - Beginning, as Restated	51,278,699	51,175,545	33,379,221	29,570,556	84,657,920	80,746,101
Net Position - Ending	\$53,674,284	\$52,842,871	\$36,903,230	\$33,379,221	\$90,577,514	\$86,222,092

General government expenses decreased slightly for 2016. This is due in part to some one time grant expenses in the prior year. Under public safety there was an increase in expenses, this is because of the first part of an upgrade of the 911 system and the City County Law Enforcement Center. This project will be completed in the next budget year. Culture and Recreation saw an increase in expenses. A portion of this was for staff to mow and also to care for the campground with the increase in usage. This year the city also began tracking and charging the campground for electric usage. This was done to be sure that campground fees were covering all the costs of operation.

The cost of purchasing electricity increased this year. This was due in part by a 3.6% increase that our supplier implemented in January 2016. The city is currently appealing this and if it is rolled back, any revenue generated by the increase that was passed on to utility customers will be applied to electric utility debt retirement. The balance of increased cost of purchased electric was due to increased sales of electricity.

Sewer expenses increased this year. This is based on increased usage sales. The city pays for sewer services from the City of Sioux City, Iowa.

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

<u>Program Level</u>	<u>Activity</u>
Public Safety	Individual & Community Protection
Public Works	Roadway Construction, Street Lighting, Transportation Services
Culture and Recreation	Education & Culture, Leisure Time Opportunities
Community Development	Economic Development, Community Beautification, Planning & Zoning
General Government	Administration, Support Services
Debt Service	Payment of Interest
Capital Projects	Construction of Capital Facilities
Electric System	Operation of the Electric Distribution System
Water System	Operation of Water Treatment Plant/Supply Distribution System
Solid Waste	Operation of Garbage Collection And Disposal
Sewer System	Operation of the Waste Water Distribution System
Utility Administration	Utility Administration, utility billing, and customer service

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers.

For example, for Public Safety, the City spent \$5,167,519 and received \$1,163,602 in revenue, thus leaving a cost to the taxpayer of \$4,003,917 to be funded by various methods. This format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, Fees, State and Federal Grants
Public Works	State Allocations and Grants
Culture and Recreation	Fees, State and Federal Grants
General Government	Licenses, Permits
Capital Projects	State Grants and Federal Grants, Donations

The total cost of governmental activities this year was \$11,505,951. Of these costs, \$2,306,372 were paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions were \$3,438,468 leaving a Net Expense of \$5,761,111 for Governmental Activities. These 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	
	2016	2015
Governmental Activities		
Public Safety	\$ (4,003,917)	\$ (3,665,133)
Public Works	(591,939)	125,099
Culture and Recreation	(321,249)	(146,703)
Community and Economic Development	286,753	534,402
General Government	(841,323)	(846,782)
Debt Service	(289,436)	(333,568)
Total Net (Expense) Revenue		
Governmental Activities	(5,761,111)	(4,332,685)
General Revenues	8,017,881	8,187,872
Excess before Transfers	2,256,770	3,855,187
Interfund Transfers	138,815	(2,187,861)
Change in Net Position	\$ 2,395,585	\$ 1,667,326

Total resources available during the year to finance governmental operations were \$65,180,235, consisting of Net Position at October 1, 2015 of \$51,278,699, Program Revenues of \$5,744,840 and General Revenues of \$8,156,696. Total Governmental Activities during the year expended \$11,505,951, thus, Net Position increased by \$2,395,585, to \$53,674,284.

Business Type Activities

The cost of all Proprietary Activities this year was \$26,163,672. As shown in the Statement of Activities, the amount paid by users of the systems was \$27,180,371, capital grant revenues of \$1,828,578 general revenues totaled \$817,547 and a transfer out of \$138,815 resulting in total Net Revenue for Business Type Activities of \$3,524,009. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue 2016	Net (Expense) Revenue 2015
Electric Distribution	\$ 3,499,796	\$ 3,091,300
Sewer System	2,320,019	462,391
Water System	284,412	318,936
Sanitation	(55,864)	1,743
Utility Administration	(3,203,086)	(3,091,752)
Total Net (Expense) Revenue Business-Type Activities	2,845,277	782,618
General Revenues	817,547	838,186
Interfund Transfers	(138,815)	2,187,861
Change in Net Position	\$ 3,524,009	\$ 3,808,665

Total resources available during the year to finance Proprietary Fund activities were \$63,205,717 consisting of Net Position at October 1, 2015 of \$33,379,221, Program Revenues of \$29,008,949 General Revenues of \$817,547 and a transfer out of \$138,815. Total Proprietary Fund Activities during the year expended \$26,163,672; thus Net Position increased by \$3,524,009 to \$36,903,230.

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. The governmental 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 \$7,610,033. The combined Governmental Funds fund balance decreased by \$989,624 from the prior year.

The General Fund is the primary operating fund of the City. During the year, General Fund expenditures and transfers out exceeded revenues and transfers in by \$37,343. The fund balance of \$3,384,246 is 47% of expenditures which is considered a sufficient cushion.

There were several significant changes in fund balance this year. The first was the improvement in fund balance in the Street Projects fund by \$401,604. Several large street projects were wrapped up during this year and the next major project will take place in 2016-17 with much of the costs covered from outside sources, so with strong sales tax collections for the purpose of street improvements, the city projects that this fund balance will continue to improve. The largest decrease in fund was in the County/LEC Sales Tax

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2016 original (adopted) General Fund budget amount was \$9,358,065. There were no current year budget amendments.

The following table shows the General Fund budget variances by program structure:

Expenditures	Budget	Actual	Variance
Public Safety	\$ 4,226,596	\$ 3,702,744	\$ 523,852
Public Works	2,496,938	1,305,615	1,191,323
Culture and Recreation	1,117,796	988,753	129,043
General Government	1,356,735	1,068,799	287,936
Community Development	160,000	23,368	136,632
Debt Service	-	18	(18)
Total Expenditures	\$ 9,358,065	\$ 7,089,297	\$ 2,268,768

The above chart shows a breakdown of the General Fund Budget. For budgetary purposes, the City's grant expenses are accounted for under the General Government category which would not necessarily compare to the actual function the expenses are recorded.

As a whole, the city was under budget. The general government category expenditures were less than the final adopted budget. This is due in part to the budgeting for grant projects which may happen during the budget year, however, if the grants are not received, the expenditures are not made. Also, in planning the budget, the City Council and Staff allow for some contingencies.

The actual taxes received were less than the budgeted taxes for revenues. This was due to the slower than normal tax payments. The taxes were received after year end. Actual other taxes were also less than budgeted. Some of this was due to sales tax refunds for economic development. For intergovernmental revenue, the actual was less due to budgeting for grants. The City routinely applies and receives grants for various projects and activities. Some budget authority is planned each year to accommodate the receipt of grants.

CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to our citizens. The net investment in capital assets as of September 30, 2016, was \$110,178,777 (net of accumulated depreciation). The gross additions to capital assets for Fiscal 2016 are as follows:

	Governmental Activities	Business- Type Activities	Total
Land	\$ 640,713	\$ -	\$ 640,713
Infrastructure	-	-	-
Buildings	-	-	-
Utility Plant/Distribution System	-	-	-
Equipment	259,240	311,535	570,775
Construction in Progress	<u>3,391,034</u>	<u>5,643,363</u>	<u>9,034,397</u>
Total Gross Additions	<u>\$ 4,290,987</u>	<u>\$ 5,954,898</u>	<u>\$ 10,245,885</u>

Construction in Progress for governmental activities consisted of costs associated with the Fire Station project, Scenic Park project, and miscellaneous street projects including a major project on Dakota Avenue, the main street of the city and Veteran's Drive a new corridor street that is being constructed on the east side of the city. The new Fire Station will be completed by the fall of 2017.

For Business-Type Activities, the construction in progress consisted of costs associated with distribution system improvements and expansion.

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

DEBT ADMINISTRATION

At year-end the City had \$37,748,697 of debt outstanding. This is a decrease of \$2,156,286 from the prior year.

Debt administration is on track, with over 71% of all City debt repaid within the next 10 years. This rapid repayment, when combined with the use of TIF and Local Option Sales Tax Revenue, has allowed the City to maintain our good rating. This reflects well on our community.

In May, 2010, the citizens of South Sioux City voted to renew the ½ cent sales tax that will expire when the jail project is paid or 10 years whichever comes sooner. The jail sales tax expired early at the end of July 2013 for the City of South Sioux City. The renewal of the ½ cent is divided amongst several things. Fifty percent of the half cent will be used to pay combined utility debt. This raised \$570,370 for debt service this year.

More detailed information on debt administration is provided in Note 6 of the financial statements.

ECONOMIC FACTORS

Siouxland's three state area was again crowned national champion for economic growth of cities under 200,000. Site Selection Magazine of national notoriety made this announcement in March 2017; for the outstanding growth in jobs and investments in the South Dakota, Nebraska, and Iowa areas around Sioux City. Projects that provided this honor include CHS, Gerkin Doors and Windows, K & B Transportation, Green Star Energy, Hot Water Products, Beef Products Inc. and Great West Casualty Company.

This year the beginning of construction of Big Ox Energy and the start of the a major expansion of Great West Casualty Co. There are several other business expansions underway as well as the housing development that is beginning.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 402-494-7594.

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Governmental Activities	Business-Type Activities	Total	Component Unit Community Development Agency
ASSETS				
Cash and Cash Equivalents	\$ 1,509,881	\$ 1,091,504	\$ 2,601,385	\$ 13,875
Investments	8,789,563	3,878,732	12,668,295	3,150,039
Receivables (net, where applicable, of allowance for uncollectibles)				
Taxes	436,699	-	436,699	-
Accounts	219,206	1,917,088	2,136,304	78,714
Estimated Unbilled Usage	-	1,726,388	1,726,388	-
Accrued Interest	10,796	-	10,796	-
Special Assessments	22,560	-	22,560	-
Notes Receivable	814,649	-	814,649	217,801
Interfund Balances	(144,279)	144,279	-	-
Due from Other Governmental Agencies	892,144	1,688,378	2,580,522	-
Land Held for Resale, At Cost	1,148,808	-	1,148,808	3,903,007
Prepaid Expense	20,482	-	20,482	-
Inventories	-	216,738	216,738	-
Advances to Other Funds	(800,000)	800,000	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	2,168,000	2,168,000	-
Land	2,867,604	776,142	3,643,746	2,205
Construction in Progress	8,743,440	4,205,757	12,949,197	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	43,816,251	49,769,583	93,585,834	50,577
Total Assets	68,347,804	68,382,599	136,730,403	7,416,218
Deferred Outflows of Resources				
Deferred Charges on Refunding	-	45,728	45,728	-
LIABILITIES				
Accounts Payable	600,747	2,545,187	3,145,934	-
Other Accrued Liabilities	32,344	136,129	168,473	-
Accrued Wages	67,295	22,353	89,648	-
Accrued Interest Payable	59,077	-	59,077	3,058
Customer Deposits	8,040	261,089	269,129	-
Accrued Claims	83,045	-	83,045	-
Unearned Revenue	3,394,483	-	3,394,483	-
Due to Other Governments	60,000	-	60,000	-
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	241,035	241,035	-
Revenue Bonds - Current	-	1,557,572	1,557,572	-
Noncurrent Liabilities:				
Due within one year:				
Revenue Bonds Payable	160,000	-	160,000	-
General Obligation Bonds	1,180,000	-	1,180,000	-
General Obligation Bond Anticipation Notes	985,000	-	985,000	-
Notes Payable	-	-	-	3,058,719
Compensated Absences	310,854	133,891	444,745	-
Due in more than one year:				
Revenue Bonds Payable	520,000	26,496,125	27,016,125	-
General Obligation Bonds	6,850,000	-	6,850,000	-
Notes Payable	-	-	-	248,948
Compensated Absences	362,635	131,716	494,351	-
Total Liabilities	14,673,520	31,525,097	46,198,617	3,310,725
NET POSITION				
Net Investment in Capital Assets	45,731,034	26,452,083	72,183,117	52,782
Restricted for:				
Debt Service	507,051	1,926,965	2,434,016	-
Capital Improvements	1,680,482	-	1,680,482	-
Tax Increment Financing	1,230,276	-	1,230,276	-
Specific Tax Levy Purposes	1,002,297	-	1,002,297	-
Wireless 911 Purposes	19,020	-	19,020	-
Economic Development	308,434	-	308,434	-
Public Safety	526,751	-	526,751	-
Revolving Loan	196,648	-	196,648	-
Unrestricted	2,472,291	8,524,182	10,996,473	4,052,711
Total Net Position	\$ 53,874,284	\$ 36,903,230	\$ 90,777,514	\$ 4,105,493

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,024,702	\$ 183,379	\$ -	\$ -
Public Safety	5,167,519	1,005,952	157,650	-
Public Works	3,595,873	-	2,423,722	580,212
Culture and Recreation	1,258,206	736,767	200,190	-
Community Development	170,215	380,274	76,694	-
Debt Service	289,436	-	-	-
Total Governmental Activities	<u>11,505,951</u>	<u>2,306,372</u>	<u>2,858,256</u>	<u>580,212</u>
Business-Type Activities:				
Electric	17,493,457	20,993,253	-	-
Water	1,662,904	1,947,316	-	-
Sewer	2,881,066	3,372,507	-	1,828,578
Sanitation	795,302	739,438	-	-
Utility Administration	3,330,943	127,857	-	-
Total Business-Type Activities:	<u>26,163,672</u>	<u>27,180,371</u>	<u>-</u>	<u>1,828,578</u>
Total Primary Government	<u>\$ 37,669,623</u>	<u>\$ 29,486,743</u>	<u>\$ 2,858,256</u>	<u>\$ 2,408,790</u>
Component Units:				
Community Development Agency	\$ 320,929	\$ 94,057	\$ -	\$ -

General Revenues:

- Property taxes
- Franchise taxes
- Local Option Sales Taxes
- Occupation taxes
- Interest
- Finance Charges
- Unrestricted Intergovernmental Revenue
- Unrestricted Lottery Revenue
- Gain on Sale of Equipment
- Miscellaneous

Transfers

Total general revenues

Change in net position

Net position - beginning

Prior Period Adjustment

Net position - beginning, as restated

Net position - ending

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit Community Development
\$ (841,323)		\$ (841,323)	
(4,003,917)		(4,003,917)	
(591,939)		(591,939)	
(321,249)		(321,249)	
286,753		286,753	
(289,436)		(289,436)	
<u>(5,761,111)</u>		<u>(5,761,111)</u>	
	\$ 3,499,796	3,499,796	
	284,412	284,412	
	2,320,019	2,320,019	
	(55,864)	(55,864)	
	<u>(3,203,086)</u>	<u>(3,203,086)</u>	
	<u>2,845,277</u>	<u>2,845,277</u>	
<u>(5,761,111)</u>	<u>2,845,277</u>	<u>(2,915,834)</u>	
			\$ (226,872)
2,882,495	-	2,882,495	-
1,337,332	-	1,337,332	-
2,582,106	447,382	3,029,488	-
28,676	-	28,676	-
38,277	6,909	45,186	254,985
-	53,496	53,496	-
791,903	-	791,903	-
96,682	-	96,682	-
7,490	-	7,490	-
252,920	309,760	562,680	-
138,815	(138,815)	-	-
<u>8,156,696</u>	<u>678,732</u>	<u>8,835,428</u>	<u>254,985</u>
2,395,585	3,524,009	5,919,594	28,113
52,842,871	33,379,221	86,222,092	4,077,380
<u>(1,564,172)</u>	<u>-</u>	<u>(1,564,172)</u>	<u>-</u>
<u>51,278,699</u>	<u>33,379,221</u>	<u>84,657,920</u>	<u>4,077,380</u>
<u>\$ 53,674,284</u>	<u>\$ 36,903,230</u>	<u>\$ 90,577,514</u>	<u>\$ 4,105,493</u>

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
BALANCE SHEET
Governmental Funds
SEPTEMBER 30, 2016

		Capital Projects	
	General	Street Projects	Misc Projects
Assets			
Cash and Cash Equivalents	\$ 132,616	\$ -	\$ 352,544
Investments	1,432,511	-	3,482,184
Receivables (net, where applicable, of allowance for uncollectibles)			
Taxes	307,696	-	-
Accounts	105,938	-	-
Accrued Interest	-	-	6,921
Special Assessments	-	17,120	-
Notes Receivable	150,876	126,445	-
Due from Other Funds	842,249	103,585	54,760
Due from Other Governmental Agencies	384,450	279,181	-
Land Held for Resale, At Cost	326,039	-	381,014
Total Assets	3,682,375	526,331	4,277,423
Liabilities			
Accounts Payable	162,916	9,410	47,265
Other Accrued Liabilities	32,108	-	-
Accrued Wages	58,671	-	-
Customer Deposits	6,865	-	-
Unearned Revenue	-	-	3,367,172
Due to Other Governments	-	-	-
Due to Other Funds	-	433,063	475,051
Advances from Other Funds	-	800,000	-
Total Liabilities	260,560	1,242,473	3,889,488
Deferred Inflows of Resources			
Unavailable Revenue - Property Tax	37,569	-	-
Unavailable Revenue - Accrued Interest Payable	-	-	6,921
Unavailable Revenue - Special Assessments	-	14,824	-
Total Deferred Inflows of Resources	37,569	14,824	6,921
Fund Balances:			
Nonspendable:			
Land Held for Resale	326,039	-	381,014
Long-Term Notes Receivable	150,876	-	-
Restricted for:			
Capital Improvements	-	-	-
Debt Service	-	-	-
Specific Tax Levy Purposes	-	-	-
Tax Increment Financing Purposes	-	-	-
Wireless 911	-	-	-
Economic Development	-	-	-
Public Safety Purposes	-	-	-
Revolving Loan	-	-	-
Assigned for:			
Capital Improvements	-	-	-
Fire Department	63,630	-	-
Unassigned	2,843,701	(730,966)	-
Total Fund Balances	3,384,246	(730,966)	381,014
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,682,375	\$ 526,331	\$ 4,277,423

See Accompanying Notes to Financial Statements

Other Governmental Funds		Total Governmental Funds	
\$	731,601	\$	1,216,761
	3,123,658		8,038,353
	129,003		436,699
	113,268		219,206
	3,875		10,796
	5,440		22,560
	537,328		814,649
	287,264		1,287,858
	228,513		892,144
	441,755		1,148,808
	5,601,705		14,087,834
	381,156		600,747
	236		32,344
	8,624		67,295
	1,175		8,040
	27,311		3,394,483
	60,000		60,000
	524,023		1,432,137
	-		800,000
	1,002,525		6,395,046
	23,441		61,010
	-		6,921
	-		14,824
	23,441		82,755
	441,755		1,148,808
	-		150,876
	1,299,468		1,299,468
	566,128		566,128
	1,002,297		1,002,297
	788,521		788,521
	19,020		19,020
	308,434		308,434
	526,751		526,751
	196,648		196,648
	127,599		127,599
	-		63,630
	(700,882)		1,411,853
	4,575,739		7,610,033
\$	5,601,705	\$	14,087,834

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

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

Total Fund Balance - Governmental Funds (page 32)		\$ 7,610,033
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		55,427,295
Internal service funds are used by management to fund and maintain the City's health, dental, and vision insurance provided to user departments and are included in the statement of net position.		961,285
Unearned revenues that provide current financial resources for governmental activities.		82,755
Accrued expenses from the balance sheet that require current financial resources for governmental activities.		(59,077)
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		20,482
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(673,489)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	\$ (8,030,000)	
General Obligation Bond Anticipation Notes	(985,000)	
Revenue Bonds	(680,000)	(9,695,000)
Total Net Position- Governmental Activities (page 28)		<u>\$ 53,674,284</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended September 30, 2016

		Capital Projects	
	General	Street Projects	Misc Projects
Revenue:			
Property Taxes	\$ 1,778,584	\$ -	\$ -
Franchise Taxes	825,574	-	-
Local Option Sales Taxes	-	1,307,069	-
Occupation Taxes	28,676	-	-
Special Assessments	-	2,301	-
Licenses and Permits	2,272	-	-
Intergovernmental	2,633,918	393,068	921,461
Charges for Services	908,445	-	-
Fines and Forfeits	2,927	-	-
Lottery Revenue	96,682	-	-
Interest	7,528	739	21,962
Rental Income	223,659	-	-
Contributions	-	-	-
Miscellaneous	175,355	10,300	-
Total Revenue	6,683,620	1,713,477	943,423
Expenditures:			
Current:			
General Government	1,076,254	-	-
Public Safety	3,679,121	-	-
Public Works	1,307,040	-	-
Culture and Recreation	987,743	-	-
Community Development	23,368	-	-
Capital Projects	-	972,123	1,334,431
Debt Service	18	339,750	507,577
Total Expenditures	7,073,544	1,311,873	1,842,008
Excess (deficiency) of revenues over expenditures	(389,924)	401,604	(898,585)
Other financing sources (uses):			
Proceeds from sale of capital assets	7,490	-	-
Transfers In	369,491	-	485,264
Transfers Out	(24,400)	-	-
Total other financing sources (uses)	352,581	-	485,264
Net Change in Fund Balance	(37,343)	401,604	(413,321)
Fund balances (Deficits) - beginning of year	3,421,589	(1,132,570)	678,591
Prior Period Adjustment	-	-	115,744
Fund balances (Deficits) - beginning of year as restated	3,421,589	(1,132,570)	794,335
Fund balances (Deficits) - end of year	\$ 3,384,246	\$ (730,966)	\$ 381,014

See Accompanying Notes to Financial Statements

Other Governmental Funds		Total Governmental Funds	
\$	1,046,859	\$	2,825,443
	500,000		1,325,574
	1,275,037		2,582,106
	-		28,676
	-		2,301
	-		2,272
	273,756		4,222,203
	275,648		1,184,093
	6,305		9,232
	-		96,682
	8,062		38,291
	398,891		622,550
	24,552		24,552
	40,268		225,923
	<u>3,849,378</u>		<u>13,189,898</u>

	-		1,076,254
	2,026,255		5,705,376
	-		1,307,040
	466,227		1,453,970
	146,847		170,215
	647,314		2,953,868
	811,759		1,659,104
	<u>4,098,402</u>		<u>14,325,827</u>
	(249,024)		(1,135,929)

	-		7,490
	124,400		979,155
	<u>(815,940)</u>		<u>(840,340)</u>
	<u>(691,540)</u>		<u>146,305</u>
	(940,564)		(989,624)
	5,516,303		8,483,913
	-		115,744
	<u>5,516,303</u>		<u>8,599,657</u>
\$	<u>4,575,739</u>	\$	<u>7,610,033</u>

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

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

Net change in fund balances - total governmental funds (page 35)	\$	(989,624)
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlay in the current year as follows:

Expenditures for capital assets	\$ 4,290,988	
Depreciation Expense	<u>(2,361,966)</u>	1,929,022

Internal service funds are used by management to fund and maintain the City's health, dental, and vision insurance provided to user departments and are included in the statement of net position. The net revenue of the internal service fund is reported with governmental activities.	173,325
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(15,610)
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Accrued interest expense that does not require current financial resources.	7,402
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Compensated absences that do not require current financial resources.	(74,055)
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Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources.	2,128
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The repayment of the principal on 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 long-term debt. The principal paid on long-term debt during the current year was as follows:

General Obligation Bonds	1,120,000	
Revenue Bonds	155,000	
Capital Lease	12,997	
Notes Payable	<u>75,000</u>	1,362,997

Change in net position of governmental activities (page 30)	\$	<u><u>2,395,585</u></u>
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CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF NET POSITION
Proprietary Funds
SEPTEMBER 30, 2016

	Business-Type Activities	Governmental Activities
	Combined Utilities	Internal Service
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,091,504	\$ 293,120
Investments	3,878,732	751,210
Receivables:		
Accounts	1,917,098	-
Estimated Unbilled Usage	1,726,388	-
Due from Other Funds	153,954	-
Due from Other Governmental Agencies	1,688,378	-
Inventories	216,738	-
Advances to Other Funds	800,000	-
Restricted Assets:		
Cash and Cash Equivalents	2,168,000	-
Total Current Assets	<u>13,640,792</u>	<u>1,044,330</u>
Noncurrent Assets:		
Land	776,142	-
Construction in Progress	4,205,757	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	49,769,583	-
Total Noncurrent Assets	<u>54,751,482</u>	<u>-</u>
Total Assets	<u>68,392,274</u>	<u>1,044,330</u>
Deferred Outflows of Resources		
Deferred Charges on Refunding	<u>45,728</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,545,187	-
Other Accrued Liabilities	136,129	-
Accrued Wages	22,353	-
Customer Deposits	261,089	-
Accrued Claims	-	83,045
Due to Other Funds	9,675	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	241,035	-
Revenue Bonds - Current	1,557,572	-
Compensated Absences	133,891	-
Total Current Liabilities	<u>4,906,931</u>	<u>83,045</u>
Noncurrent Liabilities:		
Revenue Bonds Payable	26,496,125	-
Compensated Absences	131,716	-
Total Noncurrent Liabilities	<u>26,627,841</u>	<u>-</u>
Total Liabilities	<u>31,534,772</u>	<u>83,045</u>
NET POSITION		
Net Investment in Capital Assets	26,452,083	-
Restricted for:		
Debt Service	1,926,965	-
Unrestricted	8,524,182	961,285
Total Net Position	<u>\$ 36,903,230</u>	<u>\$ 961,285</u>

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended September 30, 2016

	Business-Type Activities Combined Utilities	Governmental Activities Internal Service
Operating Revenues:		
Charges for services	\$ 27,180,349	\$ 1,062,028
Reimbursement from employees/insurance	-	63,081
Total Operating Revenues	<u>27,180,349</u>	<u>1,125,109</u>
Operating Expenses:		
Production	17,325,833	-
Operation and Maintenance	2,406,906	-
General and Administration	3,198,660	952,439
Depreciation and Amortization	<u>2,315,187</u>	<u>-</u>
Total Operating Expenses	<u>25,246,586</u>	<u>952,439</u>
Operating Income	1,933,763	172,670
Non-Operating Income (Expense):		
Interest Income	6,909	655
Finance Charge	53,496	-
Intergovernmental Revenue	2,275,960	-
Rental Income	22	-
Miscellaneous Revenue	309,760	-
Interest Expense	<u>(917,086)</u>	<u>-</u>
Total Non-Operating Income (Expenses)	<u>1,729,061</u>	<u>655</u>
Income before contributions and transfers	3,662,824	173,325
Transfer In	99,663	-
Transfer Out	<u>(238,478)</u>	<u>-</u>
Change in Net Position	3,524,009	173,325
Net Position - Beginning	<u>33,379,221</u>	<u>787,960</u>
Net Position - Ending	<u><u>\$ 36,903,230</u></u>	<u><u>\$ 961,285</u></u>

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2016

	Business-Type Activities Combined Utilities	Governmental Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 26,791,099	\$ 1,125,109
Cash Paid to Suppliers for Goods and Services	(20,541,111)	(963,964)
Cash Paid to Employees for Services	(1,813,326)	-
Other Nonoperating Revenues	363,278	-
Net Cash Provided from Operating Activities	<u>4,799,940</u>	<u>161,145</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(5,954,899)	-
Proceeds from Bond Sales	4,565,000	-
Principal Paid on Notes and Bonds	(5,446,286)	-
Interest Paid on Notes and Bonds	(905,483)	-
Receipts from Other Governments	716,825	-
Net Cash (Used) from Capital and Related Financing Activities	<u>(7,024,843)</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Due From Other Funds	435,366	-
Due To Other Funds	9,675	-
Transfers In	99,663	-
Transfers Out	(238,478)	-
Net Cash Provided by Non-Capital Financing Activities	<u>306,226</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	6,909	655
Investment in NPAIT	3,984,534	99,345
Purchase of Investments	(2,050,000)	-
Net Cash Provided from Investing Activities	<u>1,941,443</u>	<u>100,000</u>
Net Increase in Cash and Cash Equivalents	22,766	261,145
Cash and Cash Equivalents at Beginning of Year	<u>3,236,738</u>	<u>31,975</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,259,504</u>	<u>\$ 293,120</u>

(Continued)

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2016

	Business-Type Activities Combined Utilities	Governmental Activities Internal Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	<u>\$ 1,933,763</u>	<u>\$ 172,670</u>
Adjustments to Reconcile Net Operating Income to Net Cash Provided from Operating Activities:		
Depreciation	2,306,231	-
Amortization	8,956	-
Other Non-Operating Income	363,278	-
(Increase) Decrease in Assets:		
Accounts Receivable	(135,654)	-
Estimated Unbilled Usage	(175,942)	-
Inventories	19,839	-
Increase (Decrease) in Liabilities:		
Accounts Payable	472,161	-
Accrued Wages	5,473	-
Accrued Compensated Absences	9,069	-
Accrued Expenses	11,505	(11,525)
Customer Deposits	2,361	-
Due to Other Governments	(21,100)	-
Total Adjustments	<u>2,866,177</u>	<u>(11,525)</u>
Net Cash Provided from Operating Activities	<u>\$ 4,799,940</u>	<u>\$ 161,145</u>

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Cash Equivalents	<u>\$ 1,091,504</u>	<u>\$ 293,120</u>
Restricted Cash and Cash Equivalents	<u>2,168,000</u>	<u>-</u>
	<u>\$ 3,259,504</u>	<u>\$ 293,120</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF NET POSITION
Agency Funds
SEPTEMBER 30, 2016

	<u>2016</u>
Assets:	
Cash and Cash Equivalents	\$ 460,310
Investments	73,837
Pledges Receivable	<u>15,000</u>
Total Assets	<u>549,147</u>
Liabilities:	
Other Payables	<u>549,147</u>
Total Liabilities	<u>549,147</u>
Net Position	<u>\$ -</u>

See Accompanying Notes to Financial Statements

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of South Sioux City, Nebraska is a political subdivision of the state of Nebraska located in Dakota County. The City operates under the mayor-council form of government with the mayor and council members elected on a nonpartisan basis. The City administers the following programs as authorized by its charter: General Government, Public Works, Public Safety, Culture and Recreation, and Community Development. It also provides municipal utility services including: electric, water, sewer and solid waste.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the U.S. (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

For financial reporting purposes, the City of South Sioux City, Nebraska, 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. There is one discretely presented component unit included with this financial report.

Discretely Presented Component Unit – Community Development Agency (CDA)

The CDA was created by the Mayor and City Council in September 1982 to provide for redevelopment of various blighted areas within the City. Members of the CDA consist of various appointed city council members and local business leaders. The CDA is legally separate from the City but functions for all practical purposes as a department of the City. The CDA's sole purpose is to carry out the economic development function of the City. The City is financially accountable for the CDA because the City levies taxes (if necessary) and must approve any debt issuances. The financial activity of the CDA is included in the financial statements of the City as a component unit for the year ended September 30, 2016. The CDA does not issue separate financial statements.

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, and capital projects funds are classified as governmental activities. The City's internal service fund is classified as a governmental activity.

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.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (CONTINUED)

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 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.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through an internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and other charges between the government's combined utilities function and various other functions of the government.

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, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

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

The City reports the following major governmental funds:

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, state allocations, 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, and culture and recreation.
- 2) Capital Project Funds
 - Street Projects* – to account for financial resources to be used for the construction of various City street projects.
 - Misc Projects* – to account for financial resources to be used for the construction of various City capital projects.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

- 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 includes the following utilities within its combined utilities fund:

Electric Utility – The electric utility accounts for the operation of a municipally owned electric system which distributes electrical power to the residents of the City.

Water Utility – The water utility accounts for the operation of a municipally owned water system which provides services to the residents of the City.

Sewer Utility – The sewer utility accounts for the operation of a municipally owned sewage collection, which provides services to the residents of the City.

Sanitation – The sanitation utility accounts for the operation of a municipally owned solid waste disposal system which provides services to the residents of the City.

Utility Administration – Includes the costs of customer accounts and general utility management for the combined utility system.

- 2) Internal Service Funds – Internal Service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

The City's internal service funds are presented in the proprietary fund financial statements. Because the principle users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental column when presented in the governmental-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

A description of the City's internal service funds is as follows:

Group Insurance Fund – The Group Insurance Fund is used to account for the accumulation of resources used to fund claims under the City's partial self-insured health, dental, and vision plans.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The City also reports fiduciary funds which focuses on net position and changes in net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The Agency Funds are custodial in nature, assets equal liabilities, and does not involve measurement of results of operations. The City's agency funds are as follows:

The Flex Fund is used to account for assets held by the City as an agent for individuals.

The Community Foundation Fund is used to account for assets held by the City as an agent for this private organization.

The Freedom Park Fund is used to account for assets held by the City as an agent for this separate nonprofit organization.

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. The City considers sales and use taxes and gasoline taxes as available when in the hands of the State of Nebraska, the intermediary collecting government. The City normally collects these taxes within 60 days of year-end. A one-year availability period is used for revenue recognition in regards to expenditure-driven grants.

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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances. It is the government's policy to use the most restricted net position then use unrestricted net position.

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.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

F. Assets, Liabilities and Fund Equity

1. Cash and Cash Equivalents - Includes cash and investments with original maturities of three months or less.
2. Temporary Cash Investments - Investments consist of certificates of deposit with original maturities of more than three months. The City uses the following methods in determining the reported amounts:

<u>Type</u>	<u>Method</u>
Certificates on Deposit	Cost
Nebraska Public Agency Investment Trust	Amortized Cost

The Certificates of Deposits have redemption terms that do not consider market rates and therefore are reported at cost.

3. 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 September 30, 2016, 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.
4. Advances to Other Funds – Noncurrent portions of long-term interfund loan receivables are reported as advances.
5. Land Held for Resale - During the course of activities incidental to its operations, the City acquires land to develop for economic development purposes. The City then offers the land for resale. The land is carried at cost including any improvements made to the land.
6. Inventories - Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental and proprietary fund-type inventories are recorded as expenditures when consumed rather than when purchased. The amounts in the governmental funds are not material and therefore not recorded on the Statement of Net Position.
7. Restricted Assets - Proceeds from debt and funds set aside for payment of enterprise fund revenue bonds are also classified as restricted assets since their use is limited by applicable bond indentures.

The City’s restricted cash and investments and the nature of the restriction is as follows:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Combined Utilities	Bond Covenants	\$2,168,000

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

8. Property and Equipment – Assets with an initial individual cost of \$1,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings	39 – 50 Years
Utility Plan	20 – 33 Years
Machinery & Equipment	3 – 20 Years
Infrastructure	15 – 70 Years

Interest costs for capital asset construction within enterprise funds are capitalized. However, all other interest costs are expensed in the debt service fund. There were no interest costs capitalized during the year.

9. Accrued Compensated Absences - These amounts represent the unpaid vacation costs and related employee benefits as of the end of the period. All compensated amounts for governmental and proprietary funds are accrued as liabilities on the government-wide statements for governmental funds and applicable enterprise funds respectively and are not recorded as expenditures of the current reporting period for governmental funds because they do not represent amounts that are expected to be liquidated with expendable available financial resources. A liability for these amounts is reported in the governmental fund financial statements only for employees who have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect at September 30, 2016. The compensated absence liability attributable to the governmental activities will be paid primarily by the General Fund.
10. 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 the combined utility fund.
11. Fund Equity – In the fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through an ordinance approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Assigned – Amounts the City intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The finance officer or City Manager is authorized to assign amounts to a specific purpose pursuant to authority given by the City Council.

Unassigned – All amounts not included in other spendable classifications. Only the general fund will report a positive unassigned fund balance.

12. Net Position Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.
13. Fund Balance Flow Assumptions - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.
14. Deferred Outflows / 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. The City reports deferred outflows related to advance charges on refunding bonds.

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. The government reports unavailable revenue as a deferred inflow on the governmental fund financial statements.
15. Property Taxes – Real estate taxes are levied on October 15 of each year and may be paid in two equal installments. These taxes are due December 31. The first and second half of the taxes become delinquent on the following May 1 and September 1, respectively. Real estate taxes collected within 60 days after year-end are recognized as revenues in accordance with the revenue recognition policy described in Note 1.D. Real estate taxes become a lien against the property on the levy date.
16. 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.

17. Landfill Closure Costs

The City is not currently responsible for any landfill closure or post-closure care costs.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at September 30, 2016 were covered by Federal depository insurance or by a letter of credit held by the depository in the City's name in accordance with the *Revised Statutes of Nebraska*. At September 30, the City had approximately \$977,000 of deposits in excess of the collateral assigned at one financial institution.

The City is authorized to invest public funds not currently needed for operations in securities which are obligations of or guaranteed by the United States of America or any of its agencies, bonds of another governmental unit of the State of Nebraska, or in federally insured or collateralized time deposits held in joint custody in the City's name at third party banks acting as the City's agent or savings accounts in depositories approved by the City Council.

The City has investments in the Nebraska Public Agency Investment Trust (NPAIT) which are valued at an amortized cost of \$12,587,462. NPAIT is a separate legal and administrative entity organized and existing pursuant to the Interlocal Cooperation Act and other Nebraska law. There were no limitations or restrictions on withdrawals of the NPAIT investments.

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2016, the City was exposed to custodial credit risk at one financial institution as all cash and certificates of deposit were not properly collateralized through FDIC insurance and securities pledged by the financial institution.

Credit Risk – Investments: The investment in the Nebraska Public Agency Investment Trust is unrated. NPAIT invests in only U.S. Government and U.S. Agency securities and investments collateralized by those securities.

Interest Rate Risk – This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The City does not have a formal investment policy. The City's investments consist of a certificate of deposit totaling \$80,833 that has an original maturity of less than 365 days. Interest rate on this investment is 0.3%. The City's investments also include \$12,587,462 in NPAIT, that is not subject to interest rate risk.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 3 - INTERFUND BALANCES

As of September 30, 2016, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>	
Proprietary Fund – Combined Utilities	Nonmajor Governmental Funds	\$ 76,959	*
Proprietary Fund – Combined Utilities	Capital Projects – Street Projects	76,995	**
Capital Projects – Street Projects	Capital Projects – Misc Projects	12,479	*
Capital Projects – Street Projects	Nonmajor Governmental Funds	91,106	*
General Fund	Capital Projects – Street Projects	65,577	*
General Fund	Capital Projects – Street Projects	245,406	**
General Fund	Capital Projects – Misc Projects	452,631	*
General Fund	Nonmajor Governmental Funds	4,920	*
General Fund	Nonmajor Governmental Funds	73,715	**
Nonmajor Governmental Funds	Nonmajor Governmental Funds	57,849	*
Nonmajor Governmental Funds	Nonmajor Governmental Funds	219,474	**
Nonmajor Governmental Funds	Capital Projects – Misc Projects	9,941	*
Capital Projects – Misc Projects	Proprietary Fund – Combined Utilities	9,675	*
Capital Projects – Misc Projects	Capital Projects – Street Projects	45,085	*

* These balances were the result of expenditures paid out of an incorrect fund. The interfund receivable and payable was set up to correct the error.

** The purpose of these interfund balances is to finance short-term cash flow shortages of various funds.

As of September 30, 2016, long-term advances were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	
Proprietary Fund – Combined Utilities	Capital Projects - Streets	\$ 800,000

These balances were a result of the internal financing of certain capital and economic development projects.

NOTE 4 RECEIVABLES

Receivables at September 30, 2016 are net of allowance for uncollectibles. The allowance for uncollectibles in the Special Revenue – Fire fund was \$41,975 at September 30, 2016.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2015 As Restated	Additions	Deletions	Balance September 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,226,891	\$ 640,713	\$ -	\$ 2,867,604
Construction in Progress	6,328,208	3,391,034	975,802	8,743,440
Total capital assets not being depreciated	8,555,099	4,031,747	975,802	11,611,044
Capital assets being depreciated:				
Buildings	14,324,448	134,452	-	14,458,900
Equipment	8,918,781	259,240	-	9,178,021
Infrastructure	81,040,357	841,350	-	81,881,707
Total capital assets being depreciated	104,283,586	1,235,042	-	105,518,628
Less: Accumulated Depreciation for:				
Buildings	4,418,202	351,713	-	4,769,915
Equipment	6,973,729	347,775	-	7,321,504
Infrastructure	47,948,480	1,662,478	-	49,610,958
Total Accumulated Depreciation	59,340,411	2,361,966	-	61,702,377
Total capital assets being depreciated, net	44,943,175	(1,126,924)	-	43,816,251
Governmental activities capital assets, net	\$ 53,498,274	\$ 2,904,823	\$ 975,802	\$ 55,427,295

Construction in progress at September 30, 2016, for the governmental activities consisted of costs associated with various park improvements and street projects.

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 381,280	\$ 394,862	\$ -	\$ 776,142
Construction in Progress	2,396,884	5,643,363	3,834,490	4,205,757
Total capital assets not being depreciated	2,778,164	6,038,225	3,834,490	4,981,899
Capital assets being depreciated:				
Buildings	3,175,006	-	-	3,175,006
Equipment	6,691,850	311,535	172,431	6,830,954
Utility Plant/Distribution System	69,512,542	3,439,628	-	72,952,170
Total capital assets being depreciated	79,379,398	3,751,163	172,431	82,958,130
Less: Accumulated Depreciation for:				
Buildings	1,441,696	67,877	-	1,509,573
Equipment	3,660,702	400,934	172,431	3,889,205
Utility Plant/Distribution System	25,952,349	1,837,420	-	27,789,769
Total Accumulated Depreciation	31,054,747	2,306,231	172,431	33,188,547
Total capital assets being depreciated, net	48,324,651	1,444,932	-	49,769,583
Business-type activities capital assets, net	\$ 51,102,815	\$ 7,483,157	\$ 3,834,490	\$ 54,751,482

Construction in progress at September 30, 2016 consisted of costs associated with various system improvements.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government	\$ 169,625
Public Safety	239,277
Public Works	1,714,207
Culture and Recreation	238,857
Total depreciation expense – governmental activities	<u>\$ 2,361,966</u>
Business-Type Activities:	
Electric	\$ 1,191,991
Water	323,294
Sewer	322,135
Utility Administration	468,811
Total depreciation expense – business-type activities	<u>\$ 2,306,231</u>

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Community Development Agency:				
Capital Assets not being depreciated:				
Land	\$ 2,205	\$ -	\$ -	\$ 2,205
Total capital assets not being depreciated	<u>2,205</u>	<u>-</u>	<u>-</u>	<u>2,205</u>
Capital Assets being depreciated:				
Buildings	66,548	-	-	66,548
Less: Accumulated Depreciation	14,307	1,664	-	15,971
Total capital assets being depreciated, net	<u>52,241</u>	<u>(1,664)</u>	<u>-</u>	<u>50,577</u>
Component unit capital assets, net	<u>\$ 54,446</u>	<u>\$ (1,664)</u>	<u>\$ -</u>	<u>\$ 52,782</u>

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities	Component Unit Community Development Agency
Land	\$ 2,867,604	\$ 776,142	\$ 2,205
Construction in Progress	8,743,440	4,205,757	-
Capital Assets (net of accumulated depreciation)	43,816,251	49,769,583	50,577
Less: General Obligation Bonds Payable	8,030,000	-	-
Retainage Payable	1,261	245,702	-
Revenue Bonds	680,000	28,053,697	-
Revenue Bond Anticipation Notes	985,000	-	-
Net Investment in Capital Assets	<u>\$ 45,731,034</u>	<u>\$ 26,452,083</u>	<u>\$ 52,782</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 6 - LONG-TERM DEBT

Notes Payable

Details of Notes Payable outstanding at September 30, 2016 for the Community Development Agency Component Unit are as follows:

	Date of Issue	Interest Rates	Final 484950515	Annual Payments	Originally Issued	Outstanding September 30, 2016	Due Within One Year
Siouxland National Bank	08/08/00	10%	On Demand	On Demand	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000 *
City of South Sioux City	10/23/15	2.25%	10/01/25	-	157,014	157,014	-
City of South Sioux City	12/20/12	2%	03/20/19	61,200	360,911	150,653	58,719
						<u>\$ 3,307,667</u>	<u>\$ 3,058,719</u>

- * Siouxland National Bank loaned the Community Development Agency \$3,000,000 for economic development purposes. The note is payable on demand and is secured with a certificate of deposit at Siouxland National Bank for the same amount, same interest and same repayment terms.

The annual debt service requirements for the Community Development Agency Component Unit are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,058,719	\$ 2,481
2018	59,904	1,296
2019	32,030	196
2020	-	-
2021	-	-
2022-2026	157,014	39,318
Total	<u>\$ 3,307,667</u>	<u>\$ 43,291</u>

General Obligation Bond Anticipation Notes

Bond anticipation notes are used by the City as interim financing.

On February 15, 2012, the City issued \$985,000 general obligation flood control bond anticipation notes with a maturity of February 15, 2017 and an interest rate of 1.25%. The bond was to pay for costs in connection with the construction of flood control improvements in the City.

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 the governmental type activities. These bonds are direct obligations and pledge the full faith and credit of the City.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 6 - LONG-TERM DEBT - (CONTINUED)

General obligation bonds outstanding as of September 30, 2016 are as follows:

	Date Of Issue	Interest Rates	Annual Payments	Amount Originally Issued	Outstanding June 30, 2016
<i>General Obligation Bonds/ Capital Loan Notes:</i>					
Library – Lease Purchase Bonds	2013	1.35-4.70%	\$150,000-\$250,000	\$ 2,800,000	\$ 490,000
Highway Allocation Fund Pledge Bonds	2011	0.75-2.80%	50,000-350,000	2,500,000	1,350,000
GO Flood Control Bonds, Series 2010	2011	1.75-4.75%	25,000-245,000	1,400,000	1,075,000
Public Safety Department Tax Anticipation Bond Series 2013	2014	0.40-3.00%	25,000-100,000	1,010,000	910,000
Municipal Facilities Corporation Lease Purchase Bonds	2013	0.40-2.85%	100,000-450,000	4,340,000	3,965,000
GO Refunding Bonds	2007	3.65-4.10%	85,000-240,000	1,585,000	240,000
					<u>\$ 8,030,000</u>

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

Year Ending September 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,180,000	\$ 211,776
2018	1,050,000	180,098
2019	875,000	148,461
2020	910,000	125,280
2021	620,000	99,211
2022-2026	2,310,000	334,623
2027-2028	1,085,000	46,513
Total	<u>\$ 8,030,000</u>	<u>\$ 1,145,962</u>

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. The City has pledged future combined utility revenues, net of specified operating expenses, to repay outstanding combined utility revenue bonds. The bonds are payable solely from the combined utilities net revenues and are payable through 2036. The total principal and interest remaining to be paid on the bonds is \$35,802,572. Principal and interest paid for the current year and total combined utilities net revenues were \$2,348,373 and \$6,895,097, respectively. For the year ended September 30, 2016 the annual principal and interest payments required approximately 34.1 percent of net revenues.

The City has also pledged a portion of future property tax revenues to repay \$680,000 in tax increment revenue bonds issued in January 2006 to finance infrastructure improvements in the All American TIF area. The bonds are payable solely from the tax increment property taxes generated by increased valuations in the TIF district. Total principal and interest remaining on the bonds is \$741,492, payable through 2020. For the current year, principal and interest paid and total incremental property tax revenues were \$188,061 and \$313,088 respectively. For the year ended September 30, 2016 the annual principal and interest payments required are approximately 60.0 percent of the total property tax revenues.

On June 5, 2014, the City issued \$2,625,000 combined utility revenue bond anticipation notes with a maturity of June 1, 2016 and an interest rate of 0.60%. This bond anticipation note was issued to pay for improvements to existing electric and water systems. The bond anticipation note was retired in fiscal year 2016 with the \$3,155,000 issuance of combined utilities bonds.

On July 8, 2014, the City issued \$1,444,535 in combined utility revenue bonds through the State Revolving Fund. These revenue bonds mature on December 15, 2032 and an interest rate of 2.50%. These bonds were to pay for engineering costs to construct a wastewater treatment plant to serve the Roth Industrial Park.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 6 - LONG-TERM DEBT - (CONTINUED)

In October 2014, the City issued \$8,510,000 of combined utility revenue bonds to refund the 2008A, 2008B, and 2007 revenue bonds. The difference between the cash flows required to service the old debt and the new debt is \$1,258,370 and the City has an economic gain of \$1,053,577.

In September 2015, the City issued \$4,465,000 of combined utility revenue bonds to retire \$4,395,000 of bond anticipation notes that matured in fiscal year 2015.

In October 2015, the City issued \$1,410,000 of combined utility revenue bonds to refund the series 2005 revenue bonds. The difference between the cash flows required to service the old debt and the new debt is \$157,886 and the City has an economic gain of \$142,968.

In June 2016, the City issued \$3,155,000 of combined utility revenue bonds to retire \$2,625,000 of bond anticipation notes that matured in fiscal year 2016 and to pay for the construction of enlargements and additions to the electric, water and sewer systems.

Revenue bonds outstanding at September 30, 2016 are as follows:

Business-Type Activities:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Combined Utility SRF	3.0%	\$ 40,842
Combined Utility, Series 2004	4.45-4.65%	175,000
Combined Utility SRF	2.79%	295,426
Combined Utility (NPPD Building)	3.90-4.15%	190,000
Combined Utility SRF	3.65%	2,268,022
Combined Utility SRF	1.317%	1,300,765
Combined Utility, Series 2001A	1.2-4.9%	5,960,000
Combined Utility Refunding Bond	0.45-3.40%	7,720,000
Combined Utility Bonds	0.60-4.00%	4,325,000
Combined Utility SRF	2.50%	1,278,642
Combined Utility Bonds	0.90-3.25%	3,155,000
Combined Utility Bonds	0.40-2.65%	1,345,000
		<u>\$ 28,053,697</u>

Governmental Activities:

Tax Increment Refunding	4.05-4.45%	<u>\$ 680,000</u>
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Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Business-Type Activities</u>		<u>Governmental Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,557,572	\$ 814,754	\$ 160,000	\$ 26,328	\$ 1,717,572	\$ 841,082
2018	1,644,198	779,860	165,000	19,299	1,809,198	799,159
2019	1,628,245	748,840	175,000	11,860	1,803,245	760,700
2020	1,700,773	715,552	180,000	4,005	1,880,773	719,557
2021	1,729,293	678,661	-	-	1,729,293	678,661
2022-2026	9,878,979	2,634,748	-	-	9,878,979	2,634,748
2027-2031	7,305,555	1,106,669	-	-	7,305,555	1,106,669
2032-2036	2,609,082	269,791	-	-	2,609,082	269,791
Total	<u>\$28,053,697</u>	<u>\$7,748,875</u>	<u>\$ 680,000</u>	<u>\$ 61,492</u>	<u>\$ 28,733,697</u>	<u>\$ 7,810,367</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 6 - LONG-TERM DEBT – (CONTINUED)

Long-Term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 9,150,000	\$ -	\$ 1,120,000	\$ 8,030,000	\$ 1,180,000
Revenue Bonds	835,000	-	155,000	680,000	160,000
Bond Anticipation Notes	985,000	-	-	985,000	985,000
Notes Payable	75,000	-	75,000	-	-
Capital Lease	12,997	-	12,997	-	-
Compensated Absences	599,434	311,357	237,302	673,489	310,854
Governmental Activity					
Long-Term Liabilities	11,657,431	311,357	1,600,299	10,368,489	2,635,854
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	26,309,983	4,565,000	2,821,286	28,053,697	1,557,572
Bond Anticipation Notes	2,625,000	-	2,625,000	-	-
Compensated Absences	256,538	133,638	124,569	265,607	133,891
Business-Type Activity					
Long-Term Liabilities	\$ 29,191,521	\$ 4,698,638	\$ 5,570,855	\$ 28,319,304	\$ 1,691,463

NOTE 7 - TRANSFERS

The following is a summary of transfers between funds:

	General	Proprietary Fund – Combined Utilities	Nonmajor Governmental	Total Transfers In
General	\$ -	\$ -	\$ 369,491	\$ 369,491
Capital Projects – Misc Projects	-	238,478	246,786	485,264
Proprietary Fund – Combined Utilities	-	-	99,663	99,663
Nonmajor Governmental	24,400	-	100,000	124,400
Total Transfers Out	\$ 24,400	\$ 238,478	\$ 815,940	\$ 1,078,818

Transfers are used to:

1. Move revenue from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them.

NOTE 8 - PENSION AND RETIREMENT FUND COMMITMENTS

For police officers hired on or before January 1, 1984, the City provides pension benefits through a qualified retirement plan which has characteristics of both a defined contribution plan and a defined benefit plan. The plan provides for guaranteed minimum payments calculated to be the greater of defined contributions or 50% of the average wages for the five years preceding retirement. There are five police officers who will benefit from this plan. Based on the latest actuarial valuation report, it is anticipated that the unallocated account is sufficient to provide the minimum defined benefits for the remaining pre-84 hires. The estimated present value of this excess is \$111,001.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 8 - PENSION AND RETIREMENT FUND COMMITMENTS – (CONTINUED)

Police officers hired after January 1, 1984 are covered only by the defined contribution portion of the plan and are not guaranteed any minimum benefits. This plan is the City of South Sioux City 401 Qualified Plan and is administered by ICMA Retirement Corporation. This plan also includes fire employees.

State legislation requires that each police officer and the City contribute an amount equal to 6% of the police officer's total salary each month. The City's contributions for each police officer (and interest thereon) are 40% vested after four years of service and increase 10% for each additional year of service.

The City has no fiduciary responsibility for the pension funds, therefore, no pension trust fund is reported. Funds collected by the City including property taxes are reported in a special revenue fund.

The City maintains an additional defined contribution plan for substantially all other employees. This plan is optional for the employees. If the employee wished to participate, the employee could contribute 3% to receive a City contribution of 3%, 4% to receive a City contribution of 3.5%, or 5% to receive a City contribution of 4%. Under this plan, the City's contributions for each participant (and interest thereon) are 20% vested after one year of service and increase 20% for each additional year of service with 100% vesting after five years of service. The City's portion is invested with New York Life Insurance and Annuity Corporation (Administrator) in the City of South Sioux City Nebraska Money Purchase Plan. The employee has the option of investing his portion with ICMA Retirement Corporation (Administrator) in the City of South Sioux City 457 Deferred Compensation Plan or New York Life Insurance and Annuity Corporation (Administrator) in the City of South Sioux City Nebraska Money Purchase Plan.

The Police and Fire Pension and City Employee Pension plans are established or may be amended by State Law and/or the City of South Sioux City as applicable.

The City's total payroll for the year ended September 30, 2016, was \$5,619,069. Contributions were made as follows:

	<u>Eligible Wages</u>	<u>City Contributions</u>	<u>Employee Contributions</u>
Policemen Total Salaries	\$ 1,893,211	\$ 132,180	\$ 136,644
Fire Total Salaries	228,500	14,852	14,852
Active Participants' Base Wages	2,313,205	94,162	114,143
	<u>\$ 4,434,916</u>	<u>\$ 241,194</u>	<u>\$ 265,639</u>
Active Participants' Overtime and Employees Not Participating	1,184,153		
	<u>\$ 5,619,069</u>		

The City did not make any direct payments to the plan in fiscal year 2016.

NOTE 9 - RISK FINANCING

Beginning in February of 2005, the City began a self-funded plan for health, dental, and vision employee benefits. The City purchased a stop loss policy for medical claims in excess of \$35,000 per covered employee and a \$40,000 aggregate spec with an aggregate stop loss policy for claims in excess of \$1,301,296 for the entire group. A premium is charged to each fund that has employees and is calculated by taking the fixed costs, consisting of the specific stop loss premium, the aggregate stop loss premium, administrative costs, and the maximum risk level that the City is exposed. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payments and other economic and social factors. Changes in the balances of claims liabilities follow:

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 9 - RISK FINANCING – (CONTINUED)

	2016
Unpaid claims, beginning of fiscal year	\$ 94,571
Incurred claims (including IBNR's)	773,926
Claim payments	785,452
Unpaid claims, end of fiscal year	<u>\$ 83,045</u>

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 2015-2016 fiscal period the City has elected to purchase commercial insurance to cover against the risk of loss. There have been no significant reductions in insurance coverage from prior years, nor were there settlements in excess of insurance coverage the last three years.

NOTE 10 - NOTES RECEIVABLE

The City has entered into various notes with businesses and organizations in the community for economic development purposes. The notes have various interest rates and maturity dates. The balances of the notes and the funds that advanced these loans are as follows:

General Fund	\$ 150,876
Street Project	126,445
Riverfront TIF	105,000
Revolving Loan	246,084
West 25 th to 29 th TIF	29,230
Economic Development Sales Tax	157,014
	<u>\$ 814,649</u>
Component Unit	<u>\$ 217,801</u>

NOTE 11 - DEFICIT FUND BALANCES

The City has four funds with deficit fund balances at September 30, 2016. The City intends to finance these deficits from various resources including; property taxes, general funds, charges to various departments, and capital project debt financing.

The individual fund deficits are as follows:

County / LEC Sales Tax	\$ 83,640
Roth TIF	\$ 332,800
West 29 th & Hwy 77 TIF	\$ 284,442
Capital Projects – Street Projects.....	\$ 730,966

NOTE 12 - COMMITMENTS

As of September 30, 2016, the City had entered into several construction and engineering contracts totaling approximately \$7,160,000 of which approximately \$4,792,000 has been expended to date. The remaining balance will be paid as work progresses.

NOTE 13 - CONTINGENCY

The City receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of September 2016, the City estimates that no material liabilities will result from such audits.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 14 - CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2016, Industrial Revenue Bonds outstanding had an original issue amount of \$30,175,000. The outstanding balance at September 30, 2016 was \$1,962,281.

NOTE 15 - MAJOR CUSTOMER

During the year ended September 30, 2016, charges for services provided by the combined utilities of the City to BPI, Inc. was \$5,559,549. This represents approximately 20.5% of total combined utilities (water, sewer, and electric) charges for services.

NOTE 16 - PRIOR PERIOD ADJUSTMENT

In the current year, it was determined that a payable was recorded at September 30, 2015 in the capital projects fund for \$115,744 that should not have been recorded. Consequently, beginning fund balance in the capital projects misc projects fund increased by \$115,744. Additionally, this payable was capitalized as construction in progress on the statement of net position, therefore this had no change to the beginning net position for governmental activities.

It was also determined \$1,564,172 of capital grants was recorded on the statement of activities in the public works function for various projects the Nebraska Department of Roads finances and turns over to the City. An error was made in determining the amount of projects completed by the Nebraska Department of Roads and contributed to the City resulting in an overstatement of capital grants and construction in progress at September 30, 2015. Consequently, beginning net position for governmental activities decreased by \$1,564,172.

NOTE 17 - SUBSEQUENT EVENTS

On January 9, 2017, the City approved the issuance of the General Obligation Flood Control Bonds, Series 2017 in the amount of \$875,000. The bonds will mature in December 2021 with interest rates ranging from 1.15% to 2.0%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2016

	General Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 2,148,844	\$ 1,778,584	\$ (370,260)
Other Taxes	1,017,000	771,912	(245,088)
Licenses and Permits	3,900	2,272	(1,628)
Intergovernmental	4,511,897	2,680,121	(1,831,776)
Charges for Services	688,000	926,342	238,342
Fines and Forfeits	2,000	2,927	927
Lottery Revenue	70,000	96,748	26,748
Interest on Investments	5,000	7,528	2,528
Rental Income	233,600	223,659	(9,941)
Reimbursements	495,560	9,646	(485,914)
Miscellaneous	59,000	232,914	173,914
Total Revenue	9,234,801	6,732,653	(2,502,148)
Expenditures:			
General Government	1,356,735	1,068,799	287,936
Public Safety	4,226,596	3,702,744	523,852
Public Works	2,496,938	1,305,615	1,191,323
Culture and Recreation	1,117,796	988,753	129,043
Community Development	160,000	23,368	136,632
Debt Service	-	18	(18)
Total Expenditures	9,358,065	7,089,297	2,268,768
(Deficiency) of revenues over expenditures	(123,264)	(356,644)	(233,380)
Other financing sources (uses):			
Proceeds from sale of capital assets	-	7,490	7,490
Transfers In	-	369,491	369,491
Transfers Out	(24,400)	(24,400)	-
Total other financing sources (uses)	(24,400)	352,581	376,981
(Deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (147,664)	(4,063)	\$ 143,601
Fund balances - beginning of year		2,411,439	
Fund balances - end of year		\$ 2,407,376	

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Required Supplementary Information – Budgetary Reporting
September 30, 2016

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

1. On or around May 1, the City's department and division heads prepare and submit budget requests for the following fiscal year to the City Administrator who then reviews the requests with the department and division heads.
2. After this review process has been completed, the City Administrator presents these budget requests to the Mayor and City Council along with his recommendations as to what changes, if any, should be made. These budget requests and recommendations are reviewed by the Finance Committee of the City Council at meetings open to the public.
3. A public hearing on the budget is then conducted at a City Council meeting to obtain citizen comments.
4. Prior to October 1, the City legally enacts the ensuing fiscal year's budget for all funds, except the Library Foundation Special Revenue Fund through the passage of an ordinance, which establishes the legal level of control (the level on which expenditures may not legally exceed appropriations) at the total governmental fund level.

Proposed expenditures, which are expected to exceed the fund's total appropriation, require amendment by the City Council. The legal level of budgetary control is at the total governmental fund level. Expenditures in excess of the amount budgeted within individual funds do not require amendment by the City Council.

5. Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Funds, except for the Library Foundation Special Revenue Fund and the Internal Service Fund.
6. The budgets adopted are stated on a cash basis. Budgetary comparisons are presented in the financial statements for the governmental funds and are on this budgetary basis, which is not in accordance with accounting principles generally accepted in the United States.

There were no budget amendments during the year that changed the original total expenditures.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Notes to Required Supplementary Information – Budgetary Reporting
September 30, 2016

BUDGETARY CONTROL

The annual appropriated budget adopted by the City is prepared on a cash basis and, therefore, the budgetary basis differs from that used to present the financial statements in accordance with accounting principles generally accepted in the United States (GAAP). Such differences and their effect on the respective funds reported operations are summarized as follows:

	<u>General</u>
(Deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$ (4,063)
Basis differences:	
To adjust revenues from recognition on a cash basis	(49,033)
To adjust total expenditures from recognition on a cash basis	15,753
(Deficiency) of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis (page 34)	<u>\$ (37,343)</u>

	<u>Total Governmental Funds</u>
Expenditures and other financing uses, on a budgetary basis	\$ (14,960,488)
Basis Differences:	
To adjust total expenditures from recognition on a cash basis	(205,679)
Expenditures and other financing uses, on a GAAP basis	<u>\$ (15,166,167)</u>

The following schedule demonstrates the City's legal compliance to the budget:

Fund	Budget	Actual	Variance Over (Under) Budget
Governmental Funds Expenditures	\$29,075,515	\$14,960,488	\$ (14,115,027)

OTHER SUPPLEMENTARY INFORMATION

**CITY OF SOUTH SIOUX CITY
COMBINING FUND STATEMENTS
GOVERNMENTAL FUNDS**

NON MAJOR FUNDS

DEBT SERVICE – The Debt Service Fund is used to account for the accumulations of resources for, and the payment of, general long-term debt principal, interest, and related costs.

SPECIAL REVENUE FUNDS - Special Revenue Funds are used to account for the proceeds of specific revenue (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Improvement Sales Tax – To account for the collection of sales tax, which is then transferred to the General Fund for property tax relief.

Library – To account for the collection of property taxes restricted for the Library.

Fire – To account for the collection of property taxes restricted for the Fire Department.

County/LEC Sales Tax – To account for the collection of sales tax which is restricted for the Law Enforcement Center.

TIF Funds – The City creates various TIF districts to finance capital projects. The TIF funds are used to account for the collection of TIF revenues in each TIF district.

Revolving Loan – The City provides loans to various businesses for community development. This fund is used to account for the collection of revenue related to these loans.

Police Pension – To account for the collection of property taxes restricted for the Police Pension Fund.

Wireless 911 Fund – To account for collection of 911 revenues that are restricted for 911 operations.

Economic Development Sales Tax – To account for sales tax restricted for economic development.

Public Safety Sales Tax – To account for the collection of sales tax, which is then transferred to the Fire Fund to finance additional staff salaries.

CAPITAL PROJECTS FUNDS – Capital Projects Funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Project Funds – To account for expenditures related to major capital projects.

CITY OF SOUTH SIOUX CITY, NEBRASKA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 SEPTEMBER 30, 2016

	Special Revenue				
	Debt Service	Capital Improvement Sales Tax	Library	Fire	All America City TIF
Assets					
Cash and Cash Equivalents	\$ 29,818	\$ 136,338	\$ 58,511	\$ 144,446	\$ -
Investments	525,849	1,001,129	-	350,455	370,238
Receivables (net, where applicable, of allowance for uncollectibles)					
Taxes	-	-	65,687	30,960	608
Accounts	-	-	-	77,032	-
Accrued Interest	-	-	-	-	-
Special Assessments	5,440	-	-	-	-
Notes Receivable	-	-	-	-	-
Due from Other Funds	9,941	-	-	-	136,485
Due from Other Governmental Agencies	-	169,683	1,368	-	-
Land Held for Resale, At Cost	-	-	-	-	427,837
Total Assets	571,048	1,307,150	125,566	602,893	935,168
Liabilities					
Accounts Payable	-	7,705	16,248	17,360	-
Other Accrued Liabilities	-	-	-	236	-
Accrued Wages	-	-	3,201	5,423	-
Customer Deposits	-	-	-	-	-
Unearned Revenue	-	-	-	10,854	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	4,920	-	-	-	-
Total Liabilities	4,920	7,705	19,449	33,873	-
Deferred Inflows of Resources					
Unavailable Revenue - Property Tax	-	-	12,589	5,960	-
Total Deferred Inflows of Resources	-	-	12,589	5,960	-
Fund Balances:					
Nonspendable:					
Land Held for Resale	-	-	-	-	427,837
Restricted for:					
Capital Improvements	-	1,299,445	-	-	-
Debt Service	566,128	-	-	-	-
Specific Tax Levy Purposes	-	-	93,528	563,060	-
Tax Increment Financing Purposes	-	-	-	-	507,331
Wireless 911	-	-	-	-	-
Economic Development	-	-	-	-	-
Public Safety Purposes	-	-	-	-	-
Committed for:					
Revolving Loan	-	-	-	-	-
Assigned for:					
Capital Improvements	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	566,128	1,299,445	93,528	563,060	935,168
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 571,048	\$ 1,307,150	\$ 125,566	\$ 602,893	\$ 935,168

Special Revenue				
County/LEC Sales Tax	Revolving Loan	Riverfront TIF	Westside TIF	Downtown BID TIF
\$ -	\$ 10,564	\$ 44,435	\$ 26,920	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	246,084	105,000	-	-
-	-	-	77,104	63,734
-	-	-	-	-
-	-	13,918	-	-
-	256,648	163,353	104,024	63,734
9,925	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,175
-	-	-	16,457	-
-	60,000	-	-	-
73,715	-	-	76,959	-
83,640	60,000	-	93,416	1,175
-	-	-	-	-
-	-	-	-	-
-	-	13,918	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	149,435	10,608	62,559
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	196,648	-	-	-
-	-	-	-	-
(83,640)	-	-	-	-
(83,640)	196,648	163,353	10,608	62,559
\$ -	\$ 256,648	\$ 163,353	\$ 104,024	\$ 63,734

(Continued)

CITY OF SOUTH SIOUX CITY, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds - (Continued)
SEPTEMBER 30, 2016

	Special Revenue				
	W 25th-29th TIF	Roth TIF	W 29th & Hwy 77th TIF	Police Pension	Wireless 911 Fund
Assets					
Cash and Cash Equivalents	\$ 67,402	\$ -	\$ -	\$ 21,975	\$ 19,020
Investments	77	72	-	300,520	-
Receivables (net, where applicable, of allowance for uncollectibles)					
Taxes	5,859	-	-	25,889	-
Accounts	36,236	-	-	-	-
Accrued Interest	817	-	-	-	-
Special Assessments	-	-	-	-	-
Notes Receivable	29,230	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	2,217	-
Land Held for Resale, At Cost	-	-	-	-	-
Total Assets	139,621	72	-	350,601	19,020
Liabilities					
Accounts Payable	-	128,345	201,573	-	-
Other Accrued Liabilities	-	-	-	-	-
Accrued Wages	-	-	-	-	-
Customer Deposits	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	81,033	204,527	82,869	-	-
Total Liabilities	81,033	332,872	284,442	-	-
Deferred Inflows of Resources					
Unavailable Revenue - Property Tax	-	-	-	4,892	-
Total Deferred Inflows of Resources	-	-	-	4,892	-
Fund Balances:					
Nonspendable:					
Land Held for Resale	-	-	-	-	-
Restricted for:					
Capital Improvements	-	-	-	-	-
Debt Service	-	-	-	-	-
Specific Tax Levy Purposes	-	-	-	345,709	-
Tax Increment Financing Purposes	58,588	-	-	-	-
Wireless 911	-	-	-	-	19,020
Economic Development	-	-	-	-	-
Public Safety Purposes	-	-	-	-	-
Committed for:					
Revolving Loan	-	-	-	-	-
Assigned for:					
Capital Improvements	-	-	-	-	-
Unassigned	-	(332,800)	(284,442)	-	-
Total Fund Balances	58,588	(332,800)	(284,442)	345,709	19,020
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 139,621	\$ 72	\$ -	\$ 350,601	\$ 19,020

Special Revenue		Capital Projects		Total
Economic Development Sales Tax	Public Safety Sales Tax	Park Projects	Disaster Recovery	Governmental Nonmajor Funds
\$ 7,491	\$ 137,072	\$ 23	\$ 27,586	\$ 731,601
125,087	350,218	-	100,013	3,123,658
-	-	-	-	129,003
-	-	-	-	113,268
3,058	-	-	-	3,875
-	-	-	-	5,440
157,014	-	-	-	537,328
-	-	-	-	287,264
15,784	39,461	-	-	228,513
-	-	-	-	441,755
308,434	526,751	23	127,599	5,601,705
-	-	-	-	381,156
-	-	-	-	236
-	-	-	-	8,624
-	-	-	-	1,175
-	-	-	-	27,311
-	-	-	-	60,000
-	-	-	-	524,023
-	-	-	-	1,002,525
-	-	-	-	23,441
-	-	-	-	23,441
-	-	-	-	441,755
-	-	23	-	1,299,468
-	-	-	-	566,128
-	-	-	-	1,002,297
-	-	-	-	788,521
-	-	-	-	19,020
308,434	-	-	-	308,434
-	526,751	-	-	526,751
-	-	-	-	196,648
-	-	-	-	-
-	-	-	127,599	127,599
-	-	-	-	(700,882)
308,434	526,751	23	127,599	4,575,739
\$ 308,434	\$ 526,751	\$ 23	\$ 127,599	\$ 5,601,705

CITY OF SOUTH SIOUX CITY, NEBRASKA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended September 30, 2016

	Special Revenue				
	Debt Service	Capital Improvement Sales Tax	Library	Fire	All America City TIF
Revenue:					
Taxes	\$ -	\$ -	\$ 357,431	\$ 169,013	\$ 313,088
Franchise Taxes	350,000	-	-	150,000	-
Local Option Sales Taxes	-	961,870	-	-	-
Intergovernmental	-	-	43,071	149,434	-
Charges for Services	-	-	-	239,412	-
Fines and Forfeits	-	-	6,305	-	-
Interest on Investments	480	703	-	270	269
Rental Income	-	-	18,617	-	-
Contributions	-	-	150	-	-
Miscellaneous	-	-	8,747	28,168	-
Total Revenue	350,480	962,573	434,321	736,297	313,357
Expenditures:					
Current:					
Public Safety	-	130,099	-	762,452	-
Culture and Recreation	-	31,198	435,029	-	-
Community Development	-	-	-	-	240
Capital Projects	-	-	-	-	-
Debt Service	254,760	356,151	-	-	188,511
Total Expenditures	254,760	517,448	435,029	762,452	188,751
Excess (deficiency) of revenues over expenditures	95,720	445,125	(708)	(26,155)	124,606
Other financing sources (uses):					
Interfund Transfers In	-	-	-	100,000	-
Interfund Transfers Out	(246,786)	(300,000)	-	-	-
Total other financing sources (uses)	(246,786)	(300,000)	-	100,000	-
Net Change in Fund Balance	(151,066)	145,125	(708)	73,845	124,606
Fund balances (deficits) - beginning of year	717,194	1,154,320	94,236	489,215	810,562
Fund balances (deficits) - end of year	\$ 566,128	\$ 1,299,445	\$ 93,528	\$ 563,060	\$ 935,168

Special Revenue				
County/LEC Sales Tax	Revolving Loan	Riverfront TIF	Westside TIF	Downtown BID TIF
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
296	1,094	34	15	64
-	-	-	375,894	4,380
24,400	-	-	-	-
-	-	-	2,473	-
24,696	1,094	34	378,382	4,444
704,356	-	-	-	-
-	-	-	-	-
-	-	902	134,103	11,602
-	-	-	-	-
704,356	-	902	134,103	11,602
(679,660)	1,094	(868)	244,279	(7,158)
24,400	-	-	-	-
-	-	-	(99,663)	-
24,400	-	-	(99,663)	-
(655,260)	1,094	(868)	144,616	(7,158)
571,620	195,554	164,221	(134,008)	69,717
\$ (83,640)	\$ 196,648	\$ 163,353	\$ 10,608	\$ 62,559

(Continued)

CITY OF SOUTH SIOUX CITY, NEBRASKA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds - (Continued)
For the Year Ended September 30, 2016

	Special Revenue				
	W 25th-29th TIF	Roth TIF	W 29th & Hwy 77th TIF	Police Pension	Wireless 911 Fund
Revenue:					
Taxes	\$ 67,195	\$ -	\$ -	\$ 140,132	\$ -
Franchise Taxes	-	-	-	-	-
Local Option Sales Taxes	-	-	-	-	-
Intergovernmental	-	-	-	5,385	75,866
Charges for Services	36,236	-	-	-	-
Fines and Forfeits	-	-	-	-	-
Interest on Investments	1,037	72	-	344	42
Rental Income	-	-	-	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenue	104,468	72	-	145,861	75,908
Expenditures:					
Current:					
Public Safety	-	-	-	314,130	61,226
Culture and Recreation	-	-	-	-	-
Community Development	-	-	-	-	-
Capital Projects	-	332,872	284,442	-	-
Debt Service	-	-	-	-	-
Total Expenditures	-	332,872	284,442	314,130	61,226
Excess (deficiency) of revenues over expenditures	104,468	(332,800)	(284,442)	(168,269)	14,682
Other financing sources (uses):					
Interfund Transfers In	-	-	-	-	-
Interfund Transfers Out	-	-	-	-	(69,491)
Total other financing sources (uses)	-	-	-	-	(69,491)
Net Change in Fund Balance	104,468	(332,800)	(284,442)	(168,269)	(54,809)
Fund balances (deficits) - beginning of year	(45,880)	-	-	513,978	73,829
Fund balances (deficits) - end of year	\$ 58,588	\$ (332,800)	\$ (284,442)	\$ 345,709	\$ 19,020

Special Revenue		Capital Projects		Total
Economic Development Sales Tax	Public Safety Sales tax	Park Projects	Disaster Recovery	Governmental Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,046,859
-	-	-	-	500,000
89,476	223,691	-	-	1,275,037
-	-	-	-	273,756
-	-	-	-	275,648
-	-	-	-	6,305
3,135	193	-	14	8,062
-	-	-	-	398,891
-	-	-	2	24,552
-	-	-	880	40,268
92,611	223,884	-	896	3,849,378
-	53,992	-	-	2,026,255
-	-	-	-	466,227
-	-	-	-	146,847
-	-	30,000	-	647,314
-	-	-	12,337	811,759
-	53,992	30,000	12,337	4,098,402
92,611	169,892	(30,000)	(11,441)	(249,024)
-	-	-	-	124,400
-	(100,000)	-	-	(815,940)
-	(100,000)	-	-	(691,540)
92,611	69,892	(30,000)	(11,441)	(940,564)
215,823	456,859	30,023	139,040	5,516,303
\$ 308,434	\$ 526,751	\$ 23	\$ 127,599	\$ 4,575,739

CITY OF SOUTH SIOUX CITY, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
Agency Funds
For the Year Ended September 30, 2016

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<u>FLEX</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 21,870	\$ 52,508	\$ 42,720	\$ 31,658
Total Assets	21,870	52,508	42,720	31,658
<u>Liabilities</u>				
Other Payables	21,870	52,508	42,720	31,658
Total Liabilities	21,870	52,508	42,720	31,658
<u>COMMUNITY FOUNDATION</u>				
<u>Assets</u>				
Cash and Cash Equivalents	105,132	187,558	194,598	98,092
Investments	73,703	134	-	73,837
Total Assets	178,835	187,692	194,598	171,929
<u>Liabilities</u>				
Other Payables	178,835	187,692	194,598	171,929
Total Liabilities	178,835	187,692	194,598	171,929
<u>FREEDOM PARK</u>				
<u>Assets</u>				
Cash and Cash Equivalents	305,703	42,851	17,994	330,560
Pledges Receivable	17,500	-	2,500	15,000
Total Assets	323,203	42,851	20,494	345,560
<u>Liabilities</u>				
Accounts Payable	9,225	8,619	17,844	-
Other Payables	313,978	34,232	2,650	345,560
Total Liabilities	323,203	42,851	20,494	345,560
<u>TOTALS</u>				
<u>Assets</u>				
Cash and Cash Equivalents	432,705	282,917	255,312	460,310
Investments	73,703	134	-	73,837
Pledges Receivable	17,500	-	2,500	15,000
Total Assets	523,908	283,051	257,812	549,147
<u>Liabilities</u>				
Accounts Payable	9,225	8,619	17,844	-
Other Payables	514,683	274,432	239,968	549,147
Total Liabilities	\$ 523,908	\$ 283,051	\$ 257,812	\$ 549,147

CITY OF SOUTH SIOUX CITY, NEBRASKA
Combining Departmental Schedule of Revenues, Expenses and Changes in Net Position
Combined Utilities
For the Year Ended September 30, 2016
With Comparative Totals for the Year Ended September 30, 2015

	Electric	Water
Revenues:		
Charges for Services	\$ 20,993,253	\$ 1,947,316
Expenses:		
Production:		
Purchased Power and Services	14,827,205	114,655
Operation and Maintenance:		
Operating Supplies	127,866	518,049
Franchise Fees	774,596	71,851
Repairs and Maintenance	63,872	202,778
	966,334	792,678
General Expenses:		
Personnel Services	201,309	348,116
Professional and Schooling	86,605	5,374
Contract Services	111,711	16,696
Engineering Services	-	1,875
Communications	2,535	2,655
Advertising and Publications	132	989
Public Relations	-	-
Postage & Freight	25	1,275
Dues & Subscriptions	100	750
Insurance	40,858	40,213
Utilities	-	939
Transportation and Fuel	1,648	6,931
Miscellaneous	60,767	4,324
Office Supplies	2,237	2,140
Bad Debt Expense	-	-
Equipment Rental	-	-
	507,927	432,277
Total Operating Expense Before Depreciation	16,301,466	1,339,610
Operating Income (Loss) Before Depreciation and Amortization	4,691,787	607,706
Less: Depreciation	1,191,991	323,294
Amortization	-	-
Operating Income (Loss)	\$ 3,499,796	\$ 284,412

Sewer	Sanitation	General and Administrative Expenses	Totals	
			2016	2015
\$ 3,372,507	\$ 739,438	\$ 127,835	\$ 27,180,349	\$ 26,178,613
1,674,842	709,131	-	17,325,833	16,637,043
263,614	-	73,168	982,697	878,821
124,437	27,283	4,716	1,002,883	1,036,411
77,926	8,133	68,617	421,326	509,537
465,977	35,416	146,501	2,406,906	2,424,769
352,286	-	926,157	1,827,868	1,831,814
5,154	640	97,275	195,048	286,797
11,102	-	428,515	568,024	536,240
7,318	-	-	9,193	6,528
2,224	-	17,951	25,365	23,973
58	-	67,341	68,520	70,104
-	-	2,722	2,722	5,168
165	-	51,605	53,070	52,331
30	-	47,960	48,840	35,930
27,114	30,307	42,612	181,104	165,873
788	-	1,252	2,979	4,209
6,988	19,370	1,949	36,886	48,794
4,234	380	32,114	101,819	123,952
651	58	11,941	17,027	13,908
-	-	58,915	58,915	78,789
-	-	1,280	1,280	3,096
418,112	50,755	1,789,589	3,198,660	3,287,506
2,558,931	795,302	1,936,090	22,931,399	22,349,318
813,576	(55,864)	(1,808,255)	4,248,950	3,829,295
322,135	-	468,811	2,306,231	2,058,265
-	-	8,956	8,956	8,956
\$ 491,441	\$ (55,864)	\$ (2,286,022)	\$ 1,933,763	\$ 1,762,074

(Continued)

CITY OF SOUTH SIOUX CITY, NEBRASKA
Combining Departmental Schedule of Revenues, Expenses and Changes in Net Position
Combined Utilities
For the Year Ended September 30, 2016
With Comparative Totals for the Year Ended September 30, 2015

(Continued)

	Totals	
	2016	2015
Nonoperating Revenues (Expense):		
Interest Income	\$ 6,909	\$ -
Finance Charge	53,496	53,184
Gain on Disposal of Equipment	-	69,840
Intergovernmental Revenue	2,275,960	570,370
Rental Income	22	8,322
Miscellaneous Revenue	309,760	144,792
Interest Expense	(917,086)	(989,167)
Total Nonoperating Income (Expense)	1,729,061	(142,659)
Income before contributions and transfers	3,662,824	(142,659)
Capital Contributions	-	2,303,929
Transfers In (Out)	(138,815)	(116,068)
Change in Net Position	3,524,009	2,045,202
Net Position at Beginning of Year	33,379,221	29,570,556
Net Position at End of Year	\$ 36,903,230	\$ 31,615,758

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF NET POSITION
Discretely Presented Component Unit
Community Development Agency
SEPTEMBER 30, 2016

	CDA
Assets	
Cash and Cash Equivalents	\$ 13,875
Investments	3,150,039
Receivables (net, where applicable, of allowance for uncollectibles)	
Accounts	78,714
Notes Receivable	217,801
Land Held for Resale, At Cost	3,903,007
Land	2,205
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	50,577
Total Assets	<u><u>7,416,218</u></u>
Liabilities	
Accrued Interest Payable	3,058
Notes Payable	3,307,667
Total Liabilities	<u><u>3,310,725</u></u>
Net Position	
Investment in Capital Assets	52,782
Unrestricted	4,052,711
Total Net Position	<u><u>\$ 4,105,493</u></u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF ACTIVITIES
Discretely Presented Component Unit
Community Development Agency
For the Year Ended September 30, 2016

	CDA
Revenues:	
Gain on Sale of Land	
Interest	\$ 254,985
Rental Income	70,453
Miscellaneous	23,604
Total Revenue	<u>349,042</u>
Expenses:	
Community Development	319,265
Depreciation	1,664
Total Expenses	<u>320,929</u>
Net Change in Net Position	28,113
Net Position - beginning of year	<u>4,077,380</u>
Net Position - end of year	<u><u>\$ 4,105,493</u></u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS
For the Year Ended September 30, 2016

	Capital Improvement Sales Tax			Library			Fire		
	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
Revenue:									
Taxes	\$ 866,475	\$ 973,956	\$ 107,481	\$ 382,920	\$ 357,431	\$ (25,489)	\$ 181,180	\$ 122,941	\$ (58,239)
Other Taxes	-	-	-	-	-	-	150,000	150,000	-
Intergovernmental	82,500	-	(82,500)	20,000	43,071	23,071	110,000	149,434	39,434
Charges for Services	-	-	-	-	-	-	-	229,127	229,127
Fines and Forfeits	-	-	-	-	6,305	6,305	-	-	-
Interest on Investments	-	703	703	-	-	-	-	270	270
Rental Income	-	-	-	-	18,617	18,617	-	-	-
Contributions	-	-	-	-	150	150	-	-	-
Miscellaneous	100	-	(100)	70,650	8,747	(61,903)	187,000	28,168	(158,832)
Total Revenue	949,075	974,659	25,584	473,570	434,321	(39,249)	628,180	679,940	51,760
Expenditures:									
Public Safety	-	130,099	(130,099)	-	-	-	790,298	751,260	39,038
Culture and Recreation	263,590	31,198	232,392	473,570	430,262	43,308	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Capital Projects	1,042,000	-	1,042,000	-	-	-	369,000	-	369,000
Debt Service	28,000	350,280	(322,280)	-	-	-	-	-	-
Total Expenditures	1,333,590	511,577	822,013	473,570	430,262	43,308	1,159,298	751,260	408,038
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(384,515)	463,082	847,597	-	4,059	4,059	(531,118)	(71,320)	459,798
Other financing sources (uses):									
Issuance of Debt	-	-	-	-	-	-	149,434	-	(149,434)
Transfers In	-	-	-	-	-	-	100,000	100,000	-
Transfers Out	-	(300,000)	(300,000)	-	-	-	-	-	-
Total other financing sources (uses)	-	(300,000)	(300,000)	-	-	-	249,434	100,000	(149,434)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (384,515)	163,082	\$ 547,597	\$ -	4,059	\$ 4,059	\$ (281,684)	28,680	\$ 310,364
Fund balances - beginning of year		974,385			54,452			466,221	
Fund balances - end of year		<u>\$1,137,467</u>			<u>\$ 58,511</u>			<u>\$ 494,901</u>	

All America City TIF			County/LEC Sales Tax			Roth TIF		
Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
\$ 357,825	\$ 335,145	\$ (22,680)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,500	269	(1,231)	-	296	296	-	72	72
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	24,400	24,400	-	-	-	-
359,325	335,414	(23,911)	24,400	24,696	296	-	72	72
-	-	-	550,000	694,431	(144,431)	200,000	-	200,000
-	-	-	-	-	-	-	-	-
520,600	240	520,360	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
188,962	188,511	451	-	-	-	-	-	-
709,562	188,751	520,811	550,000	694,431	(144,431)	200,000	-	200,000
(350,237)	146,663	496,900	(525,600)	(669,735)	(144,135)	(200,000)	72	200,072
-	-	-	-	-	-	200,000	-	(200,000)
-	-	-	24,400	24,400	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	24,400	24,400	-	200,000	-	(200,000)
<u>\$ (350,237)</u>	<u>146,663</u>	<u>\$ 496,900</u>	<u>\$(501,200)</u>	<u>(645,335)</u>	<u>\$(144,135)</u>	<u>\$ -</u>	<u>72</u>	<u>\$ 72</u>
	<u>360,060</u>			<u>571,620</u>				
	<u>\$ 506,723</u>			<u>\$ (73,715)</u>			<u>\$ 72</u>	

CITY OF SOUTH SIOUX CITY, NEBRASKA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET

AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS - (Continued)

For the Year Ended September 30, 2016

	Revolving Loan			Riverfront TIF			Westside TIF		
	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
Revenue:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	250,000	-	(250,000)	-	-	-	-	-	-
Interest on Investments	-	1,595	1,595	-	34	34	50	15	(35)
Rental Income	-	-	-	-	-	-	375,968	361,020	(14,948)
Miscellaneous	-	32,436	32,436	8,000	8,000	-	-	2,473	2,473
Total Revenue	250,000	34,031	(215,969)	8,000	8,034	34	376,018	363,508	(12,510)
Expenditures:									
Community Development	250,000	30,000	220,000	42,000	902	41,098	333,113	134,103	199,010
Capital Projects	-	-	-	-	-	-	-	-	-
Total Expenditures	250,000	30,000	220,000	42,000	902	41,098	333,113	134,103	199,010
Excess (deficiency) of revenues over expenditures	-	4,031	4,031	(34,000)	7,132	41,132	42,905	229,405	186,500
Other financing sources (uses):									
Issuance of Debt	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	(99,663)	(99,663)
Total other financing sources (uses)	-	-	-	-	-	-	-	(99,663)	(99,663)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	4,031	\$ 4,031	\$ (34,000)	7,132	\$ 41,132	\$ 42,905	129,742	\$ 86,837
Fund balances (deficits) - beginning of year		6,533			37,303			(102,677)	
Fund balances (deficits) - end of year		\$ 10,564			\$ 44,435			\$ 27,065	

Downtown BID TIF			W 25th - W 29th TIF			W 29th & Hwy 77th TIF		
Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ 99,967	\$ 61,530	\$ (38,437)	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
50	84	14	-	1,138	1,138	-	-	-
5,160	4,380	(780)	-	-	-	-	-	-
-	-	-	4,700	3,698	(1,002)	-	-	-
5,210	4,444	(766)	104,667	66,366	(38,301)	-	-	-
62,000	11,602	50,398	27,799	138,780	(110,981)	815,000	-	815,000
-	-	-	-	-	-	-	82,869	(82,869)
62,000	11,602	50,398	27,799	138,780	(110,981)	815,000	82,869	732,131
(56,790)	(7,158)	49,632	76,868	(72,414)	(149,282)	(815,000)	(82,869)	732,131
-	-	-	-	-	-	815,000	-	(815,000)
-	-	-	(103,000)	-	103,000	-	-	-
-	-	-	(103,000)	-	103,000	815,000	-	(815,000)
<u>\$ (56,790)</u>	<u>(7,158)</u>	<u>\$ 49,632</u>	<u>\$ (26,132)</u>	<u>(72,414)</u>	<u>\$ (46,282)</u>	<u>\$ -</u>	<u>(82,869)</u>	<u>\$ (82,869)</u>
	70,892			139,893			-	
	<u>\$ 63,734</u>			<u>\$ 67,479</u>			<u>\$ (82,869)</u>	

CITY OF SOUTH SIOUX CITY, NEBRASKA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS - (Continued)

For the Year Ended September 30, 2016

	Police Pension			Wireless 911 Fund			Economic Development Sales Tax		
	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
Revenue:									
Taxes	\$ 149,850	\$ 140,132	\$ (9,718)	\$ -	\$ -	\$ -	\$ 84,600	\$ 90,601	\$ 6,001
Intergovernmental	3,500	3,168	(332)	69,491	75,866	6,375	-	-	-
Interest on Investments	-	344	344	-	42	42	-	77	77
Total Revenue	153,350	143,644	(9,706)	69,491	75,908	6,417	84,600	90,678	6,078
Expenditures:									
Public Safety	626,175	318,604	307,571	140,280	61,226	79,054	-	-	-
Community Development	-	-	-	-	-	-	138,514	157,014	(18,500)
Total Expenditures	626,175	318,604	307,571	140,280	61,226	79,054	138,514	157,014	(18,500)
Excess (deficiency) of revenues over expenditures	(472,825)	(174,960)	297,865	(70,789)	14,682	85,471	(53,914)	(66,336)	(12,422)
Other financing sources (uses):									
Issuance of Debt	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	(69,491)	(69,491)	-	-	-
Total other financing sources (uses)	-	-	-	-	(69,491)	(69,491)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (472,825)</u>	<u>(174,960)</u>	<u>\$ 297,865</u>	<u>\$ (70,789)</u>	<u>(54,809)</u>	<u>\$ 15,980</u>	<u>\$ (53,914)</u>	<u>(66,336)</u>	<u>\$ (12,422)</u>
Fund balances - beginning of year		497,455			73,829			198,914	
Fund balances - end of year		<u>\$ 322,495</u>			<u>\$ 19,020</u>			<u>\$ 132,578</u>	

Public Safety Sales Tax		
Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
\$ 209,610	\$ 226,502	\$ 16,892
-	-	-
-	193	193
209,610	226,695	17,085
2,234,610	53,992	2,180,618
-	-	-
2,234,610	53,992	2,180,618
(2,025,000)	172,703	2,197,703
2,100,000	-	(2,100,000)
(75,000)	(100,000)	(25,000)
2,025,000	(100,000)	(2,125,000)
\$ -	72,703	\$ 72,703

414,587

\$ 487,290

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, DEBT SERVICE FUND - BUDGETARY BASIS
For the Year Ended September 30, 2016

	Debt Service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 100	\$ -	\$ (100)
Other Taxes	350,000	350,000	-
Interest on Investments	-	480	480
Total Revenue	350,100	350,480	380
Expenditures:			
Debt Service	497,066	254,760	242,306
Total Expenditures	497,066	254,760	242,306
Excess (deficiency) of revenues over expenditures	(146,966)	95,720	242,686
Other financing sources (uses):			
Transfers Out	-	(246,786)	(246,786)
Total other financing sources (uses)	-	(246,786)	(246,786)
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ (146,966)</u>	<u>(151,066)</u>	<u>\$ (4,100)</u>
Fund balances - beginning of year		<u>711,754</u>	
Fund balances - end of year		<u>\$ 560,688</u>	

CITY OF SOUTH SIOUX CITY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, CAPITAL PROJECT FUNDS - BUDGETARY BASIS
For the Year Ended September 30, 2016

	Street Projects			Park Projects		
	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
Revenue:						
Other Taxes	\$ 1,294,272	\$ 1,307,069	\$ 12,797	\$ -	\$ -	\$ -
Special Assessments	10,000	5,003	(4,997)	-	-	-
Intergovernmental	482,704	389,407	(93,297)	-	30,000	30,000
Interest on Investments	-	739	739	-	-	-
Miscellaneous	416,612	180,692	(235,920)	500,000	-	(500,000)
Total Revenue	<u>2,203,588</u>	<u>1,882,910</u>	<u>(320,678)</u>	<u>500,000</u>	<u>30,000</u>	<u>(470,000)</u>
Expenditures:						
Capital Projects	1,162,250	1,014,109	148,141	500,000	30,000	470,000
Debt Service	-	339,750	(339,750)	-	-	-
Total Expenditures	<u>1,162,250</u>	<u>1,353,859</u>	<u>(191,609)</u>	<u>500,000</u>	<u>30,000</u>	<u>470,000</u>
Excess (deficiency) of revenues over expenditures	<u>1,041,338</u>	<u>529,051</u>	<u>(512,287)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Issuance of Debt	-	-	-	-	-	-
Transfers In	50,000	-	(50,000)	-	-	-
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and and other financing sources over expenditures and other financing uses	<u>\$ 1,091,338</u>	<u>529,051</u>	<u>\$ (562,287)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances (deficits) - beginning of year		<u>(939,562)</u>			<u>23</u>	
Fund balances (deficits) - end of year		<u>\$ (410,511)</u>			<u>\$ 23</u>	

Miscellaneous Projects		
Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
57,886	4,478,383	4,420,497
-	22,693	22,693
2,223,359	-	(2,223,359)
2,281,245	4,501,076	2,219,831
<hr/>		
6,495,797	1,306,214	5,189,583
-	508,308	(508,308)
6,495,797	1,814,522	4,681,275
<hr/>		
(4,214,552)	2,686,554	6,901,106
<hr/>		
2,182,360	-	(2,182,360)
1,685,264	485,264	(1,200,000)
3,867,624	485,264	(3,382,360)

\$ (346,928) 3,171,818 \$ 3,518,746

242,619

\$3,414,437

Disaster Recovery		
Budgeted Original & Final	Actual	Variance With Final Budget Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	14	14
-	882	882
-	896	896
<hr/>		
105,288	-	105,288
13,812	12,337	1,475
119,100	12,337	106,763
<hr/>		
(119,100)	(11,441)	107,659
<hr/>		
-	-	-
-	-	-
-	-	-

\$ (119,100) (11,441) \$ 107,659

139,040

\$ 127,599

CITY OF SOUTH SIOUX CITY STATISTICAL SECTION

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

Contents:	Pages
Financial Trends	86 – 95
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	96 – 101
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	102 – 106
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.	
Demographic and Economic Information	107 – 108
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	109 – 111
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.	

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

CITY OF SOUTH SIOUX CITY, NEBRASKA
Government-Wide Net Position by Component (1)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	\$ 37,834,491	\$ 40,357,802	\$ 41,941,598	\$ 41,438,515
Restricted	756,387	691,489	690,695	720,076
Unrestricted	3,805,322	4,067,506	4,491,397	5,089,416
Total Governmental Activities				
Net Position	<u>\$ 42,396,200</u>	<u>\$ 45,116,797</u>	<u>\$ 47,123,690</u>	<u>\$ 47,248,007</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 20,479,413	\$ 21,222,615	\$ 21,501,716	\$ 21,010,547
Restricted	558,925	1,907,857	1,817,360	1,958,461
Unrestricted	2,560,592	1,479,063	1,304,437	3,584,974
Total Business-type Activities				
Net Position	<u>\$ 23,598,930</u>	<u>\$ 24,609,535</u>	<u>\$ 24,623,513</u>	<u>\$ 26,553,982</u>
Primary Government				
Net Investment in Capital Assets	\$ 58,313,904	\$ 61,580,417	\$ 63,443,314	\$ 62,449,062
Restricted	1,315,312	2,599,346	2,508,055	2,678,537
Unrestricted	6,365,914	5,546,569	5,795,834	8,674,390
Total Primary Government				
Net Position	<u>\$ 65,995,130</u>	<u>\$ 69,726,332</u>	<u>\$ 71,747,203</u>	<u>\$ 73,801,989</u>

Notes:

(1) - Accounting standards require that Net Position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net Position are considered restricted only when (1) an external party, such as the State of Nebraska or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.

Table 1

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 41,456,701	\$ 42,575,671	\$ 44,163,559	\$ 44,949,843	\$ 44,120,192	\$ 45,731,034
3,668,635	3,086,769	3,789,008	4,313,080	6,235,742	5,470,959
4,861,508	1,810,420	(1,711,297)	1,912,622	2,486,937	2,472,291
<u>\$ 49,986,844</u>	<u>\$ 47,472,860</u>	<u>\$ 46,241,270</u>	<u>\$ 51,175,545</u>	<u>\$ 52,842,871</u>	<u>\$ 53,674,284</u>
\$ 21,585,294	\$ 22,690,352	\$ 22,881,209	\$ 22,814,409	\$ 22,167,832	\$ 26,452,083
1,518,641	1,493,462	1,502,478	1,498,908	1,720,568	1,926,965
4,007,096	4,262,977	5,161,138	5,257,239	9,490,821	8,524,182
<u>\$ 27,111,031</u>	<u>\$ 28,446,791</u>	<u>\$ 29,544,825</u>	<u>\$ 29,570,556</u>	<u>\$ 33,379,221</u>	<u>\$ 36,903,230</u>
\$ 63,041,995	\$ 65,266,023	\$ 67,044,768	\$ 67,764,252	\$ 66,288,024	\$ 72,183,117
5,187,276	4,580,231	5,291,486	5,811,988	7,956,310	7,397,924
8,868,604	6,073,397	3,449,841	7,169,861	11,977,758	10,996,473
<u>\$ 77,097,875</u>	<u>\$ 75,919,651</u>	<u>\$ 75,786,095</u>	<u>\$ 80,746,101</u>	<u>\$ 86,222,092</u>	<u>\$ 90,577,514</u>

Table 2

CITY OF SOUTH SIOUX CITY, NEBRASKA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General Government	\$ 711,128	\$ 705,519	\$ 923,899	\$ 932,337	\$ 727,856	\$ 876,351	\$ 952,910	\$ 1,283,575	\$ 1,051,286	\$ 1,024,702
Public Safety	4,422,085	4,545,329	4,872,895	4,951,301	5,133,935	5,102,092	5,187,227	4,712,983	4,833,129	5,167,519
Public Works	2,842,243	2,478,317	2,855,989	2,965,546	3,975,351	6,587,235	6,809,425	3,027,764	3,416,128	3,595,873
Culture and Recreation	1,947,826	852,935	872,533	910,584	908,473	1,014,881	1,129,815	1,001,065	1,011,111	1,258,206
Community Development	353,854	434,973	699,304	193,115	502,237	3,114,698	269,039	858,526	901,548	170,215
Debt Service	374,480	321,740	317,070	261,427	348,268	332,187	401,559	369,476	333,568	289,436
Total Governmental Activities Expenses	10,451,626	9,338,813	10,541,690	10,214,310	11,596,120	17,027,444	14,749,975	11,253,389	11,546,770	11,505,951
Business-Type Activities										
Electric	10,877,656	12,294,696	13,720,664	14,542,110	15,759,427	15,564,695	15,743,218	15,629,694	17,120,714	17,493,457
Water	1,101,195	1,321,286	1,518,302	1,385,667	1,307,995	1,456,586	1,408,012	1,493,998	1,556,701	1,662,904
Sewer	1,479,678	1,669,176	1,852,695	2,080,755	2,536,757	2,426,233	2,805,745	4,026,362	2,839,222	2,881,066
Sanitation	504,152	527,665	579,119	577,579	590,772	589,847	739,951	754,921	704,485	795,302
Utility Administration	2,502,935	2,666,069	2,984,647	3,140,839	3,219,286	3,099,146	3,014,275	3,195,808	3,183,195	3,330,943
Total Business-Type Activities	16,465,617	18,479,092	20,655,427	21,726,950	23,414,237	23,116,707	23,711,201	25,100,583	25,404,317	26,163,672
Total Primary Government Expenses	\$ 26,917,243	\$ 27,817,905	\$ 31,197,117	\$ 31,941,260	\$ 35,010,357	\$ 40,144,151	\$ 38,461,176	\$ 36,353,972	\$ 36,951,087	\$ 37,669,623
Program Revenues (See Table 3)										
Governmental Activities:										
Charges for Services	\$ 69,144	\$ 230,636	\$ 141,078	\$ 140,665	\$ 158,271	\$ 147,203	\$ 158,299	\$ 195,655	\$ 201,999	\$ 183,379
General Government	395,539	756,306	753,742	757,967	712,432	745,351	785,384	867,923	777,862	1,005,952
Public Safety	-	-	-	-	-	97,478	124,504	2,854	335,160	-
Public Works	293,725	308,720	261,183	269,796	117,806	211,804	297,599	463,127	596,580	736,767
Culture and Recreation	271,480	248,880	400,371	387,357	338,462	360,764	389,494	379,964	382,751	380,274
Community Development	1,698,799	1,436,765	2,551,298	1,647,771	3,571,744	4,369,300	2,970,960	2,505,853	2,890,942	2,858,256
Operating Grants & Contributions	274,634	1,795,019	1,293,036	487,052	2,449,875	1,608,781	1,249,942	3,044,740	2,028,791	580,212
Capital Grants & Contributions										
Total Governmental Activities	3,003,321	4,776,326	5,400,708	3,690,608	7,348,590	7,540,681	5,976,182	7,460,116	7,214,085	5,744,840
Business-Type Activities:										
Charges for Services:										
Electric	13,520,781	14,626,198	15,452,390	16,541,380	17,702,209	18,047,853	18,697,162	19,304,632	20,212,014	20,993,253
Water	1,364,646	1,464,886	1,481,604	1,544,196	1,574,491	1,768,567	1,819,944	1,813,087	1,875,637	1,947,316
Sewer	2,009,301	2,273,769	2,616,106	2,727,691	2,995,693	3,231,468	3,282,236	3,151,623	3,301,613	3,372,507
Sanitation	567,773	565,929	582,524	585,872	607,487	617,193	653,644	681,405	706,228	739,438
Utility Administration	77,768	62,628	140,388	86,145	79,762	58,339	63,592	221,912	91,443	127,857
Operating Grants & Contributions	25,000	-	-	-	-	133,922	-	-	-	-
Capital Grants & Contributions	1,138,545	1,212,522	133,247	1,493,520	345,797	282,735	269,026	104,335	-	1,828,578
Total Business-Type Activities	18,703,814	20,205,932	20,406,259	22,978,794	23,305,439	24,120,077	24,685,604	25,276,994	26,186,935	29,008,949
Program Revenues	\$ 21,707,135	\$ 24,982,258	\$ 25,806,967	\$ 26,669,402	\$ 30,654,029	\$ 31,660,758	\$ 30,661,786	\$ 32,737,110	\$ 33,401,020	\$ 34,753,789

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue (1)										
Governmental Activities	\$ (7,448,305)	\$ (4,562,487)	\$ (5,140,982)	\$ (6,523,702)	\$ (4,247,530)	\$ (9,486,763)	\$ (8,773,793)	\$ (3,793,273)	\$ (4,332,685)	\$ (5,761,111)
Business-Type Activities	2,238,197	1,726,840	(249,168)	1,251,844	(108,798)	1,003,370	974,403	176,411	782,618	2,845,277
Total Primary Government	\$ (5,210,108)	\$ (2,835,647)	\$ (5,390,150)	\$ (5,271,858)	\$ (4,356,328)	\$ (8,483,393)	\$ (7,799,390)	\$ (3,616,862)	\$ (3,550,067)	\$ (2,915,834)
Net Expense										

General Revenues and Other Changes in Net Position

Governmental Activities:										
Taxes:										
Property Tax	\$ 2,300,212	\$ 2,635,368	\$ 2,681,577	\$ 2,729,448	\$ 2,808,284	\$ 2,867,892	\$ 3,059,981	\$ 2,927,524	\$ 3,089,213	\$ 2,882,495
Franchise Tax	-	-	-	-	-	-	1,295,700	1,347,767	1,398,201	1,337,332
Sales Tax	2,384,408	2,269,049	2,636,373	2,399,746	2,509,541	2,218,953	2,621,213	2,669,265	2,701,550	2,582,106
Occupation Tax	-	-	-	-	-	-	48,238	46,557	27,239	28,676
Other Taxes	1,036,955	1,147,114	1,225,876	1,239,407	1,382,146	1,330,663	-	-	-	-
Interest	206,095	147,382	37,922	31,712	19,754	7,007	11,879	11,857	23,546	38,277
Unrestricted Intergovernmental	328,551	358,084	431,952	417,070	457,375	536,486	579,342	626,630	795,284	791,903
Unrestricted Lottery Revenue	79,099	69,424	89,354	62,553	50,068	55,905	56,386	69,039	78,260	96,682
Gain on Sale of Assets	78,568	8,240	-	83,375	670	-	1,000	4,430	-	7,490
Miscellaneous	82,135	74,619	160,811	136,994	65,220	53,519	184,300	226,167	74,579	252,920
Transfers	-	804,830	(115,590)	(452,286)	(306,691)	(97,646)	(181,371)	669,279	(2,187,861)	138,815
Total Governmental Activities	\$ 6,496,023	\$ 7,514,110	\$ 7,147,875	\$ 6,648,019	\$ 6,986,367	\$ 6,972,779	\$ 7,696,668	\$ 8,598,515	\$ 6,000,011	\$ 8,156,696
Business Type of Activities:										
Taxes:										
Sales Tax	-	-	-	-	-	-	\$ 126,976	\$ 472,593	\$ 570,370	\$ 447,382
Interest	5,683	35,250	8,081	902	-	254	1,530	324	-	6,909
Finance Charges	39,067	41,406	40,813	56,938	59,054	55,157	59,136	62,031	53,184	53,496
Gain on Sale of Assets	-	-	-	-	6,185	-	3,500	-	69,840	-
Contributed Capital Revenue	-	-	-	-	-	-	-	-	-	-
Miscellaneous	89,329	103,634	98,662	168,499	293,917	179,333	86,217	112,684	144,792	309,760
Transfers	-	(804,830)	115,590	452,286	306,691	97,646	181,371	(669,279)	2,187,861	(138,815)
Total Business-Type Activities	134,079	(624,540)	263,146	678,625	665,847	332,390	438,730	(21,847)	3,026,047	678,732
Total Primary Government	\$ 6,630,102	\$ 6,889,570	\$ 7,411,021	\$ 7,326,644	\$ 7,652,214	\$ 7,305,169	\$ 8,135,398	\$ 8,576,668	\$ 9,026,058	\$ 8,835,428

Change in Net Position

Governmental Activities	\$ (952,282)	\$ 2,951,623	\$ 2,006,893	\$ 124,317	\$ 2,738,837	\$ (2,513,984)	\$ (1,077,125)	\$ 4,805,242	\$ 1,667,326	\$ 2,395,585
Business-Type Activities	2,372,276	1,102,300	13,978	1,930,469	557,049	1,335,760	1,413,133	154,764	3,808,665	3,524,009
Total Primary Government	\$ 1,419,994	\$ 4,053,923	\$ 2,020,871	\$ 2,054,786	\$ 3,295,886	\$ (1,178,224)	\$ 336,008	\$ 4,960,006	\$ 5,475,991	\$ 5,919,594

Notes:

(1) - Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Program Revenues by Function
Last Ten Fiscal Years
(accrual basis of accounting)

Function	Program Revenues			
	2007	2008	2009	2010
Governmental Activities:				
General Government	\$ 235,023	\$ 248,586	\$ 166,510	\$ 162,090
Public Safety	993,039	1,069,359	1,417,210	1,207,182
Public Works	1,002,408	2,730,998	2,063,737	1,420,127
Culture and Recreation	468,880	409,230	483,083	458,852
Community Development	303,971	318,153	1,270,168	442,357
Subtotal Governmental Activities	3,003,321	4,776,326	5,400,708	3,690,608
Business-type Activities				
Electric	13,896,173	14,991,995	15,514,757	16,541,380
Water	2,029,495	1,501,808	1,543,074	1,544,196
Sewer	2,132,605	3,083,572	2,616,106	4,221,201
Sanitation	567,773	565,929	582,524	585,872
Utility Administration	77,768	62,628	149,798	86,145
Subtotal Business-type Activities	18,703,814	20,205,932	20,406,259	22,978,794
Total Primary Government	\$ 21,707,135	\$ 24,982,258	\$ 25,806,967	\$ 26,669,402

Table 3

Program Revenues					
2011	2012	2013	2014	2015	2016
\$ 180,346	\$ 167,203	\$ 178,299	\$ 197,116	\$ 204,504	\$ 183,379
1,191,562	1,244,574	1,322,378	1,356,860	1,167,996	1,163,602
5,366,625	5,267,865	3,159,552	4,269,992	3,541,227	3,003,934
261,595	301,180	815,206	813,260	864,408	936,957
348,462	559,859	500,747	822,888	1,435,950	456,968
7,348,590	7,540,681	5,976,182	7,460,116	7,214,085	5,744,840
17,702,209	18,047,853	18,597,162	19,304,632	20,212,014	20,993,253
1,574,491	1,902,489	1,819,944	1,813,087	1,875,637	1,947,316
3,341,490	3,494,203	3,321,618	3,155,976	3,301,613	5,201,085
607,487	617,193	653,644	681,405	706,228	739,438
79,762	58,339	293,236	321,894	91,443	127,857
23,305,439	24,120,077	24,685,604	25,276,994	26,186,935	29,008,949
\$ 30,654,029	\$ 31,660,758	\$ 30,661,786	\$ 32,737,110	\$ 33,401,020	\$ 34,753,789

CITY OF SOUTH SIOUX CITY, NEBRASKA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Reserved	\$ 9,500	\$ 145,461	\$ 145,461	\$ 245,091
Unreserved	1,536,434	1,787,431	2,268,807	1,830,242
Nonspendable (1)	-	-	-	-
Assigned (1)	-	-	-	-
Unassigned (1)	-	-	-	-
Total General Fund	<u>\$ 1,545,934</u>	<u>\$ 1,932,892</u>	<u>\$ 2,414,268</u>	<u>\$ 2,075,333</u>
All Other Governmental Funds				
Reserved	\$ 1,840,476	\$ 2,346,908	\$ 2,270,758	\$ 2,602,046
Unreserved, Reported in:				
Special Revenue Funds	2,358,153	2,219,885	2,109,223	1,694,262
Capital Project Funds	(1,048,200)	(1,595,089)	(1,580,325)	(765,719)
Nonspendable (1)	-	-	-	-
Restricted (1)	-	-	-	-
Committed (1)	-	-	-	-
Assigned (1)	-	-	-	-
Unassigned (1)	-	-	-	-
Total All Other Governmental Funds	<u>\$ 3,150,429</u>	<u>\$ 2,971,704</u>	<u>\$ 2,799,656</u>	<u>\$ 3,530,589</u>

(1) - The City implemented GASB 54 in fiscal 2011, which changed fund balance classifications for periods beginning after June 15, 2010.

Table 4

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
190,617	160,617	364,011	442,572	534,472	476,915
13,184	63,630	63,630	63,630	63,630	63,630
2,032,728	1,883,997	1,986,775	2,459,161	2,823,487	2,843,701
<u>\$ 2,236,529</u>	<u>\$ 2,108,244</u>	<u>\$ 2,414,416</u>	<u>\$ 2,965,363</u>	<u>\$ 3,421,589</u>	<u>\$ 3,384,246</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
3,619,000	930,380	888,908	1,048,837	980,826	822,769
2,763,773	2,536,073	3,603,078	4,486,054	5,412,973	4,707,267
292,250	8,132	-	-	-	-
741,163	752,048	2,158,141	1,318,278	139,040	127,599
(1,495,617)	(1,880,514)	(1,138,551)	(999,284)	(1,470,515)	(1,431,848)
<u>\$ 5,920,569</u>	<u>\$ 2,346,119</u>	<u>\$ 5,511,576</u>	<u>\$ 5,853,885</u>	<u>\$ 5,062,324</u>	<u>\$ 4,225,787</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal year				
	2007	2008	2009	2010	2011
Revenues					
Taxes	\$ 2,297,702	\$ 2,632,159	\$ 2,702,233	\$ 2,654,475	\$ 2,861,320
Franchise Taxes	-	-	-	-	-
Local Option Sales Taxes	-	-	-	-	-
Occupation Taxes	-	-	-	-	-
Other Taxes	3,421,363	3,416,163	3,862,249	3,639,153	3,891,687
Special Assessments	12,980	16,900	9,457	11,508	163
Licenses & Permits	1,599	4,206	3,555	1,897	9,945
Intergovernmental Revenue	2,627,877	3,293,363	4,686,314	2,903,260	6,908,118
Charges for Services	265,075	583,662	518,088	541,178	340,285
Fines and Forfeits	10,273	10,880	8,214	7,397	9,492
Sale of Land	34,784	-	-	83,375	670
Lottery Revenue	79,099	69,424	89,354	62,553	50,068
Interest	198,330	136,133	34,859	30,549	18,395
Rental Income	369,907	421,452	564,543	546,810	504,863
Contributions	27,141	26,608	45,299	44,755	8,265
Reimbursements	-	609,673	110,625	65,437	19,415
Miscellaneous	82,135	56,423	67,236	71,556	45,805
Total Revenue	9,428,265	11,277,046	12,702,026	10,663,903	14,668,491
Expenditures					
General Government	903,935	1,186,583	870,832	872,040	713,942
Public Safety	4,144,987	4,216,226	4,959,838	4,725,947	4,903,398
Public Works	845,088	856,016	689,803	1,213,055	961,805
Culture and Recreation	1,547,853	954,430	1,079,716	851,120	811,579
Community Development	719,002	1,260,382	755,832	281,440	544,246
Capital Projects	1,194,452	2,633,326	4,094,399	3,131,076	3,961,423
Debt Service:					
Principal	667,350	708,983	812,983	1,160,083	1,197,083
Interest	373,331	307,697	313,705	289,039	349,160
Total Expenditure	10,395,998	12,123,643	13,577,108	12,523,800	13,442,636
Excess (Deficiency) of Revenues over expenditures	(967,733)	(846,597)	(875,082)	(1,859,897)	1,225,855
Other Financing Sources (Uses)					
Proceeds from Debt Financing	1,835,000	250,000	1,300,000	2,500,000	1,400,000
Proceeds from Capital Lease	-	-	-	-	-
Sale of Capital Assets	70,000	-	-	-	-
Bond Refunding Payments	(1,555,000)	-	-	-	-
Transfers In	137,234	945,439	-	274,806	505,900
Transfers Out	(137,234)	(140,609)	(115,590)	(522,911)	(786,340)
Total Other Financing Sources (Uses)	350,000	1,054,830	1,184,410	2,251,895	1,119,560
Net Change in Fund Balances	\$ (617,733)	\$ 208,233	\$ 309,328	\$ 391,998	\$ 2,345,415
Debt Service as a Percentage of Noncapital Expenditures	12.61%	13.29%	13.24%	16.30%	15.09%

Table 5

Fiscal year				
2012	2013	2014	2015	2016
\$ 2,883,519	\$ 3,069,598	\$ 2,941,741	\$ 2,987,222	\$ 2,825,443
-	1,295,700	1,347,767	1,394,590	1,325,574
-	2,621,213	2,669,265	2,701,550	2,582,106
-	48,238	46,557	27,239	28,676
3,549,616	-	-	-	-
-	85,945	2,854	2,854	2,301
-	3,949	10,173	2,261	2,272
6,966,472	5,115,048	4,561,409	4,561,409	4,222,203
459,304	568,423	746,047	855,902	1,184,093
11,720	9,270	7,643	6,863	9,232
-	1,000	4,430	-	-
55,905	56,386	69,039	78,260	96,682
6,787	11,735	11,857	25,202	38,291
532,500	558,620	589,907	604,462	622,550
13,589	10,467	46,187	33,139	24,552
131,052	75,317	92,983	-	-
16,049	263,158	132,461	90,404	225,923
14,626,513	13,794,067	13,280,320	13,371,357	13,189,898
926,332	905,160	872,528	954,835	1,076,254
4,883,831	5,049,087	4,542,773	4,654,843	5,705,376
864,934	961,145	859,335	1,260,494	1,307,040
790,575	1,074,636	928,448	1,181,392	1,453,970
3,200,861	257,281	858,526	901,548	170,215
6,076,766	7,300,484	3,491,894	2,521,674	2,953,868
1,332,084	1,293,750	1,245,000	2,010,000	1,350,000
324,895	391,200	386,872	358,124	309,104
18,400,278	17,232,743	13,185,376	13,842,910	14,325,827
(3,773,765)	(3,438,676)	94,944	(471,553)	(1,135,929)
-	5,350,000	-	-	-
-	29,649	-	20,150	-
-	(11,758)	-	-	7,490
-	-	-	-	-
733,691	601,614	1,442,046	611,572	979,155
(831,337)	(762,985)	(772,767)	(495,504)	(840,340)
(97,646)	5,206,520	669,279	136,218	146,305
\$ (3,871,411)	\$ 1,767,844	\$ 764,223	\$ (335,335)	\$ (989,624)
10.63%	12.45%	21.56%	20.92%	14.59%

CITY OF SOUTH SIOUX CITY
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 6

Fiscal Year	Property Tax	Local Option Sales Tax	Franchise Taxes	Total Taxes
2007	\$ 2,297,702	\$ 2,384,408	\$ 1,036,955	\$ 5,719,065
2008	2,632,159	2,269,049	1,147,114	6,048,322
2009	2,702,233	2,636,373	1,225,876	6,564,482
2010	2,654,475	2,399,746	1,239,407	6,293,628
2011	2,861,320	2,509,542	1,382,145	6,753,007
2012	2,883,519	2,218,953	1,330,663	6,433,135
2013	3,069,598	2,621,213	1,295,700	6,986,511
2014	2,941,941	2,669,265	1,347,767	6,958,973
2015	2,987,222	2,701,550	1,394,590	7,083,362
2016	\$ 2,825,443	\$ 2,582,106	\$ 1,325,574	\$ 6,733,123
Percentage Change In Dollars Over 10 Years	22.97%	8.29%	27.83%	17.73%

CITY OF SOUTH SIOUX CITY, NEBRASKA

Table 7

Assessed Value and Estimated Actual Value of Taxable Property (1)
Last Ten Fiscal Years

FISCAL YEAR (2)	REAL PROPERTY		PERSONAL PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT TAX RATE
	RESIDENTIAL	COMMERCIAL			
2007	\$ 261,742,500	\$ 180,316,613	\$ 57,963,564	\$ 500,022,677	0.38879%
2008	271,828,750	186,048,939	47,523,153	505,400,842	0.39271%
2009	275,807,985	192,709,048	47,613,547	516,130,580	0.39588%
2010	275,437,165	198,940,836	74,191,064	548,569,065	0.38949%
2011	288,403,640	202,844,257	49,032,818	540,280,715	0.39912%
2012	289,719,805	209,345,230	52,164,993	551,230,028	0.39912%
2013	290,116,900	214,868,738	50,203,052	555,188,690	0.40432%
2014	290,113,900	225,552,624	43,724,636	559,391,160	0.40426%
2015	294,654,785	226,598,123	53,332,314	574,585,222	0.40427%
2016	\$ 311,662,095	\$ 226,813,758	\$ 57,596,006	\$ 596,071,859	0.39912%

(1) - Taxable property is assessed at 100% of its estimated actual value.

(2) - The assessed valuations are effective on September 1 of each year.

* Breakdown between residential and commercial real property is not available for years prior to 2007.

N/A - Not Available

Source: Dakota County Assessor's Office

CITY OF SOUTH SIOUX CITY, NEBRASKA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

	Fiscal Year			
	2007	2008	2009	2010
CITY OF SOUTH SIOUX CITY				
GENERAL FUND	\$ 0.28035	\$ 0.27905	\$ 0.27538	\$ 0.27358
DEBT SERVICE	0.00505	0.00500	0.00489	0.00456
POLICE RETIREMENT	0.02121	0.02498	0.02641	0.02506
FIRE	0.02950	0.03000	0.03092	0.03092
LIBRARY	0.05268	0.05368	0.05828	0.05538
TOTAL CITY OF SOUTH SIOUX CITY	<u>0.38879</u>	<u>0.39271</u>	<u>0.39588</u>	<u>0.38949</u>
OVERLAPPING RATES (2)				
DAKOTA COUNTY	0.48781	0.45010	0.42746	0.44342
SCHOOL DISTRICT NO 11	1.28295	1.27492	1.26996	1.26673
NORTHEAST TECH COMMUNITY COLLEGE	0.09042	0.08230	0.09000	0.09354
PAPIO MISSOURI NRD	0.03844	0.03485	0.03375	0.03276
AGRICULTURAL SOCIETY	0.01073	0.01040	0.01005	0.00953
EDUCATIONAL SERVICES UNIT #1	0.01680	0.01609	0.01600	0.01500
HISTORICAL SOCIETY	0.00196	0.00194	0.00190	0.00183
TOTAL OVERLAPPING RATES	<u>1.92911</u>	<u>1.87060</u>	<u>1.84911</u>	<u>1.86281</u>
TOTAL PROPERTY TAXES	\$ 2.31790	\$ 2.26331	\$ 2.24499	\$ 2.25231

(1) Tax rates are per \$100 of assessed valuation, and effective on September 1 of each year.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City of South Sioux City.

Table 8

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 0.27963	\$ 0.27632	\$ 0.28892	\$ 0.28344	\$ 0.28535	\$ 0.28085
0.00463	0.00454	-	-	-	-
0.02544	0.02541	0.02533	0.02536	0.02520	0.02480
0.03210	0.03500	0.03200	0.03150	0.03000	0.03000
0.05732	0.05786	0.05807	0.06397	0.06372	0.06347
<u>0.39912</u>	<u>0.39912</u>	<u>0.40432</u>	<u>0.40426</u>	<u>0.40427</u>	<u>0.39912</u>
0.44563	0.44974	0.44906	0.42291	0.36659	0.33181
1.26555	1.26376	1.20766	1.20359	1.20493	1.20560
0.09850	0.09525	0.09825	0.09930	0.09900	0.09535
0.03275	0.03275	0.03275	0.03275	0.03275	0.03803
0.00859	0.00826	0.00770	0.00693	0.00632	0.00602
0.01500	0.01500	0.01500	0.01500	0.01500	0.01500
0.00184	0.00182	0.00165	0.00157	0.00162	0.00164
<u>1.86785</u>	<u>1.86658</u>	<u>1.81207</u>	<u>1.78205</u>	<u>1.72621</u>	<u>1.69345</u>
\$ 2.26697	\$ 2.26570	\$ 2.21639	\$ 2.18631	\$ 2.13048	\$ 2.09257

CITY OF SOUTH SIOUX CITY, NEBRASKA
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 9

TAXPAYERS	2016			2007		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
BEEF PRODUCTS INC	\$ 23,816,239	1	4.04%	\$ 26,208,380	1	5.39%
RICHARDSON MILLING (AKA 21c)	20,221,410	2	3.43%	-		
CHS Inc (was Norfolk Building)	16,059,549	3	2.72%	-		
WAL-MART REALTY CO STORE 1332	9,074,775	4	1.54%	5,357,170	8	1.10%
GREAT WEST CASUALTY CO	7,428,120	5	1.26%	7,428,120	3	1.53%
IRET PROPERTIES	6,690,535	6	1.13%	7,038,360	5	1.45%
MONTEBELLO INCORPORATED	6,660,340	7	1.13%	6,523,685	6	1.34%
VBC OF NEBRASKA, INC.	5,504,185	8	0.93%	5,504,185	7	1.13%
LONG LINES SIOUXLAND LLC	5,463,348	9	0.93%	-		1.14%
CIOVIS ENERGY LLC	5,441,785	10	0.92%	-		
Dakota Cold Storage	-			12,139,838	2	2.50%
Conagra (21C) (now Richardson)	-			7,250,202	4	1.49%
PERKINS DELAWARE LLC	-			4,873,180	9	1.00%
GERKIN WINDOS AND DOORS	-			3,972,815	10	0.82%
Total	<u>\$ 106,360,286</u>		<u>18.03%</u>	<u>\$ 86,295,935</u>		<u>18.89%</u>

Source: Dakota County Assessor's Office.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Property Tax Levies and Collections (1)
Last Ten Fiscal Years

Table 10

Fiscal Year Ended Sep 30	Taxes Levied for Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 1,944,014	\$ 1,805,968	92.90%	\$ 116,577	\$ 1,922,545	98.90%
2008	1,984,740	1,850,932	93.26%	110,999	1,961,931	98.85%
2009	2,043,245	1,919,183	93.93%	102,509	2,021,692	98.95%
2010	2,136,637	1,912,062	89.49%	209,218	2,121,280	99.28%
2011	2,157,163	1,981,728	91.87%	152,454	2,134,182	98.93%
2012	2,199,128	1,882,131	85.59%	171,711	2,053,842	93.39%
2013	2,234,341	2,105,066	94.21%	111,822	2,216,888	99.22%
2014	2,271,901	2,046,175	90.06%	108,248	2,154,423	94.83%
2015	2,326,439	2,002,690	86.08%	319,325	2,322,015	99.81%
2016	\$ 2,403,744	\$ 1,668,114	69.40%	\$ -	\$ 1,668,114	69.40%

Source: Dakota County Treasurer, Dakota County, Nebraska

Notes:

(1) - GAAP Basis

(2) - Taxes levied & collected includes only real and personal property taxes received. Amounts exclude TIF and motor vehicle taxes received.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Capital Leases
	General Obligation Bonds	Notes Payable	Tax Increment Revenue Bonds	Bond Anticipation Notes		
2007	\$ 6,120,000	\$ 449,967	\$ 1,700,000	\$ -	\$ -	
2008	5,470,000	640,983	1,700,000	-	-	
2009	6,140,000	558,000	1,600,000	-	-	
2010	7,715,000	422,917	1,500,000	-	-	
2011	8,165,000	295,834	1,380,000	750,000	-	
2012	7,085,000	168,750	1,255,000	1,735,000	-	
2013	11,315,000	125,000	1,125,000	1,735,000	19,531	
2014	10,235,000	100,000	985,000	1,735,000	9,882	
2015	9,150,000	75,000	835,000	985,000	12,997	
2016	\$ 8,030,000	\$ -	\$ 680,000	\$ 985,000	\$ -	

Notes:

(1) - See Schedule 15 for personal income and population data.

(2) - Personal income information is not available for 2012 through 2016

Table 11

Business-Type Activities						
Revenue Bonds	State Revolving Loan	Bond Anticipation Notes	Capital Leases	Total Primary Government	Net Bonded Debt per Capita (1)	Percentage of Personal Income (1)
\$ 14,642,771	\$ 1,401,806	\$ -	\$ -	\$ 24,314,544	\$ 2,003.34	7.84%
19,239,521	3,783,832	-	-	30,834,336	2,569.31	9.10%
19,131,576	4,299,806	-	-	31,729,382	2,658.29	9.48%
18,222,215	5,080,087	3,590,000	-	36,530,219	2,735.73	9.60%
19,238,881	5,536,990	2,895,000	-	38,261,705	2,865.40	9.77%
18,235,816	5,227,041	2,895,000	-	36,601,607	2,741.08	(2)
17,556,435	4,910,136	4,395,000	-	41,181,102	3,084.03	(2)
16,816,361	5,985,316	7,020,000	44,677	42,931,236	3,215.10	(2)
20,720,000	5,589,983	2,625,000	-	39,992,980	2,995.06	(2)
\$ 22,870,000	\$ 5,183,697	\$ -	\$ -	\$ 37,748,697	\$ 2,826.98	(2)

CITY OF SOUTH SIOUX CITY, NEBRASKA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 12

Fiscal Year	General Obligation Bonds	Net General Bonded Debt	Net Bonded Debt per Capita (1)	Ratio of Net Debt To Estimated Valuation of Taxable Property (2)
2007	\$ 6,120,000	\$ 6,120,000	\$ 504.24	1.22%
2008	5,470,000	5,470,000	455.80	1.08%
2009	6,140,000	6,140,000	514.41	1.19%
2010	7,715,000	7,715,000	577.77	1.41%
2011	8,165,000	8,165,000	611.47	1.51%
2012	7,085,000	7,085,000	530.59	1.29%
2013	11,315,000	11,315,000	847.38	2.04%
2014	10,235,000	10,235,000	766.49	1.83%
2015	9,150,000	9,150,000	685.24	1.59%
2016	\$ 8,030,000	\$ 8,030,000	\$ 601.36	1.35%

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

(1) - Population data can be found in Table 15.

(2) - See Table 7 for property value data.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Computation of Direct and Overlapping Debt
As of September 30, 2016

Table 13

<u>GOVERNMENTAL UNITS</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (4)</u>	<u>Direct and Overlapping Debt to the City</u>
DIRECT:			
City of South Sioux City (3)	<u>\$ 9,695,000</u>	100.00%	<u>\$ 9,695,000</u>
OVERLAPPING:			
Dakota County (1)	3,780,000	34.95%	1,321,110
South Sioux City Community School (2)	<u>9,255,000</u>	68.49%	<u>6,338,750</u>
Total Overlapping	<u>13,035,000</u>		<u>7,659,860</u>
Total Direct and Overlapping Debt	<u>\$ 22,730,000</u>		<u>\$ 17,354,860</u>

Sources:

(1) - County Auditor, Dakota County

(2) - South Sioux City Community School District

(3) - Includes governmental General Obligation Bonds and Notes only.

(4) - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Pledged Revenue Coverage
Last Ten Fiscal Years

Table 14

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available Revenue	Debt Service Requirements			
				Principal (3)	Interest	Total	Coverage
2007	\$ 18,339,197	\$ 14,510,595	\$ 3,828,602	\$ 782,652	\$ 607,899	\$ 1,390,551	2.75
2008	20,284,615	16,333,304	3,951,311	830,568	805,409	1,635,977	2.42
2009	20,553,815	17,821,311	2,732,504	968,567	994,509	1,963,076	1.39
2010	23,205,133	18,895,297	4,309,836	1,133,744	1,033,086	2,166,830	1.99
2011	23,318,798	20,538,841	2,779,957	1,196,825	1,034,976	2,231,801	1.25
2012	23,958,164	20,157,347	3,800,817	1,329,949	1,018,525	2,348,474	1.62
2013	24,566,961	20,799,787	3,767,174	1,006,905	1,002,362	2,009,267	1.87
2014	25,824,696	22,088,216	3,736,480	1,119,355	1,022,043	2,141,398	1.74
2015	27,025,120	22,347,929	4,677,191	1,155,332	1,050,827	2,206,159	2.12
2016	\$ 29,826,496	\$ 22,931,399	\$ 6,895,097	\$ 881,286	\$ 905,483	\$ 1,786,769	3.86

Notes:

- (1) - Total revenue including non-operating revenues
- (2) - Operating expenses exclusive of depreciation and amortization
- (3) - Exclusive of bonds refunded

CITY OF SOUTH SIOUX CITY, NEBRASKA
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 15

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (3)</u>	<u>Per Capita Personal Income (2)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2007	12,137	\$ 310,330,953	\$ 25,569	3,495	4.20%
2008	12,001	338,800,231	28,231	3,493	4.00%
2009	11,936	334,637,696	28,036	3,581	5.50%
2010	13,353	380,547,147	28,499	3,658	7.90%
2011	13,353	391,509,960	29,320	3,628	5.00%
2012	13,353	n/a	n/a	3,577	6.00%
2013	13,353	n/a	n/a	3,616	6.00%
2014	13,353	n/a	n/a	3,660	5.80%
2015	13,360	n/a	n/a	3,925	3.80%
2016	13,360	n/a	n/a	3,704	3.70%

- Sources:
- (1) The Nebraska Databook provided by the NE Department of Economic Development for years prior to 2010
2010 and forward obtained from the U.S. Census Bureau
 - (2) The Nebraska Databook provided by the NE Department of Economic Development
Per capita personal income numbers are for Dakota County
Per capita personal income numbers for 2012 through 2015 were unavailable
 - (3) Computation of per capita personal income multiplied by population
 - (4) South Sioux City Community Schools
 - (5) The Nebraska Department of Labor

n/a Information is not available.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Principal Employers
Current Year (1)

Table 16

EMPLOYER	2016		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Tyson	4,500	1	45.0%
Great West Casualty	580	2	5.8%
South Sioux City Community Schools	543	3	5.4%
BPI	446	4	4.5%
Walmart	340	5	3.4%
Gerkin Windows & Doors	210	6	2.1%
Marina Inn	170	7	1.7%
Hy-Vee	127	8	1.3%
F L Smidth	110	9	1.1%
City of South Sioux City	125	10	1.3%
Sioux City Foundry	100	11	1.0%
Bimbo Bakeries USA	100	12	1.0%
Total Principal Employers	7,351		

Source: South Sioux City Chamber of Commerce

Notes:

(1) - Comparative data for nine years ago not currently available.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Full-time Equivalent City Government Employees by Function
Current Year

Table 17

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
General Administration	3	3	3	3	3	3	3	3	4	5
Buildings and Grounds	3	3	5	5	5	5	5	4	4	2
Public Safety										
Police	33	32	35	32	32	32	33	31	30	33
LEC	12	10	14	14	14	14	13	13	11	13
Emergency Medical Services	0	2	2	3	3	3	5	3	4	5
Public Works										
Streets	6	6	7	7	8	8	8	8	9	9
Auto Maintenance	1	1	1	1	1	1	1	1	1	1
										0
Culture and Recreation										
Parks and Recreation	2	1	1	1	1	1	2	3	4	4
Campground	0	0	1	1	1	1	1	1	2	3
Library	5	5	7	7	7	7	7	8	7	8
Community Development	1	1	1	1	1	1	1	1	1	0
Business-Type Activities										
Combined Utilities	11	11	12	13	13	14	14	12	11	11
Building Inspections	4	4	4	4	4	4	4	4	4	6
Water	7	6	8	7	6	6	6	7	7	9
Sewer	3	3	3	4	5	5	5	4	4	4
Fiber Optics	3	3	3	3	3	3	3	3	3	3
Total	94	91	107	106	107	108	111	106	106	116

Source: City of South Sioux City Finance

Note: A full-time employee is scheduled to work 261 days per year (365 minus two days off per week). At eight hours per day, 2,088 hours are scheduled per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,088.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Operating Indicators by Function
Current Year

Table 18

FUNCTION	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Building Permits Issued	111	92	90	78	70	78	85	80	78	80
Public Safety										
Police:										
Criminal Arrests	725	621	755	597	712	659	789	399	598	674
Traffic Tickets	2,319	1,676	1,667	1,649	1,502	1,827	944	989	1725	1349
All Other Tickets	1,094	1,395	1,096	506	1,187	460	1,001	667	559	882
Drug/Alcohol Arrests	454	474	338	296	207	361	249	229	271	307
Fire:										
Rescue Calls	501	481	502	536	573	673	630	714	887	907
Fire Calls	77	81	95	105	102	101	69	101	107	132
Culture and Recreation										
Library										
Total Circulation	32,899	36,728	22,531	38,788	43,486	47,790	53,119	56,139	52,503	51,567
Library Patrons	72,967	76,409	78,822	80,112	81,614	91,303	98,045	100,131	112,603	110,984
Material Checked Out	32,255	35,088	22,531	38,788	43,486	47,790	53,119	56,139	52,503	51,567
Water:										
New connections	32	10	10	10	31	16	48	16	17	28
Average Daily Consumption (millions of gallons)	2.54	1.54	2.02	2.14	2.47	3.10	3.40	2.40	2.80	3.00
Peak Daily Consumption (millions of gallons)	4.00	4.00	3.80	3.80	4.21	3.80	4.00	3.80	4.00	4.70
Water Main Breaks	32	30	61	20	14	44	37	17	18	15
Sewer:										
Water Pollution Control										
Average Daily Sewage Treatment (millions of gallons)	1.70	1.64	1.55	1.70	2.27	1.92	2.10	2.2	2.4	2.4
Sewer Maintenance										
Sewer Inspections	16,800 LF per month	20,000 LF per month	55,000 LF per month	25,000 LF per month	50,000 LF per month	67,000 LF per month	65,000 LF per month	37,000 LF per month	40,000 LF per month	57,000 LF per month

Sources: Various City Departments

CITY OF SOUTH SIOUX CITY, NEBRASKA
Capital Asset Statistics by Function
Current Year

Table 19

FUNCTION	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Cars	19	20	20	22	18	20	16	18	20	20
Fire										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Engines	10	10	11	11	11	12	12	12	8	8
Public Works										
Streets										
Streets (Miles)	69.0	67.9	67.9	67.9	67.9	68.4	70.3	71	71	71
Streetlights (City Owned)	2,100	2,100	2,100	2,100	2,100	2,099	1435	1271	1508	1488
Culture and Recreation										
Parks Acres	223.6	223.6	278.6	278.6	331	331	331	317	317	354
Parks	11	11	12	11	11	11	11	11	10	10
Swimming Pools	1	2	1	1	1	1	1	1	1	1
Tennis Courts	5	5	5	5	5	5	5	2	2	2
Baseball/Softball Diamonds	11	11	11	11	11	11	11	7	7	7
Soccer Fields	17	17	17	17	17	17	17	17	17	17
Trails (Miles)	14	16	17	18	19	19	19	19	19	19
Libraries	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	78.5	78.5	78.5	79	79	79.5	80	79.5	80	82.5
Fire Hydrants (City maintained)	527	527	527	531	602	17	602	646	646	655
Treatment plants	2	2	2	2	2	2	2	2	2	2
Sewer										
Sanitary sewer (miles)	43	47	47	47	48	48.5	49	49.5	51.5	58
Lift Stations	15	13	16	15	17	17	17	17	17	17

Sources: Various City Departments

SINGLE AUDIT SECTION

CITY OF SOUTH SIOUX CITY, NEBRASKA
Schedule of Expenditures of Federal Awards (Cash Basis)
For the Year Ended September 30, 2016

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Disbursements
Direct:			
U.S. Department of Commerce Public Works and Economic Adjustment Assistance Programs	11.300	05-01-05591	\$ 1,270,049
Indirect:			
U.S. Department of Agriculture Passed through the Nebraska Department of Agriculture Specialty Crop Grant	10.170	18-13-298	95
U.S. Department of Housing and Urban Development: Passed through the Nebraska Department of Economic Development:			
Community Development Block Grant	14.228	10-ED-0052	1,610
Community Development Block Grant	14.228	14-PW-007	226,521
Community Development Block Grant	14.228	15-PW-013	24,642
			<u>252,773</u>
Passed through the City of Sioux City, Iowa HOME Investment Partnerships Program	14.239	HOME	64,000
U.S. Department of the Interior: Passed through the Nebraska Game and Parks Commission Outdoor Recreation Acquisition, Development & Planning	15.916	31-01019	206
U.S. Department of Justice: Passed through the Nebraska Commission on Law Enforcement: Crime Victim Assistance	16.575	15-VA-217	58,780
U.S. Department of Transportation: Passed through the Nebraska Department of Highway Safety:			
Highway Planning and Construction	20.205		2,717
Highway Planning and Construction	20.205		4,300
			<u>7,017</u>
Passed through the Nebraska Office of Highway Safety:			
State and Community Highway Safety	20.600		3,899
National Priority Safety Programs	20.616		10,354
Executive Office of the President: Passed through the Nebraska State Patrol:			
High Intensity Drug Trafficking Areas Program	95.001	14HD08	3,744
High Intensity Drug Trafficking Areas Program	95.001	15HD08	37,924
High Intensity Drug Trafficking Areas Program	95.001	16HD08	90,753
			<u>132,421</u>
Total			<u>\$ 1,799,594</u>

CITY OF SOUTH SIOUX CITY, NEBRASKA
Schedule Of Expenditures of Federal Awards (Cash Basis) – (Continued)
For the Year Ended September 30, 2016

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of South Sioux City, Nebraska and is presented on the cash basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

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.
- (d) Material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with the Uniform Guidance.
- (g) The major program was as follows:
 - 11.300 – Public Works and Economic Adjustment Assistance Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of South Sioux City did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were noted.

There were no prior year audit findings.

Material Weakness:

2016-001 - Financial Reporting

Condition and Criteria – The auditors were required to propose and have management post adjusting journal 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 business office 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: Findings Related to Federal Awards – Related to all Federal Programs

Instances of Non-Compliance:

No matters were noted.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

Part III: Findings Related to Federal Awards – Related to all Federal Programs (Continued)

Material Weaknesses:

2016-002 - Grant/SEFA Administration

Condition and Criteria – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the City to properly include all amounts and information in the Schedule of Expenditures of Federal Awards.

Effects – Because of insufficient review or supervision, financial reporting is susceptible to an increased risk of errors or omission and fraud and/or misappropriations.

Cause – With a limited number of personnel and current workload, time constraints and staff expertise do not allow review.

Recommendation – The City should implement procedures to ensure all federal grants are identified and included in the City's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Views of Responsible Officials – The City understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

CITY OF SOUTH SIOUX CITY, NEBRASKA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended September 30, 2016

Material Weaknesses:

2015-001 Financial Reporting

Observation - During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the City's financial statements. Cash reclassifications were also identified. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation - The City should implement procedures to ensure all receivables, payables, capital asset additions and cash reclassifications are identified and included in the City's financial statements.

Response - We will double check these in the future to avoid any missing receivables, payables, capital asset or cash reclassification transactions.

Status - This finding still exists at September 30, 2016 (See comment 2016-001).

2015-002 Grant Administration/Schedule of Expenditures Awards

Condition and Criteria - During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the City to properly include all amounts and information in the Schedule of Expenditures of Federal Awards.

Effect - Because of insufficient review or supervision, financial reporting is susceptible to an increased risk of errors or omission and fraud and/or misappropriations.

Cause - With a limited number of personnel and current workload, time constraints and staff expertise do not allow review.

Recommendation - The City should implement procedures to ensure all federal grants are identified and included in the City's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Views of Responsible Officials - The City understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

Current Status - This finding still exists at September 30, 2016 (See comment 2016-002).



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor, Members of the City Council
City of South Sioux City, Nebraska

Report on Compliance for Each Major Federal Program

We have audited the City of South Sioux City, Nebraska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2016. The City of South Sioux City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City of South Sioux City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of South Sioux City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

The management of the City of South Sioux City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and

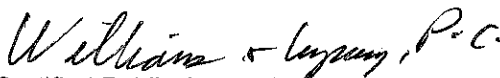
performing our audit of compliance, we considered the City of South Sioux City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of South Sioux City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-002 to be a material weakness.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Certified Public Accountants

Le Mars, Iowa
March 23, 2017

**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 Mayor, Members of the City Council
City of South Sioux City, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Sioux City, Nebraska as of and for the year ended September 30, 2016 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of South Sioux City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of South Sioux City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of South Sioux City'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 were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. We consider the deficiency described as 2016-001 to be a material weakness.

Compliance and Other Matters

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

City of South Sioux City's Response to Findings

The City of South Sioux City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of South Sioux City'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

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

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.


Certified Public Accountants

Le Mars, Iowa
March 23, 2017



**Schedule of Findings and Questioned Costs
Corrective Action Plan
September 30, 2016**

Department of Commerce

The City of South Sioux City, Nebraska, respectfully submits the following corrective action plan for the year ended September 30, 2016.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended September 30, 2016.

The findings from the September 30, 2016 Schedule of Findings and Questioned Costs is discussed below. The findings are numbered consistently with the number assigned in the schedule.

MATERIAL WEAKNESSES:

2016-001 Financial Reporting

Condition and Criteria – The auditors were required to propose and have management post adjusting journal entries to the fund financial statements in order for the financial statements to confirm 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 entries to be posted.

Recommendation – We recommend that the City train additional business office 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.

2016-002 Grant Administration/Schedule of Expenditures of Federal Awards

Condition and Criteria – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the City to properly include all amounts and information in the Schedule of Expenditures of Federal Awards.

Effects – Because of insufficient review or supervision, financial reporting is susceptible to an increased risk of errors or omission and fraud and/or misappropriations.

Cause – With a limited number of personnel and current workload, time constraints and staff expertise do not allow review.

Recommendation – The City should implement procedures to ensure all federal grants are identified and included in the City's Schedule of Expenditures of Federal Awards at the appropriate amounts.



Views of Responsible Officials – The City understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

If the Department of Commerce has questions regarding this plan, please call Nanci Walsh at 402-494-7594.

Sincerely yours,

CITY OF SOUTH SIOUX CITY, NEBRASKA

A handwritten signature in cursive script that reads "Nanci Walsh".

Nanci Walsh, City Treasurer/Finance Officer