

**City of North Sioux City**

**Independent Auditor's Report  
and Financial Statements**

**For the Year Ended  
December 31, 2022**

**City of North Sioux City**

City Officials

December 31, 2023

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Mayor:

Patricia Teel

Governing Board:

Lonnie Green

Tena Carpenter

Dan Parks

Gary Bogenrief

Doug Berg

Kodi Benson

Joan Christiansen

Adam Spates

Finance Officer:

Amy Lilly

City Administrator:

Eric Christensen

# City of North Sioux City

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Sioux City, South Dakota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 21, 2023. A disclaimer of opinion was issued on the aggregate discretely presented component units because the financial data of these component units was not audited.

**Report on Internal Control over Financial Reporting**

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

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 City’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Prior and Current Audit Findings as item 2022-001 to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of North Sioux City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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*.

## **North Sioux City's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit. The City of North Sioux City's response to the finding identified in our audit is described in the accompanying Schedule of Current Audit Findings. The City of North 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 the response.

## **Purpose of this Report**

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

A handwritten signature in blue ink that reads "CIO of LLC".

Elk Point, South Dakota  
December 21, 2023

**City of North Sioux City**  
Schedule of Prior and Current Audit Findings  
For the Year Ended December 31, 2022

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**Schedule of Prior Audit Findings**

The prior audit finding 2021-001 has not been corrected and is being restated as Current Audit Finding Number 2022-001. A material weakness was reported for a lack of segregation of duties. This comment results from the size of the city, which precludes staffing at a level sufficient to provide an ideal environment for internal control.

**Schedule of Current Audit Findings**

Internal Control-Related Findings – Material Weaknesses:

Finding No. 2022-001 – Lack of Segregation of Duties

Criteria: A good system of internal controls contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition: The City of North Sioux City has limited number of office personnel, and accordingly, does not have adequate internal accounting controls in revenue, expenditures, and payroll functions because of lack of segregation of duties.

Cause: This City has insufficient number of staff to adequately separate duties.

Effect: As a result, a misappropriation of assets and errors could occur in the financial reporting process and not detected

Recommendation: Although it is recognized that number of office staff may not be large enough to permit adequate segregation of duties in all respects, it is important that management and those charged with governance be aware of this condition. We recommend that the city officials exercise adequate oversight of the accounting function.

Vies of Responsible Officials: Management agrees with the finding and recommendations. They will monitor internal controls by reviewing all bills presented for payment, and review budget to actual reports. A council member will review cash reconciliations.



## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### Disclaimer of Opinion and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Sioux City, South Dakota, as of and for the year ended December 31, 2022, and the related notes to the financial statements. We were not engaged to audit the financial statements of the discretely presented component units. These financial statements collectively comprise the city's basis financial statements as listed in the Table of Contents.

#### Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

Because of the significance of the matter described in the Basis for Disclaimer of Opinion and Unmodified Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of the City of North Sioux City. Accordingly, we do not express opinions on those financial statements.

#### Unmodified Opinions on Governmental Activities, Business-type Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Sioux City, South Dakota as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### Basis for Disclaimer of Opinion and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of North Sioux City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Matter Giving Rise to Disclaimer of Opinion of the Aggregate Discretely Presented Component Units

The financial statements of the North Sioux City Housing and Redevelopment commission and the North Sioux City Economic Development Commission have not been audited, and we were not engaged to audit the North Sioux City Housing and Redevelopment Commission or the North Sioux City Economic Development Commission's financial statements as part of the City's basic financial statements. The North Sioux City Housing and Redevelopment Commission and the North Sioux City Economic Development Commission financial activities are included in the City's basic financial statements as part of the discretely presented component units and represent the assets, net position, and revenues of the City's aggregate discretely presented component units.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of North Sioux City, South Dakota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Because of the matter described in the Basis for Disclaimer of Opinion and Unmodified Opinion section, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the City of North Sioux City, South Dakota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of North Sioux City, South Dakota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control related matters that we identified during the audit.



## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), Budgetary Comparison Schedules, the Schedule of the City Proportionate Share of the Net Pension Liability (Asset), and Schedule of the City's Contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basis financial statements. The Combining Nonmajor Fund Financial Statements as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Elk Point, South Dakota  
December 21, 2023

**City of North Sioux City**  
Management Discussion and Analysis (MD&A)  
December 31, 2022

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

This section of the City of North Sioux City's annual financial report presents our discussion and analysis of the City of North Sioux City financial performance during the fiscal year ending December 31, 2022. Please read it in conjunction with the City of North Sioux City financial statements, which follow this section.

## **Financial Highlights**

During the year, the City of North Sioux City revenues generated from charges for services, taxes and other revenues of the governmental programs were \$5,646,129 more than the \$6,537,877 governmental and business-type program expenditures.

## **Overview of the Financial Statements**

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

1. The first two statements are government-wide financial statements that provide both long-term and short-term information about the overall financial status of the City of North Sioux City.
2. The remaining statements are fund financial statements that focus on individual parts of City government, reporting the City's operations in more detail than the government-wide statements.
  - A. The governmental fund statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
  - B. Proprietary fund statements offer short- and long-term financial information about the activities that the City operates like businesses. The City has three proprietary funds – the Water Fund, the Sewer Fund, and the Garbage Fund.

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

Figure A-2 summarizes the major features of the City of North Sioux City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

**City of North Sioux City**  
Management Discussion and Analysis (MD&A)  
December 31, 2022

**Figure A-2**

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

	Government Wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as finance office, police, fire and parks.	Activities the City operates similar to private businesses, the water, sewer and electric systems and the golf course.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**City of North Sioux City**  
Management Discussion and Analysis (MD&A)  
December 31, 2022

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**Government-Wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

**City of North Sioux City**  
Management Discussion and Analysis (MD&A)  
December 31, 2022

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The City has two kinds of funds:

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

**City of North Sioux City**  
**Management Discussion and Analysis (MD&A)**  
**December 31, 2022**

**Financial Analysis of the City as a Whole**

Table A-1  
City of North Sioux City  
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage
	2021	2022	2021	2022	2021	2022	Change 2021-2022
Current and Other Assets	\$ 16,113,056	\$ 15,164,730	\$ 5,172,330	\$ 5,451,867	\$ 21,285,386	\$ 20,616,597	-3.14%
Capital Assets (Net of Depreciation)	22,161,351	26,203,485	12,181,352	11,577,112	34,342,703	37,780,597	10.01%
Total Assets	<u>38,274,407</u>	<u>41,368,215</u>	<u>17,353,682</u>	<u>17,028,979</u>	<u>55,628,089</u>	<u>58,397,194</u>	4.98%
Pension Related Deferred Outflows	613,740	549,423	--	--	613,740	549,423	-10.48%
Total Deferred Outflows or Resources	<u>613,740</u>	<u>549,423</u>	<u>--</u>	<u>--</u>	<u>613,740</u>	<u>549,423</u>	-10.48%
Long-Term Liabilities Outstanding	553,973	524,933	29,949	33,624	583,922	558,557	-4.34%
Other Liabilities	2,784,390	425,540	183,816	197,983	2,968,206	623,523	-78.99%
Total Liabilities	<u>3,338,363</u>	<u>950,473</u>	<u>213,765</u>	<u>231,607</u>	<u>3,552,128</u>	<u>1,182,080</u>	-66.72%
Pension Related Deferred Inflows	924,012	352,719	--	--	924,012	352,719	-61.83%
Total Deferred Inflows of Resources	<u>924,012</u>	<u>352,719</u>	<u>--</u>	<u>--</u>	<u>924,012</u>	<u>352,719</u>	-61.83%
Net Investment in Capital Assets	21,671,112	25,742,598	12,181,352	11,543,488	33,852,464	37,286,086	10.14%
Restricted	551,321	10,855,862	--	--	551,321	10,855,862	1869.06%
Unrestricted	12,403,339	4,015,986	4,958,565	5,253,884	17,361,904	9,269,870	-46.61%
Total Net Position	<u>34,625,772</u>	<u>40,614,446</u>	<u>17,139,917</u>	<u>16,797,372</u>	<u>51,765,689</u>	<u>57,411,818</u>	10.91%
Beginning Net Position	<u>32,515,100</u>	<u>34,625,772</u>	<u>16,594,638</u>	<u>17,139,917</u>	<u>49,109,738</u>	<u>51,765,689</u>	5.41%
Increase (Decrease) in Net Position	<u>\$ 2,110,672</u>	<u>\$ 5,988,674</u>	<u>\$ 545,279</u>	<u>\$ (342,545)</u>	<u>\$ 2,655,951</u>	<u>\$ 5,646,129</u>	112.58%
Percentage of Increase (Decrease) in Net Position	6.49%	17.30%	3.29%	-2.00%	5.41%	10.91%	

This section explains the differences between the current and prior years' assets, liabilities, and changes in net position.

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

**City of North Sioux City**  
Management Discussion and Analysis (MD&A)  
December 31, 2022

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**Changes in Net Position**

The City of North Sioux City’s total revenues (excluding special items) totaled \$12,184,006 (See Table A-4). This was approximately a 35.6% increase. Approximately 43% of the City’s revenue comes from property and other taxes, with another 30% from charges for services. (See Table A-2).

Table A-2  
City of North Sioux City  
Sources of Revenues  
Fiscal Year 2021-2022

Taxes	\$ 5,234,357	42.96%
Charges For Services	3,729,728	30.61%
Operating Grants & Contributions	2,877,702	23.62%
Other General Revenues	131,901	1.08%
Unrestricted Investment Earnings	104,692	0.86%
State Sources	92,316	0.76%
County Sources	12,310	0.10%
Capital Grants and Contributions	<u>1,000</u>	<u>0.01%</u>
 Total Revenue	 <u>\$ 12,184,006</u>	 <u>100.00%</u>

Total cost of all programs and services increased by approximately 3.28%. The city’s expenses totaled \$6,537,877 (See Table A-4). The City’s expenses cover a range of services. (See Table A-3).

Table A-3  
City of North Sioux City  
Statement of Expenditures  
Fiscal Year 2021-2022

Sewer	\$ 1,373,077	21.00%
Public works	1,164,249	17.81%
Public safety	1,101,943	16.85%
Water	783,379	11.98%
General government	774,689	11.85%
Culture and recreation	392,376	6.00%
Conservation and developm	368,640	5.64%
Interest on long-term debt	363,369	5.56%
Electric	214,173	3.28%
Health and welfare	<u>1,982</u>	<u>0.03%</u>
 Total Expenditures	 <u>\$ 6,537,877</u>	 <u>100.00%</u>

**City of North Sioux City**  
**Management Discussion and Analysis (MD&A)**  
**December 31, 2022**

**Governmental and Business-Type Activities**

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the City.

Table A-4  
Changes in Net Position

	Government Activities		Business-type Activities		Total		Percentage Change
	2021	2022	2021	2022	2021	2022	
Revenues							
Program Revenues							
Charge for Services	\$ 228,192	\$ 336,038	\$ 2,698,724	\$ 3,393,690	\$ 2,926,916	\$ 3,729,728	27.43%
Operating Grants/Contributions	662,515	2,877,702	--	--	662,515	2,877,702	334.36%
Capital Grants and Contributions	--	1,000	--	--	--	1,000	100.00%
General Revenues							
Taxes	4,980,770	5,234,357	--	--	4,980,770	5,234,357	5.09%
Revenue State Sources	157,568	92,316	--	--	157,568	92,316	-41.41%
Revenue County Shared Sources	--	12,310	--	--	--	12,310	100.00%
Other general revenues	190,412	131,901	--	--	190,412	131,901	-30.73%
Unrestricted Investment Earnings	29,503	63,298	38,208	41,394	67,711	104,692	54.62%
	<u>6,248,960</u>	<u>8,748,922</u>	<u>2,736,932</u>	<u>3,435,084</u>	<u>8,985,892</u>	<u>12,184,006</u>	<u>35.59%</u>
Expenses							
General government	608,243	774,689	--	--	608,243	774,689	27.37%
Public safety	1,030,249	1,101,943	--	--	1,030,249	1,101,943	6.96%
Public works	1,620,931	1,164,249	--	--	1,620,931	1,164,249	-28.17%
Health and welfare	3,841	1,982	--	--	3,841	1,982	-48.40%
Culture and recreation	442,847	392,376	--	--	442,847	392,376	-11.40%
Conservation and development	260,154	368,640	--	--	260,154	368,640	41.70%
Interest on long-term debt	75,023	363,369	--	--	75,023	363,369	384.34%
Water	--	--	728,419	783,379	728,419	783,379	7.55%
Garbage	--	--	216,240	214,173	216,240	214,173	-0.96%
Sewer	--	--	1,343,994	1,373,077	1,343,994	1,373,077	2.16%
	<u>4,041,288</u>	<u>4,167,248</u>	<u>2,288,653</u>	<u>2,370,629</u>	<u>6,329,941</u>	<u>6,537,877</u>	<u>3.28%</u>
Excess (Deficiency)							
Before Transfers	2,207,672	4,581,674	448,279	1,064,455	2,655,951	5,646,129	112.58%
Transfers	<u>(97,000)</u>	<u>1,407,000</u>	<u>97,000</u>	<u>(1,407,000)</u>	<u>--</u>	<u>--</u>	<u>0.00%</u>
Increase (Decrease) in Net Position	2,110,672	5,988,674	545,279	(342,545)	2,655,951	5,646,129	112.58%
Beginning Net Position	32,635,292	34,625,772	16,594,638	17,139,917	49,229,930	51,765,689	5.15%
Change in Accounting Estimate	<u>(120,192)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(120,192)</u>	<u>--</u>	<u>-100.00%</u>
Adjusted Net Position - Beginning	<u>32,515,100</u>	<u>34,625,772</u>	<u>16,594,638</u>	<u>17,139,917</u>	<u>49,109,738</u>	<u>51,765,689</u>	<u>5.41%</u>
Ending Net Position	<u>\$ 34,625,772</u>	<u>\$ 40,614,446</u>	<u>\$ 17,139,917</u>	<u>\$ 16,797,372</u>	<u>\$ 51,765,689</u>	<u>\$ 57,411,818</u>	<u>10.91%</u>



**City of North Sioux City**  
Management Discussion and Analysis (MD&A)  
December 31, 2022

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**Governmental Activities**

Increase in the governmental expenses was 3.02%, mainly due to increases in interest on long-term debt and conservation and development. The increase in the governmental revenues was 28.57%, mainly due to increases in operating grants and contributions and taxes.

**Business-Type Activities**

Revenues of the City's business type activities increased by 20.32% and expenses increased by 3.46%.

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

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

**General Fund Budgetary Highlights**

Over the course of the year, the City Council revised the City budget. This amendment was for contingency transfers and supplemental appropriations approved for unanticipated, yet necessary, expenses to provide for items necessary for health and welfare of its citizens and to improve the North Sioux City Community.

**Capital Asset Administration**

By the end of 2022, the City had invested \$37,780,597 (net of depreciation) in a broad range of capital assets, including, land, construction in progress, buildings, various machinery and equipment, and intangible lease assets. (See Table A-5). This amount represents a net increase (including additions and deductions) of \$3,437,895.

Table A-5  
Capital Assets  
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Dollar Change</u>	<u>Total % Change</u>
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>		
Land	\$ 1,145,832	\$ 1,145,832	\$ 98,284	\$ 98,284	\$ --	0.00%
Construction in progress	--	4,949,728	--	--	4,949,728	143.98%
Buildings & Improvements	20,301,622	19,451,900	11,396,604	10,861,933	(1,384,393)	-40.27%
Machinery & Equipment	684,257	633,795	686,463	616,895	(120,030)	-3.49%
Intangible Lease Assets	29,640	22,230	--	--	(7,410)	-0.22%
<b>Total Capital Assets</b>	<b>\$ 22,161,351</b>	<b>\$ 26,203,485</b>	<b>\$ 12,181,351</b>	<b>\$ 11,577,112</b>	<b>\$ 3,437,895</b>	<b>100.00%</b>

**City of North Sioux City**  
Management Discussion and Analysis (MD&A)  
December 31, 2022

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This year’s capital asset purchases of \$5,058,648 included new concrete at the police department, 2 used gravely mowers, a new Polaris 2020, and new library books.

**Long-Term Debt**

At the end of the year, the City has \$558,558 in general long-term obligations. This is a total dollar change of \$(25,364). See individual balances as shown on Table A-6 below.

Table A-6  
Outstanding Debt and Obligations

	<u>2021</u>	<u>2022</u>	<u>Total Dollar Change</u>	<u>Total % Change</u>
<b>Governmental Activities</b>				
TIF Bonds	\$ 457,612	\$ 435,176	\$ (22,436)	-4.90%
Intangible Lease	32,627	25,711	(6,916)	-21.20%
Accrued Compensated Absences - Governmental Funds	<u>63,734</u>	<u>64,046</u>	<u>312</u>	<u>0.49%</u>
Total Outstanding Debt	<u>\$ 553,973</u>	<u>\$ 524,933</u>	<u>\$ (29,040)</u>	<u>-5.24%</u>
<b>Business-Type Activities</b>				
Accrued Compensated Absences - Governmental Funds	<u>\$ 29,949</u>	<u>\$ 33,624</u>	<u>\$ 3,675</u>	<u>12.27%</u>
Total Outstanding Debt	<u>\$ 29,949</u>	<u>\$ 33,624</u>	<u>\$ 3,675</u>	<u>12.27%</u>

**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 of North Sioux City’s finances and to demonstrate the City of North Sioux City’s accountability for the money it receives. If you have questions about this report or need additional information, contact the City of North Sioux City’s Finance Office, 504 River Drive, North Sioux City, SD 57049. City Hall phone number is 605-232-4276.

**City of North Sioux City**  
Statement of Net Position  
December 31, 2022

	<u>Primary Government</u>			<u>Unaudited Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Housing &amp; Redevelopment</u>	<u>Economic Development</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 8,747,769	\$ 3,095,806	\$ 11,843,575	\$ 7,892	\$ 180,564
Investments	6,186,331	1,950,787	8,137,118	179,455	--
Taxes receivable	18,017	--	18,017	--	--
Special assessments receivable	42,155	--	42,155	--	--
Accounts receivable, net	33,687	222,288	255,975	--	--
Inventories	22,859	113,771	136,630	--	--
Other assets	57,900	12,940	70,840	--	--
Restricted assets:					
Cash	--	56,275	56,275	--	--
Net pension asset	6,012	--	6,012	--	--
Notes receivable	50,000	--	50,000	--	--
Capital assets:					
Land and construction in process	6,095,560	98,284	6,193,844	--	--
Other capital assets, net of depreciation	20,107,925	11,478,828	31,586,753	--	--
<b>Total Assets</b>	<b>41,368,215</b>	<b>17,028,979</b>	<b>58,397,194</b>	<b>187,347</b>	<b>180,564</b>
<b>Deferred Outflows of Resources:</b>					
Pension related deferred outflows	549,423	--	549,423	--	--
<b>Liabilities:</b>					
Accounts payable and other current liabilities	375,540	193,481	569,021	--	--
Other current liabilities	--	2,712	2,712	--	139,695
Unearned revenue	50,000	1,790	51,790	--	--
Noncurrent liabilities:					
Due within one year	94,500	33,624	128,124	--	--
Due in more than one year	430,433	--	430,433	--	--
<b>Total Liabilities</b>	<b>950,473</b>	<b>231,607</b>	<b>1,182,080</b>	<b>--</b>	<b>139,695</b>
<b>Deferred Inflows of Resources:</b>					
Pension related deferred inflows	352,719	--	352,719	--	--
<b>Net Position:</b>					
Net investment in capital assets	25,742,598	11,543,488	37,286,086	--	--
Restricted for:					
Debt services	73,874	--	73,874	--	--
Library	90,469	--	90,469	--	--
Capital improvements	10,476,692	--	10,476,692	--	--
Community services	12,111	--	12,111	--	--
SDRS pension purposes	202,716	--	202,716	--	--
Unrestricted	4,015,986	5,253,884	9,269,870	187,347	40,869
<b>Total Net Position</b>	<b>\$ 40,614,446</b>	<b>\$ 16,797,372</b>	<b>\$ 57,411,818</b>	<b>\$ 187,347</b>	<b>\$ 40,869</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**City of North Sioux City**  
Statement of Activities  
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Unaudited Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Housing & Redevelopment	Economic Development
					Governmental Activities	Business-Type Activities	Total		
Primary Government:									
Governmental Activities:									
General government	\$ 774,689	\$ 159,644	\$ --	\$ --	\$ (615,045)	\$ --	\$ (615,045)		
Public safety	1,101,943	5,641	--	--	(1,096,302)	--	(1,096,302)		
Public works	1,164,249	156,978	2,867,714	--	1,860,443	--	1,860,443		
Health and welfare	1,982	105	--	--	(1,877)	--	(1,877)		
Culture and recreation	392,376	13,670	9,988	1,000	(367,718)	--	(367,718)		
Conservation and development	368,640	--	--	--	(368,640)	--	(368,640)		
Interest on long-term debt	363,369	--	--	--	(363,369)	--	(363,369)		
<b>Total Governmental Activities</b>	<b>4,167,248</b>	<b>336,038</b>	<b>2,877,702</b>	<b>1,000</b>	<b>(952,508)</b>	<b>--</b>	<b>(952,508)</b>		
Business-type Activities:									
Water	783,379	1,386,400	--	--	--	603,021	603,021		
Garbage	214,173	155,498	--	--	--	(58,675)	(58,675)		
Sewer	1,373,077	1,851,792	--	--	--	478,715	478,715		
<b>Total Business-Type Activities</b>	<b>2,370,629</b>	<b>3,393,690</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,023,061</b>	<b>1,023,061</b>		
<b>Total Primary Government</b>	<b>\$ 6,537,877</b>	<b>\$ 3,729,728</b>	<b>\$ 2,877,702</b>	<b>\$ 1,000</b>	<b>(952,508)</b>	<b>1,023,061</b>	<b>70,553</b>		
Component Units:									
Housing and redevelopment	\$ --	\$ --						\$ --	
Economic development	\$ 123,118	\$ --	\$ 103,901						\$ (19,217)
<b>General Revenues:</b>									
Taxes:									
Property tax					821,536	--	821,536	--	--
Sales tax					4,412,821	--	4,412,821	--	--
State shared revenues					92,316	--	92,316	--	--
County shared revenues					12,310	--	12,310	--	--
Unrestricted investment earnings					63,298	41,394	104,692	257	1,219
Miscellaneous revenue					131,901	--	131,901	--	5,319
Transfers					1,407,000	(1,407,000)	--	--	--
<b>Total General Revenues and Transfers</b>					<b>6,941,182</b>	<b>(1,365,606)</b>	<b>5,575,576</b>	<b>257</b>	<b>6,538</b>
Change in Net position					5,988,674	(342,545)	5,646,129	257	(12,679)
<b>Net Position-Beginning of Year</b>					<b>34,625,772</b>	<b>17,139,917</b>	<b>51,765,689</b>	<b>187,090</b>	<b>53,548</b>
<b>Net Position-End of Year</b>					<b>\$ 40,614,446</b>	<b>\$ 16,797,372</b>	<b>\$ 57,411,818</b>	<b>\$ 187,347</b>	<b>\$ 40,869</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**City of North Sioux City**  
**Balance Sheet – Governmental Funds**  
**December 31, 2022**

	<b>General Fund</b>	<b>Additional Sales Tax Fund</b>	<b>Debt Service Grant Revolving Loan Fund</b>	<b>Capital Project Funds Graham Industrial Fund</b>	<b>Streeter Drive Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>							
Cash and cash equivalents	\$ 996,630	\$ 1,533,179	\$ 64,950	\$ 4,331,459	\$ 76,337	\$ 1,745,214	\$ 8,747,769
Investments-certificates of deposit	3,039,365	259,416	--	2,624,110	--	263,440	6,186,331
Taxes receivable:							
Delinquent	18,017	--	--	--	--	--	18,017
Special assessments receivable							
Current	42,155	--	--	--	--	--	42,155
Due from state government	30,154	2,132	--	--	--	1,401	33,687
Supply inventory	22,859	--	--	--	--	--	22,859
Prepaid expense	57,900	--	--	--	--	--	57,900
Note receivable	50,000	--	--	--	--	--	50,000
<b>Total Assets</b>	<b>\$ 4,257,080</b>	<b>\$ 1,794,727</b>	<b>\$ 64,950</b>	<b>\$ 6,955,569</b>	<b>\$ 76,337</b>	<b>\$ 2,010,055</b>	<b>\$ 15,158,718</b>
<b>Liabilities and Fund Balances:</b>							
Accounts payable	\$ 37,721	\$ --	\$ 49,231	\$ 39,782	\$ 169,725	\$ 51,074	\$ 347,533
Accrued wages and benefits payable	28,007	--	--	--	--	--	28,007
Unearned revenue	50,000	--	--	--	--	--	50,000
<b>Total Liabilities</b>	<b>115,728</b>	<b>--</b>	<b>49,231</b>	<b>39,782</b>	<b>169,725</b>	<b>51,074</b>	<b>425,540</b>
<b>Deferred Inflows of Resources:</b>							
Property taxes	18,017	--	--	--	--	--	18,017
Special Assessments	42,155	--	--	--	--	--	42,155
<b>Total Deferred Inflows of Resources</b>	<b>60,172</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>60,172</b>
<b>Fund Balances:</b>							
<b>Nonspendable</b>							
Inventory and prepaid expense	80,759	--	--	--	--	--	80,759
Note receivable	50,000	--	--	--	--	--	50,000
<b>Restricted</b>							
Economic development and promotion	--	--	--	--	--	90,469	90,469
Debt Service	--	--	15,719	--	--	58,155	73,874
Community services	--	--	--	--	--	12,111	12,111
<b>Committed</b>							
Capital improvements	--	1,794,727	--	6,915,787	--	1,766,178	10,476,692
<b>Assigned</b>							
Subsequent year's budget	3,332,539	--	--	--	--	--	3,332,539
Unassigned	617,882	--	--	--	(93,388)	32,068	556,562
<b>Total Fund Balances</b>	<b>4,081,180</b>	<b>1,794,727</b>	<b>15,719</b>	<b>6,915,787</b>	<b>(93,388)</b>	<b>1,958,981</b>	<b>14,673,006</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,257,080</b>	<b>\$ 1,794,727</b>	<b>\$ 64,950</b>	<b>\$ 6,955,569</b>	<b>\$ 76,337</b>	<b>\$ 2,010,055</b>	<b>\$ 15,158,718</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**City of North Sioux City**  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 December 31, 2022

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Total Fund Balances - Government Funds \$ 14,673,006

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

Net pension asset reported in governmental activities is not an available resource and therefore is not reported in the funds. 6,012

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 26,203,485

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds. 549,423

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

Accrued Leave	(64,046)	
Intangible leases	(25,711)	
TIF Loans	<u>(435,176)</u>	(524,933)

Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are not deferred in the funds. 18,017

Property tax and revenue from sale of goods and services received after the "availability" period is deferred in the funds' statements.

Special assessments receivable reported in governmental activities is not an available resource and therefore not reported in the funds. 42,155

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds. (352,719)

Net Position - Governmental Funds \$ 40,614,446

**City of North Sioux City**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds**  
**For the Year Ended December 31, 2022**

	General Fund	Additional Sales Tax Fund	Debt Service Grant Revolving Loan Fund	Capital Projects Funds Graham Industrial Fund	Streeter Drive Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes							
General property taxes	\$ 611,176	\$ --	\$ 95,996	\$ --	\$ --	\$ 75,296	\$ 782,468
General sales taxes	3,383,887	856,972	--	--	--	171,962	4,412,821
Penalties and interest	2,338	--	--	--	--	--	2,338
Other	--	--	--	--	--	36,730	36,730
Licenses and permits	159,590	--	--	--	--	--	159,590
Intergovernmental revenue							
State grants	2,956	--	--	--	2,600,000	264,758	2,867,714
State shared revenues							
Bank franchise tax	10,576	--	--	--	--	--	10,576
Motor vehicle commercial prorated	53,437	--	--	--	--	--	53,437
Liquor tax reversion	28,303	--	--	--	--	--	28,303
Local government highway and bridge	95,433	--	--	--	--	--	95,433
County shared revenues	17,482	--	--	--	--	--	17,482
County wheel tax	11,827	--	--	--	--	--	11,827
Other	483	--	--	--	--	--	483
Charges for goods and services							
General government	54	--	--	--	--	--	54
Highways and streets	39,303	--	--	--	--	--	39,303
Health	105	--	--	--	--	--	105
Culture and recreation	13,670	--	--	--	--	--	13,670
Cemetery	3,850	--	--	--	--	--	3,850
Other	910	--	--	--	--	--	910
Fines and forfeits							
Court fines and costs	5,641	--	--	--	--	--	5,641
Miscellaneous revenue							
Investment earnings	33,491	5,641	--	21,807	--	2,359	63,298
Library	9,988	--	--	--	--	--	9,988
Rentals	111,139	--	--	--	--	--	111,139
Contributions	1,000	--	--	--	--	--	1,000
Other	20,762	--	--	--	--	--	20,762
<b>Total Revenue</b>	<b>\$ 4,617,401</b>	<b>\$ 862,613</b>	<b>\$ 95,996</b>	<b>\$ 21,807</b>	<b>\$ 2,600,000</b>	<b>\$ 551,105</b>	<b>\$ 8,748,922</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**City of North Sioux City**  
**Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds**  
**For the Year Ended December 31, 2022 (Continued)**

	<u>General Fund</u>	<u>Additional Sales Tax Fund</u>	<u>Grant Revolving Loan Fund</u>	<u>Graham Industrial Fund</u>	<u>Streeter Drive Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Expenditures:</b>							
Current:							
General government:							
Legislative	\$ 316,413	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 316,413
Elections	1,249	--	--	--	--	--	1,249
Financial administration	244,649	--	--	--	--	--	244,649
Other	68,099	--	--	--	--	--	68,099
Public safety:							
Police	973,055	--	--	--	--	69,644	1,042,699
Fire	1,031	--	--	--	--	--	1,031
Public works:							
Highways and streets	404,070	--	--	--	--	--	404,070
Cemetery	7,512	--	--	--	--	--	7,512
Health and welfare:							
Health	1,982	--	--	--	--	--	1,982
Culture and recreation:							
Recreation	28,063	--	--	--	--	--	28,063
Senior center	23,405	--	--	--	--	--	23,405
Parks	90,566	--	--	--	--	--	90,566
Library	230,917	--	--	--	--	--	230,917
Other	1,835	--	--	--	--	--	1,835
Conservation and development:							
Economic development and assistance (industrial development)	66,638	--	--	--	--	105,559	172,197
Economic opportunity	73,482	--	96,800	--	--	26,161	196,443
Debt service	--	--	--	--	--	385,311	385,311
Capital outlay	108,920	--	--	371,833	3,734,544	843,351	5,058,648
Total Expenditures	<u>2,641,886</u>	<u>--</u>	<u>96,800</u>	<u>371,833</u>	<u>3,734,544</u>	<u>1,430,026</u>	<u>8,275,089</u>
<b>Excess of Revenues Over (Under)</b>							
<b>Expenditures</b>	<u>1,975,515</u>	<u>862,613</u>	<u>(804)</u>	<u>(350,026)</u>	<u>(1,134,544)</u>	<u>(878,921)</u>	<u>473,833</u>
<b>Other Financing Sources:</b>							
Transfers in	--	--	--	220,000	1,200,000	711,914	2,131,914
Transfers out	(524,896)	--	--	--	--	(200,018)	(724,914)
Total Other Financing Sources	<u>(524,896)</u>	<u>--</u>	<u>--</u>	<u>220,000</u>	<u>1,200,000</u>	<u>511,896</u>	<u>1,407,000</u>
Net Change in Fund Balance	1,450,619	862,613	(804)	(130,026)	65,456	(367,025)	1,880,833
<b>Fund Balances- Beginning of Year</b>	<u>2,630,561</u>	<u>932,114</u>	<u>16,523</u>	<u>7,045,813</u>	<u>(158,844)</u>	<u>2,326,006</u>	<u>12,792,173</u>
<b>Fund Balances - End of Year</b>	<u>\$ 4,081,180</u>	<u>\$ 1,794,727</u>	<u>\$ 15,719</u>	<u>\$ 6,915,787</u>	<u>\$ (93,388)</u>	<u>\$ 1,958,981</u>	<u>\$ 14,673,006</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



**City of North Sioux City**  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
 to the Statement of Activities  
 For the Year Ended December 31, 2022

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Net Change in Fund Balances - Total Government Funds	\$ 1,880,833
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	5,058,648
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	(1,016,514)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net assets.	29,352
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	36,667
Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.	<u>(312)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 5,988,674</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**City of North Sioux City**  
Statement of Net Position – Proprietary Funds  
December 31, 2022

	Enterprise Funds		Non Major	Totals
	Water Fund	Sewer Fund	Garbage Fund	
<b>Assets:</b>				
Current Assets:				
Cash and cash equivalents	\$ 1,831,238	\$ 1,232,184	\$ 32,384	\$ 3,095,806
Investments-certificates of deposit	589,992	1,360,795	--	1,950,787
Accounts receivable, net	86,255	122,591	13,442	222,288
Supply inventory	21,771	92,000	--	113,771
Prepaid expense	6,732	6,055	153	12,940
Total Current Assets	<u>2,535,988</u>	<u>2,813,625</u>	<u>45,979</u>	<u>5,395,592</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	56,275	--	--	56,275
Capital assets:				
Land	60,781	37,503	--	98,284
Buildings	2,216,651	--	--	2,216,651
Improvements other than buildings	10,515,084	7,917,182	--	18,432,266
Machinery and equipment	1,552,963	759,740	--	2,312,703
Accumulated depreciation	(6,344,466)	(5,138,326)	--	(11,482,792)
Total Capital Assets:	<u>8,001,013</u>	<u>3,576,099</u>	<u>--</u>	<u>11,577,112</u>
Total Noncurrent Assets	<u>8,057,288</u>	<u>3,576,099</u>	<u>--</u>	<u>11,633,387</u>
Total Assets	<u>10,593,276</u>	<u>6,389,724</u>	<u>45,979</u>	<u>17,028,979</u>
<b>Liabilities:</b>				
Current Liabilities:				
Accounts payable	11,686	57,794	14,633	84,113
Accrued wages	2,769	4,194	599	7,562
Accrued taxes payable	1,038	696	978	2,712
Customer deposits	101,806	--	--	101,806
Unearned revenue	1,790	--	--	1,790
Current portion of long term debt	16,812	16,812	--	33,624
Total Current Liabilities	<u>135,901</u>	<u>79,496</u>	<u>16,210</u>	<u>231,607</u>
Total Liabilities	<u>135,901</u>	<u>79,496</u>	<u>16,210</u>	<u>231,607</u>
<b>Net Position:</b>				
Net investment in capital assets	7,984,201	3,559,287	--	11,543,488
Unrestricted net position	<u>2,473,174</u>	<u>2,750,941</u>	<u>29,769</u>	<u>5,253,884</u>
Total Net Position	<u>\$ 10,457,375</u>	<u>\$ 6,310,228</u>	<u>\$ 29,769</u>	<u>\$ 16,797,372</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**City of North Sioux City**  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
For the Year Ended December 31, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Non-Major Garbage Fund</u>	<u>Totals</u>
<b>Operating Revenues:</b>				
Charges for goods and services	\$ 1,382,750	\$ 1,851,792	\$ 155,498	\$ 3,390,040
Other	3,650	--	--	3,650
Total Operating Revenues	<u>1,386,400</u>	<u>1,851,792</u>	<u>155,498</u>	<u>3,393,690</u>
<b>Operating Expenses:</b>				
Personal services	180,237	282,115	33,397	495,749
Other current expense	270,641	806,303	180,776	1,257,720
Depreciation	332,501	284,659	--	617,160
Total Operating Expenses	<u>783,379</u>	<u>1,373,077</u>	<u>214,173</u>	<u>2,370,629</u>
Operating Income (Loss)	<u>603,021</u>	<u>478,715</u>	<u>(58,675)</u>	<u>1,023,061</u>
<b>Nonoperating Revenues:</b>				
Investment earnings	26,995	14,399	--	41,394
Total Nonoperating Revenue	<u>26,995</u>	<u>14,399</u>	<u>--</u>	<u>41,394</u>
Net Income (Loss) Before Contributions	<u>630,016</u>	<u>493,114</u>	<u>(58,675)</u>	<u>1,064,455</u>
<b>Other Financing Sources:</b>				
Transfers in	--	--	88,956	88,956
Transfers out	(975,956)	(520,000)	--	(1,495,956)
Total Other Financing Sources:	<u>(975,956)</u>	<u>(520,000)</u>	<u>88,956</u>	<u>(1,407,000)</u>
Net Change in Net Position	(345,940)	(26,886)	30,281	(342,545)
<b>Net Position - Beginning of Year</b>	<u>10,803,315</u>	<u>6,337,114</u>	<u>(512)</u>	<u>17,139,917</u>
<b>Net Position - End of Year</b>	<u>\$ 10,457,375</u>	<u>\$ 6,310,228</u>	<u>\$ 29,769</u>	<u>\$ 16,797,372</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**City of North Sioux City**  
Statement of Cash Flows – Proprietary Funds  
For the Year Ended December 31, 2022

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Non-Major Garbage Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>				
Receipt from customers	\$ 1,363,761	\$ 1,769,472	\$ 156,115	\$ 3,289,348
Payments to suppliers	(273,908)	(797,052)	(180,393)	(1,251,353)
Payments to employees	(194,432)	(296,856)	(32,409)	(523,697)
<b>Net Cash Provided (Used) by Operating Activities:</b>	<u>895,421</u>	<u>675,564</u>	<u>(56,687)</u>	<u>1,514,298</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers (to) from other funds	(975,956)	(520,000)	88,956	(1,407,000)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(975,956)</u>	<u>(520,000)</u>	<u>88,956</u>	<u>(1,407,000)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchase of capital assets	--	(12,922)	--	(12,922)
<b>Net Cash (Used) by Capital and Related Financing Activities:</b>	<u>--</u>	<u>(12,922)</u>	<u>--</u>	<u>(12,922)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest earnings	26,995	14,399	--	41,394
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>26,995</u>	<u>14,399</u>	<u>--</u>	<u>41,394</u>
<b>Net Increase in Cash and Cash Equivalents</b>	(53,540)	157,041	32,269	135,770
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>2,514,233</u>	<u>2,419,126</u>	<u>115</u>	<u>4,933,474</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 2,460,693</u>	<u>\$ 2,576,167</u>	<u>\$ 32,384</u>	<u>\$ 5,069,244</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**City of North Sioux City**  
Statement of Cash Flows – Proprietary Funds  
For the Year Ended December 31, 2022 (Continued)

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**Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by Operating Activities:**

Operating income (loss)	\$ 603,021	\$ 478,715	\$ (58,675)	\$ 1,023,061
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Provided by operating activities:				
Depreciation expense	332,501	284,659	--	617,160
(Increase) decrease in:				
Receivables	(7,506)	(83,820)	617	(90,709)
Prepaid expenses	(6,732)	(6,055)	(153)	(12,940)
Inventories	(7,991)	1,500	--	(6,491)
Increase (decrease) in:				
Accounts and other payables	3,465	15,306	536	19,307
Accrued wages and leave payable	(14,195)	(14,741)	988	(27,948)
Unearned revenue	(13,076)	--	--	(13,076)
Deposits	5,934	--	--	5,934
<b>Cash Flows Provided by Operating Activities</b>	<u>\$ 895,421</u>	<u>\$ 675,564</u>	<u>\$ (56,687)</u>	<u>\$ 1,514,298</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies:**

a. Financial Reporting Entity:

The reporting entity of the City of North Sioux City consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility), those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

The Housing and Redevelopment Commission of North Sioux City, South Dakota (Commission) is a proprietary fund-type, discretely presented component unit. The five members of the commission are appointed by the Mayor, with the approval of the Governing Board, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The Governing Board, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plan to construct low-income housing units, or to issue debt, which gives the Governing Board the ability to impose its will on the commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from the North Sioux City Housing and Redevelopment Commission, located in the City Hall of the City of North Sioux City, 504 River Drive, North Sioux City, SD 57049.

The Economic Development Corporation of North Sioux City, South Dakota is a propriety fund-type discretely presented component unit. The seven members of the Corporation are appointed by Economic Development and it elects its own chairperson and recruits and employs its own management personnel. The city's Governing Board, though, retain the statutory authority to issue and hold debt for the corporation, which gives the Corporation the ability to impose specific financial burdens on the city of North Sioux City. Separately issued financial statement of the Economic Development Corporation may be obtained from the North Sioux City Economic Development Corporation, PO Box 1516, North Sioux City, SD 57049.

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

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

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

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

**Governmental Funds:**

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.

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

The following Special Revenue Funds are not considered major funds: Liquor, Lodging and Dining Fund, 911 Emergency Fund and Grant Revolving Loan Fund. These funds are reported on the fund financial statements as “Other Governmental Funds” and are detailed in the combining statement section.

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Grant Revolving Loan 219 – Established for the collection of grant proceeds and corresponding loan payments. This is a major fund.

The following Debt Service Funds are not considered a major fund: River Valley TIF and TIF #3. These funds are reported on the fund financial statements as “Other Governmental Funds” and is detailed in the combining statement section.

Capital Projects Funds – capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

Graham Industrial Fund – to account for the construction of Graham Industrial Business Park. This is a major fund

Streeter Drive Fund – used to account for the construction of Streeter Drive upgrades. This is a major fund.

The following Capital Projects are not considered to be major funds: TIF #3 Increment Financing, Water Upgrades, Flynn Business Park, Generators Project, and Sewer Upgrades. These funds are reported on the fund financial statements as part of “Other Governmental Funds” and are detailed in the combining statement section.

**Proprietary Funds:**

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



**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

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

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

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

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

c. Measurement Focus and Basis of Accounting:

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

**Measurement Focus:**

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

**Basis of Accounting:**

Government-Wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the City of North Sioux City is 45 days. The revenues which are accrued at December 31, 2022 are amounts due from other governments, and other receivables due within 45 days.

Under the modified accrual basis of accounting, receivables may be measured but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenues, where asset recognition criteria have been met but for which revenue recognition criteria have not been met, are reported as a deferred inflow of resources.

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

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

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns.

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

e. Deposits and Investments:

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

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

f. Capital Assets:

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

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

Government-Wide Financial Statements:

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

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

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP. Capital assets used in business-type activities/proprietary fund operations, construction-period interest is also not capitalized; this is in accordance with USGAAP.

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which reported as Unallocated Depreciation/Amortization, with net capital assets reflected in the Statement of Net Position.

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

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

	<b>Capitalization Threshold</b>	<b>Depreciation/ Amortization Method</b>	<b>Estimated Useful Life</b>
*Land and land rights	All	N/A	N/A
Improvements other than buildings	\$ 50,000	Straight-line	8-30 years
Buildings	50,000	Straight-line	8-75 years
Machinery and equipment	5,000	Straight-line	5-40 years

\*Land, an inexhaustible capital asset, is not depreciated

**Fund Financial Statements:**

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

**g. Long-Term Liabilities:**

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

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

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

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

h. Leases:

Lessee:

The city is a lessee for a noncancellable lease of three copier machines. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government – wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$45,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

i. Program Revenues:

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

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

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

j. Deferred Inflows and Deferred Outflows of Resources:

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

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

k. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Fund Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

l. Cash and Cash Equivalents:

For the purpose of preparing the Statement of Cash Flows, the City considers all highly liquid investments and deposits with a term to maturity of three months or less when purchased to be cash equivalents.

m. Equity Classifications:

Government-Wide Financial Statements:

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

1. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisitions, construction or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

3. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

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

n. Application of Net Position:

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

o. Fund Balance Classification Policies and Procedures:

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

Nonspendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the City Council.

Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**1. Summary of Significant Accounting Policies: (Continued)**

p. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. City contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

**2. Deposits and Investments Fair Value Measurement, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk:**

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

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

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

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

As of December 31, 2022, the City has the following investments:

External Investment Pools:

	<u>Credit Rating</u>	<u>Value</u>
SDFIT - GCR	Unrated	\$ 842,241



**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**2. Deposits and Investments Fair Value Measurement, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk: (Continued)**

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

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

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

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

**3. Restricted Cash and Investments:**

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

Fund	Amount:	Purpose:
Water Fund	\$ 56,275	Customer deposits
Total	\$ 56,275	

**4. Receivables and Payables:**

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year. This is a summary of Economic Development Loans receivable as of December 31, 2022.

**Government Activities:**

**Years Ending**

**Dec. 31,**

**Union County**

	Principal	Interest
2023	\$ 50,000	\$ --
Total	\$ 50,000	\$ --

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**5. Inventory:**

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

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

Government-Wide Financial Statements:

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

Fund Financial Statements:

In the fund financial statements, purchases of supply inventory items are recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

**6. Property Taxes:**

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

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

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

**7. Changes in Capital Assets:**

A summary of changes in capital assets for the year ended December 31, 2022 is as follows:

	<u>Balance 12/31/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2022</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized				
Land	\$ 1,145,832	\$ --	\$ --	\$ 1,145,832
Construction in progress	--	4,949,728	--	4,949,728
Total, not being depreciated/amortized	<u>1,145,832</u>	<u>4,949,728</u>	<u>--</u>	<u>6,095,560</u>
Capital assets, being depreciated/amortized				
Buildings	6,245,786	--	--	6,245,786
Improvements	22,883,239	19,178	--	22,902,417
Machinery & Equipment	3,012,410	89,742	17,700	3,084,452
Intangible Lease Assets	37,050	--	--	37,050
Total, being depreciated/amortized	<u>32,178,485</u>	<u>108,920</u>	<u>17,700</u>	<u>32,269,705</u>
Less accumulated depreciation/amortization for:				
Buildings	1,701,864	135,081	--	1,836,945
Improvements	7,125,539	733,819	--	7,859,358
Machinery & Equipment	2,328,153	140,204	17,700	2,450,657
Intangible Lease Assets	7,410	7,410	--	14,820
Total accumulated depreciation/amortization	<u>11,162,966</u>	<u>1,016,514</u>	<u>17,700</u>	<u>12,161,780</u>
Capital Assets Net	<u>\$ 22,161,351</u>	<u>\$ 4,042,134</u>	<u>\$ --</u>	<u>\$ 26,203,485</u>

Depreciation/amortization expense was charged to functions as follows:

General government	\$ 129,045
Public safety	109,802
Public works	752,667
Culture and recreation	17,590
Amortization	7,410
	<u>\$ 1,016,514</u>

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

**7. Changes in Capital Assets: (Continued)**

A summary of changes in capital assets for the year ended December 31, 2022 is as follows: (Continued)

	<u>Balance 12/31/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2022</u>
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 98,284	\$ --	\$ --	\$ 98,284
Total, not being depreciated	<u>98,284</u>	<u>--</u>	<u>--</u>	<u>98,284</u>
Capital assets, being depreciated/amortized:				
Buildings	2,216,651	--	--	2,216,651
Improvements	18,432,266	--	--	18,432,266
Machinery & Equipment	2,299,781	12,921	--	2,312,702
Total, being depreciated/amortized	<u>22,948,698</u>	<u>12,921</u>	<u>--</u>	<u>22,961,619</u>
Less accumulated depreciation/amortization for:				
Buildings	642,000	30,776	--	672,776
Improvements	8,610,313	503,895	--	9,114,208
Machinery & Equipment	1,613,318	82,489	--	1,695,807
Total accumulated depreciation/amortization	<u>10,865,631</u>	<u>617,160</u>	<u>--</u>	<u>11,482,791</u>
Capital Assets Net	<u>\$ 12,181,351</u>	<u>\$ (604,239)</u>	<u>\$ --</u>	<u>\$ 11,577,112</u>

Depreciation/Amortization expense was charged to functions as follows:

Water	\$ 332,502
Electric	<u>284,658</u>
Total Depreciation/Amortization Expense - Business-Type Activities	<u>\$ 617,160</u>

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

**7. Changes in Capital Assets: (Continued)**

Construction Work in Progress at December 31, 2022 is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended thru 12/31/2022</u>	<u>Committed</u>
<b><u>Governmental Activities</u></b>			
Riverbend Business Park	\$ 371,833	\$ 371,833	\$ --
Water Upgrades Project	1,180,000	71,073	1,108,927
Generators Project	563,104	126,323	436,781
Sewer Upgrade Project	845,000	645,955	199,045
Sioux Point Road Project	<u>65,252,472</u>	<u>3,734,544</u>	<u>61,517,928</u>
Total Governmental Activities	<u>\$ 68,212,409</u>	<u>\$ 4,949,728</u>	<u>\$ 63,262,681</u>

**8. Long-Term Debt:**

A summary of changes in long-term debt follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Primary Government</b>					
Government Activities:					
TIF Loans	\$ 457,612	\$ --	\$ 22,436	\$ 435,176	\$ 23,184
Leases	<u>32,627</u>	<u>--</u>	<u>6,916</u>	<u>25,711</u>	<u>7,270</u>
Total Debt	490,239	--	29,352	460,887	30,454
Accrued Leave	<u>63,734</u>	<u>64,046</u>	<u>63,734</u>	<u>64,046</u>	<u>64,046</u>
Total Governmental Activities	<u>553,973</u>	<u>64,046</u>	<u>93,086</u>	<u>524,933</u>	<u>94,500</u>
Business-Type Activities:					
Accrued Leave	<u>29,949</u>	<u>33,624</u>	<u>29,949</u>	<u>33,624</u>	<u>33,624</u>
Total Business-Type Activities	<u>29,949</u>	<u>33,624</u>	<u>29,949</u>	<u>33,624</u>	<u>33,624</u>
<b>Total Primary Government</b>	<u>\$ 583,922</u>	<u>\$ 97,670</u>	<u>\$ 123,035</u>	<u>\$ 558,557</u>	<u>\$ 128,124</u>

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**8. Long-Term Debt: (Continued)**

Debt payable at December 31, 2022, is comprised of the following:

**Governmental Activities:**

TIF Bonds:

TIF Bonds, Series 2017A Wildflower Bend Project	During 2017, the city entered into an agreement to receive TIF bonds for \$235,000 with First Financial Bank with an interest rate of 1.0%. The final payment is due July, 2037. This debt is serviced by the TIF Debt Service Fund.	\$ 180,223
TIF Bonds, Series 2017B Wildflower Bend Project	During 2017, the city entered into an agreement to receive TIF bonds for \$315,000 with Liberty National Bank with an interest rate of 5.0%. The final payment is due July, 2037. This debt is serviced by the TIF Debt Service Fund.	<u>254,953</u>

Total TIF Bond Debt	<u>435,176</u>
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Intangible Leases Payable:

Access Systems Copier Lease	During May, 2021, the city entered into an agreement Access Systems for a copier in the amount of \$37,050 with an imputed rate of 5%. This note has a final payment due April, 2026. This debt is serviced by the General Fund.	<u>25,711</u>
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Total Intangible Leases Payable	<u>25,711</u>
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Accrued Leave Payable	The liability for accrued leave represents leave benefits earned as of December 31, 2022. This debt is serviced by the General Fund.	<u>64,046</u>
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Total Governmental Activities Debt	<u>524,933</u>
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**Business-type Activities:**

Accrued Leave Payable	The liability for accrued leave represents leave benefits earned as of December 31, 2022. This debt is serviced by the proprietary fund making the payroll payment.	<u>33,624</u>
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Total Business Activity Debt	<u>33,624</u>
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Grand Total	<u><u>\$ 558,557</u></u>
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**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**8. Long-Term Debt: (Continued)**

The annual requirements to amortize all debt outstanding as of December 31, 2022, except for compensated absences are as follows:

**Government Activities:**

**Years Ending**

Dec. 31,	TIF Bonds		Intangible Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 23,184	\$ 15,095	\$ 7,270	\$ 1,120	\$ 30,454	\$ 16,215
2024	23,923	14,356	7,641	749	31,564	15,105
2025	24,695	13,583	8,032	358	32,727	13,941
2026	25,503	12,776	2,768	29	28,271	12,805
2027	26,348	11,931	--	--	26,348	11,931
2028-2032	145,852	45,541	--	--	145,852	45,541
2033-2037	165,425	17,640	--	--	165,425	17,640
2038-2042	246	3	--	--	246	3
Total	<u>\$ 435,176</u>	<u>\$ 130,925</u>	<u>\$ 25,711</u>	<u>\$ 2,256</u>	<u>\$ 460,887</u>	<u>\$ 133,181</u>

**9. Restricted Net Position:**

Restricted Net Position for the year ended December 31, 2022 was as follows:

	<b>Governmental Funds</b>
Debt service	\$ 73,874
Library	90,469
Capital projects	10,476,692
Community services	12,111
SDRS pension purposes	202,716
Total	<u>\$ 10,855,862</u>

These balances are restricted due to federal grant and statutory requirements.

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**10. Interfund Transfers:**

Interfund transfers for the year ended December 31, 2022 were as follows:

Transfer from General Fund to Liquor Lodging Dining Fund to help fund cash deficits.	\$ 183,096
Transfer from General Fund to E911 Fund to help cash shortages.	\$ 41,800
Transfer from General Fund to Graham Industrial Project to help fund the project.	\$ 220,000
Transfer from General Fund to the Garbage Fund to assist with cash shortages.	\$ 80,000
Transfer from Water Fund to Garbage Fund for cash funding.	\$ 8,956
Transfer from Wildflower Bend TIF Fund to River Valley TIF Fund for funding.	\$ 200,018
Transfer from Water Fund to Street Drive Fund for project funding.	\$ 732,000
Transfer from Sewer Fund to Streeter Drive Fund for project funding.	\$ 468,000
Transfer from Water Fund to Water Tower Fund for project funding.	\$ 235,000
Transfer from Sewer Fund to Sewer Upgrades Fund for project funding.	\$ 52,000

**11. Pension Plan:**

**Plan Information:**

All employees, working for more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605)773-3731.



## 11. Pension Plan: (Continued)

### **Benefits Provided:**

SDRS has four classes of employees, Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouse of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**11. Pension Plan: (Continued)**

**Contributions:**

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A members, 6% of salary; Class B Judicial Members, 9% of salary; and Class B Public Safety Members, 8% of salary. State Statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2022, 2021, and 2020 equal to the required contributions each year as follows:

2022	\$	92,166
2021		85,763
2020		82,590

**Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:**

At December 31, 2022, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ending June 30, 2022, and reported by the City as of December 31, 2022 are as follows:

Proportionate share of pension benefits	\$ 8,979,440
Less proportionate share of total pension restricted for pension benefits	<u>8,985,452</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (6,012)</u></u>

At December 31, 2022, the City reported an asset of (\$6,012) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 and the total pension asset used to calculate the net pension asset was based on a projection of the City's share of contributions to the plan relative to the contributions of all participating entities. At June 30, 2022, the City's proportion was 0.06360900%, which is an increase of 0.0014120% from its proportion measured as of June 30, 2021.

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**11. Pension Plan: (Continued)**

For the year ended December 31, 2022 the City recognized a reduction of pension expense of (\$36,664). At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 114,434	\$ 390
Changes in assumption	382,069	334,834
Net Difference between projected and actual earnings on pension plan investments	--	14,406
Changes in proportion and difference between City contributions and proportionate share of contributions	1,019	3,089
City contributions subsequent to the measurement date	51,901	--
Total Revenues	\$ 549,423	\$ 352,719

\$51,901 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions recognized in pension expense (reduction of pension expense) as follows:

<b>Year Ended</b>	
<b>December 31:</b>	
2023	\$ 38,635
2024	83,137
2025	(95,825)
2026	118,855
	\$ 144,802

**Actuarial Assumptions:**

The total pension liability (asset) in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.5% and real returns of 4%
Future COLAs	2.10%

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**11. Pension Plan: (Continued)**

Mortality Rates:

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010; 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table experience study for the period of July 1, 2016, to June 30, 2021.

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e. the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.) The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**11. Pension Plan: (Continued)**

These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Expected Real Rate of Return
Global equity	58.0%	3.7%
Fixed income	30.0%	1.1%
Real estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	100%	

**Discount Rate:**

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

**Sensitivity of Liability to Changes in the Discount Rate:**

The following presents the City's proportionate share of net pension asset calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 – percentage point lower (5.50%) or 1 – percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset)	\$ 1,248,222	\$ (6,012)	\$ (1,031,052)

**Pension Plan Fiduciary Net Position:**

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**12. Risk Management:**

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2022, the City managed its risks as follows:

Liability Insurance:

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

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing member with such a partial refund because the departing member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing member pursuant to the revised IGC.

The City has reflected the effects of the SDPAA policy in the financial statements as a Change in Accounting Estimate in the Statement of Activities and in the Fund Operating Statements and also eliminated the reporting of the Deposit on the Statement of Net Position and Fund Balance Sheet.

The City carries a \$1,000 deductible for the automobile collision coverage, \$250 deductible for official's liability and \$5,000 for Law Enforcement liabilities.

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

Worker's Compensation:

The City joined the South Dakota City League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

**City of North Sioux City**  
Notes to the Financial Statements  
December 31, 2022

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**12. Risk Management:(Continued)**

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

Unemployment Benefits:

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

During the year ended December 31, 2022 no claim were filed for unemployment benefits. It is not anticipated that any additional claims for unemployment benefits will be filed in the next fiscal year.

**13. Significant Contingencies-Litigation:**

At December 31, 2022, the City of North Sioux City was not involved in any litigation.

## Required Supplementary Information



**City of North Sioux City**  
 Budgetary Comparison Schedules-Budgetary Basis – General Fund  
 For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
General property tax	\$ 579,371	\$ 579,371	\$ 611,176	\$ 31,805
General sales and use tax	2,849,200	2,849,200	3,383,887	534,687
Amusement tax	100	100	--	(100)
Penalties and interest on taxes	2,200	2,200	2,338	138
Licenses and permits	107,700	107,700	159,590	51,890
Intergovernmental:				
State grants	--	--	2,956	2,956
State shared revenues				
Bank franchise tax	17,500	17,500	10,576	(6,924)
Motor vehicle commercial prorate	45,000	45,000	53,437	8,437
Liquor tax reversion	18,800	18,800	28,303	9,503
Local government highway and bridge fund	90,500	90,500	95,433	4,933
County Shared Revenue:				
County road tax (25%)	--	--	17,482	17,482
County wheel tax	11,700	11,700	11,827	127
Other	--	--	483	483
Charges for Goods and Services:				
General government	--	--	54	54
Public safety	21,400	21,400	39,303	17,903
Health	500	500	105	(395)
Culture and recreation	13,400	13,400	13,670	270
Cemetery	10,000	10,000	3,850	(6,150)
Other	5,000	5,000	910	(4,090)
Fines and Forfeits:				
Court fines and costs	7,100	7,100	5,641	(1,459)
Miscellaneous Revenue:				
Investment earnings	24,600	24,600	33,491	8,891
Library	8,600	8,600	9,988	1,388
Rentals	32,300	32,300	111,139	78,839
Contributions and donations	--	--	1,000	1,000
Other	17,900	17,900	20,762	2,862
Total Revenues	<u>\$ 3,862,871</u>	<u>\$ 3,862,871</u>	<u>\$ 4,617,401</u>	<u>\$ 754,530</u>

**City of North Sioux City**  
 Budgetary Comparison Schedules-Budgetary Basis – General Fund  
 For the Year Ended December 31, 2022 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative)</b>
<b>Expenditures</b>				
General Government:				
Legislative	\$ 316,413	\$ 316,413	\$ 316,413	\$ --
Elections	1,300	1,300	1,249	51
Financial administration	245,752	245,752	244,649	1,103
Other	80,900	80,900	68,099	12,801
Public Safety:				
Police	1,037,200	1,037,200	1,028,609	8,591
Civil Defense	1,900	1,900	1,031	869
Public Works:				
Highways and streets	624,370	624,370	428,198	196,172
Cemeteries	7,515	7,515	7,512	3
Health and Welfare:				
Health	5,600	5,600	1,982	3,618
Culture and Recreation:				
Recreation	33,800	33,800	28,063	5,737
Senior center	32,250	32,250	23,405	8,845
Parks	162,700	162,700	90,566	72,134
Libraries	268,700	268,700	260,155	8,545
Other	1,900	1,900	1,835	65
Conservation and Development:				
Economic development and assistance	124,060	124,060	66,638	57,422
Economic opportunity	71,900	71,900	73,482	(1,582)
Total Expenditures	<u>3,016,260</u>	<u>3,016,260</u>	<u>2,641,886</u>	<u>374,374</u>
Excess of Revenues Over Expenditures	<u>846,611</u>	<u>846,611</u>	<u>1,975,515</u>	<u>1,128,904</u>
Other Financing Sources:				
Transfers (out)	<u>78,900</u>	<u>78,900</u>	<u>(524,896)</u>	<u>(603,796)</u>
Total Other Financing Sources	<u>78,900</u>	<u>78,900</u>	<u>(524,896)</u>	<u>(603,796)</u>
<b>Net Changes in Fund Balance</b>	925,511	925,511	1,450,619	525,108
<b>Fund Balance, Beginning of Year</b>	<u>2,630,561</u>	<u>2,630,561</u>	<u>2,630,561</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 3,556,072</u></u>	<u><u>\$ 3,556,072</u></u>	<u><u>\$ 4,081,180</u></u>	<u><u>\$ 525,108</u></u>

**City of North Sioux City**  
 Budgetary Comparison Schedules-Budgetary Basis – Additional Sales Tax Fund  
 For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
General sales and use tax	\$ 712,400	\$ 712,400	\$ 856,972	\$ 144,572
Miscellaneous Revenue:				
Investment earnings	<u>6,000</u>	<u>6,000</u>	<u>5,641</u>	<u>(359)</u>
Total Revenues	<u>718,400</u>	<u>718,400</u>	<u>862,613</u>	<u>144,213</u>
<b>Expenditures</b>				
Conservation and Development:				
Economic Development and Assistance	<u>203,530</u>	<u>203,530</u>	<u>--</u>	<u>203,530</u>
Total Expenditures	<u>203,530</u>	<u>203,530</u>	<u>--</u>	<u>203,530</u>
Excess of Revenues Over Expenditures	<u>514,870</u>	<u>514,870</u>	<u>862,613</u>	<u>347,743</u>
<b>Net Changes in Fund Balance</b>	514,870	514,870	862,613	347,743
<b>Fund Balance, Beginning of Year</b>	<u>932,114</u>	<u>932,114</u>	<u>932,114</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,446,984</u>	<u>\$ 1,446,984</u>	<u>\$ 1,794,727</u>	<u>\$ 347,743</u>

**City of North Sioux City**  
Notes to the Required Supplementary Information  
Schedules of Budgetary Comparisons for the General Fund  
and for each major Special Revenue Fund with a legally required budget  
For the Year Ended December 31, 2022

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**Note 1. Budgets and Budgetary Accounting:**

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board/City Commission introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board/City Commission, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total City budget and may be transferred by resolution of the Governing Board/City Commission to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board/City Commission.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

**Note 2. GAAP/Budgetary Accounting Basis Differences:**

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

**City of North Sioux City**  
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)  
Years Ended December 31,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.0636090%	0.0621970%	0.0558300%	0.0572955%	0.0553649%	0.0541041%	0.0520479%	0.0492081%	0.0501703%
City's proportionate share of net pension liability (asset)	\$ (6,012)	\$ (476,323)	\$ (2,425)	\$ (6,072)	\$ (1,291)	\$ (4,910)	\$ 175,813	\$ (208,706)	\$ (361,456)
City's covered-employee payroll	<u>1,290,022</u>	<u>1,248,663</u>	<u>1,212,055</u>	<u>1,080,119</u>	<u>1,033,479</u>	<u>992,213</u>	<u>923,335</u>	<u>799,429</u>	<u>750,752</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.47%	-38.15%	-0.20%	-0.56%	-0.12%	-0.49%	19.04%	-26.11%	-48.15%
Plan fiduciary net position as a percentage of the total pension benefit	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

\*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30.

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

**City of North Sioux City**  
Schedule of the City's Contributions (SDRS)  
As of December 31,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 92,166	\$ 85,763	\$ 82,590	\$ 74,657	\$ 69,799	\$ 67,670	\$ 62,952	\$ 54,160
Contributions in relation to the contractually required contribution	<u>92,166</u>	<u>85,763</u>	<u>82,590</u>	<u>74,657</u>	<u>69,799</u>	<u>67,670</u>	<u>62,952</u>	<u>54,160</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered-employee payroll	\$ 1,356,102	\$ 1,267,187	\$ 1,212,055	\$ 1,080,119	\$ 1,033,479	\$ 992,213	\$ 923,335	\$ 799,429
Contributions as a percentage of covered-employee payroll	6.80%	6.77%	6.81%	6.91%	6.75%	6.82%	6.82%	6.77%

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

**City of North Sioux City**  
Notes to Required Supplementary Information  
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions  
As of December 31,

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**Changes from Prior Valuation:**

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

The details of the changes since the last valuation are as follows:

**Benefit Provision Changes:**

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

**Actuarial Assumption Changes:**

As a result of an experience analysis covering the period from July 1, 2016 to June 30, 2021 and presented to the SDRS Board of Trustees in April and June, 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022 actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%.

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

**City of North Sioux City**  
Notes to Required Supplementary Information  
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions  
As of December 31, (Continued)

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As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

**Actuarial Method Changes:**

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part other reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.



## Supplementary Information

**City of North Sioux City**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2022

	<b>Special Revenue Nonmajor Governmental Funds</b>	<b>Debt Service Nonmajor Governmental Funds</b>	<b>Capital Projects Nonmajor Governmental Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 218,186	\$ 30,116	\$ 1,496,912	\$ 1,745,214
Investments-certificates of deposit	263,440	--	--	263,440
Due from state government	1,401	--	--	1,401
Total Assets	<u>\$ 483,027</u>	<u>\$ 30,116</u>	<u>\$ 1,496,912</u>	<u>\$ 2,010,055</u>
<b>Liabilities and Fund Balances:</b>				
Accounts payable	\$ 17,233	\$ --	\$ 33,841	\$ 51,074
Total Liabilities	<u>17,233</u>	<u>--</u>	<u>33,841</u>	<u>51,074</u>
<b>Fund Balances:</b>				
Restricted				
Economic development and promotion	60,353	30,116	--	90,469
Grant revolving loan	58,155	--	--	58,155
Community services	12,111	--	--	12,111
Committed				
Capital improvement additions	303,107	--	1,463,071	1,766,178
Unassigned	32,068	--	--	32,068
Total Fund Balances	<u>465,794</u>	<u>30,116</u>	<u>1,463,071</u>	<u>1,958,981</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 483,027</u>	<u>\$ 30,116</u>	<u>\$ 1,496,912</u>	<u>\$ 2,010,055</u>

**City of North Sioux City**  
Combining Statement of Revenues, Expenditures  
And Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2022

	Special Revenue Nonmajor Governmental Funds	Debt Service Nonmajor Governmental Funds	Capital Projects Nonmajor Governmental Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes				
General property taxes	\$ --	\$ 75,296	\$ --	\$ 75,296
General sales taxes	171,962	--	--	171,962
Other	36,730	--	--	36,730
Intergovernmental revenue				
State grants	--	--	264,758	264,758
Miscellaneous revenue				
Investment earnings	2,359	--	--	2,359
Total Revenue	<u>\$ 211,051</u>	<u>\$ 75,296</u>	<u>\$ 264,758</u>	<u>\$ 551,105</u>
<b>Expenditures:</b>				
Current:				
Public safety:				
Police	\$ 69,644	\$ --	\$ --	\$ 69,644
Conservation and development:				
Economic development and assistance (industrial development)	105,559	--	--	105,559
Economic opportunity	26,161	--	--	26,161
Debt service	--	385,311	--	385,311
Capital outlay	--	--	843,351	843,351
Total Expenditures	<u>201,364</u>	<u>385,311</u>	<u>843,351</u>	<u>1,430,026</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>9,687</u>	<u>(310,015)</u>	<u>(578,593)</u>	<u>(878,921)</u>
<b>Other Financing Sources:</b>				
Transfers in	224,896	200,018	287,000	711,914
Transfers out	--	(200,018)	--	(200,018)
Total Other Financing Sources	<u>224,896</u>	<u>--</u>	<u>287,000</u>	<u>511,896</u>
Net Change in Fund Balance	234,583	(310,015)	(291,593)	(367,025)
<b>Fund Balances- Beginning of Year</b>	<u>231,211</u>	<u>340,131</u>	<u>1,754,664</u>	<u>2,326,006</u>
<b>Fund Balances - End of Year</b>	<u>\$ 465,794</u>	<u>\$ 30,116</u>	<u>\$ 1,463,071</u>	<u>\$ 1,958,981</u>

**City of North Sioux City**  
Combining Balance Sheet  
Special Revenue Nonmajor Governmental Funds  
December 31, 2022

	<b>Special Revenue</b>			<b>Total Nonmajor Special Revenue Funds</b>
	<b>Liquor Lodging &amp; Dining Sales Tax Fund</b>	<b>911 Emergency Fund</b>	<b>Grant Revolving Loan Fund</b>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 42,687	\$ 29,199	\$ 146,300	\$ 218,186
Investment-certificates of deposit	263,440	--	--	263,440
Due from state government	1,401	--	--	1,401
Total Assets	<u>\$ 307,528</u>	<u>\$ 29,199</u>	<u>\$ 146,300</u>	<u>\$ 483,027</u>
<b>Liabilities and Fund Balances:</b>				
Accounts payable	\$ 145	\$ 17,088	\$ --	\$ 17,233
Total Liabilities	<u>145</u>	<u>17,088</u>	<u>--</u>	<u>17,233</u>
<b>Fund Balances:</b>				
Restricted				
Economic development and promotion	4,276	--	56,077	60,353
Grant revolving loan	--	--	58,155	58,155
Community services	--	12,111	--	12,111
Committed				
Capital improvement additions	303,107	--	--	303,107
Unassigned	--	--	32,068	32,068
Total Fund Balances	<u>307,383</u>	<u>12,111</u>	<u>146,300</u>	<u>465,794</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 307,528</u>	<u>\$ 29,199</u>	<u>\$ 146,300</u>	<u>\$ 483,027</u>

**City of North Sioux City**  
Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances – Special Revenue Nonmajor Governmental Funds  
For the Year Ended December 31, 2022

	<u>Special Revenue</u>			<u>Total Nonmajor Special Revenue Funds</u>
	<u>Liquor Lodging &amp; Dining Sales Tax Fund</u>	<u>911 Emergency Fund</u>	<u>Grant Revolving Loan Fund</u>	
<b>Revenues:</b>				
Taxes				
General sales taxes	\$ 171,962	\$ --	\$ --	\$ 171,962
Other	--	36,730	--	36,730
Miscellaneous revenue				
Investment earnings	1,695	--	664	2,359
Total Revenue	<u>173,657</u>	<u>36,730</u>	<u>664</u>	<u>211,051</u>
<b>Expenditures:</b>				
Public safety:				
Police	--	69,644	--	69,644
Conservation and development:				
Economic development and assistance (industrial development)	105,559	--	--	105,559
Economic opportunity	26,161	--	--	26,161
Total Expenditures	<u>131,720</u>	<u>69,644</u>	<u>--</u>	<u>201,364</u>
Excess of Revenues Over (Under)				
Expenditures	41,937	(32,914)	664	9,687
Other Financing Sources:				
Transfers in	183,096	41,800	--	224,896
Total Other Financing Sources	<u>183,096</u>	<u>41,800</u>	<u>--</u>	<u>224,896</u>
Net Change in Fund Balance	<u>225,033</u>	<u>8,886</u>	<u>664</u>	<u>234,583</u>
<b>Fund Balances- Beginning of Year</b>	82,350	3,225	145,636	231,211
<b>Fund Balances - End of Year</b>	<u>\$ 307,383</u>	<u>\$ 12,111</u>	<u>\$ 146,300</u>	<u>\$ 465,794</u>

**City of North Sioux City**  
Combining Balance Sheet  
Debt Service Nonmajor Governmental Funds  
December 31, 2022

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	<b>Debt Service</b>		<b>Total</b>
	<b>River Valley TIF Fund</b>	<b>Wildflower Bend TIF Fund</b>	<b>Nonmajor Debt Service Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ --	\$ 30,116	\$ 30,116
Total Assets	\$ --	\$ 30,116	\$ 30,116
<b>Fund Balances:</b>			
Restricted			
Economic development and promotion	\$ --	\$ 30,116	\$ 30,116
Total Fund Balances	--	30,116	30,116
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ --	\$ 30,116	\$ 30,116

**City of North Sioux City**  
Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances – Debt Service Nonmajor Governmental Funds  
For the Year Ended December 31, 2022

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	<b>Debt Service</b>		<b>Total Nonmajor Debt Service Funds</b>
	<b>River Valley TIF Fund</b>	<b>Wildflower Bend TIF Fund</b>	
<b>Revenues:</b>			
Taxes:			
General property taxes	\$       --	\$    75,296	\$    75,296
Total Revenue	<u>          --</u>	<u>      75,296</u>	<u>      75,296</u>
<b>Expenditures:</b>			
Current:			
Debt service	\$   347,033	\$     38,278	\$   385,311
Total Expenditures	<u>     347,033</u>	<u>      38,278</u>	<u>     385,311</u>
Excess of Revenues Over (Under) Expenditures	<u>     (347,033)</u>	<u>       37,018</u>	<u>     (310,015)</u>
Other Financing Sources:			
Transfers in	200,018	--	200,018
Transfers out	--	(200,018)	(200,018)
Total Other Financing Sources	<u>     200,018</u>	<u>     (200,018)</u>	<u>              --</u>
Net Change in Fund Balance	<u>     (147,015)</u>	<u>     (163,000)</u>	<u>     (310,015)</u>
<b>Fund Balances- Beginning of Year</b>	<u>     147,015</u>	<u>     193,116</u>	<u>     340,131</u>
<b>Fund Balances - End of Year</b>	<u><u>          --</u></u>	<u><u>      30,116</u></u>	<u><u>      30,116</u></u>

**City of North Sioux City**  
Combining Balance Sheet  
Capital Projects Nonmajor Governmental Funds  
December 31, 2022

	Capital Projects					Total Nonmajor Capital Projects Funds
	Wildflower Bend TIF Project Fund	Water Tower Project Fund	Generators Project Fund	Flynn Business Park Fund	Sewer Upgrades Project Fund	
<b>Assets:</b>						
Cash and cash equivalents	\$ 13,750	\$ 865,464	\$ 122,880	\$ 53,576	\$ 441,242	\$ 1,496,912
Total Assets	<u>13,750</u>	<u>865,464</u>	<u>122,880</u>	<u>53,576</u>	<u>441,242</u>	<u>1,496,912</u>
<b>Liabilities and Fund Balances:</b>						
Accounts payable	\$ --	\$ 33,841	\$ --	\$ --	\$ --	\$ 33,841
Total Liabilities	<u>--</u>	<u>33,841</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>33,841</u>
<b>Fund Balances:</b>						
Committed						
Capital improvement additions	13,750	831,623	122,880	53,576	441,242	1,463,071
Total Fund Balances	<u>13,750</u>	<u>831,623</u>	<u>122,880</u>	<u>53,576</u>	<u>441,242</u>	<u>1,463,071</u>
Total Liabilities and Fund Balances	<u>\$ 13,750</u>	<u>\$ 865,464</u>	<u>\$ 122,880</u>	<u>\$ 53,576</u>	<u>\$ 441,242</u>	<u>\$ 1,496,912</u>



**City of North Sioux City**  
Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances – Capital Projects Nonmajor Governmental Funds  
For the Year Ended December 31, 2022

	Capital Projects					Total Nonmajor Capital Projects Funds
	Wildflower Bend TIF Project Fund	Water Tower Project Fund	Generators Project Fund	Flynn Business Park Fund	Sewer Upgrades Project Fund	
<b>Revenues:</b>						
Intergovernmental revenue						
State grants	\$ --	\$ --	\$ --	\$ --	\$ 264,758	\$ 264,758
Total Revenue	--	--	--	--	264,758	264,758
<b>Expenditures:</b>						
Current:						
Capital outlay	\$ --	\$ 71,073	\$ 126,323	\$ --	\$ 645,955	\$ 843,351
Total Expenditures	--	71,073	126,323	--	645,955	843,351
Excess of Revenues Over (Under)						
Expenditures	--	(71,073)	(126,323)	--	(381,197)	(578,593)
Other Financing Sources:						
Transfers in	--	235,000	--	--	52,000	287,000
Total Other Financing Sources	--	235,000	--	--	52,000	287,000
Net Change in Fund Balance	--	163,927	(126,323)	--	(329,197)	(291,593)
<b>Fund Balances- Beginning of Year</b>	13,750	667,696	249,203	53,576	770,439	1,754,664
<b>Fund Balances - End of Year</b>	<u>\$ 13,750</u>	<u>\$ 831,623</u>	<u>\$ 122,880</u>	<u>\$ 53,576</u>	<u>\$ 441,242</u>	<u>\$ 1,463,071</u>